

SY-13017/2/2024-SBR (e367820)  
Government of India  
Ministry of Ports, Shipping and Waterways  
(SBR Section)

Transport Bhawan, 1, Parliament Street  
New Delhi- 110001

Dated 26<sup>th</sup> December, 2025

To,

1. DG, Director General of Shipping
2. MD, Sagarmala Finance Corporation Limited (SMFCL)

**Subject: Guidelines for Shipbuilding Financial Assistance Scheme (SBFAS) & National Shipbuilding Mission (NSbM) and Shipbuilding Development Scheme (SbDS) - reg.**

Sir,

The undersigned is directed to say that, in accordance with the Maritime Amrit Kaal Vision 2047 (MAKV 2047) targets, India aims to be in the top 10 in ship ownership and shipbuilding by 2030 and in the top 5 by 2047. Thus, by 2047, India needs to increase its ship ownership 7-times to 100 million GT and shipbuilding output 40-times to 4.5 million GT by 2037.

2. Accordingly, Union Cabinet, in its meeting held on 24.09.2025, approved the following schemes of Ministry of Ports, Shipping and Waterways (MOPSW) to promote shipbuilding in India:-

- a. Shipbuilding Financial Assistance Scheme (SBFAS) and National Shipbuilding Mission Scheme (NSbM)'.
- b. Scheme for Capacity & Capability to development and Credit Risk Coverage for Shipping in India – Shipbuilding Development Scheme (SbDS).

3. In order to implement above schemes the following guidelines have been formulated after carrying out extensive stakeholder consultations and with approval of Inter-Ministerial Governing Board under NSbM :-

- a. Guidelines for implementation of Shipbuilding Financial Assistance Scheme (SBFAS) – **Annexure-1**
- b. Guidelines for Shipbuilding Risk Coverage under Shipbuilding Development Scheme (SbDS) - **Annexure-2**
- c. Guidelines for Greenfield Shipbuilding Cluster development under Shipbuilding Development Scheme (SbDS) - **Annexure-3**
- d. Guidelines for Brownfield Capacity Expansion under Shipbuilding Development Scheme (SbDS) - **Annexure-4**

4. DG Shipping and SMFCL are requested to circulate these guidelines to all stakeholders.

5. The issues with approval of Hon'ble Minister for Ports, Shipping and Waterways.

Yours faithfully,

(Vipul Singhal)  
Director  
Tel No.: 23718390

Copy to:-

1. PPS to Minister (PSW)
2. PPS to Minister of State (PSW)
3. PPS to Secretary (PSW)
4. PPS to AS & FA
5. Secretary, Department of Expenditure, Ministry of Finance
6. Secretary, MoPNG
7. Secretary, Ministry of Defence
8. Secretary, Ministry of Earth Science
9. Secretary, Ministry of Tourism
10. Secretary, Ministry of Skill Development and Entrepreneurship
11. Secretary, Ministry of Micro Small and Medium Enterprises
12. National Security Council Secretariat
13. CEO, Niti Aayog
14. Secretary, Department of Fisheries
15. Secretary, Ministry of Coal
16. Secretary, Ministry of Steel
17. Secretary, Ministry of New and Renewable Energy
18. Secretary, Ministry of Heavy Industries
19. Secretary, Department of Fertilizers

# **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

## **1. Introduction**

- (a) **Title:** These guidelines pertain specifically to the Shipbuilding risk coverage component under the Shipbuilding Development Scheme (SbDS) and shall be called "**Guidelines for Shipbuilding Risk Coverage under Shipbuilding Development Scheme (SbDS)**".
- (b) **Validity:** The SbDS and the guidelines shall come into effect from 24<sup>th</sup> September 2025 (the date of approval of the scheme by the Government of India) and remain valid for all applications which have been approved from 24<sup>th</sup> September 2025 to 31<sup>st</sup> March 2036, inclusive of the stated dates.

## **2. Definitions**

- (a) **Corpus** - The total financial allocation under SbDS designated for credit risk coverage.
- (b) **Credit Risk Cover Agencies** - Government-owned entities or public sector undertakings nominated by NSbM to design and administer insurance products for shipbuilding-related risks
- (c) **Implementation Agency (IA)** - The Implementation Agency for this scheme will be the Sagarmala Financial Corporation Limited.
- (d) **Nomination Solicitation** - The process by which NSbM invites proposals from eligible entities to serve as Credit Risk Cover Agencies.
- (e) **NSbM (National Shipbuilding Mission)** - The apex body responsible for overseeing the implementation of shipbuilding schemes including SbDS.
- (f) **Performance Metrics** - Criteria used to evaluate Credit Risk Cover Agencies, including claim settlement time, accuracy of loss estimation etc.
- (g) **Post-Shipment Insurance** - Insurance product that covers risks of non-payment after vessel delivery due to disputes, defects, or other factors.
- (h) **Pre-Shipment Insurance** - Insurance product that covers financial losses due to buyer default or cancellation during vessel construction.
- (i) **Vendor Default Insurance** - Insurance product that protects shipyards from losses due to vendor failure to deliver components and equipment.

