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India: Law & Practice

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Law and Practice

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Dhaval Vussonji & Associates (DVA) is a Mumbai-based, full-service law firm advising on real estate, distressed assets, dispute resolution, banking and finance, corporate advisory and commercial law, project finance and infrastructure, capital markets and securities law, securitisation and structured finance, investments and takeovers, energy, IT, estate planning and taxation, shipping and maritime, property and hotel management, and private equity/VC. The firm works closely with domestic and international clients including funds, financial institutions, pro-

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1. Maritime and Shipping Legislation and Regulation

1.1 Domestic Laws Establishing the Authorities of the Maritime and Shipping Courts

India's maritime legal framework is anchored in constitutional authority and modern shipping statutes, with enforcement centred in designated high courts exercising admiralty jurisdiction.

Constitutional and Jurisdictional Basis

Admiralty powers are preserved under Articles 225 and 226 of the Constitution of India, safeguarding the historical jurisdiction of high courts and enabling judicial review over maritime and port authorities. Admiralty jurisdiction is presently exercised by the high courts of Bombay, Calcutta, Madras, Gujarat, Andhra Pradesh, Karnataka, Kerala and Orissa.

Core Admiralty Statute

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017 consolidates admiralty principles and provides the statutory basis for:

- recognised maritime claims (Section 4);
- arrest of vessels, including sister-ship arrest (Section 5);
- maritime liens and priority (Section 9); and
- judicial sale and distribution of proceeds.

High courts may proceed both in rem (against the vessel) and in personam (against liable parties), ensuring effective security and enforcement.

Substantive Shipping Legislation

The Merchant Shipping Act, 2025 (MSA, 2025) modernises regulation relating to vessel registration, safety, pollution control, limitation of liability, wreck removal and seafarer welfare. Complementary statutes include the Indian Ports Act, 2025, the Coastal Shipping Act, 2025 and the Carriage of Goods by Sea Act, 2025 (COGSA, 2025), governing port operations, coastal trade and cargo liability.

In practice, admiralty courts routinely address vessel arrests, mortgage enforcement, bunker and crew wage claims, charterparty disputes, cargo damage,

collisions, salvage and limitation proceedings. Non-admiralty shipping disputes are resolved through civil courts or arbitration, depending on contractual arrangements.

1.2 Port State Control

India operates a structured port state control (PSC) regime consistent with international practice and as a signatory to the Indian Ocean Memorandum of Understanding on Port State Control (IOMOU). PSC inspections are conducted in accordance with IOMOU procedures.

The statutory framework is contained in the MSA, 2025, read with rules, circulars and technical directions issued by the government of India. The regime is administered by the Director General of Maritime Administration (DGMA) through the Mercantile Marine Departments (MMDs) at major ports.

PSC authorities may board vessels, inspect statutory certificates, examine safety and pollution-prevention equipment, interview crew and verify compliance with conventions such as SOLAS (International Convention for the Safety of Life at Sea), MARPOL (International Convention for the Prevention of Pollution from Ships), COLREGS (Convention on the International Regulations for Preventing Collisions at Sea), STCW (International Convention on Standards of Training, Certification and Watchkeeping for Seafarers) and the Maritime Labour Convention (MLC) as incorporated into Indian law. Deficiencies may result in directions for rectification, operational restrictions or detention.

In marine casualties including collisions, groundings, fires, pollution incidents or seafarer injuries, the authorities may order inspections, suspend operations and initiate investigations. The MSA, 2025 strengthens investigative powers, including evidence gathering and witness examination.

Pollution response may involve clean-up directions, financial security demands, penalties and enhanced wreck removal powers, with cost recovery from owners or insurers.

1.3 Domestic Legislation Applicable to Ship Registration

Ship registration in India is governed by the MSA, 2025 and subordinate rules. The Act establishes the legal framework for registration of Indian ships, classification of vessels, issuance of certificates of registry and maintenance of ownership and mortgage registers.

The governmental authority responsible for ship registration is the Director General of Maritime Administration, acting through designated Registrars of Indian Ships at notified ports.

1.4 Requirements for Ownership of Vessels

Vessel registration in India is governed by the MSA, 2025, which liberalises the Indian registry and, for the first time, permits foreign ownership of Indian-flagged vessels subject to prescribed conditions and FDI compliance.

The MSA, 2025 allows registration by Indian citizens, Indian-incorporated companies and other eligible entities meeting ownership and control criteria. Entities established in international financial services centres (IFSCs), such as GIFT City, are expressly permitted to own and register Indian vessels, notwithstanding their treatment under exchange control laws. Foreign ownership remains subject to the Foreign Exchange Management Act, 1999 (FEMA), sectoral caps and beneficial ownership disclosures.

The MSA, 2025 also provides for provisional registration. The Registrar of Indian Ships may issue a provisional certificate pending completion, enabling the vessel to fly the Indian flag, register mortgages and secure financing. Upon submission of final statutory documents, permanent registration is granted.

Indian courts have historically treated ship registration as determinative of nationality and mortgage rights under *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.*, Supreme Court of India.

1.5 Temporary Registration of Vessels

The MSA, 2025 permits temporary and provisional registration of vessels, including for delivery voyages or pending completion of registration formalities.

Dual registration is generally prohibited; however, bareboat charter registration may be permitted with regulatory approval, subject to suspension of the primary registry.

1.6 Registration of Mortgages

In India, ship mortgages are registered with the Registrar of Indian Ships under the MSA, 2025. The registration establishes the mortgage's statutory priority.

Required documents typically include the mortgage deed or instrument, proof of vessel ownership, corporate authorisations if the owner is a company, prescribed statutory forms, and payment of the applicable registration fees. Registration may also require supporting identification, board resolutions (for corporate owners), and any relevant financing agreements or security assignments. Once registered, the mortgage is publicly recorded, allowing verification by third parties and ensuring legal enforceability against the vessel, including in cases of ship arrest, sale or insolvency proceedings.

Where the shipowner is a company, the ship mortgage must also be registered with the Registrar of Companies (RoC) under the Companies Act, 2013, in addition to registration with the Registrar of Indian Ships. While registration with the Registrar of Indian Ships confers statutory priority and enforceability against the vessel, RoC registration is required to ensure enforceability against the company and its creditors.

1.7 Ship Ownership and Mortgages Registry

The ship ownership and mortgage registry in India is publicly accessible and maintained by the Registrar of Indian Ships under the MSA, 2025. Members of the public and financial institutions may conduct searches on payment of prescribed fees to verify ownership, encumbrances and registered mortgages, and to obtain certified extracts from the relevant port registry.

