



GOVERNMENT OF TAMIL NADU

Tamil Nadu Shipbuilding Policy 2026





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Industries, Investment Promotion and Commerce Department
Government of Tamil Nadu



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Vision

Tamil Nadu envisions establishing itself as a global leader in sustainable and technologically advanced shipbuilding, positioning the State as a hub for high-value, large ocean-going vessels, including Very Large Crude Carriers (VLCCs). The State is committed to developing an ecosystem that meets the dynamic needs of international trade while advancing green innovation, circular economy practices, and Industry 4.0 integration. Through the creation of world-class infrastructure, targeted incentives, and a focus on sustainability and resilience, Tamil Nadu seeks to emerge as the destination of choice for global shipbuilders and investors. By promoting collaboration, advanced skill development, and adherence to environmental, social, and governance (ESG) principles, the State aims to nurture a vibrant shipbuilding cluster that accelerates economic growth, generates high-quality employment, and sets new global benchmarks for the maritime industry.



Introduction

Tamil Nadu is poised to enter a transformative phase in maritime transport and ship building, driven by its strategic geographic advantages, robust industrial infrastructure, and a forward-looking vision for sustainable economic development.



As one of India's prominent coastal States, Tamil Nadu, with a long coastline spanning 1,068.69 km (9.63% of India's total), is home to an extensive network of major and minor ports along the Bay of Bengal, the Indian Ocean, and the Arabian Sea, underpinned by a long-standing legacy of maritime activity. The State also possesses a well-established ecosystem for heavy engineering positioning it as a key player in the maritime sector. This unique combination of historical strength and modern capability provides a strong foundation for future growth and innovation in maritime industries.

The coastal areas are assuming greater importance, owing to increasing human population, urbanization and accelerated developmental activities. The coast of Tamil Nadu has three major ports, seven Government captive ports, and 17 non-major ports , along with fishing harbors and a diverse range of coastal and port-based industries, including nuclear and thermal power plants, refineries and fertilizers units. The coast is also endowed with varied coastal habitats such as mangroves, coral reefs, seaweed beds, sea grass meadows, salt marshes, mudflats and sand dunes. The State also has a number of rivers, estuaries and lagoons.

Shipbuilding and Ship Repair Industry – An Overview

The global shipbuilding industry represents a substantial market valued at approximately USD 155–170 Billion in 2025 , equivalent to around Rs. 13–14.5 Lakh Crore. In addition, the global ship repair and maintenance services market is projected to become a USD 53.23 Billion industry by 2032.

Contrastingly, India's shipbuilding sector remains remarkably modest at USD 0.88–1.12 Billion (Rs. 7,450–9,520 Crore) , representing ~0.06% of the global market share. This disparity is particularly striking given that India handles approximately 95% of its trade by volume and 70% of its trade by value through maritime transport , highlighting a significant disparity between the country's reliance on shipping and its domestic shipbuilding capabilities. The Indian fleet has shown steady growth from 1,429 vessels (12.75 Million GT) in 2019 to 1,526 vessels (13.74 Million GT) in 2023.

However, the industry continues to face several challenges, including limited capacity, gaps in technology, rising input costs, and low global competitiveness compared with leading shipbuilding nations such as China, South Korea, and Japan.

With almost 7–9% of international traffic passing within 300 nautical miles of our coastline, India has the potential to become a global repair hub despite now having less than 1% of the global ship repair market. Against a potential of Rs. 6000 Crore, India's yearly ship repair business is now estimated to be only at Rs. 2000 Crore (240 Million USD). Furthermore, it is pertinent to note that the country's potential in the ship repair industry can be further expanded to Rs. 14000+ Crore (1.7 Billion USD) over the next ten years, thereby indigenizing the nation's capability.

Ship maintenance primarily includes both planned and unplanned maintenance. The broad sub-categories of planned maintenance are preventive, corrective, risk-based, and condition-based maintenance. There are several different kinds of repair docks, including sliding docks, ship lifts, floating docks, dry docks, etc.,

To have a thriving shipbuilding, maintenance and ship repair ecosystem, it is crucial to have a robust and localised component ecosystem. Vital components for ship operations include the engine, electrical system, propulsion system, navigation systems etc.,

It is pertinent to note that ~95% of the current global shipbuilding market share is divided amongst 3 countries, with China having the majority share (~51%) .



