



# Strengthening India's maritime sector: The role of GIFT IFSC

February 2024

# Foreword

The maritime sector is a vital engine of global trade and economic growth, connecting markets and facilitating the movement of goods across the world. As the world's trade volume continues to expand, the demand for efficient, reliable and sustainable shipping services also increases. The shipping industry faces numerous challenges and opportunities in the twenty-first century, such as digitalisation, environmental regulations, geopolitical shifts and innovation. To navigate these complex and dynamic waters, the industry needs a robust and resilient ecosystem of maritime stakeholders, including shipowners, operators, financiers, insurers, lawyers, arbitrators and regulators.

As a maritime nation with a long and rich history of seafaring, India has a strategic interest and unique potential to become a global leader in the maritime sector. The country has a vast coastline of over 7,500 km, 12 major and 60+ non-major ports handling cargo, and a significant share of the world's seafarers. The current world demography is favourable to India, giving it the base for necessary skilled labour power and providing shipping services to the world. Additionally, as India is slated to be the third largest economy, it is poised to be a major source of funds for shipping finance related activities. India also has a strong domestic market, a growing manufacturing base and a vibrant start-up culture. Its vision is to harness its maritime potential and transform itself into a blue economy, generating wealth, employment and social welfare from its ocean resources.

Gujarat International Finance Tec-City (GIFT City), as India's first International Financial Services Centre (IFSC), is a key enabler and catalyst for realising this vision. GIFT City offers a world-class platform for attracting and facilitating global financial transactions and services, with a conducive regulatory environment, state-of-the-art infrastructure and competitive incentives. It aims to become a hub for various sectors, such as banking, insurance, capital markets and asset management, leveraging its IFSC status and extensive global connectivity.

One of the most promising and strategic sectors that GIFT City is focusing on is the maritime/shipping sector. In an economy that has controlled capital movements necessitated due to reserve management and several macro factors, GIFT IFSC is designed as a ringfenced jurisdiction providing for free movement of capital and light touch regulations coupled with tax incentives. GIFT City has the potential to evolve as a maritime hub, offering a comprehensive and integrated ecosystem of maritime stakeholders and services. It provides a unique framework for ship leasing and financing, enabling shipowners and operators to operate in a jurisdiction with regulations at par with other global hubs. GIFT City also allows access to capital and liquidity in a cost-effective and flexible manner. Facilities for specialised arbitration and dispute resolution mechanisms for maritime contracts, helping to ensure legal certainty and expediency, are also evolving. In the near future, GIFT City will attract leading maritime service providers, such as lawyers, insurers and classification societies, to provide their services to the ecosystem of owners, operators and other principals who are rapidly establishing their presence. GIFT City can also drive sustainability and innovation in the maritime sector by developing financial products and platforms for green shipping, such as green bonds, investment funds and carbon exchange.

By developing a maritime cluster within its IFSC, GIFT City is poised to not only create value and opportunities for the maritime industry, but also contribute to India's maritime vision and goals. It can also enhance India's tonnage and trade by facilitating foreign flagging of IFSC-owned vessels and attracting regional and international maritime traffic. GIFT City can also promote India's maritime education, research and development through collaborations with the Gujarat Maritime University and other institutions.

This report leadership provides a comprehensive and insightful overview of the global shipping industry, the opportunities and challenges for India as well as the potential and prospects for GIFT City as a maritime hub. It draws on various sources of information and analysis, such as industry reports, academic papers, government policies and expert opinions.

It also showcases some of the best practices and success stories from other maritime hubs around the world, such as Singapore, London and Dubai. Further, it outlines some of the key strategies and initiatives that GIFT City can adopt and implement to achieve its maritime vision and aspirations.

I hope that this report will serve as a useful and inspiring resource for all the stakeholders and participants of the maritime sector, and stimulate further dialogue and action towards making GIFT City a global maritime hub and India, a global maritime power.



**Manish Sharma**

Partner and Leader – Infrastructure, Transport and Logistics, Real Estate; Global Ports CoE

# Preface

This report aims to explore how India can leverage its maritime heritage, strategic location and emerging opportunities to become a global leader in the maritime sector. It also examines how GIFT City, as India's first IFSC, can play a pivotal role in facilitating and financing maritime trade and investment, as well as providing a platform for innovation and collaboration in the sector.

The report is divided into four sections. The first section provides an overview of the global and regional trends and drivers that shape the maritime sector, and the opportunities and challenges that India faces in this context. The second section analyses the current state and performance of India's maritime sector, covering its key segments, such as ports, shipping, shipbuilding, logistics and maritime services. The third section discusses the potential and benefits of GIFT City as an IFSC for the maritime sector, highlighting its unique features, offerings and advantages, as well as the existing and potential linkages with other maritime hubs and stakeholders. The fourth section outlines the key recommendations and action points for enhancing India's maritime potential and GIFT City's role in the sector, based on the findings and insights from the previous sections.

The report is based on extensive secondary research. Further, I would like to acknowledge and thank Mr Amit Oza, a subject matter expert and a veteran of the shipping industry, for his valuable inputs and guidance in preparing this document. His extensive knowledge and experience in the maritime sector, coupled with his keen understanding of GIFT City's IFSC framework and potential, have enriched this document with practical and relevant insights.

The report also draws on the global best practices and experiences of other leading maritime nations and IFSCs, and benchmarks India's performance and potential against them.

We hope that this report will serve as a useful and timely resource for all the stakeholders involved in the maritime sector and GIFT City, and will contribute to the ongoing dialogue and collaboration for advancing India's maritime vision and aspirations.



