

---

# **MARITIME GOVERNANCE AND LEGAL REFORM: ASSESSING INDIA'S SHIP MANAGEMENT REGULATORY FRAMEWORK**

---

Paranjay Deshwal, Jindal Global Law School

## **ABSTRACT**

Nearly 95% of India's trade by volume is managed by the maritime industry which remains central to the nation's economic development ambitions<sup>1</sup>. Ship management companies operating in India face structural, regulatory, financial and operational challenges in spite of this strategic significance. This paper argues that India's maritime governance is still structurally fragmented resulting in operational inefficiencies and compliance costs which reduce competitiveness. By examining domestic legislation, international maritime obligations, infrastructural deficits, fiscal barriers and environmental pressures, this paper demonstrates that current reforms, though significant are still not fully institutionalized. With the help of this paper, I contend that India's goal of becoming a global centre for maritime services will remain unrealized in the absence of regulatory unification, and focused infrastructure investment. The paper concludes by proposing structural reforms which align India's maritime regulatory environment with global practices.

---

<sup>1</sup> Maritime India, (Oct. 26, 2025),

## I. Introduction

Maritime commerce constitutes the logistical foundation of India's participation in the global economy. With about 95% of trade by volume, maritime trade forms the backbone of India's external trade commerce<sup>2</sup>. India's geographic positioning within international trade routes enhances its capacity to serve as a global centre for maritime services as well as a transit economy<sup>3</sup>.

Within this ecosystem, ship management firms play a crucial role. They supervise technical maintenance, safety compliance, crew management, and commercial operations while serving as an intermediary between vessel owners and larger regulatory environment<sup>4</sup>. Their role becomes both operational and regulatory requiring constant communication with both domestic and international maritime governance bodies.

The regulatory framework governing ship management is marked by institutional diversity, procedural intricacy and infrastructural limitations<sup>5</sup>. Significant administrative burdens are caused by compliance requirements under both international conventions and domestic law, and sectoral growth is constrained by deficiencies in maritime infrastructure and finances<sup>6</sup>. Systemic inefficiencies still exist even though India has begun ambitious maritime reforms under the SagarMala Programme and Maritime India Vision 2030. The article argues that structural governance deficiencies, not a lack of policy intent, are what limit India's ship management industry. The legal framework governing ship management is examined, operational and regulatory issues are noted, policy reforms are assessed and specific institutional solutions are suggested.

## II. Ship Management in the Indian Legal Context

Ship management refers to the professional administration of vessels on behalf of ship owners, including technical management, crew management, and regulatory compliance<sup>7</sup> whereas ship

---

<sup>2</sup> Maritime India, *supra note 1*

<sup>3</sup> India's Ports Driving Global Trade and Development Forward, PIB (Mar. 21, 2025)

<sup>4</sup> Virtue Marine, Essential Functions of a Ship Management Company You Need to Know, Virtue Marine (July 14, 2024)

<sup>5</sup> Deniece M. Aiken, Jonne Kotta & Ulla Pirita Tapaninen, Exploring the Multifaceted Challenges and Complexities Involved in the Effective Implementation of Maritime Conventions, 17 Sustainability no. 2, 478 (2025)

<sup>6</sup> Twesh Mishra, *Industry pushes for long-term maritime infra financing options*, The Economic Times (Nov. 1, 2025),

<sup>7</sup> *Ship management: Meaning, Criticisms & Real-World Uses*, Diversification.com

ownership primarily involves asset investment.

The Merchant Shipping Act of 1958 lays out the framework for vessel registration, safety requirements and regulatory supervision and is the main legislative basis for maritime regulation in India<sup>8</sup>. The Directorate General of Shipping is the primary maritime regulatory body responsible for granting licenses to employment and placement services and guaranteeing adherence to global maritime norms<sup>9</sup>.

