

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:1894
ANSWERED ON:04.12.2014
GROWTH OF SHIPPING
Naik Prof. Seetaram Ajmeera

Will the Minister of SHIPPING be pleased to state:

- (a) whether the shipping industry has a large scope for economic growth and development;
- (b) if so, the details thereof along with projects initiated and completed under the Public Private Partnership (PPP) mode including the total investment made for these projects; and
- (c) the steps being taken to enlarge the scope of shipping industry in future?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI PON. RADHAKRISHNAN)

(a) Yes, Madam.

(b) Presently shipping industry carries 95% of India's total merchandise trade by volume and 70% in terms of value. The current proportion of merchandise trade in GDP of India is only 42%, whereas, for some of the developed countries such as Germany & European Union, it is 75% and 70% respectively. Therefore India has a great potential to increase its merchandise trade. 34 projects on Public Private Partnership mode involving investment of Rs.11524.42 crores are under operation in Major Ports.

(c) In order to make the shipping industry more attractive and competitive, Indian shipping industry has been provided cargo support. This is presently being done through Right of First Refusal policy of FOB import for government owned/ controlled cargoes. In the Union Budget 2014-2015, Government has increased the abatement of service tax from 50% to 60%. With this change, only 40% of the value of the service for transportation of goods by vessels would be subject to levy of service tax. Government has taken a policy decision to allow shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience. Recently, Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of EXIM and empty containers.