**Dhruv Gadh**

Partner – Management Consulting, Infrastructure and Logistics





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# 1. Global shipping sector: Investment potential

The 2023 United Nations Conference on Trade and Development report emphasises how resilient shipping is in the face of significant obstacles brought on by international crises such as the Russia–Ukraine conflict. It is projected that maritime trade will increase by 2.4% in 2023 and by more than 2% between 2024 and 2028.<sup>1</sup>

Investors see a powerful story that highlights the quiet and financial possibilities of wise investments in the maritime industry. Shipping acts a major contra investment for funds with diverse portfolios and as an effective hedge for investments in industries that rely on freight as a critical and important cost component and input.

The shipping sector is seen as a major midstream component for international trade, and nations like China have invested in the sector to secure access to markets, while also acting as a catalyst for shipbuilding and banking industry

By 2050, the current USD 32 trillion in global trade is predicted to treble to USD 100 trillion.<sup>2</sup> Such a strong prediction and an increasing uptrend indicates unmatched potential in the shipping sector.

Global maritime assets are estimated to value over USD 1 trillion.<sup>3</sup> With such large asset size, it is difficult to ignore the sector for investment.

From the Indian perspective, shipping provides a plethora of opportunities for investment and monetisation of inherent strengths in Indian economy.

Investment in shipping by Indian economy will provide long-term returns and allow Indian industry to participate in global trade play.

Shipping investment by Indian equity, debt and other capital providers will open opportunities in global maritime asset play and provide venues for joint syndications with global players, allowing access to niche maritime plays and an improved understanding of global maritime lending and investment practices.

With current demography, investments in shipping will provide opportunities for Indian service providers to develop skill sets to service the global shipping industry.

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<sup>1</sup> UNCTAD report on Review of Maritime Transport 2023

<sup>2</sup> <https://www.maritimeprofessional.com/blogs/post/shipping-investments-why-are-they-attractive-13206>

<sup>3</sup> UNCTAD report on Review of Maritime Transport 2023





## 2. Current drivers of change

The shipping industry is undergoing tectonic shifts, with several forces shaping its course:



### Artificial intelligence (AI) and blockchain

Emerging as innovative forces, AI and blockchain technology are changing the way the shipping industry operates. The stakeholders of this industry should be conscious of the changing landscape in order to capitalise on it and navigate potential challenges.



### Consolidation and alliances

Leading players are synergising and joining forces for improved landscape and negotiating power in port dealings.



### Sustainability

Major shipping hubs are strategically positioned to align with the decarbonisation efforts and cleaner fuel adoption. The stakeholders of this industry should realise the importance of 'net zero' initiatives and their potential impact on investments.

The sector, which has increased its greenhouse gas emissions by 20%<sup>4</sup> over the last decade, is operating an aging fleet predominantly consisting of fossil fuels.

Full decarbonisation by 2050 will require huge investments. It could also lead to higher maritime logistics costs which can raise concerns for nations which are dependent on shipping such as small island developing states.

To improve efficiency as well as sustainability, the industry also needs to move towards AI and blockchain.

These trends are driving the transformation of the shipping sector, which offers both risk and reward for participants.

The stakeholders need to take a flexible and innovative approach and be proactive and adaptable to the changing customer demands, regulatory pressures and competitive forces, and harness the potential of new technologies and partnerships.

<sup>4</sup> UNCTAD report on Review of Maritime Transport 2023.



### 3. Indian shipping industry: Riding the waves of change

India's maritime journey spans decades. The Shipping Corporation of India played an important role in post-independence India's maritime development. They pioneered international cargo services, acquired bulk carriers and tankers as well as ventured into passenger cruises. However, some argue that their dominance hindered private sector growth.

- Other public sector undertakings (PSUs) such as Dredging Corporation of India (DCI) and Cochin Shipyard Limited (CSL) contributed to infrastructure development and shipbuilding, respectively. DCI plays a critical role in maintaining navigational depth in Indian ports, while CSL has built numerous commercial and naval vessels for India and as well as international players.
- Efforts by native business to venture into shipping were scuttled by the then British colonial government. The first post-Independence decade saw the doctrine of mixed socialism, whereby the private sector was envisaged as primary driver of the economy. Nonetheless, the government initiated the Shipping Development Fund for funding vessel owning, with limited success. The initial decades also saw tight control over the domestic shipping industry, including licensing for acquiring and chartering out to tonnage.

A few key restrictions from the era continue to exist today. The private sector has seen a few steady shipping companies that have grown to be strong well-funded shipping houses with the ability and vision to navigate the volatile shipping industry. This was interspersed with a host of shipping companies that invested in shipping for various objectives. Currently, the Indian private sector shipping scene has very few truly global shipping companies, with most of the other companies focussed on Indian PSUs, coastal and in-house captive cargoes with both local and foreign ownership.

The growth of Indian-flag shipping tonnage has not been able to keep up with the pace of Indian trade needs. The number of ships under Indian beneficial ownership has grown over the years but the share of Indian fleet as a percentage of the world's fleet remains close to 1%, whereas leading nations such as China and Singapore have a respective share of 5% and 6.5% of global tonnage.<sup>5</sup>

Separately, the government also aims to make India a global shipbuilding hub through initiatives such as Sagarmala and Make in India. However, challenges like technology gaps and skilled workforce shortage persist.

With increasing piracy threats and territorial disputes, investing in a robust coast guard and navy is also crucial. Initiatives such as Information Fusion Centre – Indian Ocean Region enhance regional maritime security cooperation.