Country	% share of Global Shipbuilding	% of Global Coastline	% of Global Population	% of Global GDP
China	50.73%	1.84%	17.58%	16.80%
Korea	28.28%	0.76%	0.64%	1.74%
Japan	15.38%	1.78%	1.54%	3.97%
Total	94.39%	4.38%	19.76%	22.51%

In this context, substantial targeted investments and strategic interventions remain the need of the hour to meaningfully increase the country's market share beyond its current minimal contribution. The recent Union government initiatives, including the announcement of a Rs. 69,725 Crore support package to revitalize India's Shipbuilding Sector including a Maritime Development Fund of Rs. 25,000 Crore and a Shipbuilding Financial Assistance Scheme (SBFAS) with a corpus of Rs. 24,736 Crore, aim to bridge the earlier identified gaps and enhance India's position in the global shipbuilding landscape.



This policy aims to supplement and compliment the Government of India's policies and initiatives, thereby aiming to establish Tamil Nadu as the shipbuilding and repair capital of the country.

Green Ship Recycling – An Overview

The global ship recycling market was valued at approximately USD 4.08 Billion in 2024 and is expected to reach USD 13 Billion by 2030, expanding at a Compound Annual Growth Rate (CAGR) of roughly 7.4%. Each year, about 800 – 1,300 vessels ranging from small offshore support ships to capesize bulk carriers and VLCCs are dismantled to recover high-grade steel (up to 95% recovery), non-ferrous metals, and machinery components.

In 2020, it was estimated that 71% of steel produced in the USA came from recycled sources which was majorly driven by aging fleets (average ship lifespan 25–30 years), stringent end-of-life regulations (Hong Kong Convention, EU Ship Recycling Regulation), and rising demand for low-carbon materials.

South Asia, led by India (33.85%) and Bangladesh (43.17%), handles over 70% of global ship recycling volumes in terms of total gross tonnage dismantled. Other regions include Turkey (7.41%), Pakistan (7.17%) and China (1.39%).

In addition to the primary benefit of the recycling activity itself, the industry serves as a source of low cost, low carbon ferrous inputs for other allied industries, thereby making the manufacturing ecosystem in the vicinity highly competitive.



Geographical and Geological Advantage of the State

From a geological and geographical standpoint, Tamil Nadu is bestowed with unmatched natural advantages that uniquely positions it as India's premier destination for large-scale shipbuilding operations.

Extensive Coastal Infrastructure

The Extensive coastline of the State provides an expansive maritime frontage that spans from Tiruvallur district in the north to Kanniyakumari in the south. This coastline, constituting 9.63% of India's total coastal length, offers multiple site options for shipyard development along the Bay of Bengal, Arabian Sea and Indian Ocean.

Optimal Bathymetric Conditions

The coastal waters of Tamil Nadu exhibit favorable bathymetric profiles essential for construction of vessels exceeding 2,00,000 Dead Weight Tonnage (DWT) capacity and other launching operations. The State's coastal underwater terrain offers natural deep-water access points, minimising the need for both capital and maintenance dredging thereby improving the shipyard's financial fundamentals and lowering the environmental impact.

Natural Protection Systems

Tamil Nadu's coast benefits from multiple natural defense mechanisms that mitigate the impacts of extreme weather events and coastal hazards, thereby supporting the resilience of shipbuilding and related infrastructure.

The extensive mangrove forests along the coast acts as a barrier against storm waves during cyclones.

Along stretches of the State's Coast, natural sand dunes act as barriers against coastal erosion and storm surge.

The Gulf of Mannar hosts extensive coral reefs that function as natural breakwaters, dissipating wave energy and reducing coastal vulnerability.

Optimal Climate for Shipbuilding

Tamil Nadu's tropical climate, characterized by moderate seasonal variation, provides favorable conditions for uninterrupted shipbuilding operations throughout the year. Positioned between 8°4' and 13°35' North latitude, the State benefits from stable temperatures and predictable weather patterns that support continuous construction and repair activities. These climatic advantages help minimize weather-related disruptions, ensuring greater operational efficiency compared to shipyards located in regions prone to heavy rainfall or extreme seasonal fluctuations.

