

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING
LOK SABHA
STARRED QUESTION NO. *229
TO BE ANSWERED ON 2ND AUGUST, 2018

SHIPPING INDUSTRY

*229. SHRI DHANANJAY MAHADIK:
SHRI SATAV RAJEEV:

Will the Minister of SHIPPING be pleased to state:

पोत परिवहन मंत्री

- (a) the present status of the domestic shipping industry in the country;
- (b) whether there is a negative growth in the domestic shipping industry and if so, the details thereof along with the reasons therefor;
- (c) whether it is a fact that many Indian shipping companies are heavily in debt and if so, the details thereof along with the remedial measures being taken by the Government in this regard;
- (d) whether the Government has received any representation from the shipping industry for relaxation of rules so as to provide level playing field to them vis-à-vis Government-owned ports and if so, the details thereof along with the reaction of the Government thereto; and
- (e) the other steps taken/being taken by the Government to revive and develop the shipping industry in the country?

ANSWER

MINISTER OF SHIPPING
(SHRI NITIN GADKARI)

- (a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. *229 TO BE ANSWERED ON 2ND AUGUST, 2018 RAISED BY SHRI DHANANJAY MAHADIK AND SHRI SATAV RAJEEV, MPs REGARDING "SHIPPING INDUSTRY".

(a) At present the Indian shipping industry carries around 6.5% of India's EXIM trade and about 66% of coastal cargo. India's fleet strength has increased by 108 vessels, totalling 1.81 Million GT during the last two years. As on 30.06.2018 the total Indian tonnage is 12.69 Million GT, consisting of 1389 vessels.

(b) No Madam. With the proactive and supportive policies adopted by the Government in promoting National tonnage, Indian tonnage grew steadily and India has become a significant maritime nation. The share of Indian ships in carriage of India's EXIM trade has, however, not kept pace with the growth in India's EXIM trade. The share of Indian flagged vessels in India's EXIM trade has drastically declined from around 40% in 1987-88 to about 6.5% in 2016-17. Similarly, the share of Indian flagged vessels in the coastal trade has declined from around 72% in 2009-10 to around 66% in 2016-17. The growth of Indian fleet has been affected primarily due to lack of long term bankable cargo contracts, higher cost of capital, relatively higher tax incidence and overall global slowdown of shipping industry.

(c) Shipping is a highly capital intensive industry. Many Indian shipping companies are in debt and due to the long sustained recessionary period spanning almost a decade, debt servicing has been a major burden for many Indian shipping companies. The loan tenure is about 7-8 years and does not cover the economic life of the ships. Shipowners are now receiving returns below break-even levels for their vessels and face prospects of continued losses unless the international trade attains a reasonable level of normalcy. There have been instances of bankruptcies of international ship owners and the Indian industry is also struggling to cope with the worldwide downturn. In order to support the Indian shipping industry and to make it internationally competitive, the Government has allowed 100% Foreign Direct Investment (FDI) in the shipping sector, acquisition of all types of ships through import has been brought under the Open General Licence, Indian shipping industry has been provided cargo support in the form of right of first refusal, and policy of Free On Board (FOB) import is being followed for Government owned/controlled cargoes.

(d) No Madam.

(e) The Government is committed to the sustainable development of Indian shipping industry. In order to make the shipping industry more attractive and competitive, the Government has taken several measures for the Indian shipping sector such as:-

- Government has reduced GST from 18% to 5% on bunker fuel used in Indian flag vessels

- Government has removed licencing requirement for chartering of foreign registered ships by citizens of India, Companies incorporated in India and Registered Societies to encourage coastal movement of Agriculture and other commodities.
- Government has removed licencing requirement for chartering of foreign registered ships by citizens of India, Companies incorporated in India and Registered Societies for coastal movement of (a) EXIM Transshipment Containers and (b) Empty containers.
- Government has also removed licencing requirement for chartering of foreign registered ships by citizens of India, Companies incorporated in India and Registered Societies for coastal movement of fertilizer.
- Indian shipping industry has been provided cargo support through Right of First Refusal (RoFR).
- Government has taken a policy decision to allow shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience.
- Government has brought parity in the tax regime of Indian seafarers employed on Indian flag ships visà-vis those on foreign flag ships.
- Government of India has notified inclusion of stand-alone shipyards undertaking activities such as shipbuilding and ship-repair under the Harmonized List of Infrastructure sectors.
- Government is providing Shipbuilding Financial Assistance to Indian shipyards for contracts signed during a ten year period, viz. 2016-2026.
