Annexure A

Concept Note

Coastal Cargo Promotion Scheme (CCPS)

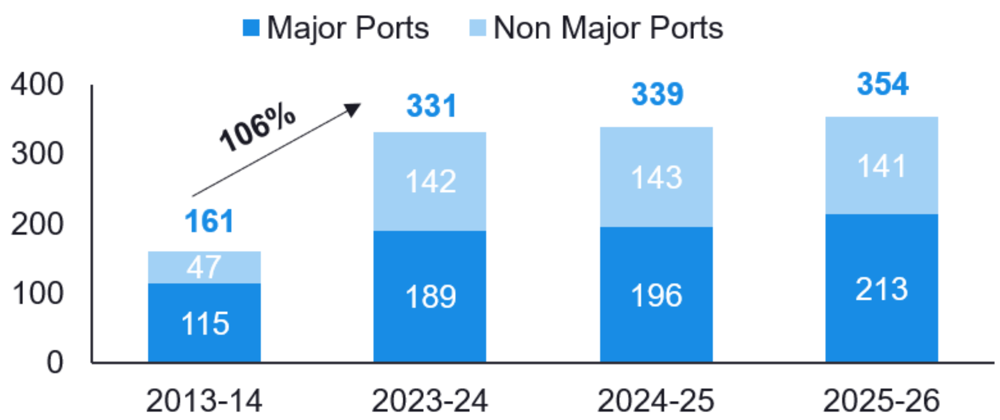
Contents

1. Overview of Coastal Shipping in India

1.1. Historical Growth and Status of Coastal Shipping Sector

In FY 2025-26, the total coastal cargo throughput across Indian ports reached 354 Million Metric Tonne (MMT), continuing the steady upward trend observed over the past decade. Of this, Major Ports accounted for ~213 MMT, representing nearly 60% of the total coastal cargo, while Non-Major Ports contributed ~141 MMT (40%).

For more than a decade, coastal cargo throughput at Indian Ports has shown consistent growth, rising from 161 MMT in FY 2013-14 to 354 MMT in FY 2025-26, @CAGR ~7% over the 12-year period.



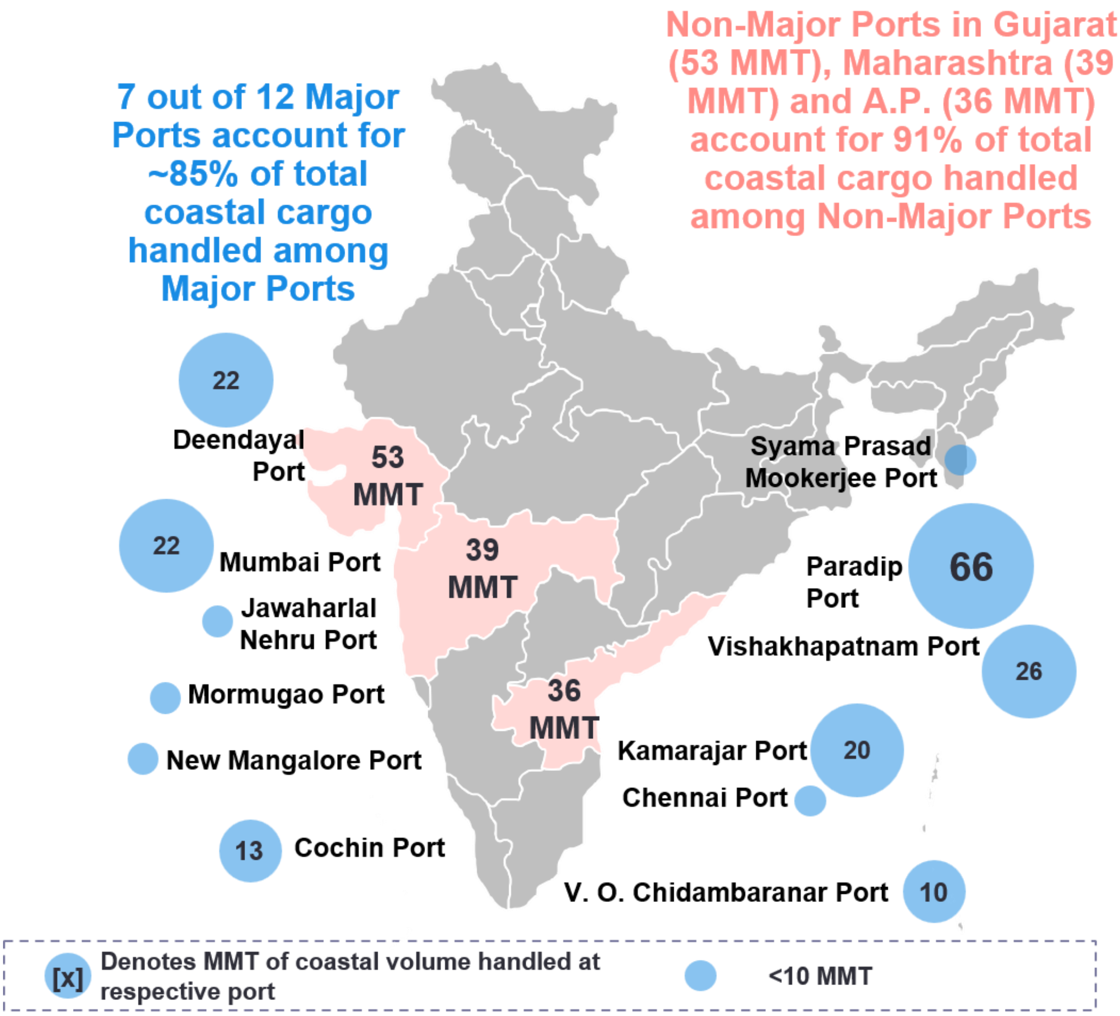
India's coastal shipping sector currently handles a wide range of bulk, break-bulk, liquid bulk, and limited containerized cargo. Key commodities transported through coastal routes include coal, iron ore, petroleum products, steel, cement, fertilizers, etc.

Notwithstanding the growth in port-level throughput, India has not yet fully utilised its coastal waterways for domestic freight movement. The combined share of coastal shipping and inland water transport in domestic freight remains at approximately 6%–6.4%, indicating significant scope for modal diversification. The next phase of growth would require not only expansion of established bulk movements, but also development of new Cargo Owners, commodity streams, OD pairs, vessel services and multimodal arrangements capable of integrating the coastal leg with inland origins and destinations.

The table below presents costal shipping share of India (6.0%-6.4%) when compared to road and rail transport, in comparison with benchmarks in countries with comparable coastlines and industrial geography.

Table 1: Coastal + IWT modal share of total domestic freight (%)

S. No.	Country / Region	Coastal + IWT modal share of total domestic freight (%)
1	Japan	~34%
2	Italy	~28%
3	People's Republic of China	~24%
4	Australia	~17%
5	Brazil	~17%
6	Bangladesh	~16%
7	USA	~12%
8	Thailand	~12%
9	Germany	~11%
10	United Kingdom	~11%
11	France	~9%
12	Canada	~7%
13	India	**~6.0–6.4%**

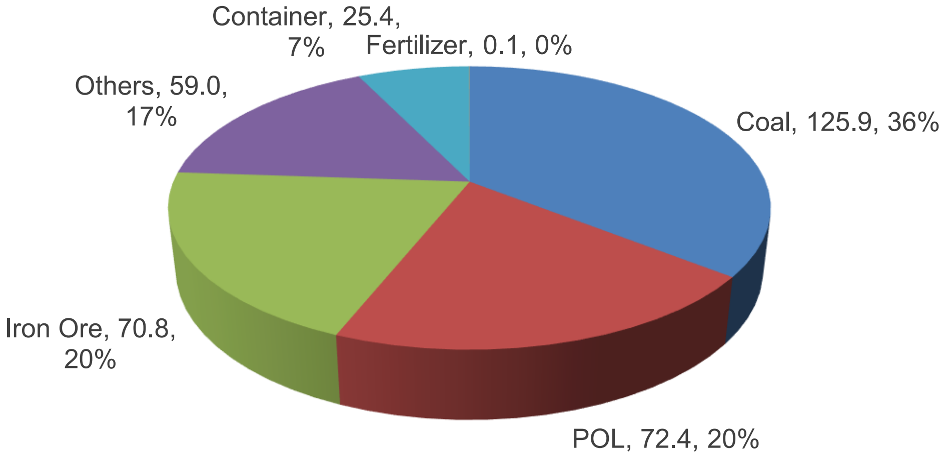


Among Major Ports, 7 out of 12 Major Ports account for about 85% of total coastal cargo, indicating that key ports dominate maritime activity while several others handle relatively small volumes (some under 10 MMT).

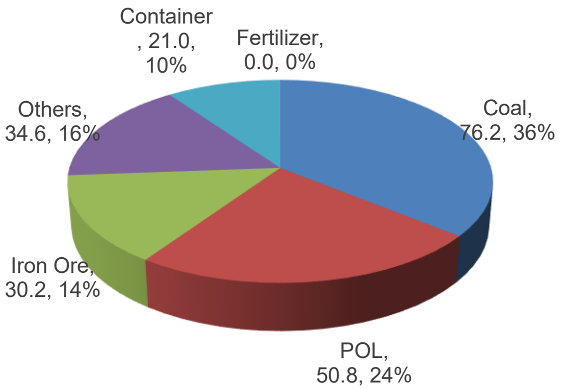
Similarly, among Non-Major Ports, the coastal shipping sector is concentrated in Gujarat, Maharashtra and Andhra Pradesh. Ports located in Gujarat (53 MMT), Maharashtra (39 MMT), and Andhra Pradesh (36 MMT) together account for around 91% of total coastal cargo handled by non-major ports, highlighting strong regional clustering along the western coast and parts of the eastern coast.

1.2. Key Commodities handled in Coastal Shipping

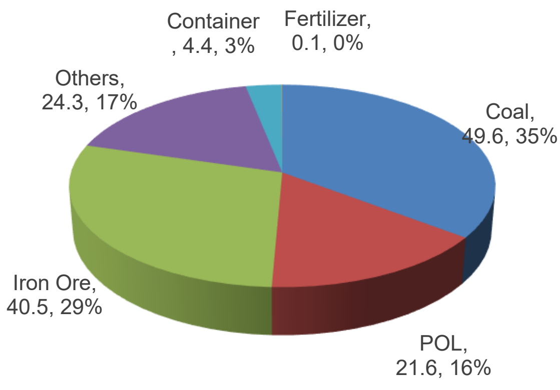
Coastal Commodities throughput at Indian Ports 2025-26 (MMT)



Coastal Commodities throughput at Major Ports 2025-26 (MMT)



Coastal Commodities throughput at Non-Major Ports 2025-26 (MMT)



The commodity profile of costal cargo is strongly skewed towards bulk and liquid bulk cargoes, reflecting the inherent suitability of coastal shipping for high-volume, low-value and long-haul movements.

Coal is the single largest coastal commodity, accounting for 126 MMT (around 36%) of total coastal cargo, driven by large-scale movement of thermal coal from eastern ports to power plants along the west and south coasts.

Petroleum and Oil Products (POL) constituted the second largest segment at 72 MMT (20.5%), supported by regular and predictable movements between refineries, import terminals, and coastal consumption centres. **Iron ore and pellets** accounted for 71 MMT (20%), with a notable dominance of non-major ports reflecting the proximity of private ports to mining and steel-making clusters and the operational flexibility offered by these ports.

Containerised coastal cargo, though modest in comparison to bulk commodities, reached 25.4 MMT, with Major Ports handling more than 80% of this volume, highlighting the role of established container terminals and scheduled services in supporting coastal containerisation.

The "Others" category, comprising cement, building materials, steel and miscellaneous break-bulk cargo, accounted for 59 MMT, with a higher share at major ports due to their alignment with coastal industrial clusters and project cargo requirements. Fertilizer movement through coastal shipping remained negligible during the year, largely due to supply-chain structuring factors.

Table 2: List of Other Commodities moved via Coastal Shipping

S. No.	"Others" Category	Commodity
1	Agricultural Cargo	Vegetable Products, Foodgrains, Salt, Sugar
2	Break Bulk / General Cargo	Drilling Pipes, General Cargo, Industrial Other Products, Machinery & Equipment
3	Cement	Cement and Clinker
4	Chemicals	Caustic Soda Lye, Phosphoric Acid, Sulphuric Acid, Bitumen
5	Construction Materials	Gravel, Sand, Stone Aggregate, Stone Dust
6	Other Metals/Minerals/Ores	Bauxite, Bentonite Clay, Feldspar, Gypsum, Laterite, Lead Metal, Manganese Ore, Metal Scrap, Mixed Metals & Ores, Silica Sand, Zinc Concentrate, Zinc Concentrate / Laterite Mix
7	Other Specialised Cargo	Project Cargo, Over-Dimensional, Heavy Lift Cargo
8	Ro-Ro	Automobiles and other Roll-on / Roll-off Cargo
9	Steel	Iron & Steel Materials, Mill Scale (Steel Manufacturing Residue), Slag (Steel / Iron Slag), Steel Products

The concentration of coastal cargo among a limited number of commodities, ports and established corridors indicates that historical throughput growth does not necessarily represent broad-based modal shift. A substantial share of existing traffic is associated with coal, POL and iron ore movements linked to established industrial, refinery, power-sector or captive supply chains. The future policy focus must therefore extend beyond growth in aggregate throughput to the development of additional, contestable and commercially sustainable cargo movement across a wider range of Cargo Owners, commodities and coastal corridors.

1.3. Coastal Shipping Pattern

Coastal shipping in India is primarily structured around inter-regional cargo movement between the East Coast, West Coast, and South Coast, reflecting the geographic separation between resource-rich regions, industrial clusters, and major consumption centres. These coast-to-coast movements form the backbone of coastal trade and are dominated by bulk and liquid bulk commodities that benefit from economies of scale and long-haul cost advantages offered by sea transport.

The East Coast functions predominantly as a source region for coastal shipping, owing to the concentration of coal mines, iron ore belts, and mineral-based industries in eastern India. Large volumes of thermal coal, iron ore, and iron ore pellets are shipped from eastern ports to power plants, steel plants, and industrial clusters located along the West Coast and South Coast. East-to-West and East-to-South movements together account for a significant share of coastal bulk cargo, particularly coal for power generation and iron ore for steelmaking, where rail capacity constraints and long inland distances make coastal shipping an efficient alternative.

The West Coast serves both as a major consumption region and redistribution hub. It receives substantial coastal volumes of coal, iron ore, and fertilizers from the East Coast, while also acting as an origin for petroleum and oil products (POL) produced at refineries located along the western seaboard. POL cargoes are frequently moved from the West Coast to ports on the South and East Coasts to supply coastal states, industrial users, and hinterland markets connected to these ports. In addition, the West Coast handles significant movement of cement, building materials, steel, and containerised domestic cargo, reflecting the dense industrial and urban agglomerations in western India.

The South Coast primarily functions as a net receiver of coastal cargo, driven by high demand from power plants, refineries, manufacturing hubs, and urban consumption centres in southern states. Large volumes of coal and POL products are transported to the South Coast from both the East and West Coasts. At the same time, select ports on the South Coast also act as origins for containerised and break-bulk coastal cargo, including cement, steel products, and agri-based commodities, catering to inter-regional trade with the West Coast.

In addition to inter-coastal flows, intra-coastal movements within the West Coast and within the East Coast are also observed, particularly for POL products, building materials, and short-haul bulk cargo, where coastal shipping competes directly with road transport.

Although the sea leg connects the coastal regions, most cargo does not originate or terminate at the port itself. Coastal cargo movement ordinarily depends on one or more inland and port interfaces, including road or rail transport to the origin port, storage and aggregation, port handling, the coastal voyage, destination-port handling and onward movement to the final consignee. The commercial viability of a coastal corridor consequently depends not only on port-to-port connectivity but also on effective coordination of the complete multimodal chain.

The Top 20 OD pairs of coastal shipping in India (by cargo volume) are presented in table below:

S. No.	Origin Port(s)	Destination Port(s)	Cargo Volume (Mn. Tonne) (FY2024–25)	Commodities
1	Paradip Port	Kamarajar Port	22–25	Coal, POL, Iron Ore
2	Paradip Port	Krishnapatnam Port	20–22	Coal, POL, Iron Ore, Fertilizers
3	Paradip Port	Tuticorin Port	12–15	Coal, POL
4	Paradip Port, Visakhapatnam Port, Dhamra, Gangavaram	Mumbai Port	4.8–5.0	Iron Ore
5	Paradip Port	Hazira Port	4.3–4.5	Iron Ore
6	Vadinar Port, Cochin Port, Chennai Port, Sikka Port	Mumbai Port	3.8–4.0	POL
7	Paradip Port	Mormugao Port	3.7–4.0	Coal, POL, Iron Ore
8	Dhamra	Kamarajar Port	3.7–4.0	Coal
9	Mumbai Port	Chennai Port, Visakhapatnam Port, Vadinar	3.2–3.5	POL
10	Paradip Port	Kakinada	2.5–2.8	Coal, POL
11	Mumbai Port	New Mangalore Port	2.5–2.8	POL
12	Mumbai Port	Mormugao Port, Hazira, Dahej	2.4–2.5	POL
13	Deendayal Port	Cochin Port	2.4–2.5	Container, POL
14	Cochin Port	Kamarajar Port	2.2–2.5	POL
15	Paradip Port	Mumbai Port	2.0–2.5	Coal, POL, Iron Ore, Fertilizers, Steel
16	Paradip Port	Karaikal	2.0–2.5	Coal, Iron Ore
17	Chennai Port	Andaman & Nicobar Islands	2.0–2.2	Container
18	Pipavav	Jawaharlal Nehru Port	1.8–2.0	Cement
19	Gangavaram	Tuticorin Port	1.5–1.8	Coal
20	Paradip Port	Dharamtar	1.5–1.8	Coal

1.4. Coastal Cargo Handling Infrastructure at Major Ports

The development of dedicated coastal berths at Major Ports has been a key operational intervention to promote coastal shipping in India. Dedicated coastal berths are intended to provide assured access, priority berthing, and operational segregation for coastal vessels, thereby reducing turnaround time, improving berth productivity, and enhancing the reliability of coastal services. As of 2024–25, Major Ports together handled about 196 million tonnes (MT) of coastal cargo, supported by a total of 16 dedicated coastal berths across ports, with varying levels of mechanization and commodity focus.

S. No.	Port	Cargo Volume (MT) 2024-25	Dedicated Coastal Berths	Mech. level at Coastal berths	Major Commodities handled at port
1	PPA	63.7	5	Mech.	Th. Coal, Iron ore, IO Pellets, POL
2	MbPA	22.3	3	Non-Mech.	POL, Iron Ore and Cement & clinkers, Others
3	KPL	19.7	2	Mech.	Thermal coal, POL, Containers, others
4	VPA	19.3	1	Non-mech.	Iron ore & Pellets, POL, Thermal Coal, Containers, others
5	DPA	15.8	NIL	NA	Crude, POL, Salt, Containers, others
6	CoPA	12.5	1	Mech.	POL, Steel, cement, containers, Others
7	VOCPA	12.0	1	Non-Mech	Th. Coal, POL, salt and containers
8	NMPA	8.7	2	Non-Mech.	Iron ore, Crude & POL, containers, others
9	ChPA	6.2	1	Non-Mech.	POL, Containers, iron & steel products
10	JNPA	6.0	2	Non-Mech.	POL, Cement, break-bulk, Containers, others
11	SMPA	5.1	3	1 Mech. (SMPA-H)	SMPA-K: Gen. cargo, iron and steel, agro products, containers, Others SMPA-H: POL, Coal, Chem & Petrochem. Containers, Others
12	MgPA	4.4	NIL	NA	Iron ore, POL, Bauxite, coking coal, iron & steel, others
	Total	195.7	21		

1.5. Coastal Vessel Operators and Multimodal Transport Operators (MTOs)

Based on voyage data from NLP Marine for the period January 2026 to June 2026, India has an active and diversified coastal vessel operator base engaged in Coasting Trade. During this period, 294 coastal vessel operators were recorded as active in coastal cargo movement.

The active operator base is spread across key vessel and cargo segments, comprising approximately 213 operators in bulk cargo, 73 operators in liquid cargo, and 18 operators in container cargo.

The top operators account for a significant share of cargo movement and include entities operating bulk carriers, crude oil / product tankers, full container ships / cellular vessels, general cargo vessels and mixed vessel fleets. The leading operators include Shipping Corporation of India Ltd., JSW Shipping and Logistics Pvt. Ltd., Apeejay Shipping Ltd., Transworld Shipping Lines Ltd., Sanmar Shipping Ltd., and TCI Seaways, among others.

