पत्तन, पोत परिवहन
एवं जलमार्ग मंत्रालय
MINISTRY OF
PORTS, SHIPPING
AND WATERWAYS

सत्यमेव जयते

Financing the Future of Maritime India

Director General of Maritime Administration

23rd September 2025 | Shipping Corporation of India | Mumbai

India's Economic Growth and the Significance of Maritime Domain

$4.19 Trillion

Indian GDP

World's 4th largest economy

6.5 %

(FY 25)

GDP Growth

projected 6.3–6.7% annual growth through coming years

$5 Trillion

by 2027-28

GDP Target

IMF projects India will surpass Germany by 2028, becoming the world's 3rd largest economy

The Maritime sector facilitates

95%

Trade by Volume

70%

Trade by Value

Maritime sector contributes to 4-5% of the GDP

Geo Political Uncertainty

1. Impact of Blockage of Suez Canal

Fig: Red Sea Shipping Crisis

2. Impact of Russia-Ukraine War on Maritime Trade & Shipbuilding

Disrupted Black Sea Routes
- Grain, metals, and bulk cargo shipments rerouted or delayed
- Longer transit times, higher freight costs

Sanctions & Export Controls
- Restrictions on Russian oil, metals, and technology
- Compliance risk for shippers & buyers
- Need to diversify sourcing and trading partners

Fuel & Insurance Instability
- Volatile bunker fuel prices increase operating costs
- Higher war-risk premiums and shipping insurance rates
- Some routes avoided, leading to global supply chain stress

3. Impact of US Tariff War on Maritime Trade & Shipbuilding

Strategic & Financial Implications
- Risk of retaliatory tariffs disrupting global supply chains
- Shipping companies may face overcapacity or rerouting challenges
- Financing for newbuilds and fleet expansion becomes riskier

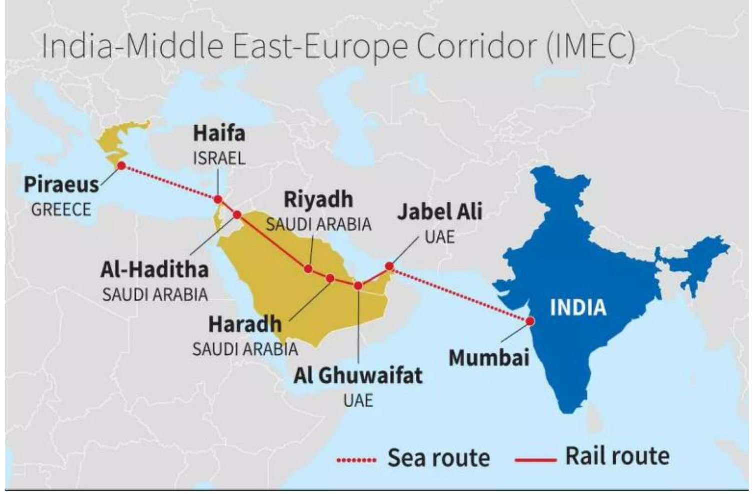
Geo Political Uncertainty

Geopolitical Importance of Chabahar

Chabahar Port is located on Iran's southern coast by the **Gulf of Oman**. It serves as India's access point to Afghanistan and Central Asia, bypassing Pakistan. The port counters **China's Gwadar Port in Pakistan**, part of the **China-Pakistan Economic Corridor (CPEC)**. Chabahar is also a key node in the **International North-South Transport Corridor (INSTC),** linking Mumbai to Moscow through Iran and Azerbaijan.

India's Investment

- India Ports Global Limited (IPGL) operates the Shahid Beheshti Terminal at Chabahar.
- The $120 million investment focuses on modernising port infrastructure and enhancing cargo handling.



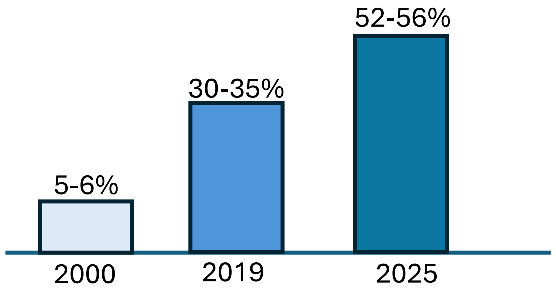
Challenges	
	• Concern of US with Iran: Potential risk of sanctions • Houthi-Red Sea Crisis

Economic Benefits	
	• Connect with the resource-rich Central Asian markets • Diverse Trading Routes • INSTC to save 30% in cost and 40% in transit time