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<sup>5</sup> Maritime Amrit Kal Vision 2047 Report



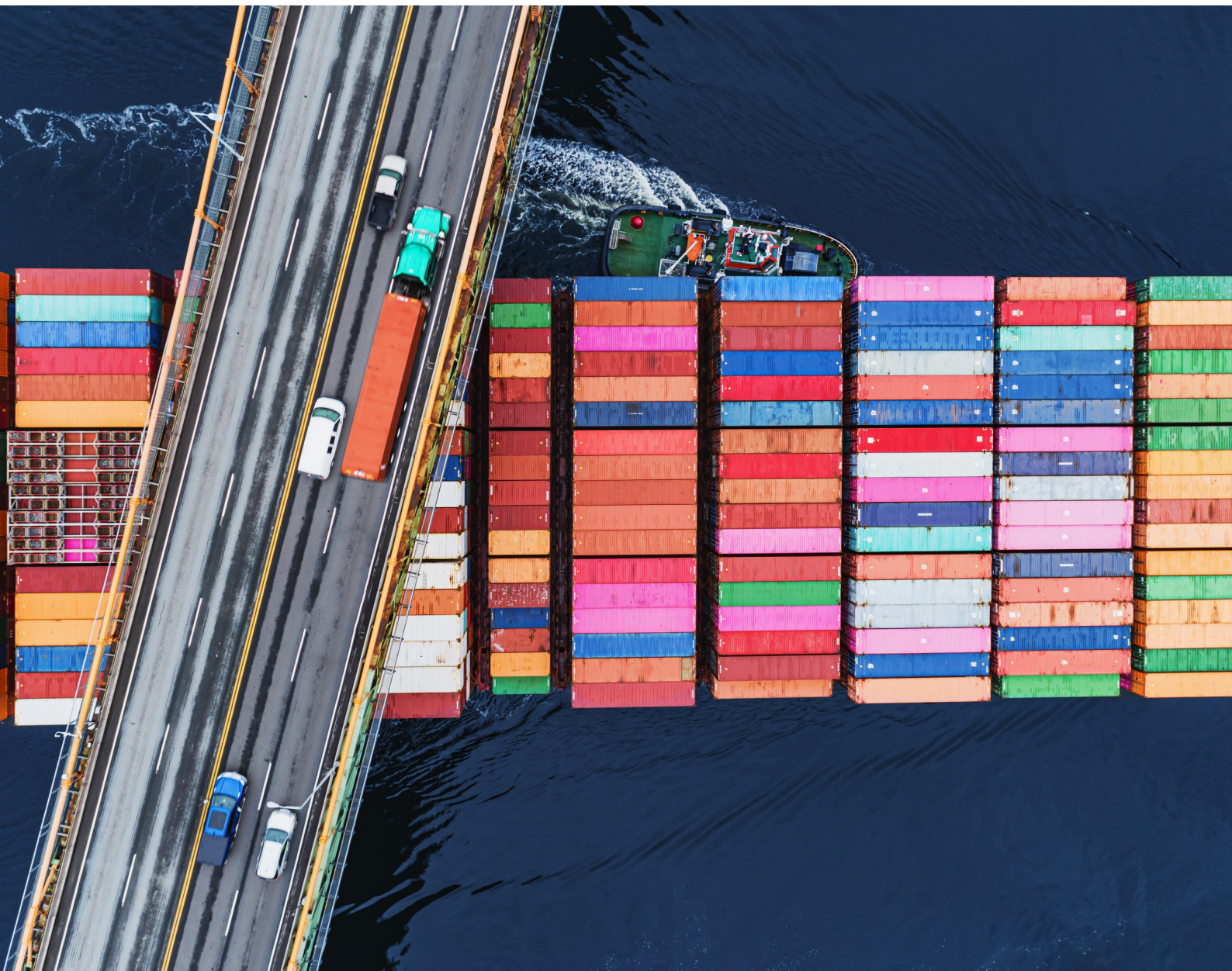
## Future outlook

India's maritime industry has immense potential; it is driven by factors such as growing economy, increasing trade volumes and government initiatives.

Addressing challenges of infrastructure, regulations and skill development will be crucial for realising this potential. Embracing technological advancements such as automation and digitalisation will further improve efficiency and competitiveness.

It is important that a comprehensive approach is adopted that involves private as well as public stakeholders, along with strategic planning and investment in infrastructure.

India also requires policy changes, especially to ease the process of vessel registration and sailing of Indian- and foreign-flagged vessels for all the stakeholders. The government must improve India's ranking in and share of global tonnage.







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**GIFT City is poised to become a game changer for the global shipping industry and a key contributor to India's blue economy.**

**Bhavin Shah**  
Private Equity and Deals Leader  
PwC India

## 4. Maritime Vision 2047

The Indian maritime sector, which has 12 major ports and over 60+ non-major ports along its 7,500 km coastline, is vital for the country's economic progress.

The Government of India has been focusing on the blue economy, which aims to sustainably utilise marine and coastal resources for development.

In 2015, the Sagarmala Programme was initiated to boost port-led development and tap into the opportunities offered by India's long coastline. It involves projects to upgrade existing ports, construct new ports, improve port connectivity and support coastal community development.

The Government of India's 2030 vision has identified 'blue economy' as one of the 10 key areas of economic growth. To overcome challenges and enhance coordination, a Blue Economy Coordination Committee (BECC) was set up under the leadership of Vice Chairman, NITI Aayog. BECC has selected six functional clusters to pursue the blue economy agenda.

One of these clusters, Logistics, Infrastructure and Shipping (including Transshipments), is led by the Ministry of Ports, Shipping & Waterways.

The Amrit Kaal Vision 2047 for Logistics, Infrastructure and Shipping (including Transshipments) was developed through more than 150 consultations with various stakeholders from the public and private sectors. These stakeholders included officials from relevant Central Government Ministries and Departments, major port trusts, shipping industry players, financial institutions, state maritime boards and other state agencies, academic experts, etc.

Besides the consultations, the action plan was prepared by examining more than 50 international benchmarks for policies, acts and other regulatory provisions. Based on the various inputs and analysis, the Amrit Kaal Vision 2047 has listed more than 300 action points. These action points will build on the recent development of the National Logistics Policy and the PM Gati Shakti National Master Plan.

## Key aspirations of Maritime Amrit Kaal Vision 2047



Enhance India's tonnage



Sustainable and green maritime sector



Technology and innovation



Maritime professional services



Global player in shipbuilding, repair and recycling

The Amrit Kaal Vision 2047 is a comprehensive and ambitious roadmap to transform India's maritime sector and harness its potential for economic growth, employment generation and environmental sustainability. It will require concerted efforts from all stakeholders and effective implementation of the action points to achieve the desired outcomes.

