

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:3141
ANSWERED ON:27.07.2009
SETTING UP OF SHIPPING FINANCE CORPORATION
Kalmadi Shri Suresh

Will the Minister of SHIPPING be pleased to state:

- (a) whether the Government proposes to set up a finance corporation or a dedicated corpus under a refinancing corporation of easy fund flow for the shipping sector;
- (b) if so, the details thereof and the action taken thereon;
- (c) whether India Infrastructure Finance Corporation Limited (IIFCL) has been directed to provide low-cost funds for the development of new core sector projects relating to shipping industry;
- (d) if so, the details thereof and the reaction of the IIFCL thereto; and
- (e) the time by which the finance arrangements are likely to be made available to the shipping sector?

Answer

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a) & (b): Although, in the liberalization era Govt. is not committed to providing soft loan for acquisition of ships but on account of the current financial meltdown on the request of Ministry of Shipping and at the behest of Finance Ministry, Indian Banks' Association had constituted a Working Group to examine the proposed extension of credit facilities to Shipping companies in India for purchase of ships. Indian Banks' Association has recently advised that they have no role to play in the matter and the Shipping Company should take up the matter with the individual banks.

(c) to (e): No, Madam. As the Indian Shipping Industry is facing difficulties in arranging finance for acquisition of ships, the Ministry of Shipping has, therefore, proposed to Finance Ministry to explore the possibility of funding ship acquisition by India Infrastructure Finance Company Ltd. (IIFCL). Ministry of Finance, however, informed that IIFCL was created as an SPV under the scheme for financing viable infrastructure projects and accordingly, it has been providing financial support to improve the viability of infrastructure projects. The acquisition of ships is basically purchase of capital equipment and not funding of infrastructure projects.