

GOVERNMENT OF INDIA
MINISTRY OF PORTS, SHIPPING AND WATERWAYS
LOK SABHA

UNSTARRED QUESTION NO. 2776
TO BE ANSWERED ON 5TH AUGUST, 2021

SUPPORT TO SHIPPING INDUSTRY

2776. SHRI BHARTRUHARI MAHTAB:

Will the Minister of PORTS, SHIPPING AND WATERWAYS be pleased to state:

पत्तन, पोत परिवहन और जलमार्ग मंत्री

- (a) whether the country's shipping industry and national fleet are proportionately small as compared to its global standards despite having a long coastline;
- (b) if so, the details thereof
- (c) whether the Government propose to provide subsidy to Indian Shipping companies to promote flagging of merchant ships in the country and support to these companies in global tenders floated by the Government and Central Public Sector Enterprises (CPSEs) and if so, the details thereof;
- (d) whether the said move would enhance greater training and employment opportunities for Indian seafarers besides enhancing Indian companies' share in global shipping; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF PORTS, SHIPPING AND WATERWAYS
(SHRI SARBANANDA SONOWAL)

- (a)&(b) Yes Sir. The total number of ships under Indian flag is 1488 with gross tonnage of 12.96 million tons. India ranks 18th in the World's Shipping Tonnage.
- (c) Yes Sir. Details of the Scheme are mentioned as below: -

The Scheme will be implemented with effect from 14.07.2021. Further, the Scheme will be implemented in the following manner:

1. For a ship which is flagged in India after 1st February, 2021-
 - a) And is less than 10 years at the time of flagging in India, the subsidy support would be extended @15% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.

- b) And which is between 10 to 20 years old at the time of flagging in India, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
 - c) The rate at which the above subsidy support is extended to ships at 1(a) & 1(b) above would be reduced by 1% every year, till it falls to 10% and 5%, respectively, for the two categories of ships mentioned above.
2. For existing Indian flagged ship which is already flagged-
 - a) And less than 10 years old on 1st February 2021, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
 - b) And between 10 to 20 years old on 1st February 2021, the subsidy support would be extended @5% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
 3. The provisions of this subsidy support would not be available in a case where an Indian flagged vessel is the L1 bidder.
 4. The eligible shipping company shall be paid the subsidy amount along with the charter hire amount as per the contract terms by the tendering agency (user Departments/CPSEs) and the tendering agency (user Departments/CPSEs) will be then reimbursed. This is critical for preserving the time value of money and ensuring necessary return to the shipping firm.
 5. The subsidy support would be extended only to those ships which have bagged the award after the implementation of the scheme.
 6. Flexibility in allocation of funds for expenditure from one year to another and within the various Ministries/departments of the scheme.
 7. Ships older than 20 years would not eligible for any subsidy under the scheme.

8. In view of the enlarged scope of the Scheme this Ministry shall seek allocation of such additional funds from the Department of Expenditure as may be required.
 9. The scheme would be reviewed after 5 years.
- (d) & (e) Yes Sir. The said Scheme is expected to increase tonnage in Indian flag and thereby benefit all Indian seafarers by creating more job opportunities and more training slots for young Indian cadet boys and girls.
