

**GOVERNMENT OF INDIA
SHIPPING
LOK SABHA**

UNSTARRED QUESTION NO:3134
ANSWERED ON:31.07.2014
COASTAL SHIPPING
Venugopal Dr. Ponnusamy

Will the Minister of SHIPPING be pleased to state:

- (a) whether it is a fact that the coastal shipping accounts for only 7% of India's domestic cargo transport network;
- (b) if so, the details thereof along with the reasons therefor including the action taken by the Government to increase the share percentage of domestic cargo;
- (c) whether Rs. 300 crore were allotted by the Government to the sector in the 12th Five Year Plan;
- (d) if so, the details thereof; and
- (e) the details of the measures taken by the Government to boost the shipping sector.

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI KRISHANPAL GURJAR)

(a): Yes, Sir.

(b): As per the India Transport Report of the National Transport Development Policy Committee of Planning Commission, coastal shipping carries only about 7 per cent of the freight traffic. It is noticed that the choice of a particular mode for transport of goods is based mainly on nature of commodity, its volume and cost of movement. Coastal shipping has geographic limitations and limitations in terms of first and last mile connectivity. On the other hand, the roadways due to high penetration level are capable of door-to-door delivery. To promote coastal shipping, the Government has recently issued the River-Sea Vessel notification and clarified the Inland Vessel limits. Besides, a mechanism has been established for regular interaction with the trade to promote coastal shipping.

(c)&(d): Yes Sir. Rupees 300 crore has been earmarked for the 12th Five Year Plan period to promote coastal shipping.

(e): Recently, Indian ship-owners are allowed to buy ships and flag these ships anywhere abroad but limited to their Indian tonnage. In the Union Budget 2014-15, it has been decided to amend the Provision of Services Rules and tax incidence to be reduced on transport of goods through coastal vessels to promote Indian Shipping industry. In the Union Budget 2013-14, to provide relief to ship building industry, ships and vessels have been exempted from excise duty and countervailing duty (CVD) on imported ships and vessels removed. In 2004, tonnage tax regime was introduced for shipping sector. For cargo support to Indian shipping sector, right of first refusal and policy of FoB import is being followed for government cargoes.