

Flag in India: A Proposal for the India International Ship Registry

Sujeet Samaddar and Anushka Tripathi



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Contents

1 Introduction	1
2 The Merchant Shipping Act 2025: Registration of Ships	3
3 UNCLOS and Registration of Ships	5
4 The Genuine Link	6
5 Ships Registry Models	8
6 Closed Ship Registry.....	8
7 Open Registry	10
8 Illustrative Case Studies of Open Registry States.....	13
9 Second Ship Registry (SSR)	15
10 International Ship Registry (ISR)	18
10.1 Characteristics and Features of ISR.....	19
11 Ship Registration in India	24
11.1 Indian Registered Tonnage – Growth and Ownership	25
12 Case for an International Ship Registry	28
13 Pathways to Establishing an International Ship Registry in GIFT City, Gujarat.....	29
14 Overarching Guidelines for an Indian International Ship Registry	31
15 Conclusion	32
<i>Appendix</i>	39

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Abstract: India's maritime sector is undergoing a major transformation to strengthen its global competitiveness and national shipping tonnage. Though seaborne trade has witnessed robust growth—however share of Indian-flagged tonnage has remained modest. The Merchant Shipping Act, 2025 introduces digital, transparent, and globally aligned reforms to streamline ship registration and expand ownership eligibility conditions. Complementing the Maritime Amrit Kaal Vision 2047 (MAKV47), these reforms aim to simplify procedures, reduce compliance costs, and attract both domestic and international investment in Indian shipping. This paper examines global best practices in ship registration and offers policy recommendations to create an enabling and facilitative policy framework for companies to flag in India.

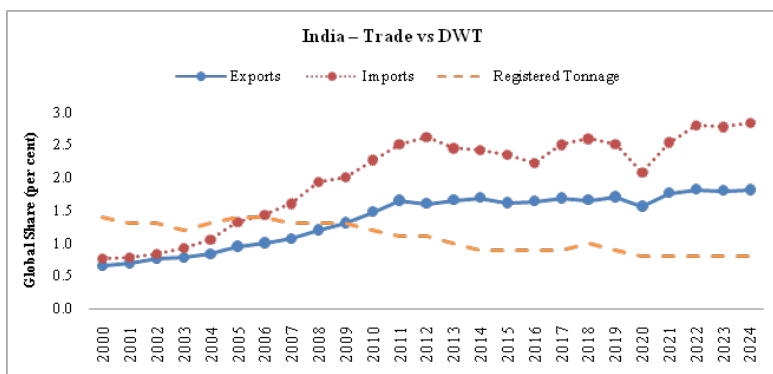
Introduction

India is embarking on a transformative journey to promote its maritime sector. The importance of this sector is underscored by the fact that in 2024-25, the country's merchandise imports reached US\$ 720.24 billion,¹ with seaborne import volumes growing at a Compound Annual Growth Rate (CAGR) of 2.9 per cent over the past decade outpacing the global average of 1.7 per cent - and reaching approximately 830 million metric tons (MMT).² In comparison, India's merchandise export value reached US\$ 437.42 billion in 2024-25,³ and volumes have grown at a more moderate pace, reaching about 225 MMT in 2024.⁴ However, the Indian-flagged tonnage reported a modest 1.4 per cent CAGR⁵ during the same period.

Further, between 2000 and 2025, India's share in global exports and imports grew more than twofold and threefold, respectively. However, despite this surge in trade, the share of Indian-registered tonnage in global shipping has declined over the same period⁶ (Figure 1), registering only a modest year-on-year growth of 1.3 per cent in 2024.

Therefore, though India possesses significant natural and commercial advantages that could position it as a potential major player in global maritime commerce, its share of global ship registration remains disproportionately low. Industry experts believe that outdated regulatory frameworks, cumbersome administrative procedures, and insufficient incentives for shipowners to register vessels under the Indian flag are potential reasons for this situation. Moreover, high taxes and complex licensing requirements for operations may have further discouraged domestic ship registration, leading many shipowners to register their vessels abroad where regulations and tax regimes are more favourable. This has created an uneven playing field, where foreign-flagged vessels dominate Indian coastal and EXIM trade, with over 93 per cent of international cargo with Indian origin or destination, and around 39 per cent of total Indian cargo, including coastal and offshore shipments, carried on foreign-flagged vessels.⁷ This reliance results in an estimated annual freight cost of US\$75 billion.⁸

Figure 1: India’s EXIM trade and National Shipping Tonnage (DWT)



Source: Authors compilation from Directorate General of Shipping.

Recognising its strategic importance in supporting nearly 95 per cent of the nation’s trade by volume and 70 per cent by value, a four-pillar approach⁹ to revitalize the national maritime ecosystem was announced in September 2025. Earlier, the Maritime Amrit Kaal Vision 2047

(MAKV47) aims to “Develop and Implement policies that facilitate an environment which is conducive for promoting an investment in the *expansion of a modern merchant fleet under the Indian flag* and develop globally competitive ship building and repair facilities (*emphasis added*).¹⁰ A key objective is, therefore, to strengthen and modernise India’s ship registration system to attract shipowners to Flag in India.

The MAKV47 notes, “*India needs to make certain policy changes and take steps to make the process of registration of vessels and sailing of Indian flagged vessels convenient for all the stakeholders and improve India’s ranking and share in the world’s tonnage*”.¹¹ Under the MAKV47 platforms like ‘PCS 1x’¹² and the National Logistics Portal¹³ are driving standardised electronic data exchange to cut costs, shorten delays, and enhance transparency for all stakeholders.

The Merchant Shipping Act 2025 (Act) introduces comprehensive reforms aimed at improving efficiency, transparency, and global alignment with international conventions to make India a globally valued maritime jurisdiction. The Act introduces paperless digital governance, easier processes for chartered vessels, and aligns Indian standards with leading global conventions. The keystone of major reform embedded in the Act mandates universal, digital, and streamlined vessel registration and widening ownership eligibility.

Initiatives such as the National Logistics Portal (Marine)¹⁴ are being implemented to enable 100 per cent paperless, real-time ship registration and documentation, significantly reducing processing time and compliance costs for exporters, importers, and maritime stakeholders.

These reforms identify and remedy systemic inefficiencies and regulatory bottlenecks and are aimed at simplifying procedures, promoting ease of doing business, lowering the cost of doing business to foster a transparent, efficient, and investor-friendly environment that encourages greater participation of investors in the maritime ecosystem to consolidate India’s presence at the global level.

The Merchant Shipping Act 2025: Registration of Ships

The Act replacing the Merchant Shipping Act of 1958 (MSA1958) represents an epochal modernisation of India’s maritime law. The Act

states that the purpose is “*to ensure the development of Indian shipping and efficient maintenance of Indian mercantile marine in a manner best suited to serve the national interest and for matters connected there with or incidental thereto*”.¹⁵

Part III of the Act deals with “Registration of Vessels”. It mandates the registration of all vessels,¹⁶ which now also includes mobile offshore drilling units, submersibles, and other specialised crafts. The Act enables Indians and Indian Companies, Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs), and Limited Liability Partnerships (LLPs) to own and register Indian vessels.¹⁷ This allows for increased foreign and diaspora investment in the industry while ensuring compliance with Indian laws. Other notable provisions include allowing bareboat charter-cum-demise registration,¹⁸ enabling entrepreneurs to acquire vessels and introducing temporary registration for ships destined for recycling¹⁹ in Indian shipbreaking yards. The Act also streamlines maritime administration by establishing a Director-General of Maritime Administration²⁰ and empowering regulatory boards for national shipping and seafarer welfare.

Section 44²¹ of the Act empowers the Central Government to make rules for the Registration of Vessels, which power has been vested in the Director General Maritime Administration.

However, the enabling “rules” are in the process of being framed by a committee²² under the Director General of Shipping, which has been mandated to study the following areas for revision:

- a. Registration of Indian chartered vessels,
- b. Streamlining necessary procedures for vessel registration,
- c. Provisions with respect to the certificate of registration,

Through this integrated approach, India intends to secure its place among the world’s leading maritime nations by 2047. Modernising, simplifying and decomplicating convoluted procedures for Registration of Ships in line with global practices is a key instrument to enhance national tonnage – a core theme of the MAKV47.²³

This paper seeks to examine international best practices in ship registration across major maritime jurisdictions in accordance with

the United Nations Convention on the Law of the Sea (UNCLOS) and International Maritime Organization (IMO) provisions. It further analyses how India can adopt such frameworks to encourage shipowners – global and Indian – to Flag in India.

UNCLOS and Registration of Ships

Ships are the floating sovereign assets of the nation whose flag they fly. By convention, ships have a form of “juristic personality”²⁴ which means that they are recognised as having rights and obligations much like a natural person and can, therefore, enter into contracts, incur liabilities, pay taxes, or become parties in legal disputes. This approach supports the smooth functioning of international trade by allowing ships to be treated as entities with continuity and identity beyond mere ownership or flag status.

Ship registration grants a vessel its legal identity and nationality—both fundamental for recognition under international law. It serves as the definitive proof that a ship is entitled to fly a particular flag, and is the legally recognised instrument through which the flag state exercises regulatory oversight. Through registration, the flag state can impose taxes, enforce maritime safety and environmental standards, and investigate any violations committed during the vessel’s operation. Without registration, a ship cannot lawfully navigate international waters or claim the protection and rights accorded to it under the flag it flies. Only after registration, the vessel enjoys the rights and preferential policies provided by the flag State, and in turn the state assumes jurisdiction and mandates the compliance frameworks for national and international responsibilities.²⁵

Since the flag state holds responsibility for regulating all facets of the ship’s commercial and operational performance, it must pass appropriate legislation, define rules and regulations for registration, seafarer training, ship inspection and surveys for seaworthiness, taxation, cabotage, trade norms, etc.

UNCLOS requires every State to keep registers to grant its nationality to vessels by mandating its terms and conditions. Article 91 requires a genuine link between a ship and its flag state, which sets the conditions for nationality and registration. Article 92 defines the status of ships as

subject to the exclusive jurisdiction of their flag state, and Article 94 outlines the flag state's duties, such as ensuring the safety of its ships. These together establish the importance of ship registration as a legal declaration of a vessel's nationality and impose mutual obligations on the flag state and the ship for oversight and regulation on one hand and protection on the other. In this manner, ship registration gives ships a juristic personality and is not merely an administrative mechanism that not only confers legal identity but it also allows lawful navigation and ensures access to flag state protection. It also enables states to exercise fiscal control, enforce safety and environmental standards, and regulate trade.

Thus, ship registration has developed from a mechanism for fiscal control and security to a cornerstone of international maritime governance, balancing state interests with the demands of global shipping and safety standards.²⁶ There is currently no binding international framework to regulate the registration process itself. The 1986 UN Convention on Conditions for Registration of Ships²⁷ establishes international standards for the registration of vessels in a national registry, including references to the genuine link, ownership, management, registration, accountability and the role of the flag State. However, the Convention has not yet entered into force.

This unique characteristic of the shipping industry makes regulating the shipping sector a shared global responsibility. International maritime laws are, therefore, shaped through the participation of flag states in binding treaties and conventions that are usually negotiated at the International Maritime Organisation (IMO).²⁸

The Genuine Link

Article 91 of UNCLOS requires that for ship registration, "there must exist a genuine link between the state and the ship". The 'genuine link' principle requires that there must exist a real and substantial connection between the ship and the state, and the regulatory authorities of the state ascertain aspects such as ownership, management, crew nationality, and operational base to determine whether such a 'genuine link' exists. This connection is crucial because it underlies the flag state's authority and

responsibility to exercise effective jurisdiction and control over vessels flying its flag, including administrative, technical, and social matters.

