

SCHEME FOR PROMOTION OF FLAGGING OF MERCHANT SHIPS IN INDIA

In order to promote the objective of Atmanirbhar Bharat, the Government of India hereby approves a Scheme to provide ₹1,624 crore over five years as subsidy support to Indian shipping companies in global tenders floated by Ministries/Departments and CPSEs for import of government cargo. The Scheme will be implemented with effect from 14.07.2021. Further, the Scheme will be implemented in the following manner:

1. For a ship which is flagged in India after 1st February, 2021-
 - a) And is less than 10 year at the time of flagging in India, the subsidy support would be extended @15% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
 - b) And which is between 10 to 20 years old at the time of flagging in India, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
 - c) The rate at which the above subsidy support is extended to ships at 1(a) &1(b) above would be reduced by 1% every year, till it falls to 10% and 5%, respectively, for the two categories of ships mentioned above.
2. For existing Indian flagged ship which is already flagged-
 - a) And less than 10 years old on 1st February 2021, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the

Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.

- b) And between 10 to 20 years old on 1st February 2021, the subsidy support would be extended @5% of the quote offered by the L1 foreign shipping company OR the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.
- 3. The provisions of this subsidy support would not be available in a case where an Indian flagged vessel is the L1 bidder.
- 4. The eligible shipping company shall be paid the subsidy amount along with the charter hire amount as per the contract terms by the tendering agency (user Departments/CPSEs) and the tendering agency (user Departments/CPSEs) will be then reimbursed. This is critical for preserving the time value of money and ensuring necessary return to the shipping firm.
- 5. The subsidy support would be extended only to those ships which have bagged the award after the implementation of the scheme.
- 6. Flexibility in allocation of funds for expenditure from one year to another and within the various Ministries/departments of the scheme.
- 7. Ships older than 20 years would not eligible for any subsidy under the scheme.
- 8. In view of the enlarged scope of the Scheme this Ministry shall seek allocation of such additional funds from the Department of Expenditure as may be required.
- 9. The scheme would be reviewed after 5 years.