# **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

## **3. Objective of the Guidelines**

The objective of these guidelines is to operationalize the Corpus allocated under the Shipbuilding Development Scheme (SbDS) for credit risk coverage. This initiative aims to provide financial protection to Indian shipyards against key risks associated with shipbuilding contracts and vendor dependencies. By offering structured insurance products, the scheme is intended to insulate shipyards from various types of risks in undertaking both domestic and export-oriented shipbuilding projects, thereby strengthening the sector's resilience, competitiveness, and long-term viability. It is also envisaged that the Corpus so generated by the support of this scheme should become self-sustaining.

## **4. Institutional Framework**

The IA will be solely responsible for the release of funds to the nominated Credit Risk Cover Agencies. It will however, not be involved in product development or underwriting of the financial products.

### **4.1. Step 1: Nomination of Credit Risk Cover Agencies**

Credit Risk Cover Agencies will be responsible for developing the financial products to be offered to the Indian shipbuilding sector. These agencies will be nominated directly by NSbM after evaluating proposals submitted by eligible government entities.

#### **4.1.1 Eligibility Criteria**

Only government-owned entities or public sector undertakings shall be eligible for nomination as Credit Risk Cover Agencies under this scheme. These entities must demonstrate either substantial experience in the maritime domain or a proven track record in administering credit risk or insurance products in infrastructure, export, or industrial sectors.

#### **4.1.2 A Nomination Solicitation**

NSbM will seek nominations from all eligible and relevant government entities to provide the credit risk covers as approved by the Cabinet.

## **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

### **4.1.3 Nomination Process**

NSbM shall directly nominate Credit Risk Cover Agencies based on proposals received from eligible government entities. The IA will act upon NSbM's nominations and release funds accordingly.

Proposals will be evaluated based on:

- (a) Demonstrated domain expertise in maritime or infrastructure insurance
- (b) Capacity to underwrite and manage large-scale credit risk covers
- (c) Existing operational frameworks for policy issuance, claims management, and fund administration
- (d) Ability to scale operations and customize insurance products to meet the specific needs of the shipbuilding sector

The final nomination of agencies and the categories of insurance products to be developed will be subject to approval by the Inter-Ministerial Governing Board constituted under NSbM.

### **4.1.4 Designation and Onboarding**

Once nominated by NSbM, Credit Risk Cover Agencies will be formally designated through Letters of Nomination issued by NSbM. Each agency will enter into an agreement with the IA, which will define the scope of fund access, reporting obligations, and performance benchmarks. This agreement will serve as the operational foundation for the agency's role in administering credit risk covers under SbDS.

## **4.2. Corpus Access and Fund Allocation**

### **Step 2: Corpus Management**

- (a) The Corpus allocated under SbDS for credit risk coverage shall be centrally managed by the IA with the approval of NSbM. The IA will review and recommend the initial fund requirement proposed by each agency and seek prior approval of NSbM for disbursement of funds.
- (b) Funds will be allocated to the nominated Credit Risk Cover Agencies on a financial year basis.

## **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

- (c) The allocation will be determined based on projected demand from shipyards, historical utilization trends, and prevailing market conditions that influence risk exposure.
- (d) A mid-year allocation may be considered on a request basis depending upon the fund requirement raised by the Credit Risk Cover Agencies to the Implementation Agency. The IA would review such proposal and seek the approval of NSbM.

### **Step 3: Initial Disbursement**

- (a) The initial tranche of funds will be disbursed by the IA to Credit Risk Cover Agencies to enable the immediate rollout of credit risk cover products.
- (b) Subsequent disbursements will be linked to performance indicators such as policy uptake, claims processed, and fund utilization efficiency.
- (c) Credit Risk Cover Agencies will provide annual business plans to justify the release of additional Corpus.

### **4.3. Credit Risk Cover Products**

#### **Step 4: Product Design**

- (a) Credit Risk Cover Agencies shall design and offer the following credit risk cover products:
  - i. **Pre-Shipment Insurance (Buyer's Default)**
  - ii. **Post-Shipment Insurance**
  - iii. **Vendor Default Insurance**
- (b) Credit Risk Cover Agencies will also be responsible for ensuring all relevant regulatory compliances for the products they develop, including obtaining necessary approvals from their parent entities or administrative ministries as well as regulatory approvals.
- (c) Additionally, Credit Risk Cover Agencies must commit to specific timelines for product development, internal and external approvals, and introduction of the products in the market to ensure timely rollout and sectoral impact.
- (d) The IA shall monitor adherence to these timelines and regulatory obligations through periodic progress reports submitted by the Credit Risk Cover Agencies. Any delays or deviations shall be escalated to NSbM.