Despite its importance, the genuine link remains somewhat undefined in international maritime law. UNCLOS does not precisely define what constitutes this link or the consequences of its absence. It only broadly suggests that genuine link relates to effective control and jurisdiction by the flag state, which should not be merely formal registration but reflect a real relationship.

Early jurisprudence, like the *Nottebohm* case²⁹ (Liechtenstein v. Guatemala, 1955), influenced this concept of the genuine link by affirming the need for a meaningful national connection rather than mere paperwork. The case concerned whether Liechtenstein could exercise diplomatic protection for Mr Friedrich Nottebohm, who had obtained Liechtenstein nationality but lacked significant personal or economic ties to the country, as was Guatemala's case to enable the prosecution of Mr Nottebohm. This case is foundational to the concept of the genuine link in international law, especially regarding nationality. In this case, the International Court of Justice (ICJ) described nationality as a "*legal bond having as its basis a social fact of attachment, a genuine connection of existence, interests and sentiments, together with the existence of reciprocal rights and duties.*"³⁰ The Court emphasised that nationality must reflect a substantive connection between the individual and the state, which legitimises that state's exercise of diplomatic protection on behalf of the individual against other states. The ICJ ruled that because Nottebohm had no genuine connection with Liechtenstein beyond formal nationality, Guatemala was not obliged to recognise that nationality for diplomatic protection purposes. The ICJ observed, "*Nationality serves above all to determine that the person upon whom it is conferred enjoys the rights and is bound by the obligations which the law of the State in question grants to or imposes on its nationals.*"³¹

The *Nottebohm* case, though about individual nationality, established that nationality must be based on a genuine link, not just formal documentation. The *Nottebohm* case strongly influenced the 1958 Geneva Convention on the High Seas,³² which introduced the 'genuine link' as a requirement for state recognition of ship nationality but did

not define it clearly. Neither did Article 91 of the UNCLOS 91 as mentioned earlier. Thus, while legal frameworks exist, enforcement remains weak as it largely depends on the diligence and capacity of the flag state. This nuanced view of the genuine link highlights its evolving role amid global shipping trends, explaining why the Flag State deviates from strict nationality requirements to benefit from revenues and taxes while aiming to retain economic and regulatory control compatible with international law.

While intended to ensure that flag states exercise real control and responsibility over registered ships, states have adapted their interpretation to maintain competitiveness in global shipping markets. This has led to a spectrum of systems where some registries fully enforce nationality connections and others permit open registrations without such links.

Ships Registry Models

Nation-states make their own regulations for registering ships as permitted under Article 92 of the UNCLOS. The degree to which the genuine link is upheld significantly distinguishes registries of the Flag State. The worldwide ship registries are classified into two types: closed registry and open registry. Open registry can be further divided into 'national registry' and 'special registry', and then 'special registry' can be further categorised as 'international registry' or as Quasi Flag of Convenience (FOC).³³ The distinction between open registry and closed registry is based on how open the ship registry is to domestic and foreign ships and its adherence to the genuine link. Open registry, including Quasi-FOC registry, is exercised by Panama, Liberia and the Marshall Islands, which enforce few regulatory operational conditions and impose low taxes and tariffs. Closed Registry is represented by, for example, India, Hong Kong and Singapore which require the genuine link and strict safety, manning and quality requirements. These are discussed in further detail in the subsequent paragraphs.

Closed Ship Registry

In this form of registry, states require ships to be owned and operated by nationals or domestically incorporated companies, enforcing strict nationality and operational standards for it to be eligible to fly its flag.

Closed registries are defined by several interrelated clauses that collectively preserve national control over the maritime sector such as :⁻³⁴

- a. The '*ownership clause*' restricts registration to nationals or companies incorporated under domestic law, usually requiring majority ownership by citizens. This ensures that vessels flying the flag are directly tied to the state's economic interests.
- b. The '*manning clause*' mandates that crews, particularly officers and captains, must be nationals or residents of the flag state. Such provisions secure employment for domestic seafarers while reinforcing national oversight over maritime operations.
- c. The '*management and control clause*' requires that ship management, including operational decisions and registry procedures, be conducted within the country or by nationals, thereby preventing external influence over fleet operations.
- d. The '*build requirement clause*' goes further by stipulating that ships must be constructed in domestic shipyards or classed by national societies, linking the registry to the promotion of the local shipbuilding industry.
- e. The '*taxation and regulation clause*', subjects vessels to domestic tax regimes and stricter national maritime laws than those typically encountered under open registries.
- f. The '*security and national interest clause*' underscores the strategic rationale of closed registries, granting governments the authority to requisition or mobilise ships for national purposes in times of war or crisis.
- g. Some states, such as China, enforce a '*shareholding and corporate structure clause*', requiring that a minimum shareholding percentage be held by nationals or domestic corporations, thus ensuring that ultimate control remains in national hands.

The closed registry system aligns closely with national economic and strategic goals. One of the primary benefits is enhanced control and supervision. Also, by strictly regulating ownership, crewing, and operational standards, flag states can ensure stronger compliance with safety, environmental, and security protocols. This regulatory rigour often results in higher-quality fleets and reduces risks from substandard shipping. Further, closed registries play a key role in protecting domestic industries by limiting registration to nationals, thereby supporting local shipowners, operators, and seafarers. This promotes employment, skill development, and shields national companies from global competition. They emphasise a genuine link through nationality-based criteria for ownership, operation, and manning ensuring national control over the fleet for safety, security, and strategic interests.

However, closed registries face growing challenges in a globalised maritime economy. Strict nationality and crewing rules raise operating costs, making them less appealing to international shipowners seeking flexibility. As a result, many traditional maritime nations have seen a decline in their merchant fleets, with owners shifting vessels to open registries offering lower costs and fewer regulations. India follows the closed registry stipulations.

Open Registry

It was only with the expansion of global maritime trade and economic globalisation post-World War I that ‘open registry’ gained prominence, offering lenient operating conditions, cost and regulatory advantages to attracting foreign-owned ships. This registry system, sometime referred to as a FOC, is a framework under which a country allows foreign shipowners to register their vessels under its national flag, regardless of the owner’s nationality or residence. This system fundamentally reshaped global shipping, facilitating reduced operating costs and maximising international competitiveness. Many countries, such as Panama, Liberia, and the Marshall Islands, have become global leaders in ship registration by offering easy, attractive, and cost-effective registration processes.

These registries are characterized by a lack of restrictions traditionally associated with national (closed) registries. The main characteristics of Open Registry are :-

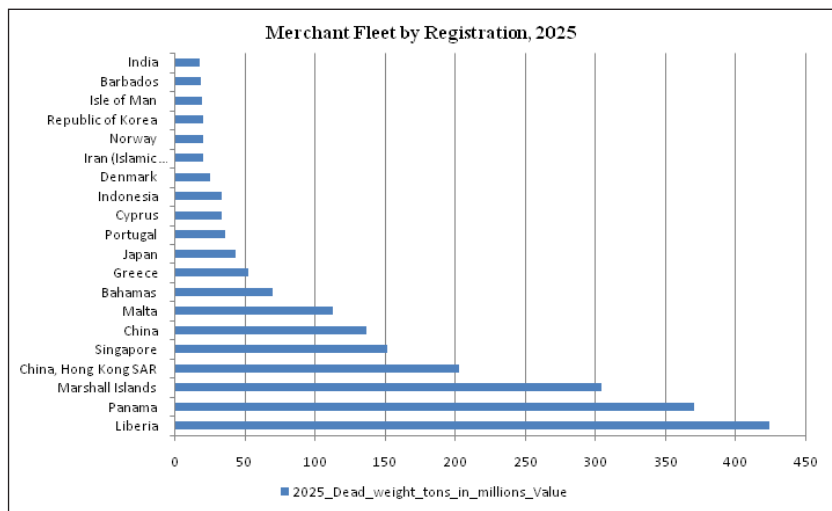
- a. It enables shipowners to register their vessels in a country other than that of ownership, crew nationality, or business origin. Open Registry do not require a genuine link between the ship and the flag state, and shipowners and crew need not be citizens or residents of the registry country.³⁵
- b. It enables ship owners to register their vessels through diplomatic missions of the FOC State without calling on the designated port as applicable for the Closed Registry. Many open registries allow vessels to be registered online or through overseas agents, with minimal oversight procedures.³⁶
- c. Ship owners benefit through lower operational costs, lesser oversight on safety and manning norms, including qualifications of seafarers, thereby lowering wages, which usually account for about 30 per cent of operational costs and thus provide higher profitability.³⁷
- d. Lower tax liabilities since tonnage tax is not imposed on tonnage income but simply on the registered net tonnage of the ship, thus reducing compliance burdens and improving net profit margins.³⁸
- e. The periodic ship survey and inspection requirements are also minimal, as these states do not have the administrative or governance mechanism to enforce international norms for safe shipping, labour laws for crew and environmental standards. Therefore, it outsources much of its regulatory compliance, to Recognised Organisations (ROs), which are often classification societies operating at an international level.³⁹ While this reduces administrative burdens for the flag state, it also raises questions about oversight and accountability.
- f. It permits international crew sourcing without restrictions on nationality, enabling multinational and lower-cost labour

recruitment, and Open Registry states may have a very limited and generally unqualified seafarers.⁴⁰

From a historical perspective, in 1939, the vessels under flags of the major open-registry countries, only accounted for 1.2 per cent of the world's total fleet in deadweight tonnage (DWT). By the 1980s, the share was 31.1 per cent, and it further crept up to 44.8 per cent by 1996. Now, more than 70 per cent of global DWT and over half of all vessels are registered under foreign flags.⁴¹ *“Over half of the world's shipping capacity is owned by owners in developed economies, while most of the capacity is registered under flags of a few select developing economies for commercial purposes.”*⁴²

As shown in Figure 2, the top 10 flags of registration represented over 78 per cent of global shipping capacity, including countries like Liberia, Panama, the Marshall Islands, Hong Kong (China), Singapore, etc., where 8 of the top 10 flags offered open registry for registration of ships.

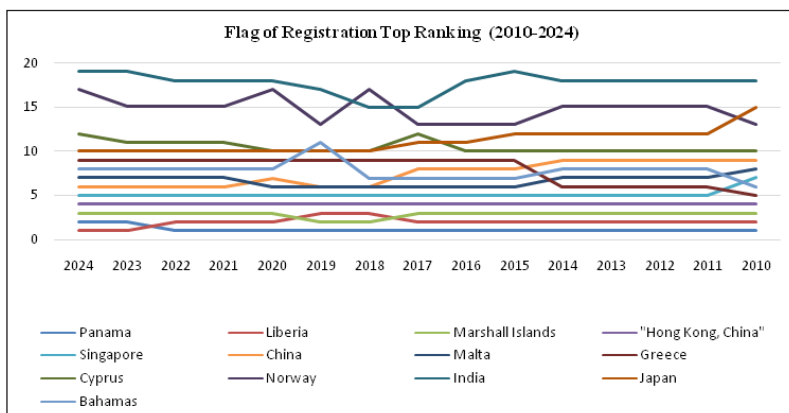
Figure 2: Merchant Fleet Registration by Country (in DWT)



Source: Authors compilation from UNCTAD Stat.⁴³

Figure 3 shows the top-ranking countries/territories by flag of ship registration from 2010 to 2024. The top ranking countries (Panama, Liberia, Marshall Islands, Bahamas, and Cyprus) follow open registry systems. Panama consistently ranks highest, followed closely by Liberia at the second and the Marshall Islands ranked third. Hong Kong and Singapore maintain strong positions but fluctuate slightly over the years. China shows a steady upward trend, overtaking Japan in later years. India remains in lower rankings, while traditional registries like Greece and Japan show relative decline.