Global Leaders

China

% global SB market share



Cabotage only for Chinese flag, Chinese-built vessels

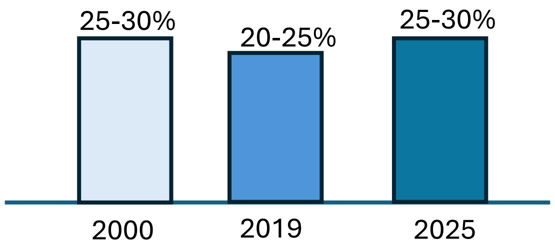
- Foreign flag, Chinese built vessels allowed in Shanghai Free Trade Zone

17% subsidy on prices for Chinese Ship buyers

Soft-loans, tax exemptions for local shipbuilders

South Korea

% global SB market share



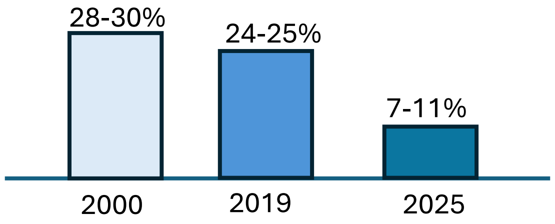
Cabotage only for South Korean flag vessels

Financial support to promote new ship demand - reimbursement up-to 60% of cost of new vessels (2018)

Easy financing options for shipbuilders, bailout support

Japan

% global SB market share



Cabotage only for Japanese flag vessels

Subsidy for scrapping old vessels given to owners/operators

Tax benefits to promote shipbuilding, fleet modernization e.g. depreciation up to 60% in 5 years on Japanese owned ships

Atmanirbharta in Maritime

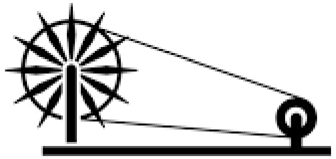
Strategic Autonomy: Control over shipping assets ensures national security and trade resilience.

Economic Growth: A robust maritime sector boosts exports, coastal trade, and employment.

Global Competitiveness: Enhancing Indian tonnage and fleet capacity positions India as a global maritime hub.

Gandhiji's Swadeshi Movement

The Swadeshi Movement emphasized self-reliance, indigenous production, and economic independence.



Current Scenario

MIV 2030 & MAKV 2047 Goals

Investment Requirement:
- INR 3.5 lakh crores in 5 years (MIV 2030)
- INR 80 lakh Crores by 2047 (MAKV 2047)

Port capacity to rise to over 3,300 MTPA

Doubling of coastal shipping and inland waterway cargo share

Current Scenario

1.7%
Share of global fleet

2nd
Rank in global ship recycling, 2024

16th
Largest ship building sector globally with rapid capability expansion,2024

Top 3
In trained manpower, 2025 with >3.18 Lakh Indian Seafarers

Challenges

1. **Non-availability of long-term, low cost capital**
2. **Lack of domain expertise in existing financial institutions**
3. **Higher collateral requirement**
4. **Stringent terms of domestic loans**

Removal of Operational & Taxation Hurdles

Below mentioned are the Taxation anomalies hampering Indian Tonnage vis a vis Global Maritime.

Sr. No.	Operating Parameters for a coastal voyage	Indian flag ship	Foreign flag ship
1	Direct Tax - Seafarers' wages taxation	Wages of Indian seafarers working on Indian flag ships in coastal waters are subject to Income tax and TDS provisions.	No tax on wages earned by Indian or Foreign seafarers working on foreign flag ships operating in coastal waters of India even for Indians working on foreign flag ships on the coast
2	Direct tax – Tonnage Tax Rate	Rate of tonnage tax is higher under the Indian Income tax High rate of tax on income OR Tonnage tax + training obligation	Lower rate of tonnage tax
3	Direct Tax – Cadet Training Cost	Free Cadet training provided by Indian Ships under Tonnage Tax Scheme – We train 1.5 cadets for every 10 persons on board our vessels	No such training obligation on foreign ships by their maritime administration
4	IGST on import of ships	5% on the value of the ship	No GST on the acquisition of ships in their country Even if the foreign ship is operating in India no GST applies
5	Inability to offset input GST on goods procured	5% of the value of the goods (Bunkers, stores, spares) gets blocked in the Indian shipping company	Does not apply
6	GST on (freight) transport of cargoes between two Indian ports	5% on the value of the service	Does not apply – no GST is payable on coastal provided by foreign flag vessel

Removal of Operational & Taxation Hurdles

Below mentioned are the Taxation anomalies hampering Indian Tonnage vis a vis Global Maritime.

