

# Entry barriers for shipbuilding cluster bids may be lowered

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The Centre is likely to lower the number of entry barriers in tenders floated for shipbuilding clusters across major ports, a top government official told *Business Standard*.

This comes after Gujarat's Deendayal Port Authority (DPA), also known as the Kandla port, received only one bid for its 2,000 acre shipbuilding cluster — which the Ministry of Ports, Shipping and Waterways considered underwhelming.

The DPA is one of the 12 ports owned by the Centre.

"The tender would need to be looked at again and would need to be floated again after relevant changes, as the response from foreign ship-

builders has not been there so far," the official said. The port authority has now scrapped the tender.

According to multiple officials and industry executives, the entry barriers in the tender were too high, essentially taking most of India's nascent domestic shipbuilders out of the equation.

Further, the tender required the participants to have built a large vessel, which most Indian shipyards cannot undertake as of now.

A very large crude carrier (VLCC) is one of the largest oil tankers and has a capacity of 200,000-300,000 deadweight tonnage (DWT).

It can carry over 2 million barrels of

crude oil. In India, barring a few shipyards, no player can develop vessels over even 10,000 DWT.

"The tender was designed keeping foreign shipyards in mind. We had anticipated that Korean or other international shipyards would show interest, hence the tender conditions. The feedback the ministry has is that they are waiting for new

reforms to kick in and still evaluating their business plans," another official said.

The Union government wants to create domestic commercial maritime capacity ranging across shipping, shipbuilding, maritime finance, and

marine insurance, with Finance Minister Nirmala Sitharaman announcing measures for the industry in the July 2024 and February 2025 Union Budgets.

These included a ₹25,000 crore maritime fund, a shipbuilding subsidy policy, and measures for cluster development.

The government says that it has elicited interest from the world's largest non-Chinese shipbuilders like HD Hyundai Heavy Industries and Samsung Heavy Industries, but their participation has not yet materialised into a formal commitment.

The government is aiming to build shipbuilding clusters all across the country, and the DPA tender was a litmus test of initial interest, the first official said.

"There are concrete plans being firmed up, with land already set aside for clusters in Andhra Pradesh and Tamil Nadu as well. Moreover, the ministry has received positive feedback, and in addition to Korean shipbuilders, a Rotterdam-based manufacturer is keen as well. They are primarily looking to enter through joint ventures and tie-ups," he said.

In 2023, the shipping ministry unveiled Maritime Amrit Kaal Vision 2047, where it estimated a ₹80 trillion investment over the next 25 years to make India a maritime power.

Of these, around ₹54 trillion is expected to be spent in developing indigenous shipbuilding and shipping capabilities, two areas that the government is aiming for a top 5 slot globally.

**HIGH ENTRY BARRIERS TAKE MOST OF INDIA'S NASCENT DOMESTIC SHIPBUILDERS OUT OF THE EQUATION, SAY EXPERTS**