

**GOVERNMENT OF INDIA  
SHIPPING  
LOK SABHA**

UNSTARRED QUESTION NO:1452  
ANSWERED ON:03.12.2012  
LOW GROWTH RATES IN SHIPPING INDUSTRY  
Bajwa Shri Partap Singh

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

- (a) whether the shipping industry has recorded very low growth rates in the past couple of years, as compared to a decade ago;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether lower efficiency and higher taxation is one of the reasons for the low growth rate; and
- (d) if so, the action taken by the Government in this regard?

**Answer**

MINISTER OF SHIPPING (SHRI G.K. VASAN)

(a) & (b): The Indian shipping industry recorded a growth rate of 15.3% in the year 2004-05 after the introduction of Tonnage Tax Scheme in the year 2004. However, thereafter the growth slowed down in the year 2006-07 and the industry has seen the following growth rate of tonnage in the recent years.

Growth of Indian tonnage:  
Years No. of Vessels Gross Tonnage (GT) % of increase  
(As on 31st March)

2006-07	787	8595185	1.5
2007-08	867	899059	4.6
2008-09	925	9283139	3.3
2009-10	998	9613242	3.6
2010-11	1071	10450305	8.7
2011-12	1135	11030751	5.6

The prevailing global credit crunch has been affecting the vessel acquisition programme of shipping companies as raising finance for ship acquisition has become increasingly difficult.

(c) While Indian flag vessels are generally efficient, the growth of Indian flag ships has been low in the recent years. Although the tonnage tax regime provided relief from corporate tax, some changes in the direct and indirect taxation, subsequently, have diluted the benefits which were made available to the shipping industry with the introduction of tonnage tax scheme in 2004.

(d) Government had introduced tonnage tax regime for shipping sector in 2004. Further, Indian shipping industry has been provided cargo support through right of first refusal & policy of FOB import is being followed for government owned/controlled cargoes. Moreover, 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.