By pursuing the Amrit Kaal Vision 2047, India aims to become a global leader in the blue economy and leverage its maritime assets for inclusive and sustainable development. The vision will also contribute to India's strategic interests and security in the Indian Ocean region and beyond.







## 5. Global hubs: An overview

The shipping industry, which is vital to global trade, relies on a complex network that provides financing, infrastructure and services.

North America	Europe
It is home to some of the largest and most diversified lenders in the world. The Norwegian bond market is an active source of financing for the maritime sector in North America, offering access to a diverse pool of investors, including institutional, retail and high-net-worth individuals, who are familiar with the industry and its risks and opportunities.	It has a rich history and expertise in maritime finance, law, insurance and brokerage. The region boasts of influential and innovative hubs, such as London, Rotterdam, Hamburg and Piraeus, which offer a wide range of services and solutions for the industry.
Asia	The Middle East
It is the main driver of the global demand and supply of shipping. It also dominates the world's seaborne trade in commodities, consumer goods and energy. The region also has a strong and competitive lending sector and some of the efficient hubs in the world, such as Singapore, Hong Kong, Shanghai and Busan, which connect the industry to the key markets and routes in the region and beyond.	It is an emerging and strategic player in the shipping industry, as it is a major producer and exporter of oil and gas, as well as a growing importer of goods and services. The region has also invested heavily in developing its lending and hub capabilities and some of the ambitious and modern hubs, such as Dubai, Abu Dhabi and Doha, which aim to become regional and global hubs for the industry.

As can be seen from the above, these centres have various strengths and advantages in the maritime sector, such as geographical location, access to markets, availability of finance, investment and insurance, quality of infrastructure and services, regulatory environment and human capital.

Global shipping hubs promote free trade and global maritime commerce by reducing the barriers and costs of entry for shipowners and operators, especially from developing countries, who may otherwise face difficulties in accessing capital, technology and markets. These hubs also allow open flag and quasi registry, which provide flexibility and choice for shipowners and operators to select the most suitable flag for their vessels based on various factors. By allowing open flag and quasi registry, these global hubs facilitate the movement of goods and services across borders.

Global hubs also ensure that the flag states comply with and enforce the relevant conventions and agreements of the International Maritime Organization, as well as other bodies. This encourages improvement and harmonisation of international maritime standards and norms.





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GIFT City can emulate successful global maritime hubs and use its IFSC status and nearby maritime ecosystem to become a leading global maritime hub.

Suresh Swamy  
Chartered Accountant

## 6. Lessons from global leaders: Charting India's maritime course

The lessons drawn from successful maritime nations can indeed offer valuable insights for India as it seeks to develop and strengthen its own maritime sector and seek to become a '**maritime power**'. India can draw inspiration from successful maritime nations such as Singapore, Dubai, the U.S., Turkey, Korea and Rotterdam each providing with their unique value proposition.

### Singapore

Singapore's success in the maritime industry can be attributed to its efficient regulatory environment and strong government support. India can learn from Singapore's streamlined regulatory processes to create a business-friendly environment.

Singapore offers attractive tax incentives for maritime businesses. In Singapore, an AIS company will enjoy tax exemption on qualifying shipping income for either: a 10-year renewable period; or a five-year non-renewable period, with the option of graduating to the 10-year renewable award at the end of the five-year period, if qualifying conditions are met.<sup>6</sup>

Singapore's ship registry is one of the largest globally, and India could consider developing its flagging capabilities by offering competitive registration fees, simplified registration processes and adherence to international safety and environmental standards.

Maritime Port Authority of Singapore has developed a decarbonisation roadmap for transition to low/ zero carbon energy sources by 2050. A dedicated R&D hub has been established to develop decarbonisation technology.

<sup>6</sup> Maritime & Port Authority of Singapore website

## China

China has emerged as one of the biggest maritime hubs with extensive shipbuilding capabilities leading in technology as well as innovation. Chinese shipyards are among the world's largest, contributing significantly to the global shipping industry. The country's shipbuilding sector benefits from state support, economies of scale and advanced technological capabilities

China has implemented various financing initiatives to support its maritime industry, including preferential loans, financial leasing and government-backed funds. China's strategic use of financing mechanisms has played a crucial role in the growth and competitiveness of its maritime sector. India could explore similar financial instruments to support shipbuilding, infrastructure and fleet expansion.

## United States

The U.S. supports a diverse fleet, and India can learn from its strategic approach to fostering a globally competitive maritime industry.

The Jones Act supports domestic maritime industry by requiring U.S.-built, U.S.-flagged and U.S.-crewed vessels for domestic trade. However, U.S. law does not restrict U.S.-owned vessels to flag outside the U.S.

This strategically helps the U.S. in sharing a major piece of the world fleet pie, while also protecting its territory by restricting foreign competition in domestic trade.

The U.S. has implemented stringent environmental regulations for the maritime industry.

## Dubai

The strategic location of Dubai has played an important role in its success at sea. India, with a vast coastline, is well placed to exploit its geographical advantages in trade and maritime activities.

Businesses in the maritime sector have been attracted to Dubai's free zones and tax advantages. In order to encourage investment and business growth, India could consider setting up marine-focused zones of commerce with tax incentives.

## Turkey and Korea

Both Turkey and Korea have benefited significantly from strong government support.

Turkey's success however is partly attributed to its strategic alliances. Turkish shipyards, like the ones in Tuzla near Istanbul, partnered with South Korean shipbuilding companies in the early 2000s to boost their shipbuilding capabilities and technology. South Korea is known for having some of the largest and most advanced shipyards in the world and a high standing in the global shipbuilding industry. These collaborations helped Turkish shipyards to benefit from the technology and expertise of South Korean shipbuilders, improve their management and design methods, and access international markets more effectively. This enhanced the knowledge and skills of Turkish shipbuilders and raised their global competitiveness.

