

NO. SW-15011/7/2015-CS

Government of India

Ministry of Shipping

Transport Bhavan

New Delhi, Dated 22<sup>nd</sup> June 2018

General Order No. 03 of 2018

Sub: Relaxation under Section 407 of the Merchant Shipping Act, 1958, for coastal movement of fertilizers

1. Whereas doubling farmers' income is a core fulcrum of the stated policy of the Government of India and whereas to enhance farmers' income, there is the related need to improve access to farm inputs such as good quality fertilizers and seeds. The desired improvement in access to inputs can be achieved by enabling transportation and logistics to be flexible and reliable for transporting goods within various parts of the country.
2. Whereas the Report of the Committee on Doubling Farmers' Income, Department of Agriculture, Cooperation and Farmers' Welfare, Ministry of Agriculture & Farmers' Welfare calls for a strategy towards enabling farmers to compete at a global scale. The aforementioned report also highlights application of a balanced dose of fertilizers on the basis of soil health as a requirement for reducing the cost of production, and that unavailability of fertilizers in the desired quantity, type and cost is a disadvantage for farmers.
3. Whereas there have been reports of delay in availability of fertilizer in some parts of the country due to transport bottlenecks of various kind and thus the transport connectivity and logistics infrastructure needs to enable storage and transportation of fertilizers and other inputs to the farmers, in a timely manner, to ensure sustainable and cost-efficient production.
4. Whereas water borne transportation has the potential of simultaneously reducing the per tonne-km cost of transporting goods to one-sixth as well as reducing the greenhouse gas emission per tonne-km of transporting the goods over long distances by one-third, compared to rail and road based transportation.



5. Whereas water borne transportation modes, including coastal shipping, being comparatively cheaper modes of transport would enable cost efficient transportation of fertilizers and, thus, enable overall cost reduction in production.
6. Whereas movement of subsidized fertilizers by coastal route also qualifies for reimbursement of freight subsidy which will encourage the coastal movement of fertilizer, under the Nutrient Based Subsidy (NBS) policy.
7. Whereas the National Perspective Plan of the Sagarmala Programme estimates a potential of 6-7 Million Tonnes Per Annum for coastal movement of fertilizers.
8. Whereas persistence of unidirectional demand leads to insufficient investment in the fleet and, as a result, inadequate availability of coastal vessels for providing reliable and time bound services to Indian ports.
9. Whereas providing for two-way cargo movement has the potential of reducing the cost of transport, improving cargo volumes and facilitating investment in fleet.
10. Whereas as per the existing regulatory framework, a foreign ship can load cargo from one place or port in India and discharge at other place or port in India, only under a license issued by the Director General of Shipping under Section 407 of the Merchant Shipping Act, 1958.
11. Whereas promotion of trade and ease of doing business in India is one of the major thrust areas of the Government of India, and there is a need to simplify processes for shipping of cargo and operation of vessels.
12. Now, therefore, the Central Government, in exercise of the powers conferred upon it under sub-section (3) of Section 407 of the Merchant Shipping Act, 1958, directs as under:
  - 12.1 The provisions of sub-section (1) of Section 407 shall not apply to ships engaged in the coasting trade of India for carriage by sea of fertilizers specified in the Indian Trade Classification (ITC), Harmonized System (HS) under 2-digit code 31, as adopted and modified by the Director General of Foreign Trade, Ministry of Commerce and Industry.



12.2 Accordingly, a foreign flag ship is not required to obtain a license from the Director General of Shipping for engaging in coasting trade of India, for carriage by sea of fertilizers.

12.3 The relaxation for ships at Para 12.1 and 12.2 is further subject to the quantity of coasting trade of fertilizers as per Para 12.1 contributing to at least 50 percent of the total cargo onboard the ship.

12.4 The relaxation for ships at Para 12.1 and 12.2 shall further be subject to the conditions that the information will be submitted to the Director General of Shipping. The prescribed format for submitting the information is provided in Annexure 1 and must be shared at least 24 hours prior to sail of ship from the port in India, by email at [dgsd5-ship@gov.in](mailto:dgsd5-ship@gov.in).

12.5 The aforesaid relaxation shall be subject to the following condition that Indian law enforcement agencies including inter alia Indian Navy, Coast Guard, State Maritime Police and Customs, shall be allowed to board such ships any time in the sea for ascertaining the bonafide credentials of the said ships/crew.

13. The forgoing relaxation has been put in place in public interest, for ease of doing business and without prejudice to the right of the Central Government, whatsoever, to alter/modify any of the provisions of this order, going forward.

14. This order shall come into force with immediate effect, and continue to be valid till further order, unless otherwise amended or withdrawn.

15. This issues with the approval of competent authority.

  
(Sanjay Mital)

Under Secretary to the Government of India

Director General of Shipping  
Directorate General of Shipping,  
Beta Building, 9th Floor,  
I-Think TechnoCampus  
Kanjur Marg,  
Mumbai-400042



**Annexure 1:**  
**Format for information to be shared with**  
**Director General of Shipping**

<b>1.</b>	<b>Ship details</b>				
1.1	Name of owner/ operator with address				
1.2	Name of ship with IMO No.				
1.3	Flag of the ship				
<b>2.</b>	<b>Cargo details</b>				
<b>Commodity No.</b>	<b>Commodity (HS code)</b>	<b>Load port in India</b>	<b>Discharge port in India</b>	<b>Quantity in Tonnes</b>	<b>Date of pick-up and discharge</b>
Fertilizer Commodity					
1					
2					
..					
Sub Total (A)					
Other Commodities					
1					
2					
..					
Sub Total (B)					
Grand Total (A+B)					

Note: The document so shared with the Director General of Shipping by e-mail at [dgsd5-ship@gov.in](mailto:dgsd5-ship@gov.in) should be either digitally or otherwise signed by an authorized signatory of either the shipping line or the operator.