

● SETTING SAIL

Govt identifies 5 ports to boost cruise tourism

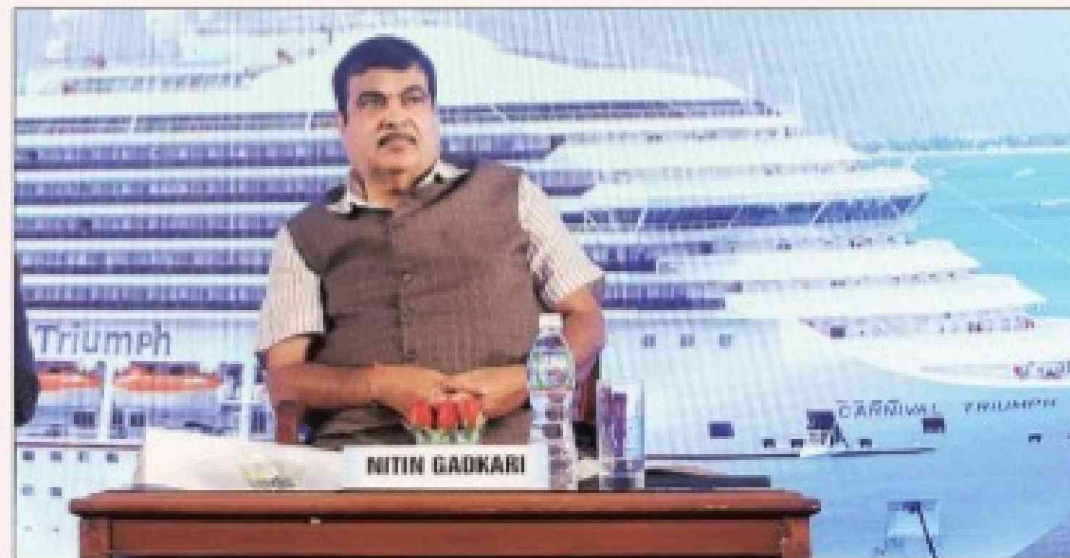
Shipping minister Gadkari to urge finmin to waive GST on cruise ships as well as establish zero tax regime

FE BUREAU

Mumbai, August 8

UNION MINISTER FOR shipping Nitin Gadkari on Tuesday announced that the government has identified five major ports — Mumbai, Mormugao, Mangalore, Chennai and Cochin — to boost cruise tourism in India.

While the number of Indians who took a cruise in 2016-17 was 2 lakh, the number could go up to 40 lakh, according to a report prepared by consultants Bermelo & Ajamil jointly with



Union shipping minister Nitin Gadkari at a meet on cruise tourism in Mumbai on Tuesday

PRADIP DAS

Ernst & Young. Of this, 80% or 32 lakh passengers are expected to take cruises from the Mumbai port alone.

However, Gadkari added that the cruise tourism industry is facing challenges on many issues and that he would make a representation to the finance ministry to waive the goods and services tax (GST), levied at 5% currently on all cruise ships, as well as establish a zero income tax regime.

While the largest cruise line operator, Carnival PLC, is looking to increase the number of cruise liners in India, David Dingle, the company's chairman told *FE* that the country must create a domestic cruising tax regime competitive with tax regimes elsewhere in the world.

"In principle, the cruise industry will not come to a part of the world where it has to pay GST on the ticket price and on

the sales made on board. We will not bring our ships here in any significant numbers all the while that cruising attracts any GST," he said. Moreover, Dingle added that international cruise companies have to have the right to repatriate their profits through double tax treaties.

Carnival PLC sold 181,000 cruises in India in 2016, registering a compounded annual growth rate of 31%.

Current estimates are that over 120,000 Indians book a cruise each year with over 90% of them travelling to Singapore to board a cruise liner. To cater to this growing market, the Indian government wants to increase the number of cruise liners that come to India, eliminating the need for cruise seekers to fly abroad to board a ship.

The Indian coastline saw 150 cruise ship visits in 2016 and the government is aiming to increase this to about 955 in the next few years.