This example illustrates how strategic alliances, particularly with established players in the industry, can contribute to the success of emerging maritime economies. Collaborations that involve the exchange of expertise, technology and market access can accelerate the development of local industries and position the involved parties as key players in the global maritime market.



## Turkey and Korea

To succeed in shipbuilding, Korea has focused on developing a skilled workforce. India could benefit from this approach to grow its maritime sector by enhancing its vocational training, education and skill development.<sup>7</sup>

Both Turkey and Korea have executed long-term plans to develop their maritime sectors, contributing to their success.

South Korea implemented a series of comprehensive five-year plans for the shipping industry, outlining strategic goals and initiatives to foster development. One of the notable plans was the 'Five-Year Plan for the Advancement of the Shipping Industry', which aimed to strengthen the competitiveness of South Korea's maritime sector.

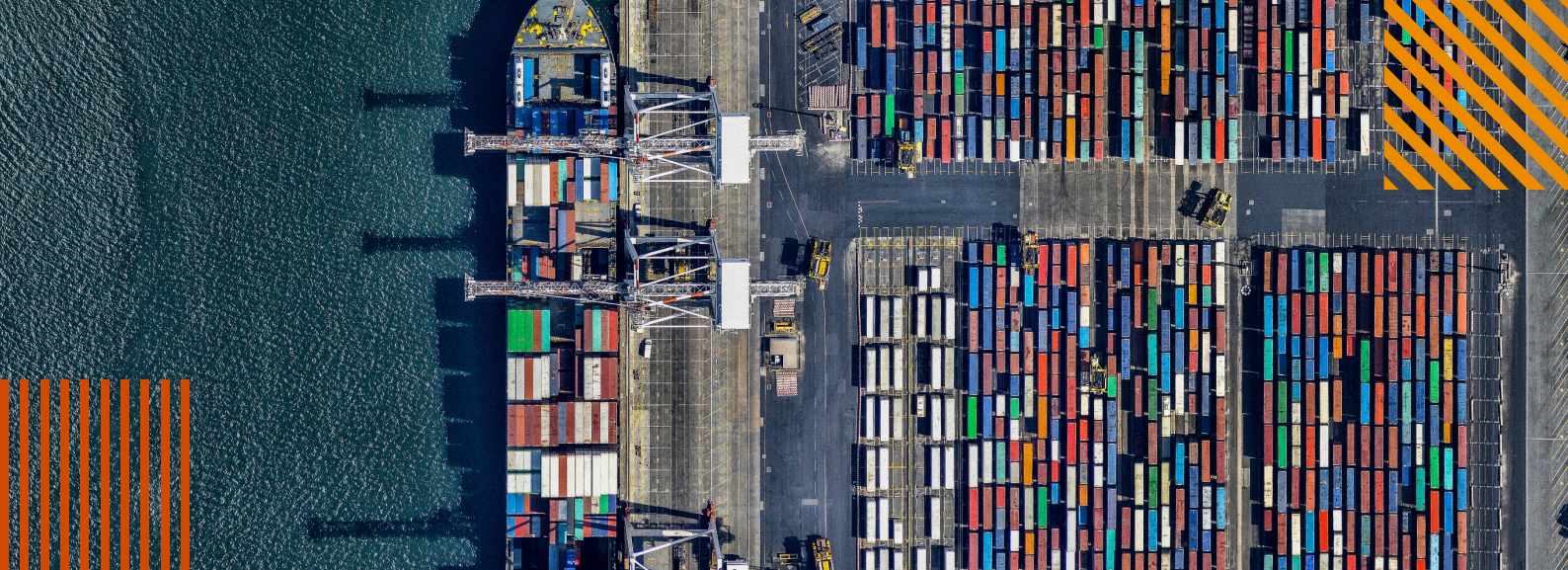
Apart from shipbuilding, a key learning from both the nations is development of ship-operating and ship-owning activities. Both nations allowed for unhindered access to international shipping markets and actively encourage asset-light ship operating models. Over time, the ship operating companies developed expertise and understanding of global shipping markets and moved into asset owning assisted by large scale ship operating.

Even though regulations were relaxed to allow for foreign capital to meet the requirements of the shipping companies, both nations eventually were limited in their expansion due to the inherent size of their economy and labour power constraints. While global capital can move to areas that have developed a profitable enterprise based on skillset, niche markets and expertise, it is restricted by availability of opportunity due to the size of economy and risk equity that it can generate. India has a potential to create larger hubs due to its distinct advantage of economic size and labour power, once such enterprises are developed here.



<sup>7</sup> [https://english.hhi.co.kr/biz/ship\\_over](https://english.hhi.co.kr/biz/ship_over)





## 7. GIFT City's evolution as a maritime hub

GIFT City was established in 2008 as India's first IFSC to attract global financial transactions.

With a strategic location between Ahmedabad and Gandhinagar, it offers world-class infrastructure and services for financial institutions and banking, asset management, capital markets and insurance companies. It is strategically.