In practice, lenders and purchasers also conduct parallel searches with the RoC under the Companies Act, 2013 to verify charges created by the owning entity. This dual-search approach ensures security interests are properly perfected against both the vessel and the company, and helps identify competing charges, insolvency proceedings or enforcement risks.

2. Ship Finance and Leasing

2.1 Ship Loan Finance

In India, ship loan financing is governed by the MSA, 2025, banking regulations issued by the Reserve Bank of India, foreign exchange laws under FEMA and admiralty principles. Debt financing has traditionally been provided by Indian banks through long-term loans (typically of eight to twelve years), with repayments structured around vessel cash flows. However, shipping is generally treated as a high-risk sector, and mainland bank exposure remains selective and policy driven.

Institutions such as State Bank of India and EXIM Bank of India participate on a limited basis, while a significant portion of structured vessel financing is now undertaken through IFSC-based lenders in GIFT City, which can lend in foreign currency and access global capital.

Security is centred on ship mortgages registered under the MSA, 2025, typically supported by corporate guarantees and SPV structures. Lenders also require assignments of earnings and insurance, escrow arrangements, share pledges and, where applicable, charter assignments. Transactions commonly include vessel acquisitions, refinancing and IFSC-routed offshore structures.

2.2 Ship Leasing

Ship leasing is expanding rapidly in India, particularly through GIFT City, driven by regulatory and tax advantages.

- Tax efficiency – Leasing activity has largely migrated to the IFSC because IFSC entities benefit from income tax holidays, withholding tax reliefs, goods and services tax (GST) exemptions on vessel leasing, and stamp duty exemptions. These incentives make IFSC-based structures significantly more tax-efficient than onshore arrangements.
- Foreign currency flexibility – IFSC entities can raise, lend and lease in foreign currency, aligning with international shipping markets and avoiding both the high costs of borrowing in Indian rupees and the constraints related to the External Commercial

Borrowing (ECB) framework applicable in mainland India.

- Regulatory clarity – The International Financial Services Centres Authority (IFSCA) provides a unified, sector-specific framework for ship leasing, replacing the previously fragmented onshore regime.

Leasing is increasingly preferred over traditional bank lending, which remains constrained by domestic capital and exposure limits. Private equity and alternative credit providers are active in structured and asset-backed financing, while Chinese leasing houses typically participate through offshore SPVs. Sale and leaseback transactions are rising, enabling Indian operators to unlock capital and optimise balance sheets, while offering lessors ring-fenced ownership and reduced enforcement risk.

Legally, these structures operate at the intersection of foreign governing law and Indian admiralty jurisdiction. Financing documents are often governed by English law, but arrest and enforcement are governed by Indian law once the vessel enters Indian waters.

In *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.*, the Supreme Court of India affirmed the broad admiralty jurisdiction of Indian high courts. This was reinforced in *Chrisomar Corporation v MJR Steels Pvt. Ltd.*, which confirmed that vessels may be arrested in India as security for maritime claims even where disputes are subject to foreign law or arbitration.

Accordingly, governing law clauses do not insulate vessels from arrest in India, underscoring the need for careful structuring of cross-border lease and sale-leaseback transactions.

3. Marine Casualties and Owners' Liability

3.1 International Conventions: Pollution and Wreck Removal

India is a party to key international instruments governing marine pollution and wreck removal, including MARPOL 73/78, the International Convention on Civil Liability for Oil Pollution Damage (CLC), the Fund Convention, and relevant International Maritime Organi-

zation (IMO) guidelines. These conventions establish strict liability regimes and compensation mechanisms for pollution damage.

Marine Pollution and Wreck Removal: Indian and International Legal Perspective-

Major marine casualties have shaped global liability and compensation regimes under conventions such as the CLC 1992, Fund Conventions, MARPOL, and the Nairobi Wreck Removal Convention, 2007, all of which inform India's maritime and environmental jurisprudence.

Famous Pollution Cases

Deepwater Horizon (2010)

A wellhead blowout on a BP-operated semi-submersible drilling rig in the Gulf of Mexico resulted in the largest marine oil spill in history, discharging an estimated 4.9 million barrels of oil over several months. The case resulted in massive clean-up operations, extensive environmental damage and record-setting fines and settlements for BP and its contractors.

Though offshore drilling is regulated differently in India, the incident is relevant because the Supreme Court of India has consistently held that enterprises engaged in hazardous activities are subject to absolute and uncapped liability for environmental harm. In *M.C. Mehta v Union of India* (1987), the Court evolved the doctrine of absolute liability, holding that such enterprises owe a non-delegable duty to the community and are liable without exceptions. This principle was reinforced in *Indian Council for Enviro-Legal Action v Union of India* (1996) and *Vellore Citizens' Welfare Forum v Union of India* (1996), where the Court applied the polluter pays principle and required polluters to bear the full cost of environmental remediation, aligning domestic law with international oil pollution liability regimes.

X-Press Pearl (2021)

A container ship fire and subsequent sinking off Sri Lanka resulted in the largest marine plastic spill in history, releasing thousands of tonnes of plastic pellets (nurdles) and hazardous chemicals into the ocean. The case highlighted gaps in maritime law regarding non-oil hazardous and noxious substances (HNS) and the challenges in enforcing liability.

This incident is particularly relevant for India due to its heavy container traffic and ecologically sensitive coastline, and it highlights regulatory gaps in dealing with non-oil hazardous cargo, which are increasingly being addressed through National Green Tribunal (NGT)-led environmental enforcement rather than traditional maritime pollution conventions.

Samir Mehta v Union of India (2016)

In this case, the NGT imposed environmental compensation for a marine oil spill off Mumbai, relying on international maritime conventions as guiding norms and reinforcing shipowner responsibility.

This case was significant because it marked the first major instance of the NGT applying international maritime pollution standards to a vessel casualty, imposing strict liability on the shipowner and insurers despite the spill being accidental, and awarding compensation not only for clean-up costs but also for ecological damage and livelihood loss to fishing communities, thereby integrating admiralty principles with environmental restitution jurisprudence.

Famous Wreck Removal Cases

Chrisomar Corporation v MJR Steels Pvt. Ltd. (2018)

The Supreme Court affirmed Indian courts' admiralty jurisdiction over wreck-related maritime claims, allowing vessel arrest irrespective of foreign ownership (ie, the vessel was owned by a non-Indian company) or where the underlying transaction occurred (ie, foreign contracts executed outside India between foreign parties) since admiralty jurisdiction depends on the ship's physical presence in Indian waters, not ownership or contract location.

