

[To be published in part II section 3- sub-section(ii) the Gazette of India ordinary]

**MINISTRY OF SHIPPING
NOTIFICATION**

New Delhi, the 22nd May, 2018

Subject: Relaxation under Section 406 of the Merchant Shipping Act, 1958, for coastal movement of agriculture, horticulture, fisheries and animal husbandry commodities.

1. Whereas to enhance farmers' income, there is the related need to enhance the selling volume of the farmers, wherein the desired increase in selling volume can be achieved by enabling a large part of the produce to reach markets and be monetized; besides opening up the country as one market with eased access.
2. Whereas it is the stated intent of the Government calling for a mind-set shift from facilitating and protecting agricultural trade at predefined locations accessible to farmers, towards one that expands the market ecosystem, encompasses a wider array of participants and empowers farmers to access locations further a field is required.
3. Whereas earlier, a marketing system was considered effective if it provided for market yards and transactions within immediate range of farms, the yardstick today needs to include, the interconnectivity between markets and the value dispersion between farms and consumers.
4. Whereas the transport connectivity and logistics infrastructure needs to enable farmers and logistics service providers to store and transport perishable products to serve the domestic consumption and export markets efficiently.
5. 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.

6. Whereas the National Perspective Plan of the Sagarmala Programme estimates a potential of more than 9 Million Tonnes Per Annum for coastal movement of food grains and processed food.
7. Whereas water borne transportation modes, including coastal shipping, being comparatively cheaper modes of transport would enable farmers to access a larger market profitably, widen the range of goods which can be marketed, and lengthen the distances over which domestic trade can be conducted.
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 Section 406 of Merchant Shipping Act, 1958, no Indian ship and no other ship chartered by a citizen of India or a company incorporated in India or a cooperative society registered in India which satisfies the requirements specified in clause (b) of section 21 of the above state Act shall be taken to sea from a port or place within or outside India except under a license granted by the Director General under this section.
11. Whereas Indian ships by virtue of the registration of ships at designated ports of registry are deemed approved for license under Section 406, and have allowance for coasting trade.
12. Whereas other ships which may be chartered by citizens of India or a company incorporated in India or a corporate society registered in India still require to be granted license under Section 406 to be taken to sea from a port or place within or outside India and therefore have allowance for coasting trade.
13. 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.

14. Now, therefore, in exercise of the powers conferred upon it under proviso of section 406 of the Merchant Shipping Act, 1958 (44 of 58), the Central Government being of the opinion that it is necessary and expedient in the public interest, hereby directs that:

14.1 The provisions of sub-section (1) of section 406 shall not apply to Indian ships and ships chartered by citizen of India or a company incorporated in India or a cooperative society registered in India to engage in the coasting trade of India for the carriage by sea of agricultural, fishery, farm produce and horticultural commodities specified in the Indian Trade Classification (ITC), Harmonized System (HS) as per Annexure 2, as adopted and modified by the Director General of Foreign Trade, Ministry of Commerce and Industry.

14.2 The relaxation for ships at Para 14.1 is subject to the quantity of coasting trade of agricultural, fisheries, farm produce and horticultural commodities specified as per Para 14.1 contributing to at least 50 percent of the cargo onboard the ship.

14.3 The relaxation for ships at Para 14.1 and 14.2 shall further be subject to the conditions that the information about the charter/voyage 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 with the Director General of shipping by e-mail at sd4-dgs@nic.in at least 24 hours prior to sail of ship from the port in India. The prescribed format should be either digitally or otherwise signed by an authorized signatory of either the shipping line or the operator.

14.4 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.

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

16. This issues with the approval of competent authority.

[F. No. SW-14020/5/2009-MG/SA(Vol 9)]

(P.K. Sharma)

Under Secretary to the Government of India

ANNEXURE 1

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

(i)	Name of owner/ operator and address	
(ii)	Name of ship with IMO No.	
(iii)	Flag of the ship	
(iv)	Period of charter	

Note: The document so shared with the Director General of Shipping by e-mail at sd4-dgs@nic.in should be either digitally or otherwise signed by an authorized signatory of either the shipping line or the operator.

ANNEXURE 2

Commodities to be considered under agricultural, fisheries, animal husbandry and horticulture products

1.	2-digit HS codes, inclusive of the various 4-digit, 6-digit and 8-digit HS codes
1.1	02 – Meat and edible meat offal
1.2	03 – Fish and crustaceans, molluscs and other aquatic invertebrates
1.3	04 – Dairy produce, bird's eggs, natural honey, edible products of animal origin, not elsewhere included
1.4	07 – Vegetables and certain roots and tubers; edible
1.5	08 – Fruits and nuts, edible; peel of citrus fruits or melons
1.6	09 – Coffee, tea, mate and spices
1.7	10 – Cereals
1.8	11 – Products of the milling industry; malt, starch, inulin, wheat gluten
1.9	12 – Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder
1.10	14 – Vegetable plaiting materials; not elsewhere specified or included
1.11	15 – Animal or vegetable fats and oils and their cleavage products
2.	4-digit HS codes, inclusive of the various 6-digit and 8-digit HS codes
2.1	5101 to 5105 – Wool, prior to yarn formation
2.2	5201 to 5203 – Cotton, prior to yarn/thread formation
2.3	5301 to 5305 – Vegetable textile fibers such as flax, hemp and jute