

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:2025
ANSWERED ON:26.03.2012
PROFITABILITY OF SHIPPING COMPANIES
Gawali Patil Smt. Bhavana Pundlikrao

Will the Minister of SHIPPING be pleased to state:

- (a) the details of policy formulated by the Government to make the shipping companies profitable;
- (b) the details of directions issued by the Government to shipping companies to avoid the ships being kept vacant;
- (c) whether any special policies are being adopted by the companies to get maximum orders from their clients;
- (d) if so, whether the companies are also taking regular remedial measures to review their operational losses; and
- (e) if so, the reaction of the Government in this regard?

Answer

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a): The following policy measures have been taken to support the shipping companies:-

(i) With a view to provide a level playing field to the Indian shipping sector, the Government had introduced the tonnage tax system during 2004-05 which has effectively brought down the tax liability of shipping companies to a level comparable to the international levels from the previous levels of the corporate tax regime.

(ii) Indian Coasting Trade is reserved for Indian flag vessels through incorporation of cabotage regulations in the Merchant Shipping Act, 1958 under section 406 and 407.

(iii) Indian Shipping industry has been provided cargo support in form of right of first refusal & policy of Free On Board (FOB) import is being followed for government owned/ controlled cargoes.

(b): Ship operation is a commercial decision taken by the management of a shipping company.

(c): The Shipping companies are strategising their policies to maximise orders from their clients.

(d)&(e): Yes, Madam. The companies take remedial measures as appropriate to review their operational losses on an ongoing basis.

The Government has been taking regular review meetings of the Shipping Corporation of India (SCI).