Board of Trustees of the Port of Mumbai v Indian Oil Corporation Ltd. (2018)

Decided by the Bombay High Court, which held that port authorities can recover wreck removal and pollution response costs as maritime claims, enforceable through admiralty jurisdiction, even in the absence of a direct contractual relationship with the vessel owner. The Court relied on Sections 4 (1)(d), (f) and (l) of the Admiralty Act, 2017, which recognise claims for port dues, wreck removal and environmental damage as maritime claims enforceable in rem. It held that when

a port authority incurs statutory expenses to remove obstructions or mitigate pollution in its waters, the liability attaches to the vessel itself, enabling arrest and recovery regardless of ownership changes or absence of a contract with the port.

Hazardous Cargo and Container-Related Pollution

The X-Press Pearl Incident discussed above highlighted regulatory gaps for non-oil hazardous substances, while in India, similar coastal pollution risks are addressed through environmental enforcement by the NGT, because vessel-source marine pollution raises a “substantial question relating to the environment” (under Section 14 of the National Green Tribunal Act, 2010) and attracts compensatory and remedial powers under Section 15 emphasising preventive responsibility and remediation obligations, deriving its jurisdiction through the Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, Public Liability Insurance Act, 1991, Coastal Regulation Zone (CRZ) Notifications in addition to shipping-related pollution being governed by the Merchant Shipping Act, 1958 (now MSA, 2025) and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.

These collectively empower NGT to impose strict liability, order environmental remediation, and award compensation for coastal and livelihood damage.

Together, these cases demonstrate that India does not treat marine pollution conventions as merely aspirational. Instead, they are operationalised through arrest, security requirements and strict enforcement, reinforcing India’s position as a jurisdiction that aligns commercial maritime activity with environmental accountability.

3.2 International Conventions: Collision and Salvage

Indian admiralty courts apply collision and salvage law with technical rigour and commercial pragmatism, guided by statute and precedent.

Under the COLREGs, breaches are treated as strong evidence of negligence. In *Great Eastern Shipping Co. Ltd. v M.V. Asean Confidence*, the Bombay High Court apportioned liability after analysing radar plots, look-

out duties and compliance with Rules 5, 6 and 7, demonstrating reliance on technical navigational evidence.

Collision and salvage claims fall squarely within admiralty jurisdiction. In *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.*, the Supreme Court of India confirmed that such claims are classic maritime causes enabling vessel arrest irrespective of flag or governing law.

Salvage claims may give rise to maritime liens. In *M.V. Sea Success I v Liverpool & London S.P. & I Association Ltd.*, the Supreme Court recognised salvage as creating a maritime lien enforceable by arrest, including against foreign vessels.

Indian courts follow the International Convention on Salvage, 1989, applying “no cure, no pay” while enhancing remuneration where operations prevent grounding, cargo loss or environmental harm. Pollution prevention is factored into salvage quantum, reflecting the Convention’s environmental objectives.

Arrest is treated as security rather than punishment: vessels are routinely released upon provision of adequate security. Courts closely scrutinise limitation of liability defences, particularly where COLREG violations or poor seamanship are evident.

Overall, compliance, documentation and prompt evidence preservation remain decisive in collision and salvage disputes.

3.3 Convention on Limitation of Liability for Maritime Claims

India’s regime on limitation of liability aligns with international standards. India has adopted the 1976 Convention on Limitation of Liability for Maritime Claims (LLMC), along with the 1996 Protocol and 2012 amendments. These are incorporated through the MSA, 2025, which provides the statutory basis for tonnage-based limitation.

The framework covers claims for loss of life, personal injury, property damage and certain pollution liabilities. Shipowners, charterers, managers and salvors may invoke limitation, subject to statutory exceptions.

Admiralty high courts supervise the constitution and distribution of limitation funds in accordance with the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017, ensuring compliance with both international conventions and Indian procedural law.

3.4 Vienna Convention on the Law of Treaties

India recognises internationally accepted principles of treaty interpretation and, where appropriate, draws upon them in construing maritime conventions incorporated into domestic law.

India is a party to the Vienna Convention on the Law of Treaties and may refer to it when interpreting international treaties, including the LLMC Convention and its Protocols. However, The MSA, 2025, as the implementing legislation, remains the primary source of law and treaty interpretation aids do not override clear domestic statutory provisions in Indian admiralty proceedings.

3.5 Procedure and Requirements for Establishing a Limitation Fund

In India, a shipowner or its insurer may constitute a limitation fund before the appropriate admiralty high court under the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017.

The fund is calculated on the basis of the vessel's gross tonnage, in line with the 1996 LLMC Protocol and may be constituted by depositing cash or furnishing acceptable security as directed by the court.

Upon constitution, the fund operates to cap the shipowner's aggregate liability for eligible maritime claims, with the court supervising the adjudication, allocation and distribution of the fund among claimants.

3.6 Seafarers' Safety and Owners' Liability

India has ratified the MLC, and its provisions are fully applicable within the domestic legal framework. Seafarers' rights, welfare and safety are primarily regulated by the MSA, 2025, which incorporates core MLC standards relating to conditions of employment, payment of wages, hours of work and rest, repatriation, accommodation, medical care, occupational health and safety, and social security protections.

Compliance is monitored and enforced by the Directorate General of Maritime Administration and the Mercantile Marine Departments through vessel inspections, certification and port state control measures.

Shipowners are under a statutory obligation to ensure adherence to these standards and remain liable for any breach. Non-compliance may result in detention of vessels, monetary penalties and, in serious cases, civil or criminal liability where seafarers' rights or safety are compromised.

4. Cargo Claims

4.1 Bills of Lading

India has not adopted the Hague-Visby Rules or the Rotterdam Rules. Carriage of goods by sea, including the issuance, transfer and effect of bills of lading, is governed by the COGSA, 2025, which has replaced the earlier 1925 regime.

The 2025 Act modernises carrier and shipper obligations, liabilities and defences, and it aligns Indian law with contemporary international practices while remaining a standalone domestic statutory framework for both domestic and international carriage.

4.2 Title to Sue on a Bill of Lading

The lawful holder of a bill of lading has the title to sue under the contract of carriage. This includes the named consignee, a lawful endorsee of an order bill of lading, or a transferee in possession of a bearer bill of lading.

