

GOVERNMENT OF INDIA
MINISTRY OF PORTS, SHIPPING AND WATERWAYS
LOK SABHA
UNSTARRED QUESTION NO. 1587
ANSWERED ON 10/02/2023

CREATION OF MARITIME FUND

1587. SHRI RAJENDRA DHEDYA GAVIT:

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

पत्तन, पोत परिवहन और जलमार्ग मंत्री

(a) whether the Government has any proposal for the creation of Maritime Fund for small and medium Indian entrepreneurs;

(b) if so, the details thereof;

(c) whether the share of Indian ships in Exim trade has reduced to 7-7.5 percent in comparison to 1980s and the share of Indian flagships in coastal shipping is meagre 10 percent which speak volumes on the health of Indian shipping industry; and

(d) if so, the details thereof along with the steps taken by the Government to improve this situation?

ANSWER

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

(a)&(b) Maritime India Vision, 2030 envisages creation of a Maritime Development Fund to provide easy access to working capital and long-term finance needs of maritime sector.

(c)& (d) The Government has taken the following major steps to increase the tonnage under Indian flag :-

(i) Revision of the criteria for Right of First refusal(ROFR):

The criteria for granting the Right of First Refusal in chartering of vessels through tender process has been revised for promoting tonnage under Indian flag and ship-building in India, so as to make India an Atma-nirbhar/self reliant Bharat, in terms of tonnage and ship-building in India. The following is the revised hierarchy of RoFR with the highest priority to India built, Indian flag (Indian owned) vessels;

(1) Indian built, Indian flagged (Indian owned);

(2) Foreign built, Indian flagged (Indian owned);

(3) Indian built, foreign flagged (foreign owned).

This will promote demand of Indian built and Indian flag vessels as such vessels will have the priority in chartering and will also provide additional market access and business support to ships built in India.

(ii) Ship Building Financial Assistance Policy (2016-2026):

Government of India has approved the Financial Assistance Policy for Indian Shipyards on 9th December 2015, for grant of financial assistance to 'Indian Shipyards. Only those vessels shall be eligible for grant of financial assistance, for which the construction commences subsequent to the signing of valid contracts. Vessels which are constructed and delivered within a period of three years from the date of contract are eligible for availing financial assistance under the policy. For specialized vessels, the delivery period can be extended till six years. Financial assistance shall be @ 20% of the contract price, actual receipts, fair price (whichever is least) to Indian shipyards. Under the policy, the financial assistance extended would be reduced by 3% every three years.

(iii) Subsidy support to Indian shipping companies:

A scheme for the promotion of flagging of merchant ships in India by providing Rs.1624 crore over a period of five years as subsidy support to Indian shipping companies in global tenders floated by Ministries/Departments and Central Public Sector Enterprises (CPSEs) for import of Government Cargo. The rate of subsidy is based on age of the vessel.

(iv) Protection to Indian Flag vessels during engagement of foreign ships:

Indian and Foreign entities intending to engage foreign flag vessels for coastal trade of India need to have a license under section 406 of Merchant Shipping Act, 1958 from DG Shipping, GoI. The DGS issues license to such foreign flag vessel only after ensuring that no Indian vessel is available for such trade/function to be performed by foreign flag vessel. Accordingly, Indian ships are given priority above foreign ships for such transportation. Because of this facility, these entities and even shipping companies make an effort to own or register vessels under Indian flag. This helps in increasing the Indian shipping tonnage.
