Shipping Ministry mulls ₹11,000-cr PLI for box manufacture

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The Ministry of Ports, Shipping and Waterways is mulling over a ₹11,000-crore PLI scheme spread over a nine-year period for the manufacture of shipping containers. The scheme will look to push the country as a shipping container manufacturing hub, competing with the likes of China, and garnering at least 10 per cent demand from global liners.

According to a Cabinet note accessed by *businessline*, of the nine years of outlay, incentives will be fixed for the first five years, while it would "taper or decrease" for the next four years.

Feasibility studies for the PLI scheme were carried out by the Kolkata-based Indian Institute of Foreign Trade.

A senior Shipping Ministry official said, due to Covid, India has seen an acute shortage of shipping containers since October 2020, which has disrupted the global supply chain.

PLI DRAFT

Two incentive schemes are being proposed — one, based on the differential price between the Indian and international manufacturer; and two, a differential price calculation if the PLI beneficiary fails to have incremental production. Calculations of incentives are being worked out.

Those aware say financial implications are estimated at around ₹32 crore in Year 1; which then increases to ₹88 crore in Year 2; the outlay is expected to jump 10-fold to ₹880 crore in Year 3; at ₹1,890 crore in year 4 and then to ₹2,800 crore in year 5.

It subsequently tapers down. In year six, it is ₹2,160 core, in year 7, ₹1,620 crore, in year 8 ₹1,000 crore, and finally down to ₹550 crore in the last year (year 9).

A review will be carried out in the eighth year to see if the scheme is to be extended or not. The first two years of the scheme have been pushed as an "incubation stage", where manufacturing facilities are expected to come up.

COUNTERING CHINA

According to the Cabinet note, international container manufacturing is dominated by China and nearly 90 per cent of the global demand is met by that nation.

Incidentally, India, too, depends on China for such supplies.

However, with a 'China plus one' policy becoming popular because of trade tensions and global supply disruptions, the world is looking at alternatives to de-risk. Companies are also planning to set up shop apart from in China.

"....there is need to create a domestic ecosystem towards promotion of manufacturing in shipping. To achieve this, a (PLI) scheme is proposed to be implemented," the Cabinet note mentions.