

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:2253

ANSWERED ON:10.03.2016

Infrastructure Status to Shipyard Industry

Arunmozhithevan Shri A.;Gavit Dr. Heena Vijaykumar;Mahadik Shri Dhananjay Bhimrao;Patil Shri Vijaysinh Mohite;Radhakrishnan Shri T.;Satav Shri Rajeev Shankarrao;Sule Smt. Supriya Sadanand

Will the Minister of SHIPPING be pleased to state:

- (a) whether the Government proposes to grant infrastructure status to the shipyard industry;
- (b) if so, the details thereof and the purpose behind the move along with the benefits likely to accrue to shipyard industry therefrom;
- (c) whether the move will boost the Government's Make in India initiative and if so, the details thereof;
- (d) whether the Government proposes to make it mandatory for Indian Stateowned firms to give half of their freight business to local shippers to help rescue an industry battered by the global commodities downturn and if so, the details thereof;
- (e) the other steps taken by the Government to protect the ailing local shipping firms; and
- (f) the total number of persons employed in Shipyard Industry in the country at present?

Answer

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

(a) to (c) Yes, Madam. The Institutional Mechanism on Infrastructure of the Department of Economic Affairs 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 shipbuilding and ship repair industry. The attendant tax benefits would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion. The shipyards would be able to avail flexible structuring of long term project loans, long term funding from infrastructure funds for longer tenure equivalent to the economic life of their assets, relaxed ECB norms, issuance of Infrastructure bonds for meeting working capital requirements as well as benefits under Income Tax Act, 1961. This would boost the growth in this sector and the 'Make in India' initiatives.

(d) A note was circulated by Ministry of Shipping which intended to increase Indian tonnage by relaxing such condition of FOB/FAS imports subject to a minimum of 50% of their annual requirement being met through long term charter contracts with Indian shipping companies.

(e) In order to make the Indian shipping industry attractive and more competitive, the Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of mix of EXIM, domestic and empty containers between two or more ports in India. Government has brought in a uniform abatement of service tax for transportation of goods by rail, road and sea vessels. Indian shipping industry has been provided cargo support through Right of First Refusal (RoFR). Besides this, 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. As a step towards promoting 'Ease of Doing Business' methodology for computation of period of stay of seafarers in India has been redefined.

(f) Shipbuilding industry in India employ around 39770 people.