Sr. No.	Operating Parameters for a coastal voyage	Indian flag ship	Foreign flag ship
7	GST payable on maintenance, repair or overhaul (MRO) services procured overseas	From June 2021, the Indian flag shipping industry must pay 5% GST on Reverse charge basis on the dry docking and repair services procured abroad.	In most countries Ships are exempt from application of GST - Does not apply. Foreign ships are able to get MRO services in India without payment of levy.
8	5% IGST payable to Customs on the sum of (a) dry docking expenditure incurred outside India, plus (b) cost of insurance (c) freight (to &fro)	Despite paying GST on Reverse charge basis on MRO services availed overseas, Customs require Indian ship to pay this amount again under IGST. This levy is payable a second time on the same MRO service on conversion of the vessel to coastal and this amounts to double taxation.	Does not apply – since almost all maritime nations do not apply GST to Ships.
9	GST on Export freight services	Export freight services provided by Indian ship is liable to 5% GST	Does not apply.
10	GST on Import freight services	Export freight services provided by Indian ship is liable to 5% GST	Does not apply.

Proposed Interventions to boost Shipbuilding

- Shipbuilding Financial Assistance Policy (SBFA)
- Developing shipbuilding clusters
- Maritime Development Fund (MDF)
- National Ship Building Mission
- Comprehensive Ship Building Portal
- Vessel Sharing Agreement
- Subsidies for green conversion
- Removal of Operational & Taxation Hurdles

Four Pillar Approach

01

Shipbuilding Financial Assistance scheme

Allocation: ₹18,090 crore

- Overcome cost differential vis-a-vis foreign shipyards.
- Credit note for new builds against ship scrapping in India
- Establish National Shipbuilding Mission

02

Maritime Development Fund

Allocation: ₹25,000 crore

Enable long-term financing to maritime sector through equity & debt-based funding:

- Maritime Investment Fund
- Interest Incentivization Fund
- Credit Guarantee Fund

03

Capacity & capability development and credit risk coverage

- Greenfield cluster creation
- Brownfield capacity expansion
- Risk outlay for shipyards
- Setting up of India Ship Technology Centre (ISTC) as Apex body under IMU

04

Legal, Policy and Process Reforms

- Demand aggregation
- Large Ships as infrastructure
- Taxation issues
- Flagging reforms

SBFA 2.0 and MDF

SBFAS 2.0 (2026 – 2036)

Total Allocation: ₹18,090 crore

Subsidy Rates:

- Standard vessels: 14–15%; Large vessels (>₹100 crores): 20% ; Green fuel: 30% ; Electric/ hybrid: 20%

Ship Breaking Credit Note

Ship owners will receive a credit note for **40% of the scrap value** of a ship dismantled at an Indian facility, which can then be used to get a rebate on the cost of a new ship built at an Indian shipyard

MDF

Ships as Infrastructure

- **Large Ships** is included in the harmonized master list of Infrastructure sub-sectors by insertion of new category of "Transport and Logistic" by Ministry of Finance.

Benefits of Declaring Large Ships as Infrastructure

1. Financing Benefits

- Access to **long-term funds** at lower interest rates.
- Easier approvals for **External Commercial Borrowings** (ECBs).
- Eligibility for **Infrastructure Debt Funds** (IDFs).
- **Priority sector lending status** from select financial institutions.

2. Taxation Benefits

- Eligibility for **tax holidays.**
- Accelerated depreciation benefits to **reduce taxable income.**
- Possible **GST concessions** on inputs and services.

3. Policy and Regulatory Benefits

- Eligibility for **Viability Gap Funding** (VGF)
- **Relaxed ECB** end-use restrictions.
- Inclusion in the **National Infrastructure Pipeline** (NIP)
- Higher **Foreign Direct Investment** (FDI)

4. Sector-Specific

- Reduction in cost of capital for **ship acquisition and construction.**
- Boost to the **Indian shipbuilding industry** by incentivizing domestic builds ≥1,500 GT.
- Encouragement **of Indian flagging, strengthening India's tonnage base.**
- Support for **maritime security** and self-reliance in shipping capacity.

Ships as Infrastructure

- **Large Ships** is included in the harmonized master list of Infrastructure sub-sectors by insertion of new category of "Transport and Logistic" by Ministry of Finance.

Benefits of Declaring Large Ships as Infrastructure

Case A: Indian Flagging Benefits

Parameter	Without Infrastructure Status	With Infrastructure Status	Annual Savings
Interest Rate	10%	7%	3% reduction
Annual Interest Cost	₹10,000 crore	₹7,000 crore	₹3,000 crore
Tax Rate Applied	30%	0% (Sec 80-IA)	30% saved
Annual Tax Liability	₹1,500 crore	₹0 crore	₹1,500 crore
Total Annual Benefit	-	-	₹4,500 crore

