



Coastal Shipping Bill & Protection of Interest in Aircraft Objects Bill

For Prelims: [Major ports](#), [Gati Shakti Initiative](#), [Maritime India Vision 2030](#), [Shipping industry](#), [Sagarmala programme](#), [International Maritime Organization](#), [Foreign direct investment](#), [Ship repair and maintenance](#), [Make in India](#), [National Infrastructure Pipeline](#), [Inland Waterways Authority of India](#).

For Mains: Recent Developments in India's Maritime Sector, Current Status of the Shipping & Shipbuilding Sector in India, Key Issues Hindering the Growth of the Shipbuilding Sector in India.

[Source: TH](#)

Why in News?

The Lok Sabha has passed two key legislations- the **Coastal Shipping Bill, 2024** and the **Protection of Interest in Aircraft Objects Bill, 2025** aimed at strengthening the coastal shipping and aviation sector.

What is the Coastal Shipping Bill, 2024?

▪ About:

- It aims to **promote cost-effective and sustainable coastal trade**, by **increasing coastal shipping's freight share** from the **current 5% (vs 40% in the EU)** by **reducing over-reliance on roadways (66%) and railways (31%)**, thereby **lowering logistics costs, traffic congestion, and pollution**.
 - As per MoEFCC (2021), **transport contributes 10-11% of India's GHG emissions**, with **roads accounting for 90%, rail 3%, and waterways less than 1%**.
 - Waterways are **more energy efficient than road and rail**, making coastal shipping the most eco-friendly transport mode.
 - It supports **integration with inland waterways** and aligns with the **National Logistics Policy** and **Atma Nirbhar Bharat vision**.

▪ Key Provisions:

- **Dedicated Legal Framework:** The Bill replaces **outdated vessel-centric provisions** under the **Merchant Shipping Act, 1958** with a **forward-looking, standalone legislation** tailored to Indian conditions.
 - It establishes a **clear, modern legal structure aligned with global cabotage norms** and **India's Maritime Amrit Kaal Vision 2047** to unlock the economic potential of the **7,500 km long coastline**.
 - **Cabotage** refers to transport of goods/passengers between two ports within the same country.
- **Simplified Licensing Mechanism:** It **removes the requirement of a general trading license for Indian ships** and introduces a **structured licensing process for foreign**

vessels.

- The **Director General of Shipping** is empowered to **regulate, monitor, and enforce compliance**, ensuring **ease of doing business** while safeguarding national interests.
- **Strategic Maritime Vision and Multimodal Integration:** The Bill mandates the formulation of a **National Coastal and Inland Shipping Strategic Plan**, to be **revised biennially** by a committee comprising representatives from **States, ports, and maritime boards**.
 - It fosters **region-specific growth**, integrates coastal shipping with inland waterways, and promotes **efficient, low-emission multimodal transport**.
- **Data-Driven Governance and Transparency:** A **National Database for Coastal Shipping** is proposed to facilitate **evidence-based policy, operational coordination, and enhanced transparency**.
 - The Bill also **expands eligibility for chartering vessels** to NRIs, OCIs, and LLPs to boost private sector involvement.
- **Cooperative Federalism & Inclusive Governance:** The Bill ensures **active participation of States and UTs** through a multi-stakeholder committee (Clause 8(3)) to guide route planning, infrastructure, and policy, promoting decentralised, inclusive, and locally responsive maritime development.

What is the State of India's Maritime Sector?

- **Strategic and Trade Backbone:** India ranks as the **16th largest maritime nation**, handling **95% of trade by volume** and **70% by value**, with **12 major** and **200+ minor ports** positioned along key global shipping routes.
- **Expanding Capacity and Fleet:** The cargo-handling capacity of major ports grew by **87%** (2014-24), reaching **1,629.86 million tonnes**, with **819.22 MT handled in FY24**; India operates a fleet of **1,530 registered ships**.
 - India ranks **38 out of 139 countries on World Bank's Logistics Performance Index Report 2023**, indicating improved logistics and trade efficiency.
 - **Singapore and Finland** are the most efficient and highest-ranked LPI countries as per the 2023 LPI, from which India can learn.
- **Global Ship Recycling Hub:** India is the **3rd largest ship recycler globally**, holding **30% of the global share**, with **Alang** being the world's largest ship-breaking yard.
 - India currently lags in shipbuilding despite its long coastline, but recent initiatives like the **New Shipbuilding and Repair Policy** aim to strengthen domestic capabilities and position India as a global maritime manufacturing hub.
- **Policy Support and Export Growth:** Measures like **100% FDI under the automatic route**, **10-year tax holidays**, and infrastructure modernization have driven port development and boosted exports to **USD 451 billion in FY23**.

