

Call for Papers

Background Paper for National Seminar on India's Shipbuilding Industry: Challenges and Prospects

**UGC Centre for Maritime Studies, Pondicherry University,
17-18 November 2016**

Shipping is a global in nature rather than a national phenomenon. For instance, an average container travels around the world 8.5 times a year. International shipping conducts through ships owned by one state, registered in another, carrying cargo belonging to a third country, but transporting it from a fourth country towards a destination in a fifth country.

Maritime transport is considered as the backbone of international trade and globalization. India was an ancient sea-faring nation, as the 4,000 years old port at Lothal and other Indus Valley are evidence to show but they were less documented.

It is to be noted that sea was the major means for India to link to the west and the east. Indians were built ships with the capacity of 800 to 1000 tons, by using teak at Daman. They were regarded as superior to their British counterparts both in design and in durability. The British shipbuilders were agitated against the ships built by Indians. The British passed an Act of navigation of 1651, resulted that importing goods from Asia, Africa or America to UK were not permitted only through the British ships. The British did not want to promote the Indian industry. However, many Indian ships were inducted into the Royal Navy such as HMS Hindustan in 1795, HMS Cornwallis (a frigate) in 1800, HMS Camel in 1806, HMS Ceylon in 1808, and HMS Cornwallis in 1842.

India's trade sector is witnessing a long term and sustainable high growth trend driven by the rapid growth of the Indian GDP. International and domestic trade volumes are expanding rapidly and its impact is evident in the burgeoning traffic volumes of the shipping and ports sector, over the past few years. This growth trend is expected to continue over the medium term with India continuing to attract global capital inflows into manufacturing and infrastructure sectors and trade tie-ups with US, EU, China and South East Asian and South Asian trade blocs are cemented further. This high growth in trade would, in turn, translate into additional demand pressures on the Indian shipping and ports sector. India has 7516.5 kilometers long coastline, around thirty-two shipyards, twelve major ports, and two hundred minor ports under states' jurisdiction. This presents huge scope for development of shipbuilding sector considering that country's opportunities in the sector have yet to be utilized fully. More than ninety percent of shipbuilding was undertaken in only three Asian countries- South Korea, which accounted for 37.3 percent of gross tonnage, China 28.6 percent and Japan for 24.6 percent. South Korea is specialized on container ships, oil tankers and, to a lesser extent, LNG carriers, while China dominates the dry bulk carrier market and the Japan on oil tankers and a small number of container vessels.

Shipbuilding industry is crucial to India's strategic and economic interests and is characterized by high growth potential. With advancement in exploration technology, deep-sea mining, huge potential for exploration of hydrocarbons, petroleum, natural gas, rare earth metals, the demand for ports and shipping services is one of important maritime strategies. Shipbuilding plays major role in other industries, including steel, engineering equipment, port infrastructure, trade and shipping services. The indirect potential of shipbuilding industry in employment generation and contribution to GDP is therefore remarkable. Further, an idea of blue economy in the Indian Ocean is likely to change the existing parameters of international economic relations. The valuable oceanic resources, which blue economy in the Indian Ocean offers, will be the imperative factor for the economic development for India. One of the important components of blue economy i.e. shipbuilding compelled India to improve its shipbuilding industry for its economic growth.

India's goal to emerge as one of the major economies by 2030 depends on its ability to sustain economic growth of over eight percent annually over the next decade. To achieve this, the Government of India has identified the development and modernization of the country's economic infrastructure as a priority step. The development and growth of ports are crucial as they play a vital role in the country's overall economic development. Of India's international trade, about ninety-five percent by volume and seventy percent by value are undertaken through the maritime route. There has been a sustained rise in the volume of exports driven by robust growth in the manufacturing sector and improved export competitiveness.

India has twenty-three shipyards, of which seven are under administrative control of the central Government, two with state Governments, and the rest in the private sector. The present shipbuilding capacity of India is only 2.8 million DWT, which is small according to global shipbuilding standards and inadequate given the country's requirements. While, productivity levels of Indian shipyards are low, compared to Korean and Chinese yards, a fair degree of improvement has been witnessed for the last few years. The current uptrend in the global shipbuilding industry and the Government's shipbuilding subsidy has also enabled the sector to post robust growth and script a turnaround, since until recently, most Indian shipyards were incurring losses.

At present, India has only about 0.3 percent of the global shipbuilding market share whereas China has acquired a twenty percent share. A cost-effective labour force and the availability of ancillaries have helped China to capture a significant market share. India is now trying to replicate China's success owing to a growth in domestic manufacturing sector and the improving skill profile of its labour force. Indian corporate and shipyards plan to invest over 170 billion rupees over the next five to seven years, which has the potential to take India's share to over three percent to five percent of global shipbuilding. Players in the industry have developed investment plans and accessed capital markets to raise funds for their capital expansion.

The average age of Indian ships is over sixteen years compared to a global average of around twelve years. To reduce this disparity, Indian companies need to acquire

younger fleets. At the same time, Indian companies would have to increase their fleet size to gain market share. Recent Government initiatives like introducing tonnage tax and improving the processes for acquiring vessels have increased shipping tonnage. India has advantages in terms of cheap labour cost, established steel industry and skilled manpower and know-how technology, but did not have inadequate domestic capacity resulting in strong demand for shipbuilding and ships repairs. Currently India's containerization is only twenty-five percent against the global average of sixty to seventy per cent. In other words, it is required to concentrate on new container port and inland transport infrastructure to enhance the containerization. The maritime Agenda focuses on an increase in port capacity from one billion tones to 3.2 billion tones, which will enhance its global shipbuilding from one percent to five percent, an increase Indian seafarers from around six percent to nine percent.

India requires a vibrant and strong shipbuilding industry for economic as well as strategic reasons. For a country that is predominantly peninsular in nature with a coastline of 7516.5 km and 1197 islands, India's shipbuilding capabilities which have not kept pace with its economic development, market demand and human resource potential need to be addressed in the future.

In view of the above, the UGC Centre for Maritime Studies, Pondicherry University, Pondicherry, plans to organize a two-day national seminar on ***"India's Shipbuilding Industry: Challenges and Prospects"*** during 17-18 November 2016. The seminar will focus on the following themes:

- Historical Assessment of India's Shipbuilding
- Assessment of Port, Maritime Security and Diplomacy;
- Safety and security of Sea Lanes of Communications;
- Ship manufacturing, ship repairing, ship recycling
- Coastal shipping and international shipping
- Marine technology and Research & Development facilities
- Promotion of tourism
- Shipbuilding: Economic Benefits
- Human Resource and Shipbuilding Industry

The Centre invites papers (5000-6000 words) for the above mentioned seminar. The seminar Committee will scrutinize the abstracts/papers and accordingly invitation will be sent to those papers selected. The Centre will bear the expenses of accommodation and local hospitality.

Last date for submission of one page abstract (about 350 words) and title of the paper: **29 July 2016**

Last date for submission of full Paper: **10 November 2016**

Contact Address:

A.Subramanyam Raju, Ph.D.

Coordinator

UGC Centre for Maritime Studies

Pondicherry University, Puducherry-605014

Email: maritimestudiespu@gmail.com