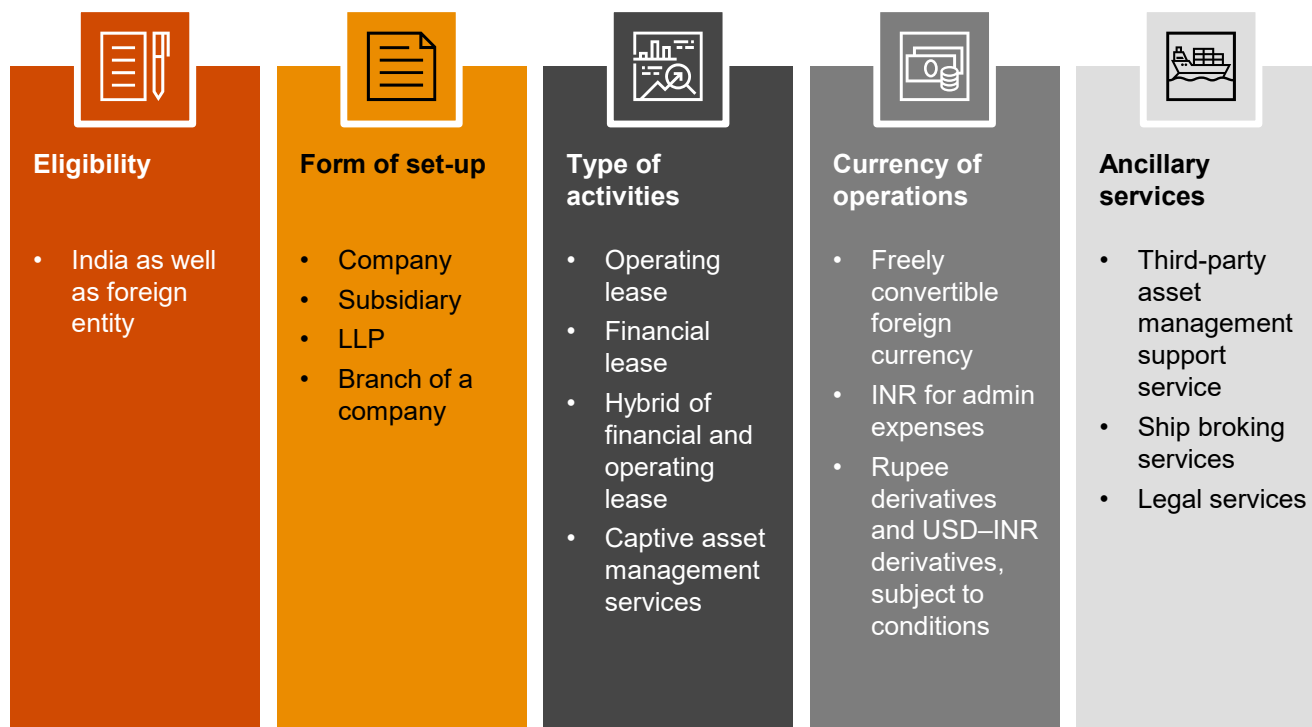
### Key features of GIFT IFSC:

- **Globally benchmarked regulations:** GIFT IFSC has its own independent regulator, the International Financial Services Centres Authority, which provides a single window for all approvals and clearances.
- This streamlined regulatory framework makes it easier for businesses to set up and operate in GIFT IFSC.
- **Competitive tax regime:** GIFT IFSC units enjoy several tax benefits, including the following:
  - 100% profit deduction for consecutive 10 years out of first 15 years
  - Reduced minimum alternate tax (MAT) at the rate of 9%
  - No Goods and Services Tax on procurement of goods and services for authorised operations
  - Reduced withholding rate on dividend paid to non-resident shareholders
  - State subsidies – lease rental, provident fund contribution and electricity charges (Gujarat IT-ITeS Policy 2022–2027)
- **Advanced infrastructure:** GIFT IFSC boasts state-of-the-art infrastructure, including high-speed internet connectivity, world-class office spaces and a dedicated stock exchange.
- **Host to international arbitration centres**
- **Singapore International Arbitration Centre** has opened its Second Representative Office in GIFT City



## 8. Framework for ship leasing in GIFT IFSC

Regulated by the Finance Company Regulations, 2021, GIFT IFSC provides a unique framework for ship leasing and financing players

