



# The Indian Journal for Research in Law and Management

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## SETTING SAIL: NAVIGATING THE WAVES OF CHANGE IN INDIA'S MARITIME INDUSTRY AND LEGAL HORIZON

The Republic of India, with its vast maritime boundary exceeding 7,000 km and shared with seven sovereign states, is steering its course toward affluence and global prominence. This maritime expanse, encompassing a 12- nautical-mile territorial jurisdiction and a 200- nautical-mile Exclusive Economic Zone, is home to 13 principal ports, positioning India as a burgeoning epicenter for global corporate investments and international economic ties.



## DIVING INTO THE PAST

Reflecting on its historical roots, India boasts a rich maritime heritage dating back 5,000 years. The world's earliest known dockyard, found at Lothal, a Harappan site in the Indus Valley, testifies to this legacy. One of the most ancient kingdoms of India, the Mauryan Empire (322-185 BCE), was known for advanced shipbuilding and vast trade through it. Even the Chola Dynasty (9<sup>th</sup>-13<sup>th</sup> centuries) had a formidable navy that conducted successful maritime expeditions, reaching as far as Southeast Asia and establishing trade links. If we talk about legal precedents, Manusmriti, an ancient legal text, contains maritime laws, depicting that India

had a very rich maritime history. Maritime trade has always been a cornerstone of economic development, with the global maritime economy annually contributing over *\$388 billion*, underscoring its importance not only for individual nations but for the global fiscal landscape.

## **UNVEILING THE HURDLES OF THE MARITIME SECTOR**

The Indian maritime sector faces hurdles in reaching its full potential, including infrastructure gaps, a scarcity of skilled manpower, and insufficient development funds. Navy officer Arun Prakash suggests that realizing India's maritime potential requires a centralized organization. Currently, decentralization is evident with over 16 ministries managing different aspects, leading to complexities in ocean-related policies.

For instance, the *Ministry of Agriculture* oversees the fishing industry, while the *Ministry of Petroleum and Natural Gas* handles offshore hydrocarbons. The Navy and Coast Guard report to the Ministry of Defence, highlighting fragmented responsibilities. This dispersion hampers India's ability to harness its maritime wealth, contributing to "sea blindness" - metaphorically, the neglect of maritime security, environmental protection, or climate change issues due to ignorance or lack of resources.

India's maritime strength remains underdeveloped, signifying its limited capacity to exploit ocean resources for technological and industrial advancement. Despite possessing abundant resources, post-independence, insufficient attention has been directed towards the maritime sector. Take, for instance, Mazagon Dock Shipbuilders, dubbed the "Ship Builder to the Nation," a prominent Indian shipyard. While boasting an annual turnover of \$0.9 billion in 2011, it failed to breach even the \$1 billion mark. Despite holding orders totaling \$19 billion, it was projected to take a staggering 30-40 years to fulfill them. Shockingly, only orders amounting to \$0.9 billion could be executed. In stark contrast, foreign shipyards could complete similar orders within 2-3 years, highlighting India's dire need for infrastructure development in the maritime sector.

The Maritime routes facilitate over 95% of India's external trade by volume, significantly contributing to employment generation, cost efficiency, capacity for large shipments, global connectivity, etc. During the *Maritime India Summit 2021*, our *Prime Minister Narendra Modi* invited the world to be a part of India's maritime growth trajectory and made a statement that the government is investing in the maritime sector like never before, and soon India will show up being a leading Blue Economy in the World. Acknowledging the same, under the leadership

of *Prime Minister Narendra Modi* and the *Ministry of Ports, Shipping, and Waterways*, India is embarking on '*Maritime India Vision 2030*'. This ambitious initiative aims to reform and transform India's ports, shipping, and waterways, aligning with Modi's vision of efficient port systems contributing to India's self-reliance and status as a global trade and logistics hub.

## **MARITIME INDIA VISION 2030**

The vision encompasses five primary objectives:

- Developing world-class port infrastructure.
- Advancing 'smart ports' for enhanced business ease.
- Reducing logistics costs and promoting multimodal transport.
- Implementing reforms in institutional, regulatory, and legislative aspects of ports.
- Building a safe, sustainable, and green maritime sector.

These objectives target the creation of world-class port infrastructure, which will reduce logistics costs, aid MSMEs (Micro, Small & Medium Enterprises), and support the manufacturing sector, reinforcing '*Atmanirbhar Bharat*' and '*Make in India*' initiatives. An example of this development is the *Vizhinjam Port in Kerala*, India's first deep-water transshipment terminal that is self-operating. The government has also identified 39 projects under this vision, operating on a Public-Private Partnership model. Digital initiatives are planned to enhance operational efficiency and benefit stakeholders across the shipping, trade, and logistics sectors.

The legal framework supporting these initiatives includes *the Major Ports Authorities Act, 2021*, a reform aimed at enhancing the effective functioning of major ports in India. This comprehensive vision is poised to shore up not only logistics and manufacturing but also benefit agricultural stakeholders, positioning India prominently on the global maritime map. It aims to bolster local manufacturing, sustainability, tourism, and job creation while increasing Indian tonnage on Indian-built and Indian-flagged vessels, which is necessary because most of the Indian shipping yachts today are *Hong Kong convention-compliant*.

Furthermore, the initiative offers a roadmap for developing urban water transport systems, aiming to elevate the Indian maritime sector to world-class standards. Projected investments exceed 3 lakh crores, with the creation of over 60 lakh new jobs. *Prime Minister Shri Narendra Modi* has inaugurated the foundation stone-laying ceremony for the *Tuna Tekra All-Weather Deep Draft Terminal*. This cutting-edge terminal is slated to be constructed at a staggering cost

exceeding Rs 4,500 crore at the Deendayal Port Authority in Gujarat. In addition to this monumental endeavor, the Prime Minister has initiated 21 projects, collectively valued at a staggering Rs 18,800 crore. This marks a significant advance in enhancing the infrastructural landscape and fostering economic development in the region.

Concomitantly, India's strategic location, with the Andaman and Nicobar Islands to the east and Lakshadweep to the west, enhances its maritime reach and connectivity.

The Indian government has set a target to attract *\$80 trillion in investments by 2047* to develop the maritime sector, aiming to strengthen the global supply chain and counterbalance regional competitors.

In conclusion, India's maritime industry is not just crucial for its development but is an indispensable component in the global economic machinery. The nation is adeptly navigating towards achieving the ambitious targets set by the government, underscoring its commitment to becoming a dominant maritime power.