

From '30, only India-made ships likely in coastal ops

Govt to come up with new shipbuilding policy as part of 100-day plan

DHRUVAKSH SAHA
New Delhi, 9 July

The central government is exploring a policy to indigenise shipbuilding in the country by allowing only India-built ships to register for coastal and inland waterways operations starting 2030, *Business Standard* has learnt.

According to officials and industry executives privy to the matter, the proposal, among others, was a part of deliberations at a workshop on Revitalising Indian Ship Building Industry on July 4 in New Delhi hosted by the Ministry of Ports, Shipping and Waterways (MoPSW).

The recommendation was part of a document prepared by KPMG, which estimated India's position in global shipbuilding at 20th, and the country's share in global shipbuilding to be 0.06 per cent.

The pressing need to have domestic shipbuilding and ship-owning was emphasised by top government officials at the session.

"Despite efforts and developments in port infrastructure and inland waterways, we remain dependent on foreign vessels and have yet to capture a significant share of the global shipbuilding market," TK Ramachandran, Union shipping secretary, had said at the workshop.

"Recognizing this, the ministry is now focusing on enhancing our shipbuilding and ship repair infrastructure to meet the ambitious goals of Maritime India Vision (MIV) 2030 and Maritime Amrit Kaal Vision 2047. Through this interactive workshop, MoPSW aims to present specific policies based on stakeholder inputs and invite further valuable contributions to drive demand and capacity growth in these sectors," he had added.

The presentation made by the ministry highlighted the growing trend of the Indian overseas and coastal cargo, while at the same time underscoring that the share of the cargo carried by Indian-owned/-flagged vessels has been dropping over the past decade, which now stands at only about 5.4 per cent. If there is no initiative undertaken, then this



MAKE IN INDIA PUSH

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| 20th India's global rank in shipbuilding | 0.06% Share of Indian shipbuilding globally | \$109 bn Ocean freight paid to foreign shippers in FY22 | 5.4% India-flagged ships' share of overseas cargo | \$237 bn Shipbuilding market potential up to 2047 |
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share may fall further, resulting in Indian-owned/India-built ships having no play even in India's own shipping market, the ministry said in its release on July 4.

According to officials, other recommendations deliberated upon at the session included meeting shipping demands of government agencies and PSUs by India-built vessels, credit incentives, tax exemptions for machinery imports, and easing of capital expenditure required for establishment of new shipyards.

The shipping ministry will come up with a new Ship Building and Ship Repair Policy soon under government's 100-day action plan, according to the release. The Centre intends to take India into the top-five shipbuilding countries globally by 2047.

Industry executives present at the workshop told this newspaper that the proposal was made at a principle level and stakeholder associations have sought more clarity and details from the min-

istry on this.

"On one hand, the government looks to relax cabotage rules to allow foreign vessels for coastal operations, and on the other, it is exploring the option of asking domestic industry to mandatorily only have indigenously built vessels from 2030. We are awaiting further clarity on the technical aspects of this proposal," said a Mumbai-based industry executive present at the workshop, adding that the plan seems to be rushed.

Queries sent to MoPSW remained unanswered till the time of going to press. In the past, MoPSW has brought schemes such as Shipbuilding Financial Assistant Policy, and Right of First Refusal (ROFR) policy, according Infrastructure status to shipyards, etc.

Despite these measures, commercial shipbuilding in India has still not reached a position of strength compared to global shipbuilding majors, accounting for less than 1 per cent of the global shipbuilding market, largely on account of lack of demand.