# **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

## **4.4. Step 5: Customization**

- (a) All insurance products must be tailored to reflect the unique structure of shipbuilding contracts, including advance payments, milestone-based payments, delivery-linked payments, and retention money.
- (b) Credit Risk Cover Agencies may offer bundled or modular products based on shipyard needs. Product development shall incorporate stakeholder inputs, including from shipyards.

## **4.5. Premium Structure**

### **Step 6: Premium Charges**

- (a) Credit Risk Cover Agencies may charge premiums to shipyards for the products offered under this scheme. However, since the Corpus is being provided by the Government of India through the IA, premium rates shall be nominal.
- (b) One of the key objectives of the Corpus support is to ensure self-sustenance of the product. Hence the pricing must primarily reflect operational expenses and capacity building costs of the Credit Risk Cover Agencies as well as source of addition to the Corpus to ensure its self-sustainability.
- (c) The IA will review and approve the premium structures proposed by each agency to ensure consistency, fairness, and alignment with the scheme's objectives.

## **4.6. Operational Responsibilities**

### **Step 7: Risk Assessment and Claims Management**

- (a) Credit Risk Cover Agencies shall be responsible for conducting risk assessments and underwriting policies based on sound methodologies. They must establish transparent and efficient claims management processes to ensure timely resolution and financial support to shipyards. Agencies are expected to maintain actuarial discipline and adhere to best practices in insurance administration.
- (b) Credit Risk Cover Agencies will also be responsible for managing payouts under the scheme. They shall follow industry-standard processes for loss estimation, due diligence, fraud prevention, and claims verification to ensure integrity and fairness in disbursement.
- (c) To ensure accountability, Credit Risk Cover Agencies shall be evaluated against defined Performance Metrics such as claim settlement turnaround time, accuracy

## **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

of loss estimation, and stakeholder satisfaction. These metrics will be reviewed periodically by the Implementation Agency.

(d) Additionally, the IA may conduct periodic audits of the Credit Risk Cover Agencies to ascertain compliance with scheme guidelines and operational standards. Findings from such audits shall be reported to NSbM for necessary action.

### **4.7. Step 8: Capacity Building**

Each credit risk cover provider shall invest in developing sector-specific expertise related to shipbuilding and maritime risks. This includes training underwriters and claims officers, engaging with shipyards to raise awareness about available products, and building internal capabilities to manage complex insurance portfolios.

### **4.8. Monitoring and Oversight**

#### **Step 9: Reporting Requirements**

Credit Risk Cover Agencies shall submit quarterly reports to the IA detailing the number of policies issued, claims processed, fund utilization, and the overall impact of the credit risk covers on the shipbuilding sector. These reports will be used to assess performance and guide future fund allocations. The periodicity of the reports will be as decided by the Implementation Agency. Any irregularities shall be reported to NSbM.

## **5. Creation of additional financial products.**

The Inter-Ministerial Governing Body of the NSbM may, through the same process as detailed above, also have the authority to nominate appropriate agencies for the creation of any other financial products as may be necessary for the shipbuilding sector.

## **6. Fund disbursal mechanism**

(a) The disbursement of funds would be done through Sagarmala Finance Corporation Limited (SMFCL)

(b) Additional Secretary or Joint Secretary in-charge of the Shipbuilding Wing in the MoPSW would be the authorized to approve the release of funds under the scheme through SMFCL.

## **GUIDELINES FOR SHIPBUILDING RISK COVERAGE under Shipbuilding Development Scheme (SbDS)**

(c) SMFCL may incur expenditures for discharging their responsibilities under these guidelines and for the NSbM secretariat respectively. Such expenses may be provided from the NSbM head of the SBFAS scheme or the administrative expenditure head of SbDS scheme.

### **7. Amendments**

MoPSW/ NSbM shall periodically review these guidelines and issue amendments as may be necessary.

### **8. Other Conditions.**

(a) All records of the Credit Risk Cover Agencies, including those relating to utilisation of funds under this scheme, shall be subject to audit by the Comptroller and Auditor General (CAG) of India.

(b) As the subsidy / risk coverage is being extended using public funds, it may be explicitly provided that the corpus support shall be capped to the extent of budgetary allocation approved by the Government of India, and no additional financial liability shall accrue to the Government beyond the approved corpus.