

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:7370
ANSWERED ON:15.05.2002
GROWTH OF INDIA FLEET
CHELLAMELLA SUGUNA KUMARI;IQBAL AHMED SARADGI

Will the Minister of SHIPPING be pleased to state:

- (a) whether Indian shipping industry has failed to meet the target in regard to growth of Indian fleet during the Ninth Five Year Plan;
- (b) if so, the details thereof and reasons therefor;
- (c) whether according to the National Shipowners` Association, there has been stagnation in the growth of the Indian fleet during the Ninth Five Year Plan period; and
- (d) if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI SHRIPAD Y. NAIK)

(a) & (b): Yes, Sir. The Government had fixed a target of 9 million Gross Ton(GT) to be achieved by the end of the 9th Plan period. Against this, the tonnage position at the end of the 9th Plan period was 6.82 million GT comprising of 560 vessels. The main reasons for not achieving the target tonnage by Shipping Industry are

- (i) Lack of conducive fiscal environment and
- (ii) the Shipping Industry faced world wide recession during the first half of the Ninth Plan period.

(c) & (d): Yes, Sir. The Government has been taking steps from time to time to facilitate the growth of Indian tonnage. Considering the slow growth of Indian tonnage, the following fiscal measures have also been taken by the Government from the year 2000-01:

(i) Restoration of Section 33AC of the Income Tax Act from 50% to 100% tax relief on amounts earmarked for vessel acquisition in separate reserve account;

(ii) Increase in depreciation rate from 20% to 25%;

(iii) Necessary amendments in EXIM policy to rectify the anomaly of categorizing acquisition of second hand vessels as capital goods, which necessitated procuring special import license for the purpose;

(iv) Allowing 100% foreign direct investment in the shipping sector;

(v) Ministry of Shipping convinced Ministry of Finance to roll back imposition of 5% customs duty on import of ocean going ships ;

(vi) Expanding the scope of Section 33AC to simulate Indian Shipowners to earmark higher funds for acquisition of tonnage. Further, to make this section more attractive for Indian ship owners, Government has decided to allow deduction of funds transferred under Section 33AC while computing book profits for the purpose of Minimum Alternate Tax.