

## Shipbuilding: Consolidated Issue Summary

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| S.No. | Areas                     | Issues   |
|-------|---------------------------|--|
| 1     | Scalability               | High dependence of ship owners in old ships due to constraints of investment capacity to buy new ship.   |
|       |                           | Present requirement to obtain multiple clearances covering land acquisition, environmental clearance, power and water etc., from various departments for new projects in shipbuilding acts as a deterrent to attracting investment into this sector. |
| 2     | Cost Efficiency           | High interest rates on working capital in India as compared to competing countries (Difference as high as 5-6% as compared to competing countries)   |
|       |                           | Customs duty of the order of about 35% is imposed on all capital equipment required for shipbuilding   |
| 3     | Productivity Optimization | Limited investment in R&D in ship designing and innovation.  |
|       |                           | Non-availability of organized component and service supply manufacturers.  |
|       |                           | Dependence on imports for critical raw-materials like high quality steel plates and other structural items.  |
| 4     | Quality Excellence        | Lack of basic skills like welding and fitting.   |
|       |                           | Inadequate skills & infrastructure availability for conducting research in the areas of ship designing, ship building technology & equipment design etc.   |
|       |                           | Inability of smaller suppliers to keep abreast with the rising quality issues  |
| 5     | Sustainability            | Absence of a strong ancillary industry   |
|       |                           | Inverted duty structure. All ships including dredgers imported by Indian owners from abroad are fully exempted from customs duty. However, customs duty of the order of about 35% is imposed on all capital equipment required for shipbuilding      |
|       |                           | Lack of synergy between public and private yards   |