

Indian Shipbuilding and Finance

Dr.A.Mourougane
Associate Prof. & Head
School of Maritime Management
INDIAN MARITIME UNIVERSITY

Content

Shipbuilding and Finance

Around the World

Leading Nations

Indian Shipbuilding & Finance

History

Present Status

Govt. Support

Future

Q&A

SHIPBUILDING AND FINANCE

– Around the World

- new orders totaled 42.74 million GT in 2019,
- valued around US\$120.6 billion in 2019,
- expected to exceed \$175 billion by 2025.
- increasing international seaborne trading,
- rapid industrialization, and globalization,
- advanced technology

SHIPBUILDING AND FINANCE

-in the Leading Nations

- Over 82% of the global market share. China, South Korea, and Japan

China

- China accounted for over 37.2%
- the completion volume fell by 27.3% in the first quarter of 2020.
- 44.5% of the orders were placed in China
- 2020 new orders for 50.8 of the global market
- China's top position to be maintained

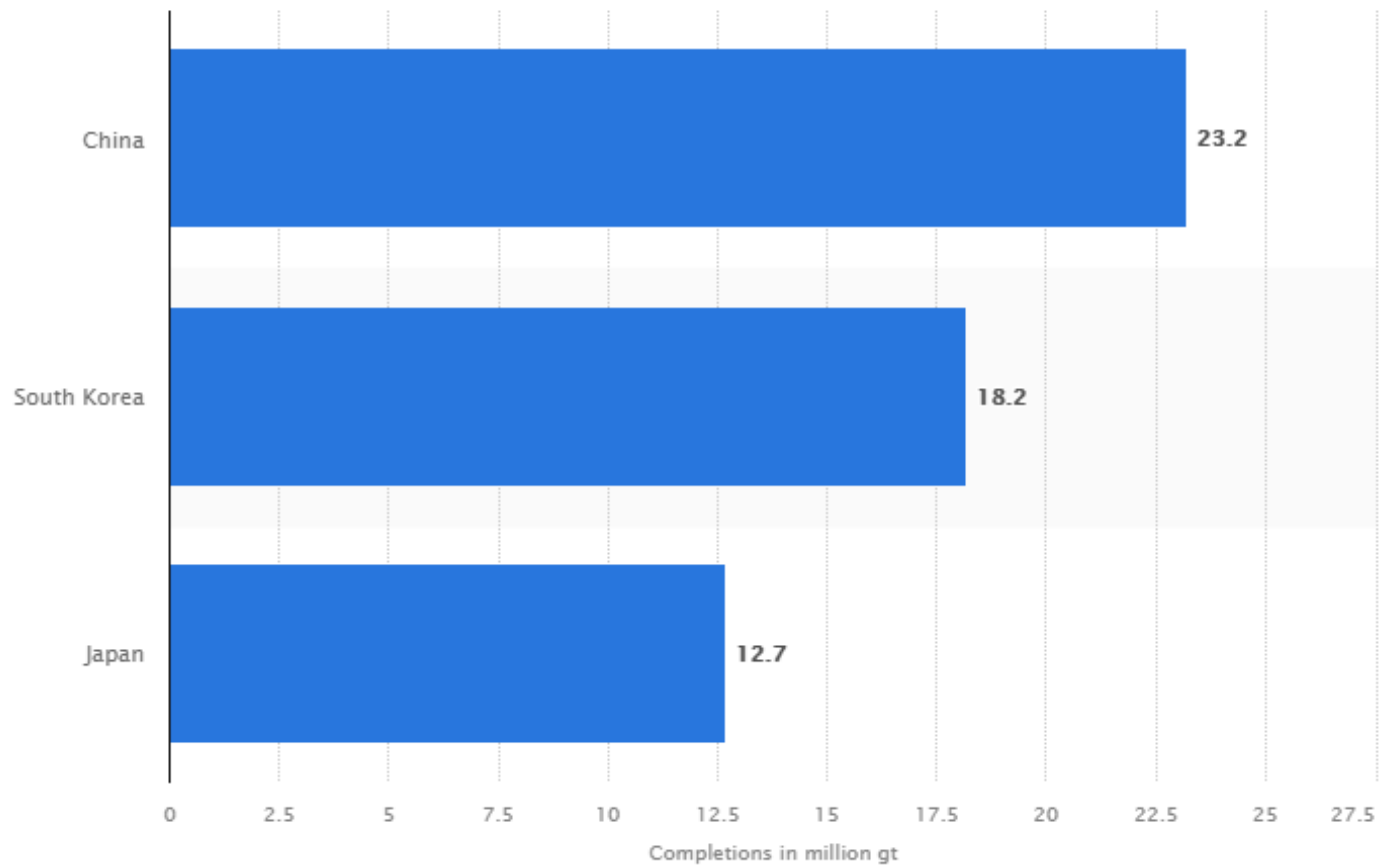
South Korea

- technological expertise in high value-added ships.
- In 2020 won orders for 36 large-sized LNG carriers and 35 VLCCs
- \$ 500 million of orders in 2020, about one-eighth of 2010.
- a five-year plan to reconstruct the industry
- laws to support the autonomous shipping
- 50 percent share in autonomous vessels by 2030

Japan

- received orders for 8.9mn (gt) in 2020-21,
- oil tankers increased by 36 % while bulk carriers declined by 32 %
- Japanese ship owners orders 7.7mn gt
- did not receive any export orders for LNG
- under pressure to consolidate
- struggled to compete with China and South Korea
- remains a distant third in shipbuilding





Largest shipbuilding nations in 2020, based on deliveries *(in million gross tons)*



Indian Shipbuilding & Finance

- Shipbuilding was one of the pillars of India's rich maritime heritage
- industrialisation after independence led to a revival
- Maritime Agenda 2010-20 had set target of a 5% share
- 28 shipyards at less than 0.5% of the global share
- 30% subsidy has failed to motivate the industry

Cost Comparison of global shipbuilding Industry

Material Costs (60-70% of vessel costs)				Labor Cost (30-40%)				Financing		
Country	Steel	Other Material	Relative Matl. Cost	Labor rate	Productivity	Net Labor Cost	Relative Labor Cost	Vessel cost (Relative)	Financing cost	Total cost of Ownership
	30-40% of material costs	60-70% of material costs		\$/mhr	Mhr/CGT	\$/CGT			Rate of interest (%)	
	100%	100%	100%	3-4	150-180	620	100%	100%	10-12%	100%
	90%	85%	87%	5-6	50-60	300	48%	75%	2-5%	74%
	95%	85%	89%	15-20	10-15	325	52%	78%	1-2%	78%
	95%	87%	90%	20-25	10-15	350	56%	80%	0-1%	79%

- New Shipbuilding Financial Assistance Policy
- Rs 61.05 crores has been disbursed till Oct '20
- Subsidy scheme of ₹ 1,624 crore for five years
- Right of First Refusal licensing for chartering
- shipbuilding is alive with naval & coast guard
- asset for employment and economic benefit.
- Maritime Vision 2030 will reverse the trend

Thank You