Such right to sue flows from the contract of carriage evidenced by the bill of lading and is recognised under Indian contract and maritime law, now codified under the COGSA, 2025.

Indian law permits assignment of contractual rights, including the right to sue, under the Indian Contract Act, 1872. Any endorsement or assignment must be valid, unequivocal and accompanied by delivery of the bill of lading.

All assignments remain subject to contractual defences and statutory limitations available to the carrier.

4.3 Ship-Owners' Liability and Limitation of Liability for Cargo Damages

Under Indian law, ship-owners' liability for cargo damages is governed by the COGSA, 2025, which incorporates provisions similar to international norms. Liability arises for loss, damage or delay in delivery of cargo, subject to statutory defences such as inherent vice, perils of the sea or errors by the master. Limitation of liability is available under the MSA, 2025, and the 1996 LLMC Protocol, calculated based on vessel tonnage. Liability may differ if the ship-owner is the actual carrier versus the contractual carrier: the actual carrier bears direct operational responsibility, while the contractual carrier's liability is primarily limited to the terms of the contract and applicable statutory limits.

4.4 Misdeclaration of Cargo

Under Indian law, a carrier may pursue a claim against a shipper for misdeclaration of cargo – including incorrect description, weight, quantity or hazardous nature – where such misrepresentation causes loss, damage or operational risk. The COGSA, 2025 provides the statutory framework and preserves the carrier's right to indemnity where loss arises from inaccurate cargo particulars.

Indian courts have upheld the principle that misdeclaration gives rise to an enforceable liability. In *Union of India v M/s Kamakhya Transport Pvt. Ltd.*, the Supreme Court of India held that freight authorities could recover charges for misdeclared goods even after delivery, affirming that misrepresentation creates a continuing statutory liability. Though decided under Section 66 of the Railways Act, 1989, the principle is equally applicable in maritime cargo disputes.

Indian courts also draw persuasive guidance from *The Bunga Melati Dua*, where compensation was allowed for vessel damage caused by misdeclared dangerous cargo; a principle consistent with COGSA-based indemnity claims in India.

4.5 Time Bar for Filing Claims for Damaged or Lost Cargo

In India, claims for damaged or lost cargo are generally governed by the COGSA, 2025, and the terms of the contract of carriage. The statutory time bar for filing claims is typically one year from the date of deliv-

ery or the date the cargo should have been delivered. However, Indian courts may extend or suspend the limitation period in certain circumstances, such as where the claimant was prevented from filing due to fraud, mistake or other sufficient cause. Parties may also contractually agree to shorter or longer limitation periods, provided such terms are not contrary to mandatory provisions of Indian law.

5. Maritime Liens and Ship Arrests

5.1 Ship Arrests

India has not ratified the 1952 or 1999 Arrest Conventions. Ship arrests are governed domestically by the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017. This Act empowers high courts exercising admiralty jurisdiction to arrest vessels in respect of recognised maritime claims, including crew wages, salvage, collision, cargo claims, mortgages, and other statutory maritime obligations. Arrests may be sought in rem against the vessel, in addition to in personam actions against owners or charterers. The Act also provides procedural rules for obtaining arrest, security, release and judicial sale of vessels.

Although not ratified, the Supreme Court has held that the principles of the 1952 and 1999 Arrest Conventions form part of the common law of India and may be applied where not inconsistent with domestic law. Decisions such as *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.* and *M.V. Sea Success I* are cited for this proposition:

- *M.V. Elisabeth v Harwan Investment* (2006, Bombay HC) confirmed that high courts can arrest foreign-owned vessels in rem for maritime claims like unpaid freight and this principle remains valid after the passing of the 2025 Shipping Act.
- *M.V. Sea Success I* (2010, Calcutta HC) affirmed arrest for unpaid hire and charterparty breaches; international conventions used as persuasive guidance.

Indian courts can arrest vessels, including foreign-owned ships, in rem for recognised maritime claims and grant remedies such as security, bond release or judicial sale; the 2025 Shipping Act updates own-

ership and registration but does not affect admiralty jurisdiction under the Admiralty Act, 2017.

5.2 Maritime Liens

India's framework is governed by the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017, which expressly distinguishes maritime liens from maritime claims.

Maritime liens are confined to limited categories under the statute: crew wages and repatriation, loss of life or personal injury, salvage, port and pilotage dues, and damage caused by a vessel. These liens attach to the vessel from the moment the cause of action arises, travel with the vessel irrespective of ownership changes, and are extinguished only by judicial sale.

Maritime claims are broader and include charterparty disputes, unpaid hire, cargo claims, bunkers, towage, insurance, mortgages and ownership disputes. However, they do not create proprietary liens.

The Act permits arrest for recognised maritime claims, including sister-ship arrest, subject to statutory conditions. Limitation periods apply to maritime claims, whereas maritime liens primarily cease upon judicial sale.

5.3 Liability in Personam for Owners or Demise Charterers

Indian admiralty law distinguishes arrest in rem from personal liability. Under the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017, a vessel may be arrested to enforce a recognised maritime lien – including crew wages, salvage, port dues, personal injury or vessel-caused damage, irrespective of ownership changes or personal fault. In *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.*, the Supreme Court of India affirmed broad in rem jurisdiction. Non-lien maritime claims also permit arrest subject to statutory ownership conditions.

Karnataka High Court – Demise Versus Time Charter

In *Zurbagan Shipping LLC v C.S. Flourish & Ors.* (October 31, 2025), the Karnataka High Court clarified that:

- a ship cannot be arrested for maritime claims arising solely against a time charterer (ie, not the registered owner or demise charterer); and
- the Admiralty Act's framework requires a causal and legal nexus between the vessel and the claim.

This distinction brings greater certainty to arrest proceedings and protects owners from undue asset seizure where charters are mischaracterised.

5.4 Unpaid Bunkers

Indian law permits vessel arrest for unpaid bunker supplies as a maritime claim under Section 4 (1)(l) of the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017 (supply of goods or materials for operation or maintenance).

Both contractual and physical bunker suppliers may seek arrest, subject to proof of supply and authority, as recognised in *Transfield Shipping Inc v M.V. Vidhya Varsha*.

Where bunkers are ordered by a charterer, courts recognise implied authority to procure necessities binding the vessel, affirmed by the Supreme Court of India in *M.V. Elisabeth v Harwan Investment & Trading Pvt. Ltd.*

In *Chemoil Adani Pvt Ltd v M.V. Hansa Sonderborg*, the court examined contractual chains before granting arrest.