Figure 3: Ranking of the Top Countries by DWT of Registration



Source: Author's compilation from UNCTAD Stat.⁴⁴

Illustrative Case Studies of Open Registry States

The most prominent open registries are associated with smaller states that derive significant revenue from these systems. Panama, which pioneered the practice in 1917, maintains the world's largest ship registry, offering streamlined fees and a well-developed administrative system. Liberia, beginning in 1948, has gained prominence through competitive taxation policies and global outreach strategies. The Marshall Islands, whose registry began in 1990, is known for its modern legal frameworks and widespread acceptance in global trade. Other countries, such as the Bahamas, Malta, and Cyprus, attract shipowners due to cost-effectiveness

and access to the European Union benefits. Similarly, Antigua & Barbuda, Belize, and Vanuatu operate smaller registries that serve as critical sources of government income, often forming a central part of their national economies.⁴⁵

Examining the case studies of the top three countries in ship registration, which are Liberia, Panama, and the Marshall Islands, and the key incentives they offer provides valuable insights into the types of policy reforms India could consider to get a larger share of the Global Merchant Fleet on its register.

Liberia has emerged as the world's largest flag state after surpassing Panama in 2023. Its registry, known as the Liberian International Ship & Corporate Registry (LISCR), is favoured for its efficient administrative services, competitive registration fees, and liberal tonnage tax rates. Liberia offers 24/7 customer support and streamlined registration processes, enabling rapid vessel deployment and attracting a broad base of shipowners worldwide. This combination of affordability, responsiveness, and regulatory compliance has made Liberia a preferred choice for ship registration, supporting the country's position as the leading flag state globally. However, it only owns 0.01 per cent of the global fleet.⁴⁶

Panama remains one of the top maritime registries, historically holding the largest share of the global fleet before Liberia's rise. Panama's open registry system is favoured for its flexibility, allowing for foreign ownership and offering favourable tax regimes that appeal to shipowners globally. Strategically located with extensive maritime infrastructure, President José Raúl Mulino, stated in Tokyo that the "Panama registry is positioning itself as the flag of the future, driven by new policies aligned with international benchmarks for safety, efficiency, and environmental protection". He noted that 7 out of 10 Japanese shipowners already fly the Panamanian flag, and 41 per cent of Japan's total tonnage is registered under Panama.⁴⁷ Panama combines cost-effective registration fees with simplified procedures, making it attractive for a wide range of vessel types, but owns only 0.03 per cent of the global fleet.⁴⁸

The Marshall Islands registry has rapidly grown to become the third-largest internationally. It is prized for its efficient and fast registration process, often enabling same-day vessel registration, which is critical

in the competitive shipping industry. The registry operates under robust legal frameworks that ensure vessel and crew safety, environmental compliance, and alignment with international conventions. The Marshall Islands' commitment to quality and safety standards, combined with a supportive legal and administrative environment, has earned it a strong reputation and steady growth in registered tonnage. Yet, it only owns 0.02 per cent of the global fleet.⁴⁹

These leading registries have succeeded in attracting ship owners to their registry by prioritising investor-friendly features such as competitive registration fees, tax benefits, streamlined administration, flexible ownership criteria, and fast and efficient registration processes. By benchmarking against these global leaders, India can identify best practices and design effective reforms that could make its ship registry more attractive and competitive, ultimately strengthening the national fleet and boosting the maritime economy.

However, recognising the growing nexus between (Open Registries) as FOCs and illicit maritime trade particularly drugs and arms trafficking, carriage of contraband cargoes and 'sanction jumping' the United States Federal Maritime Commissions has initiated an *"Investigation Into FOC and Unfavourable Conditions Created by Certain Flagging Practices"*⁵⁰ In response to comments, the National Union of Seafarers of India stated that '(it) *strongly supports the Department's investigation into FOC and the unfavourable conditions they create in international shipping. As representatives of maritime workers, we witness firsthand the devastating impacts of FOC practices on seafarer welfare, maritime safety, environmental protection, and unfair competition in the shipping industry*'. This indicates that purely open registries are now being subject to increasing scrutiny to ensure that ships are safe and the crews qualified to operate without collisions and groundings.

Second Ship Registry (SSR)

The increasing popularity of open registry systems with ship owners, as mentioned earlier, has constrained the expansion and even the retention of national fleets, diminished tax revenues, and exacerbated unemployment within the maritime sector, thereby posing negative economic, political,

and social implications at the national level for states with closed registry.

In response, several traditional maritime nations have restructured their shipping policies. to preserve a substantial and high-standard national fleet, while also attempting to reduce operating costs for domestic shipowners. Some traditional shipping countries, such as Norway, Denmark, the UK and France, have evolved the ‘second ship registry’ - a hybrid system that merges features of both closed and open registries. The term ‘second ship registry’ serves to differentiate it from the primary, often more restrictive, ‘national’ closed registry.

The establishment of SSR is driven by several key factors. The increasing number of ships registering under foreign flags has led to a significant outflow of national fleets, resulting in tax revenue losses, reduced employment for domestic crews, and weakened national control. From a security standpoint, maintaining a strong national merchant fleet is seen as essential, especially for its role in national defence. Additionally, the competitiveness of open registry vessels—especially during industry downturn has pressured traditional maritime nations to adapt. In response, many states have introduced second registries to lower operational costs and enhance competitiveness. The SSR operates in parallel with the traditional national registry and is designed specifically for offering flexibility and competitive advantages typically associated with open registries, without fully abandoning state oversight and standards.

SSRs aim to support domestic maritime sectors by reducing tax burdens and allowing more flexible crew employment. Common features include relaxed registration criteria, simplified procedures, and the acceptance of foreign-owned ships. Crew nationality rules are also loosened, enabling shipowners to hire lower-cost international labour. Favourable tax policies further incentivise registration. As a hybrid between open and closed systems, the SSR retain regulatory oversight while offering economic advantages. They support trade efficiency, improve profitability for shipowners, and foster domestic maritime growth. These registries operationally function similarly to open registries or FOC, but the genuine link between the shipowner and state is weak or absent. Nevertheless, their success, especially in Europe, has led many

countries to adopt similar systems to strengthen their position in global shipping as part of broader maritime policy reforms aimed at reclaiming flagged-out vessels, retaining maritime expertise, and safeguarding their national maritime interests. Countries following the SSR are shown in Table1: -

Table 1: Second Ship Registry States⁵¹

Countries	Second Ship Registers (SSR)	Year
UK	Anguilla, Bermuda, Virgin Islands, Cayman Islands, Turks and Caicos Islands, Falkland Islands, Gibraltar, Isle of Man, Channel Islands Ship Registers	Since 1984
France	Kerguelen, Wallis and Futuna Islands Ship Registers	1987
Norway	Norwegian International Ship Register (NIS)	1987
Denmark	Danish International Ship Register (DIS)	1988
Germany	German International Register of Shipping (GIRS)	1989
Portugal	Madeira International Ship Register (MAR)	/
Spain	Canarias Islands International Ship Register (CSR)	/
Japan	Japanese International Ship Register	1996
Brazil	Brasília Special Register (REB)	1998
Italy	Italian International Ship Register (IIS)	1998
Netherlands	Netherlands Antilles Ship Register	/
New Zealand	Cook Islands Register	/

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Turkey	Turkish International Ship Register (TISR)	1999
Russia	Russian International Ship Register (RISR)	2006

Source: Author's Compilation.

International Ship Registry (ISR)

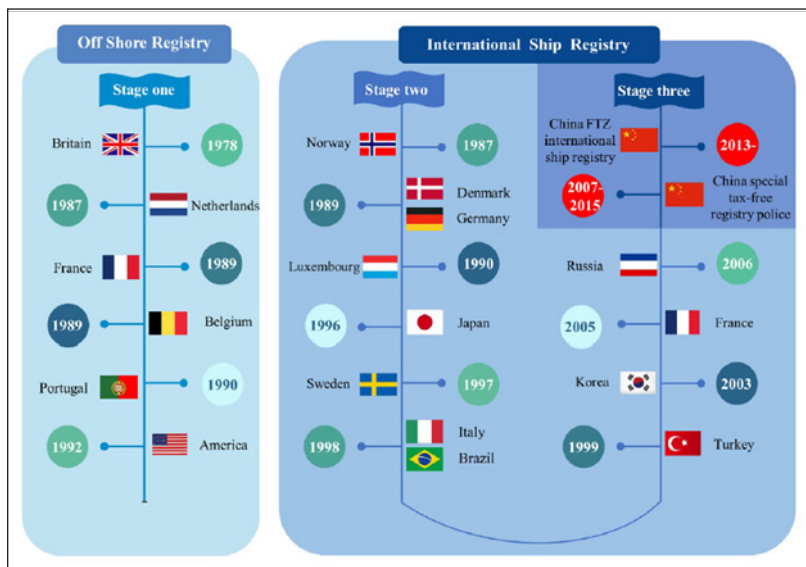
European countries have been aware of the rising proportion of FOC ships in maritime commerce and have been struggling to control the flag-out of their ships since the 1970s, when the number of Europe domestic-flagged ships greatly decreased.⁵² The second registry proved less effective due to their remote locations, limited infrastructure, and weaker administrative capacities, which did not make them attractive to the modern shipping industry. Recognizing these limitations, some countries, particularly in Northern Europe, introduced the International Ship Registry (ISR) model. ISR and national registry are distinguished according to the nationality requirements for the shipowner and the crew. The former allows the shipowner to be a foreigner and employ foreign crew, while the latter has some restrictions on ownership and crew requirements.

Norway was the first country to create an ISR, called the Norwegian International Ship Registry (NIS) in 1987 and is considered the country that has the best effect of ISR implementation as it stemmed the Flagging out of their fleet. As of January 2017, Norwegian owners only flagged about 22 per cent of tonnage⁵³ under the Norwegian registry, which grew to 32.4 per cent by 2025.⁵⁴ Denmark followed, and the Danish Owners flagged 44 per cent in 2017, rising to 50 per cent in 2025 under the Danish Registry.⁵⁵

In Asia, though Japan adopted the International Ship Registry in 1996, the flagging-out problem is still serious. According to UNCTAD,⁵⁶ the amount of Japanese-owned fleet under foreign flag accounted to about 74.66 per cent by DWT in 1997, while the share rose to 87.43 per cent in 2025.

Figure 4 illustrates the evolution and adoption of the Second Registry and ISR across various maritime nations.