The top companies currently active in Coasting Trade in India, as per voyage data available from NLP Marine for the period January 2026 to June 2026, are presented in the table below:

Illustrative leading Coastal Vessel Operators recorded in NLP Marine voyage data, January–June 2026

#	Vessel Operator	Type of Vessel Operated
1	Shipping Corporation of India Ltd	Bulk carrier, Crude oil tanker, Full container ship/cellular vessel, General cargo vessel
2	JSW Shipping and Logistics Pvt Ltd	Bulk carrier, General cargo vessel
3	Apeejay Shipping Ltd	Bulk carrier, General cargo vessel
4	Treasure Harvest Shipping Pvt Ltd	Bulk carrier
5	Seven Islands Shipping Pvt Ltd	Oil and other derivatives tanker, Tanker
6	Transworld Shipping Lines Ltd (DP World)	Carrier general cargo/container, Full container ship/cellular vessel
7	Sanmar Shipping Ltd	Oil and other derivatives tanker, Tanker
8	Sima Marine India Pvt Ltd	Full container ship/cellular vessel
9	Castle Ships Pvt Ltd	Oil and other derivatives tanker, Tanker
10	Mahi Marine Pvt Ltd	Full container ship/cellular vessel
11	SSL Shipping Ltd	Oil and other derivatives tanker, Tanker
12	JSW Jaigarh Port Ltd	Bulk carrier
13	Sarat Chatterjee Company	Oil and other derivatives tanker, Tanker
14	Foresee Ship Management Pvt Ltd	Oil and other derivatives tanker, Tanker
15	TCI Seaways	Full container ship/cellular vessel
16	PCL Shipping Private Limited	Bulk carrier
17	Panbulk Shipping India IFSC Pvt Ltd	Bulk carrier

#	Vessel Operator	Type of Vessel Operated
18	Vridhi Maritime Private Ltd	Bulk carrier
19	Ripley Pioneer India IFSC Pvt Ltd	Bulk carrier
20	Ripley Shipping India IFSC Pvt Ltd	Bulk carrier

In addition to cargo owners and coastal vessel operators, Multimodal Transport Operators (MTOs) constitute an important stakeholder group within India's coastal shipping ecosystem. MTOs facilitate seamless end-to-end cargo movement by integrating multiple modes of transport under a single transport contract, thereby playing a critical role in enabling modal shift from road to coastal shipping.

As per the latest data, there are 2,546 registered Multimodal Transport Operators (MTOs) in India under the Directorate General of Shipping. These include a wide range of logistics service providers, freight forwarders, third-party logistics (3PL) companies and integrated supply chain operators that are authorised to undertake multimodal transportation, including movements involving coastal shipping.

Given their extensive engagement with cargo aggregation, customer interface and multimodal logistics solutions, MTOs are well positioned to play a key role in coastal shipping.

A representative list of a few MTOs (out of 2546 registered MTOs) is provided in the table below:

#	Name of MTO	MTO Registration Number
1	The Shipping Corporation of India Ltd.	MTO/DGS/120260224000007/APR/2029
2	Container Corporation of India Limited	MTO/DGS/20003671/JAN/2029
3	DHL Logistics Private Limited	MTO/DGS/1405/APR/2027
4	ALLCARGO Logistics Limited	MTO/DGS/4081/JUL/2028
5	DSV Air & Sea Private Limited	MTO/DGS/1868/MAY/2027
6	Geodis India Private Limited	MTO/DGS/297/OCT/2026
7	TVS Supply Chain Solutions Limited	MTO/DGS/4172/OCT/2028
8	Yusen Logistics India Pvt. Ltd.	MTO/DGS/10570/JUN/2029
9	Kintetsu World Express (India) Pvt. Ltd.	MTO/DGS/968/JUL/2026
10	C.H. Robinson Worldwide Freight India Private Limited	MTO/DGS/2268/DEC/2026

2. Policy and Regulatory Reforms Undertaken to Promote Coastal Shipping

Over the past two decades, the Government of India has introduced a series of policy and regulatory reforms to promote coastal shipping as an efficient and sustainable mode of transport. The early reforms focused on reducing costs and improving competitiveness through measures such as concessional port charges

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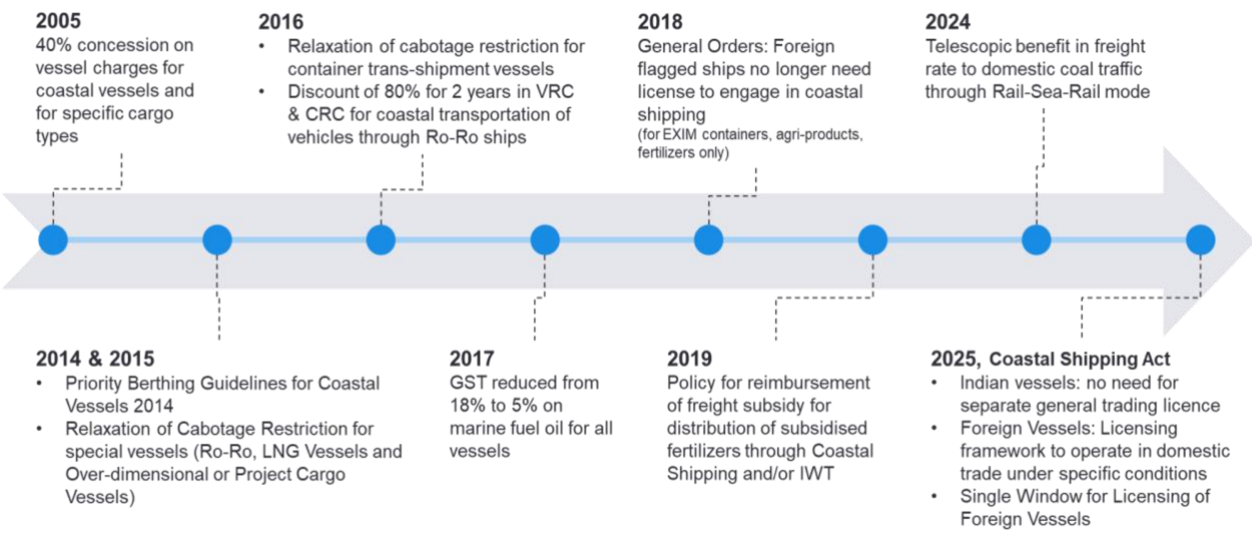
(2005) and priority berthing for coastal vessels (2014), which helped reduce delays and operational inefficiencies. This was followed by procedural improvements, including the relaxation of cabotage rules (2015–2016) to address vessel shortages and promote specialized services such as Ro-Ro and container transshipment. Financial measures like the reduction of GST on bunker fuel in 2017 further lowered operating costs, making coastal shipping more viable.

Subsequent reforms focused on improving capacity, participation, and long-term growth. Liberalization for foreign-flag vessels (2018) and freight subsidies for fertilizer movement (2019) supported cargo flow and vessel availability, while rail-freight rationalization measures (2024) improved the economics of multimodal transport. The enactment of the Coastal Shipping Act, 2025 marks a significant milestone by providing a clear and structured legal framework for the sector. Overall, these reforms have progressively shifted coastal shipping policy from isolated incentives to a comprehensive and transparent system aimed at enhancing ease of doing business, increasing cargo volumes, and strengthening India's logistics network.



Therefore, over the past two decades, the Government of India, maritime authorities and ports have undertaken a series of measures to improve the competitiveness and ease of operation of coastal shipping. The measures have addressed port costs, berthing priority, vessel availability, cabotage and licensing, taxation, cargo handling, hinterland connectivity and digitalization.

Major and Non-Major Ports have additionally undertaken cargo-specific and port-specific initiatives such as:

- concessional tariffs for coastal cargo and containers;
- priority berthing;
- dedicated or preferential coastal facilities;
- free-time or storage concessions;

- mechanisation and draft improvement;
- road and rail connectivity projects;
- coastal cargo yards and aggregation areas;
- container and Ro-Ro facilities; and
- digitalisation of port and cargo procedures.

The enactment of the **Coastal Shipping Act, 2025** provides a dedicated statutory framework for coasting trade, including vessel licensing, reporting requirements, port-clearance requirements, preparation of a National Coastal and Inland Shipping Strategic Plan and establishment of the National Database of Coastal Shipping. Related reforms under the Merchant Shipping Act, 2025 and Indian Ports Act, 2025 form part of the broader modernisation of India's maritime legal framework. The precise commencement, notified rules and transitional arrangements applicable at the time of Scheme launch would be verified and reflected in the operative Scheme and implementation procedures.

Policy attention has also extended to multimodal transport and the interface between coastal shipping and road, rail and inland waterways. Measures concerning Rail–Sea–Rail freight, port connectivity, coastal–IWT integration, cargo-aggregation facilities and maritime digital platforms recognise that the competitiveness of coastal shipping is determined by the complete logistics chain and not only by the sea leg.

Notwithstanding these reforms, consultations and studies indicate that important commercial and coordination constraints remain. Infrastructure and regulatory facilitation may make a coastal movement technically possible, but may not, by themselves:

- induce a Cargo Owner to shift from an established mode;
- provide a Vessel Operator with adequate cargo assurance;
- aggregate fragmented cargo into an economical parcel;
- coordinate first-mile and last-mile transportation;
- develop outward and return cargo;
- establish a viable service frequency; or
- assign responsibility for the complete multimodal movement.

The continued existence of these constraints provides the basis for examining a focused incentive Scheme linked to actual incremental cargo movement, as a complementary intervention and not as a substitute for ongoing measures relating to infrastructure, regulation, taxation, vessel availability, port operations or multimodal connectivity.

3. Outlook and Action Plan for developing Coastal Shipping Sector

3.1 Background Studies and Research

Extensive background studies have been undertaken over the years to assess the potential, issues, and development requirements of the coastal shipping sector in India. These include:

i. Action Plan for promotion of Coastal Shipping in India, ADB, 2019, updated by Directorate General of Shipping in 2026 (**Annexure C**)

ii. Coastal Shipping in India: Potential for growth and Action Framework, Committee on Coastal Shipping under the chairmanship of Chairman, Paradip Port Authority, Ministry of Ports, Shipping and Waterways, February 2026 (**Annexure D**)

iii. Draft report on Coastal Cargo Promotion Scheme (CCPS), Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS), May 2026 (**Annexure E**)

These studies have consistently highlighted the economic, environmental, and logistics advantages of coastal shipping, while also identifying key constraints such as inadequate coastal infrastructure, limited availability of suitable vessels, high first- and last-mile costs, regulatory and procedural issues, and the need for better cargo aggregation. Summaries of the principal background studies are provided at Appendices I–III.

- **Appendix-I:** Summary of *"Action Plan for promotion of Coastal Shipping in India",* ADB, 2019, updated by Directorate General of Shipping in 2026.
- **Appendix II**: Summary of *"Coastal Shipping in India: Potential for growth and Action Framework"*, Committee on Coastal Shipping chaired by Chairman Paradip Port Authority, Ministry of Ports, Shipping and Waterways, February 2026.
- **Appendix-III**: Draft report on *"Coastal Cargo Promotion Scheme (CCPS)"*, Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS).

The studies consistently recognise that coastal-shipping growth depends on the combined resolution of infrastructure, regulatory, commercial and coordination constraints. Common findings include inadequate or uneven port facilities, first-mile and last-mile costs, limited availability of suitable vessel services, fragmented cargo, small parcel sizes, absence of cargo aggregation, incomplete multimodal integration, return-leg imbalance, procedural complexity and limited end-to-end visibility.

The studies also indicate that the three principal commercial functions in a coastal movement are interdependent. Cargo Owners determine whether cargo is committed to coastal shipping; Vessel Operators provide the sea-carrying capacity and service continuity; and Multimodal Transport Operators may aggregate cargo and integrate the coastal leg with road, rail, inland waterways, ports, terminals and destination delivery.

Further, based on the findings of these studies, the Ministry of Ports, Shipping and Waterways and its associated organisations have already undertaken several policy, regulatory, and institutional measures to support the growth of coastal shipping in India.

3.2 Coastal Shipping Targets under MIV 2030 and MAKV 2047

Maritime India Vision 2030 sets out explicit goals to enhance the modal share of coastal shipping and inland waterways, supported by policy reforms, port infrastructure development, and fleet modernisation. The vision envisages a significant increase in domestic waterborne cargo volumes by 2030, with coastal shipping playing a central role in bulk cargo movement and the gradual introduction of containerised coastal services.

Looking further ahead, Maritime Amrit Kaal Vision 2047 articulates a long-term aspiration to transform India into a global maritime leader. Within this framework, coastal shipping is positioned as a foundational element of a sustainable, multimodal logistics system. MAKV 2047 envisages a substantial scaling-up of coastal and inland waterway cargo volumes, development of modern coastal fleets, greater integration with ports and logistics parks, and alignment with green shipping and decarbonisation pathways.

Table 3: Vision for coastal shipping as per MAKV 2047(MTPA = Million Tonne Per Annum)

Parameter	Baseline (FY2025–26)	2030 Target	2047 Target
Coastal Cargo Volume	~177 MTPA*	~230 MTPA	~1,300 MTPA
Coastal Cargo Throughput of Ports	~354 MTPA	~460 MTPA*	~2,600 MTPA*
Growth Multiple (w.r.t. Current)	1.0x*	~1.35x*	~7–8x*
Share in Domestic Freight Movement	0.06	0.075	0.12

Source: MIV 2030 and MAKV 2047 | **Derived Values*

Note: It is important to distinguish between port-level coastal cargo throughput and net coastal cargo volume. Port-level throughput records cargo handled at Indian ports and may include the same domestic coastal cargo at both the loading and discharge ports. Net coastal cargo volume seeks to measure the physical cargo moved without such double counting.

These targets provide the strategic backdrop against which the present action framework has been formulated, translating high-level vision into actionable strategies, prioritized corridors, and implementable policy recommendations.

Achieving the national vision would require more than continuation of established bulk and POL movements. Growth would need to be progressively broadened across additional commodities, OD pairs, vessel services and multimodal supply chains. It would also require better coordination among market stakeholders, ports, inland transport providers and relevant public authorities. The action framework prepared by MoPSW for this seeks to translate the national targets into coordinated sectoral and Scheme-level interventions.

3.3 Action Framework prepared to promote Coastal Shipping in India

The Ministry of Ports, Shipping and Waterways, Govt. of India, has identified that the development of coastal shipping in India requires a coordinated action plan covering **six broad areas:**

a) commodity-specific initiatives for cargo growth and modal shift;

b) infrastructure development at ports;

c) policy and regulatory reforms;

d) enhancement of vessel availability;

e) integration with Inland Water Transport and green coastal shipping initiatives; and

f) the Coastal Cargo Promotion Scheme.

These areas are mutually linked and are necessary to create a complete ecosystem for coastal shipping.

a. Commodity-specific initiatives for cargo growth and modal shift

The aforementioned studies on coastal shipping identified that coastal shipping is presently concentrated in a limited number of commodities and corridors. Coal, POL, and iron ore account for a major share of coastal cargo, while other commodities such as steel, cement, fertilizers, foodgrains, containers, Ro-Ro cargo and automobiles have relatively limited coastal movement despite having long-haul movement potential.

The studies identify several potential commodity-wise opportunities, including cement, fertilizers, automobiles, steel, iron ore and coal, where coastal shipping can reduce logistics cost, decongest rail and road corridors, and support sustainable freight movement. The ability to realise this potential varies materially by commodity. Bulk cargo may require adequate parcel size, mechanised handling, storage, rail connectivity and suitable vessels. Containerised and general cargo may require schedule reliability, cargo consolidation and predictable first-mile and last-mile services. Ro-Ro movements require suitable terminals, vessel capacity and vehicle-flow density.

Accordingly, these opportunities will require targeted interventions to address cargo aggregation, first- and last-mile cost, port-side handling, return cargo planning and service reliability.

b. Infrastructure development at ports

The action plan also recognizes that infrastructure development at ports is essential to shift cargo from road and rail to coastal shipping. The studies point to gaps such as limited dedicated coastal berths, uneven mechanization, draft restrictions at select ports, limited storage and aggregation yards, inadequate specialized handling facilities, and weak coastal–rail–IWT interfaces.

The nature of the required infrastructure varies by cargo category and movement model. Bulk cargo may require mechanised loading, storage yards, silos, conveyor systems, rail sidings or pipeline interfaces. Container and general cargo may require predictable berthing windows, container freight facilities, storage and road or rail evacuation. Ro-Ro traffic requires suitable ramps, marshalling areas and vehicle-handling arrangements.

Major Ports are already undertaking mechanization, dredging, road and rail connectivity, berth improvement and storage-related projects. These measures are necessary to improve port readiness, but the studies also emphasize that along with port infrastructure readiness, cargo commitment, vessel-service availability and multimodal integration must be developed to enhance modal share of coastal shipping.

c. Policy and regulatory reforms

In addition to commodity-specific initiatives and port infrastructure development, further policy and regulatory reforms are required to create a more facilitative and commercially viable environment for coastal cargo movement.

The studies identify several proposed reforms, including rationalization of short-haul rail freight for coastal cargo, extension of telescopic rail freight benefits beyond coal to other suitable bulk commodities, review of priority berthing norms with port-specific operational thresholds, faster and digitized conversion of foreign-flag vessels for coastal operations, restoration of Input Tax Credit for multimodal coastal transport, GST rationalization on bunker fuel and port services, and simplified procedures for coastal cargo documentation and subsidy reimbursement.

These reforms are intended to reduce cost disadvantages, improve service reliability, simplify compliance, and address procedural bottlenecks that currently discourage shippers from shifting cargo from road and rail to coastal shipping.

d. Enhancement of vessel availability

India's coastal fleet includes a large number of ageing vessels, limited modern cargo vessels, limited coastal container and Ro-Ro capacity, and dependence on foreign-flag vessels for certain cargo segments. In many cases, low or uncertain cargo volumes, empty return legs and lack of assured contracts make it difficult for vessel operators to deploy regular coastal services.

The studies have therefore identified measures such as faster vessel conversion procedures, targeted cabotage facilitation, domestic vessel augmentation, shipbuilding finance support, and improved vessel planning. However, vessel supply will improve only when cargo demand becomes predictable and commercially viable.

e. Integration with IWT and green coastal shipping initiatives

The studies have also proposed that greater integration between coastal ports and National Waterways can improve hinterland connectivity, support movement of bulk cargo such as coal, iron ore, cement, steel, fertilizers and fly ash, and reduce dependence on congested road and rail corridors. Proposed interventions include improving first- and last-mile connectivity to IWT terminals, developing cargo handling and storage infrastructure at key waterways and jetties, deploying dedicated vessels and barges for coastal–IWT cargo movement, and identifying priority multimodal corridors linking ports, waterways and inland consumption centers.

Further, the studies emphasize the need to align coastal shipping with India's green logistics objectives through shore-to-ship power, electrification and mechanization of cargo handling equipment, green vessel financing, cleaner fuels, green tugs, and pilot green shipping corridors. These initiatives are expected to lower emissions, improve energy efficiency, and support sustainable freight movement.

4. Rationale for the Coastal Cargo Promotion Scheme (CCPS)

India's extensive coastline, network of Major and Non-Major Ports, proximity of industrial and consumption centres to the coast, and growing freight demand provide a strong natural basis for expanding coastal shipping. Coastal shipping can complement road and rail by providing an energy-efficient and comparatively lower-emission mode for suitable long-distance cargo movement. However, despite sustained growth in coastal cargo throughput, India has not yet translated this geographical advantage into a broad-based shift of domestic freight to coastal shipping.

The proposed Coastal Cargo Promotion Scheme is intended to address this gap through a targeted intervention focused on the three principal commercial functions that determine whether a coastal cargo movement materialises:

a. the decision of the **Cargo Owner** to commit cargo to coastal shipping;

b. the ability of the **Coastal Vessel Operator** to provide adequate, regular and commercially viable sea-carrying capacity; and

c. the ability of the **Multimodal Transport Operator** to aggregate cargo and integrate the coastal leg with first-mile, last-mile and other transport arrangements.

The case for CCPS arises not from a single cost or infrastructure constraint, but from the interaction of demand-side, supply-side and multimodal-integration constraints. These constraints can prevent otherwise suitable cargo from shifting to coastal shipping even where the sea leg is technically feasible and may generate wider economic, environmental and logistics benefits.

4.1 India's coastal shipping opportunity

Coastal cargo throughput across Indian ports increased from approximately 161 Million Metric Tonne in FY 2013-14 to approximately 354 Million Metric Tonne in FY 2025-26, representing an estimated compound annual growth rate of around 7%. Of the total throughput reported for FY 2025-26, Major Ports accounted for approximately 213 MMT and Non-Major Ports for approximately 141 MMT. These figures demonstrate the continuing growth and commercial relevance of coastal shipping within India's freight system.

However, port-level coastal throughput and net coastal cargo volume represent different measures. A domestic coastal cargo movement may be recorded at both the loading and discharge ports. Consequently, aggregate coastal throughput at ports may include the same physical cargo at both ends of the movement. Net coastal cargo volume seeks to measure the physical cargo moved without such double counting, whereas cargo movement measured in tonne-kilometres reflects the transport work performed by carrying that cargo over the applicable coastal distance.

Notwithstanding the growth in port throughput, the combined share of coastal shipping and inland water transport in India's domestic freight movement remains at approximately 6%–6.4%, significantly below the share reported for several comparator economies. Maritime India Vision 2030 and Maritime Amrit Kaal Vision 2047 envisage a progressive increase in waterborne freight movement, including an increase in the modal share of coastal shipping and inland waterways to approximately 12% by 2047.

The long-term vision envisages an increase in coastal cargo volume to approximately 1,300 MTPA by 2047, compared with the current net cargo volume estimated in the Concept Note at approximately 177 MTPA. The projected port-level throughput corresponding to the 2047 cargo-volume objective has been derived at approximately 2,600 MTPA, subject to the methodology used for converting net cargo volume into port throughput.

The policy challenge is therefore not merely to maintain the historical rate of growth. It is to facilitate a structural expansion of coastal shipping by:

- bringing additional Cargo Owners into the coastal logistics system;
- developing new commodity streams;
- opening new and under-served OD pairs;
- improving containerised, Ro-Ro, break-bulk and other non-conventional coastal movements;
- creating more predictable vessel services;
- aggregating fragmented cargo into viable parcels; and
- integrating the coastal leg more effectively with road, rail and inland-water transport.

