

GOVERNMENT OF INDIA
MINISTRY OF PORTS, SHIPPING AND WATERWAYS
LOK SABHA
UNSTARRED QUESTION NO. 344
ANSWERED ON 03/02/2023

GROWTH IN DOMESTIC SHIPPING INDUSTRY

344. SHRI RAJENDRA AGRAWAL:

Will the Minister of PORTS, SHIPPING AND WATERWAYS be pleased to state:
पत्तन, पोत परिवहन और जलमार्ग मंत्री

- (a) whether there is positive growth in domestic shipping industry;
(b) if so, the details thereof;
(c) the details of shipping companies that are presently in profit and in debt respectively;
(d) whether the Government has taken any remedial measures for shipping companies in debt; and
(e) if so, the details thereof?

ANSWER

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

(a) to (e) There has been a positive growth in the domestic shipping Industry over the past years. The details of ships registered under Indian flag in the last three years are as below;

Year	Coastal		Overseas		Total	
	Ships	Gross Tonnage	Ships	Gross Tonnage	Ships	Gross Tonnage
31.12.2019	972	14,79,692	457	1,12,66,341	1,429	1,27,46,033
31.12.2020	998	16,72,581	465	1,13,37,811	1463	1,30,10,392
31.12.2021	1027	15,60,021	464	1,14,34,863	1,491	1,29,94,884
31.12.2022	1034	15,78,235	486	1,21,13,039	1520	1,36,91,274

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, Gol. 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.