

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:2955
ANSWERED ON:12.12.2011
PROMOTION OF CARGO TRANSPORT
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Will the Minister of SHIPPING be pleased to state:

- (a) whether the Indian National Ship Owners Association (INSA) has asked for certain incentives for the promotion of cargo transport of the country;
- (b) if so, the details thereof;
- (c) whether certain countries in the world have evolved a policy of reserving cargo for domestic ship owners;
- (d) if so, the details thereof;
- (e) whether the Indian ships carry only around 9 percent of the country's overseas sea borne trade; and
- (f) if so, the action plan of the Government to help the above sector to put it on a healthier footing?

Answer

MINISTER OF SHIPPING (SHRI G.K.VASAN)

(a) & (b): A proposal has been received from Shipping Corporation of India seeking policy measures for cargo support and reservation for Indian flag vessels in India's Export-Import (EXIM) trade. The main features of the proposal are as under:

- (i) Reservation of 33.33% of India's seaborne EXIM cargoes for Indian flag vessels only.
- (ii) Long term charters of 5 - 7 years to be given to Indian flag companies in respect of crude oil, petroleum products and gas (in case of LNG charter period to be 20-25 years), thermal coal, coking coal, fertilizer, iron ore.

(c) & (d): The major industrialized economies such as Japan, China, South Korea, and USA have followed a proactive policy of cargo reservation for national flag vessels for carriage of all national cargoes for strengthening their national tonnage.

(e) & (f): Yes, Madam the Government have introduced tonnage tax regime for shipping sector in 2004. Indian shipping industry has been provided cargo support through right of first refusal and policy of FOB (free on Board) import is being followed for government owned/controlled cargoes. Further, chartering of vessels for movement of cargo on private account is regulated through the Directorate General of Shipping taking into consideration the availability of Indian flag vessels. These measures are likely to be continued to support Indian shipping Industry.