

GOVERNMENT OF INDIA  
MINISTRY OF PORTS, SHIPPING AND WATERWAYS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2166**  
ANSWERED ON 15.12.2023

**INDIGENOUS SHIP BUILDING INDUSTRY**

2166. Shri VISHNU DATT SHARMA:

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

**पत्तन,पोतपरिवहनऔरजलमार्गमंत्री**

- (a) whether efforts are being made for development of indigenous shipbuilding industry;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

**ANSWER**

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

(a)to (c): Yes, sir. The following efforts have been made by the Government for development of indigenous ship building industry in the country:

(i) To promote indigenous shipbuilding industry in India, Ministry of Ports, Shipping and Waterways has brought in Shipbuilding Financial Assistance Policy (SBFAP) scheme for Indian shipyards to procure orders from domestic as well as international markets and to be competitive in international market for securing global orders. The scheme offers financial assistance to Indian Shipyards for shipbuilding contracts signed between April 1, 2016 and March 31, 2026 with rate of financial assistance starting from 20% in 2016 and diminishing to 11% in 2026.

(ii) To increase indigenous shipbuilding with regard to modern technologies and machinery, the Ministry has amended the SBFAP guidelines to include

- a) Wind farm installation vessels and construction of sophisticated dredgers as specialized vessels which are eligible to get higher financial assistance,
- b) Financial assistance of 30% for vessels where main propulsion is achieved by means of green fuels such as Methanol/ Ammonia / Hydrogen fuel cells,
- c) Financial assistance of 20% for vessels with electric means of propulsion or vessels fitted with hybrid propulsion system.

(iii) To promote indigenous shipbuilding, 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 crore is required to be from Indian shipyards.

(iv) The government has also granted infrastructure status to the shipbuilding industry, which enables shipbuilding firms to avail flexible structuring of long-term project loans at lower rates of interest for longer tenure equivalent to the economic life of their assets. They also enables to issue infrastructure bonds for meeting working capital requirements and get tax benefits to increase shipbuilding activities.

(v).The government has released Standard Tug Designs of five variants for use by Major ports for procurement of tugs to be built in Indian Shipyards

(vi) Government has issued guidelines 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 to increase ship building activities in Indian shipyards.

(vii) To promote indigenous shipbuilding, the Ministry of Ports, shipping and Waterways has revised the hierarchy of Right of First Refusal (RoFR) to be followed for all kind of tender. 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

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