3%

Interest Rate Reduction

₹4,500 Cr

Total Annual Savings

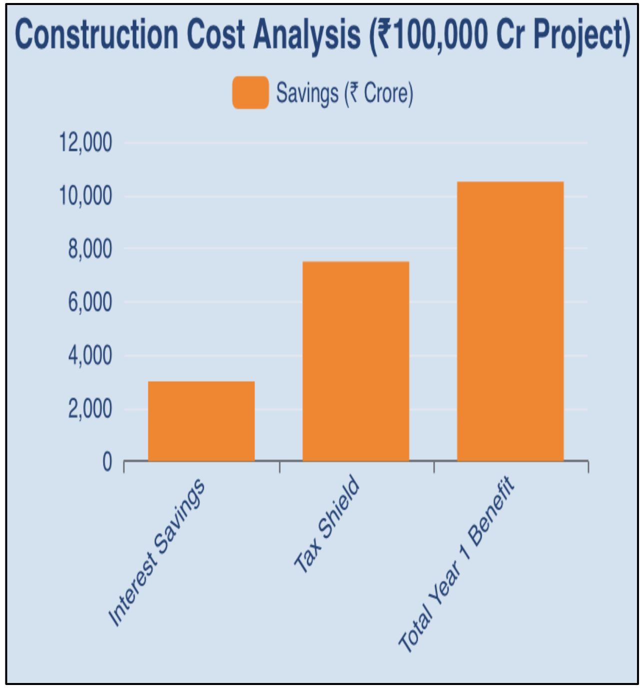
Case B: Indian Shipbuilding Benefits

Tax Shield Benefits

Accelerated depreciation (40% vs 15%) creates ₹7,500 crore Year 1 tax savings

Interest Savings

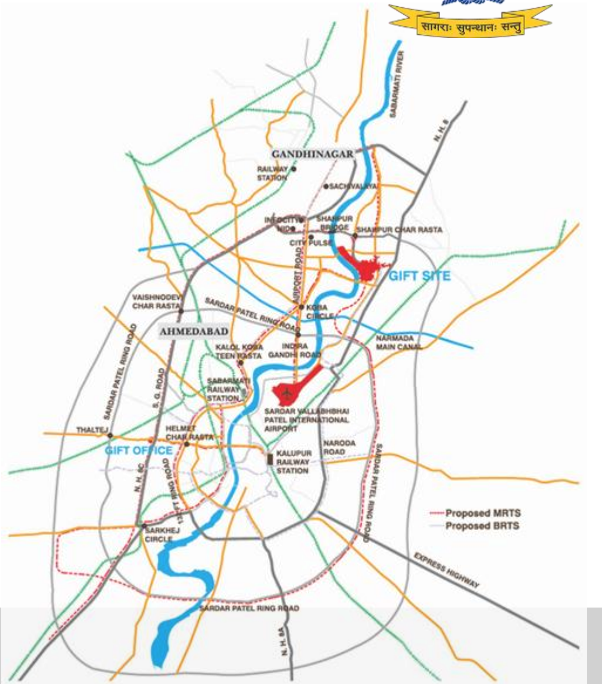
3% rate reduction saves ₹3,000 crore annually on ₹100,000 crore construction cost



GIFT City: Opportunities for Maritime Sector

GIFT IFSC – Key Highlights

- ✓ **India's First IFSC:** GIFT City is a pioneering smart city and the country's first operational International Financial Services Centre.
- ✓ **Strategic Location:** Positioned between Ahmedabad and Gandhinagar, with access to major trade corridors and international airport.
- ✓ **Unified Regulation:** IFSCA streamlines oversight across financial sectors, enhancing ease of doing business.



Strategic Advantage of GIFT City in the Maritime Sector

10-Year Tax Holiday

Maritime entities in GIFT IFSC enjoy full income tax exemption for any 10 consecutive years within the first 15 years of operation, boosting profitability and long-term investment.

Capital Gains Tax Exemption:

GIFT IFSC entities enjoy exemption of tax on capital gains from ship sale and lease transactions, reducing asset turnover costs and encouraging fleet reinvestment.

Reforms to support GIFT IFSC's engagement in maritime sector

Legislative Reforms

Merchant Shipping Act 2025

- ✓ Mandatory Registration
- ✓ Simplified Registration
- ✓ Ownership Liberalization

Coastal Shipping Act 2025

- ✓ Licensing Requirement Removed
- ✓ Reduces Compliance Burden

Chartering and Leasing Portal

Ease of Doing Business

The Charter Permission Application makes licensing easier by digitizing approvals, cutting paperwork, and speeding up the process.

Generating Leads

the Charter Permission Application helps grow business and generate leads by connecting key players in maritime trade on one platform.

Centralized Platform

A digital platform that streamlines charter activities, allowing shipping companies, agents, regulators, and port officials to collaborate easily.

Transparency & Tracking

It improves transparency and keeps everyone on the same page by using digital workflows and real-time updates.

