

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:677

ANSWERED ON:26.02.2015

DRY PORT

Arunmozhithevan Shri A.

Will the Minister of SHIPPING be pleased to state:

- (a) Whether the shipping industry has demanded that the Government should provide them a level playing field with Government owned ports, relaxation of tariff rules, etc;
- (b) if so, whether the Government is considering to help the Indian shipping industry to come out of its lean period; and
- (c) if so, the details thereof?

Answer

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

(a): Interaction with the concerned stakeholders including the Shipping industry and resolving the issues raised by them is an on going process. In consultation with the stakeholders necessary modification in the Tariff Guidelines are made from time to time to promote the development of the Port sector.

To allow the competitive market forces to play a greater role in determination of tariff at Major Port Trusts, the Government have issued two new policy guidelines viz. Guidelines for Determination of Tariff for Projects at Major Ports, 2013 and Guidelines for Determination of Tariff for Major Port Trusts, 2015. These guidelines impart flexibility to the PPP operators in the Major Ports and Major Ports owned terminals in determining their tariff, subject to a ceiling rate.

(b)to(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 2014-15, 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 along the coast.