Courts scrutinise documentation, authority, and nexus with the vessel prior to ordering arrest.

5.5 Arresting a Vessel

Arrest of a vessel in India is governed by the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017 read with the Code of Civil Procedure, 1908.

Statutory Basis and Filing Requirements

Under Sections 4 and 5 of the Admiralty Act, a claimant must institute an admiralty suit (action in rem) before the competent high court demonstrating (i) a recognised maritime claim and (ii) the vessel's presence within the court's territorial jurisdiction.

The plaint must be supported by:

- a duly executed power of attorney authorising counsel;
- a supporting affidavit verifying the claim; and
- documentary evidence of the maritime claim (contracts, invoices, charterparties, bills of lading, etc).

Notarised or apostilled copies of foreign documents are generally sufficient at the arrest stage. Originals may be produced later if required. All documents must be in English or accompanied by certified translations.

Judicial Practice

In the *MSC Polo II* arrest matter (Kerala High Court, 2025), the Kerala High Court granted conditional arrest in cargo loss claims upon prima facie satisfaction under Section 5, illustrating practical enforcement even where jurisdictional objections were raised.

Similarly, in the *MV The Patron* arrest (Orissa High Court, December 2025), the Orissa High Court ordered arrest for charterparty-related liabilities while permitting operational flexibility, reinforcing arrest as a security mechanism.

Security and Safeguards

Courts may require an undertaking or security from the arresting party in appropriate cases to protect against wrongful arrest. Vessels are typically released against bank guarantees, cash deposits or Protection & Indemnity (P&I) Letters of Undertaking.

Indian courts apply the statutory test strictly while ensuring efficient interim protection.

Interplay With Newer Legislation

Carriage of Goods by Sea Act, 2025

Replacing the 1925 Act, the 2025 statute modernises cargo liabilities and limits, including updated rules on carriers' duties, notice periods for loss/damage, and recognition of electronic bills of lading, which can inform the scope and nature of maritime claims that support arrest proceedings.

Merchant Shipping Act, 2025

While the Admiralty Act remains the primary arrest law, the new MSA, 2025 consolidates broader maritime safety, certification and enforcement provisions; sections such as vessel detention powers under the MSA,

2025 (eg, for unseaworthy or non-compliant vessels) can operate alongside arrest remedies under admiralty jurisdiction.

5.6 Arresting Bunkers and Freight

Indian admiralty courts allow attachment beyond the vessel itself.

- Bunkers onboard a vessel may be arrested or attached to secure maritime claims.
- Freight or sub-freight payable to the owner or charterer can also be attached.
- Claimants must establish:
 - (a) a valid maritime claim – ie, specific categories of claims that entitle a claimant to proceed in rem against a vessel, including arrest; and
 - (b) a nexus between the claim and the property attached.
- Such orders are discretionary and subject to procedural safeguards and security conditions.

This provides an effective alternative where vessel arrest is impractical.

5.7 Sister-Ship Arrest

Sister-ship arrest is expressly recognised under Section 5 (2) of the Admiralty (Jurisdiction and Settlement of Maritime Claims) Act, 2017. A vessel may be arrested if it is owned by the same person who owned the offending vessel at the time the maritime claim arose. Arrest remains subject to statutory conditions, including proof of ownership nexus and judicial discretion.

However, maritime liens under Section 9 attach only to the offending vessel; sister-ship arrest is unavailable for pure lien-based claims.

In *Chrisomar Corporation v MJR Steels Pvt. Ltd.*, the Supreme Court of India affirmed the permissibility of sister-ship arrest where common ownership is established. In *Great Pacific Navigation v MV Tongli Yantai*, the Court clarified that common beneficial ownership must exist when the claim arose, not merely at arrest. In *Croft Sales & Distribution v MV Basil*, it was held that charterer control alone is insufficient in the absence of common ownership.

This framework strengthens enforcement against fleet-owning structures while preserving the proprietary nature of maritime liens.

5.8 Other Ways of Obtaining Attachment Orders

Apart from ship arrests, Indian law provides alternative attachment mechanisms.

- Attachment of bunkers, freight, or sub-freights payable to the vessel owner is permitted under the Admiralty Act, 2017.
- Sister-ship attachment is available where statutory conditions are met.
- Civil remedies under the Civil Procedure Code, 1908 allow attachment of bank accounts or movable assets.
- Interim measures under Section 9 of the Arbitration and Conciliation Act, 1996 may secure claims pending domestic or foreign arbitration.

These options give claimants flexibility to secure maritime claims without full vessel arrest.

5.9 Releasing an Arrested Vessel

Indian courts permit the release of arrested vessels upon the furnishing of adequate security. The forms of security commonly accepted include cash deposits, bank guarantees issued by Indian or foreign banks, and Letters of Undertaking (LOUs) issued by P&I Clubs.

Courts routinely accept P&I Club LOUs and foreign bank guarantees, subject to satisfaction regarding the quantum of security, jurisdictional considerations, and the specific terms offered. Once sufficient security is provided to cover the claim amount, along with applicable interest and costs, courts typically order the release of the vessel without entering into an adjudication on the merits of the underlying dispute.

This approach ensures continuity of vessel operations while safeguarding the rights and interests of claimants.

5.10 Procedure for the Judicial Sale of Arrested Ships

Judicial sale of vessels in India follows a structured and court-supervised process. Such sales are conducted under the supervision of the jurisdictional high court, typically through a public auction, while private sales are permitted only with prior court approval.

During the period from arrest until sale, vessel maintenance and preservation costs are treated as custodia legis expenses and are borne by the vessel owner or other interested parties. The proceeds of a judicial sale are distributed in accordance with a well-defined priority regime.

Maritime liens, such as claims for crew wages and salvage, rank first, followed by possessory liens. Registered ship mortgages rank below maritime liens but above other unsecured claims, which are satisfied last. This statutory hierarchy ensures an equitable and orderly distribution of sale proceeds among all stakeholders.

5.11 Insolvency Laws Applied by Maritime Courts

India does not have a direct equivalent to Chapter 11 proceedings; instead, corporate insolvency and restructuring are governed by the Insolvency and Bankruptcy Code, 2016 (IBC).