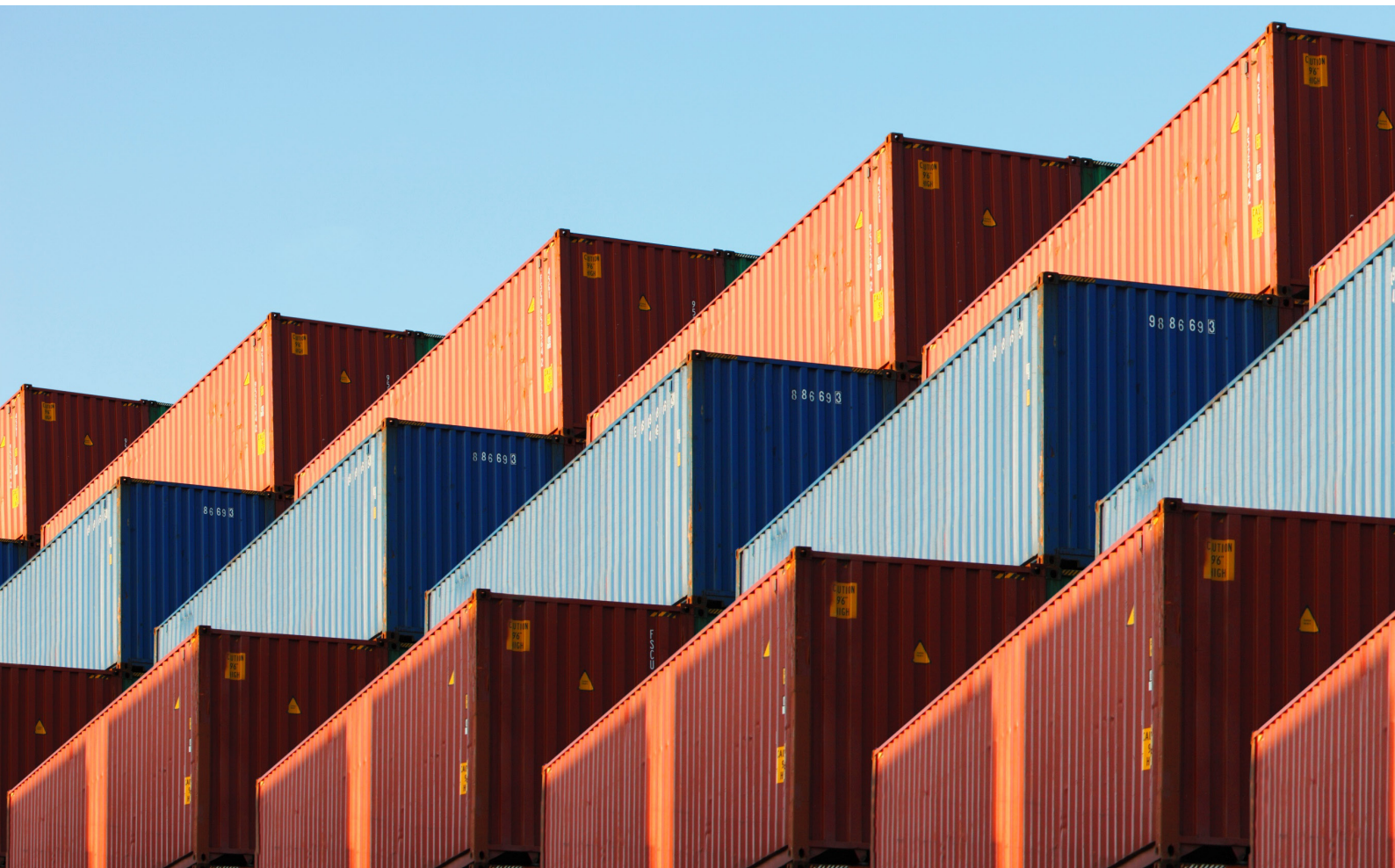




## Prevailing shipping ecosystem

GIFT City provides a conducive and competitive environment for maritime/shipping businesses to operate, collaborate and innovate, with access to world-class infrastructure, facilities, services and incentives.

- The Gujarat Maritime Board, Cluster, University and Arbitration Centre are four initiatives of the Gujarat government to promote and regulate the maritime and shipping sector in the state. They aim to provide a comprehensive and integrated platform for various stakeholders, services and activities related to the maritime domain.
- Gujarat Maritime Board is a government agency of the Government of Gujarat, a state of India. It was founded in 1982 to control, manage and operate the minor ports of Gujarat.<sup>8</sup>
- Gujarat Maritime Cluster is a dedicated, single-location ecosystem of maritime/shipping industry players and service providers, along with relevant government regulatory agencies, at GIFT City, Gandhinagar – India's first operational smart city.<sup>9</sup>
- Gujarat Maritime University has been established as a global centre of excellence in maritime education, R&D and professional training. It offers courses jointly with Erasmus in the Netherlands and Copenhagen business school. The University hosts Gujarat International Maritime Arbitration Centre to organise and manage arbitration proceedings in disputes pertaining to different sectors, with special focus on commercial disputes pertaining to maritime and shipping sector.



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<sup>8</sup> Gujarat Maritime Board website

<sup>9</sup> Gujarat Maritime Cluster website



## 9. Key challenges and opportunities for GIFT City

GIFT IFSC offers a distinctive and forward-looking framework for ship leasing and financing, marking a significant milestone in its developmental journey. As it evolves, GIFT IFSC unveils a landscape rich with opportunities for innovation and growth. By harnessing strategic approaches and tailored solutions, these emerging prospects can be fully realised across diverse areas. The following sections delve into the myriad opportunities that GIFT IFSC presents:



### Financing for ship building

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Recently, ship leasing structures have been developed to fund new buildings. Typically, operators with skillset and organisational capability to run the vessel profitably do not have the necessary funds to purchase capital intensive new building vessels. A ship lease structure involves the operator placing the order with a yard and paying the initial deposit. The operator then novates the new building contract to a special-purpose vehicle (SPV), where other lenders participate and achieve financial closure. The ship, now owned by the SPV, is leased back to the operator on agreed terms to give the desired return to SPV shareholders after servicing any debt component.

As India continues to focus on shipbuilding, such lease structures have huge potential for funding new buildings in Indian yards. With opportunities ranging for coastal cargoes to increasing number of shipyards, ship leasing funds will find GIFT IFSC structures of increasing interest.



### Green shipping

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Green shipping is a progressive approach aimed at mitigating the environmental impact of maritime activities. It encompasses a range of strategies and technologies designed to reduce emissions, conserve energy and minimise ecological harm associated with shipping operations. As concerns about climate change and environmental sustainability continue to mount, green shipping has emerged as a pivotal solution for addressing these challenges within the maritime industry.

Aligning with the Maritime Amrit Kaal Vision 2047 of the Government, GIFT City can position itself as a focal point for financing and advancing sustainable shipping practices. Leveraging its IFSC status and extensive global connectivity, GIFT City can actively drive investments and initiatives aimed at fostering environmentally conscious solutions within the maritime sector. This approach is rooted in the vision of creating a sustainable and resilient maritime industry by channelling resources, expertise and global partnerships through GIFT City's strategic platform.



GIFT City can offer specialised funding options tailored for shipowners who invest in green shipping technologies and practices. These funding mechanisms could include preferential interest rates, extended repayment terms or even grants for eligible green shipping projects.

By partnering with IFSC Banking Units, shipowners can access the capital needed to retrofit existing vessels with eco-friendly technologies or invest in the construction of new, environmentally sustainable green ships. GIFT City may facilitate the development of financial products tailored specifically for green shipping projects. These could include green bonds, investment funds or financing mechanisms that incentivise the adoption of sustainable technologies and practices within the maritime industry. GIFT City can also allow finance companies in IFSC to invest into green projects with relaxed conditions. By offering competitive financing options and incentives, GIFT City can attract investors keen on supporting environmentally responsible initiatives, thereby channelling capital towards sustainable shipping ventures. Establishing a dedicated green shipping investment platform within GIFT City's IFSC can serve as a hub for connecting investors with viable green shipping projects. This platform could provide comprehensive information on sustainable shipping opportunities, facilitate due diligence processes and streamline investment transactions, thereby fostering greater participation in green shipping financing.



