

## 5. Top Five Shipbuilding Nations – Economy

With less than 1% share in global shipbuilding currently, India is on course to be among the world's top five countries in this arena by 2047.

### Shipbuilding – Definition & Global Scenario

**Definition** – Shipbuilding refers to the design, construction, repair, and maintenance of vessels including cargo ships, passenger ships, naval vessels, offshore support vessels, and ferries.

**Shipyards** – Shipbuilding is carried out in specialized facilities called shipyards, equipped with dry docks, cranes, workshops, and logistics support for large-scale construction and repair.

**Global Market Trends (2023)** – Asia-Pacific leads with 49% market share (\$118.12 billion) in shipbuilding and repairing. Western Europe and North America follow but with much smaller shares. China, South Korea, and Japan together dominate the global industry with 85% market share, thanks to their advanced shipyards, economies of scale, and strong state support.

**India's Position** – India holds just 0.06% of the global market, ranking 16th globally in shipbuilding – a sharp contrast with its maritime potential.

### India's Maritime Sector – Current Status

**Economic Contribution** – Contributes 4% of India's GDP, with a vision to raise it to 12% by 2047.

**Trade Dependence** – Handles 95% of India's trade by volume, highlighting its importance to the economy.

**Global Workforce Contribution** – Indian seafarers already account for 12% of the global workforce, expected to rise to 25% in coming decades.

**Global Standing Goals** – India aims to be among the top 10 maritime nations by 2030 and top 5 by 2047.

**Port Performance** – Cargo handling at Indian ports rose by 4.45% in FY24, reaching 819.22 million tonnes, showing steady growth.

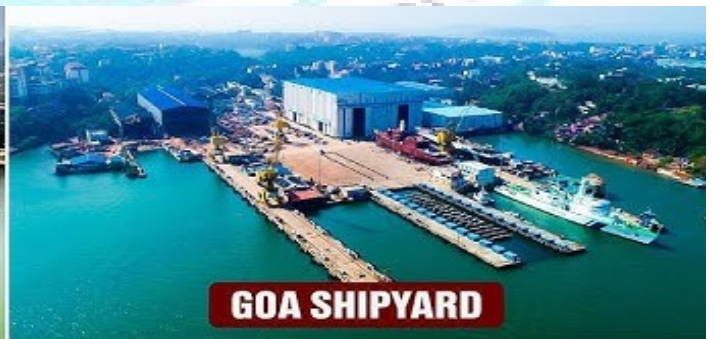
### Factors Favouring Growth of Shipbuilding in India

**Strategic Location** – With a 7,500 km coastline and location along major international shipping routes, India has a natural advantage for shipbuilding and maritime trade.

**Cost Advantage** – Lower labour costs compared to global peers (China, Japan, South Korea) make India competitive in manufacturing and repairs.

**Specialisation in Niches** – Indian shipyards focus on offshore support vessels, dredgers, ferries, and coastal shipping vessels, positioning themselves in high-demand niche markets.

**Government Support** – Incentives such as the Scheme for Financial Assistance to Shipyards (SFAS) and policies promoting indigenous shipbuilding encourage private players to invest.



## Challenges Hindering Growth

**Infrastructure Gaps** – Outdated port facilities, limited dry dock capacity, and lack of world-class shipyards.

**Congestion Issues** – Heavy traffic at major ports increases turnaround time, reducing efficiency and competitiveness.

**Environmental Concerns** – Ports and ships contribute to marine pollution, CO<sub>2</sub> emissions, and waste, raising sustainability issues.

**Logistics Bottlenecks** – Weak port–rail–road connectivity creates delays in cargo movement.

**Global Competition** – Strongly established hubs like South Korea and China force India to compete with giants that enjoy advanced technology, subsidies, and global clients.

## Major Government Initiatives

**Sagarmala Programme** – Focuses on modernizing ports, enhancing coastal infrastructure, and improving connectivity to industrial clusters. Includes coastal berths, cruise terminals, and fish harbours.

**Maritime India Vision (MIV) 2030** – Outlines 150+ initiatives across 10 sectors to make India a top 10 shipbuilding nation and create a sustainable, globally competitive maritime ecosystem.

**Inland Waterways Development** – 26 new national waterways identified for cargo and passenger transport, reducing road/rail pressure and promoting sustainable mobility.

**Green Tug Transition Program (GTTP)** – Replacing fuel-based tugs with eco-friendly tugs across ports by 2040, reducing carbon emissions.

**Sagarmanthan Dialogue** – An annual global maritime dialogue, positioning India as a leader in international maritime policy and strategy.

**Maritime Development Fund** – ₹25,000 crore fund to support long-term financing for port modernization, shipping, and private sector investment.

**Shipbuilding Financial Assistance Policy (SBFAP 2.0)** – Direct subsidies to Indian shipyards to enhance global competitiveness.

**Cruise Bharat Mission (2024)** – Plans to develop 100 river cruise terminals, 10 sea cruise terminals, and 5 marinas, aiming to double passenger numbers by 2029.

**Indian Ports Act, 2025** – Replaced the 1908 colonial law, setting up a Maritime State Development Council, empowering state maritime boards, and establishing dispute resolution mechanisms for better governance.

## Broader Significance for India

**Strategic Security** – Strong shipbuilding strengthens India's naval capabilities, vital in the Indian Ocean Region (IOR) for national security.

**Employment Generation** – Shipbuilding and seafaring create large-scale skilled and semi-skilled jobs, especially in coastal states.

**Trade Competitiveness** – Efficient ports and indigenous shipbuilding reduce dependence on foreign vessels, saving foreign exchange.

**Blue Economy Growth** – Shipbuilding integrates with fisheries, tourism, offshore energy, and logistics — all part of India's Blue Economy vision.

**Geopolitical Role** – A stronger shipbuilding base boosts India's role in global supply chains, regional security dialogues, and maritime diplomacy.

Source – <https://epaper.thehindu.com/ccidist->

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