

GOVERNMENT OF INDIA
MINISTRY OF PORTS, SHIPPING AND WATERWAYS

RAJYA SABHA
UNSTARRED QUESTION NO. 2559
ANSWERED ON 17.12.2024

SHIP BUILDING INDUSTRY

2559. SMT. RENUKA CHOWDHURY:

Will the Minister of PORTS, SHIPPING AND WATERWAYS be pleased to state:

- (a) the current size of the domestic shipping fleet and the steps undertaken by Government to promote the domestic ship-building market over the last five years;
- (b) the funds allocated and utilised under the Maritime India Vision 2030 initiative since its inception; and
- (c) the measures taken by Government to reduce freight payments to foreign shipping companies in the last five years, particularly in light of USD 75 billion paid for freight in 2019-20?

ANSWER

MINISTER OF PORTS, SHIPPING AND WATERWAYS
(SHRI SARBANANDA SONOWAL)

(a) to (c)As of November 30, 2024, India's shipping fleet comprises 1,552 Indian-flagged vessels (Including Indian Controlled Tonnage), with a total of 13.65 million Gross Tonnage. The details of the Government initiatives to encourage domestic shipbuilding in the country are as under:

- (i). To increase indigenous shipbuilding with regard to modern technologies and machinery, the Ministry has amended the Shipbuilding Financial Assistance Policy(SBFAP) guidelines to include
 - a) Wind farm installation vessels and construction of sophisticated dredgers as specialized vessels which are eligible to get higher financial assistance, over and above ₹40 Crores which is upper limit for non-specialized vessels.
 - b) Financial assistance of 30% for vessels where main propulsion is achieved by means of green fuels such as Methanol/ Ammonia / Hydrogen fuel cells,
 - c) Financial assistance of 20% for vessels with electric means of propulsion or vessels fitted with hybrid propulsion system.
 - d) Funds allocated under SBFAP for shipbuilding contracts signed between April 1, 2016 to March 31, 2026 in Indian Shipyards is Rs. 4,000 crore and the utilization till date is Rs 385.16 crore.

(ii). To promote indigenous shipbuilding, the Government entities dealing with ship building and ship-owning are advised to ensure local content as per the Government of India Public Procurement (Preference to Make in India) Order, 2017. As per this Order, procurement of ships of less than ₹200 crores is required to be from Indian shipyards.

(iii). Government of India vide Gazette Notification No. 112 dated April 13, 2016 has provided infrastructure status to Shipyards. The “Shipyards” have been defined therein as a floating or land-based facility having requisite facilities for carrying on shipbuilding/repair/breaking activities. Infrastructure status would enable Indian shipyards to avail cheaper long-term source of capital and would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion thereby giving a boost to the Indian shipbuilding industry.

(iv). The Government, in November, 2021, has released Standard Tug Designs of five variants for use by Major Ports for procurement of tugs to be built in Indian Shipyards.

(v). Government has issued guidelines on 19.05.2016 for evaluating and awarding tenders for new shipbuilding orders floated by government departments or agencies including public sector undertakings for acquisition of any type of vessel(s) used by them for Governmental purposes or for their own use. Whenever acquisition of a vessel(s) is undertaken through tendering route, the qualified Indian Shipyards will have a “Right of First Refusal” to enable them to match the evaluated lowest price offered by the foreign shipyard which is aimed at increasing ship building activities in Indian shipyards.

(vi). To promote indigenous shipbuilding, the Ministry of Ports, Shipping and Waterways on 20.09.2023 has revised the hierarchy of Right of First Refusal (RoFR) to be followed in any kind of charter of a vessel which is undertaken through a tender process. The revised hierarchy of RoFR is:

- (1) Indian built, Indian flagged and Indian owned
- (2) Indian built, Indian flagged and Indian IFSCA owned
- (3) Foreign built, Indian flagged and Indian owned
- (4) Foreign built, Indian flagged and Indian IFSCA owned
- (5) Indian built, foreign flagged and foreign owned

(vii) In order to achieve the objective of Atmanirbhar Bharat, the Union Cabinet in 2021 had approved a scheme to provide Rs. 1,624 crore as subsidy over a period of five years to Indian Shipping Companies in global tenders floated by Ministries/Department and CPSEs for import of Government Cargo. The CPSE, concerned have provided subsidy amounting Rs. 213.54 crore upto 08.10.2024.

(viii) Ministry of Ports, Shipping & Waterways has launched the Green Tug Transition Programme (GTTP) which aims to reduce carbon emissions and minimize environmental impact by encouraging adoption of environmentally sustainable tugboat operations.

(ix) Government has launched the HaritNauka guidelines for inland vessels which aim to promote the adoption of greener technologies in inland waterway vessels.

(x) For acquisition of any type of vessel/ repair of vessel by Government Department/ Agencies including Public Sector Undertakings (PSUs) through global tendering process, Ministry of Ports, Shipping and Waterways existing policy of RoFR would continue to be implemented. This again is a major policy to create demand.