India's maritime regulatory obligations are further shaped by its participation in international conventions like SOLAS, MARPOL, and STCW. Ship managers must operationalise the strict safety, environmental and training requirements imposed by these instruments as vessel detention, financial penalties and reputational damage are possible outcomes of non-compliance<sup>10</sup>. As a result, the resulting legal environment is both extensive and onerous, resulting in a regulatory density that necessitates careful institutional coordination, which is still only partially achieved.

### III. Regulatory and Compliance Challenges

#### A. Disjointed Institutional Framework

India's maritime governance architecture includes the Directorate General of Shipping, the Ministry of Ports, Shipping & Waterways, Port authorities, custom administration, and environmental regulators that share regulatory authority<sup>11</sup>. The lack of a fully integrated regulatory interface results in redundant reporting requirements, overlapping approvals, and compliance redundancies for ship management companies, though such functional specialization reflects the technical complexity of the industry.

Simplified governance structures and one-stop regulatory coordination are closely linked to increased operational efficiency in maritime services as seen in major maritime hubs like Singapore and Rotterdam<sup>12</sup>. In contrast, India's complex system raises transaction costs and procedural ambiguity especially when it comes to crew documentation, vessel registration, and

---

<sup>8</sup> The Merchant Shipping Act, 1958, No. 44 of 1958, India Code (1958)

<sup>9</sup> Marineinsight, Zahra Ahmed, *What is the Purpose of DG Shipping?*, (Apr. 23, 2024)

<sup>10</sup> Maritime Trainer, *Port State Control Training: Redefining Maritime Compliance*

<sup>11</sup> Ministry of Ports, Shipping and Waterways, Annual Report 2024-2025 (2024)

<sup>12</sup> Menon Economics & DNV, *The Leading Maritime Cities of the World 2024*

inspection clearances.

### **B. International Compliance Costs**

Ship managers have significant operational duties due to India's continued adherence to core international maritime conventions. In accordance with evolving global standards, firms must maintain ongoing compliance through recurring audits, safety inspections and technological advancements<sup>13</sup>. Small and medium-sized management firms are affected by the cost pressures that result from compliance, even though it improved safety performance and bolsters India's reputation as a maritime nation. This dynamic is exemplified by environmental obligations. Fuel changes, energy-efficient retrofits, and emissions monitoring systems are required by MARPOL Annex VI and the IMO's decarbonisation initiatives<sup>14</sup>.

### **C. Procedural Inefficiencies**

The effectiveness of India's maritime industry is impacted by infrastructural and logistical connectivity issues in addition to budgetary constraints. Despite large investments in port modernization, there is still uneven integration between ports and inland transportation networks. Inadequate road and rail access to some ports can cause delays in the evacuation of cargo and raise the cost of logistics for shipping companies<sup>15</sup>.

Additionally, ship management companies that coordinate vessel movements and cargo handling experience operational inefficiencies due to differences in port infrastructure quality<sup>16</sup>. These irregularities make schedules less reliable and make it more difficult for India to take advantage of its strategic location along international maritime trade routes.

## **IV. Infrastructural Constraints**

The increasing vulnerability of Ports and coastal logistics systems to climate-related risks is a defining infrastructure challenge for India's maritime sector. Port infrastructure, cargo handling facilities, coastal transportation networks are threatened by rising sea levels, coastal

---

<sup>13</sup> Upcoming Sustainability Rules & Regulations in 2026 for the Maritime Industry, Nautilus Shipping (Dec. 4, 2025)

<sup>14</sup> International Maritime Organization, Cutting GHG Emissions from Ships

<sup>15</sup> NITI Aayog, Impact of Non-Major Ports on Shipping: Potential and Way forward (Mar. 2025)

<sup>16</sup> Bishal Dey Sarkar & Ravi Shankar, Understanding the Barriers of Port Logistics for Effective Operation in the Industry 4.0 Era: Data-Drive Decision Making, *I Int'l J. Info. Mgmt. Data Insights* 100031 (2021)

erosion and the escalation of extreme weather events<sup>17</sup>. Although these risks require significant investments in protective infrastructure, adaptive planning and resilient design, resilience integration across ports is still uneven<sup>18</sup>.

