

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2769
ANSWERED ON:13.03.2015
LOAN TO SHIPPING INDUSTRY
Patle Smt. Kamla Devi

Will the Minister of FINANCE be pleased to state:

- (a) whether the shipping companies have suffered losses due to global recession and high rate of interest;
- (b) if so, the details thereof;
- (c) whether the Government/Reserve Bank of India has relaxed the rules for restructuring of loan of shipbuilding companies which have suffered heavy losses;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the steps taken/being taken by the Government for the revival of shipbuilding industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b) As per information received from Ministry of Shipping, shipping is highly capital intensive and depends largely on the debt market to finance its acquisitions. The extreme volatility in charter rates has adversely affected the margins of the shipping companies. The current meltdown in the international financial markets has placed the Indian Shipping Industry in a situation where assets are available to be acquired at reasonable prices, but the availability of money on loan is almost dried up through the normal international commercial banks channels; if any credit is available, it is at a very high cost and stringent terms.

(c) & (d) Reserve Bank of India has stated that they are generally not in favour of special dispensation with regard to restructuring of advances for specific sectors or industries. However, RBI's extant guidelines provide various measures to support project loans which require restructuring.

(e) Ministry of Shipping has informed steps taken include extension of shipbuilding subsidy scheme of 2002-07 from October 2009 till March 31, 2014 for liquidation of the committed liabilities for ship-building contracts secured during 2002-2007 under the scheme.