



**BACKGROUNDERS**  
Press Information Bureau  
Government of India

## Setting Sail *India's Shipbuilding Revival*

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### Key Takeaways

- **₹69,725 crore** shipbuilding and maritime reform schemes unveiled in September 2025.
- **Shipbuilding Financial Assistance Scheme** with outlay of **₹24,736 crore** provides financial support, ship-breaking credit notes, and steer domestic manufacturing through National Shipbuilding Mission.
- **Maritime Development Fund** with **₹25,000 crore** outlay focuses on investment and interest incentivization.
- **Shipbuilding Development Scheme** offers capital support, risk coverage, and capacity-building for shipbuilding clusters with **₹19,989 crores** outlay.
- **Infrastructure Status** granted to large ships to boost the domestic shipbuilding.

### Overview

Anchored in tradition and powered by technology, India's shipbuilding landscape is poised for global recognition. India's maritime sector has historically served as a vital link connecting the subcontinent to global trade routes, with centuries of seafaring and commerce shaping its economic foundation. India's shipbuilding tradition dates back to the Indus Valley Civilization, with archaeological evidence from sites like *Lothal* (in present-day Gujarat) indicating the existence of dockyards and maritime trade. Lothal's dock is considered one of the world's earliest known tidal docks.

Shipbuilding, often termed the **"mother of heavy engineering"**, plays a central role by generating employment, attracting investment, and strengthening national security and strategic independence. India's shipbuilding sector creates strong economic impact; each investment boosts jobs 6.4 times and returns 1.8 times the capital, showing its power to drive growth and development. This industry holds significant promise for creating large-scale employment opportunities in remote, coastal, and rural regions. Its development and promotion are being prioritized as a key driver in advancing the vision of an Atmanirbhar Bharat.

## Shipbuilding Sector Growth & Development

Post-independence, shipbuilding was largely concentrated in public sector units like Mazagon Dock Shipbuilders Ltd (Mumbai), Garden Reach Shipbuilders & Engineers Ltd (Kolkata), and Hindustan Shipyard Ltd (Visakhapatnam). Over the past decade, with entry of private ship players in the sector, India's shipping and maritime sector has witnessed remarkable transformation, with significant strides in cruise tourism, inland water transport, and port infrastructure. Strategic investments, policy reforms and expanded waterways have collectively boosted cargo movement, coastal connectivity

### DEVELOPMENT OF SHIPPING AND MARITIME SECTOR IN 11 YEARS



PARAMETER	2014	2025	% GROWTH
Cruise Passengers	84,000	4.92 lakhs	485%
Inland water cargo	18 MMT	146 MMT	700%
Operational waterways	3	29	870%
Investment in National waterways	Rs. 183 Cr	1,700 Cr	800%
Number of Seafareres	1.08 lakhs	3.2 lakhs	200%
Annual financial performance of ports	Rs. 11,172 Cr	Rs. 24,202 Cr	120%
No of new legislations	1 in 10 years	11 in 11 Years	

Source: Ministry of Ports, Shipping and Waterways

and employment opportunities positioning the sector as a key driver of economic growth and regional integration. As of November 2024, India has a fleet of **1,552 Indian-flagged vessels, totalling 13.65 million Gross Tonnage (GT)**.

#### KEY GOVERNMENT POLICIES & INITIATIVES

- ❖ **Shipbuilding Financial Assistance Policy (SBFAP):** Offers 20–30% financial assistance for vessels using green fuels or hybrid propulsion systems.
- ❖ **Right of First Refusal (RoFR):** Indian shipyards get priority in government tenders for vessel acquisition. Revised hierarchy favors Indian-built, Indian-flagged, and Indian-owned vessels.
- ❖ **Public Procurement Preference:** Ships under ₹200 crore must be procured from Indian shipyards as per the Make in India Order, 2017.
- ❖ **Green Tug Transition Programme (GTPP):** Promotes eco-friendly tugboat operations to reduce carbon emissions.
- ❖ **Harit Nauka Guidelines:** Encourages adoption of green technologies in inland waterway vessels.
- ❖ **Standard Tug Designs:** Five variants released for use by major ports to ensure uniformity and boost domestic manufacturing.

- **MoUs and Collaborations:** India is advancing its shipbuilding and maritime capabilities through strategic partnerships, infrastructure expansion, and financial collaborations. These efforts aim to strengthen domestic manufacturing, reduce reliance on foreign fleets, and promote sustainable growth across the sector.

❖ Shipping Corporation of India and oil PSUs signed an MoU to form a **vessel-owning JV (Joint Venture)**, reducing dependence on foreign fleets and **boosting demand** for Indian-built ships.

