

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:3760  
ANSWERED ON:19.03.2015  
CABOTAGE LAW  
Thomas Prof. Kuruppassery Varkey

**Will the Minister of SHIPPING be pleased to state:**

- (a) whether there has been any demand for the amendment of Cabotage Law from any quarter;
- (b) if so, the details thereof alongwith the action taken thereon;
- (c) whether some provisions of Cabotage Law prevent the movement of foreign ships from one Indian Port to another Indian Port; and
- (d) if so, the remedial measures taken in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI PON. RADHAKRISHNAN)

(a) Yes, Madam.

(b) Demand for relaxation of cabotage for (i) EXIM containers and empties by Government of Andhra Pradesh for the entire coastline of Andhra Pradesh and Container Shipping Line Association (CSLA) (ii) Government of Kerala for Vizhinjam Port (iii) Ministry of Textiles for transportation of raw cotton (iv) Specialised vessels such as RO-RO, Car carriers/LNG carriers from trade and industry.

The Government of India has exempted Customs and Excise Duty leviable on specified bunker fuels used in Indian flag vessels for transportation of EXIM and empty containers between two or more ports in India in order to enable foreign flag ships to start flagging in India and obviate the need for any specific relaxation in cabotage rules.

(c)&(d): Presently cabotage restrictions are in place, as per Section 407 of the Merchant Shipping Act, 1958 for coasting trade by foreign flag vessels along Indian coast. Section 407 (2) of the Act provides for granting of license for such coasting trade in India to a foreign flag vessel for a specified period or voyage and subject to such conditions as may be specified by the Director General of Shipping. Detailed guidelines in this regard has been issued by the Directorate General of Shipping vide Shipping Development (SD) Circular No. 2 of 2002 and Circular No. 2 of 2007.