Tamil Nadu's rainfall distribution presents significant operational advantages for shipbuilding activities. The State receives the majority of its annual rainfall during the Northeast Monsoon (443.3 mm) , i.e., between October–December, thereby leaving extended and continuous dry periods for critical construction activities. The Southern districts of Tamil Nadu experience 54–60 rain days annually, ensuring minimal hindrance to construction activities compared to the western coast that experiences prolonged monsoon interruptions.

Strategic Geological Position

Tamil Nadu's location offers unique geological advantages:

Proximity to International Shipping Lanes

The State's position along the Bay of Bengal provides immediate access to deep international shipping lanes , reducing vessel delivery distances to global markets.

Stable Geological Foundation

The coastal regions rest on geologically stable formations suitable for heavy industrial infrastructure, minimizing foundation and structural engineering challenges.

These geological and geographical advantages offer natural conditions that minimize infrastructural investments, maximize operational efficiency and protect against environmental risks, thereby making the State an ideal port of call for shipbuilding and other allied activities.



Industrial Ecosystem and Talent Pool

Established Industrial Base

The State is home to more than 40,000 factories, the highest in the country, and has a diverse, mature and well-developed industrial ecosystem. Tamil Nadu is the undisputed leader in Electronics export garnering 41.23% of the national share in 2024-25.

The State has a balanced economic structure with the primary, secondary and tertiary sectors contributing to the State's overall growth and development. The State's industrialisation has been uniquely characterised by the development of industrial clusters, which has helped to propel regional development across the State enabling distributed economic presence.

Tamil Nadu has an erudite talent pool backed by a State wide network of globally and nationally renowned colleges, polytechnic institutes and Industrial Training Institutes. This enables the State to venture into unexplored and emerging sectors and pioneer them for the nation. The State offers a unique proposition of having both white and blue collared workforce, thereby enabling colocation of manufacturing and design services.

The existing ecosystem of automotive, defence, and component industries provides a strong base for ship component fabrication, systems integration, and design services. The existing L&T shipyard in Kattupalli near Chennai, with more than 1,000 supply chain partners, is both proof of concept and a testament to the State's capability in this sector.



History of Shipbuilding in the State

Tamil Nadu has a rich and enduring maritime heritage that reflects centuries of seafaring skill and shipbuilding tradition. From the use of early craft such as the traditional kattumaram, local boatbuilders mastered techniques like stitched plank construction, which enabled long-distance navigation across the monsoon seas. These early innovations laid the foundation for the State's continuing maritime excellence.

Early Maritime Traditions

Tamil seafarers were among the earliest in the Indian Ocean region to build and operate sea-going vessels. Historical records and local traditions indicate that coastal communities along the Coromandel coast used versatile wooden craft for trade, fishing, and travel. Archaeological and literary evidence suggests that Tamil maritime activity predates the 3rd century BCE.



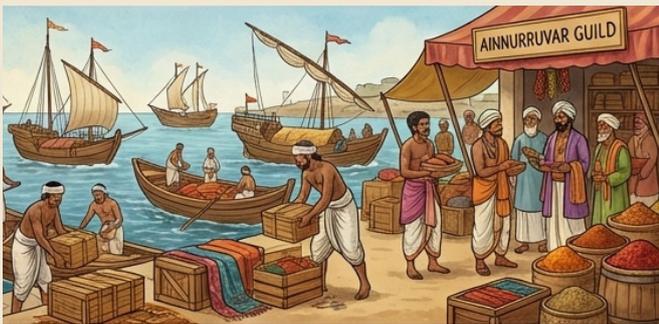
The Sangam Period

During the Sangam period, roughly between the 3rd century BCE and the 3rd century CE, Tamil Nadu's ports became vibrant centres of global trade. Kaveripoompattinam, also known as Puhar, located at the mouth of the Kaveri River, served as a major port of the early Chola kingdom. Tamil literary works such as Pattinapalai and Silappathikaram vividly describe its bustling harbor, merchant ships, and customs activity.

Archaeological excavations at Arikamedu near present day Puducherry reveal strong Indo-Roman trade connections dating back to the 2nd century BCE. Sites such as Korkai and Azhagankulam provide further evidence of early shipyards, docks, and warehouses, confirming Tamil Nadu's central role in ancient maritime commerce.