Figure 4: Evolution Process of Global ISR Systems.⁵⁷



Characteristics and Features of ISR

ISR clauses define the legal, administrative, and operational frameworks that states use to grant their flag and nationality to vessels involved in global trade and reflect each country's strategic approach to integrating global maritime norms with its national interests. The ISR offers shipowners competitive registration services while maintaining high standards of safety, environmental compliance, and regulatory transparency. ISR registration clauses typically cover aspects such as nationality attribution, eligibility, crew composition, taxation, safety standards, documentation, and vessel exclusions. The key features are:-

- a. *Legal Link and Nationality.* Ship registration establishes a legal connection between the vessel and the state, which is critical for international protection and compliance, taking advantage

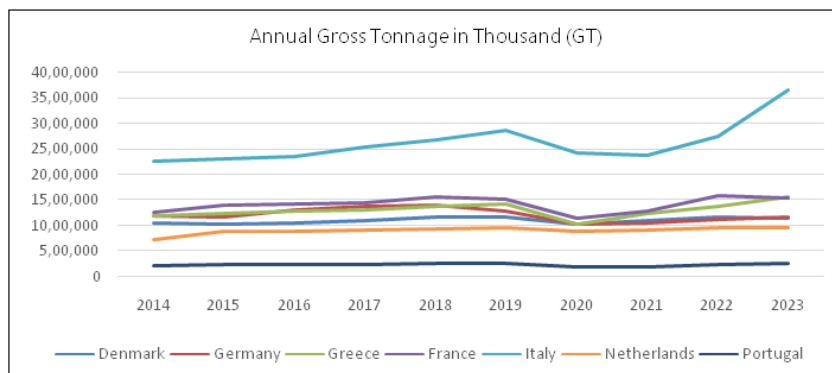
of Article 91 of UNCLOS, allowing flexibility in ownership and crewing for international trade.

- b. *Supervision and Inspection.* Registered vessels must be subject to the jurisdiction of the flag State. To ensure effective supervision and inspection of ships, while providing regulatory and fiscal authority for the state, as well as security and diplomatic benefits for the ship.
- c. *Genuine Link Principle.* There should be an effective control and genuine link between the state and the ship, requiring that the flag state must take responsibility for safety, environmental and labour standards on all ships flying its flag.
- d. *Crew and Labour Flexibility.* Many international registers offer relaxed nationality/citizenship requirements for crew, which allows some portion of non-national employment thus making international operations more competitive.
- e. *Fiscal and Regulatory Incentives.* Fiscal/tax advantages and access to EU regulatory frameworks (where relevant) are common, attracting shipowners seeking a reputable but commercially viable flag for their vessels. It provides tax preferences and beneficial economic policies similar to open registry to help decrease operating cost, reduction of crew's personal income tax and the firms corporate income tax liabilities, ship fixed assets tax and registration charges etc.
- f. *Compliance with International Conventions.* All ships must comply with IMO safety, security, and environmental standards (SOLAS, MARPOL, etc.), thus maintaining the flag state reputation through regulatory oversight and international cooperation.
- g. *Operational Focus on International Trade.* Registries are primarily open to vessels engaged in international commerce, the flag states excluding those operating on domestic coastal trade routes.

A summary of the clauses followed by various countries exercising the ISR system for ship registry options is placed at Appendix A and the obligatory compliance requirements are summarised in Appendix B

After adopting ISR, the Gross Tonnage in these countries has improved, as shown in Figure 5. By following internationally recognised norms and offering operational flexibility, these countries have successfully attracted a large number of vessels under their flags, thereby enhancing their global maritime presence and contributing to national revenues. Their adherence to ISR practices ensures robust oversight, streamlined registration procedures, and alignment with global maritime laws, making their ship registries some of the most reliable and respected in the world.

Figure 5: Gross Tonnage Growth in Select ISR Countries



Source: Author's compilation.⁵⁸

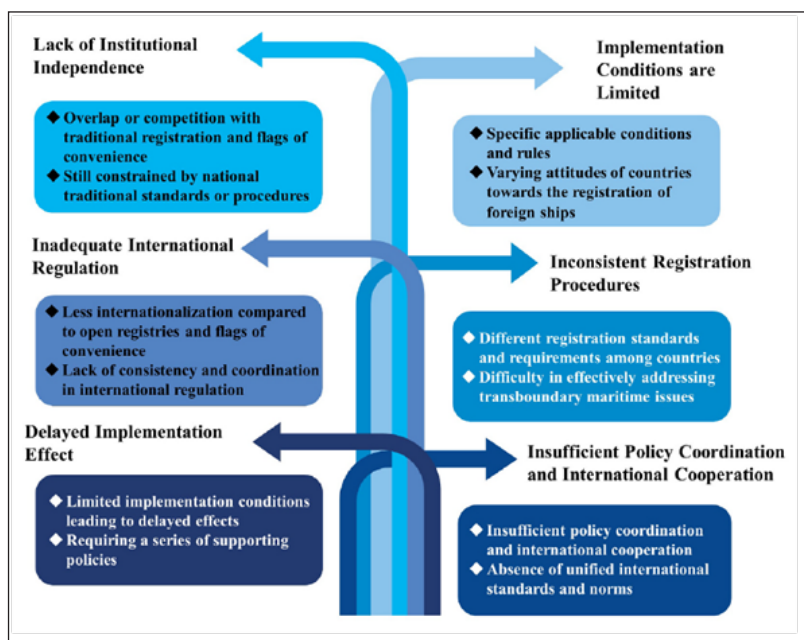
But, more granular analysis of the implementation of ISR across various countries shows that, while it initially helped prevent the flagging out of domestic maritime fleets, its long-term impact was mixed. In several cases, ISRs failed to remain competitive against Open Registry countries, which continued to innovate and streamline their registration processes and further enhanced their appeal by adopting advanced digital systems and investor-friendly frameworks, ultimately regaining much of the fleet that had initially returned under ISR systems. A summary⁵⁹ of the issues in implementing ISR across various maritime nations is as follows:-

- a. *Lack of institutional independence.* The initial intention of the ISR system was to attract domestically owned ships to reflag in their own state without changing the existing ship registration system of the country but adopting internationally accepted ship registration and management models. However, in practice, this system often intersects or competes with the country's traditional SSR system and FOC registration system.
- b. *Limited implementation conditions.* The ISR system sets special applicable conditions and rules in terms of application scope, registration location, registration subject, registration procedure, ship identification, crew employment, applicable ship age, tax rules, regulatory methods, risk control, navigation areas, and more. These conditions aim to attract foreign or intended foreign registered internationally navigating ships to register in the country, but they also bring limitations to the implementation conditions.
- c. *Inconsistent registration procedures.* Maritime nations worldwide have different requirements, standards, and procedures for ship registration, with differentiated registration costs and legal risks for shipowners. When choosing a new ISR system, shipowners have to consider a host of factors beginning with the connection and rule transfer protocols of different national regulatory systems to identify their Flag of Choice. This diversity and complexity lead to inconsistent registration procedures.
- d. *Delayed implementation effect.* There is a delay in the supporting policies and its implementation subject to domestic conditions. Hence, their 'appeal' is muted until all clarifications are in place.
- e. *Insufficient policy coordination and international cooperation.* The successful implementation of the ISR system depends on policy coordination and international cooperation among countries when implementing the international ship registry system. These issues are summarily depicted in Figure 6.

In addition, labour unions also played a part in discouraging the growth of the ISR in these Flag States. Notably, the German International

Register (GIS), announced in 1989, met with opposition from the labour unions as it allowed ship owners to hire foreign crew at the local labour rates prevalent in that crew's country, which made it more of an FOC state rather than a conventional ISR. Also, in 1989, the European Union had proposed to set up the European Register of Shipping as well, as the SSR was open to the EU countries to compete with Open Registries. But few member States and European ship-owners showed interest, and eventually the proposal was shelved with the concession that EU States could individually approach the EU for introducing the ISR in their state.

Figure 6: Challenges for the ISR system⁶⁰



Italy introduced the SSR after approval by the EU Commission in 1998, which was reapproved in 2004 and in June 2020, the commission approved a prolongation of the scheme until the end of 2023.⁶¹ In May 2025, the EU approved the ISR scheme for Italy, as it held that the scheme boosted the competitiveness of ship owners and operators, supported the

development of the maritime sector, and encouraged the registration of vessels in EU/EEA ship registers. Under the scheme, shipping companies that register their vessels in the Italian ISR would benefit from corporate tax reduction, including exemption from payment of social security and welfare contributions for seafarers, a reduction on the tax on vessel insurance contracts or a reduction on the tax on the registration of labour contracts for seafarers.⁶²

The lessons learnt from these global practices can be summarised as depicted in Figure 7 below:

Figure 7: Summary of Lessons Learnt from Global ISR Systems⁶³



Ship Registration in India

Section 21/22 of the erstwhile MSA 58⁶⁴ required any Indian person owning a ship, as defined therein, to register the said ship with the Indian Register of Shipping. The lack of ability of Indian owned ships to register with the flag of choice or as required by lenders led Indian companies to form overseas subsidiaries to acquire tonnage. Consequently, owing to the international nature of the industry, quite a few 'Indian' owners of ships have 'offshored' ownership to entities in third countries to

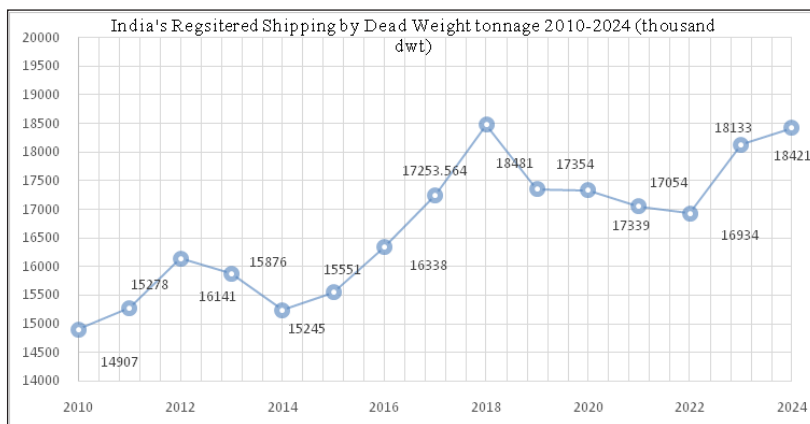
minimise tax liabilities, reduce regulatory compliance ‘overheads’ and ease of doing business by registering under more business-friendly flag states. An indicative list of 47 ships with about 2.25 million Gross Tons is flagged in open registry states (Appendix C). This has resulted in a loss of economic value to the Indian economy as all associated activities like banking, insurance, and other commercial activities are undertaken in leading financial hub jurisdictions outside India. That this is a matter of concern has been noted in the MAKV47, and the DG Administration is seized of this matter to evolve more market-friendly registration rules and processes.

The objective should, therefore , be to create the appropriate facilitative framework to encourage these companies to ‘Flag in India’.

Indian Registered Tonnage – Growth and Ownership

India’s registered tonnage (as Deadweight Tonnage, DWT) has shown fluctuating growth over the past decade, with periods of decline attributable to regulatory challenges, high costs, and limited flexibility in the ship registration process.

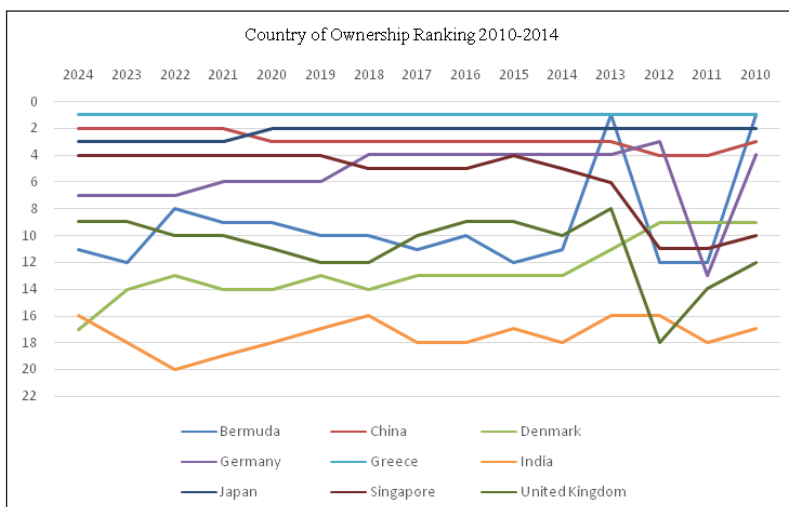
Figure 8: Growth of India’s Registered Tonnage



Source: Author’s compilation from UNCTAD Stat.