More About India's Maritime Sector?

Click Here to Read: [Challenges in India's Maritime Sector](#)

Click here to Read: [Measures can India Take to Strengthen its Maritime Infrastructure](#)

What is Protection of Interest in Aircraft Objects Bill, 2025?

- **Objective:**
 - It aims to **strengthen legal protection for aircraft financiers and lessors** in India by aligning Indian laws with the international conventions.
- **Key Provisions:**
 - **Supremacy to International Obligations:** The Bill gives an overriding effect to the **Cape Town Convention** and **Aircraft Protocol**, superseding domestic laws (like the **Insolvency and Bankruptcy Code (IBC)**) in case of conflict.
 - It enables **international arbitration mechanisms** for resolving disputes, in

alignment with the Cape Town Convention.

- India signed the **Cape Town Convention** and its **Aircraft Protocol** in **2008**, but in the **absence of parliamentary ratification** and enabling legislation, its provisions were **not enforceable in Indian courts**.
- This resulted in **high-risk premiums for leasing aircraft** to Indian airlines, **legal uncertainties during insolvency cases** like the Go First crisis, and a **poor compliance score** with the Aviation Working Group (AWG).
- **Scope and Coverage:** The Act applies to **aircraft airframes, engines, helicopters, and other high-value aviation equipment** as defined under the Aircraft Protocol.
- **Streamlined Repossession Procedures:** The Bill enables aircraft lessors to repossess leased aircraft and equipment in case of default without court intervention, ensuring faster resolution and asset recovery.
- **Improved Compliance Score:** The Bill enhances India's compliance with the **Cape Town Convention Index (AWG)**, making Indian airlines eligible for **8-10% lease cost discounts** under the Convention.

What is the State of the Aviation Sector in India?

- India is the **3rd largest domestic aviation market** globally, handling **69% of South Asia's air traffic**, with **passenger numbers reaching around 196.91 million**.
- The aviation sector contributes **1.5% to GDP**, supports **7.7 million jobs** (direct and indirect), and generates **USD 53.6 billion in economic output**.
 - **Operational airports** increased from **74 (2014) to 157 (2024)**, with a target of **350-400 by 2047**.
- Aircraft movement rose at a **CAGR** of **3.85%** (FY17-FY24), and **multiple greenfield airports and terminals** are under development (**e.g., Bagdogra Civil Enclave, Dehradun terminal**).



More About Aviation Sector

Click Here to Read: [Boom in India's Aviation Sector](#)

What are Recent Government Initiatives in India's Maritime and Aviation Sector?

- **Maritime Sector:**
 - [One Nation-One Port Process \(ONOP\)](#)
 - [Sagar Ankalan - Logistics Port Performance Index \(LPPI\) 2023-24](#)
 - [Bharat Global Ports Consortium](#)
 - [MAITRI Platform \(Master Application for International Trade and Regulatory Interface\)](#)
 - [National Centre of Excellence in Green Port & Shipping \(NCoEGPS\)](#)
 - [Maritime India Vision 2030](#)
 - [Green Tug Transition Program \(GTTP\)](#)

▪ **Aviation Sector:**

- [UDAN Scheme \(Ude Desh ka Aam Nagrik\).](#)
- [National Civil Aviation Policy, 2016](#)
- [Open Sky Agreement](#)
- [Digi Yatra](#)

Drishti Mains Question:

How does the development of coastal infrastructure contribute to India's Blue Economy vision? Explain with examples.

UPSC Civil Services Examination, Previous Year's Question (PYQs)

Prelims

Q. Consider the following in respect of Indian Ocean Naval Symposium (IONS): (2017)

1. Inaugural IONS was held in India in 2015 under the chairmanship of the Indian Navy.
2. IONS is a voluntary initiative that seeks to increase maritime co-operation among navies of the littoral states of the Indian Ocean Region.

Which of the above statements is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Q. With reference to 'Indian Ocean Rim Association for Regional Cooperation (IOR-ARC)', consider the following statements: (2015)

1. It was established very recently in response to incidents of piracy and accidents of oil spills.
2. It is an alliance meant for maritime security only.

Which of the statements given above is/ are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Q. Southeast Asia has captivated the attention of the global community over space and time as a geostrategically significant region. Which among the following is the most convincing explanation for this global perspective? (2011)

- (a) It was the hot theatre during the Second World War

- (b) Its location between the Asian powers of China and India
- (c) It was the arena of superpower confrontation during the Cold War period
- (d) Its location between the Pacific and Indian oceans and its preeminent maritime character

Ans: (d)

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