Medieval Maritime Expansion

Tamil maritime power reached its height during the medieval Chola period. Between the 9th and 13th centuries CE, the Chola navy extended its influence across Sri Lanka and Southeast Asia. The famous naval expedition of Rajendra Chola I around 1025 CE demonstrated the region's advanced shipbuilding capabilities and naval organization. Merchant guilds such as the Ainnurruvar, Manigramam, and Nanadesi established trade routes linking Tamil ports with those in Southeast Asia, Sri Lanka, China, and the Middle East, fostering a period of remarkable commercial prosperity.



Colonial and Modern Development

During the colonial era, ports including Nagapattinam, Thoothukudi, and Pulicat became prominent centers under Portuguese, Dutch, and British control. These ports facilitated regional and international trade and contributed to the development of maritime infrastructure. The establishment of Madras, now Chennai, as a major East India Company port further strengthened the State's role in ship repair, maintenance, and maritime industry.

Legacy and Continuity

Tamil Nadu's shipbuilding and maritime legacy represents an unbroken continuum from indigenous craftsmanship to modern industrial capability. The evidence of ancient ports, trade guilds, and naval achievements highlights the State's long-standing connection with the sea. This deep historical foundation continues to inspire Tamil Nadu's modern vision to re-emerge as a global hub for shipbuilding, marine services, and blue economy initiatives.

Need for the Policy

Shipbuilding is a strategic sector with significant economic, industrial, and employment potential. Beyond its role as a standalone manufacturing industry, shipbuilding generates substantial positive externalities across multiple sectors, including steel, electrical and electronics, precision engineering, port infrastructure, logistics, and shipping services.

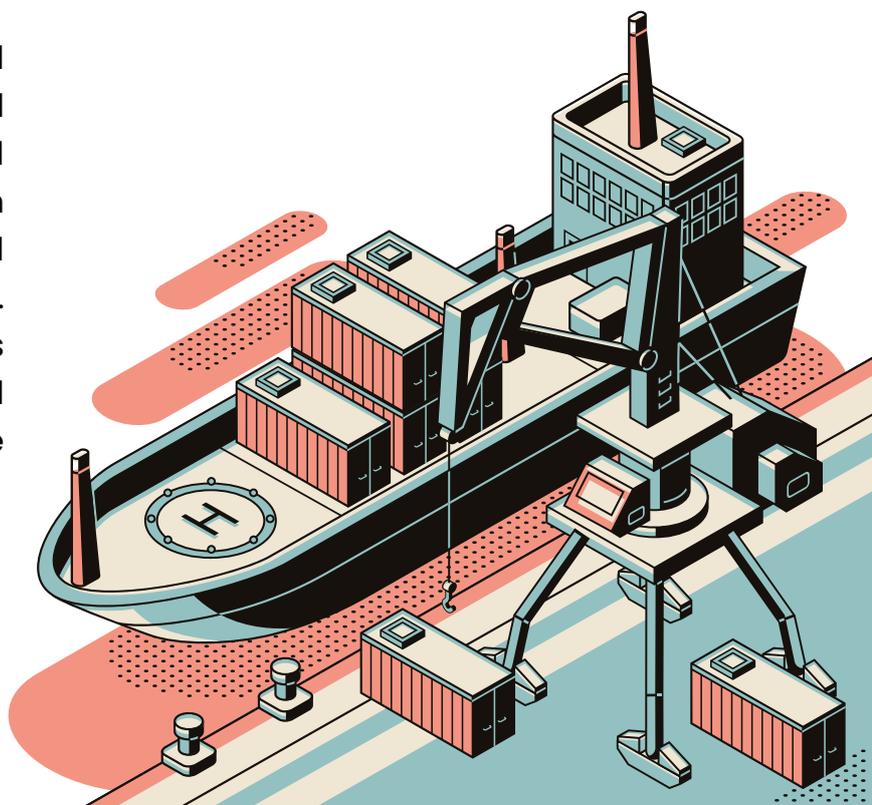
It is estimated that approximately 65% of a ship's-built value is contributed by ancillary and heavy engineering industries, underscoring the sector's capacity to drive broad-based industrial development. The shipbuilding industry is also a significant employment generator, having the highest employment multiplier among manufacturing activities, estimated at 6.4. For instance, the construction of the indigenous aircraft carrier INS Vikrant engaged more than 500 MSMEs, employed 2,000 personnel directly in shipyard operations and employed another 12,000 personnel in ancillary and associated industries.