Upon commencement of a corporate insolvency resolution process (CIRP), Section 14 of the IBC imposes a moratorium on proceedings and enforcement actions against the corporate debtor and its assets, which ordinarily extends to arrest and judicial sale of vessels owned by the debtor. However, Indian courts have recognised limited exceptions, including where the vessel is not owned by the debtor (such as in bareboat charter structures) or where arrest proceedings had already been completed prior to commencement of insolvency. The interface between admiralty jurisdiction and insolvency law continues to evolve, particularly in relation to maritime liens and distribution priorities.

Such actions require co-ordination with the insolvency resolution process to avoid conflict between admiralty and insolvency jurisdictions. Importantly, maritime

liens generally survive insolvency, and a judicial sale of the vessel enables enforcement of priority claims in accordance with established admiralty principles.

Admiralty jurisdiction is therefore exercised alongside insolvency proceedings, ensuring that the rights of maritime creditors are preserved and that claimants continue to have effective remedies even during corporate rescue or resolution processes.

5.12 Damages in the Event of Wrongful Arrest of a Vessel

Courts may hold the arresting party liable for damages arising from a wrongful arrest of a vessel.

Liability typically arises where the arrest is shown to be malicious, undertaken in bad faith, or effected without reasonable or bona fide grounds; mere failure of the underlying claim is insufficient. Claimants must establish abuse of the admiralty process or suppression of material facts.

Courts exercise discretion in awarding compensation for losses caused by vessel detention, thereby ensuring accountability and discouraging misuse of arrest procedures.

6. Passenger Claims

6.1 Laws and Conventions Applicable to the Resolution of Passenger Claims

Indian law provides a structured framework for maritime passenger claims, primarily governed by the MSA, 2025, along with general principles of tort and contract law and applicable international conventions ratified by India relating to passenger safety and liability.

Indian law also incorporates limitations on shipowner liability through the adoption of the LLMC regime, which caps compensation based on vessel tonnage or other statutory parameters.

Passenger injury and death claims in India are generally subject to a three-year limitation period under the Limitation Act, 1963, unless governed by a specific international convention (such as the Athens Conven-

tion, which prescribes a two-year period but has not been adopted by India). Indian law also recognises statutory limitation of shipowner liability under Part XA of the Merchant Shipping Act, 1958, which incorporates the LLMC 1976 Convention as amended by the 1996 Protocol, capping liability primarily based on vessel tonnage.

In terms of claim recognition, personal injury and death claims arising from maritime incidents are treated as maritime claims rather than maritime liens, unless they fall within specific statutory lien categories. Overall, this legal framework seeks to balance adequate protection for passengers with reasonable limits on shipowner liability.

7. Enforcement of Law and Jurisdiction and Arbitration Clauses

7.1 Enforcement of Law and Jurisdiction Clauses Stated in Bills of Lading

Indian courts generally recognise and enforce law and jurisdiction clauses stated in bills of lading, provided they are clearly incorporated, mutually agreed, and not contrary to Indian public policy or mandatory statutory provisions. Courts may still assume jurisdiction in exceptional circumstances, including vessel arrest for securing maritime claims.

Indian courts enforce law and jurisdiction clauses in bills of lading when clearly incorporated, but such clauses do not prevent vessel arrest in India to secure a maritime claim.

- *M.V. Elisabeth v Harwan Investment* (1993 SC): The Supreme Court held that Indian high courts have inherent admiralty jurisdiction to arrest vessels for maritime claims, even where the underlying contract is governed by foreign law or jurisdiction. The remedy of arrest is procedural and territorial, not defeated by contractual forum selection.
- *Owners of M.V. Baltic Confidence v State Trading Corporation* (2001 SC): While recognising party autonomy and foreign forum clauses, the Court affirmed that Indian courts may still order arrest of a vessel within Indian waters to secure a mari-

time claim, leaving parties to litigate merits in the chosen forum.

- *Aziz v Messageries Maritimes* (2001 Bom HC): The Bombay High Court enforced a foreign jurisdiction clause incorporated into the bill of lading, but clarified that such clauses must be clearly and specifically incorporated; vague references to charterparties are insufficient.
- *British India Steam Navigation v Shanmughavilas Cashew* (1990 SC): The Supreme Court held that incorporation of arbitration or jurisdiction clauses from a charterparty into a bill of lading must be express and unambiguous for enforcement against cargo interests.

Indian courts respect contractual choice of law and forum, but continue to permit arrest in India as a security measure for maritime claims where the vessel is within jurisdiction.

7.2 Enforcement of Law and Arbitration Clauses Incorporated Into a Bill of Lading

Indian courts generally recognise and enforce law and arbitration clauses of a charterparty validly incorporated into a bill of lading, provided the incorporation is clear and the clause is not contrary to Indian public policy or mandatory statutory provisions.

In addition, enforcement of foreign arbitration clauses and awards in India is governed by Sections 44–52 of the Arbitration and Conciliation Act, 1996, which empower courts to stay proceedings and enforce arbitration agreements, subject to limited exceptions such as incapacity, invalidity of the agreement, breach of natural justice, or public policy. Some of the leading cases that illustrate this enforcement approach are detailed below.

- *M.V. Baltic Confidence* (Supreme Court): The Court upheld that a charterparty arbitration clause incorporated into a bill of lading is valid and enforceable, emphasising that the parties' autonomy to choose arbitration cannot be lightly interfered with.
- *Great Eastern Shipping v Nav Bharat Enterprises* (Bombay High Court): The High Court confirmed that a clear incorporation of a charterparty clause into a bill of lading allows the carrier to invoke arbi-

tration under Indian law, even when cargo claims are raised.

- *Chloro Controls* (Supreme Court): Though not strictly a shipping case, this judgment reinforced the pro-arbitration stance of Indian courts, holding that enforcement of foreign-seated arbitration clauses should be refused only on narrow grounds such as public policy violations or procedural irregularities.

Together, these decisions support the principle that Indian courts generally recognise and enforce arbitration clauses in bills of lading, while respecting statutory safeguards under Section 44, and only refusing enforcement in exceptional circumstances.

7.3 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards

India is a signatory to the 1958 New York Convention. Foreign arbitral awards from notified convention countries are recognised and enforced in India under Part II of the Arbitration and Conciliation Act, 1996, subject to limited statutory grounds for refusal.

7.4 Arrest of Vessels Subject to Foreign Arbitration or Jurisdiction

Indian courts may order the arrest of a vessel or grant attachment as a security measure even where the underlying dispute is subject to foreign arbitration or a foreign jurisdiction clause. Admiralty courts recognise arrest as a procedural remedy independent of the merits. The claimant must establish a prima facie maritime claim, after which courts typically stay substantive proceedings and allow arbitration or foreign litigation to proceed.

