

# INDIA'S SHARE IN INTERNATIONAL SHIPPING SECTOR

Relevant for: Indian Economy | Topic: Infrastructure: Ports & Waterways

The committee has submitted its report to the IFSCA on October 28, 2021. The copy of the report available at the weblink <https://ifsca.gov.in/CommitteeReport>. The committee has made numerous recommendations regarding reform measures required to make GIFT IFSC a global hub for Ship Acquisition, Financing and Leasing. Recommendations include notifying vessel leasing as a 'financial product', enabling operating framework for Ship leasing, creating special dispensation for registration of vessels, flagging, licensing, changes in direct and indirect tax law including stamp duty, etc.

India has a merchant fleet of 1491 seagoing ships with total capacity of 13 Million GT. India is ranked 18<sup>th</sup> with respect to leading flag of registration by dead weight tonnage and 19<sup>th</sup> by carrying capacity in dead weight tonnage and accounts for about 1.3 percent of the total global dead weight tonnage.

The Government is committed to increase the share of Indian shipping in international trade. The following are the major measures taken by the Government for the same;

**(i) Revision of the criteria for Right of First refusal (ROFR): The criteria for granting the Right of First Refusal in chartering of vessels through tender process has been revised, for promoting tonnage under Indian flag and ship-building in India, so as to make India a Atma-nirbhar/self-reliant Bharat, in terms of tonnage and ship-building in India. The following is the revised hierarchy of RoFR;**

This will promote demand of Indian built vessels as the Indian built vessels will have the priority in chartering and will also provide additional market access and business support to ships built in India.

**(ii) Subsidy support to Indian shipping companies: A scheme for the promotion of flagging of merchant ships in India by providing Rs.1624 crore over a period of five years as subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs has been approved by the Cabinet. The rate of subsidy support will be based on age of the vessel.**

**(iii) Ship Building Financial Assistance Policy (2016-2026): Government of India has approved the Financial Assistance Policy for Indian Shipyards on 9th December 2015, for grant of financial assistance to 'Indian Shipyards. Only those vessels shall be eligible for grant of financial assistance, for which the construction commences subsequent to the signing of valid contracts. Vessels which are constructed and delivered within a period of three years from the date of contract are eligible for availing financial assistance under the policy. For specialized vessels, the delivery period can be extended till six years. Financial assistance shall be @ 20% of the contract price, actual receipts, fair price (whichever is least) to Indian shipyards. Under the policy, the financial assistance extended would be reduced by 3% every three years.**

This information was given by Union Minister for Ports, Shipping and Waterways Shri Sarbananda Sonowal in a written reply in Lok Sabha today.

**MJPS/MS/jk**

The committee has submitted its report to the IFSCA on October 28, 2021. The copy of the report available at the weblink <https://ifsca.gov.in/CommitteeReport>. The committee has made numerous recommendations regarding reform measures required to make GIFT IFSC a global hub for Ship Acquisition, Financing and Leasing. Recommendations include notifying vessel leasing as a 'financial product', enabling operating framework for Ship leasing, creating special dispensation for registration of vessels, flagging, licensing, changes in direct and indirect tax law including stamp duty, etc.

India has a merchant fleet of 1491 seagoing ships with total capacity of 13 Million GT. India is ranked 18<sup>th</sup> with respect to leading flag of registration by dead weight tonnage and 19<sup>th</sup> by carrying capacity in dead weight tonnage and accounts for about 1.3 percent of the total global dead weight tonnage.

The Government is committed to increase the share of Indian shipping in international trade. The following are the major measures taken by the Government for the same;

**(i) Revision of the criteria for Right of First refusal (ROFR): The criteria for granting the Right of First Refusal in chartering of vessels through tender process has been revised, for promoting tonnage under Indian flag and ship-building in India, so as to make India a Atma-nirbhar/self-reliant Bharat, in terms of tonnage and ship-building in India. The following is the revised hierarchy of RoFR;**

This will promote demand of Indian built vessels as the Indian built vessels will have the priority in chartering and will also provide additional market access and business support to ships built in India.

**(ii) Subsidy support to Indian shipping companies: A scheme for the promotion of flagging of merchant ships in India by providing Rs.1624 crore over a period of five years as subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs has been approved by the Cabinet. The rate of subsidy support will be based on age of the vessel.**

**(iii) Ship Building Financial Assistance Policy (2016-2026): Government of India has approved the Financial Assistance Policy for Indian Shipyards on 9th December 2015, for grant of financial assistance to 'Indian Shipyards. Only those vessels shall be eligible for grant of financial assistance, for which the construction commences subsequent to the signing of valid contracts. Vessels which are constructed and delivered within a period of three years from the date of contract are eligible for availing financial assistance under the policy. For specialized vessels, the delivery period can be extended till six years. Financial assistance shall be @ 20% of the contract price, actual receipts, fair price (whichever is least) to Indian shipyards. Under the policy, the financial assistance extended would be reduced by 3% every three years.**

This information was given by Union Minister for Ports, Shipping and Waterways Shri Sarbananda Sonowal in a written reply in Lok Sabha today.

MJPS/MS/jk

END

Downloaded from [crackIAS.com](http://crackIAS.com)

© **Zuccess App** by crackIAS.com

CrackIAS.com