

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:1221  
ANSWERED ON:02.08.2010  
PROBLEMS FACED BY SHIPPING INDUSTRY  
De Dr. Ratna;Shanavas Shri M. I.

**Will the Minister of SHIPPING be pleased to state:**

- (a) the programme/scheme being implemented by the Government to address the problems faced by the shipping industry during each of the last three years and the current year;
- (b) the proposals of setting up of new shipyards are pending with the Union Government; and
- (c) the reasons for their pendency alongwith the time by which such proposals are likely to be cleared?

**Answer**

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a): Government has introduced tonnage tax regime for shipping sector in 2004 by which the regime for taxation Indian shipping companies has been brought in line with international fiscal regime. Further, Indian shipping industry has been provided cargo support through right-of first refusal & policy of FOB imports for Government owned/controlled cargoes. Chartering of vessels for movement of cargo on private account is regulated through the Director General of Shipping taking into consideration the availability of Indian flag vessels.

(b) & (c): The Government while transferring Hindustan Shipyard to Ministry of Defence in December, 2009 decided to set up a shipyard on PPP mode. The Shipping Corporation of India has expressed its interest in participating in this shipbuilding venture and they are in the process of appointing a consultant to undertake a detailed study in this regard.

Further, National Maritime Development Programme of the Ministry also envisaged setting up of two international size shipyards. However, the private investors have already gone ahead with plans to create new international size shipyards. On the West Coast, Pipavav Shipyard has come up with sufficient capacity to build Very large Crude Carrier. The dry dock is nearing completion. On the East Coast, M/s. L&T has announced plan and reportedly acquired more than 10,000 acres of land for a large shipyard near Chennai. The Government's stake in the form of equity or grant or loan has not been sought by any agency. Hence, it has been decided that Government may act as facilitator and for the time being setting up of international size shipyards on West Coast and East Coast are not being pursued.