India and the World

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India's maritime capacity – strong foundations but industrial constraints persist

The vast maritime spaces of the Indian Ocean Region (IOR) are imperative for global prosperity and economic security. India is centrally located in this critical domain and has grown its ambition to use that position for multiple national aims – from development to security – both unilaterally and as part of external partnerships.

Secure connectivity to markets and resources is becoming an increasingly important strategic goal for India. It has a coastline of around 11,100 km and an Exclusive Economic Zone (EEZ) of approximately 2.4 million km². Around 95% of India's trade by volume and 70% by value is carried by sea, thus ensuring the safety and efficiency of sea lanes, as well as broader security in its maritime neighbourhood is a critical priority.

India's maritime strategy centres on protecting critical sea lines of communication, supporting economic growth, and balancing China's expanding naval presence in the IOR. The country's geography and maritime infrastructure provide a strong foundation for both a prospering civilian maritime sector and, increasingly, for projecting naval power.

While India does indeed have an expanding commercial footprint, the main roadblock to India’s long-term ambitions in this sector is the limited capacity of its domestic maritime industry. The Government of India has sought to address these limitations through the ‘Maritime India Vision 2030’, which aims to take India’s shipbuilding and repair capacity into the top ten globally, and the ‘Maritime Amrit Kaal Vision 2047’, which even more ambitiously seeks to position India within the top five by mid-century.

To achieve these goals, New Delhi is projected to allocate investments totalling 80 billion USD to modernise ports, strengthen multi-modal logistics and expand shipping through several underlying projects. Already over the past decade, improvements in cargo throughput and vessel turnaround in India's network of 14 designated domestic major ports and 200 non-major ports have nearly doubled overall port handling capacity from 1,400 million metric tonnes per annum (MMTPA) to approximately 2,762 MMTPA.

Now New Delhi also envisions increasing domestic manufacturing of ships. In September 2025, the government approved a USD 8.4 billion support package to expand shipbuilding capacity, attract private investments, and reduce dependence on foreign-built vessels. However, India's current shipbuilding capacity of 0.072 million gross tonnes (GT) accounts for less than 1% of global commercial ship production. Although output is targeted to increase to 0.33 million GT by 2030, this remains modest compared with China (39.1 million GT), South Korea (20.1 million GT) and Japan (9 million GT), which together account for around 95% of global shipbuilding capacity. Even if the 2030 target is achieved, India's production would still amount to less than 1% of China's current output.

Parallel to the civilian build-up, the Indian Navy has launched an ambitious modernisation programme to strengthen the country's regional role while responding to China's growing naval presence and Pakistan's evolving maritime capabilities. More than 50 warships are currently under construction, and another 74 vessels have received 'Acceptance of Necessity' (AoN) for indigenous production. India is also planning to expand its submarine fleet to 30, a build-up in which French and German companies, together with Mumbai based Mazagon Dock Shipbuilders will play central roles.

Nevertheless, India is facing obstacles as it sets itself to the task of ramping up production for diverse maritime sectors. One such obstacle is access to affordable capital. Shipbuilding is highly capital-intensive, yet Indian shipyards typically face borrowing costs of 10–12%, compared with 2–5% in major East Asian shipbuilding countries, significantly reducing their global competitiveness. Thus, despite growing political support for the sector, in the foreseeable future, India will struggle to significantly reduce cost per unit and achieve the necessary "economies of scale".

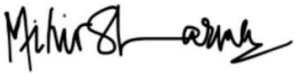
Another obstacle is the industry's persistent shortages of skilled labour. Modern shipyards require a diverse workforce spanning 30–40 specialised occupations, including welders, fabricators, pipefitters, marine electricians and naval architects. However, fragmented training systems, insufficient industry-oriented education and limited capacity for upskilling have created a persistent mismatch between labour demand and supply, slowing the expansion of both commercial and naval shipbuilding. If the announced additional financing fails to address these workforce constraints, India's ambition to become a leading global shipbuilding nation will be difficult to achieve.

In the defence sector, the government has faced calls to address some of these problems; suggestions have focused, in particular, on how it could reform its approach to procurement. In spite of the scale of the targets, actual financial approvals tend to be episodic and unpredictable, which in turn raises costs and uncertainty for shipyards in the private sector. Both ancillary components and human capital development would also benefit from multi-year procurement guarantees. India's latest defence acquisition policy specifies a two-year planning window, but the absence of credible long-term purchase guarantees continues to significantly disincentivise private Indian firms in the naval sector, constraining the growth of capacity.

Due to its size and geographical location, India is likely to play a pivotal role in the IOR and is already becoming a key partner to the EU in terms of both economic and security cooperation in the region. India's expanding global footprint is accompanied by increasingly ambitious policy targets. In practice, however, both its commercial maritime sector and naval capabilities are dependent on the same domestic industrial ecosystem which currently faces serious constraints.

Unless India succeeds in expanding shipyard capacity, strengthening supply chains, reducing financing costs and addressing persistent skills shortages, industrial constraints will continue to limit both pillars of its modernisation efforts. The country's long-term aspiration to emerge as a leading maritime power by 2047 will therefore depend not only on sustained political commitment and investment, but also on its ability to translate strategic ambition into tangible industrial capacity.

Erik Mollestam contributed to this report.



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