7.5 Domestic Arbitration Institutes

India has launched dedicated maritime arbitration centres, as part of efforts to position India as a global maritime dispute resolution hub, primarily the Indian International Maritime Dispute Resolution Centre (IIM-DRC) in Mumbai (under the Ministry of Ports, Shipping & Waterways) and the Gujarat International Maritime Arbitration Centre (GIMAC) in GIFT City, aiming to provide specialised, efficient ADR for shipping disputes, competing with centres such as London and Singapore. GIMAC focuses on maritime/shipping, while the

IIMDRC aims to handle global cases, drawing Indian maritime firms to resolve disputes domestically.

While both institutions are relatively new and therefore do not yet have reported landmark judgments arising directly from their awards, Indian courts have consistently upheld maritime arbitration through precedents such as *M.V. Baltic Confidence* (2001) and *Fuerst Day Lawson* (2011) that reinforce India's pro-arbitration stance in shipping disputes.

7.6 Remedies Where Proceedings Are Commenced in Breach of Foreign Jurisdiction or Arbitration Clauses

In India, a defendant may seek a stay or dismissal of proceedings, referral to arbitration under the Arbitration and Conciliation Act, 1996, or enforcement of the foreign jurisdiction clause. Courts may also grant anti-suit injunctions in exceptional cases and award costs for breach of contractual forum agreements.

The Supreme Court in *Modi Entertainment Network v WSG Cricket* (2003) held that anti-suit injunctions may be granted only in exceptional cases where foreign proceedings are vexatious or oppressive. In *Man Roland Druckmaschinen AG v Multicolour Offset* (2004) and *Swastik Gases v Indian Oil Corporation* (2013), the Court confirmed that exclusive jurisdiction clauses must be respected unless contrary to public policy or contractual fairness under Section 28 of the Contract Act, 1872.

Referral to arbitration is governed by Sections 8 and 45 of the Arbitration Act, with *Chloro Controls v Severn Trent* (2013) expanding referral to non-signatories in composite transactions. *BALCO v Kaiser Aluminium* (2012) and *PASL Wind Solutions v GE Power* (2021) affirmed that Indian courts have limited powers of intervention in foreign-seated arbitrations, while enforcing resulting awards under Part II of the Act.

Courts may also award costs for breach of forum agreements, particularly in commercial suits under the Commercial Courts Act, 2015.

8. Ship-Owners' Income Tax Relief

8.1 Exemptions or Tax Reliefs on the Income of Ship-Owners' Companies

India provides targeted fiscal incentives to promote ship ownership and maritime operations.

Tonnage Tax Regime

Under Chapter XII-G, Sections 115VA–115VZC of the Income-tax Act, 1961, eligible shipping companies may opt to be taxed on deemed income computed on net tonnage rather than actual profits, ensuring predictability and typically lower effective tax liability. The regime overrides normal computation provisions and offers certainty based purely on statutory tonnage slabs.

Accelerated Depreciation

Under Section 32 of the Income-tax Act, 1961 companies not opting for tonnage tax may claim accelerated depreciation on ships (up to 40%), enabling faster capital recovery and improved early-stage cash flows.

GIFT IFSC Incentives

Under Section 80LA of the Income-tax Act, 1961, as well as the Special Economic Zones Act, 2005 and the IFSCA Act, 2019, ship-owning, leasing and maritime finance entities established in the International Financial Services Centre at GIFT City are eligible for a 20-year tax holiday (out of 25 years) on qualifying income, exemptions in specified capital gains scenarios, GST benefits on supplies to IFSC units, customs and IGST exemptions on imports for authorised operations, and relaxed FEMA norms for foreign currency transactions.

Collectively, these statutory measures position India as a competitive jurisdiction for maritime ownership, leasing and finance structures.

9. Implications of Non-Performance, IMO 2020, Trade Sanctions and International Conflict

9.1 Force Majeure and Frustration

Under Indian law, non-performance of a shipping contract may be excused as force majeure or frustration only in limited circumstances. Force majeure applies where the contract expressly provides for it and the non-performance results from events beyond the parties' control, such as war, port closures, sanctions, natural disasters or government orders. Frustration, under Section 56 of the Indian Contract Act, 1872, applies where an unforeseen event renders performance impossible or illegal, not merely commercially onerous or delayed.

Under Indian law, non-performance of a shipping contract may be excused only in limited circumstances. Where the contract contains a force majeure clause, its operation is governed by Section 32 of the Indian Contract Act, 1872 (contingent contracts), and Indian courts strictly construe such clauses. Relief depends entirely on the wording, and typically results in suspension rather than automatic termination of obligations, subject to compliance with notice and mitigation requirements.

In the absence of an express clause, frustration under Section 56 applies only where an unforeseen event renders performance impossible or unlawful, not merely commercially impracticable or delayed. This strict approach was reaffirmed in *Seaspray Shipping Co Ltd v Steel Authority of India Ltd.* (Delhi High Court, April 2025), where disruption caused by external events was held insufficient to discharge contractual obligations absent clear contractual or statutory grounds.

Late delivery, slow loading or non-arrival of a vessel ordinarily does not amount to frustration unless performance becomes fundamentally impossible. Indian courts interpret frustration narrowly and generally uphold contractual risk allocation, consistent with English law principles routinely applied in Indian shipping disputes. The Supreme Court in *Satyabrata Ghose v Mugneeram Bangur* held that frustration depends on whether the foundation of the contract

is destroyed, not on hardship or commercial inconvenience. English authorities such as *Tsakiroglou v Noblee Thorl* and *The Eugenia* (frustration not made out despite closure of the Suez Canal and navigational illegality respectively) are frequently relied upon by Indian courts to reinforce this approach.

This strict stance was reiterated in *Sohom Shipping Pvt Ltd v New India Assurance Co Ltd* (Supreme Court, April 2025), where the Court held that insurers cannot rely on impossible or commercially unrealistic policy conditions (such as unworkable monsoon clauses) to defeat marine insurance claims, signalling increased judicial scrutiny of unfair or unworkable contractual terms in shipping and marine insurance while maintaining the narrow scope of frustration.

9.2 Enforcement of the IMO 2020 Rule Limiting the Sulphur Content of Fuel Oil

India has implemented IMO 2020 through the MSA, 2025, and circulars issued by the Directorate General of Maritime Administration (DGMA).