Despite recent policy incentives to expand dry-dock infrastructure and encourage private participation, domestic ship repair capacity remains a structural constraint. Due to the fact that India facilities still only handle a small portion of the world's repair demand, many ship managers are forced to rely on foreign yards, which raises maintenance costs and downtime<sup>19</sup>. As per research on maritime clusters, the integration of ports, ship repair, and logistics services is a crucial factor in determining a country's maritime competitiveness<sup>20</sup>.

With the broader implementation of port community systems and electronic documentation, technological modernization has advanced gradually under Maritime India Vision 2030<sup>21</sup>. However, efficiency gains are effected due to the unequal adoption of digital technology which also makes it difficult for India to compete with fully digital maritime jurisdictions.

## V. Financial Constraints

The lack of a comprehensive and specialized maritime finance ecosystem remains a structural constraint. India still lacks the breadth of leasing, structured finance, and maritime capital market instruments found in well-established maritime hubs despite the fact that domestic banks and alternative investment funds have become more exposed to shipping<sup>22</sup>. Fleet expansion and ship management companies scaling are hampered by limited access to reasonably priced capital.

For ship management companies involved in India's maritime industry, financial limitations remain a major obstacle. Due to the cyclical nature of international freight markets, many lending institutions view shipping assets as high-risk, which limit access to specialised maritime finance within the domestic financial system. As a result, ship management firms are

---

<sup>17</sup> Monalisha Acharya, Climate Change and Maritime Security: India's Growing Concern, IMPRI Impact & Policy Research Institute (July 18, 2025)

<sup>18</sup> Shahiza Irani, Dnyanraj Desai & Vivek Neman, Embedding Climate Resilience into Infrastructure: Legal and Policy Pathways for India, 18 Sustainability 1158 (Jan. 23, 2026)

<sup>19</sup> ICRA Ltd., Shipping and Shipbuilding Industry: Several Revamped Laws and Provisions in Budget 2025-2026 to Usher in Sea Change in Shipbuilding (Mar. 2025)

<sup>20</sup> Kapil Gupta & Gyan Prakash, Competitiveness of Emerging South Asian Maritime Port Clusters, Sciencedirect (August 2024)

<sup>21</sup> Ministry of Ports, Shipping and Waterways, Maritime India Vision 2030 (2021)

<sup>22</sup> Twesh Mishra The Economic Times (Nov. 1, 2025), *supra* note 6

often dependent on foreign lenders or international leasing arrangements which expose them to high financing costs<sup>23</sup>.

Currency and insurance risks remain salient. Global operating costs have increased due to rising protection and indemnity (P&I) premiums brought on by geopolitical tensions and increased environmental liability, leaving Indian operators vulnerable because of their limited underwriting capacity<sup>24</sup>.

## **VI. Human Capital and Regulatory Responsibility**

India remains one of the biggest suppliers of seafarers worldwide, highlighting its strategic significance in the world's maritime labour<sup>25</sup>. However, this role comes with a lot of ethical and legal obligations for ship management companies. Operational legitimacy continues to depend on adherence to Maritime Labour Convention (MLC) and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)<sup>26</sup>.

Schedules for crew deployment are occasionally disrupted by administrative delays in certification endorsements and documentation processing. Simultaneously, increased international scrutiny of seafarer's well-being especially in the wake of crew change issues during the pandemic has increased compliance requirements for mental health, working conditions<sup>27</sup>.

## **VII. Environmental Regulation and Transition to Green Shipping**

Decarbonization of the sector is one of the most significant regulatory changes affecting the maritime transportation industry. The 2034 Revised GHG Strategy of the IMO which currently directs industry and national policy sets ambitious targets for reducing emissions and accelerates the shift to low and zero-carbon propulsion technologies<sup>28</sup>.