❖ MoUs were signed between **major ports and coastal states** to develop **shipbuilding clusters** with joint investments, aiming to position India among the **top five global shipbuilding nations** by 2047. These hubs will integrate **shipyards, R&D, MSMEs, and green innovation for sustainable marine engineering**.

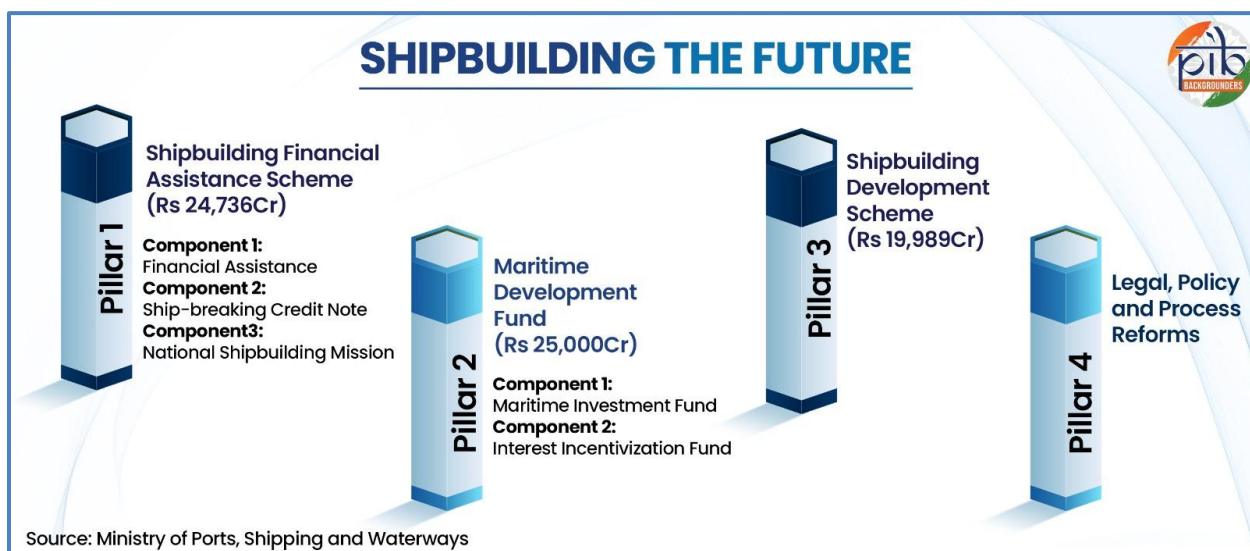
❖ Cochin Shipyard and Mazagon Dock signed MoUs with Tamil Nadu agencies to set up major shipbuilding complexes, including a **₹15,000 crore** facility with **one million GT** annual capacity and **large-scale job creation**.

❖ **Sagarmala Finance Corporation** signed MoUs with key financial institutions to **unlock diverse funding** for green shipbuilding, fleet upgrades, and maritime logistics, blending global climate finance with domestic capital to build a **robust investment ecosystem**.

❖ Cochin Shipyard and HD Korea Shipbuilding have partnered to build large commercial vessels in India, supported by CSL's new dry dock and a planned **₹3,700 crore** fabrication facility in Kochi, expected to generate **thousands of jobs** and boost MSME-linked supply chains.

### Shipbuilding Sector Revitalization

Recent government announcements in September, 2025 for the shipbuilding sector focus on expanding domestic capacity, improving access to long-term financing, and creating a globally competitive ecosystem. These measures aim to generate large-scale employment, attract investment, and strengthen India's strategic and economic resilience through modern infrastructure and policy reforms.



- **Pillar 1: Shipbuilding Financial Assistance Scheme** - The scheme, which is also seen as a foundational pillar, aims to bring together India's indigenous shipbuilding capabilities and maritime innovation. With an outlay of **₹24,736 crores**, it serves as a foundational pillar to catalyze domestic shipbuilding capabilities and maritime innovation. It integrates targeted incentives, strategic missions, and lifecycle support to strengthen India's shipbuilding ecosystem.