Vessels calling at Indian ports or navigating Indian territorial waters must use fuel oil with a maximum sulphur content of 0.50% m/m, unless fitted with approved exhaust gas cleaning systems.

Enforcement is carried out by port state control authorities through mercantile marine departments, port authorities and customs officials. Compliance is verified through inspections, bunker delivery notes and fuel sampling.

Enforcement actions in India have primarily taken the form of inspections, deficiency notices, detention until compliance, and administrative penalties. Publicly reported prosecutions remain limited, with authorities focusing on compliance, corrective measures and alignment with international enforcement practices.

9.3 Trade Sanctions

India does not automatically incorporate foreign or UN sanctions into domestic law. Only sanctions formally notified by the government of India become enforceable.

Statutory Framework

UN Security Council (UNSC) sanctions are selectively implemented through executive notifications under the Foreign Trade (Development and Regulation) Act, 1992, FEMA, and the Customs Act, 1962. Asset freezes, trade prohibitions and financial restrictions are operationalised through Directorate General of Foreign Trade (DGFT) notifications and directions from the Reserve Bank of India (RBI). These include KYC and sanctions compliance directions reflecting UNSC 1267/1989/2253 and resolutions relating to North Korea.

India has not adopted EU or US sanctions regimes as domestic law. Accordingly, Indian entities are not directly bound by such foreign sanctions unless incorporated contractually or triggered through banking, insurance or secondary sanctions exposure.

Judicial Position

Indian courts recognise that supervening illegality discharges contractual obligations under Section 56 of the Indian Contract Act, 1872. In *Boothalinga Agencies v V.T.C. Poriaswami Nadar*, the Supreme Court of India held that contracts become void where performance is rendered unlawful by subsequent government action. This principle supports suspension or termination where domestically notified sanctions prohibit performance.

Regulatory authorities (RBI, DGFT) may grant approvals or licences in permitted cases, allowing regulated transactions within the statutory framework.

9.4 International Conflict

International conflicts and geopolitical disruptions including the Russia-Ukraine war, Red Sea hostilities, Houthi attacks and Suez Canal avoidance have direct legal and commercial implications in India across shipping contracts, carriage of goods and marine insurance.

Frustration and Contractual Defences

Under Indian law, conflict does not automatically result in frustration. Section 56 of the Indian Contract Act, 1872 continues to be applied narrowly, with courts examining whether the foundation of the contract has been destroyed rather than merely rendered

more expensive or delayed. Following the enactment of the COGSA, 2025, carrier liability, defences and due diligence standards are now aligned with Hague-Visby principles, reinforcing contractual reliance on “act of war”, “restraint of princes” and “perils of the sea” exceptions where clearly incorporated. In *Gujarat Bottling Co v. Coca Cola Co.* (1995 SC), the Supreme Court’s emphasised that good faith and commercial reasonableness remain central to judicial assessment of conflict-related non-performance.

Deviation, Rerouting and Delay

Under the 2025 regime, reasonable deviation undertaken to avoid war risks or protect life, vessel or cargo continues to be permissible. Conflict-driven rerouting such as avoiding the Red Sea or Suez Canal, is therefore unlikely to amount to breach where proportionate and commercially justified, consistent with both statutory standards and established Indian jurisprudence.

Cargo Deterioration and Loss

Liability for deterioration caused by conflict-related delay remains fact-specific and depends on causation, contractual allocation of risk and due diligence. In *Union of India v West Punjab Factories Ltd.* (1966 SC), the Supreme Court held that liability turns on proximate cause and contractual responsibility rather than mere occurrence of loss. The COGSA, 2025 now provides clearer notice timelines and carrier responsibility standards, but recovery for delay-related deterioration continues to be more commonly pursued through cargo insurance.

Constructive Total Loss (CTL)

Under the Marine Insurance Act, 1963, prolonged detention or inability to forward goods due to conflict may constitute constructive total loss where recovery costs exceed cargo value or goods lose commercial utility. In *Roshanlal Oil Mills Ltd. v United India Insurance Co.* (Delhi HC), prolonged delay rendering goods commercially unusable was held sufficient to amount to CTL; an approach that remains consistent under the updated statutory framework.

Insurance Response

War risks continue to be excluded under standard marine policies unless separately endorsed. Market practice therefore relies on war risk cargo cover,

hull war extensions, P&I war cover and loss of hire insurance. Courts have shown increasing scrutiny of exclusion clauses, and this trend is reinforced by the insurance and liability alignment introduced under the MSA, 2025, which embeds modern international risk and compensation standards into Indian maritime law.

10. Additional Maritime or Shipping Issues

10.1 Other Jurisdiction-Specific Shipping and Maritime Issues

The MSA, 2025 is the most significant overhaul of Indian maritime law in decades, directly enabling ship finance, leasing, and asset ownership in GIFT City IFSC. It removes nationality restrictions, introduces globally recognised registry mechanisms, and aligns India with international shipping and financing markets.

- *Liberalised ship ownership* – Ownership now extends to Non-Resident Indians, Overseas Citizens of India, LLPs, co-operatives, and joint ventures with foreign participation. IFSC SPVs can hold Indian-flag vessels without Indian majority ownership, allowing global lessors and PE funds to invest directly, supporting cross-border leasing, sale-and-leaseback, and structured finance without offshore flagging.
- *Bareboat charter-cum-demise registration* – Foreign-owned vessels can be temporarily Indian-flagged under bareboat charter. IFSC lessors can lease vessels into India, lenders gain enforceable statutory mortgages, and operators access tonnage without capital deployment, placing India in direct competition with Singapore, Malta and the Marshall Islands.
- *IMO Conventions incorporated* – SOLAS, MARPOL, MLC 2006, and Nairobi Wreck Removal are now part of domestic law. Compliance improves charter prospects, insurance, and lender confidence, while environmental enforcement has statutory backing.
- *Director-General of Maritime Administration (DGMA)* – A single regulator consolidates flag state administration, safety, environmental compliance, crew welfare, and casualty response. Powers include detention of unsafe or stateless vessels, certificate enforcement, and pollution/wreck response, providing regulatory certainty for IFSC financing.
- *IFSC maritime finance impact* – IFSC entities can now own, lease, and mortgage Indian-flag vessels, with foreign capital participation and statutory mortgage perfection under Indian law. This enables large-scale structured finance, leasing, and sale-and-leaseback models, positioning India as a competitive regional shipping finance hub.

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