

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING

RAJYA SABHA

UNSTARRED QUESTION NO.3662

TO BE ANSWERED ON 3rd APRIL, 2017

CABOTAGE LAW RELAXATION FOR CONTAINER SHIPPING SECTOR

3662. SHRI C. M. RAMESH:

Will the Minister of SHIPPING be pleased to state:

- (a) what is Cabotage Law;
- (b) whether it is a fact that due to Cabotage Law container ships are facing problems at ports in the country including at ports in Andhra Pradesh;
- (c) the reasons for giving relaxation of this law for only one year;
- (d) whether it is also a fact that container shipping sector is requesting for giving relaxation under Cabotage Law for some time now; and
- (e) if so, what constraints the Ministry is facing to accede to their request?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI MANSUKH L. MANDAVIYA)

- (a) According to Black's Law Dictionary, Cabotage is 'restriction of the operation of sea, air, or other transport services within or into a particular country to that country's own transport services'.
- (b)&(c): With a view to increase aggregation of EXIM container cargo and empties on the coast of India, the Government has framed a policy for relaxation of cabotage for container transshipment ports which transship at least 50% of the EXIM containers and empties handled by them. The cabotage is relaxed for existing container handling ports for one year during which transshipment of at least 50% of the EXIM/ empty containers is to be achieved by the port. The cabotage relaxation will continue if the port transships at least 50% of EXIM and empty container in a year. For a new port, a gestation period of one year has been provided and the port has to achieve the prescribed transshipment in second year.
- (d)&(e): Demands for relaxation of cabotage have been received from various quarters including from Container Shipping Line Association (CSLA) to relax cabotage for EXIM and empty containers. Some of the stakeholders have represented against any cabotage relaxation as it will adversely impact the Indian tonnage. The operating costs of Indian flag ships are higher compared to foreign flag ships due to high cost of bunker duty, income tax on salaries of seafarers and the stipulation to provide a free training slot to Indian seafarers on Indian ships and hence Indian flag ships do not have a level playing field vis-à-vis foreign flag ships.