4.2 Concentration of existing coastal cargo

The existing coastal cargo profile is concentrated in a limited number of bulk and liquid-bulk commodities. In FY 2025-26:

- coal accounted for approximately 126 MMT, or about 36% of reported coastal throughput;
- POL accounted for approximately 72 MMT, or about 20.5%;
- iron ore and pellets accounted for approximately 71 MMT, or about 20%; and
- containerised coastal cargo accounted for approximately 25.4 MMT.

Coal, POL and iron ore together accounted for approximately 269 MMT, or about three-fourths of the reported coastal throughput. This concentration reflects the inherent suitability of coastal shipping for high-volume bulk movement, the presence of established refinery and industrial supply chains, and the availability of captive or dedicated port facilities for certain commodities.

The traffic is also geographically concentrated. Seven of the Major Ports reportedly account for approximately 85% of coastal cargo handled at Major Ports. Among Non-Major Ports, ports in Gujarat, Maharashtra and Andhra Pradesh together handled approximately 128 MMT, representing around 91% of the reported coastal cargo handled at Non-Major Ports.

This concentration has two policy implications:

First, the overall increase in coastal throughput does not necessarily establish that a broad-based modal shift is occurring across Cargo Owners, commodities and corridors. A substantial part of the existing traffic is associated with established movements of coal, POL and iron ore, including movements linked to refineries, power plants, steel plants, captive facilities or geographically unavoidable sea legs.

Second, continuation of established traffic cannot, by itself, justify incentive support. Public support should be directed towards incremental and contestable cargo movement for which the incentive can reasonably influence cargo aggregation, modal choice, route development or service availability.

Accordingly, CCPS is proposed to distinguish between:

- existing cargo and incremental cargo;
- contestable and inherently maritime movements;
- eligible and excluded commodities;
- established and new OD pairs; and
- cargo movement likely to occur without support and cargo movement for which the Scheme may produce demonstrable additionality.

4.3 Untapped commodity and corridor potential

The available studies and stakeholder consultations indicate that the next phase of coastal-shipping growth will require expansion beyond established bulk corridors. Potential exists in commodities and cargo types such as:

- steel and other metal products;
- cement and clinker;
- foodgrains and eligible agricultural cargo;
- salt, sugar and other dry-bulk commodities;
- automobiles and other Ro-Ro cargo;
- domestic FCL containerised cargo;
- selected chemicals and non-POL liquid bulk;
- eligible break-bulk and general cargo; and
- other commodities suitable for long-distance coastal movement.

The realizable potential will vary by commodity and corridor. The feasibility of a particular route depends on factors such as:

- distance between the production and consumption centres;
- distance from the origin and destination to the respective ports;
- parcel size and frequency;
- storage and handling requirements;
- cargo compatibility;
- vessel availability;
- port and terminal capability;
- availability and cost of road, rail, pipeline or inland-water alternatives;
- directionality of cargo flows; and
- potential for return cargo.

The objective of CCPS should therefore not be to promote coastal shipping indiscriminately. The Scheme is intended to support those eligible cargo movements and OD pairs where coastal shipping is technically suitable, contributes to the Scheme's modal-share and logistics objectives, and requires limited catalytic support to overcome early commercial or coordination barriers.

4.4 Demand-side constraints affecting Cargo Owners

The Cargo Owner ordinarily controls, or materially influences, the choice of transport mode. For the Cargo Owner, the relevant comparison is not confined to sea freight. The commercial decision is based on the total end-to-end cost, time, reliability and risk associated with transporting cargo from the origin to the final destination.

A coastal movement may involve:

- transport from the production or storage location to the origin port;
- storage, aggregation and handling at the origin;
- loading and port charges;
- the coastal voyage;
- discharge and destination-port handling;
- temporary storage or warehousing;
- last-mile transport; and
- associated inventory, working-capital, insurance and documentation costs.

Accordingly, an economical sea leg does not necessarily make the complete coastal logistics chain commercially preferable to a direct road or rail movement.

The principal demand-side constraints identified through studies and stakeholder consultations include:

- high first-mile and last-mile costs;
- multiple cargo-handling events;
- fragmented or irregular cargo availability;
- inability of an individual Cargo Owner to offer an economical vessel parcel;
- requirement for storage while cargo is aggregated;
- longer planning and booking cycles;
- uncertainty regarding sailing schedules and transit time;
- possibility of cargo missing a scheduled sailing;
- inventory-carrying and working-capital implications;
- difficulty in changing established road or rail contracts;
- limited visibility over each stage of a multimodal movement;
- risk of delay at ports or during mode interchange; and
- lack of confidence in the continuity of a new coastal service.

The Cargo Owner may also bear the first-mover risk associated with redesigning established supply chains. This may require changes to procurement, inventory, dispatch, storage, packaging, contractual and delivery arrangements. The benefit of a successful coastal route may accrue over time, whereas the conversion costs and operational risks arise immediately.

4.5 Supply-side constraints affecting Coastal Vessel Operators

A Coastal Vessel Operator must deploy and operate vessel capacity before cargo volumes and service patterns are fully established. Vessel deployment involves significant fixed and semi-fixed costs, including:

- vessel financing or charter hire;
- crew and statutory manning;
- fuel and lubricants;
- insurance;
- repairs and maintenance;
- statutory certification;
- port, pilotage and marine service charges;
- agency and operating expenses; and
- the opportunity cost of deploying the vessel on a particular coastal route.

The commercial viability of a coastal service is sensitive to vessel utilisation, parcel size, voyage frequency, port turnaround and return-leg cargo. A Vessel Operator may face:

- insufficient cargo on the outward or return leg;
- uneven cargo availability across sailings;
- vessel idle time while awaiting cargo;
- uncertainty over cargo commitments;
- delays in berthing, loading or discharge;
- incompatibility between vessel characteristics and port infrastructure;
- difficulty in maintaining a regular schedule before demand stabilises;
- limited availability of suitable vessels for particular cargo categories; and
- higher operating and financing costs associated with certain Indian-flag vessel operations.

A viable coastal corridor requires sufficient cargo density, frequency and predictability. Cargo Owners may be reluctant to commit cargo until a reliable service exists, while Vessel Operators may be reluctant to deploy a vessel until sufficient cargo is committed. This interdependence can delay or prevent the development of routes that may become commercially viable once traffic stabilises.

4.6 Aggregation and multimodal-integration constraints affecting MTOs

Between the Cargo Owner’s modal decision and the Vessel Operator’s provision of sea capacity lies a distinct cargo-aggregation and multimodal-integration function. This function is particularly important where:

- no single Cargo Owner has sufficient volume to form an economical parcel;
- cargo availability is dispersed across multiple origins;
- cargo dispatches are small or irregular;
- several Cargo Owners must be consolidated to support a scheduled coastal service;
- the coastal leg must be coordinated with road, rail or inland-water movement;
- separate port, terminal, warehousing and transport providers are involved;
- origin and destination movements must be synchronised with vessel schedules; or
- a viable return-leg cargo plan must be developed.

In such cases, a Multimodal Transport Operator may undertake or procure activities such as:

- identifying cargo suitable for coastal transportation;
- consolidating cargo commitments from one or more Cargo Owners;
- arranging first-mile movement;
- coordinating storage and aggregation at the origin;
- arranging or booking the coastal-shipping leg;
- coordinating with origin and destination ports or terminals;
- preparing and managing transport and cargo documentation;
- tracking cargo across different stages of movement;
- arranging destination handling and last-mile movement;
- managing multiple service-provider interfaces;
- assuming contractual responsibility for the integrated movement; and
- developing two-way cargo flows to improve corridor viability.

The MTO may incur costs and risks before the cargo movement reaches stable commercial scale. These may include expenditure on origination and business development, preparation of multimodal movement plans, coordination of multiple service providers, systems and documentation, cargo aggregation, advance payments or payment-cycle mismatches, and the risk that sufficient cargo or vessel capacity may not materialise.

A coordination gap can therefore arise:

- an individual Cargo Owner may not have enough cargo to support a service;
- the Vessel Operator may not deploy capacity without aggregated demand; and
- the aggregation exercise may not be commercially viable until a regular service and sufficient cargo base are established.

4.7 Three-sided market and coordination complexity

The coastal-shipping market may be viewed as comprising three interdependent commercial functions:

Participant	Principal role	Key constraints
Cargo Owner	Controls or influences the choice of transport mode and commits cargo	End-to-end cost, reliability, supply-chain transition and first-mover risk
Coastal Vessel Operator	Provides and operates the sea-carrying capacity	Cargo uncertainty, vessel utilisation, frequency, route continuity and operating risk
Multimodal Transport Operator	Aggregates cargo and integrates the coastal leg with other modes and service providers	Fragmented cargo, coordination failure, first/last-mile integration and corridor execution

Complexities in three-sided market structure:

- Vessel capacity without cargo commitment may remain commercially unviable.
- Cargo commitment without suitable or regular vessel capacity may not be executable.
- Cargo and vessel capacity without multimodal coordination may remain disconnected from the actual origin and destination.
- A technically viable route may not develop if no entity assumes responsibility for aggregation and integration.

This creates a three-sided coordination problem. Each party may be unwilling to make the first commercial commitment because the viability of that commitment depends on corresponding action by the other parties.

4.8 Cost-differential from other modes, specifically rail

The need for CCPS is also supported by the logistics cost analysis in the studies. In several long-haul corridors, coastal shipping is already cost-competitive or can become competitive if supported by appropriate policy, aggregation and operational measures. For example, Rail–Sea–Rail movement of coal has shown significant cost savings on select corridors after telescopic rail freight benefits.

However, some commodities remain difficult to shift because of high first- and last-mile costs, small parcel sizes, lack of assured two-way cargo, procedural complexity and limited availability of regular services. CCPS can bridge this gap during the initial adoption phase by providing incentives to cargo owners and to vessel operators.

4.9 CCPS – a key enabler for the Action Framework for Coastal Shipping

The proposed CCPS would therefore act as an implementation instrument within the broader action framework for coastal shipping. Other interventions such as commodity-specific initiatives, port infrastructure development, policy and regulatory reforms, vessel availability measures, IWT integration and green shipping initiatives create the enabling environment.

However, CCPS would directly support the actual movement of cargo by aligning the interests of both cargo owners and vessel operators. It would help convert identified potential into regular coastal cargo movement, support new corridors, improve vessel deployment, and create confidence among market participants.

Accordingly, the proposed Coastal Cargo Promotion Scheme is justified as a necessary and timely intervention to accelerate the development of coastal shipping in India. By addressing both demand-side constraints through Cargo Owner Incentives and supply-side constraints through Coastal Vessel Operator Incentives, the scheme would support the transition from policy intent to actual market adoption.

Therefore, CCPS may be considered as a key intervention under the national action plan for development of the coastal shipping sector.

4.10 Wider economic, environmental and logistics benefits

Increasing modal share of coastal shipping in the country can generate benefits beyond the immediate participants in the logistics transaction. These benefits may include:

- reduction in long-distance truck movement;
- lower congestion on major highway corridors;
- reduction in road wear and associated maintenance requirements;
- release of rail capacity for sectors and corridors where rail is essential;
- reduced exposure of the freight system to congestion or disruption on a single mode;
- improved utilisation of existing port and maritime infrastructure;
- improved integration of coastal ports with inland waterways and logistics networks;
- lower energy intensity for suitable long-distance bulk cargo;

- reduction in greenhouse-gas emissions and local pollutants;
- improved road safety through reduction in heavy-vehicle movement; and
- employment across vessel operations, ports, cargo aggregation, warehousing, freight forwarding, multimodal logistics and allied maritime services.

4.11 Rationale for a targeted, additionality-based and time-bound incentive

The rationale for CCPS is, therefore, not to subsidise all coastal cargo or reimburse the full cost of coastal logistics. The Scheme is proposed as a targeted market-development intervention intended to:

- encourage incremental movement above established historical levels;
- share a limited part of the early adoption and service-development risk;
- support development of new cargo streams and OD pairs;
- incentivise the three distinct functions of cargo commitment, vessel fleet and multimodal integration;
- improve the confidence of market participants in coastal services;
- facilitate transition towards commercially sustainable corridors; and
- generate wider economic, environmental and logistics benefits.

4.12 Alignment with National Logistics Initiatives

The proposed Coastal Cargo Promotion Scheme is also aligned with PM GatiShakti National Master Plan, the National Logistics Policy and the Government's broader multimodal cargo and logistics strategy.

PM GatiShakti provides the integrated infrastructure-planning framework for multimodal and first-mile/last-mile connectivity. The National Logistics Policy provides the policy, process, service and digital framework for development of an efficient, resilient, sustainable and cost-effective logistics ecosystem. CCPS complements these initiatives by providing performance-linked financial support for verified incremental domestic cargo movement through coastal shipping.

Information generated through CCPS regarding commodity/cargo-type-wise movements, directional OD pairs, ports, vessels, cargo aggregation, multimodal linkages and operational bottlenecks may support identification of infrastructure and connectivity requirements and data-driven review of multimodal logistics performance.

The Scheme will not duplicate the infrastructure-planning or policy-coordination functions of PM GatiShakti or the National Logistics Policy. It will address a distinct implementation gap by supporting actual cargo commitment, coastal vessel deployment and multimodal integration.

5. Key Learnings from similar schemes adopted in other Countries

Several countries have implemented targeted financial support schemes to promote modal shift from road to sea, inland waterways, rail or short-sea shipping. These schemes are generally designed to address the higher initial operating cost, first-mover risk, traffic uncertainty, and commercial viability challenges associated with shifting freight from road-based transport to waterborne modes.

The global schemes reviewed include the following:

S. No.	Country / Region	Scheme / Initiative Name
1.	United Kingdom	Waterborne Freight Grant
2.	Italy	Marebonus and Ecobonus
3.	European Union	Marco Polo Programme
4.	Norway	Aid Scheme for Short Sea Shipping
5.	Sweden	Ecobonus
6.	Japan	Modal Shift Promotion / Eco-Ship Mark System
7.	South Korea	Modal Shift Subsidy Scheme

The reviewed schemes show that coastal shipping promotion cannot be addressed only from one side of the market. Cargo owners and shippers need support to overcome cost disadvantages, first-mover risk, and uncertainty in service reliability. Vessel operators need support to launch or upgrade routes, secure sufficient cargo, improve utilisation, and reduce the risk of empty or low-load voyages.

For India, CCPS may therefore be designed as a hybrid intervention covering both Cargo Owner Incentives and Coastal Vessel Operator Incentives. The scheme should be route-based, performance-linked, transparently verifiable, and periodically reviewed. It should support incremental growth and help create commercially sustainable coastal shipping services over time.

Most schemes use measurable parameters such as tonne-km shifted, road-km avoided, avoided lorry trips, operating cost gap, or quantified environmental and social benefits.

A summary of these scheme and key learnings from them have been presented in the following sub-sections.

5.1 United Kingdom – Waterborne Freight Grant

Scheme Overview

Purpose / policy objective	The Waterborne Freight Grant supports modal shift from road to coastal or short-sea shipping where waterborne transport is more expensive in the early stage. The main objective is to

	reduce lorry journeys, road congestion, emissions and wider external costs.
Beneficiary and coverage	The scheme mainly supports vessel operators or service providers launching new coastal or short-sea shipping services. Existing loss-making services may be considered only in exceptional cases where there is a risk of traffic reverting to road.
Incentive structure	The support is operating-cost focused and time-bound. Grant support may be available for up to three years, while the service must show a credible path to commercial viability after the grant period.
Verification and monitoring	Claims are linked to actual freight moved and the avoided road movement. The applicant must demonstrate that the freight would otherwise have moved by road and that support is needed for the waterborne alternative.
Key learning for CCPS	For CCPS, the UK model supports the case for Coastal Vessel Operator Incentives, especially for new or upgraded coastal services. It also shows that support should be transitional, not permanent.

- An important point to highlight is that the UK Waterborne Freight Grant is designed as a transitional market-making instrument, not as a permanent subsidy.
- The scheme recognizes that new coastal or short-sea services may face higher operating costs in the initial years due to low volumes, weak market confidence, and lack of established service patterns.
- Therefore, the grant is intended to bridge the early viability gap while requiring the supported service to become commercially sustainable after the grant period.
- The UK scheme also provides a useful lesson on additionality. Applicants are expected to demonstrate that the traffic would otherwise move by road and that the waterborne service needs grant support to become viable.

Key Elements

Parameter	Description
Duration	Up to 3 yrs/project
Objective	Offset higher cost of water vs road; enable modal shift to water; greener shift
Est. Budget	Case-by-case; capped at £2M per project (max)
Beneficiary	Ship Owner/ Vessel Operator

Cargo Type	General freight tonnage/containers
Incentive Structure	Up to 30% Opex paid in 50% / 33.3% / 16.7% for 1^{st}, 2^{nd} and 3^{rd} year respectively
Eligibility Criteria	Must use UK ports Must remove freight from roads 1 project per line/route Must be viable without grant after support Excludes inland waterways & capex
Incentive Calculation Methodology	Grant = lowest of the following: environmental benefit, financial need, 30% Opex, £2M
Verification Process for Claims	Proof of actual tonnage/containers moved
Disbursement Periodicity	Monthly / quarterly / biannual / annual, pre-agreed
Enforcement Triggers	4-period appraisal; no aid if not self-sufficient by period 4
Outcome / Impact	Department of Transport's (DfT): strong support; 74% continuation Reduces congestion/emissions Seen complex, underfunded, rail-skewed Reforms sought Runs till 31 Mar 2027

5.2 European Union – Marco Polo Programme

Scheme Overview

Purpose / policy objective	The Marco Polo Programme supported modal shift from road to rail, inland waterways and short-sea shipping. Funding was linked to measurable freight shifted or avoided, usually in tonne-km terms.
Beneficiary and coverage	The programme supported commercial transport operators and logistics consortia operating international freight services. It focused on service-level interventions rather than large infrastructure works.
Incentive structure	Funding was performance-linked and capped as a share of eligible costs (**up to 35% of eligible operating cost**). The programme rewarded actual movement of freight away from road transport.
Verification and monitoring	Verification was based on modal shift achieved, project reporting and environmental impact assessment. However, limited evidence of additionality and administrative complexity were a few key issues identified in post implementation reviews of this scheme.
Key learning for CCPS	For CCPS, Marco Polo provides two lessons. • First, incentives should be linked to actual cargo increase. • Second, the scheme must remain simple and accessible, otherwise participation may remain low.

- The Marco Polo Programme is important not only for its performance-linked design but also for the lessons from its limitations.
- The programme linked support to modal shift from road to alternative modes such as rail, inland waterways and short-sea shipping; however, subsequent audit findings highlighted that the programme did not fully meet its intended targets and suffered from administrative complexity, low participation, and concerns regarding projects that may have proceeded even without support.
- For CCPS, the key learning is that a performance-linked design is necessary but not sufficient.
- The scheme must also be easy to apply for, easy to verify, and attractive enough for market participants.

- If eligibility thresholds are too high or documentation requirements are too complex, genuine cargo owners and vessel operators may not participate.

Key Elements

Parameter	Description
Duration	• Marco Polo I: 2003–2006 • Marco Polo II: 2006–2013 • modal shift max 3 yrs • contracts up to 5 yrs
Objective	• Support risky start-up of non-road freight • Shift road to sea/rail/inland waterways • reduce congestion, emissions, and external costs
Est. Budget	€450M for 2007–2013
Beneficiary	Cargo movers: logistics firms / transport operators
Cargo type	International freight transport
Incentive Structure	• **Up to 35% eligible costs** • Ancillary infra up to 10%
Eligibility Criteria	Must shift freight off roads; min. 80M tonne-km/year over contract
Incentive Calculation Methodology	Max flat subsidy: €2 / 500 tonne-km shifted
Verification Process for Claims	Verified modal shift (T-km) and environmental impact assessment used to validate payments
Disbursement periodicity	Performance-linked payments based on achieved modal shift / milestones
Enforcement Triggers	Must prove service survives commercially post-EU aid
Outcome / Impact	• ~63.8 billion T-km shifted (MP I + II) • 41.9 billion T-km (MP II) • €1 to €3 environmental benefit • ~3.5 million tonnes CO_2 avoided

5.3 Norway – Aid Scheme for Short Sea Shipping

Scheme Overview

Purpose / policy objective	Norway introduced a short-sea shipping aid scheme to encourage transfer of freight from road to waterborne transport and to reduce environmental and social externalities. The scheme was approved with an annual budget of NOK 60 million and an expected annual shift of 100-300 million tonne-km from road to water.
Beneficiary and coverage	The scheme supports coastal or short-sea shipping service providers that avoid lorry journeys on Norwegian roads and generate environmental and wider social benefits.
Incentive structure	Aid is provided as direct grants. Later extension records indicate support intensity of up to **30% of operational cost**.
Verification and monitoring	Support is linked to the actual modal shift achieved and the environmental or social benefits generated. Project viability and transport performance are central to the support mechanism.
Key learning for CCPS	For CCPS, Norway supports the use of an external-cost rationale. Public support can be justified where coastal shipping reduces road congestion, emissions, accidents and other social costs.

- The scheme was designed to promote modal shift from road to waterborne transport and was justified on the grounds that road freight imposes higher social and environmental costs, including emissions, congestion, accidents and road wear.
- Norway's support was aimed at actual coastal or short-sea services that avoid lorry journeys and generate measurable benefits.