Green Shipping – The Big Picture

- Shipping is the **backbone of global trade** – carrying 80% of goods worldwide.
- Shipping contributes to ~3% of global CO_2 emissions.
- Green Shipping = *making ships, ports, and supply chains cleaner, smarter, and future-ready.*
- It's not just about compliance — it's about **staying competitive in a low-carbon economy.**
- **Vision & Commitments:**
  - Aligned with *Maritime India Vision 2030 & Maritime Amrit Kal Vission 2047*.
  - Supports IMO's **Net Zero 2050** ambition.
  - Anchored in India's **Panchamrit Pledge** – 500 GW non-fossil capacity by 2030, Net Zero by 2070.

"The future of shipping is green — by necessity, not by choice."

Sustainability in Shipping

Green Shipping Roadmap :

- *National Green Shipping Policy (NGSP):* India's decarbonization roadmap.
- *Planned IOCE-SMarT:* Indian Ocean Centre of Excellence for Sustainable Maritime Transport.
- *Harit Sagar Guidelines 2023:* Sustainable Port development and carbon emission reduction.

Fuel Transition: Phased adoption of LNG, biofuels, methanol, ammonia, hydrogen.

- Carbon Neutral Ports: All Major Ports targeted carbon neutral by 2047.
- Carbon Intensity Reduction: ~ 30% per ton cargo by 2030; ~ 70% by 2047
- Renewable Energy Push: >60% share at ports by 2030; >90% by 2047.

Circular Economy: 5R principles (Refuse, Reduce, Reuse, Repurpose, Recycle), Green Reporting Initiative, Ship Recycling Act (2019), HKC entry into force (2025), Green Steel Recovery

- Sustainability Index of Ships (SIS) links **age norms to actual performance.**

"The future of shipping is green — by necessity, not by choice."

Financing the Green Fuel Transition

Shipping today contributes around **3% of global CO_2 emissions**. The IMO has locked in a target of **net-zero by 2050** → which means fuels like HFO and MDO are on their way out.

For India, the next 25 years are about **switching the fuel mix**:

Fuel	Demand in 2030	Demand in 2050
Hydrogen	**0.026 MT**	**0.3 MT**
Ammonia	**0.025 MT**	**4.4 MT**
Methanol	**0.037 MT**	**0.272 MT**
LNG	**0.66 MT**	**0.3 MT** (to be replaced by bio/e-LNG).

India can produce these fuels cheaper than almost anyone.
Green Hydrogen cost by 2030:
India $1.5–2.0/kg.
Middle East: $2.0–2.5/kg.
Europe/East Asia: $3.0–6.0/kg.
This is the base case for India becoming the lowest-cost global hub for green maritime fuels.

Financing the Green Fuel Transition

$80 billion required by 2050

For bunkering infra, renewable energy integration, and upgrading port grids.

$10 billion by 2035

To roll out shore-to-ship power across ports.

$5 billion Green Shipping Fund

To de-risk early-stage projects.

$10–15 mn each,

Vessel retrofits cost for LNG Transition

$100's million per port

Creation of Bunkering Hubs

Multi-Billion Dollar CAPEX

Setting up electrolyser clusters for hydrogen and ammonia

India currently spends **>$150 bn every year** importing fossil fuels.
Green fuels flip this from a **forex drain** into a **forex saving and revenue opportunity**.
Long-term export markets (EU, Japan, Korea) mean steady inflows once we build scale.

It's not just about meeting IMO targets — it's about ***redirecting import expenditure into domestic CAPEX that pays back for decades***.

Key Financing Pathways

Green and Blue Bonds → tie projects directly to ESG-linked capital pools.

PPP / Port Concessions → private players co-invest in bunkering and OPS infra.

Soft loans / concessional finance → lower borrowing costs for DISCOMs and ship retrofits.

Demand Aggregation Tenders / JVs → pool demand across shipping lines and ports to create bankable offtake volumes.