This exemplifies the sector's potential to create mass employment across skill levels, especially for coastal women and youth through skill-linked employment in fabrication, logistics, and port services.

In addition to driving employment and industrial growth, shipbuilding holds critical strategic relevance. The advancement of the indigenisation of maritime assets, plays a vital role in enhancing energy security and strengthening of national defence preparedness.

From a macroeconomic perspective, the sector exhibits high capital productivity, yielding an investment multiplier of approximately 1.82. This implies that investments in the sector can generate nearly double the economic output, thereby reinforcing the case for a dedicated policy framework.

In lieu of the above-mentioned geographical and economical advantages combined with social benefits, a focused policy intervention will help the State to optimally unravel the sector's potential to the fullest. A dedicated Shipbuilding Policy is therefore imperative to unlock and harness the latent potential of the sector.





Scope of the Policy

The policy aims to make Tamil Nadu the most preferred destination for global shipyards by providing competitive incentives and world-class infrastructure. It also seeks to develop shipbuilding clusters that bring together design, fabrication, repair, research and development, and training. The policy places a strong emphasis on sustainability, ESG compliance, and Industry 4.0 practices, ensuring that innovation, environmental responsibility, and advanced technology are at the core of the State's shipbuilding growth. "Shipyards" under the policy include any firms manufacturing, repairing and maintaining ships in the State.

Type of Ships/Structures Covered Under the Policy

1. Shipyards manufacturing the following categories of maritime structures will be eligible for incentives under the policy

- a. Large ocean-going vessels catering to overseas as well as coastal trade;
- b. Medium size specialized vessels
- c. Defence /Naval crafts and Coast Guard
- d. Luxury Yachts
- e. Submarines and any kind of underwater equipment used for transportation
- f. Mechanised Fishing Boats excluding trawlers and fiberglass (FRP) boats
- g. Any other alternate fuel based boats/Ships and
- h. Other offshore structures - Mobile Offshore Drilling Units (MODUs), Offshore Support Vessels (OSVs), Stationary Platforms, Subsea and auxiliary equipment, Offshore docks used for vessel repair and maintenance etc.,

2. Any firm involved in the activity of Ship Maintenance, Repair and Recycling excluding recycled steel processing and similar activities.

Special Purpose Vehicle (SPV) - NSHIPTN

The State shall create an SPV with separate legal existence under SIPCOT. An agency nominated by the Government of India may also be invited as a major stakeholder. The SPV shall facilitate and enable smoother establishment of shipyards in the identified clusters through sea side facilities enabled by the Government of India and land side facilities enabled by the State government represented by SIPCOT. The SPV shall also play a crucial role in enabling smoother financing of shipyards being established in the State.

The activities of the company shall include

- a. Development of infrastructure facilities on both landside and seaside
- b. Entering into joint ventures with shipbuilding companies
- c. Leasing of critical assets to shipyards
- d. Facilitating capital raising and investor pooling to fund/Invest in the shipyards established in the State
- e. Any other crucial activity pertaining to shipbuilding in the State.

Incentives for Promotion of Shipyard Construction in Tamil Nadu

Tamil Nadu's incentive framework draws inspiration from leading maritime nations that have successfully developed world-class shipyard infrastructure and shipbuilding capabilities. South Korea's K-Shipbuilding Super Gap Vision 2040 is supported by a 2 Trillion Won (USD 1.3 Billion) national shipyard fund. Japan's ¥1 Trillion (USD 6.5 Billion) "National Shipyard" model features government-built infrastructure leased to private operators. Singapore's Maritime Cluster Fund offers up to 90% co-funding, particularly focused on upskilling, digital transformation and infrastructure development. These international models demonstrate that competitive maritime industries require substantial government support during the establishment phase, particularly for capital-intensive shipyard infrastructure and technology-intensive vessel construction and repair. Tamil Nadu's approach builds upon these proven frameworks while incorporating State-specific advantages and addressing local industrial development priorities.

A shipyard engaged in manufacturing, repairing, and maintaining maritime structures as outlined in the scope of the policy, with a minimum committed investment of Rs. 1,000 Crore and the creation of at least 1,000 jobs, will qualify for a Structured Package of Assistance (SPA) under the policy.