Figure 8 traces the growth of India’s DWT from 2010 to 2024 and illustrates notable fluctuations, with periods of both growth and decline in the country’s maritime carrying capacity. Initial steady growth in DWT up to 2012 was followed by a decline that persisted until about 2014, then followed a recovery phase leading to a peak in 2018. However, from 2018 to 2022, DWT faced volatility and a downward dip, reaching a low point, before rebounding strongly in 2023 and 2024. These fluctuations highlight underlying systemic challenges such as restrictive regulations, ownership limitations, and less competitive registration processes that have constrained the expansion of India’s flagged fleet over the years.

Figure 9: Global ranking of States by Ownership of Ships



Source: Author’s compilation from UNCTAD Stat.

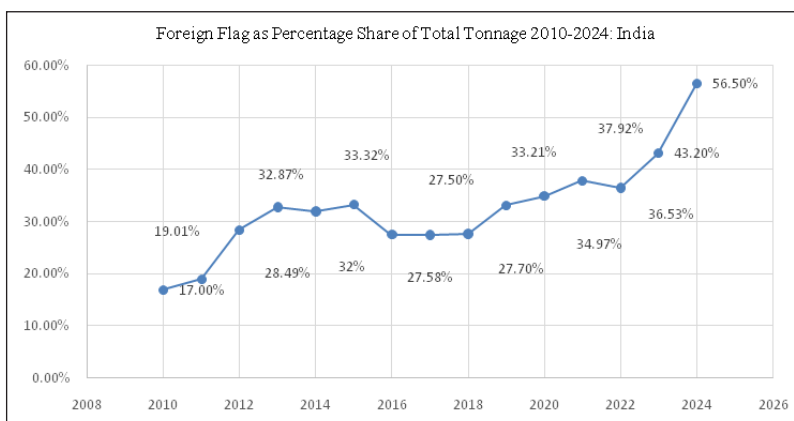
Figure 9 displays country-level vessel ownership rankings from 2010 to 2024, showing India consistently in the lower tiers and highlighting its limited share among leading ship-owning nations, which underlines the need for India’s maritime sector to pursue greater global competitiveness and vessel ownership growth as a target.

Figure 10 illustrates the trend of India’s Foreign Flagged Fleet as a percentage of the total owned fleet from 2010 to 2024. The “Foreign Flag” percentage represents the proportion of Indian-owned vessels

registered under foreign flags rather than the Indian flag. From 2010 to 2011, the foreign-flagged share was relatively low, around 17 per cent, but it climbed steadily to about 32.87 per cent by 2013. Between 2013 and 2016, the percentage remained relatively stable, fluctuating around 27 per cent to 33 per cent. After a slight dip in 2016 and 2017, the foreign flag share again began to increase, rising from 27.7 per cent in 2018 to 56.5 per cent in 2024. This indicates a growing preference among Indian vessel owners for registering their ships under foreign flags, likely driven by more favourable regulatory, tax, and operational conditions abroad.

The trend highlights ongoing challenges for the Indian shipping registry in retaining tonnage under the national flag and underscores the need for reforms to make Indian registration more attractive and competitive. The decline is further exacerbated by a cumbersome and costly regulatory environment marked by complex procedures and non-standardised data systems that hamper ease of doing business, a complex tonnage tax scheme, limited incentives for fleet modernisation and high compliance costs for essential maritime safety and classification. Legal and policy barriers, such as strict cabotage laws and restrictive Right of First Refusal (RoFR) policies, further limit operational flexibility, especially in specialised sectors like cruise shipping.

Figure 10: Indian Owned Foreign Flagged Share of Total Fleet



Source: Author's compilation.⁶⁵

Other issues that impact registration are that approximately 44.2 per cent of Indian vessels are over 20 years old, leading to high maintenance costs for adherence to regulatory safety and environmental standards, leading to operational inefficiencies and thus diminished attractiveness of the Indian Flag. India's current ship registration framework, though evolving, has yet to fully leverage the competitive advantages seen in further leading maritime nations. These multifaceted challenges underscore the urgent need to reform India's ship registration system to enhance its competitiveness and expand its maritime capabilities.

Timely course corrections are therefore essential; without reforms to reduce barriers and strengthen incentives, India risks continuing to lose tonnage to more accommodating jurisdictions.

Case for an International Ship Registry

India's ambitious MAKV47 aims to position the country as a global maritime powerhouse through reforms in infrastructure, port capacity, sustainable operations, and shipbuilding. India-Centric international ship registry (ISR) can play a pivotal role in achieving these goals by enabling fleet growth, introducing regulatory flexibility, and increasing global competitiveness.

An international registry offers operational advantages by allowing diverse ownership, simplified registration, and high safety and labour standards under streamlined yet strict regulatory oversight. This model can attract foreign shipowners and investors, boosting India's share of globally-flagged vessels, a key MAKV47 objective. It also supports increased cargo handling capacity by integrating Indian-flagged ships into international trade corridors and expanding India's role in maritime logistics, transshipment, and greenfield port infrastructure.

Such a registry enhances regulatory oversight while allowing flexibility in crew nationality, balancing compliance with operational efficiency. Reforms in tonnage tax, administrative simplicity, and incentives can further boost the ISR's appeal. Provisions enabling non-resident Indians, Indian companies, and statutory bodies to register ships through simplified procedures encourage broader participation.

Digital technologies for vessel registration, monitoring, and certification which are essential features of leading international registries will be crucial for India's ISR. Alignment with green shipping goals will foster next-generation, eco-friendly vessels under the Indian flag. Linking shipbuilding with registration will not only grow national tonnage but also advance domestic technical capacity and self-reliance a key Amritkaal shipbuilding vision target.

Adopting global conventions on safety, the environment, and seafarer welfare can make India's registry globally attractive, driving economic growth, technology adoption, and integration into international shipping networks. This approach strengthens the maritime ecosystem by generating jobs, boosting service exports, and increasing India's role in shaping global maritime norms. By integrating global best practices within India's legal and institutional framework, the registry will safeguard national sovereignty and security.

In sum, a robust international ship registry is a strategic enabler for realizing MAKV47's reform agenda accelerating maritime growth, enhancing tonnage, and elevating India's competitiveness on the world stage.

Pathways to Establishing an India International Ship Registry (IISR)

Gujarat International Finance Tech (GIFT) City is located between Ahmedabad, the business capital and Gandhinagar, the political capital of the State of Gujarat. As Shri Narendra Modi, Hon'ble Prime Minister of India, stated, "The vision for GIFT City is to create a world-class finance and IT Zone for India to provide services not only to India but to the entire World." GIFT City is designed as a Global Financial & IT Hub with a Domestic Tariff Area & a Multi Services Special Economic Zone with a globally benchmarked International Financial Services Centre. (IFSC), Offshore Banking, Legal Services, Compliance & Secretarial Services, Capital Markets, Fintech, Insurance, Ship Leasing mechanisms in place. These features, offering an ideal ecosystem for both local and

international businesses enable onshore and offshore financial services and cross-border financial products and services within a competitive tax environment, position GIFT city as a potential location for the India International Ship Registry.⁶⁶

To realise this vision, a focused policy framework must be established that leverages GIFT City's unique infrastructure, regulatory environment, and fiscal advantages. These are subsequently discussed in brief.

Regulatory Reforms to Facilitate International Ship Registration. These include :-

- a. Introduce specific carve-outs for entities operating within GIFT City IFSC to permit registration and operation of foreign-flagged vessels under the Indian International Ship Registry.
- b. Empower the Directorate General Maritime Administration (DG Shipping) to grant flexible licensing and registration approvals, including assigning GIFT City a 'Port of Registry' status.
- c. Ensure regulatory clarity and simplify procedures to attract global ship owners and lessors to register and operate their vessels from GIFT City.

Fiscal Incentives and Tax Framework. Tax incentives and policy support is necessary and could be by way of :-

- a. Extend and enhance tax incentives – including exemptions from Integrated Goods and Service Tax on ship leasing services, reduced customs duties on ship imports, and competitive corporate tax rates for IFSC registered entities.
- b. Align tax policies with leading international maritime hubs to ensure GIFT City offers a financially attractive environment for ship owners, operators, and financiers.

Infrastructure and Maritime Ecosystem Development. A supportive legal and training ecosystem is also necessary. Some suggestions include :-

- a. Invest in integrated maritime legal and dispute resolution mechanisms through the Gujarat International Maritime Arbitration Centre.

- b. Promote synergies with the Gujarat Maritime Cluster, maritime education institutions, and financial services to build a comprehensive ecosystem conducive to ship owning through various ship finance options.

Promotion and International Outreach. Together with the enabling policy a marketing and outreach requirement is inescapable to alert ship owners of the benefits of the Indian ISR.

- a. Develop dedicated outreach programs targeting international ship owners, ship leasing companies, and maritime financial institutions.
- b. Position GIFT City as a transparent, reliable, and efficient international ship registry that offers seamless services and a business-friendly environment.
- c. Conduct workshops and road shows to inform the global maritime community on the IISR at GIFT City.

Monitoring and Continuous Improvement. Potentially the ISR system could be incubated in a regulatory sandbox duly monitored and course corrected to provide an enriching experience for ship owners.

- a. Establish a specialised governance body to oversee the development of the IISR, periodically review policies, and make adjustments based on international best practices and stakeholder feedback.
- b. Set tonnage registration targets for the authority to achieve over the short medium and long term goals.
- c. Foster collaboration between central government agencies, state authorities, industry stakeholders, and regulatory bodies to ensure coordinated implementation.

Overarching Guidelines for an Indian International Ship Registry

The Indian International Ship Registry (IISR), anchored in GIFT City, is envisioned as a transformative platform that balances global competitiveness with national oversight. Its overarching guidelines

should aim to establish a robust, transparent, and digitally driven registry that meets international benchmarks while promoting India's maritime and financial interests. The IISR is intended to operate under a dual-tier structure, accommodating both Indian-controlled and fully foreign-owned vessels, thereby enabling flexibility without compromising regulatory integrity.

All registry operations are intended to be digital by default, utilising blockchain technology and secure e-signatures to ensure authenticity, reduce administrative overheads, and eliminate legacy paper-based processes. The IISR would maintain close regulatory alignment with the MoPSW and the IFSCA, ensuring that compliance, taxation, and governance frameworks support global best practices.

The Proposed Overarching Rules for India International Ship Registry are placed in Appendix D. The intention is to make these guidelines a transformative step in maritime governance and administration in India.

Designed as a next-generation, digitally driven registry under the supervision of IFSCA, the IISR seeks to establish India as a trusted hub for international ship registration. Anchored in regulatory integrity, financial innovation, and national interest, the IISR aims to position the Indian flag as a symbol of quality, convenience, and global credibility in maritime trade. These guidelines collectively aim to position IISR as a "Flag of Quality and Trust," offering shipowners a credible alternative to traditional FOC while safeguarding Indian seafaring and industry interests.

