

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:6834
ANSWERED ON:07.05.2015
SHIP BUILDING INDUSTRY
Singh Shri Raj Kumar

Will the Minister of SHIPPING be pleased to state:

- (a) whether ship building industry having multiplier effect helps in the development of numerous downstream ancillary units, and if so, the details thereof;
- (b) whether the Shipping Corporation of India has been placing their orders on foreign shipyards rather than on Indian Shipyards in the past years; and,
- (c) if so, the reasons therefor and the steps the Government proposes to take to increase the ship building tonnage in this country?

Answer

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

(a) Yes, Madam. Shipbuilding industry has multiplier spin offs on other ancillary industries such as steel, electronics, engineering and electrical equipment, port infrastructure, trade and shipping services.

(b) During the last five years SCI has placed orders for construction of 18 vessels out of which 8 vessels have been ordered with Indian shipyards and 10 vessels with foreign shipyards.

(c) Being a Public Sector undertaking, placing of orders by SCI, for construction of vessels is a purely commercial decision. While placing such orders, SCI takes into consideration factors such as delivery period, quality, cost and latest technology etc. However, SCI has been instructed by the government to float national tenders for those categories of ships in which sufficient shipbuilding capacity is available in the Indian shipyards and proper competition can be expected. In case of global tenders, SCI has been instructed to give 10% purchase preference to domestic bidders and provide them the Right of First Refusal in case their offer is within 10% of the lowest international bidder to match L1.

Promotion of shipbuilding industry is a key component of the 'Make in India' initiative of the government. Suggestions have been received by the Government of India from various stakeholders for promotion of local shipbuilding industry under the 'Make in India' initiative which include measures for financial assistance; grant of infrastructure status; domestic eligibility criteria; tax incentives and special dispensation for stressed shipyards.