---

<sup>23</sup> Lovejeet Singh & Abhay Goyal, Ship Leasing at GIFT City: Opportunities, Challenges and the Road Ahead, Lexology (Oct. 28, 2025)

<sup>24</sup> Global Events and Their Impact on India's Insurance Market, Elets BFSI (Jan. 7, 2026)

<sup>25</sup> India Ranks Among Top 3 Global Suppliers of Seafarers: Sarbananda Sonowal Highlights Maritime Sector Transformation at IMU Convocation, DD News (Sept. 26, 2025)

<sup>26</sup> Compliance with STCW Convention and MLC, Intercargo (Dec. 7, 2016),

<sup>27</sup> Harinder Singh & Johan Hollander, Covid-19 Crisis – Lasting Effects in Seafarers' Well-Being and Its Potential Impact on Retention, PubMed Central (2025)

<sup>28</sup> International Maritime Organisation, 2023 IMO strategy on Reduction of GHG Emissions from Ships (July 2023)

For ship management firms, compliance would mean fuel transition coordination, emission monitoring and operational optimization. However, the cost burden remains high especially where there is limited supporting infrastructure, like onshore power supply<sup>29</sup>. Instead of promoting innovation, environmental compliance risks reinforcing competitive asymmetries in the absence of targeted financial incentives.

### **VIII. Evaluating India's Reform Initiatives**

A consistent policy commitment to improving port capacity, logistics effectiveness and the development of maritime services is reflected in India's maritime reform trajectory which is anchored in projects like SagarMala and Maritime India Vision 2030<sup>30</sup>. Growth in port throughput, digitization of logistics and institutional capacity building all show progress<sup>31</sup>.

Implementation gaps, inter-agency coordination challenges and regulatory inertia act as constraints on transformative outcomes. Additionally, the persistence of procedural complexity underscores the need for structural governance rather than incremental regulatory adjustments.

### **IX. Pathways to Structural Reform**

Regulatory coherence and institutional consolidation should be given top priority in a reform agenda that looks to the future. A stronger coordinating authority or a unified maritime regulatory framework could drastically cut down on compliance duplication and fragmentation.

Contractual certainty in the ship management industry can be increased by creating specialised maritime dispute resolution procedures, such as institutional mediation centres, fast-track arbitration frameworks. Resolving disputes pertaining to crew, insurance, and charter parties more quickly would lower transaction costs and boost investor confidence.

On the financial front sectoral resilience can be strengthened by increasing the availability of maritime financing instruments, elucidating the tax treatment of ship management services and encouraging green investment through specific credit mechanisms. India would further be

---

<sup>29</sup> Alternative Fuels Infrastructure Regulation (AFIR), Sustainable Ships

<sup>30</sup> Ministry of Ports, Shipping and Waterways, *supra* note 17

<sup>31</sup> Ministry of Ports, Shipping and Waterways, India's Major Ports Achieve Historic Milestones in FY 2024-2025, Driving Growth and Global Competitiveness (May 13, 2025)

positioned as a competitive maritime service hub with increased investment in ship repair infrastructure<sup>32</sup>.

## **X. Conclusion**

In 2026, India's maritime aspirations are both strategically sound and economically necessary. However, the ship management industry still functions in a government environment that is structurally fragmented, resulting in operational inefficiencies and compliance costs.

This analysis shows that the sector's problems stem from a range of regulations, infrastructural deficiencies, financial uncertainty and changing environmental responsibilities. These issues are essentially institutional in nature rather than merely operational. Significant change requires ongoing institutional consolidation and regulatory clarity, even though recent policy initiatives indicate reformist intent.

Absence of alignment with global best practices in maritime governance, will leave India's ambition of becoming a major maritime service provider centre constrained. On the other hand, specific structural changes provide an avenue through which the geographical strengths of the country and the human capital can be used for long-term maritime competitiveness.

---

<sup>32</sup> India's Ambitious Plan to Become a Global Shipbuilding Hub by 2047, Econ. Times Infra (Sept. 2025)