Conclusion

In sum, a robust international ship registry is a strategic enabler for realising MAKV47's reform agenda accelerating maritime growth, enhancing tonnage, and elevating India's competitiveness on the world stage. Adopting global conventions on safety, the environment, and seafarer welfare can make the IISR a Flag of Choice for Indian and international shipping networks. This approach strengthens the maritime ecosystem by generating jobs, boosting service exports, and increasing India's role in shaping global maritime norms. By integrating global best

practices within India's legal and institutional framework, the IISR will safeguard national sovereignty and security.

To enhance India's maritime competitiveness, the introduction of the IISR would align with global best practices and offer a flexible, investor-friendly alternative while retaining national oversight and protecting national security interests. By combining the benefits of both open and closed registries, India could increase its global fleet share, modernise its fleet, and reduce dependency on foreign-flagged vessels. This would position India as a prominent maritime nation by 2047, in line with its MAKV47 aspirations.

With strategic regulatory amendments, supportive fiscal policies, and robust infrastructure development, GIFT City can emerge as a globally competitive international ship registry. The proposed guidelines to frame the policy framework will enhance India's maritime infrastructure, facilitate ease of doing business in shipping, attract foreign investments, and bolster the country's position in global maritime trade.

The issues in formulating such a registration process are myriad and complicated, ranging from ownership, management and control, crew manning, taxation, trade corridors, build requirements, national security, etc. The proposed pathways and guidelines provide a research-backed foundation for policymakers and stakeholders to initiate discussions and implement reforms that support the establishment of an international ship registry at GIFT City, Gujarat. This would require some facilitative mechanisms and structure, such as enabling rules under the Merchant Shipping Act (2025) and the IFSCA Act. It may be beneficial to begin with the launch of a pilot program in GIFT City for select vessels under the digital registry and framework.

The complexity of the issues involved and the urgent need to strengthen India's maritime rankings, necessitate a comprehensive analysis supported by extensive stakeholder consultations as an inescapable imperative. Given the strategic impact of such a policy reform, a National Steering Committee could be constituted to monitor rollout and performance. This approach will ensure that the guidelines for the proposed IISR are pragmatic, globally benchmarked, and effectively incentivise shipping companies to ***Flag in India.***

Endnotes

- ¹ Source: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2122016>
- ² Source: <https://www.dgciskol.gov.in/writereaddata/Downloads/20250513155758QRMFTper cent20Q3per cent20FYper cent2024-25.pdf>
- ³ Ibid.
- ⁴ Ibid.
- ⁵ Source: <https://shipmin.gov.in/sites/default/files/ISSper cent202023.pdf>
- ⁶ Source: Compiled from UNCTAD data.
- ⁷ Maritime Amrit Kaal Vision 2047, Chapter 13. “Enhance India’s Tonnage”, pp 348; Source: https://shipmin.gov.in/sites/default/files/Maritimeper cent20Amritper cent20Kaalper cent20Visionper cent202047per cent20per cent28MAKVper cent202047per cent29_compressed_0.pdf
- ⁸ Ibid.
- ⁹ “Comprehensive 4-Pillar Approach to Strengthen Shipbuilding, Maritime Financing, and Domestic Capacity”. The scheme with an outlay of INR 69,725 crore includes (a) Shipbuilding Financial Assistance Scheme with an outlay of ₹24,736 crore (b) A Maritime Development Fund with an outlay of INR 25,000 crore (c) Shipbuilding Development Scheme with an outlay of INR 19,989 crores and grant of infrastructure Status granted to large ships to boost the domestic shipbuilding. PIB Release. Retrieved from: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2170573>
- ¹⁰ Maritime Amrit Kaal Vision 2047, Retrieved from: <https://shipmin.gov.in/content/vision-mission>
- ¹¹ Ibid. pg 12. See also pg 333 highlighting critical challenges in Ship Registration process. Retrieved from: https://shipmin.gov.in/sites/default/files/Maritimeper cent20Amritper cent20Kaalper cent20Visionper cent202047per cent20per cent28MAKVper cent202047per cent29_compressed.pdf
- ¹² Port Community System (PCS 1x) is a single window web application, which allows the port community stakeholders to access the centralized repository to view transactions. The users of this system also can track and trace the cargo or container details. Through this application, they can also avail the real time vessel, finance, transport, cargo and container status. “Indian Ports Association Launches ‘PCS 1x’ to Increase Ease of Doing Business”. Retrieved from: <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1555546>
- ¹³ National Logistics Portal (Marine) is a national maritime single window platform encompassing complete end-to-end logistics solutions to help exporters, importers, and service providers exchange documents seamlessly and transact business. The overarching NLP Marine Vision is to cater to various stakeholders in G2G, G2B and B2B model. Sagar Setu. Retrieved from: <https://nlpmarine.gov.in/landings/about-new>
- ¹⁴ “National Logistics Portal (Marine) is a national maritime single window platform encompassing complete end-to-end logistics solutions to help exporters, importers,

and service providers exchange documents seamlessly and transact business.”. Retrieved from: <https://nlpmarine.gov.in/landings/about-new>

¹⁵ Merchant Shipping Act 2025. Pg 1.

¹⁶ Section 3 (70), Merchant Shipping Act 2025.

¹⁷ Section 15(1) and Section 15 (2) state:

15. (1) No vessel shall be an Indian vessel unless such vessel is owned by any of the following persons and in such proportion of ownership as may benotified by the Central Government, namely:—

(a) a citizen of India, including a Non-Resident Indian or an Overseas Citizen of India; or

(b) a company or a body established by or under any Central Act or State Act having its registered office or principal place of business in India; or

(c) such other person or body as the Central Government may, by notification, specify in this behalf.

(2) No vessel which is wholly owned by an Overseas Citizen of India shall be required to be registered as an Indian vessel.

¹⁸ Section 16. Any foreign vessel chartered on a bareboat charter-cum-demise contract by an Indian charterer may be registered under this Part in such manner and subject to such conditions as may be prescribed. Explanation.—For the purposes of this section, “bareboat charter-cum-demise” means a bareboat charter where the ownership of the vessel is intended to be transferred after a specified period to the charterer to whom it has been chartered.”

¹⁹ Section 17 of Merchant Shipping Act 2025, states “Any vessel not registered under this Act which is sought to be recycled in India in accordance with the provisions of the Recycling of Ships Act, 2019 and the rules made there under, may be registered temporarily under this Part in suchmanner, for such duration and subject to such conditions as may be prescribed.”

²⁰ Section 7(1) Merchant Shipping Act 2025.

²¹ Section 44(1) Merchant Shipping Act 2025 states, “The Central Government may make rules to carry out the provisions of this Part.”

²² DG Shipping Office Order “constitution of a technical committee for drafting of Registration Rules under the Merchant Shipping Bill, 2024”, office Order No 25/3/2025-NT - DGS dated 19/05/2025.

²³ See page no 9 of Note 9.

²⁴ “The notion of juridical personality of a ship with special reference to the position under Maltese law” (Master’s dissertation) Camilleri, M (2004). Retrieved from: <https://www.um.edu.mt/library/oar/handle/123456789/60383>

²⁵ “Ship registration : a critical analysis”, Rogers, R. (n.d.). World Maritime University, Digital Repository of the World Maritime Commons. Retrieved from: https://commons.wmu.se/cgi/viewcontent.cgi?article=1446&context=all_dissertations

- ²⁶ “Institutional Performance and Ship Registration”. Mitroussi, Kyriaki and Arghyrou, Michael G.(2016). *Logistics and Transportation Review* 85 , pp. 90-106.10.1016/j.tre.2015.10.004
- ²⁷ Article 11, states “A State of registration shall establish a register of ships flying its flag, which register shall be maintained in a manner determined by that State and in conformity with the relevant provisions of this Convention. Ships entitled by the laws and regulations of a State to fly its flag shall be entered in this register.” The Convention requires 40 signatories whose combined tonnage exceeds 25 per cent of the world total. So far only 14 countries are signatories to the UN Convention on Conditions for Registration of Ships. Retrieved from: https://unctad.org/system/files/official-document/tdrsconf23_en.pdf
- ²⁸ Convention of the International Maritime Organisation. For details see:- https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XII-1&chapter=12&clang=en
- ²⁹ Nottebohm (Liechtenstein v. Guatemala). In this case, Liechtenstein claimed restitution and compensation from the Government of Guatemala on the ground that the latter had acted towards Friedrich Nottebohm, a citizen of Liechtenstein, in a manner contrary to international law. Retrieved from: International Court of Justice(ICJ). Retrieved from: <https://www.icj-cij.org/case/18>
- ³⁰ Ibid. pg 23.Judgement of the ICJ. Retrieved from: <https://www.icj-cij.org/sites/default/files/case-related/18/018-19550406-JUD-01-00-EN.pdf>
- ³¹ See Note 30.
- ³² Article 5(1) states “Each State shall fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag. Ships have the nationality of the State whose flag they are entitled to fly. There must exist a genuine link between the State and the ship; in particular, the State must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag.Convention on the High Seas 1958.Retrieved from: <https://legal.un.org/avl/ha/gclos/gclos.html>
- ³³ TOH, Rex S. and PHANG, Sock Yong. “Quasi-flag of Convenience Shipping: The wave of the future.” (1993). *Transportation Journal*. 33, (2), 31-39. Retrieved from: https://ink.library.smu.edu.sg/soe_research/115
- ³⁴ Compilation of - 1. Y. Xiao’s 2021 dissertation at the World Maritime University titled “Comparative Study of Different Ship Registries and Reflection on China’s Ship Registration System”.
2. IMO’s “Registration of Ships and Fraudulent Registration Matters”, OECD’s “Ownership and Control of Ships” report
- ³⁵ United Nations Conference on Trade and Development (UNCTAD), *Review of Maritime Transport 2023*, Box 2.2, “Flags of Convenience (FOCs) and the Genuine Link Requirement”.

- ³⁶ United Nations Conference on Trade and Development (UNCTAD), Review of Maritime Transport 2023, Ch. 2, “Ship registration practices and regulatory implications”.
- ³⁷ UNCTAD Review of Maritime Transport, 2023, Section 2.2, discusses operational cost determinants and relaxed safety/manning oversight.
- ³⁸ UNCTAD, Review of Maritime Transport, annual reports, tonnage tax section, 2023.
- ³⁹ IMO, “International Safety Management (ISM) Code—Flag State Responsibilities,” 2024.
- ⁴⁰ Ibid.
- ⁴¹ UNCTAD’s Review of Maritime Transport, 2024, pp – 67& 65 respectively. Retrieved from: https://unctad.org/system/files/official-document/rmt2024_en.pdf
- ⁴² Ibid.pg 48.
- ⁴³ Source:<https://unctadstat.unctad.org/insights/theme/107>
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- ⁶⁰ See Note 53.
- ⁶¹ See Note 53.
- ⁶² "EU reconsiders international ship registry proposal". Retrieved from: <https://www.offshore-energy.biz/shipping-companies-encouraged-to-register-ships-in-europe-after-ec-approves-italian-scheme/>
- ⁶³ See Note 53.
- ⁶⁴ Section 21 states, "1. Indian ships.—For the purposes of this Act, a ship shall not be deemed to be an Indian ship unless owned wholly by persons to each of whom 2 [any] of the following descriptions applies:— (a) a citizen of India; or [(b) a company or a body established by or under any Central or State Act which has its principal place of business in India; or (c) a co-operative society which is registered or deemed to be registered under the Cooperative Societies Act, 1912 (2 of 1912), or any other law relating to co-operative societies for the time being in force in any State.] Section 22 states, "Obligation to register. —(1) Every Indian ship, unless it is a ship which does not exceed fifteen tons net and is employed solely in navigation on the coasts of India, shall be registered under this Act".
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Appendix A

Matrix of Applicable Clauses In ISR

Table A1 - The Table A1 below summarizes the applicable clauses in ISR in different jurisdictions

Parameter / Country	Denmark	Norway	France	Germany	Portugal	Italy	Greece	Netherlands
Focus on International Trade								
Vessel engaged in intl trade	✓	✓	✓	✓	✓	✓	✓	✓
Commercial vessel types only	✓	✓	✓	✓	✓	✓	✓	✓
Allow non-national ownership	✓	✓	✓	✓	✓	✓	✓	✓
Minimum vessel size/ tonnage	✓	✓	✓	✓	✓	✓	✓	✓
IMO convention compliance	✓	✓	✓	✓	✓	✓	✓	✓
Compliance with National Safety Standards								
SOLAS compliance	✓	✓	✓	✓	✓	✓	✓	✓
MARPOL compliance	✓	✓	✓	✓	✓	✓	✓	✓
ISM Code compliance	✓	✓	✓	✓	✓	✓	✓	✓
EU safety standards	✓	–	✓	✓	✓	✓	–	✓
Flag state surveys & certs	✓	✓	✓	✓	✓	✓	✓	✓
Flexible Crew/Labor Rules								

Continued...

