

GOVERNMENT OF INDIA  
MINISTRY OF SHIPPING

LOKSABHA

STARRED QUESTION No. \*541

TO BE ANSWERED ON 5<sup>th</sup> APRIL, 2018

SHIPBUILDING FINANCIAL ASSISTANCE POLICY

\*541: SHRI SUMAN BALKA

Will the Minister of SHIPPING be pleased to state:

पोत परिवहन मंत्री

- (a) whether the Government has implemented the Shipbuilding Financial Assistance Policy for Indian Shipyards with a view to promoting 'Make in India' programme and encouraging domestic shipbuilding;
- (b) if so, the details and the present status thereof;
- (c) whether the Government has introduced the revamped software and updated the guidelines to facilitate smooth process for availing financial assistance under the Policy; and
- (d) if so, the details thereof?

ANSWER

MINISTER OF SHIPPING  
(SHRI NITIN GADKARI)

(a) to (d): Yes, Madam. A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA STARRED QUESTION NO. \*541 TO BE ANSWERED ON 5<sup>th</sup> APRIL 2018 RAISED BY SHRI SUMAN BALKA REGARDING 'SHIPBUILDING FINANCIAL ASSISTANCE POLICY'**

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(a) & (b):

- i. To promote Government of India's 'Make in India' initiative and to encourage domestic shipbuilding by providing a level playing field vis-a-vis foreign shipyards, the Government had approved the Shipbuilding Financial Assistance Policy for Indian Shipyards in December 2015.
- ii. An initial budgetary requirement of Rs. 4,000 Crores for a period of 10 years from 2016-17 to 2025-26 (plus 3 years or more, as the case may be, for spill over cases) was projected for the policy.
- iii. Under the policy, financial assistance @20% of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, is to be granted for any vessel built in India, subsequent to its delivery. Provided that, at the time of release of financial assistance, if the actual payment received for a vessel is lower than the contract price or fair price, such payment shall replace the contract price or fair price in the formulae for computation of the financial assistance. The quantum of financial assistance shall reduce by 3% after every three years of the policy.
- iv. Ministry of Shipping issued the guidelines on 16<sup>th</sup> June, 2016 and the same were uploaded on the website of the Ministry of Shipping and are now available in the archive section of the website of the Ministry. Revised guidelines were issued in January 2017. Amended guidelines were issued by this Ministry on 31<sup>st</sup> October 2017.
- v. **Eligibility Conditions:** Eligibility conditions are explained in detail in the Ministry's Guidelines dated 31<sup>st</sup> October, 2017, which are uploaded on the website of the Ministry of Shipping. The salient points in this respect are;
  1. Shipbuilding contract to be signed during the period 01.04.2016 to 31.03.2026 [paragraph 1 (b) (page 1/35)].
  2. Delivery of vessels should be done within the period of 03 years from the date of contract or up to six years in the case of specialized vessels.
  3. Major portion of the hull is to be constructed and assembled in India.
  4. Assembly of hull installation/commissioning of the major machinery/equipment, test/trials to be carried out in India.
  5. Shipyard should not have availed any monetary support under any other Central/State Govt. Scheme.
  6. Application for In-principle approval and Financial Assistance are to be made by the Shipyard in accordance with Ministry's Guidelines.
  7. Vessel shall be classed with any Recognized Organization of the Govt. of India.
  8. All categories of floating structures registered under the prevailing statutes except the following vessels, are eligible for financial assistance for shipbuilding.
    - a) Vessels built for Indian buyer or ship owner, which do not exceed length of more than 24 meters.
    - b) Vessels made of wood, irrespective of their lengths.
    - c) Vessels built for defence purposes or for use by Navy or Coast Guard.
    - d) Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies, except those secured from the Central or State Public Sector Enterprises.
- vi. Present status regarding the implementation of the policy is as follows:
  - a) Number of applications for in-principle approvals received so far : 27
  - b) Number of applications for which in-principle approval granted till date: 22
  - c) Number of applications for release of financial assistance received so far: 05
  - d) Number of applications for which financial assistance is already approved till date: NIL

(c)& (d):

- i. The Shipyards Association of India had raised certain issues with regard to the previous web application (which had been launched in June 2016) and the revised guidelines issued in January 2017 for processing applications for financial assistance under the policy. The Ministry of Shipping held a series of consultations with the stakeholders and Directorate General of Shipping and an updated version of the web application, along with an amended set of guidelines was launched on 31<sup>st</sup> October 2017 to facilitate implementation of the policy. The updated version of the web application is being administered and monitored by the Directorate General of Shipping, Mumbai.
- ii. Under the amended guidelines, increased numbers of days are now available with the shipyards to apply under the policy, as well as to obtain and submit valuation reports. The updated web application also generates a wider choice of international valuers by whom the valuation of a vessel can be carried out. The list of International valuers has been expanded from Nine to Fifteen. For the benefit of users and stakeholders, the detailed amended guidelines have been uploaded on the website of Ministry of Shipping.
- iii. Shipyards can submit applications and all supporting documents for financial assistance under the policy through the web-portal. The web portal provides for processing of the applications, including queries, replies, clarifications, etc. for in-principle approval as well as financial assistance.