

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:2221

ANSWERED ON:10.03.2016

Ship Building Industry

Adsul Shri Anandrao ;Patel Shri Prahlad Singh;Patil Shri Shivaji Adhalrao;Rathod Shri Dipsinh Shankarsinh;Shrirang Shri Chandu Barne;Yadav Shri Dharmendra

Will the Minister of SHIPPING be pleased to state:

- (a) whether the ship-building industry is strategically important industry due to its role in energy security and maritime defence and for developing heavy engineering industry;
- (b) if so, whether the ship-building industry is going through a global slump, and if so, the details thereof;
- (c) whether Indian shipyards are generally known for executing the orders of ship-building at a slow pace among world ship-fleet owners, if so, the reaction of the Govt. thereto;
- (d) whether the Government proposes to encourage ship-building industry, if so, the details thereof; and
- (e) the steps taken by the Government to promote/encourage the ship-building industry including the package approved by the Government in this regard?

Answer

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

(a) Yes Madam. On account of the positive spin-offs of the shipbuilding industry, ship-building industry has been identified as one of the four key sectors of strategic importance (in addition to Defence, Aero-space and Capital Goods) in the "Manufacturing Plan – Strategies for Accelerating Growth of Manufacturing in India in the 12th Five Year Plan and Beyond" by the erstwhile Planning Commission and is part of the 'Make in India' initiative of the Government of India.

(b) The global economic meltdown in 2008-09 affected EXIM trade adversely thereby creating a slump in the global shipping market which in turn resulted in fall in demand for new ships. Impacted by the global shipping/shipbuilding recession from 2008 onwards, there has been a declining trend in order book position of Indian shipyards.

(c) Cochin Shipyard Limited's (CSL) track record has been consistently satisfactory. CSL has exported 48 vessels during the last ten years to international ship owners, generally on time. However, even though Indian private sector shipyards initially executed some orders satisfactorily, subsequently, due to global economic meltdown, stress in financial conditions, foreign shipbuyers' reluctance to take deliveries of vessels from Indian shipbuilders due to their own financial difficulties etc., deliveries of Indian private sector shipyards have got delayed.

(d)&(e): Government of India has approved the policy regarding Indian shipbuilding and ship-repair industry- A strategy for promoting 'Make in India' initiative, on 09.12.2015 including the proposals regarding financial assistance policy and relaxation of domestic eligibility criteria. Further, the Institutional Mechanism on Infrastructure in its 10th meeting on December 21, 2015 has recommended inclusion of shipyards as "infrastructure". Infrastructure status would enable Indian shipyards to avail cheaper long-term source of capital to Indian shipyards. The attendant tax benefits would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion thereby giving a boost to the Indian shipbuilding industry. Further, Government of India has extended exemptions to shipbuilding industry on raw materials and parts used in shipbuilding vide Notification Nos. 54/2015-Customs, 55/2015-Customs, 44/2015-Central Excise and 45/2015-Central Excise all dated November 24, 2015.