Continued...

Allows foreign crew	✓	✓	✓	✓	✓	✓	✓	✓
ITF/collective agreements	✓	✓	✓	✓	✓	✓	✓	✓
Applies ILO/MLC standards	✓	✓	✓	✓	✓	✓	✓	✓
Wage flexibility	✓	✓	✓	✓	✓	✓	✓	✓
Social security flexibility	✓	✓	✓	✓	✓	✓	✓	✓
Competitive Fiscal Advantages								
Tonnage tax regime	✓	✓	✓	✓	✓	✓	–	✓
Tax exemptions on shipping income	✓	–	✓	✓	–	✓	–	–
Accelerated depreciation	–	✓	–	–	–	–	–	✓
Crew tax benefits	✓	✓	✓	–	–	✓	–	✓
Green shipping subsidies	✓	✓	–	–	✓	–	–	✓
Bareboat Charter Flexibility								
Allows bareboat charter flag-in/out	✓	✓	✓	✓	Partial	Partial	Partial	✓
Compliant with international bareboat charter conventions	✓	✓	✓	✓	Partial	Partial	Partial	✓

Appendix B

Compliance Table for Registration of Ships

Table B1 - The Table B1 summarizes the international obligatory compliance requirements

Flag State	Paris MOU White List ^A	Tokyo MOU White List ^B	USCG Target List ^C	SOLAS 74 ^D	MARPOL ^E	Load Line 66 ^F	STCW 78 ^G	Society ^H	ILO MLC ^I	IMO Audit ^J
Panama	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Liberia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Marshall Islands	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hong Kong, China	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Singapore	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
China	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Malta	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Greece	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cyprus	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Norway	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
India	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Japan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bahamas	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes:

- A. The Paris MoU White List is the highest-performing tier for flag states based on port state control performance, but India was moved to the Grey List in recent years after a period on the White List.
- B. The Tokyo Memorandum of Understanding (MoU) is a regional agreement for port State control in the Asia-Pacific region, which includes Japan, to ensure ships operating in the region meet international safety and environmental standards.
- C. The USCG's Targeted Flag List identifies flag administrations with higher-than-average vessel detention rates.
- D. SOLAS 74 refers to the International Convention for the Safety of Life at Sea adopted in 1974, which sets minimum safety standards for the construction, equipment, and operation of merchant ships.
- E. MARPOL compliance refers to adherence to the International Convention for the Prevention of Pollution from Ships (MARPOL), an international treaty that prohibits or restricts pollution from ships.
- F. Load Line 66" refers to the International Convention on Load Lines, 1966 (ICLL 1966), an International Maritime Organization (IMO) treaty that sets mandatory safety standards for commercial ships, specifically by establishing freeboard requirements.
- G. STCW sets globally recognized minimum standards for the training, certification, and watchkeeping of seafarers to ensure safety at sea.
- H. A ship classification society or ship classification organisation is a non-governmental organization that establishes and maintains technical standards.
- I. The MLC, 2006, entered into force on 20 August 2013, establishing minimum working and living standards for all seafarers on those ships.

Appendix C

Indian Owned Foreign Flagged Ships

Table C1 - The Table C1 summarizes an indicative list of 47 ships with about 2.25 million Gross Tons flagged in open registry states

Sl No	Owner	Ship	DWT (Tonnes)	Flag	Type
1	Sunbright Shipping Ltd	Propel Progress	30,848	Hong Kong	Bulk Carrier
2		Propel Grace	61439	Hong Kong	Bulk Carrier
3		Propel Fortune	58168	Hong Kong	Bulk Carrier
4		Propel Success	58,665	Hong Kong	Bulk Carrier
5		Propel Glory	58,682	Hong Kong	Bulk Carrier
6		Propel Shakti	58,642	Panama	Bulk Carrier
7		Propel Wisdom	62,623	Panama	Bulk Carrier
8		Propel Wealth	80954	Panama	Bulk Carrier
9		Propel Passion	33,686	Hong Kong	General Cargo Ship
10		Propel Prosperity	37000	Hong Kong	General Cargo Ship
11	Tata Nyk Shipping (India) Pvt. Ltd	Sagar Kanya	58,609	Panama	Bulk Carrier
12		Sagar Samrat	76,404	Panama	Bulk Carrier
13		Sagar Shakti	58,097	Panama	Research Vessel
14	Chellship	Darya Rashmi	82,210	Panama	Bulk Carrier
15		Darya Lachmi	82,271	Panama	Bulk Carrier
16		Darya Ruchi	82,557	Panama	Bulk Carrier
17		Darya Preeti	81,981	Panama	Bulk Carrier
18		Darya Neeti	82,013	Panama	Bulk Carrier
19		Darya Shanti	82,028	Panama	Bulk Carrier

Continued...

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20		Darya Priya	64,700	Panama	Bulk Carrier
21		Darya Jiya	64,670	Panama	Bulk Carrier
22		Darya Diya	64,650	Panama	Bulk Carrier
23		Darya Nitya	63,230	Panama	Bulk Carrier
24		Darya Satya	63,220	Panama	Bulk Carrier
25		Darya Vidya	64,723	Panama	Bulk Carrier
26		Darya Heera	61,083	Singapore	Bulk Carrier
27		Darya Mira	61,087	Singapore	Bulk Carrier
28		Darya Sita	61,152	Singapore	Bulk Carrier
29		Darya Rama	61,212	Singapore	Bulk Carrier
30	TBC Ship Management	TBC Purpose	35,196	Singapore	Bulk Carrier
31		TBC Passion	38,215	Singapore	Bulk Carrier
32		TBC Prime	38,529	Singapore	Bulk Carrier
33		TBC Princess	31,966	Singapore	Bulk Carrier
34		TBC Prestige	31,966	Singapore	Bulk Carrier
35		TBC Progress	31,966	Singapore	Bulk Carrier
36		TBC Praise	36,685	Singapore	Bulk Carrier
37	BLPL Trust	BLPL Trust	20,058	Hong Kong	Container
38	Transworld Group	SOL Stride	12,606	Hong Kong	Container
39		BLPL Faith	10,299	Hong Kong	Container
40		BLPL Blessing	13,479	Hong Kong	Container
41		SOL Fortune	12,545	Hong Kong	Container
42		SOL Progress	12,545	Hong Kong	Container
43		SOL Promise	23,844	Hong Kong	Container
44		SOL Resilience	22,077	Hong Kong	Container
45		SOL Reliance	21,992	Hong Kong	Container
46		SOL Malaysia	20,072	Hong Kong	Container
47	Orient Express Lines Inc	MV Bharani	47028	Singapore	Container
		Total DWT	22,80,672		

Appendix D

Proposed Guidelines for Framing the Rules For International Ship Registry in India

Purpose and Vision

1. The overarching purpose is to create a Flag of Quality, Convenience, and Trust — one that combines India's maritime strength with cutting-edge digital governance, to make the "Flag in India" a globally recognized and reputable brand.

Legal Foundation and Regulatory Jurisdiction

2. The IISR will operate under the following laws and regulations:-
 - a. The Merchant Shipping Act (2025).
 - b. The Merchant Shipping (Registration of Ships) Rules.
 - c. The IFSCA (International Ship Registry and Maritime Finance) Regulations, framed under the IFSCA Act, 2019.
3. The IFSCA would be designated as the Competent Authority for international registration, fiscal incentives, and financial integration, while the Directorate General of Shipping (DG Shipping) would retain oversight over compliance with maritime safety, manning, and technical standards.

Eligibility

4. The register should be maintained by the IISR, with its registered office at GIFT City. Registration may only be carried out for eligible vessels by transfer with all rights and burdens, and with the assignment of new identification codes.

Eligible Vessels

5. Registration may occur by transfer with all rights and burdens and assignment of new identification codes for the following vessels:-

- a. Newbuild vessels from recognized shipyards with valid class certification.
- b. Existing vessels currently on the Indian national register.
- c. Foreign-registered vessels, from countries permitted as notified by the Government of India, after deregistration from other flags for re-registration under IISR.
- d. Ships financed, leased, or tokenized under IFSCA-approved frameworks.

Exclusions

- 6. The following are excluded :-
 - a. Ships under arrest, embargo, or pending litigation without settlement.
 - b. Vessels banned by the IMO or unclassified by a recognized classification society.
 - c. Vessels, excluded in the MSA (2025).

Dual Registration

- 7. The broad principle for a dual registration regime is proposed as follows :-
 - a. Permitted only under bareboat charter arrangements, with clear documentation of flag-in/flag-out rights.
 - b. A ship registered in another registry cannot simultaneously be registered in the IISR.

Ownership and Corporate Structure Clause

- 8. The register would be open to owners of all nationalities. However, the shipowner(s) must meet the prescribed requirements under the act.
- 9. The owner, including any part-owner of a ship registered under the IISR, must report any changes in circumstances that may impact the continued registration of the ship.

10. Each vessel must be owned by a Special Purpose Vehicle (SPV) incorporated in GIFT City IFSC or in another jurisdiction recognized by IFSCA.
11. Ownership Flexibility. The SPV may be structured as follows:
 - a. *Class A (Indian-Controlled Registry)*: Minimum 26 per cent Indian shareholding (individual or corporate), Indian management presence, and an Indian representative director, with a majority of key management personnel and Board of Directors (including independent directors) being Indian citizens.
 - b. *Class B (International Open Registry)*: Up to 100 per cent foreign ownership allowed through a registered Indian management entity in GIFT City, with at least 25 per cent of key management personnel and Board of Directors (including independent directors) being Indian citizens.
12. Both ownership classes must establish a genuine link with India through management, technical operation, or financial oversight within the IFSC. This may be satisfied if the beneficial owner is:
 - a. An Indian national, including a Non-Resident Indian (NRI), a Person of Indian Origin (PIO), or an Overseas Citizen of India (OCI), with a residential address in India, a PAN card, and identity proof.
 - b. An Indian limited company, partnership firm, or wholly owned subsidiary of a foreign owner with its head office in GIFT City.
 - c. A foreign entity in partnership with an Indian person, or has appointed an Indian as the authorized legal representative of the foreign owner.