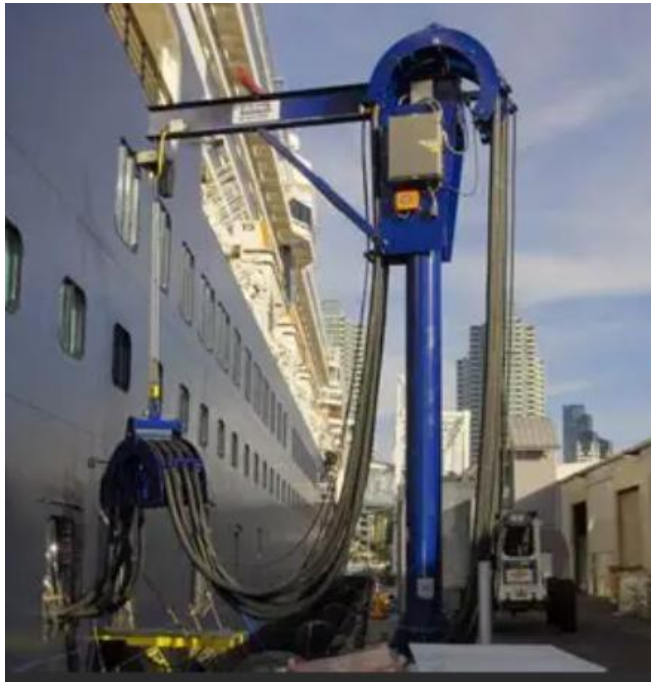
Export-linked instruments → bonds backed by long-term offtake contracts with EU/Asia buyers.

Blended finance → MDB + private equity reduces risk of stranded assets.

Green Ports & Infra Financing

Shore-to-Ship Power (OPS) & DISCOM Soft Loans

- **Why Onshore Power Supply (OPS) matters:** When ships sit idle at berth, they still burn fuel to keep systems running. OPS allows them to plug into the port's grid.
- **The Cost:** Rolling out OPS across major Indian ports by 2035 will cost around **$10 billion**
- **The DISCOM problem:** OPS is only viable if ports get **reliable, low-cost green electricity**. Today, DISCOMs face high borrowing costs and heavy debt. Without intervention, power tariffs will stay too high for OPS adoption.
- **The solution: Soft loans to DISCOMs** so they can borrow cheap, pass the benefit down in the form of affordable renewable power. This is the financial unlock for OPS.
- **The payoff:** Ports cut emissions, improve ESG scores (important for global trade partners), and attract new investment. Shipping companies save on fuel burn. India signals commitment to its green shipping goals. *Finance lens*: **Spend billions now, secure decades of savings + stronger investor confidence in Indian ports.**
- **Financing models:**
  - ***Blended finance*** *→ govt + MDBs + private capital.*
  - ***Green/blue bonds*** *→ specifically earmarked for OPS infra.*
  - ***PPP models*** *→ private players co-invest in OPS roll-out.*



Green Ports & Infra Financing

Demand Aggregation via JVs and Tenders

- **The problem today:** Shipowners, ports, and cargo players each chase their own green fuel deals. Volumes are too small, suppliers won't commit, and projects look unbankable. Investors see fragmented demand as *too risky*.

- **Aggregation as a Solution:** Pool the demand of multiple players → aggregate demand for green fuels (H_2, NH_3, methanol). Bigger volumes = bankable projects for both suppliers and financiers.

- **The JV model:** A **joint venture** between ports, shipping companies, and fuel producers to manage procurement, contracts, and infra roll-out. This shares risk and ensures steady revenues.

- **Opportunity in the Indian Context:**
  - Aggregate demand across **12 major ports + Indian shipping lines + energy producers**.
  - Govt acts as an **anchor buyer** to boost confidence.
  - Finance flows through **blended capital, PPPs, and green bonds**.

Green Ports & Infra Financing

Policy & Institutional Anchors

IOCE SMarT

- New **centre of excellence in Mumbai** for sustainable maritime transport.
- Covers the **Indian Ocean Region** with IMO global linkages
- 10 Verticals including:
  - **FinSMarT** → green finance models.
  - **GreenSMarT / EcoSmart** → fuels, green ports, energy efficiency.
  - **EduSMarT** → training and capacity building.
  - **CollSMarT** → partnerships with BIMSTEC, IMO, industry.

    Purpose: Make India the **anchor hub for sustainable shipping solutions** in the region.

