

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING
LOK SABHA
STARRED QUESTION NO. *189
TO BE ANSWERED ON 4TH JULY, 2019

GROWTH OF SHIPPING INDUSTRY

*189. SHRIMATI SUPRIYA SULE:
SHRI SUNIL DATTATRAY TATKARE:

Will the Minister of SHIPPING be pleased to state:

पोत परिवहन मंत्री

- (a) the growth registered by the domestic shipping industry in the country during each of the last three years along with the present status of the ship-building industry in the country;
- (b) whether the Government has any specific schemes for improving the overall infrastructure in various shipyards of the country and if so, the details thereof;
- (c) the initiatives taken/being taken by the Government for upgradation of infrastructure in the ports and augmentation of Indian tonnage in the shipping industry;
- (d) whether many Indian shipping companies are heavily in debt during recent years and if so, the details thereof along with the remedial measures being taken by the Government in this regard; and
- (e) the other steps taken by the Government to boost the growth of the shipping industry in the country?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) FOR SHIPPING
(SHRI MANSUKH MANDAVIYA)

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

STATEMENT WITH REFERENCE TO PART (a) TO (e) OF THE STARRED QUESTION No. 189 TO BE ANSWERED ON 04.07.2019 REGARDING 'GROWTH OF SHIPPING INDUSTRY' RAISED BY SHRIMATI SUPRIYA SULE AND SHRI SUNIL DATTATRAY TATKARE, HON'BLE MEMBERS OF PARLIAMENT

- (a) The growth registered by the Domestic Shipping industry in the country during each of the last three years is as follows:

Growth of Indian tonnage:

Years (As on 31 st March)	No. of Vessels	Gross Tonnage (GT)	% of increase
2016-17	1316	115,61,608	6.5
2017-18	1384	125,81,592	8.8
2018-19	1407	127,88,813	1.6

Source: DG(Shipping)

India has 28 shipyards out of which 20 shipyards are in the private sector and 8 shipyards are in the public sector. As per the Shipyards Association of India, out of these 20 private owned shipyards, seven are currently non-functional. Out of the remaining 8 public sector Shipyards, 2 Shipyards are under Ministry of Shipping, 4 shipyards are under Ministry of Defence, and 2 shipyards are under the State Government.

Ship building Industry in India is in general in development stage. India's share in global shipbuilding industry is less than 1%. The industry is facing a lot of competition from international shipbuilding yards located in Japan, South Korea, and China. The Indian shipbuilding Industry is facing acute financial stress as a result of the on-going global recession in the international shipping and shipbuilding industry and the lack of working capital support from lenders. ABG Shipyard and Bharati Defence & Infrastructure have gone into liquidation, under the NCLT Procedure.

- (b) Government of India has, on April 13, 2016, notified inclusion of stand-alone shipyards undertaking activities such as Shipbuilding and Ship-repair under the Harmonized list of Infrastructure Sectors. This would enable availability of cheaper Long-Term loans to Shipyards. The government also has a scheme for providing financial assistance for shipbuilding. Under this scheme, Rs. 4000 crore assistance has been approved between 1-04-2016 and 31-03-2026. Financial assistance is provided @ 20% to Indian shipyards. This rate will be reduced by 3% every three year.
- (c) Expansion and modernization of Major Ports in the country is an on-going process to keep the ports abreast with new technologies and also to meet cargo traffic requirements. The process,

inter-alia involves construction of new berths and terminals, mechanization of existing berths and terminals, capital dredging for deepening of drafts for attracting large vessels in port channels, development of road and rail connectivity etc. In order to make the shipping industry more attractive and competitive, the Government has reduced GST from 18% to 5% on bunker fuel used in Indian flag vessels. Indian shipping industry has been provided cargo support through Right of First Refusal (RoFR). Shipping enterprises based in India have been allowed to acquire ships abroad and flag them in the country of their convenience. Parity has been brought in the tax regime of Indian seafarers employed on Indian flag ships vis-à-vis those on foreign flag ships. Licensing requirement has been removed 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, fertilizer, EXIM Transshipment Containers and Empty containers.

- (d) Shipping is a highly capital-intensive industry. The shipping industry has seen a down turn in business since 2008 due to global recessionary trends and over capacity. The freight rates have been low over a long period of time due to demand and supply mismatch and the tonnage exceeding the demand. 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 License, 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.
- (e) To promote coastal shipping in India, Cabotage has also been relaxed under section 407 of the Merchant Shipping Act, 1958 for specialized vessels such as RO-RO, Ro-PAX, Hybrid Ro-Ro, Pure Car carriers, Pure Car and Truck carriers, LNG vessels and Over-Dimensional cargo or Project cargo carriers for 5 years with effect from 2nd Sept., 2015. Subsequently, with effect from 21 May, 2018, cabotage has been relaxed for costal movement of EXIM transshipment containers and empty containers, with effect from 22 May, 2018, cabotage has been relaxed for costal movement of agriculture, horticulture, fisheries and animal husbandry commodities and with effect from 22 June, 2018, cabotage has been relaxed for fertilizers. The Government has also taken a number of steps to boost cruise shipping in India.