Key Elements

Parameter	Description
Duration	2017–2022 Max 3 yrs/project
Objective	Shift freight road → sea Cut emissions, road wear, safety risks
Est. Budget	NOK 382M

Parameter	Description
Beneficiary	EEA shipowners/operators EEA-flag ships
Cargo type	General goods/freight shifted road → sea
Incentive Structure	**Direct grants up to 30% of Opex**
Eligibility Criteria	Business plan + modal shift + environmental benefits Existing services aided only if at risk without aid
Incentive Calculation Methodology	Urbanity-weighted: shifted tonne-km × road–sea external cost gap; NOK 0.187–1.974/tonne-km
Verification Process for Claims	Kystverket tool measures utility value; paid on proof of actual traffic moved
Disbursement periodicity	Regular payments against traffic evidence
Enforcement Triggers	Max 3 yrs aid; must demonstrate post-aid commercial viability
Outcome / Impact	NOK 175M grant moved 760k tonnes to sea; removed ~47k truck trips; saved 21k tCO_2e

5.4 Sweden – Eco-bonus / Environmental Compensation Scheme

Scheme Overview

Purpose / policy objective	Sweden's Ecobonus was designed to promote transfer of freight from road to sea or inland waterways. It supported new intermodal routes and upgrades of existing routes where the project would promote modal shift but required support for early-stage viability.
Beneficiary and coverage	The scheme targeted shipowners or operators using maritime or inland waterway services involving Swedish ports.
Incentive structure	The Swedish model used a simple external-cost differential approach. The Swedish proposal referred to SEK 0.12 per tonne-km as the difference in external effects between road and maritime transport. Aid could cover up to **30% of operating costs** or up to 10% of transshipment equipment investment.

Purpose / policy objective	Sweden's Ecobonus was designed to promote transfer of freight from road to sea or inland waterways. It supported new intermodal routes and upgrades of existing routes where the project would promote modal shift but required support for early-stage viability.
Verification and monitoring	Applicants were required to demonstrate projected and actual modal shift from road to water, supported by environmental and financial assessment.
Key learning for CCPS	For CCPS, Sweden shows the advantage of a simple tonne-km based incentive formula. A simple design reduces administrative burden and makes the scheme easier for users to understand.

- The Swedish proposal used a simplified external-cost differential, including a reference value of SEK 0.12 per tonne-km, to reduce administrative burden and make the scheme easier for applicants and administrators.
- This is particularly relevant because coastal shipping involves multiple commodities, ports, routes and stakeholders; therefore, an overly complicated calculation method may delay implementation and reduce participation.
- The Swedish model also underlines the importance of supporting only those projects that promote modal shift and need early-stage support to become financially sustainable.

Key Elements

Parameter	Description
Duration	• 2019–2020 • Max 3 yrs/project
Objective	• Shift freight road to sea/IWW • Reduce lorry traffic, emissions, GHGs
Est. Budget	SEK 150M
Beneficiary	• Cargo mover: EEA shipowners • EEA-registered vessels
Cargo Type	General freight (tonnage-based measurement)
Incentive Structure	• Up to 30% Opex • Up to 10% trans-shipment equipment capex for separate projects

Parameter	Description
Eligibility Criteria	• Must include Swedish port load/unload • New or upgraded routes only • Must demonstrate modal shift from road • 1 project per route (no renewal/extension) • Excludes firms in difficulty + recovery order cases
Incentive Calculation Methodology	Flat rate: SEK 0.12/tonne-km × shifted tonnes × equivalent road distance
Verification Process for Claims	External validation using Transport Administration's NTM calc tool + project-level environmental impact assessment
Disbursement periodicity	Regular payments against traffic evidence
Enforcement Triggers	• 10-year cash-flow proof of post-aid viability • Deviations may suspend/recover aid with interest • Budget exceedance → proportional reduction
Outcome / Impact	• Enables road to sea/IWW modal shift • Reduces emissions and external costs

5.5 Italy – Ecobonus, Marebonus and Sea Modal Shift

Scheme Overview

Purpose / policy objective	Italy's experience is important because it has used both demand-side and supply-side instruments. The original Ecobonus supported road hauliers using sea routes, while Marebonus supported maritime operators to launch or upgrade services. The current Sea Modal Shift incentive supports road-short-sea intermodal transport to reduce road traffic and social/environmental costs.
Beneficiary and coverage	The beneficiary structure has evolved. Ecobonus was demand-side, aimed at road hauliers or transport users. Marebonus was supply-side, aimed at maritime operators with pass-through benefits to users. The current Sea Modal Shift incentive again provides financial incentives to road hauliers using eligible Ro-Ro / Ro-Pax intermodal services.

Purpose / policy objective	Italy's experience is important because it has used both demand-side and supply-side instruments. The original Ecobonus supported road hauliers using sea routes, while Marebonus supported maritime operators to launch or upgrade services. The current Sea Modal Shift incentive supports road-short-sea intermodal transport to reduce road traffic and social/environmental costs.
Incentive structure	Support is linked to road kilometres avoided and the use of eligible maritime routes. The current Sea Modal Shift framework is approved up to 2027 and provides aid based on avoided road movement.
Verification and monitoring	Verification relies on eligible routes, embarked transport units and the corresponding road distance avoided.
Key learning for CCPS	Italy demonstrates that demand-side and supply-side incentives perform complementary roles.

- The earlier Ecobonus focused on transport users and road hauliers, while Marebonus focused more on maritime operators and the improvement of maritime services. This shows that cargo movement will not shift only because vessel capacity exists, and vessel services will not develop unless cargo demand is reliable.
- Italy's current Sea Modal Shift incentive links support to road transport avoided through the use of eligible Ro-Ro and Ro-Pax maritime routes.

Key Elements

Italy: Ecobonus

Parameter	Description
Duration	• **2007–2011** • Payments 2007–2010
Objective	• Promote road–sea combined transport • Encourage small trucker partnerships

Parameter	Description
Est. Budget	• **1.43M trips** • **€168.5M–€168.6M** aid paid
Beneficiary	Cargo owner / Road user: road hauliers, not shipowners
Cargo type	Road freight / trucking units
Incentive Structure	Direct subsidies to hauliers using maritime routes
Eligibility Criteria	Road haulage firms using maritime routes for combined transport
Incentive Calculation Methodology	• Covered marginal transport-cost share
Outcome / Impact	• Some modal shift • low-cost coverage • funds dispersed to road users

Italy: Marebonus

Parameter	Description
Duration	• **2016–2018** • 3-year projects
Objective	• Shift freight from road to sea • new/upgraded routes • fewer lorry trips
Est. Budget	**€138.4M**
Beneficiary	Shipowners / maritime operators
Cargo type	Combined freight - **Ro-Ro / Ro-Pax**
Incentive Structure	Direct grants for maritime service operating costs
Eligibility Criteria	• EU/EEA shipowners • 3-year new/improved routes linking Italian ports with EU/EEA ports

Parameter	Description
Incentive Calculation Methodology	Max **€0.10/embarked unit/km** of Italian road avoided
Verification Process for Claims	Govt. standard route list: O-D pairs + road km avoided
Enforcement Triggers	• **70–80% aid pass-through** as discounts/reimbursements • Usage thresholds **150 / 4,000 units**
Outcome / Impact	• **1.1B vehicle-km** potentially shifted • **1.6M loaded units** • **52 projects**

5.6 South Korea — Modal Shift Subsidy Scheme

Scheme Overview

Purpose / policy objective	South Korea's modal shift subsidy scheme promotes transfer of cargo from road to coastal shipping and is embedded in a wider green logistics policy framework. The 2024 programme selected cargo owners, a logistics company and coastal shipping companies as agreement partners.
Beneficiary and coverage	The scheme covers multiple stakeholders, including cargo owners, logistics service providers and coastal shipping companies. This reflects the interdependent nature of the logistics chain.
Incentive structure	The subsidy is linked to socio-environmental cost savings from shifting road freight to coastal shipping. The 2024 programme supported about 1.15 million tonnes of shifted cargo within a budget ceiling of KRW 2.7 billion, with estimated CO2 reduction of around 170,000 tonnes and social/environmental savings above KRW 53 billion. The official release states that shifting one tonne of cargo by one kilometre from road to coastal shipping can save KRW 55.36 in social/environmental costs.

Verification and monitoring	The system operates through agreements that define participating firms, routes and expected cargo volumes. Actual cargo movement is monitored against agreed targets.
Key learning for CCPS	South Korea scheme connects cargo owners, logistics firms and vessel operators. This supports the need for a multi-stakeholder framework.

It links subsidy support to quantified social and environmental cost savings. The official programme notes that shifting one tonne of cargo by one kilometre from road to coastal shipping can save KRW 55.36 in social/environmental costs, and the 2024 programme is expected to reduce CO_2 emissions and generate significant social cost savings.

Key Elements

Parameter	Description
Duration	Ongoing; annual agreements e.g., 2023/2024
Objective	Shift road to coastal shipping; cut pollution, GHGs, congestion
Est. Budget	₩2.4–2.7B/year; ₩2.7B in 2024
Beneficiary	Both: cargo owners, logistics firms, shipping lines consortium
Cargo Type	General freight; steel/iron incl. POSCO, Hyundai Steel
Incentive Structure	Direct subsidy for socio-environmental savings from road to sea
Eligibility Criteria	Shippers/logistics/shipping firms shifting road freight or creating coastal routes
Incentive Calculation Methodology	Based on external-cost savings; ~₩55.36/ton-km shifted road to sea
Verification Process for Claims	Committee reviews plans; actual shipping verified vs agreed targets
Disbursement periodicity	Quarterly interim payments; final settlement within 1 month post-agreement

Parameter	Description
Enforcement Triggers	Must meet targets; base volume adds 5% annual penalty on prior subsidized volume
Outcome / Impact	2022: 2.84M tonnes shifted; 2024 target: 1.15M tonnes, 170k tCO_2 cut, ₩53B+ social-cost savings

5.7 Japan — Eco-Ship Mark (Modal Shift Policy)

Scheme Overview

Purpose / policy objective	Japan's Eco-Ship Mark is a recognition and certification system to encourage modal shift to domestic sea transport. It rewards cargo owners and logistics firms using environmentally friendly maritime transport.
Beneficiary and coverage	The main beneficiaries are cargo owners and logistics operators that can demonstrate meaningful use of sea transport or emission reduction through modal shift.
Incentive structure	The incentive is primarily reputational. Certified entities may use the Eco-Ship Mark and may receive public recognition. Eligibility includes **sea transport share of 20% or more in tonne-km, a 10% or more year-on-year increase in sea transport share**, or 10% or more CO2 reduction through modal shift.
Verification and monitoring	Verification is based on submitted modal share, transport volume and emission reduction data. The certification is awarded through a selection process involving the Eco-Ship / Modal Shift initiative.
Key learning for CCPS	Japan shows that financial incentives can be supplemented by non-financial tools such as certification, ESG recognition and public branding.

- Unlike direct subsidy schemes, the Eco-Ship Mark provides reputational value to cargo owners and logistics providers that use maritime transport or reduce emissions through modal shift.
- It is an example of using recognition and certification to promote behavioural change.

- The scheme also provides clear eligibility pathways: use of sea transport above a threshold, improvement in sea transport share, or measurable CO_2 reduction.

Key Elements

Parameter	Description
Duration	• Ongoing; targets 2010 / 2030 • FY2011 budget noted
Objective	• Cut CO_2, tackle driver shortage, revive coastal shipping • Target ≥50% shift to sea/rail
Est. Budget	¥554M for vessel equipment subsidies in FY2011
Beneficiary	Both: • Vessel operators get equipment subsidy • Cargo owners/consignors get Eco-Ship certification
Cargo type	General freight; ferry truck trailers Ro-Ro; containers
Incentive Structure	• Up to 50% equipment-cost subsidy • JRTT low-interest joint-ownership shipbuilding
Eligibility Criteria	• Eco-Ship Mark if shipping share >20%, or • Shipping volume +10% YoY, or • CO_2 cut ≥10% via modal shift
Incentive Calculation Methodology	Direct subsidy up to 50% of actual energy-efficient ship equipment costs
Verification Process for Claims	Eco-Ship Mark verifies freight-shift % and CO_2 reduction
Outcome / Impact	By Feb 2015: 94 consignors + 110 logistics firms Eco-Ship certified

5.8 Summary of schemes reviewed

Scheme Name	Target Beneficiary	Incentive Calculation Methodology	Incentive Structure
Waterborne Freight Grant UK, Ongoing	Shipowners / vessel operators	Lower of environmental benefit, audited deficit, 30% OpEx, or £2M; paid retrospectively	4-period appraisal; self-sufficiency by period 4; declining funding 50%, 33.3%, 16.7%, 0%
Marco Polo I & II EU, 2003–2013	Logistics operators / shipping consortia	Flat rate: max €2 / 500 tonne-km shifted; capped at 35% eligible OpEx	Must demonstrate service viability post-funding; EU co-financing model
Kystverket Aid Scheme Norway, 2017	Shipowners (EEA vessels)	External cost-based: road–sea gap NOK 0.187–1.974/t-km; capped at 30% OpEx	Business plan required; funding up to 3 years; disbursed against verified traffic
Ecobonus Sweden, 2019	Shipowners (EEA vessels)	Socio-economic rate: SEK 0.12/t-km based on external cost savings; cap 30% OpEx	Requires 10-year cash-flow proof of post-subsidy viability
Marebonus Italy, 2016–2018	Shipowners / maritime consortia (Ro-Ro/Ro-Pax)	Road avoided: max €0.10 per embarked unit/km of road replaced	Pre-defined routes; mandatory pass-through of incentives to end-users
Ecobonus Italy, 2007–2011	Cargo owners / truck hauliers	Road avoided: max €0.10 per embarked unit/km of national road avoided	Fixed route distances; incentives passed through to transport users
Modal Shift Subsidy South Korea, ongoing	Cargo owners / logistics firms	External-cost based subsidy ~ ₩55.36/ton-km shifted (capped share of benefits)	Annual agreements; performance-based; strict monitoring & penalty system

Scheme Name	Target Beneficiary	Incentive Calculation Methodology	Incentive Structure
Modal Shift Promotion / Eco-Ship Japan, ongoing	Cargo owners + ship operators	Blended model: certification + subsidy; up to ~50% vessel equipment cost; eligibility via ≥20% modal share or +10% YoY shift or ≥10% CO_2 reduction	Certification-based (Eco-Ship Mark); supported by equipment subsidy & financing; requires measurable modal shift or emission reduction

5.9 Key Learnings on Scheme Design Principles for CCPS

Design Principle	Key Learning
Scheme Duration	Coastal shipping promotion requires a medium-to-long-term horizon (7–10+ years), as modal shift and ecosystem development are gradual. While UK's Waterborne Freight Grant (WFG) provides short-term (~3 years) support for initiating services, larger programs and policy frameworks globally indicate that sustained intervention is needed for structural transformation.
Phased / Review-Based Approach	Schemes should follow a phased structure (e.g., 5+5 years) with built-in review cycles. Several European programs evolved through successive phases (e.g., EU's Marco Polo Programme and Italy's Ecobonus to Marebonus etc.), indicating the need for adaptive policy design.
Objective Focus (Modal Shift)	The primary objective globally is modal shift from road to water/rail, driven by congestion reduction and environmental benefits. This principle is central to programs such as Italy's Ecobonus/ Marebonus and EU's Marco Polo Programme etc.
Incentive Type (Operating Support)	Most schemes provide operational cost support rather than capital subsidies, bridging the cost disadvantage of waterborne transport.

Design Principle	Key Learning
	For example, UK WFG explicitly offsets higher operating costs of water vs road transport.
Time-Limited Incentives	Incentives are designed to be temporary and tapering, enabling services to reach commercial viability. In the UK WFG, support is limited and contingent on demonstrating long-term viability without subsidies.
Incrementality / Additionality Principle	Global schemes consistently incentivise new or shifted cargo, not existing flows. For instance, EU Marco Polo funding was linked to measurable modal shift volumes, ensuring public funds generate additional transport work.
Baseline-Based Approach	Global modal-shift programs such as the EU's Marco Polo Programme and the UK's Waterborne Freight Grant rely on demonstrating incremental modal shift relative to a counterfactual ('without support') scenario. While these programs do not explicitly use historical baselines, the principle of additionality can be operationalised through a structured baseline-based framework to ensure transparent and auditable incentive disbursement.
Demand + Supply Side Coverage	Effective schemes combine demand-side incentives (to cargo owners) and supply-side support (to operators/services). A clear example is Italy's integrated approach (Ecobonus for shippers + Marebonus for operators), demonstrating balanced ecosystem development.
Performance-Linked Incentives	Incentives are linked to actual transport output (ton-km / container-km) rather than just tonnage, ensuring efficiency and measurable logistics impact. Programs like Marco Polo explicitly tied funding to tonne-km shifted from road.
Distance-Based Structuring	Coastal shipping becomes economically viable over longer distances; hence schemes incorporate distance-based incentive structures. This aligns with global logistics economics where modal shift benefits increase significantly beyond ~500 km.

Design Principle	Key Learning
Route / Service Viability Focus	Schemes prioritise new routes and services to expand the network. For example, UK WFG primarily supports the initiation of new coastal/short-sea services, especially in early years.
Cargo Aggregation Importance	For non-bulk cargo, aggregation mechanisms are critical to achieve viable volumes. International experience shows that fragmented demand is a key constraint in scaling coastal shipping.
Institutional / Governance Mechanism	Dedicated institutions or programme frameworks are required for rate-setting, monitoring, and periodic revision. EU-level programs (e.g., Marco Polo) were centrally administered with structured evaluation frameworks.
Digital Monitoring & Verification	Effective implementation requires robust monitoring and verification systems, often supported by digital platforms, to ensure claim accuracy and transparency.
Environmental & Social Benefits Linkage	A key justification globally is reduction in emissions, congestion, and road traffic. For instance, UK WFG explicitly links grants to reduction in lorry trips and environmental benefits.
Market-Oriented Design	Schemes must remain dynamic and market-responsive, with periodic revision of rates and conditions based on cost trends and uptake. Many global programs incorporated iterative adjustments over time.
Simplicity vs Over-Engineering	Simpler, performance-linked designs are more effective than overly complex structures. Global experience (e.g., evolution from earlier EU programs) shows that complex instruments reduce uptake and increase administrative burden.

6. Stakeholder Consultations and Feedback

The Ministry of Ports, Shipping and Waterways undertook a structured and multi-stage exercise for promotion of coastal shipping, beginning well before the formulation of the Coastal Cargo Promotion Scheme. The work evolved from thematic assessments under the Traffic and Cargo Operations group, to constitution of a dedicated Coastal Shipping Committee, preparation of an action framework, extensive stakeholder consultations, constitution of a dedicated Committee for preparing the Coastal Cargo Promotion Scheme (CCPS), formulation and refinement of the proposed Coastal Cargo Promotion Scheme (CCPS), extensive stakeholder consultations on alternative scheme designs and the final design of CCPS.