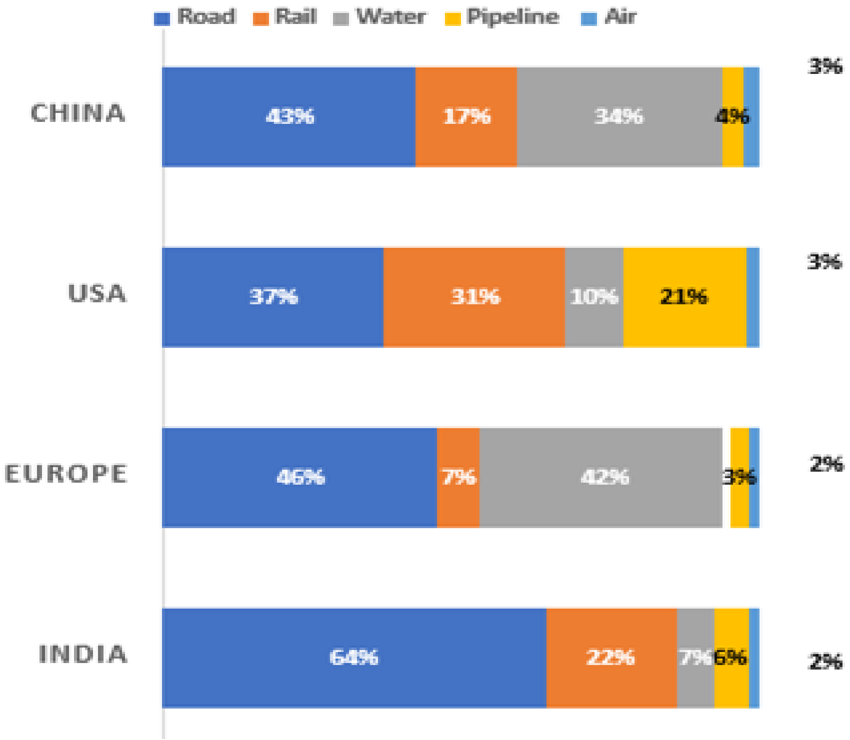
National Green Shipping Policy

- India's **first national policy** to decarbonize shipping and ports.
- Covers: **ships, fuels, ports, recycling, people**.
- Finance Driven Outcomes:
  - **Green Maritime Economic Zones** → clusters for fuels & ship tech manufacturing.
  - **Loan guarantees + insurance subsidies** → reduce investor and shipowner risk.
  - **Priority lending status** for green infra.
  - **Carbon credits + tradable certificates** → extra revenue for early adopters.
  - Impact:
    - Cuts fossil import bill → saves forex.
    - Opens **exports of green fuels & technology**.
    - Builds jobs and industries in coastal states.

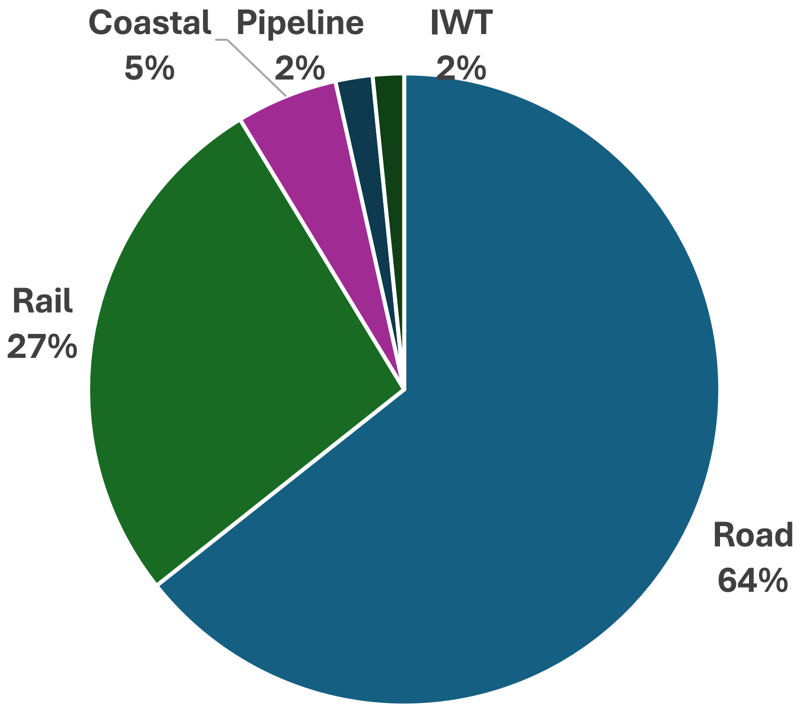
      NGSP = not just environment → a **national finance & growth strategy**.

