

# Govt extends subsidy scheme for firms flagging merchant ships until FY31

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The shipping ministry on Thursday extended the scheme for providing subsidies to Indian companies flagging merchant ships in India for five years until the financial year 20230-31.

The scheme for the promotion of flagging of merchant ships in India has been extended for a further period of five years, till FY 2030-31, reinforcing India's commitment to strengthening its maritime fleet and global shipping presence, the Ministry of Ports, Shipping and Waterways said in a statement.

In order to achieve the objective of Atmanirbhar Bharat, the Union Cabi-

net, in July 2021, approved a scheme with an outlay of ₹1,624 crore over five years for providing a subsidy to Indian shipping companies bidding for global tenders floated by ministries and central public sector enterprises for imports of government cargoes.

The scheme was announced by Finance Minister Nirmala Sitharaman during her budget speech for FY22.

According to the scheme, for a ship flagged in India after February 1, 2021, which is less than 10 years old at the time of flagging, a subsidy is given at 15 per cent of the quote offered by the lowest bidding foreign company (L1), or the actual difference between the quote offered by the Indian-flagged vessel exercising Right of First Refusal (ROFR)

and the quote offered by the L1 foreign company, whichever is less.

For existing Indian-flagged ships aged less than 10 years on February 1, 2021, the subsidy support would be extended at 10 per cent of the quote offered by the L1 foreign bidder, or the actual difference between the quote offered by the Indian-flagged vessel exercising ROFR and the quote offered by the L1 foreign company, whichever is less.

Ships older than 20 years are not eligible for any subsidy under the scheme.

In view of the enlarged scope of the scheme, the shipping ministry said it will seek allocation of additional funds from the Department of Expenditure if required.