Therefore, the preparation of CCPS is an outcome of extensive policy research, operational & commercial data analytics and stakeholder-driven process. The detailed record of background work and stakeholder consultations undertaken for preparation of CCPS is presented in the table below.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
1.	29 July 2024 20 November 2024	1st Meeting - Recommendations on coastal shipping by Thematic Group – Traffic and Cargo Operations 2nd Meeting - Recommendations on coastal shipping by Thematic Group –	Presentation of findings by thematic group on Traffic, Cargo Operations & Automation, Technology and BPR constituted by MoPSW under Chairmanship of Chairman, Paradip Port Authority	Discussions and deliberations on the key findings during the workshop: • Establishing Coastal Shipping as preferred mode of Transportation as a key goal under N-TR-2, with target to increase coastal shipping modal share from 5.5% in FY 2023-24 to 7.5% by FY 2028-29. • Key constraints identified included inadequate handling and storage infrastructure at ports, poor port/berth connectivity with origin-destination centres, small parcel size and lack of cargo agglomeration, empty return costs, non-availability of input tax credit due to place-of-supply issues, uncompetitive railway freight for first/last-mile RSR movement, and weak integration/interface between coastal shipping and IWT.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
		Traffic and Cargo Operations		• Existing port-level initiatives included coastal cargo discounts ranging from 40% to 80%, priority berthing, free time for containers, dedicated infrastructure, green channels, SOPs, MoUs for satellite ports and additional discounts for coastal containers. • Proposed action items included cabotage relaxation for dry bulk coastal vessels, rationalisation of short-haul rail freight, development of a Seamless Coastal Circuit, promotion of coastal shipping through VGF, formation of a Coastal and Inland Cargo Facilitation Center (CICFC), implementation of BIMSTEC coastal shipping/cargo initiatives, cement silo infrastructure at targeted ports, POL infrastructure readiness, steel coastal circuits and agglomeration centres, etc. • The group also referred to international best practice such as the EU Marco Polo Programme, which provided financial assistance for modal shift from road to alternate modes.
2.	6–7 March 2025	Chintan Shivir — MoPSW with participation from all organizations under MoPSW for deliberations on action plan for	Discussion on recommendations by thematic group on Traffic, Cargo Operations constituted by MoPSW under	Coastal shipping-related interventions included: • Coastal and Inland Cargo Facilitation Centre (CICFC) under IPA to undertake programme management, marketing units for ports, industry consultations, B2B meetings with cargo owners/shipping companies/logistics providers, facilitation of on-ground coastal cargo movement, bottleneck identification, research and policy

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
		development of Maritime Sector in India	Chairmanship of Chairman, Paradip Port Authority	support, and modal-shift incentive support during start-up phase of new services. • The presentation also covered telescopic benefit in freight rate for Rail-Sea-Rail coal traffic, proposed Joint Working Groups with Ministry of Coal & Railways, MoPNG, and Shipping Liners/DPIIT/CONCOR to examine constraints, enhance coastal movement of coal, POL and containers, improve rail/rake availability and identify policy changes; • Proposed Indian Port Services Ltd. (IPSL) as a national platform for cargo aggregation, partnerships with shippers, common services, maritime trade corridor development, customer support, policy advocacy and data analytics. • Other relevant measures included JV between SCI and CONCOR for a new container liner, promotion of port-led industrialisation, slurry pipeline for iron ore evacuation to reduce road/rail dependency and support coastal downstream movement, standardisation of SoR and market-based tariff migration to improve competitiveness, rationalised fertilizer cargo allocation • Port/commodity-level action plans included coal-related measures such as priority berthing, BOBRN rake procurement/supply enhancement at PPA, vessel nomination optimisation, draft enhancement at VoCPA/KPL/Kakinada, inner harbour deepening and

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				connectivity improvements; iron ore measures such as railway priority reclassification, rake supply enhancement, berth mechanisation, draft enhancement. • Flyovers and truck movement segregation; fertilizer measures including additional storage/godowns, railway coordination, Mahanadi dredging and IFFCO agreement extension • POL measures including IOCL storage tank projects, JNPA targeting higher coastal POL from IOCL/Reliance, and SMPA liquid bulk jetty development • Container measures including Paradip CFS development and South Container Berth on BOT basis.
3.	13 November 2025	Committee Constitution for Coastal Shipping	Constitution of Committee on Coastal Shipping under the chairmanship of Chairman, Paradip Port Authority	• MoPSW constituted a Committee on Coastal Shipping to examine and evaluate the benefits of coastal shipping. The Committee was chaired by the Chairperson, Paradip Port Authority (PPA), with Managing Director, KPL, Deputy Chairperson, VoCPA, and Deputy Chairperson, DPA as members. • The Committee was tasked to undertake a comprehensive study covering: preparation of a master plan for promotion of coastal shipping in India with reference to international best practices; detailed cost-benefit analysis for various commodities; examination of Origin-Destination pairs to identify viable routes and

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				assess economic feasibility; evaluation of coastal shipping's potential to reduce logistics costs, ease rail/road congestion and support environmental sustainability; and suggestion of policy, regulatory, facilitation and compliance measures to enhance efficiency, competitiveness and adoption by stakeholders. • Secretariat support was to be provided by PPA, with liberty to co-opt experts/consultants as required, and the Committee was directed to submit its report to MoPSW within 2 months.
4.	18-Dec-25	Consultative Workshop on Coastal Shipping with Traffic Managers of Major Ports	Traffic Managers of all 12 Major Ports, nominated port officers, Committee members	Inputs / suggestions received from Stakeholders during the workshop: • Need for inter-port collaboration and coordinated support, with Haldia and Paradip Ports citing PPA–SMPA collaboration for cargo destined to North East and Nepal through lighterage and smaller vessel movement to Haldia • Identification of high-potential coastal cargo corridors such as KPL–JNPA automobile cargo • Targeting domestic and imported fertilizer for coastal shipping • Coordination by ports with OMCs to enhance crude and POL handling through pipeline upgrades • Assessment and optimisation of bunkering charges

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Review of free-time storage policy for coastal container cargo due to longer aggregation timelines compared to EXIM containers • Demand aggregation for higher parcel size and regular cargo availability to support scheduled coastal services • Further cabotage relaxations for more commodities to improve vessel availability • Fast-tracking digitisation of customs processes for ease of doing business • Shifting salt cargo from road to coastal shipping at DPA with regular barge service • Requirement of dedicated coastal berths for container vessels to improve operational efficiency and reduce turnaround time.
5.	23-Dec-25	Consultative Workshop on Coastal Shipping with Industry Stakeholders	100+ stakeholders including industry representatives, stevedores, shipping agents, trade associations, port officials; key participants included DP World, AM/NS, GENCOs from TN &	Inputs / suggestions received from Stakeholders during the workshop: • Insufficient deep-draft anchorages at Mumbai • Inconsistent priority berthing for coastal vessels • Loss of VoCPA–Mundra coastal feeder/transshipment connectivity due to Mundra capacity saturation • Draft limitations at coastal berths, shortage of railway rakes for coal/steel/iron ore movement, need for

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			AP, King Metals and Alliance Limited, IFFCO, NTPL, Assam Steel, K Logistics, JSW Steel, TSAA, Indian Oil, among others	storage/stacking areas near ports for aggregation, tidal constraints, lack of emergency repair berths, and dredging/wreck-related constraints for barge movement. • Stakeholders raised GST/tax issues including loss of ITC after multimodal GST shift from 12% to 5%, need to extend agricultural cargo GST exemption to port charges, waiver of GST on bunkering, shipbuilding subsidy support to shipowners, and extending subsidy support to imported fertilizer moved coastally. • Railway/logistics issues included acute shortage of Eastern/South Eastern Railway rakes, dependence on limited railway rakes/private players, and road transport being costlier than rail. • Regulatory/procedural concerns included foreign-flag coastal cargo conversion costs, need for relaxation/licensing exemption for essential commodities such as coal, non-uniform coastal tariffs, repeated PHO/free pratique requirements, limited immigration check posts causing vessel diversions, absence of clear legal documentation for coastal cargo, double scanning of transshipment containers, Bill of Coastal Goods requirements for mixed EXIM/coastal vessels, and uncertainty due to discretionary coastal tariffs.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Cargo-specific issues were flagged for coal, iron ore/steel, fertilizers/agri cargo, automobiles/Ro-Ro and containers. • Policy suggestions included allocating a portion of PSU cargo with first right of refusal to coastal shipping, promoting mixed EXIM-coastal container services, incentivised tariffs for coastal/transshipment cargo, volume-based discounts and uniform incentives across ports, domestic bunkering facilities such as at Paradip, land for semi-mechanised coastal coal handling at Mumbai, and addressing fishing-net interference near ports. • Port charge concerns included high port charges at eastern ports, PDA differences between ports, wharfage at both load/discharge ports, high storage charges at private terminals, high pilotage costs, and high conversion/bunker duty charges.
6.	19-Jan-26	Consultative Workshop on Draft Coastal Shipping Action Framework Report with Major Ports and DG Shipping	Major Ports, DG Shipping, Committee on Coastal Shipping, Paradip Port Authority, and other concerned stakeholders / agencies	Inputs / suggestions received from Stakeholders during the workshop: • Need for guidelines from Ministry of Chemicals and Fertilizers to prioritise coastal shipping for fertilizer movement on congested OD pairs notified by MoR/MoCF, with incentives for FMEs • Need to address fragmented cargo parcels across fertilisers, food grains, salt, cotton, sugar and compatible

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				cargo through port-level empanelment/licensing of aggregators, concessional/subsidised aggregation land, volume-based tariff discounts and incentive mechanisms • Limited modal-shift potential for food grains due to seasonal/directional flows unless aggregated with other cargo • Expected automobile cargo potential from upcoming VinFast facility near Tuticorin and DPA's existing study on coastal movement of automobiles • Coastal shipping initiatives should remain port-driven as promotion is port-specific and may not require a separate sector entity • A national facilitative coordination mechanism under IPA with IWAI and DGS participation was discussed, though alternative terminology was suggested instead of CCFC to avoid confusion with Customs processes • Shortage of emergency repair berths was acknowledged, including diversions to Colombo from VoCPA • CBIC may issue a uniform clarification on co-loading EXIM and coastal Ro-Ro cargo, as Mumbai Port had received special-case Customs clearance

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
7.	04-Feb-26	Report by Committee on Coastal Shipping under the chairmanship of Chairman Paradip Port Authority	Report by Committee on Coastal Shipping	• A detailed action plan for development of the coastal shipping sector in India, emphasizing the need for an incentive scheme to promote the sector.
8.	17-Feb-26	Committee Constitution for Coastal Cargo Promotion Scheme	Constitution of Committee by MoPSW to design, develop and recommend a Coastal Cargo Promotion Scheme	• MoPSW constituted a Committee under the chairmanship of DG Shipping to formulate a comprehensive CCPS framework for modal shift from road/rail to coastal shipping. • ToR covered financial incentives, infrastructure support, cargo commitments, stakeholder consultations, implementation roadmap, monitoring/evaluation, risk mitigation, and alignment with target of increasing coastal/IWT share from approx. 6% to 12% by 2047.
9.	25-Feb-26	1st Committee Meeting (Hybrid)	Deliberations with Committee Members (PPA, MbPA, DPA, KPL, IPA, Dir. Shipping MoPSW)	• The Committee deliberated on the overall framework, scope, and implementation approach for the **Coastal Cargo Promotion Scheme (CCPS)**, with the objective of promoting modal shift from road and rail to coastal shipping and inland waterways. • It was agreed that the Scheme would be developed based on existing studies and reports, with focus on financial incentives, infrastructure support, regulatory reforms,

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				cargo commitments, and integration with inland waterways. • The **National Database for Coastal Shipping (NDCS)**, integrated with the **Maritime Single Window (MSW)**, was identified as the central digital platform for implementation and incentive disbursement under the Scheme. • A structured stakeholder consultation process involving Central Ministries, Ports, Maritime Boards, industry associations, and other stakeholders was approved to obtain inputs for finalization of the Scheme. • DG Shipping was designated to coordinate implementation through the Committee Secretariat, including circulation of questionnaires, nomination of Single Points of Contact (SPOCs), and consolidation of stakeholder inputs. • An implementation roadmap, including policy, regulatory, financial, digital, and institutional interventions, was agreed to be finalized within the prescribed timeline.
10.	10-11 Mar 2026	1st Draft CCPS Circulation	Deliberations with Committee Members (PPA, MbPA, DPA, KPL, IPA, Directorate General of Shipping	• First draft of the Coastal Cargo Promotion Scheme (CCPS) circulated for review and preliminary inputs. • Draft Scheme Framework, Background Assessment Report, Stakeholder Questionnaires, Coastal Committee Report, and Updated ADB Report shared with members.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			and other Committee Members)	• Committee Members requested to provide comments, baseline data, studies, and sector-specific inputs to support formulation of the Scheme. • Online consultation meeting proposed to deliberate on the draft framework and obtain feedback prior to wider stakeholder consultations.
11.	16-Mar-26	3rd Committee Meeting - Review of Draft CCPS	Deliberation with DGS, IPA, and other stakeholders	• Draft CCPS framework reviewed, including scheme objectives, incentive structure, eligible commodities, and implementation framework. • End-to-end digital implementation through MSW integrated with the National Database for Coastal Shipping (NDCS) was deliberated. • It was decided to circulate the draft scheme documents to Major Ports and concerned Ministries for comments, subject to approval of IPA. • Committee members and IPA were requested to submit comments within the stipulated timeline to facilitate parallel finalisation of the Scheme.
12.	19-Mar-26	Interim Review Meeting on preparation of CCPS	Progress review meeting by Special Secretary, MoPSW on preparation and design of the Coastal	• Similar coastal cargo promotion schemes in leading maritime countries discussed. • Preliminary scheme contours and scheme design discussed.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			Cargo Promotion Scheme	• Stakeholders to be consulted - PSUs/entities and concerned Ministries directly for faster resolution of cargo-related issues.
13.	20-Mar-26	1st Wave - Ministry Outreach	Circulation of Letters for Nomination of SPOCs and Submission of Preliminary Inputs Ministry of Coal, Ministry of Power, Ministry of Steel, Department of Food & Public Distribution, Department of Fertilisers, Ministry of Petroleum & Natural Gas, Ministry of Commerce & Industry, and Department of Consumer Affairs	• Official communications were issued requesting nomination of a **Single Point of Contact (SPOC)** and submission of preliminary inputs for formulation of the **Coastal Cargo Promotion Scheme (CCPS)**. • Ministries were requested to provide sector-specific data, observations, and recommendations to support development of the Scheme. • The nominated SPOCs were envisaged to facilitate inter-ministerial coordination and timely consolidation of inputs for preparation of the draft CCPS. • SPOC nomination request + preliminary cargo data requested by 24 Mar 2026
14.	20-Mar-26	1st Wave - Port Outreach	Circulation of Letter for Nomination of SPOCs and	• CCPS Framework + Major Port Questionnaire circulated for feedback • Official communications were issued requesting nomination of a **Single Point of Contact (SPOC)** and

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			Submission of Preliminary Inputs Major Ports, Inland Waterways Authority of India (IWAI) and Indian Ports Association (IPA)	submission of preliminary inputs for formulation of the **Coastal Cargo Promotion Scheme (CCPS)**. • Stakeholders were requested to furnish port-specific data, observations, and recommendations to support preparation of the Scheme. • The nominated SPOCs were envisaged to facilitate effective coordination and timely consolidation of inputs during the formulation of the CCPS.
15.	20-Mar-26	1st Wave - Maritime Board Outreach	Circulation of Letter for Nomination of SPOCs and Submission of Preliminary Inputs State Maritime Boards / Maritime Departments (MMB, APMB, TNMB, GMB, COP Goa, WBMB, KMB)	• Official communications were issued to **State Maritime Boards/Maritime Departments** requesting nomination of a **Single Point of Contact (SPOC)** and submission of preliminary inputs for formulation of the **Coastal Cargo Promotion Scheme (CCPS)**. • State Governments were requested to provide State-specific data, infrastructure requirements, operational challenges, and recommendations to support development of the Scheme. • The nominated SPOCs were envisaged to facilitate coordination with the Directorate General of Shipping and timely submission of inputs for finalization of the CCPS.
16.	20-Mar-26	1st Wave - Industry Outreach	Circulation of Draft CCPS Framework and Request for Preliminary Inputs	• The draft **Coastal Cargo Promotion Scheme (CCPS)** framework, Background Assessment Report, and

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			INSA, ICCSA, SCI, Petroleum PSUs, Steel Companies, Cement Companies, Automobile Manufacturers, Shipping Lines, and Apex Industry Bodies	stakeholder-specific questionnaires were circulated for review and comments. • Stakeholders were requested to nominate a **Single Point of Contact (SPOC)** and provide preliminary inputs on cargo potential, existing logistics patterns, operational constraints, and recommendations relevant to the Scheme. • Industry stakeholders were requested to furnish commodity-wise cargo movement data and feedback to support formulation of a practical and industry-driven CCPS. • The inputs received were intended to facilitate stakeholder consultations and refinement of the draft Scheme prior to its finalization.
17.	08 Apr 2026	1st Stakeholder Meeting - Industry and Major Ports	1st Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Major DGS, Coastal PMU, SEEED, Major Ports, Indian Ports Association (IPA),	• The draft **CCPS framework** was presented, covering the Scheme objectives, proposed incentive structure, implementation roadmap, and three-pillar framework comprising Financial Incentives, Infrastructure & Service Viability, and Multimodal Integration. • Major Ports deliberated on operational challenges, infrastructure requirements, incentive mechanisms, vessel availability, and policy interventions required to promote coastal cargo movement.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
			and Port Representatives	• Stakeholders were requested to submit comments on the draft framework, background note, and questionnaires for incorporation into the revised Scheme. • It was agreed that stakeholder inputs would be consolidated to refine the CCPS framework prior to submission to the Directorate General of Shipping and the Ministry. • The **Maritime Single Window (MSW)** was endorsed as the unified digital platform for beneficiary registration, claim processing, verification, and incentive disbursement under the Scheme. • A follow-up stakeholder consultation was scheduled to deliberate on the inputs received and finalize the revised draft framework.
18.	09-Apr-26	1st Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Industry Stakeholders	GMB, MMB, APMB, TNMB, KMB, WBMB, COP Goa + all minor/private ports (100+ entities)	• The draft **CCPS framework** was presented, outlining the Scheme objectives, proposed incentive structure, implementation framework, and digital architecture. • Stakeholders deliberated on commodity coverage, voyage-based and serviceability incentives, implementation challenges, and policy interventions to facilitate modal shift to coastal shipping. • It was agreed that infrastructure gaps identified under the Scheme would be addressed through existing

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				Government initiatives such as **Sagarmala**, while CCPS would focus on incentive-based interventions. • The **Maritime Single Window (MSW)** was endorsed as the digital platform for submission, verification, and disbursement of incentives under the Scheme. • Stakeholders were requested to submit their comments and recommendations for incorporation into the revised draft of the CCPS prior to finalization.
19.	20-Apr-26	1st Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Commodity Specific Ministries	DGS, Coastal PMU, SEEED, Ministry of Coal, Ministry of Power and other concerned Ministries	• The draft **CCPS framework** was presented, highlighting the Scheme objectives, proposed incentive structure, governance framework, and implementation through the **Maritime Single Window (MSW)**. • Cargo-owning Ministries deliberated on cargo potential, logistics constraints, infrastructure gaps, and sector-specific requirements for promoting modal shift to coastal shipping. • Ministries were requested to nominate SPOCs and submit completed questionnaires, cargo projections, and recommendations to support finalization of the Scheme. • It was agreed that stakeholder inputs would be incorporated into the revised CCPS framework prior to submission of the Committee Report to the Ministry.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• A follow-up consultation with the designated Ministry SPOCs was scheduled to review pending inputs and finalize the Scheme.
20.	15-Apr-26	2nd Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Major Port	DGS, Coastal PMU, SEEED, **Major Port Authorities**, IPA and Port Representatives	• The revised **CCPS framework**, supporting annexures, and stakeholder questionnaire were reviewed with Major Ports. • Major Ports provided inputs on the incentive framework, cargo potential, infrastructure requirements, and operational challenges. • Stakeholder feedback was agreed to be incorporated into the revised Scheme, along with separate annexures on **Sagarmala** infrastructure support and regulatory interventions. • Major Ports were requested to submit their comments and questionnaires within the prescribed timeline. • A physical stakeholder consultation with **IPA** was proposed prior to finalization of the Scheme.
21.	15-Apr-26	2nd Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Minor Ports and	State Maritime Boards, Minor Ports, APMB, MMB, KMB, Kakinada Seaports and other stakeholders	• Revised CCPS framework, Background Study (Annexure A), Draft Scheme Framework (Annexure B), and stakeholder questionnaire reviewed with Minor Ports and State Maritime Boards.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
		State Maritime Boards		• Stakeholders provided inputs on infrastructure requirements, multimodal integration, cargo potential, and implementation framework. • It was agreed to incorporate the additional ToR issued by PMO and prioritize infrastructure requirements based on cargo volume data under Sagarmala and allied schemes. • Stakeholders were requested to submit comments and completed questionnaires within the stipulated timeline for consolidation of inputs. • It was decided to hold a final stakeholder consultation before submission of the consolidated CCPS Report to MoPSW.
22.	15-Apr-26	2nd Stakeholder Consultation on Coastal Cargo Promotion Scheme (CCPS) - Other stakeholders	INSA, SCI, MSC, Reliance Industries, JSW Steel, TCI Seaways and other industry stakeholders	• Revised CCPS framework, Background Study (Annexure A), Draft Scheme Framework (Annexure B), and stakeholder questionnaire reviewed with industry stakeholders. • Stakeholders provided inputs on incentive structure, vessel availability, multimodal integration, first/last-mile connectivity, infrastructure gaps, and regulatory interventions. • It was agreed to incorporate stakeholder feedback, PMO's additional ToRs, and prepare separate annexures on infrastructure and regulatory reforms.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Stakeholders were requested to submit written comments within the stipulated timeline for consolidation of inputs. • It was decided to convene a final stakeholder consultation prior to submission of the consolidated CCPS Report to MoPSW.
23.	21-Apr-26	Meeting / inputs - Ministry of Coal	Ministry of Coal shared inputs on the proposed Coastal Cargo Promotion Scheme	• Ministry of Coal supported CCPS and identified coal as an anchor commodity, while highlighting constraints: • first/last-mile connectivity, port-side mechanisation, rail cost competitiveness, FMC integration, dedicated coal corridors, cargo aggregation, terminals and techno-economic viability for NW-5.
24.	21-Apr-26	3rd Stakeholder Consultation Meeting – Industry, Major Ports, Non-Major Ports & Cargo Owning Ministries	Industry Stakeholders, Major Ports, Non-Major Ports/State Maritime Boards, Cargo Owning Ministries	• Reviewed consolidated stakeholder inputs on the Draft CCPS Framework, Background Study (Annexure A), Draft Scheme Framework (Annexure B), and questionnaires. • Discussed cargo commitment mechanisms, incentive framework, infrastructure priorities, regulatory/taxation issues, and multimodal integration. • Agreed to prepare separate annexures on infrastructure support, regulatory reforms, and implementation mechanisms, and finalize the financial outlay based on stakeholder feedback. • Stakeholders were requested to submit pending inputs by 24 April 2026 for incorporation into the revised Scheme.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Committee decided to finalize the revised CCPS and submit the Final Committee Report to MoPSW by 1 May 2026.
25.	27-Apr-26	Consultation Meeting with Inland Waterways Authority of India (IWAI)	Shri A.K. Bansal, Chief Engineer (T&L) and NER	• Discussed the CCPS Questionnaire with emphasis on coastal - inland waterways integration, key cargo corridors, and multimodal connectivity. • Identified key challenges including first/last-mile connectivity costs, lack of return cargo, limited river-sea vessels, inadequate infrastructure, and absence of scheduled services. • IWAI recommended corridor-based incentives, viability gap funding, port charge rebates, support for vessel operators, fleet financing, and development of multimodal hubs. • IWAI shared the Jalvahak Scheme for reference and agreed to furnish the required data and detailed inputs to support the CCPS framework.
26.	28-Apr-26	Consultation Meeting with Ministry of Coal	Shri Deepak Goel, Director (CPIAM), Ministry of Coal	• Discussed and aligned the Ministry's inputs required under the CCPS Questionnaire. • Reviewed reference documents, including the Integrated Coal Logistics Plan and Koyla Shakti Dashboard, to support assessment of cargo volumes and logistics parameters.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• The Ministry agreed to examine the Questionnaire in light of the discussions and shared reference materials. • Formal written response to the CCPS Questionnaire is awaited.
27.	28-Apr-26	Consultation meeting with Ministry of Power/CEA	Shri Alok Dwivedi, Deputy Director (FM), Ministry of Power/CEA	• Discussed the CCPS Questionnaire in detail to obtain the Ministry's inputs. • Ministry informed that preliminary responses had already been shared with MoPSW and would be forwarded to DG Shipping through the prescribed channel. • It was agreed that the Questionnaire would be circulated to GENCOs for additional inputs. • Ministry indicated that a comprehensive response would be furnished within one week.
28.	29-Apr-26	Consultation meeting with Department for Promotion of Industry and Internal Trade of India	Shri Sagar Kadu, Director (Logistics Division), DPIIT	• Discussed the CCPS framework, including cargo incentives, operator support, infrastructure development, and regulatory/taxation interventions. • Identified key challenges relating to first/last-mile connectivity, transit time, documentation, cabotage, vessel availability, and multimodal integration. • DPIIT highlighted ongoing initiatives under the National Logistics Policy (NLP) and PM Gati Shakti, and shared the Assessment of Logistics Cost in India report for reference.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Focused the need for targeted policy interventions, improved logistics data, simplified procedures, and coordinated action across Ministries to enhance the modal share of coastal shipping.
29.	05-May-26	Second Committee-Level Meeting for deliberations on Coastal cargo Promotion Scheme	Deliberations with Committee Members (PPA, MbPA, DPA, KPL, IPA, Dir. Shipping MoPSW)	Discussions / deliberations in the meeting convened to analyse, deliberate and finalise draft CCPS: • 9 stakeholder consultations with major/minor ports, State Maritime Boards, cargo charterers, industry bodies, logistics and multimodal providers. • Committee reiterated objectives: enhance coastal cargo volumes, promote Indian-flagged/domestic coastal shipping, reduce logistics costs for key bulk/essential commodities, support sustainable transport, and decongest road/rail. • Scheme Architecture structured around financial incentives, infrastructure support and inland waterways integration. • International benchmarking across was discussed with reference to the scheme structure. • Committee agreed to incentivise incremental cargo and avoid subsidising existing coastal cargo. Additionality framework to be embedded in CCPS module; baseline from previous financial year; cargo-based baselines for shipper incentives and vessel-based baselines for

