

Steps taken by Government to promote Ship building in Indian Shipyards

In a written reply to a question in Lok Sabha today the Minister of State for Shipping (I/C) and Chemical & Fertilizers Shri Mansukh Mandaviya informed that to promote shipbuilding in Indian shipyards, the Government of India has on December 9, 2015 approved New Shipbuilding Financial Assistance policy for Indian shipyards for shipbuilding contracts signed during a ten year period, viz. 2016-2026. Financial assistance is being granted to Indian Shipyards equal to 20% of the lower of “Contract Price” or the “Fair Price” or actual payments received of each vessel built by them for a period of at least 10 years commencing 2016-17. This rate of 20% will be reduced by 3% every three years.

The Minister informed that only those vessels, which are constructed and delivered within a period of three years from the date of Contract, shall be eligible for availing financial assistance under the policy. Provided that, in case of specialized vessels, the competent authority may grant in principle approval for construction and delivery of such vessels within a specific period even beyond the aforesaid three years, but not exceeding six years, when the shipyard applies for such approval for the vessel under the policy guidelines and thereafter the delivery period provided for in this Clause shall be such extended period as permitted by the Competent Authority.

The guidelines define vessel as all types of floating crafts or structures built under the classification of one of the Recognized Organizations but shall exclude the following crafts:

1. Vessels built for Indian buyer or ship owner, which are less than 24 meters in length, except classed* dredgers of length of 10 m and above (registered length / rule length as shown in the registry certificate / tonnage certificate). However, for export orders minimum 24 m length restriction is not applicable.
2. Vessels made of wood irrespective of their lengths.
3. Vessels built for defence purposes or for use by Navy or Coast Guard.
4. Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies except those secured from the Central or State Public Sector Enterprises.

*classed with one of the Recognized Organizations (ROs) of the GoI and assigned with a Class notation as “Dredger (of any type)”.