Component 1: Financial Assistance
❖ <b>Objective:</b> Provides financial support to Indian shipyards to bridge cost disadvantages and promote competitiveness.
❖ <b>Incentive Structure:</b> <ul style="list-style-type: none"> <li>✓ 15% assistance for vessels valued below ₹100 crore.</li> <li>✓ 20% assistance for vessels valued above ₹100 crore.</li> <li>✓ 25% assistance for green, hybrid, or specialized vessels.</li> </ul>
❖ <b>Domestic Value Addition:</b> Minimum <b>30% domestic value addition</b> required to qualify for incentives, encouraging local manufacturing.
❖ <b>Financial Allocation:</b> Total outlay of <b>₹20,554 crore</b> approved, valid until <b>March 2036</b>
Component 2: Ship-breaking Credit Note
❖ <b>Incentive Value:</b> Credit note worth <b>40% of the vessel's scrap value</b> , applicable when scrapped at an <b>Indian shipyard</b>
❖ <b>Utilization:</b> Can be <b>redeemed against the cost of building a new vessel</b> in an Indian shipyard
❖ <b>Flexibility:</b> Notes are <b>stackable, transferable</b> , and <b>valid for 3 years</b>

❖ <b>Budget Allocation:</b> Total outlay of ₹4,001 crore for the scheme
<b>Component 3: National Shipbuilding Mission</b>
❖ <b>Mission Leadership:</b> Drive and oversee national shipbuilding initiatives across sectors
❖ <b>Fund Management:</b> Evaluate applications, verify claims, and ensure timely fund disbursement
❖ <b>Procurement Coordination:</b> Aggregate demand and enable structured, centralized procurement processes
❖ <b>Global Partnerships:</b> Identify and facilitate foreign collaborations to strengthen domestic capabilities
❖ <b>Scheme Tenure:</b> 10-year duration, with committed liabilities honored beyond the scheme period

- **Pillar 2: Maritime Development Fund (₹25,000Cr)** - The Maritime Development Fund aims to strengthen the backbone of India's EXIM trade, which relies heavily on maritime transport - handling **95% of trade by volume** and **65% by value**. Despite its strategic importance, the sector faces persistent challenges in accessing affordable finance. Addressing these barriers is essential to unlock the full potential of India's maritime economy.

<b>Component 1: Maritime Investment Fund</b>
❖ <b>Fund Corpus:</b> An initial allocation of ₹20,000 crore.
❖ <b>Funding &amp; Investors:</b> Equity-based financing with additional investor contributions will anchor the Maritime Investment Fund's capital structure.
❖ <b>Strategic Focus Areas:</b> <ul style="list-style-type: none"> <li>✓ Expansion of Indian shipping capacity (tonnage).</li> <li>✓ Development of shipyards, ship repair facilities, and supporting industries.</li> <li>✓ Strengthening port and related infrastructure.</li> <li>✓ Promoting inland and coastal water transport to improve modal share.</li> </ul>
❖ <b>Financial Structure:</b> Designed as a blended finance model to mobilize private sector investment alongside public funding. <ul style="list-style-type: none"> <li>✓ 49% capital from the government at concessional rate.</li> <li>✓ 51% commercial capital sourced from multilateral lenders, port authorities along with sovereign funds.</li> </ul>

## Component 2: Interest Incentivization Fund

- ❖ **Fund Corpus:** ₹5,000 crore allocated for the initiative
- ❖ **Scheme Duration:** 10 years, valid up to **March 2036**
- ❖ **Incentive Structure:**
  - ✓ Interest incentive of **up to 3%**
  - ✓ Offered to **banks and financial institutions**
  - ✓ Applicable on **loans extended to Indian shipyards**
- ❖ **Implementation:** To be coordinated through designated **implementing agencies**.

## BENEFITS OF MARITIME DEVELOPMENT FUND



Source: Ministry of Ports, Shipping and Waterways

- **Pillar 3: Shipbuilding Development Scheme (₹19,989 crore)** - A long-term support has been planned to boost shipbuilding through better infrastructure, safety measures, and risk management.

Shipbuilding Development Scheme
❖ <b>Capital support for shipbuilding clusters:</b> <ul style="list-style-type: none"> <li>✓ Greenfield cluster: ₹9,930 crore</li> <li>✓ Brownfield capacity expansion: ₹8,261 crore</li> </ul>
❖ <b>Shipbuilding risk coverage:</b> ₹1,443 crore
❖ <b>Capability development initiatives:</b> ₹305 crore
❖ <b>Total corpus:</b> ₹19,989 crore
❖ <b>Duration:</b> 10 years (up to March 2036)