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#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				operator/service incentives; only one claimant per shipment; claims digitised through MSW coastal module. • Three-tier governance agreed: National Coastal Shipping and Maritime Committee; Inter-Ministerial Coordination Cell; Coastal Cargo Promotion Centre under IPA. • Mid-term review after three years; incentive rates indexed to WPI and revised biennially; operational MSW readiness as rollout precondition. • Indicative outlay discussed: approx. Rs. 16,994 crore Category A shipper incentives, Rs. 1,222 crore Category B operator/service viability support, and approx. Rs. 38.2 crore for regulatory reforms/system integration, besides infrastructure/integration components.
30.	08-May-26	Draft Scheme Submission by the Committee	Final submission of Draft CCPS by Committee constituted for CCPS	• The Committee submitted finalised draft of CCPS after multiple stakeholder consultations with Major Ports, Non-Major Ports, Ministries and stakeholders. • Scheme structured around three pillars; proposed CCPS limited to Pillar I covering financial incentives, voyage-based support to shippers and service viability support to operators; Pillars II/III positioned as necessary precursor/amplifier on infrastructure and multimodal integration.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Moderate scenario FY 2026-27 to FY 2031-32 estimated total public investment at INR 18,296 crore. • Rollout precursors suggested by the Committee - MSW with CCPS module; cargo baseline based on 3 financial years with incentives only above baseline; scheme continuation for minimum 5 financial years with annual review.
31.	11-May-26 12-May-26 13-May-26 23-May-26 29-May-26 06-Jun-26 11-Jun-26	Multiple meetings for review and deliberation on the proposed Scheme (CCPS)	Meetings under Secretary, MoPSW on CCPS	Key issues discussed: • Whether incentives should flow to cargo owners/shippers or cargo movers/vessel operators, need to clearly distinguish beneficiary objectives, and whether incentives should be linked to modal-shift cargo volume or incremental coastal cargo over a defined baseline. • Need for a transparent and representative baseline methodology, preferably using multi-year averages rather than short reference windows. • Deliberations on distance caps and exploring telescopic distance-based incentive slabs similar to the Railway freight structure instead of hard caps, as hard caps may discourage long-haul coastal movements. • Whether the scheme should cover all commodities and routes or focus on specific priority commodities and OD corridors with high modal-shift potential, including

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
	07-July-26			distinction between existing vs. new routes and commercially viable vs. inherently unviable corridors. • IWT cargo already receives support under the Jal Vahak Scheme, so CCPS should incentivise only the coastal leg to avoid duplication of benefits. • Similarly, incentives for cargo vessel procurement/manufacturing should not be included under CCPS because these are covered under SBFAS and SBDS. • It was observed that modal shift for new cargo streams stabilises over 3–5 years, requiring CCPS to have a longer scheme horizon, ideally 10 years, with periodic review mechanisms. • Scheme outcomes should be measured in terms of ton-km moved, not merely tonnage, so that the KPI framework better reflects logistics impact and modal-shift benefits. • A dedicated CCPS Committee may be formed to determine and periodically update incentive rates under CCPS. • CCPS Committee may include representatives from MoPSW, Ministry of Railways, Major Port Authorities, State Maritime Boards and other relevant stakeholders.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• CCPS Committee to review/revise incentive rates annually based on cost structures, logistics cost, market response and commodity patterns. Rolling/moving-average baseline methodology suggested; tentative first-year rate to be included with final fixation by Committee. • The proposed distance slab structure across incentive packages should be progressive rather than a flat application of distance multipliers. • It was discussed that incentives may be linked to absolute growth in Tonne-NM rather than percentage growth over baseline. • Coastal vessel operator/cargo mover to be primary beneficiary. Cargo owners may be supported annually against verifiable modal shift. • Global best-practices may be suitably reviewed for scheme specific design parameters. • Modelled voyage costs to be compared with SCI voyage cost data to assess alignment with market costs. • Outlay projections may be considered on 10-year basis while implementation initially for 5 years. • Three core issues to be clearly presented: voyage cost, incentive intensity, and baseline/disbursement mechanism.

#	Date	Event Type	Subject	Discussion / Decisions / Key Outcomes
				• Stakeholder consultation proposed on 19 June 2026 to discuss scheme contours.
32.	19-Jun-26	Stakeholder consultation meeting chaired by Secretary, MoPSW on proposed Coastal Cargo Promotion Scheme, (CCPS)	Stakeholder consultation on proposed Coastal Cargo Promotion Scheme, (CCPS)	• A stakeholder consultation was held under the chairmanship of Secretary, MoPSW, attended by more than 100 stakeholders including cargo owners, vessel operators, shipping lines, logistics providers, industry associations, Major/Non-Major Ports, State Maritime Boards, DGS, SCI, IWAI, National Shipping Board, Ministries/Departments including Coal, Steel, Power, Petroleum & Natural Gas and Fertilizers, PSUs and other agencies. • IPA presented revised scheme contours: proposed 10-year period structured as 5+5 years, two incentive packages — Package A for Coastal Vessel Operators and Package B for Cargo Owners, incentive linked to coastal voyage cost with proposed intensity of 25% of voyage cost, incentives linked to incremental cargo over baseline with growth in both cargo volume and cargo movement. • Stakeholders shared inputs on incentive split between cargo owners and vessel operators, OD-pair/route-specific rates, baseline and additionality, pass-through concerns, empty container incentive, GST and multimodal issues, procedural simplification, Indian tonnage/cargo assurance, port berth/handling/draft constraints,

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				container/Ro-Ro support, and role of logistics intermediaries. • Ministry of Power highlighted coal movement of around 60 MMT to power houses and suggested port cost reduction, aggregation/nodal chartering models and potential increase of 15–20 MMT subject to feasibility; MoPNG noted pipeline dominates POL movement and coastal share is below 10%; Department of Fertilizers referred to the 2019 freight subsidy policy and the need to examine actual-cost reimbursement. • Stakeholders were requested to submit suggestions / opinion regarding the proposed scheme by 06 July 2026, and inputs will be examined while finalising the draft Scheme, Guidelines, SOP and Incentive Rate Schedule.
33.	08-July-26	Comprehensive Review of Coastal Shipping Sector by Honourable Minister of Ports, Shipping and Waterways	Deliberations on action plan for coastal shipping sector including the proposed Coastal Cargo Promotion Scheme	• Detailed discussions and deliberations on action plan for coastal shipping sector including the proposed Coastal Cargo Promotion Scheme with representatives of Coastal Container Trade Association (CCTA), National Shipping Board (NSB), Directorate General of Shipping (DGS), Shipping Corporation of India (SCI), Inland Waterways Authority of India (IWAI) and Ministry of Ports, Shipping and Waterways (MoPSW).

7. Proposed Scheme Design

The analytical studies, stakeholder consultations and internal deliberations undertaken for development of coastal shipping indicate that the constraints affecting the sector are interconnected. Cargo Owners may be reluctant to alter established road- or rail-based supply chains unless coastal shipping offers adequate cost predictability and service reliability. Coastal Vessel Operators may be unwilling to deploy or sustain suitable vessel capacity without predictable cargo commitments. At the same time, potential cargo may remain fragmented across Cargo Owners, origins and delivery schedules unless a Multimodal Transport Operator aggregates the cargo and coordinates the complete movement across inland transport, ports, terminals and the coastal leg.

The proposed design of the Coastal Cargo Promotion Scheme has evolved from this understanding. The Scheme is proposed as a targeted, performance-linked intervention to address the specific commercial risks that prevent additional cargo from being committed to, carried through and integrated with coastal shipping.

The draft provisions of the proposed Scheme are placed at Annexure B. This section explains the policy and analytical basis for the principal design elements proposed in the Scheme, including its duration, incentive intensity, beneficiary architecture, baseline methodology, cargo and route exclusions, rate-setting approach, institutional mechanism, digital implementation and fiscal safeguards.

7.1 Objective of the proposed intervention

The Scheme seeks to address the interconnected commercial constraints affecting cargo commitment, vessel-service provision and multimodal integration, while ensuring that public support remains linked to verified incremental cargo movement.

The proposed CCPS is intended to address these three interdependent functions:

- cargo commitment and modal choice, undertaken by the Cargo Owner;
- provision of sea-carrying capacity and service continuity, undertaken by the Coastal Vessel Operator; and
- cargo aggregation and multimodal integration, undertaken by the MTO.

Port infrastructure, hinterland connectivity, taxation reform, vessel-financing support, maritime regulation or other sectoral interventions - these measures constitute the enabling environment for coastal shipping. CCPS is proposed as a complementary financial intervention focused on converting identified cargo potential into actual and measurable incremental coastal cargo movement.

The proposed design is therefore intended to:

- encourage new Cargo Owners to adopt coastal shipping;
- increase the coastal cargo committed by existing Cargo Owners;

- improve the commercial basis for deployment and continuity of coastal vessel services;
- support aggregation of fragmented cargo and development of integrated multimodal movements;
- develop new commodities and OD pairs;
- promote measurable growth in Cargo Volume and Cargo Movement;
- improve utilisation of ports and maritime capacity;
- facilitate modal shift from long-distance road and rail movement, where appropriate; and
- generate wider environmental, congestion-reduction and logistics-system benefits.

Accordingly, the **overall objectives of this Scheme** are as under:

a. To incentivize movement of cargo through coastal shipping resulting in increase in modal share through coastal shipping as envisaged under Maritime India Vision 2030 and Maritime Amrit Kaal Vision 2047.
b. To catalyze incremental cargo movement on coastal routes and expand OD pairs, particularly in under-served segments.
c. To support market development for emerging cargo categories, coastal container movement, Roll on - Roll off (Ro-Ro) cargo and others suitable for coastal transportation.
d. To support reliable coastal services through performance-linked incentives, thereby improving market confidence.
e. To promote environmental sustainability in transportation and logistics ecosystem by enhancing adoption of coastal shipping mode and to reduce burden on surface transport systems (road and rail).

7.2 Proposed Scheme Duration

International experience shows that individual modal-shift projects may require support for a limited initial period. At the same time, developing an entire coastal-shipping ecosystem involves a longer process than launching a single service.

Developing coastal shipping ecosystem may require:

- identification and commercial evaluation of suitable cargo;
- redesign of procurement, inventory and dispatch arrangements;
- aggregation of cargo across multiple Cargo Owners;
- establishment of first-mile and last-mile connectivity;

- coordination with ports and terminals;
- deployment or repositioning of suitable vessels;
- development of regular sailing schedules;
- creation of return-leg cargo;
- integration with road, rail and inland waterways;
- development of digital claim and verification systems; and
- gradual improvement in stakeholder confidence.

These activities may extend across several business and investment cycles. New cargo streams and OD pairs may also require multiple operating years before cargo volumes, vessel frequency and multimodal arrangements stabilize.

A short Scheme period could create uncertainty and discourage market participants from undertaking the commercial and operational changes needed for modal shift. On the other hand, providing unconditional incentive commitment for a long period could continue support after particular routes or cargo streams have become commercially mature.

Therefore, a 10 (ten) year Scheme horizon, combined with safeguards for periodic reassessment, has been proposed.

The ten-year duration would therefore provide policy continuity without constituting an unconditional ten-year financial commitment. Continuation of support would remain dependent on Scheme performance, additionality, fiscal availability and the results of the five-year review.

7.3 Incentive Intensity

International schemes (as already presented in Section 5) reviewed as part of the assessment provide only partial support (**30-35% of Operation Expenditure**), often subject to a maximum proportion of eligible operating costs, financial need or estimated environmental and social benefits. In these schemes, the objective is generally to bridge part of the early viability gap without insulating the participants from normal commercial risk.

A cost assessment was undertaken to examine the voyage-cost structure across different commodity categories, cargo types and voyage-distance slabs, and to determine the proportion of approved coastal voyage cost that may require support to address the early operational viability gap in coastal shipping.

The assessment considered the need to provide a meaningful but partial contribution towards voyage cost while ensuring that the balance cost and commercial risk remain with the participating entities, similar to international examples reviewed.

In addition to the cost assessment, stakeholders were also consulted to determine adequate support required to bridge part of the early viability gap without insulating the participants from normal commercial risk.

The cost assessment and inputs from stakeholders led to the proposal that total support attributable to an eligible cargo movement should be **capped at up to 25% of the approved coastal voyage cost**.

The proposed ceiling represents a maximum cap per voyage cost and therefore, actual rates would be differentiated by commodity or cargo type and applicable distance slab.

The remaining cost and commercial risk would continue to be borne by the Cargo Owner, Vessel Operator, MTO and other participants in the logistics chain.

7.4 Basis for Selecting Three Beneficiary Categories and Incentive Packages

Coastal Vessel Operators

In coastal shipping, the Vessel Operator must deploy and operate the vessel before cargo volumes and route economics are fully established. The commercial viability of a coastal service is highly sensitive to cargo utilisation and regularity. An otherwise viable route may not commence because Cargo Owners are unwilling to commit cargo before a reliable service exists, while the Vessel Operator may be unwilling to deploy the service before sufficient cargo is committed.

It is therefore necessary to provide limited operating support to the Vessel Operator for carrying verified incremental cargo and maintaining eligible coastal operations.

However, in the scheme design, it has also been considered that compensate the Vessel Operator merely for deploying a vessel or announcing a service. Incentives should be linked to actual and verified eligible cargo movement.

Cargo Owners

The Cargo Owner ordinarily controls or materially influences the choice of transport mode. For the Cargo Owner, the decision is based on the end-to-end logistics arrangement rather than on sea freight alone.

The benefit of a successful coastal arrangement may arise over time, whereas the transition cost and risk are incurred at the beginning. Even where coastal shipping may become cost-effective at scale, the Cargo Owner may be reluctant to make the initial shift unless part of the early risk is addressed.

It is therefore necessary to provide a separate incentive to Cargo Owners for verified incremental use of coastal shipping above their approved historical activity.

Multi-modal Transport Operator (MTO)

The studies and consultations repeatedly identified cargo fragmentation, inadequate aggregation and weak coordination among first-mile transport, ports, vessel services and last-mile delivery as important constraints on coastal shipping.

In many cases, neither the Cargo Owner nor the Vessel Operator performs the complete integration function. An individual Cargo Owner may not have sufficient cargo to support an economical parcel or regular coastal service. A Vessel Operator may be able to carry the cargo but may not be positioned to identify several Cargo Owners, aggregate their cargo and arrange the associated inland and port interfaces.

MTO may address this gap by aggregating cargo commitments from one or more Cargo Owners and synchronizing cargo transport with vessel schedules, including first and last mile delivery and intermediate storage requirements.

Performing these functions may involve business-development expenditure, coordination cost, working-capital exposure and the risk that sufficient cargo, inland capacity or vessel space will not materialize. It is therefore necessary to support the MTOs for their multimodal-integration function.

Further, The Multimodal Transportation of Goods Act, 1993 principally regulates multimodal transportation from a place in India to a place outside India under a multimodal transport contract. While the legislation is for multimodal transportation from a place in India to a place outside India, however given similar nature of function / business of cargo aggregation by Multimodal Transport Operators, the Scheme has considered the regulatory framework adopted in this legislation as base for identifying and registering MTOs for incentive package.

Accordingly, the Scheme proposes three incentive packages within an overall ceiling of up to 25% of the approved coastal voyage cost:

a. Package A - Coastal Vessel Operator Incentive;
b. Package B - Cargo Owner Incentive; and
c. Package C - MTO Incentive.

Each beneficiary would separately register, establish an approved baseline and satisfy package-specific conditions.

Incentive package	Beneficiary	Incentive Proposed
Package A	Coastal Vessel Operator	***Per voyage incentive:*** • Base Incentive for incremental cargo movement over Baseline • Additional incentive for Green Vessel

Incentive package	Beneficiary	Incentive Proposed
		• Additional Incentive for new commodity, or new OD pair or a combination of both
Package B	Cargo Owner	***Annual Incentive:*** • Base Incentive for incremental cargo movement over Baseline
Package C	Multimodal Transport Operator	***Per voyage incentive:*** • Base Incentive for incremental cargo movement over Baseline

7.5 Baseline-Linked Incentive Design

A central consideration during Scheme design was that public support should generate additional cargo movement rather than subsidise cargo already moving through coastal shipping.

Without a baseline, incentive could be paid for:

- mature coastal cargo;
- established captive movements;
- movements that would continue without support;
- unavoidable offshore or island movements;
- cargo merely transferred from one Vessel Operator or MTO to another; or
- routine business activity that does not represent modal shift or cargo growth.

The international schemes reviewed generally apply an additionality principle by requiring evidence that the supported movement is new, shifted from another mode or dependent on the intervention.

For a national Scheme involving multiple commodities, routes and beneficiaries, a historical baseline was considered a more transparent and administratively scalable method of applying this principle than requiring a separate counterfactual assessment for every claim.

Therefore, for scheme design it is proposed that each beneficiary would declare its historical coastal activity, which would be verified and converted into an approved baseline.

The baseline would be beneficiary-specific and commodity specific.

A rolling or periodically updated baseline is proposed so that cargo receiving support in one year progressively becomes part of the reference level for later years.

This would require continued growth for continued incentive eligibility and avoid indefinite support for the same initial increment.

7.6 Incremental growth in Cargo Volume and Cargo Movement

During the design deliberations, it was considered whether incentive eligibility should be based only on cargo tonnage or on transport work.

Cargo tonnage alone is incomplete because the logistics and modal-shift significance of a cargo movement depends on the distance over which the cargo is transported. Moving one tonne over 1,500 kilometres represents materially greater transport work than moving one tonne over 150 kilometres.

Cargo Movement: measured through T-KM, TEU-KM or CEU-KM, captures both cargo quantity and approved coastal distance. However, using Cargo Movement alone could also create distortions. A beneficiary might increase Cargo Movement by shifting existing cargo to a longer route without increasing physical coastal cargo or by using artificial routing.

Therefore, a dual eligibility test has been proposed for the scheme:

- **Cargo Volume** would confirm growth in the physical quantity of eligible cargo; and
- **Cargo Movement** would confirm growth in the corresponding coastal transport work.

The proposed units are:

Cargo category	Volume measure	Cargo Movement measure
Bulk, break-bulk, liquid-bulk and general cargo	Tonne	Tonne-kilometre
Eligible containerised cargo	TEU	TEU-kilometre
Ro-Ro or rolling cargo	CEU or prescribed unit	CEU-kilometre or Unit-kilometre

Requiring growth in both measures is intended to:

- prevent incentive for route lengthening without additional cargo;
- avoid treating short-haul and long-haul movements as equivalent;
- improve measurement of logistics impact;
- support commodity- and distance-responsive rates; and
- provide a more reliable basis for monitoring modal share.