### Trading hub: Host commodity exchanges and trading platforms for maritime-related goods

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Introducing commodity trading within GIFT IFSC may be a key development, broadening its scope and enhancing its service offerings. India's significant role in the global commodity market, with its robust import and export activities, creates a prime environment for international commodity traders looking to establish operations in this jurisdiction. Ensuring that GIFT IFSC's regulatory and tax structures meet global benchmarks, akin to those found in leading financial hubs like Geneva, Dubai and Singapore, is crucial. Such standardisation, combined with the benefits of reduced operational expenses and access to an extensive domestic market, will make GIFT IFSC an appealing choice for traders. The prior establishment of trade finance and shipping services in GIFT IFSC has set a solid foundation, encouraging commodity traders to view this jurisdiction as a viable option. This will likely create a reciprocal effect, boosting GIFT IFSC's attractiveness to shipping companies, thereby drawing a wider range of stakeholders to these interconnected industries.



### Carbon exchange

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Developing a carbon credit exchange specifically tailored for the maritime sector within the IFSC at GIFT City can be a groundbreaking initiative to promote sustainability and attract global shipping players. The maritime industry accounts for a significant portion of global carbon emissions, and there is a growing imperative to mitigate its environmental impact.

Establishing a carbon credit exchange dedicated to the maritime sector would incentivise shipowners and operators to invest in cleaner technologies and practices to reduce their carbon footprint. Such an exchange would create a transparent market mechanism for trading carbon credits, allowing participants to buy, sell and offset emissions in a regulated environment. The carbon exchange can offer a range of trading instruments tailored to the maritime sector, such as carbon credits, offset projects and emission reduction certificates. It can establish standardised methodologies for measuring, reporting and verifying emissions from maritime activities, ensuring consistency and credibility in carbon trading. The carbon exchange would operate under a robust regulatory framework established by regulatory authorities within the IFSC at GIFT City, helping to ensure compliance with international standards and best practices.

In summary, establishing a carbon credit exchange for the maritime sector within the IFSC at GIFT City presents a compelling opportunity to drive sustainability, innovation and investment in the global shipping industry. By providing a dedicated platform for carbon trading and emissions reduction efforts, GIFT City can play a pivotal role in shaping the future of sustainable maritime transport and contributing to global climate goals.





## Maritime laws

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Offering specialised arbitration and dispute resolution mechanisms for maritime contracts within GIFT City can enhance its attractiveness as a global maritime hub and promote confidence in maritime transactions.

Maritime contracts often involve complex legal issues, such as charter parties, bills of lading, shipbuilding contracts and marine insurance policies. Traditional legal systems may not always be equipped to handle the intricacies and nuances of maritime disputes efficiently. Offering specialised arbitration and dispute resolution mechanisms tailored to the maritime industry can provide parties with greater certainty, expertise and expediency in resolving conflicts.

Gujarat International Maritime Arbitration Centre can attract leading maritime arbitrators, legal experts and practitioners to serve as arbitrators and mediators, enhancing its credibility and expertise. It can offer arbitration rules and procedures specifically tailored to maritime disputes, incorporating best practices and international conventions.

Parties engaged in maritime commerce can have assurance that their disputes will be resolved by experts familiar with maritime law and industry practices, reducing uncertainty and potential risks associated with litigation in unfamiliar jurisdictions.



## Service providers ecosystem

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Fostering a comprehensive service provider ecosystem within GIFT City is essential for its development into a premier global maritime hub, encompassing a broad spectrum of top-tier maritime services including legal expertise, insurance and classification society. By attracting preeminent maritime law firms and practitioners, GIFT City can offer specialised legal services that are critical for the maritime sector. These services encompass contract drafting and negotiation, dispute resolution, regulatory compliance and maritime arbitration, ensuring maritime stakeholders have the necessary legal support to navigate intricate legal landscapes and resolve disputes efficiently.

Simultaneously, the integration of asset management and shipbroking activities within GIFT IFSC plays a crucial role in enhancing the city's maritime services ecosystem. This initiative not only enables ship management companies to operate with more flexibility compared with the Domestic Tariff Area of India but also opens doors to a wealth of resources such as a large pool of crew, technical skills and financial support. Shipbroking firms, by operating under a regulatory and tax framework that aligns with global standards, can offer a suite of services, thereby contributing to the burgeoning maritime sector within GIFT IFSC. This holistic approach to developing GIFT City's service offerings is instrumental in solidifying its status as a comprehensive maritime hub.



## Foreign flagging of IFSC owned vessels

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GIFT City can leverage foreign flagging to attract the best classification societies in the world, who play a vital role in assessing and certifying ships' compliance with safety and environmental standards across the globe.

Foreign flagging can lower costs, taxes and regulatory hurdles for shipowners, while also providing access to global markets, insurance and finance. GIFT IFSC aims to attract more shipping companies and investors to its maritime cluster and create a hub for maritime services.



## Classification societies

As foreign flagging is allowed, GIFT City can attract major classification societies, which are organisations responsible for assessing and certifying the compliance of ships with international safety and environmental standards.

As of now, this specific activity or framework is not provided within the IFSC. However, introducing such a framework within IFSC can be a strategic move to enhance the city's stature as a global maritime hub.

These classification societies play a crucial role in ensuring the safety, seaworthiness and environmental performance of ships, thereby enhancing trust and confidence in the maritime industry.

By establishing classification societies within IFSC, shipowners and operators can easily access classification services, classification surveys and technical expertise to ensure compliance with regulatory requirements and industry best practices.



**GIFT City can boost India's maritime vision and goals by fostering coastal shipping, competitiveness and value creation.**

**Dhruv Gadh**  
Partner – Management Consulting, Infrastructure and Logistics  
PwC India



# Notes



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