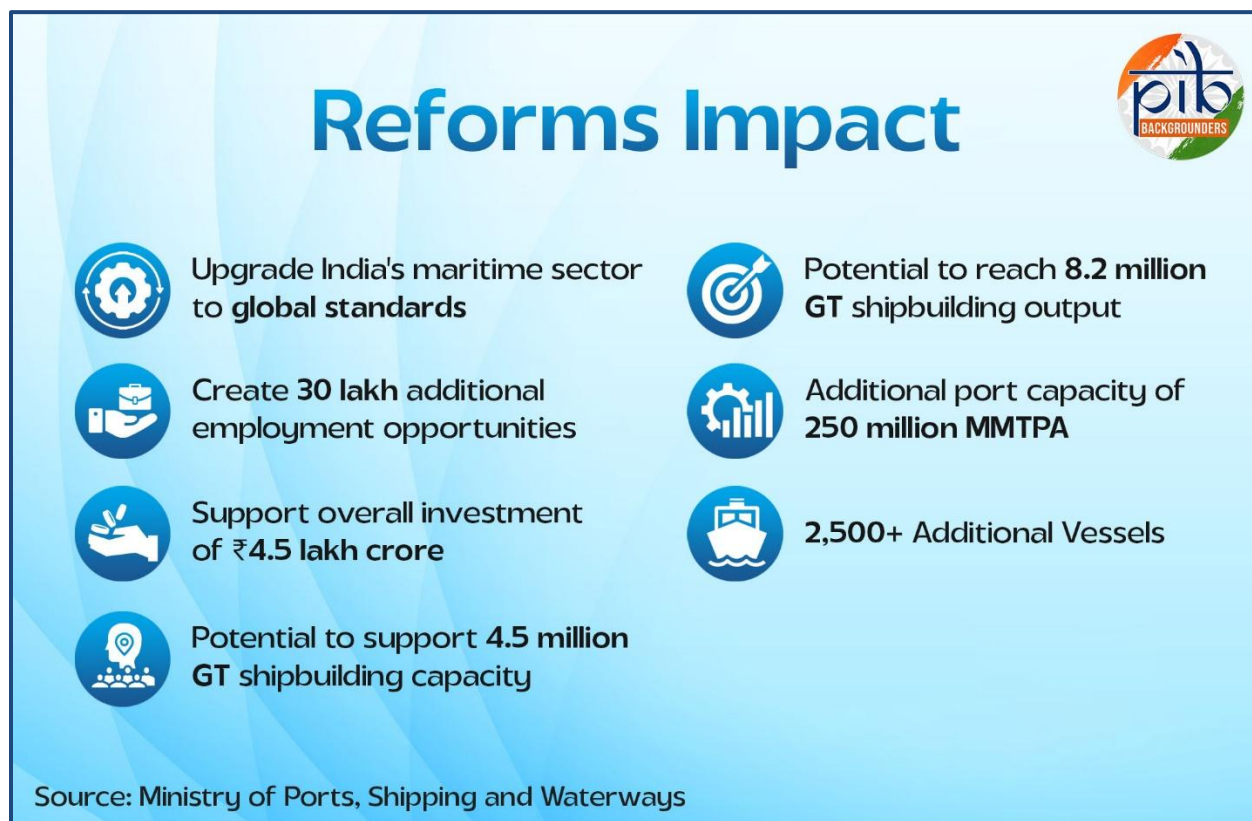
- **Pillar 4: Legal, policy and process reforms** - As part of legal, policy, and process reforms, large ships have been accorded infrastructure status to enable easier access to affordable financing, while coordinated efforts are underway to boost domestic shipbuilding through demand aggregation. A series of legislative updates have also been introduced to modernize maritime laws and strengthen regulatory frameworks.

Legal, Policy and Process Reforms
❖ <b>Infrastructure Status</b> for Large Ships granted on 19 <sup>th</sup> September 2025 to facilitate access to long-term, low-cost financing.
❖ <b>Demand Aggregation</b> through Oil & Gas PSUs aims to build <b>110+ vessels</b> in India over the next 10 years.
❖ <b>Legal Reforms Introduced</b> <ul style="list-style-type: none"> <li>✓ Bills of Lading Act, 2025</li> <li>✓ Carriage of Goods by Sea Act, 2025</li> <li>✓ Coastal Shipping Act, 2025</li> <li>✓ Merchant Shipping Act, 2025</li> <li>✓ Indian Ports Act, 2025</li> </ul>

- **Effects of Reform** - The reforms aim to elevate India's shipping and port infrastructure to global standards, driving substantial employment, investment, and expansion in shipbuilding and maritime capacity. They



also promise a significant boost in vessel count and port throughput, strengthening the sector's overall competitiveness.



#### Conclusion:

India's shipbuilding sector is entering a promising phase of growth, supported by a series of progressive initiatives and policy reforms. These measures aim to modernize infrastructure, enhance domestic manufacturing capabilities, and attract global investment, laying a strong foundation for long-term development. By focusing on innovation, sustainability, and skill development, the sector is well-positioned to meet the strategic goals outlined in Maritime India Vision 2030. Furthermore, its expansion aligns seamlessly with the broader national aspiration of Viksit Bharat 2047, contributing to economic resilience, employment generation, and global competitiveness. With continued collaboration between industry and government, India's shipbuilding industry is set to become a key pillar of the country's maritime strength and a driver of inclusive growth.

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