The final computation methodology would limit incentive to the eligible increment above the approved volume and movement baselines.

7.7 Voyage Cost as the Incentive Base

The design exercise examined whether incentive rates should be based on:

a. the Total Logistics Cost of each movement;

b. the cost differential between coastal shipping and road or rail;

c. external economic and environmental benefits;

d. the financial deficit of each service; or

e. a standardised coastal voyage-cost benchmark.

Total Logistics Cost is relevant to the Cargo Owner's modal choice. It includes first-mile transport, port handling, storage, the coastal voyage, destination handling, last-mile transport, inventory and other costs.

However, TLC varies substantially even where two movements use the same coastal voyage. Variations may arise from:

- factory, mine or warehouse location;
- inland distance;
- road, rail or IWT arrangements;
- terminal selection;
- handling and storage requirements;
- inventory policy;
- contractual allocation of costs;
- related-party transactions;
- commercial freight terms; and
- availability of other public support.

Using beneficiary-specific TLC for claim computation could therefore result in different incentives for comparable coastal movements and would require verification of numerous invoices and contractual arrangements. It could also increase the risk of:

- non-comparable claims;
- related-party pricing;
- reallocation of costs;
- inclusion of expenditure unrelated to the coastal leg;
- overlap with other Government support; and
- administrative delay.

A project-by-project calculation of financial deficit or monetised external benefits would present similar difficulties for a national Scheme expected to process substantial numbers of cargo movements.

It was therefore considered preferable to use **approved coastal voyage cost** as the common rate-setting base because the voyage cost:

- is directly associated with the coastal leg;
- can be benchmarked by commodity, vessel type, parcel size and distance;
- can be supported by operator, SCI, port and market data;
- provides a standard reference across beneficiaries;
- allows consistent application of package intensities;
- is suitable for progressive distance-based rates;
- reduces dependence on claimant-specific cost declarations; and
- is comparatively easier to verify and audit.

The use of voyage cost does not imply that first-mile, last-mile and aggregation costs are irrelevant. Those constraints are recognised through separate incentives for Cargo Owner and MTOs.

Further, the standardised voyage-cost benchmark is proposed to be used to derive the Notified Base Incentive Rates. However, the notified-rate amount will not by itself determine the amount payable.

For each applicable Package, the Base Incentive Amount shall be the lower of:

a) the amount calculated using the applicable Notified Base Incentive Rates and progressive distance slabs; and

b) the amount calculated by applying the relevant Package-specific Incentive Share to the verified Actual Voyage Cost or Actual Coastal Transportation Cost attributable to the eligible cargo.

This lower-of safeguard will ensure that the incentive remains linked both to standardised rates and to the actual eligible coastal transportation cost and prevents the notified-rate calculation from producing an amount higher than the permitted cost-linked Package share.

7.8 Commodity-Wise and Progressive Distance-Slab Rates

The voyage-cost assessment showed that a uniform rate would not reflect the varying operating characteristics of different cargo and vessel categories.

Voyage economics differ based on:

- vessel type and size;
- cargo-handling method;

- parcel size;
- pumping, cleaning or stowage requirements;
- time spent in port;
- fuel consumption;
- voyage distance;
- operating speed;
- route conditions; and
- frequency of service.

For example, the cost structure of a tanker carrying POL differs from that of a bulk carrier, container vessel or Ro-Ro vessel. It was therefore considered necessary to differentiate rates by commodity or cargo category.

It was also observed that per-unit-kilometre voyage cost generally declines over longer distances because certain fixed and port-related costs are spread over more kilometres. Applying one flat rate across all distances could therefore overcompensate some movements and undercompensate others.

Therefore, the proposed scheme design includes:

1. commodity- or cargo-type-specific rates;
2. approved route distances; and
3. progressive distance slabs.

Under the progressive method, each slab rate would apply only to the portion of distance falling within that slab. Crossing a slab boundary would therefore not result in repricing the entire voyage.

The detailed rates and distance bands would be contained in the Incentive Rate Schedule and revised periodically to reflect updated voyage-cost evidence, market conditions, fiscal utilisation and implementation experience.

7.9 Exclusion of Certain Coastal Routes and OD Pairs

The additionality principle required consideration not only of the beneficiary's historical baseline but also of the underlying nature of the route.

Certain movements are already structurally suited or committed to coastal transportation. These may include:

- established / mature large-scale movements / mature supply chains;
- movements linked to dedicated port facilities;
- offshore-to-mainland movements where sea carriage is unavoidable;
- mainland-to-island and inter-island movements without a realistic land alternative; and

- other routes likely to continue without incentive.

Providing support to such routes could result in expenditure without a corresponding change in modal choice or cargo movement.

At the same time, broad port-to-port exclusions could inadvertently affect unrelated Cargo Owners or commodities using common-user facilities. It was therefore considered preferable, where data permits, to identify exclusions by a combination of:

- commodity or sub-commodity;
- origin location / port;
- destination location / port; and
- effective period.

It is therefore proposed that certain commodity-specific routes / OD pairs may be excluded from the Scheme.

The proposed exclusion list is presented in Schedule A of Annexure B (Draft Coastal Cargo Promotion Scheme).

7.10 Exclusion of Certain Cargo Categories

Fertilizers

In 2019, a policy was introduced by Ministry of Chemicals and Fertilizers for reimbursement of freight subsidy for the distribution of subsidised fertilizers through coastal shipping and/or inland waterways. Since coastal shipping and inland waterways modes are already covered by sector-specific freight-support and reimbursement arrangements, including fertilizer under CCPS could create overlapping public support, uncertainty over the cost component reimbursed and additional inter-scheme reconciliation requirements.

It is therefore proposed to exclude fertilizers from CCPS. Any future reconsideration would require coordination with the Department of Fertilizers and a clear mechanism to prevent duplicate reimbursement.

Less than Container Load cargo (LCL Containers)

LCL containers may combine consignments belonging to multiple Cargo Owners, with different origins, destinations, commodity descriptions and transport documents. The composition may also change during consolidation and deconsolidation.

During the initial Scheme period, it may be difficult to:

- link each consignment to the appropriate baseline;
- assign TEU-level incentive among different Cargo Owners;
- identify the Package C movement attributable to a particular MTO;
- prevent duplicate claims across consignments and intermediaries; and
- reconcile port-level container data with underlying cargo-level documents.

It is therefore proposed that container eligibility should initially be restricted to verifiable **FCL movements**.

The LCL exclusion is intended as an administrative and auditability safeguard rather than a conclusion that LCL cargo has no modal-shift potential. The position may be reviewed later once reliable consignment-level identification, allocation and duplicate-control capabilities are developed in the scheme implementation architecture.

Project cargo

Project cargo is generally episodic, non-recurring and linked to a specific plant, infrastructure asset or construction schedule. The route and mode are often determined by technical requirements rather than ordinary commercial modal choice.

Such movement may not lend itself to:

- a meaningful recurring baseline;
- measurement of sustained incremental cargo;
- regular service development; or
- assessment of long-term modal shift.

Project cargo is therefore proposed to be excluded.

Over-Dimensional Cargo

The transport mode for ODC is usually determined by cargo dimensions, weight, route geometry, permits, safety, handling requirements and availability of specialised transport equipment.

Where coastal shipping is used because road or rail movement is technically infeasible, incentive may not influence the modal decision. ODC is therefore proposed to be excluded.

EXIM transhipment containers

EXIM transhipment containers remain part of an international import or export movement even where they are relayed between Indian ports.

The objective of CCPS is to promote eligible domestic cargo movement through coastal shipping. Including EXIM transhipment could incentivise feeder or relay movement unrelated to domestic modal shift and could overlap with separate transhipment and port-development policies.

It is therefore proposed to exclude EXIM transhipment containers and prescribe documentary and system controls to differentiate them from eligible domestic FCL cargo.

7.11 Additional Incentives

In addition to the base incentive linked to incremental Cargo Volume and Cargo Movement, the Scheme-design exercise considered whether limited differentiated support may be required for specified policy outcomes.

Two areas were identified for such consideration:

- **development of new commodities and OD pairs**; and
- adoption of **vessels meeting notified environmental-performance criteria.**

New commodity streams and OD pairs may face a higher initial barrier than established movements. In such cases, the ordinary base incentive may not adequately address the first-mover and route-development risk. It was therefore considered that approved **new commodities and OD pairs** may receive limited and time-bound additional incentives.

Coastal shipping is generally more energy-efficient than road transport for suitable high-volume and long-distance freight movement. However, the environmental performance of individual vessels can vary. The Scheme-design exercise therefore considered whether the cargo-promotion framework could also encourage deployment of vessels with improved environmental performance.

A limited Green Coastal Vessel Support component may help:

- encourage the use of cleaner fuels and propulsion technologies;
- improve energy efficiency;
- reduce greenhouse-gas and local air-pollutant emissions;
- support adoption of environmentally improved coastal vessels;
- complement green-shipping corridors and port-decarbonisation initiatives; and
- align cargo growth with India's broader maritime sustainability objectives.

It was therefore proposed that **Green Coastal Vessels** may be supported through additional incentive over base incentive amount for eligible cargo carried on a qualifying vessel.

7.12 Incentive Rate Schedule as a Dynamic Instrument

The need for and relevance of the differentiated components may change over the Scheme period. Therefore, it is proposed that the applicable rates, criteria, duration and caps for the differentiated support components should be prescribed through the Incentive Rate Schedule rather than permanently fixed in the core Scheme.

8. Proposed Institutional Mechanism and Rationale

The Scheme would require a combination of policy oversight, maritime expertise, operational processing, port-level verification, financial control and inter-agency data access. No single institution presently performs all these functions.

Therefore, a multi-tier institutional mechanism has been proposed. The Scheme may be implemented under the overall supervision of the Ministry of Ports, Shipping and Waterways (MoPSW). The Directorate General of Shipping may act as the Implementing Agency for the Scheme, supported by Indian Ports Association (IPA) through Cargo Facilitation Centre (CFC) and other designated agencies for verification, data integration, monitoring and reporting.

Approving Authority

MoPSW shall be the approving authority and shall be responsible for:

- Approval of Scheme Guidelines and incentive structures
- Approval of annual expenditure under the Scheme Outlay
- Policy decisions, amendments, and review of Scheme performance

MoPSW may constitute a CCPS Committee for oversight of Scheme implementation.

CCPS Committee

The CCPS Committee is proposed for:

- Notification / approval of Eligible Coastal Routes, OD pairs, cargo categories
- Notification / approval of incentive rates, caps, thresholds and package-specific parameters
- Review of incentive utilization, route-wise performance and beneficiary participation
- Guidance on operational issues, clarifications and implementation procedures
- Periodic review of Scheme performance and recommendation of modifications, if required

Implementation Agency

Directorate General of Shipping (DGS) is proposed to act as the implementing agency, supported by Indian Ports Association (IPA) through a designated Cargo Facilitation Centre (CFC), and other designated supporting agencies.

The implementing agency shall be responsible for:

- Approval of stakeholder registration, as required under the Scheme Guidelines
- Approval of Baseline Cargo Movement and Baseline Cargo Volume
- Devise appropriate mechanism for approval and sanctioning of incentive claims
- Monitoring of cargo movement and incentive utilization
- Review of cases involving duplicate claims, misrepresentation, artificial routing or non-compliance

- Recommendation of corrective action, recovery, penalty or debarment, as per Scheme Guidelines
- Reporting and audit support
- Claim approval, sanction or disbursement may be delegated to by Implementing Agency to IPA to be implemented through CFC. Such delegation shall be as per a framework approved by MoPSW.

Cargo Facilitation Centre (CFC) under Indian Ports Association (IPA)

- CFC under the general supervision of Indian Ports Association (IPA) shall undertake day-to-day facilitation, process and verify registration applications, RSPs, CCDFs, historical information, Baselines and claims and shall submit its recommendations to Implementing Agency.
- IPA through CFC may approve, sanction or disburse claims only where such power has been validly delegated by Implementing Agency with prior approval of MoPSW and only within the scope and conditions of that delegation.

Supporting Agencies

The following agencies are proposed to provide verification and operational support, as required:

- Major Ports and State Maritime Boards
- IWAI, wherever IWT-related data or interface verification is required
- SCI / other notified agencies, wherever coastal cargo movement data is required
- GST verification and cargo-owner authentication
- any other agency notified by MoPSW for data integration, audit or implementation support

9. Digital Implementation and Data Architecture

The Scheme is proposed to be implemented through National Database for Coastal Shipping (NDCS), as mandated under Coastal Shipping Act 2025, integrated with Maritime Single Window (MSW) 2.0, enabling:

- Stakeholder registration
- Claim submission
- Verification and approval
- Disbursement tracking
- Audit and reporting

All processes under the Scheme are proposed to be paperless and system-driven, to the extent feasible.

Key tenets of digital implementation

Technology Driven

Integration with National Database for Coastal Shipping (NDCS) under Maritime Single Window (MSW 2.0) – an integrated tool with MSW 2.0 to manage the end-to-end paperless implementation of the scheme

Transparency in disbursement - through digital verification of actual movement of coastal cargo, claims submitted, and approval of claims through Digital Portal. Limited manual intervention.

Robust Internal Governance Processes

Detailed **Scheme Guidelines, Standard Operating Procedures** to drive **all scheme related processes**

Simplified registration and security procedures

Periodic review and course correction

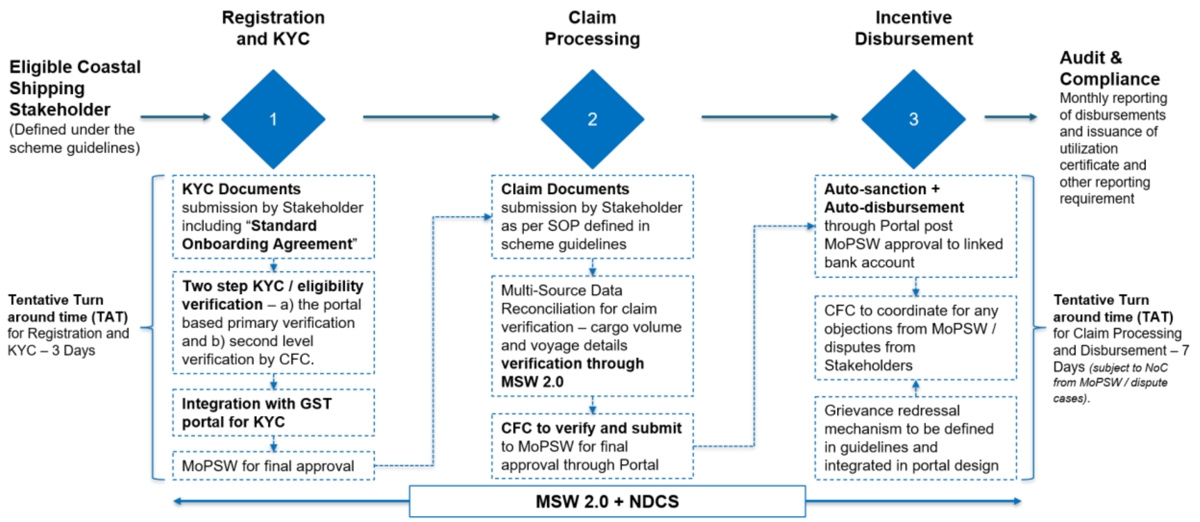
Continuous Improvement and Evolution of Scheme

Evolving priorities and objectives of the Government

Market response and participation patterns of Beneficiaries / Stakeholders

Continuous consultations / inputs from institutionalized stakeholders

Illustrative Process Flow



10. Summary of proposed scheme design

The Coastal Cargo Promotion Scheme (CCPS) is proposed as a targeted, performance-linked intervention to promote incremental movement of eligible domestic cargo through coastal shipping.

It seeks to address three interdependent constraints: cargo commitment and modal choice by Cargo Owners, provision of reliable sea-carrying capacity by Coastal Vessel Operators, and cargo aggregation and multimodal integration by MTOs.

The Scheme is proposed for 10 (ten) years, with a comprehensive review after Year 5 or at the end of current 16th Finance Commission cycle and subject to budget availability.

The Scheme proposes three packages within an overall ceiling of up to 25% of the approved coastal voyage cost:

a. Package A - Coastal Vessel Operator Incentive;

b. Package B - Cargo Owner Incentive; and

c. Package C - MTO Incentive.

Incentive package	Beneficiary	Incentive Proposed
Package A	Coastal Vessel Operator	***Per voyage incentive:*** • Base Incentive for incremental cargo movement over Baseline • Additional incentive for Green Vessel • Additional Incentive for new commodity, or new OD pair or a combination of both
Package B	Cargo Owner	***Annual Incentive:*** • Base Incentive for incremental cargo movement over Baseline
Package C	Multimodal Transport Operator	***Per voyage incentive:*** • Base Incentive for incremental cargo movement over Baseline

Each beneficiary would separately register, establish an approved baseline and satisfy package-specific conditions.

To ensure additionality, incentives would be linked to growth over beneficiary-specific historical baselines in both Cargo Volume and Cargo Movement. Incentive under the Scheme shall be admissible only for eligible cargo carried in Coasting Trade on an Indian-flag Vessel in accordance with the Merchant Shipping Act, 2025, the Merchant Shipping (Registration of Vessels) Rules, 2026, and any amendment, re-enactment, modification, replacement, rule, regulation, notification, order or direction issued thereunder from time to time.

Notified Base Incentive Rates will be derived from standardized coastal voyage-cost benchmarks, differentiated by commodity/cargo type and applied through progressive distance slabs. For each Package, the Base Incentive Amount will be the lower of the notified-rate amount and the amount calculated by applying the applicable Package-specific Incentive Share to the verified eligible Actual Voyage Cost or Actual Coastal Transportation Cost. Detailed rates, eligible routes, thresholds, caps, multipliers and other operational parameters would be periodically notified through the Incentive Rate Schedule.

The Scheme would exclude movements on certain commodity-specific OD pairs to be notified under the Scheme. The Scheme would also exclude certain commodities / cargo types such as, Fertilizers, Less than Cargo Load (LCL) containers, Project Cargo, Overdimensional Cargo (ODC) cargo and transshipment containers carrying Export / Import cargo.

Additional support for new commodities or new OD pairs or their combination, and vessels meeting notified green-performance criteria, is also proposed under the Scheme. Additional incentives for New OD pairs, Green Vessel, etc. would also operate within the overall 25% ceiling.

The Scheme is proposed to be implemented under the policy oversight of Ministry of Ports, Shipping and Waterways (MoPSW), with Directorate General of Shipping (DGS) as the Implementing Agency and Cargo Facilitation Centre (CFC) under Indian Ports Association (IPA) for operational support such as beneficiary registration, baseline verification, claim processing, monitoring, audit, etc. It is also proposed that MoPSW shall constitute a CCPS Committee for oversight of Scheme implementation.

The CCPS Committee is proposed to be responsible for implementation oversight including activities such as - notification / approval of Eligible Coastal Routes, OD pairs, cargo categories, incentive rates, caps, thresholds, guidance on operational issues, clarifications and implementation procedures, etc.

A digital platform is proposed to be adopted to promote paperless and system-driven implementation of the Scheme, to the extent feasible.

The Scheme would be subject to annual budgetary provision, fiscal caps, audit, recovery and periodic reviews.

11. Proposed Monitoring Framework and Key Performance Indicators

The performance of the Scheme is proposed to be monitored through the following monitoring and reporting indicators:

S. No.	Monitoring Parameter	Reporting Parameter(s)
1.	Beneficiary participation	• Number of registered Coastal Vessel Operators • Number of registered Cargo Owners • Number of registered Multimodal Transport Operators • Pending registration applications • Rejected / withdrawn / suspended registrations
2.	Registered Service Plans	• Number of Registered Service Plans submitted / approved / pending / rejected • Key operational issues reported by Coastal Vessel Operators

S. No.	Monitoring Parameter	Reporting Parameter(s)
3.	Baseline status	• Baseline Cargo Volume approved during the year • Baseline Cargo Movement approved during the year • Baseline applications pending approval • Exceptional baseline cases requiring CCPS Committee guidance • Commodity-wise and beneficiary-wise baseline summary
4.	Claims status	• Number of claims submitted • Number of claims under scrutiny • Number of claims sanctioned • Number of claims rejected / deferred / under query • Major reasons for claim rejection / deferment
5.	Cargo performance	• Total coastal cargo volume supported under the Scheme • Total coastal cargo movement supported under the Scheme • Incremental cargo volume supported • Incremental cargo movement supported • Commodity / cargo type-wise cargo volume and cargo movement
6.	Incentive utilisation	• Incentive amount claimed • Incentive amount sanctioned • Incentive amount disbursed • Incentive amount pending disbursement • Package-wise incentive utilisation
7.	Budget and cap utilisation	• Year-to-date budget utilisation • Year-wise budget utilization • Package-wise utilisation
8.	Issues requiring decisions from CCPS Committee / MoPSW, if any	• Baseline cases requiring approval or clarification • Interpretation issues • Operational bottlenecks requiring stakeholder coordination • Cases requiring relaxation or policy guidance

The monitoring and reporting framework is proposed to be reviewed annually and may be modified by MoPSW / CCPS Committee to align with Scheme objectives and implementation experience.