Modal Share of Transport

Global Modal split of Freight Transport by tonne km



Modal Share of Transport - Major Ports



Logistic Cost per tonne per km

Road: ₹3.78

Rail: ₹1.96

Air: ₹72

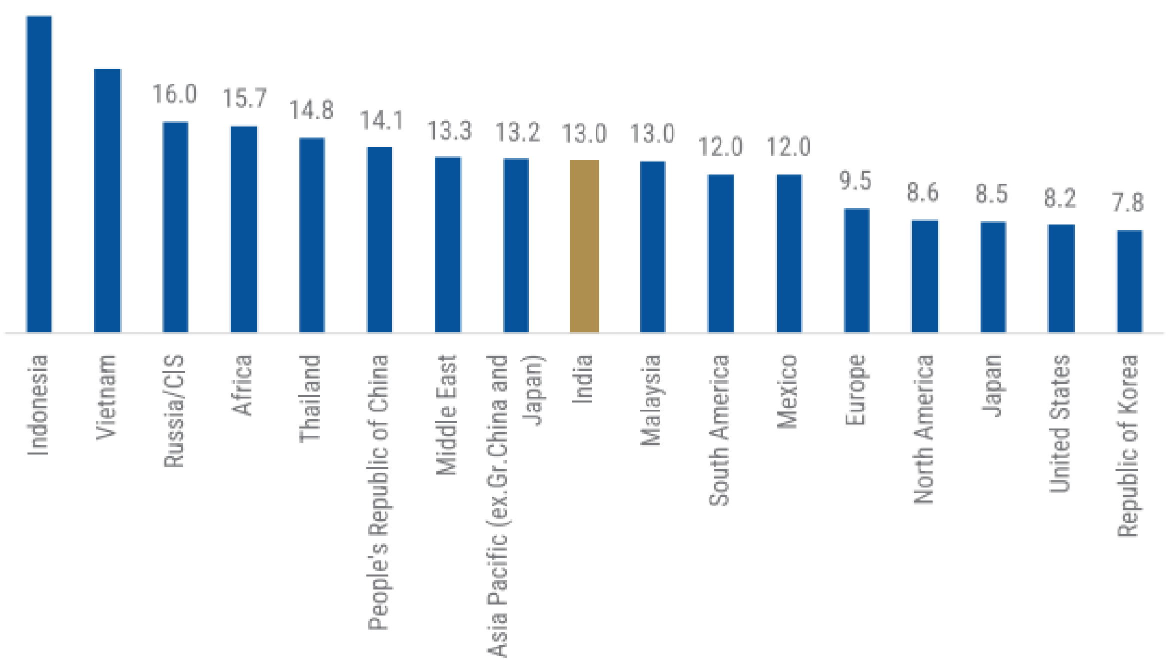
Waterways (average): ₹2.30

Coastal: ₹1.80

Inland: ₹3.30

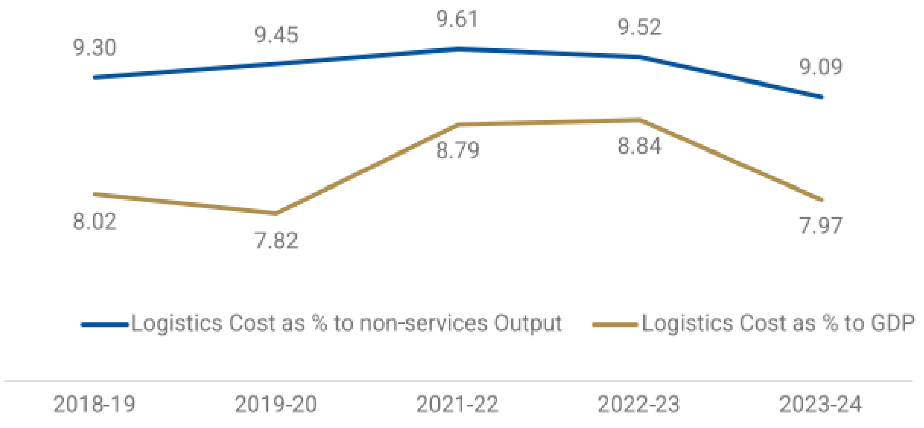
Ports and Logistics

Logistics Costs for Key Regions and Countries (as per cent to GDP, 2016)

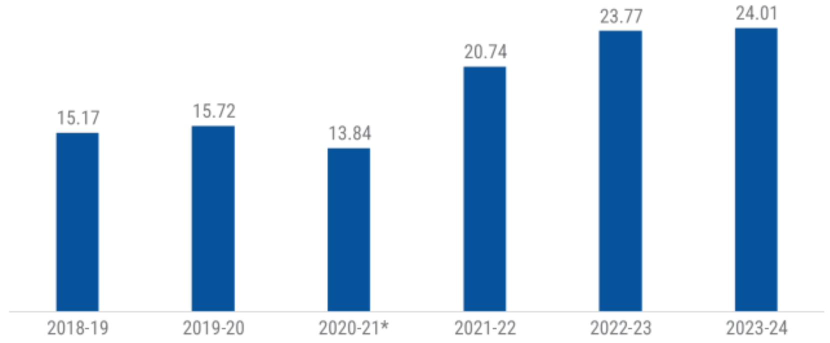


Source: Armstrong and Associates report (2017)

Time Series of Total Logistic Cost Metrics



Time Series of Total Logistic Cost as an Absolute Value in Lakh Crores



* COVID Year
- Logistics Cost Components: Transportation by all modes, Warehouse & Storage, Material Handling by all modes
- Data Source: Supply and Use Tables, National Accounts Statistics, MoSPI; NCAER Industry Survey

सागरा: सुपन्थान: सन्तु /

"Let the oceans have safe passages"