Scheme to boost shipping container manufacturing on the table

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As part of the Centre's push to strengthen India's maritime capabilities, the government is working on a scheme to provide financial assistance for the manufacture of shipping containers, officials and industry executives familiar with the discussions told *Business Standard*.

The Ministry of Ports, Shipping and Waterways has begun deliberations on an assistance programme aimed at boosting container manufacturing by supporting new production lines as well as the expansion of existing facilities, according to a senior government official.

The ministry did not respond to an email seeking comment. However, a senior official said preliminary estimates put the required outlay at around ₹12,000 crore to achieve an annual production capacity of roughly 600,000 containers.

"The scheme and the financial outlay needed will take concrete shape after stakeholder consultations are concluded," the official said, requesting anonymity. The government is also scheduled to meet major container industry players next week to take discussions forward.

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India's current container manufacturing capacity is estimated at around 30,000 units a year. By comparison, China, which dominates the global container market, has the capacity to produce around 5 million units annually.

"There is a clear direction that India needs to develop self-reliance in containers. India's export-led strategy for Viksit Bharat requires more containers. Moreover, the Bharat Container Shipping Line (BCSL) will also be operational soon, and it will need its own asset base of containers," a second official said.

BCSL was launched by Prime Minister Narendra Modi in October as India's new national container carrier, with financial backing from the Shipping Corporation of India and the Container Corporation of India. It is expected to begin operations with around 51 vessels.

According to initial discussions, the government is looking to bridge the cost differential between India-made containers and prevailing global market rates. This would require state support both for input costs involved in setting up manufacturing facilities and for output-linked incentives.

Industry players and sector experts say India must address the significant competitiveness gap in container manufacturing. "There is a substantial difference between an India-manufactured container and one made in China. If we look at one twenty-foot equivalent unit (TEU), a Chinese container is available for around $1,700, whereas an India-manufactured container will not be available for less than $2,200-2,400," said Rudra Shriram, director at DCM Containers & Engineering.

A key factor driving this gap is raw material pricing, largely stemming from the lack of scale. Container manufacturing requires speciality steel of specific thicknesses, which is not currently produced at scale in India. "Steel manufacturers will not commoditise something until there is steady scale and volumes that allow them to produce input materials at much larger levels than currently exist, which is why input costs remain high," Shriram said.

Industry executives say demand for containers is strong but is largely unmet domestically, while imported or leased containers carry higher costs, including expenses related to repositioning and cabotage.

"For marine-grade weathering steel, corner castings, flooring, coatings and hardware, reliable, large-volume and price-stable sourcing is difficult without a mature supplier base, pushing costs up and lead times out. In addition, container factories require high-capex automation in areas such as cutting, forming and robotic welding," said Supal Shah, chief executive of Sarjak Container Lines.

Exportable containers must also comply with the Convention for Safe Containers and International Organisation for Standardisation norms, and be accepted by major shipping lines and leasing companies. Even after meeting standards, new entrants face trust and certification adoption hurdles, Shah added.

The government had earlier attempted to introduce container manufacturing support through the production-linked incentive (PLI) route. It is now considering a more comprehensive assistance programme.

"Longevity and flexibility need to be built into the scheme. You need to give it at least five years. In that time, the industry can build capacity, and shipping lines can conduct audits and ensure the required quality levels are achieved," said a senior executive at a container manufacturing company involved in the stakeholder consultations.