Further, to assess the output of the scheme, the proposed KPI framework is as follows:

S. No.	KPI	Measurement
1.	Total coastal cargo volume supported	Total cargo volume supported under the Scheme during the financial year.
2.	Total coastal cargo movement supported	Total cargo movement supported under the Scheme during the financial year, in T-KM / TEU-KM / Unit-KM.
3.	Incremental cargo volume supported	Total incremental cargo volume supported over approved baselines.
4.	Incremental cargo movement supported	Total incremental cargo movement supported in T-KM / TEU-KM / Unit-KM.
5.	Number of active beneficiaries	Number of beneficiaries submitting eligible claims during the financial year.
6.	Incentive utilisation	Total incentive disbursed as a percentage of approved annual budget allocation.
7.	Green Coastal Vessel deployment	Cargo volume / cargo movement undertaken through eligible Green Coastal Vessels.

12. Estimated Scheme Outlay

The estimated Scheme outlay for the proposed Coastal Cargo Promotion Scheme have been prepared on the basis of a structured bottom-up assessment of commodity-wise coastal cargo growth potential, expected Scheme-induced incremental cargo movement, and tentative incentive support under the proposed incentive packages.

The estimation exercise is intended to provide an indicative fiscal requirement for appraisal and approval purposes.

Considerations and Cargo Volume Projections

- For cargo volume projections, the **base year cargo volume (estimated for FY 2026-27)** has been considered commodity-wise for the major coastal cargo categories, including coal, iron ore, POL, steel, cement, containers, other dry bulk, other liquid bulk, other break bulk and Ro-Ro cargo.

- **Historical coastal cargo trends** at Indian ports, commodity-wise movement patterns, operational OD pairs, port-wise traffic data, stakeholder inputs and sectoral growth potential have been considered while developing the projection assumptions.
- The **projections cover a ten-year period** corresponding to the proposed Scheme horizon and separately capture expected cargo growth over five years and ten years.
- The projection model considers a **realistic growth scenario** for each commodity category and applies a Scheme impact factor to estimate additional growth expected due to incentive support under CCPS.
- The **Scheme impact factor of 50%** has been considered to reflect the expected improvement in coastal cargo movement arising from enhanced route viability, better cargo aggregation, greater participation of vessel operators and cargo owners, and improved market confidence in coastal shipping.
- For certain categories, such as containers and Ro-Ro cargo, specific assumptions have been used considering their emerging nature and future growth potential in coastal movement.

Considerations for Estimation of Scheme Outlay

- The estimation of Scheme outlay has been linked to eligible incremental cargo movement over the approved baseline. For the purpose of outlay estimation, both cargo volume and cargo movement have been considered.
- Commodity-wise and distance-slab-wise **voyage cost benchmarks** have been used to derive tentative incentive rates.
- The voyage cost benchmarks have been prepared using available voyage cost data from multiple sources, including actual / indicative voyage cost data shared by stakeholders, SCI data, port-verified customer data, port-level cargo movement data and other market inputs.
- The rates have been assessed across distance slabs to reflect variations in voyage economics by distance, commodity type, vessel size, parcel size and operational characteristics.
- A **commodity-wise distance distribution matrix** has been applied to allocate projected cargo across notified distance slabs. The matrix reflects the expected distribution of each cargo category across coastal OD pairs / route distances and enables estimation of blended voyage cost, incentive exposure and outlay in a more realistic manner than applying a single average distance.

- The outlay model factors in a **gradual Scheme uptake** during the initial implementation period, recognizing that stakeholder registration, baseline approval, cargo aggregation, service planning, vessel deployment and claim-processing systems will require time to stabilize. Accordingly, the model assumes partial uptake during the first three years of the Scheme and full uptake from Year 4 onwards.

Recurring Operational Expenditure

- An estimated provision of **₹50 crore over the 10-year Scheme** period has also been considered towards administrative and operational expenses for implementation of CCPS.
- This provision is intended to cover the establishment and functioning of the Cargo Facilitation Centre (CFC), including manpower support, office / operational infrastructure, stakeholder facilitation, claim processing support, monitoring and reporting activities, audit and verification support, and other administrative requirements.
- The estimate also includes costs towards development, integration, operation and maintenance of the Digital Portal / platform required for stakeholder registration, baseline approval, claim submission, verification, approval workflow, disbursement tracking, reporting and MIS dashboards.

Estimated Scheme Outlay

The year-wise and package-wise outlay presented below is an indicative estimate prepared for appraisal purposes only. The final Scheme outlay, annual budgetary allocation, package-wise allocation and disbursement limits shall be subject to approval of the Government of India and availability of budgetary provisions from time to time.

Year-wise and package wise estimated Scheme outlay

(Values in Rs. Crore)

Scheme Year	Financial Year	Incentive Package A	Incentive Package B	Incentive Package C	Total Outlay	Share %
Year 1	2027-28	142	57	58	257	3%
Year 2	2028-29	205	82	84	370	4%
Year 3	2029-30	279	112	114	504	5%
Year 4	2030-31	355	142	144	641	6%
Year 5	2031-32	435	174	177	786	8%
5 Year Total		**1416**	**566**	**576**	**2559**	**26%**
Year 6	2032-33	529	211	217	957	10%
Year 7	2033-34	648	259	267	1174	12%
Year 8	2034-35	791	316	327	1434	14%
Year 9	2035-36	953	381	397	1731	17%

Year 10	2036-37	1157	463	487	2106	21%
10 Year Total		**5494**	**2197**	**2270**	**9961**	**100%**
CFC + Administrative Cost (₹ Crore)					50	
Total Scheme Outlay (₹ Crore)					**10011**	

13. Expected Scheme Outputs, Outcomes and Wider Impacts

The Coastal Cargo Promotion Scheme is expected to act as a catalytic intervention for enhancing modal share of coastal shipping and strengthening India's multimodal logistics ecosystem. The Scheme is designed to support incremental coastal cargo movement, improve route viability, encourage new commodity streams and OD pairs, and promote greater participation by coastal vessel operators and cargo owners.

This is aligned with the Scheme objective of supporting cost-efficient and sustainable freight movement in the country.

13.1 Growth in Coastal Cargo Throughput at Indian Ports:

Based on the outcome assessment undertaken for the Scheme, cargo throughput growth has been projected over a 10-year period using the realistic growth scenario as the base case and factoring in the expected Scheme impact. The Scheme impact has been considered to generate an additional growth uplift equivalent to 50% over the realistic growth rate.

As per assessment, coastal cargo throughput is estimated to increase from approximately 385 MMT in FY2026-27 (advance estimate) to around 550-600 MMT by the end of Year 5 (FY2031-32) and approximately 1000-1100 MMT by the end of Year 10 (FY2036-37), demonstrating the potential of the Scheme of increasing the cargo volume at compound annual growth rate of ~11% over 10 years.

13.2 Growth in Cargo Movement

The Scheme is also expected to result in a significant increase in cargo movement measured in tonne-kilometres.

Based on the projected commodity-wise cargo volumes and weighted average distance assumptions, coastal cargo movement is estimated to increase from approximately 285 billion tonne-km in the base year FY 2026-27 to 475-500 billion tonne-km by Year 5 (FY2031-32) and 800-850 billion tonne-km by Year 10 (FY2036-37), i.e. nearly 3x increase in cargo movement.

13.3 Road Decongestion Benefits

In terms of road decongestion benefits, the Scheme is expected to reduce the burden on road-based freight movement. The Scheme is estimated to avoid approximately 2 million truck trips over the first five years and approximately 6 million truck trips over ten years. Correspondingly, truck-km avoided are estimated at approximately ~3 billion truck-km over five years and ~8.5 billion truck-km over ten years.

These outcomes are expected to contribute to reduced highway congestion, lower road maintenance burden, improved logistics efficiency and enhanced safety on freight corridors.

13.4 Environmental Benefits

The Scheme is also expected to deliver measurable environmental benefits. The Scheme is estimated to save approximately 5.5 million tonnes of CO_2 equivalent over five years and approximately 16 million tonnes of CO_2 equivalent over ten years.

These savings reinforce the role of coastal shipping as a lower-emission freight mode and support India's broader climate and sustainability objectives.

13.5 Socio-economic Impact: Employment Generation

In addition, the Scheme is expected to generate employment across the maritime and logistics value chain. Based on projected intensity of cargo movement through coastal shipping, the Scheme is estimated to support approximately 1.6 lakh jobs over ten years.

These employment benefits are expected to accrue across seafaring, port operations, coastal logistics, cargo aggregation, warehousing, vessel operations, support services and allied maritime activities.

14. Appendices and Annexures:

Appendices

- Appendix-I: Summary of "Action Plan for promotion of Coastal Shipping in India", ADB, 2019, updated by Directorate General of Shipping in 2026.
- Appendix-II: Summary of "Coastal Shipping in India: Potential for growth and Action Framework", Committee on Coastal Shipping chaired by Chairman Paradip Port Authority, Ministry of Ports, Shipping and Waterways, February 2026.
- Appendix-III: Draft report on "Coastal Cargo Promotion Scheme (CCPS)", Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS).

Annexures

- Annexure-B: Draft Coastal Cargo Promotion Scheme (CCPS)
- Annexure-C: Action Plan for promotion of Coastal Shipping in India, ADB, 2019, updated by Directorate General of Shipping in 2026

- Annexure-D: Coastal Shipping in India: Potential for growth and Action Framework, Committee on Costal Shipping, Ministry of Ports, Shipping and Waterways, February 2026
- Annexure-E: Draft report on Coastal Cargo Promotion Scheme (CCPS), Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS), May 2026

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Appendix-I: Summary of "Technical Assistance Report - Action Plan for promotion of Coastal Shipping in India", ADB, 2019, updated by Directorate General of Shipping in 2026.

Background

The Asian Development Bank (ADB), in association with the then Ministry of Shipping, undertook this study as part of a broader initiative to strengthen India's integrated logistics framework, with a specific focus on improving water transport (please refer **Annexure C** for full report). The study was framed against the backdrop of the Sagarmala Programme (launched April 2016) and its objective of raising the coastal and inland waterway modal share from 6-7% to 12% by 2025.

The study adopted a Total Logistics Cost (TLC) based approach to identify commodity-wise economically viable origin-destination (O-D) pairs and to isolate the cost differential in favour of alternate modes. A root-cause assessment was carried out across individual cost components: first-mile cost, last-mile cost, handling cost, port statutory charges, and voyage cost, for eleven commodity groups: steel, foodgrains, coal, fertilizer, cement, cotton, automobiles, salt, sugar, POL, and ceramic tiles. The study additionally covered a dedicated assessment of short sea shipping potential with BIMSTEC partners, benchmarked against the European Union's Marco Polo experience (Section 2.12), and concluded with policy-level, sector-level, and commodity-level intervention recommendations (Section 3).

Key Findings

The study identified nine cross-cutting issues constraining the growth of coastal shipping:

- first/last-mile costs eroding the inherent cost advantage of the sea leg;
- empty return voyage costs, particularly acute for Ro-Ro and container cargo;
- small individual parcel sizes and inadequate cargo agglomeration leading to underutilised vessel capacity;
- an uneven playing field with road and rail on contracting norms;
- limited availability of cost-competitive Indian-flagged vessels, which was found to require tariffs roughly 20% higher than foreign-flagged vessels to achieve comparable equity returns, on account of shorter loan tenures, higher interest rates, costlier bunker fuel, and crew-cost disparities;
- inadequate port handling/storage infrastructure raising vessel turnaround time;
- inadequate hinterland connectivity;
- inefficient, largely manual customs documentation for coastal cargo; and
- rising bunker costs following the IMO 2020 sulphur regulation.

On the commodity side, larger opportunities were identified in coal, cement, and fertilizer movement, with the study projecting a total addressable coastal cargo potential of **approximately 330 MMTPA by FY25** across the studied and existing commodities, plus a further ~25 MMTPA from short-sea shipping, a combined **potential of ~355 MMTPA by FY25**, alongside an estimated yearly cost saving in the range of INR 85 billion from the interventions proposed for the studied commodities.

Interventions / Recommendations

Sector-level process interventions under the study include institutionalising a coastal shipping promotion cell under the Ministry of Shipping, developing a common coastal shipping databank / logistics platform, relaxation of cabotage restrictions, etc.

Commodity-specific interventions include rationalising coal-mine / power-plant linkages, developing cargo aggregation centres and coastal berths near key consumption clusters, rationalising FCI depot locations for foodgrain, and developing silo infrastructure at ports to reduce cement vessel turnaround time.

Modal Shift Incentive Scheme for Coastal Shipping

In addition to these policy, process, infrastructure and commodity-level measures, the study also recognised the need to address the cost disadvantage faced by coastal shipping vis-à-vis road and rail. In this context, Section 3.3 records that the Ministry of Shipping had proposed a direct modal shift incentive scheme in 2016 and notes that the scheme may be revisited / relaunched to ensure faster realisation of coastal shipping potential.

Thus, while the study primarily focused on non-subsidy interventions to improve the competitiveness of coastal shipping, it also acknowledged that an incentive mechanism for modal shift to coastal shipping could be considered alongside other enabling measures identified in the report.

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Appendix-II: Summary of "Coastal Shipping in India: Potential for growth and Action Framework", Committee on Coastal Shipping chaired by Chairman Paradip Port Authority, Ministry of Ports, Shipping and Waterways, February 2026.

Background

This study was undertaken by the Committee on Coastal Shipping, constituted by the Ministry of Ports, Shipping and Waterways (MoPSW) vide Office Memorandum dated 13 November 2025 under the chairmanship of Chairman, Paradip Port Authority.

The study covers coastal cargo handling performance and route/infrastructure overview including:

- commodity-wise demand analysis for coal, iron ore, POL, steel, cement, fertilizer, foodgrains, automobile, and salt
- identification of key issues and challenges in modal-shift
- systemic reform areas including dedicated berths, port connectivity, cargo aggregation, cabotage, bunker cost, GST, rail freight structuring, and incentive scheme;
- a supply-side assessment of the coastal vessel fleet:
- coastal-IWT integration;
- green shipping initiatives; and
- a consolidated, ministry-wise Action Framework with defined timeframes.

Key Findings

In FY 2024-25, the total coastal cargo throughput across Indian ports reached 339 MT, continuing the steady upward trend observed over the past decade. Of this, Major Ports accounted for ~196 MT, representing nearly 58% of the total coastal cargo, while Non-Major Ports contributed ~143 MT (42%). Over last decade, coastal cargo volumes have shown consistent growth, rising from 161 MT in FY 2013-14 to 339 MT in FY 2024-25, marking a strong increase of ~110% over the period @CAGR 7%.

Coastal shipping has been consistently emphasized in national maritime strategies, including Maritime India Vision (MIV) 2030 and Maritime Amrit Kaal Vision (MAKV) 2047. These frameworks recognize coastal shipping as a key instrument for enhancing domestic maritime trade, improving modal balance, and achieving long-term sustainability objectives.

Vision and targets for Vision for coastal shipping as per MIV 2030 and MAKV 2047

Parameter	Baseline (FY2024-25)	2030 Target	2047 Target
Coastal Cargo Volume	~169 MTPA*	~230 MTPA	~1,300 MTPA

Parameter	Baseline (FY2024-25)	2030 Target	2047 Target
Coastal Cargo Throughput of Ports	~339 MTPA	~460 MTPA*	~2,600 MTPA*
Growth Multiple (w.r.t. Current)	1.0x*	~1.35x*	~7–8x*
Share in Domestic Freight Movement	6%	7.5%	12%

*Source: MIV 20230 and MAKV 2047 | *Derived Values*

Based on the detailed commodity-wise assessment covering coal, iron ore, POL (crude and products), steel, cement, fertilizers, foodgrains and automobiles, the total addressable demand for coastal shipping in India is expected to increase steadily over the medium term. In FY 2024–25, net coastal cargo movement is estimated at about 170 MT, corresponding to a port-level coastal throughput of around 339 MT, accounting for double counting at load and discharge ports.

Under a pessimistic scenario, which assumes largely organic growth with limited resolution of existing operational, infrastructural and policy constraints, net coastal volumes are projected to increase to about 240–250 MT by FY 2029–30, reflecting a CAGR of around 7.5–8.0%.

In a realistic scenario, which assumes partial resolution of key bottlenecks and targeted modal shift in identified commodities, net coastal volumes are projected to rise further to about 250–270 MT by FY 2029–30, implying a CAGR of around 8.0–9.5% over the period.

Under an optimistic scenario, assuming effective implementation of most recommended interventions, net coastal volumes could reach 270–290 MT by FY 2029–30, corresponding to a CAGR of around 9.5–11.0%. This scenario reflects the upper bound of feasible growth based on current commodity structures and market response.

Overall, the realistic scenario represents a balanced and credible pathway for the sector, combining organic growth with targeted policy and operational improvements.

Total Addressable Demand for Coastal Shipping by FY 2030

Scenario	Net Coastal Volume (MT)	Coastal Throughput at Ports (MT)	Implied CAGR (FY 2024–25 to FY 2029–30)
Baseline (FY 2024–25)	170	339	—
Pessimistic (FY 2029–30) *(organic growth only)*	240 – 250	480 – 500	7.5 – 8.0%
Realistic (FY 2029–30) *(partial issue resolution)*	250 – 270	500 – 540	8.0 – 9.5%

Scenario	Net Coastal Volume (MT)	Coastal Throughput at Ports (MT)	Implied CAGR (FY 2024–25 to FY 2029–30)
Optimistic (FY 2029–30) *(most interventions implemented)*	270 – 290	540 – 580	9.5 – 11.0%

Interventions / Recommendations

Following the commodity-wise assessment of coastal shipping potential, a set of common sector-level issues which influenced the viability, competitiveness, and scalability of coastal shipping across most cargo segments were identified and examined, drawing on stakeholder consultations, empirical analysis, and international best practices, with a view to identifying targeted interventions that can benefit multiple commodities simultaneously and enable sustained growth of coastal shipping in India.

These included:

- Dedicated coastal berths, mechanisation and priority berthing for coastal vessels
- Road and Rail Connectivity Infrastructure at Major Ports
- Cargo Aggregation for Coastal Shipping
- Cabotage relaxations and licensing of foreign flagged vessels for coastal shipping to enhance vessel availability
- Optimizing Bunker Cost to enhance cost competitiveness of coastal shipping
- GST on Multimodal Transport: Allow ITC for multimodal transport linked to coastal shipping
- GST Exemption for Agricultural Produce Transportation by Coastal Shipping
- Reverse conversion from coastal (Indian flag / coastal run) to foreign-going trade
- Rationalisation of rail freight for short-haul distances for coastal cargo
- Telescopic benefit in railway freight rates for RSR movement of coal (for private GENCOs and NSR sector) and other bulk commodities (iron ore, cement, steel, etc.)
- Incentive schemes for coastal shipping: Voyage based Coastal Incentive Scheme (SIMSC Model) and Fixed Rate State Incentive for coastal shipping (Kerala Model)
- Institutional Strengthening for Coastal Shipping – Coastal Cargo Facilitation Centre under IPA

The detailed report annexed herewith (**Annexure D**) presents the key findings and recommendations of the study in detail.

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Appendix-III: Draft report on "Coastal Cargo Promotion Scheme (CCPS)", Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS).

Background

Following the Union Budget announcement, and building on the substantial analytical groundwork already available in the coastal shipping sector, MoPSW constituted a dedicated Committee under the chairmanship of the Director General of Shipping (DGS), specifically to design, develop, and recommend a comprehensive Coastal Cargo Promotion Scheme (CCPS) aimed at facilitating modal shift of cargo from road and rail to coastal shipping.

Initial Scheme Design

The scheme design proposed by the Committee is structured around a three-pillar architecture, each pillar addressing a distinct constraint on coastal shipping's competitiveness: Pillar I addressed cost competitiveness, Pillar II addressed physical infrastructure, and Pillar III addressed regulatory and policy distortions. The detailed report of the Committee is annexed herewith (**Annexure E**).

Pillars II (infrastructure support, structured as Viability Gap Funding for dedicated coastal berths, mechanization, and hinterland rail/road links, ring-fenced separately from Sagarmala funding) and III (regulatory enablers - cabotage relaxation, GST Input Tax Credit restoration, RSR telescopic freight benefit, and bunker cost rationalization) are necessary precursors for the CCPS's success, which are being pursued by MoPSW parallelly.

Stakeholder Consultations and deliberations

Following the initial design, the Committee undertook multiple rounds of stakeholder consultation with Major Ports, Non-Major Ports, Ministries, and industry stakeholders, cargo owners, industry bodies, and logistics operators, using questionnaires, virtual consultations, and follow-up discussions.

Updated Scheme Design

Basis further examination of the scheme design through several rounds of discussions, consultations and internal deliberations, the scheme design was refined. During these deliberations, the incentive architecture was further strengthened to improve practicality, transparency and fiscal discipline.

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Annexure B: Draft Scheme Document – Coastal Cargo Promotion Scheme (CCPS) [Attachment]

Annexure C: Action Plan for promotion of Coastal Shipping in India, ADB, 2019, updated by Directorate General of Shipping in 2026 [Attachment]

Annexure D: Coastal Shipping in India: Potential for growth and Action Framework, Committee on Coastal Shipping under the chairmanship of Chairman, Paradip Port Authority, Ministry of Ports, Shipping and Waterways, February 2026 [Attachment]

Annexure E: Draft report on Coastal Cargo Promotion Scheme (CCPS), Committee under the Chairmanship of the Director General of Shipping for the design, development, and recommendation of a Coastal Cargo Promotion Scheme (CCPS), May 2026 [Attachment]

Annexure F: Observations of IFD and response. [Attachment]