Transparency

13. Every ship registered in GIFT City should disclose the names of beneficial owners and their country of residence annually to the Registrar, IISR.

14. All beneficial ownership details, management agreements, and board information would be filed electronically and be accessible to regulators via blockchain records.

Management and Control

15. *Scope of Management.* "Management" includes both technical management (crewing, maintenance, supply) and commercial management (chartering and employment).
16. *Place of Management.* All IISR vessels should have a mandatory management agreement with an entity registered in GIFT City or approved by IFSCA, which will be responsible for the operation of the vessel. This would ensure compliance with Indian law and establishes the required genuine link as per international maritime regulations.
17. *Outsourcing.* Management functions may be outsourced to foreign entities or conducted in other locations in India or abroad, provided core control, documentation, and compliance remain digitally verifiable within India.
18. *Digital Representation.*
 - a. Physical presence of the management may be substituted by digitally verified responsible persons with e-signature authorization via IFSCA.
 - b. Management oversight should be validated via secure access logs and blockchain timestamping.
19. *Virtual Governance:* IISR would operate on a digital directorship model, allowing international shipowners to appoint resident directors through remote authentication and continuous e-compliance systems.

Builder's and Ownership Documentation

20. *New Builds.* A Builder's Certificate stating the shipyard's details and ship's specifications (including name, length, beam, draft, hull identification number, and date and place of construction) is essential

for registration. This should must be accompanied by a certified declaration from the builder to the first owner, transferring title of the new or previously unregistered vessels.

21. *Pre-Owned Vessels.* The new owner must support the IISR registration process with a Bill of Sale, Class Endorsement, and a current Certificate of Seaworthiness and Safety issued by a recognized international Classification Society duly acknowledged by the Indian Register of Shipping.
22. *Digital Documents.* All documents must be uploaded digitally, verified by recognized classification societies, and recorded on the IISR Blockchain Ledger for permanent traceability.

Crewing and Manning Standards

23. Vessels registered in the IISR may have a mix of foreign and Indian crew. However, the ship management company must ensure full compliance with SOLAS, ISM, STCW 1995, MARPOL, and ILO Convention No. 147 (Merchant Shipping - Minimum Standards).
24. Every ship registered in the IISR must adhere to these conventions and uphold the principles of equal pay for equal work and gender neutrality.

Nationality Requirement

25. The nationality requirement could be as follows :-
 - a. Either the Master or Chief Engineer must hold a valid Indian Certificate of Competency.
 - b. Indian crew participation is encouraged but not mandatory. Flexibility may be allowed by IISR through:
 - i. Training credits for employing Indian cadets.
 - ii. Crew nationality balance based on fleet size and tonnage.
 - c. *Certificate of Competence.* All seafarers' certifications must be validated via DG Shipping's e-Migrate and e-Certificate platforms, interoperable with the IISR digital registry.

- d. *Fitness for Service.* Seafarers must be medically fit and hold a valid certificate of fitness for service at sea.
- e. *Crew List.* Shipowners must provide a list of crew members to the IISR Registrar upon request.

Fees, Fiscal Regime, and Incentives

- 26. *Fee Composition.* The IISR registry's fee structure will be competitive with global benchmarks and may include:
 - a. Initial registration fee based on the ship's net tonnage.
 - b. Annual charges for consular services.
 - c. Mortgage registration fee.
 - d. Fleet discounts for registering multiple vessels.
- 27. All fees (registration, mortgage, annual) may be paid in INR or approved stablecoins (e.g., USDC or INR-backed tokens) through IFSCA-licensed payment channels.
- 28. *Smart Taxation Framework.* Based on GIFT City's existing leasing and ARVDA regimes, this may include:
 - a. Annual tonnage tax (not on tonnage income).
 - b. 100 per cent tax exemption for 10 consecutive years out of 15 years.
 - c. No customs duty on import of ships (up to 10 years old) or equipment into IFSC.
 - d. No GST on transfer of ships to an Indian entity.
 - e. No stamp duty on capital infusion within IFSC.
 - f. No withholding tax (WHT) on lease rentals or buyback payments made to non-residents.
 - g. Deduction of depreciation on vessels as per standard norms.
 - h. Full repatriation freedom of capital and income.
 - i. Zero capital gains tax for non-residents; 10 per cent concessional rate for domestic investors.

- j. Zero TDS on income distributions to non-resident investors.
- k. Full repatriation of profits under the Automatic Route.
- l. Green incentives such as reduced tonnage tax for low-carbon or dual-fuel vessels.

Integration with Financial Services

- 29. Ships registered under IISR can access:
 - a. Ship Leasing and Sale & Leaseback finance through IFSC entities.
 - b. Fractional ownership via Tokenization as ARVDAs under IFSCA's framework.
- 30. This would transform the IISR into the world's first integrated and co-located registry and ship finance hub.

Security, Compliance, and National Interest

- 31. The Registrar, IISR, may mandate specific security and compliance requirements, including the following:
 - a. Every ship registered under IISR may be requisitioned, at the discretion of the Government of India, during times of national emergency, disaster, calamity, or to serve the national interest.
 - b. Registration may be denied or revoked in cases of opaque ownership structures, sanctions violations, or threats to national security.
 - c. Real-time KYC/AML monitoring shall be integrated with the Financial Intelligence Unit – India (FIU-IND) through IFSCA systems.
 - d. All ownership changes, mortgage filings, and charter records must be digitally time-stamped and fully auditable.

Digital Registry and On-Chain Integration

- 32. *On-Chain Asset Reference (OAR)*. Every registered vessel shall be assigned a unique On-Chain Asset Reference, comprising the

Chain ID, Smart Contract particulars, and the digital ID of the asset owner. This will be printed on the Certificate of Registry (CoR) and verifiable via a QR code linked to the blockchain record.

33. *Digital Infrastructure.* The IISR will operate a blockchain-enabled registry platform integrating the following:
 - a. Ownership and mortgage records.
 - b. Certificates and endorsements.
 - c. Class and insurance data.
 - d. Charter and finance details.
34. *API Connectivity.* The IISR registry and IFSCA's financial supervision portal shall be interconnected through secure APIs to enable instant synchronization of ownership, compliance, and financial records.
35. *Legal Validity.* All digital registry entries will be legally admissible under Section 65B of the Bharatiya Sakshya Adhiniyam (2023) and the Information Technology Act (2000).

Technical Standards and Classification

36. All vessels must be classed with IACS recognized classification societies (e.g., IROClass, ABS, DNV, LR, BV, etc.).
37. Continuous class and statutory compliance shall be mandatory for all registered vessels.
38. Condition of Class reports and statutory audit reports must be submitted electronically and time stamped on the blockchain registry.
39. Green certification data (e.g., EEXI/CII) shall be integrated into each vessel's digital registry record.

Mortgage, Finance, and Tokenization Linkage

40. The Registrar will maintain a Digital Mortgage Register that records all liens, encumbrances, and releases.
41. All mortgage filings shall be completed digitally and hashed on-chain for immutability and security.

42. Tokenized ship financing will be introduced under the IFSCA's ARVDA Framework, subject to applicable legal and regulatory compliances as and when enacted.

Trading and Operation Requirements

43. Ships registered under IISR shall primarily engage in international trade, with at least 50 per cent of their voyages in a financial year comprising foreign voyages. Participation in coastal trade will be permitted subject to existing Indian regulations.
44. Each IISR registered vessel must maintain a Continuous Synopsis Record (CSR) and voyage data that is accessible to the registry in real time.
45. All reporting requirements must be fulfilled digitally through the IISR e-portal.

Data Security and Confidentiality

46. All registry data shall be protected using encryption, hash-based integrity verification, and multi-signature access controls.
47. Sensitive ownership and corporate data will be accessible only to authorized regulatory bodies, including MoPSW, IFSCA, DG Shipping, and FIU-IND.
48. IISR shall maintain ISO 27001 and SOC-2 certifications to ensure compliance with global cybersecurity standards.
49. Annual cybersecurity audits and independent penetration testing shall be mandatory to ensure ongoing digital resilience.

Governance and Oversight

50. *Supervisory Authorities.* The following agencies will be designated as supervisory and regulatory authorities for the IISR:
 - a. *Ministry of Ports, Shipping & Waterways (MoPSW).* Responsible for policy formulation and national tonnage oversight.
 - b. *IFSCA.* Responsible for financial regulation, tax administration, and global investor facilitation.

- c. *Directorate General of Maritime Administration*. Responsible for technical, manning, and maritime safety compliance.
- d. *FIU-IND*. Responsible for AML/CFT monitoring and compliance.
- e. *Digital Maritime Oversight Board*. To oversee data integrity, cybersecurity, and technological innovation.

Marketing and Global Outreach

51. An IISR Global Outreach Office shall be established under IFSCA :
 - a. Promote international marketing, partnerships, and global conferences.
 - b. Facilitate collaboration with international maritime hubs.
 - c. A 24/7 Digital Registry Portal will offer multilingual assistance, AI-based support, and full remote registration capabilities.
52. An Annual India Maritime Flag Forum shall be hosted to attract foreign shipowners and promote India's IISR as a "Flag of Trust."

Transitional and Miscellaneous Provisions

53. The IISR may be launched with a pilot phase, targeting the onboarding of 10–15 ships in the first full year of operations.
54. Existing Indian-flag vessels may voluntarily transition to the IISR for international operations.
55. Registry fees and compliance guidelines shall be reviewed and updated on an annual basis to remain globally competitive.
56. Dispute resolution shall be facilitated through the IFSC Arbitration Centre (IFSC-DRC).
57. Through digital governance leadership, India will become the first nation to fully integrate ship registration, maritime finance, and blockchain under a unified sovereign system.

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FIDC, has been engaged in exploring nuances of India's development cooperation programme, keeping in view the wider perspective of South-South Cooperation in the backdrop of international development cooperation scenario. It is a tripartite initiative of the Development Partnership Administration (DPA) of the Ministry of External Affairs, Government of India, academia and civil society organisations.



Forum for Indian Science Diplomacy

FISD aims to harness the full potential and synergy between science and technology, diplomacy, foreign policy and development cooperation in order to meet India's development and security needs. It is also engaged in strengthening India's engagement with the international system and on key global issues involving science and technology.



As part of its work programme, RIS has been deeply involved in strengthening economic integration in the South Asia region. In this context, the role of the South Asia Centre for Policy Studies (SACEPS) is very important. SACEPS is a network organisation engaged in addressing regional issues of common concerns in South Asia.



Knowledge generated endogenously among the Southern partners can help in consolidation of stronger common issues at different global policy fora. The purpose of NeST is to provide a global platform for Southern Think-Tanks for collaboratively generating, systematising, consolidating and sharing knowledge on SSC approaches for international development.



DST-Satellite Centre for Policy Research on STI Diplomacy at RIS aims to advance policy research at the intersection of science, technology, innovation (STI) and diplomacy, in alignment with India's developmental priorities and foreign policy objectives.

RIS A Think-Tank of Developing Countries

Research and Information System for Developing Countries (RIS) is a New Delhi-based autonomous policy research institute that specialises in issues related to international economic development, trade, investment and technology. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues.

The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. RIS is engaged across inter-governmental processes of several regional economic cooperation initiatives. Through its intensive network of think tanks, RIS seeks to strengthen policy coherence on international economic issues and the development partnership canvas.

For more information about RIS and its work programme, please visit its website: www.ris.org.in

Research shaping the development agenda



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