Shipyards can choose to avail one of the four incentives/Financial support options as listed below as part of the SPA:

Option 1: Equity Participation

The State government directly (or) through an identified government agency may become a minority equity stakeholder in the proposed facility. Shipyards can submit business proposals to an identified entity as notified in the implementation guidelines seeking equity investment.

In case the equity participation is extended in the form of Cash, the same shall be initially extended as debt in tranches with clearly defined milestones. The debt shall be converted to equity for up to 49% subsequent to the achievement of the milestone and subsequent tranches of debt shall be released.

Projects having higher capital requirements may also be offered a hybrid security financing or mezzanine financing like convertible debentures, on a case-to-case basis with an associated investment and exit plan. The equity shall also be brought in as land or any kind of physical critical Infrastructural Assets, including but not restricted to the below mentioned:

List 1: Critical Infrastructural Assets

- | | |
|----------------------------|--------------------------------|
| a. Dry Docks or ship lifts | c. Gantry Systems |
| b. Heavy Lift cranes | d. Quays, Jetties and slipways |

The State, in consultation with the investing shipyards, shall co-develop the required infrastructure through the aforementioned forms.

Option 2: Asset Leasing

The State through an identified entity shall buy and lease back critical shipyard assets except for land but not limited to the assets listed as Critical Infrastructural Assets in LIST 1, of value up to Rs. 6,000 Crore or 20% of the total cost of the project whichever is lower. The asset lease shall be structured on a case-to-case basis as a mix of

- a) Fixed Lease percentage and
- b) Variable Lease percentage

eventually achieving a mutually acceptable IRR to both the investor and the Government of Tamil Nadu. The total State outflow shall be limited to Rs. 1,000 Crore per year across all projects established within the State. Any unutilized annual allocation may be carried forward to subsequent years.

Under this arrangement, the shipbuilding company setting up the shipyard may acquire critical shipyard assets based on its operational needs and subsequently sell these assets to the SPV. The SPV will then immediately lease the assets back to the shipbuilding company under mutually agreed contractual terms. The leasing terms, including the lease rate and other conditions, will be determined through benchmarking against major shipyards or by an empaneled committee of critical asset vendors, taking into account the depreciation and useful life of the respective assets.

Option 3: Capital Subsidy on the Eligible Fixed Assets and Other Incentives

Project Category and Standard Investment Period (SIP)	Investment Commitment Range (in Rs. Crore.)		Minimum Employment	Capital Subsidy*
	Minimum Investment	Maximum Investment		
Kappal - SIP of 15 years	Greater than or equal to Rs. 12,000 Crore		4,000	25% of Eligible Fixed Assets
Vangam - SIP of 12 Years	5,000	11,999	2,000	20% of Eligible Fixed Assets
Navaai - SIP of 10 Years	2,000	4,999	1,000	15% of Eligible Fixed Assets
Kalam - SIP of 8 Years	1,000	1,999		10% of Eligible Fixed Assets

In addition, Shipyards that achieve a minimum of 450 tonnes of DWT as green vessels* within six (6) years from the launch of their first vessel, inclusive of the first vessel, shall be eligible for an additional capital incentive of 2% of the Cumulative Eligible Fixed Asset (EFA) at the end of the investment period, subject to a maximum cap of Rs. 300 Crore.

Each tranche of incentive shall be disbursed over a period of 10 years. The tranches shall be defined on the basis of project implementation milestones which will be detailed in the implementation guidelines.

In addition to the capital subsidy under option 3, shipyards will be eligible for the following incentives:

Interest Subvention

Ship yards shall be eligible for an interest subvention of 2% as a rebate in the rate of interest on actual loans taken for the purpose of financing the project, up to Rs. 10 Crore per annum for 15 years.

Green Industry Incentives

Shipyards investing a minimum of Rs. 100 Crore for undertaking green initiatives/ implementing green technologies in the ship or any activity detailed as per the implementation guidelines as a green initiative shall be eligible for a 50% subsidy, subject to a limit of 2% of the total project cost or Rs. 50 Crore per project whichever is lower as a one-time disbursement post completion of the committed investment.

Investments into green assets as mandated by the law shall not be considered eligible for green industry incentives as per the policy.

