

Port Trust has already given 'No Objection' to Maharashtra Tourism Development Corporation for a period of one year to carry out sea-plane operation. Mumbai Port Trust has also carried out a preliminary study for construction of a Floating Hotel.

The seaplane connectivity and its expansion between various water bodies in the country would depend upon commercial viability of such operations.

Changes in water transport and shipping

1687. SHRI A.K. SELVARAJ: Will the Minister of SHIPPING be pleased to state:

(a) whether it is a fact that Government is considering to accord highest priority for the shipping industry;

(b) whether it is also a fact that Government proposes to make revolutionary changes in water transport and shipping during the coming two years; and

(c) if so, the details thereof;

THE MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI RADHAKRISHANAN P.): (a) to (c) Yes, Sir. Presently shipping industry carries 95% of India's total merchandize trade by volume and 70% in terms of value. The current proportion of merchandize trade in GDP of India is only 42%, whereas, for some of the developed countries such as Germany & European Union, it is around 75% and 70% respectively. Therefore India has a great potential to increase its share of merchandize trade in GDP.

India has a total sea borne traffic of only 950 million tonnes with a total coast line of around 7500 KM compared to China whose sea borne traffic is 9 billion tonnes with a coast line of 15,000 Kms. Therefore India has significant potential of developing its maritime capabilities.

In order to make the shipping industry more attractive and competitive, Indian shipping industry has been provided cargo support. This is presently being done through Right of First Refusal policy of FOB import for government owned/controlled cargoes. In the Union Budget 2014-2015, Government has increased the abatement of service tax from 50% to 60%. With this change, only 40% of the value of the service for transportation of goods by vessels would be subject to levy of service tax. Government has taken a policy decision to allow shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience. Recently, Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of EXIM and empty containers.