

GOVERNMENT OF INDIA  
MINISTRY OF PORTS, SHIPPING AND WATERWAYS

**LOK SABHA**  
**STARRED QUESTION NO. \*482**  
ANSWERED ON 04.04.2025

**OPERATIONAL CAPACITY OF SHIPBUILDING SECTOR**

\*482.SHRI APPALANAIDU KALISETTI:

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

**पत्तन, पोत परिवहन और जलमार्ग मंत्री**

- (a) the current operational capacity of the shipbuilding and ship repairing sector in the State of Andhra Pradesh; and  
(b) the key challenges being faced and the policy initiatives or incentives under consideration in the said sector?

**ANSWER**

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

(a) to (b) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (b) OF THE LOK SABHA STARRED QUESTION NO. \*482 ANSWERED ON 4<sup>TH</sup> APRIL, 2025 RAISED BY SHRI APPALANAIDU KALISSETTI REGARDING 'OPERATIONAL CAPACITY OF SHIPBUILDING SECTOR'

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(a) & (b) In the State of Andhra Pradesh, shipbuilding and repair activities are predominantly concentrated in the Kakinada and Visakhapatnam regions. Commercial shipbuilding in Andhra Pradesh is largely limited to small vessel construction, with the exception of Hindustan Shipyard Limited (HSL), which handles larger vessels.

Hindustan Shipyard Limited, a PSU under the Ministry of Defence, and several private players such as San Marine Shipyard, Matt Marine, Om Sai Marine, & Seacon Engineering Projects operate in the ecosystem, offering specialized and seasonal services.

Government of Andhra Pradesh has issued the Andhra Pradesh Maritime Policy, 2024 through G.O.MS.No.21 dated 11.12.2024. One of the pillars of this policy is Shipyard and Cluster Development for establishing modern shipyards and repair facilities, promoting Innovation and Technology Adoption, and attracting investment in shipbuilding and ship-repair sector under Shipyard & Cluster Development.

Some of the incentives for this pillar in the policy include conducting pre-feasibility study for location identification, Centralized land aggregation, development and allocation, Tax Benefits, Subsidies and Financial Support, Exemption of WFR (Water Front Royalty), Reimbursement of Stamp Duty and Registration Fee, SGST Exemptions, Exemption from Electricity Duty etc.

Government of Andhra Pradesh has floated an EOI for development of shipbuilding clusters within the state which will enhance shipbuilding and allow global shipbuilders to participate in shipbuilding activities in the state.

**Government of India** has taken several steps to upgrade and modernize the shipbuilding activities in the country, as listed below:

- (i) Ministry of Ports, Shipping and Waterways has amended the Shipbuilding Financial Assistance Policy (SBFAP) guidelines on 29.01.2025 to encourage more participation in the shipbuilding activities.
- (ii) The Government, in November, 2021, has released Standard Tug Designs of five variants for use by Major Ports for procurement of tugs to be built in Indian Shipyards.
- (iii) To promote indigenous shipbuilding, the Ministry of Ports, Shipping and Waterways on 20.09.2023 has revised the hierarchy of Right of First Refusal (RoFR) to be followed in any kind of charter of a vessel which is undertaken through a tender process.

The revised hierarchy of RoFR is:

- (1) Indian built, Indian flagged and Indian owned
- (2) Indian built, Indian flagged and Indian IFSCA owned
- (3) Foreign built, Indian flagged and Indian owned
- (4) Foreign built, Indian flagged and Indian IFSCA owned
- (5) Indian built, foreign flagged and foreign owned

(iv) Ministry of Ports, Shipping & Waterways has launched the Green Tug Transition Programme (GTTP), which aims to reduce carbon emissions and minimize environmental impact by encouraging adoption of environmentally sustainable operations, with these tugs built in Indian shipyards.

(v) Government has launched the HaritNauka guidelines for inland vessels which aim to promote the adoption of greener technologies in inland waterway vessels.

(vi) Government of India vide Gazette Notification No. 112 dated April 13, 2016 has included 'Shipyards' in the updated Harmonized Master List of Infrastructure Sub-sectors.

(vii) In order to promote indigenous shipbuilding, Government has issued guidelines on 19.05.2016 for evaluating and awarding tenders for new shipbuilding orders floated by government departments or agencies including public sector undertakings for acquisition of any type of vessel(s) used by them for Governmental purposes or for their own use. Whenever acquisition of a vessel(s) is undertaken through tendering route, the qualified Indian Shipyards will have a "Right of First Refusal" to enable them to match the evaluated lowest price offered by the foreign shipyard which is aimed at increasing ship building activities in Indian shipyards.

Further, the Government entities dealing with ship building and ship-owning are advised to ensure local content as per the Government of India Public Procurement (Preference to Make in India) Order, 2017. As per this Order, procurement of ships of less than ₹200 crores is required to be from Indian shipyards.

(viii) In the Union budget speech, 2025, the following announcements have been made:

- The Shipbuilding Financial Assistance Policy will be revamped to address cost disadvantages. This will also include Credit Notes for shipbreaking in Indian yards to promote the circular economy.
- Large ships above a specified size will be included in the infrastructure harmonized master list (HML).

- Shipbuilding Clusters will be facilitated to increase the range, categories and capacity of ships. This will include additional infrastructure facilities, skilling and technology to develop the entire ecosystem.
- For long-term financing for the maritime industry, a Maritime Development Fund with a corpus of Rs. 25,000 crores will be set up. This will be for distributed support and promoting competition. This will have up to 49 per cent contribution by the Government, and the balance will be mobilized from ports and private sector.
- To continue the exemption of Basic Customs Duty (BCD) on raw materials, components, consumables or parts for the manufacture of ships for another ten years.

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