Option 4: Production linked Incentives

Shipyards investing in the Kappal Category as defined above in Option 3, shall be eligible to avail a production-linked incentive up to 15% of the value of the vessel capped to 2.5% of the cumulative EFA per annum for 10 years post the date of commercial production. The vessels incentivised under the Shipbuilding Financial Assistance Scheme, shall become eligible for PLI under this policy. The final value of the vessel as ascertained under SBFAS shall be considered for calculation of the incentive.

The annual cap of incentives shall roll over to subsequent years if the shipyard does not avail the incentive for a particular year(s).

Further process and procedures for availing each option will be detailed in the implementation guidelines.



Common Financial Incentives as Part of the Structured Package of Assistance

Training Subsidy

Shipyards shall be eligible for a training subsidy of Rs. 10,000 per domiciled employee per month for a period of 2 years.

Electricity Tax Incentive

Shipyards shall be given an electricity tax exemption for a period of 5 years on power purchased from the Tamil Nadu Power Distribution Corporation Limited (TNPDC) or generated and consumed from captive sources.

Industrial Housing

The State supports the walk-to-work concept to decongest the cities and improve work-life balance. Shipyards will be encouraged to develop accommodation and hostel facilities for employees within a 5 km radius of the work area.

Residential facilities developed within the shipyard or accommodation and hostel facilities for employees within a 5 km radius of the work area (i.e. entrance of the housing facility should be within 10 km of direct distance from the entrance of the project premises), shall be considered as Eligible Fixed Assets under option 3 - Capital subsidy, provided that this does not exceed 5% of EFA.

Support and Incentives for Allied Industries

1. Incentive to Promote Design Institutions

Ship design firms shall be eligible for a Payroll Subsidy of 30% in the first year, 20% in the second year, and 10% in the third year on the payroll cost of high-paying jobs created within the State with clearly demarcated facility (ies), subject to the following conditions:

- a. It must provide direct employment to 200 persons within the first 3 years of operation.
- b. The Project must not have availed of Structured Package of Assistance from the Industries, Investment Promotion & Commerce Department.

High paying jobs shall be defined as jobs where payroll cost is greater than or equal to Rs.1 lakh per month per employee. Payroll Cost shall be the "basic wages" received by the employees as defined in Section 2(b) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952.



2. Incentives to Promote R&D Institutions and Global Capability Centres (GCCs)

Eligibility Criteria for R&D

R&D firms meeting the eligibility criteria listed herein shall be eligible for incentives outlined in this section, subject to the following conditions:

1. Must have a Minimum Investment of Rs. 50 Crore. in Eligible Fixed Assets within a Standard Investment Period of 4 years and creation of Employment for 50 persons
2. Clearly demarcated facilities in or outside the Projects
3. Must be engaged in maritime transport related R&D in Tamil Nadu

Eligibility Criteria for GCCs

The GCC must commence operations during the policy period and create a minimum 500 jobs within the Standard Investment Period of 4 years.

Special Incentives Applicable

A. Special Capital Subsidy

To support eligible firms, a special capital subsidy of 25% on the Eligible Fixed Assets shall be disbursed in equal installments of over 10 years from the date of achievement of minimum employment, subject to a ceiling of Rs. 25 Crore, whichever is lesser.

B. Training Incentive

Eligible firms shall avail a Training Incentive of Rs. 10,000 per person per month for 12 months for the residents of Tamil Nadu. The incentives shall be applicable on net new employment.

C. Quality Certification Incentive

Projects obtaining certifications like ISO, ISI, BIS, FPO and BEE, or any other national or international certification relevant for the shipping industry shall be given a subsidy of 50% of the total cost incurred for obtaining the certification, as certified by the Chartered Accountant, limited to Rs. 1 Crore for the period of investment.

D. Intellectual Property Incentive

The Government will reimburse 50% of the expenditure incurred by the Project subject to a maximum of Rs. 1 Crore for the period of investment for a patent, copyright, trademark, and Geographical Indicators registration.

E. Innovation Lab Incentive

To promote these labs that cater to the needs of innovation clusters and act as a catalyst for the research and development, 50% of the EFA created on innovation labs shall be reimbursed, up to Rs. 1 Crore. The incentive is available only to innovation labs that are accredited/certified as per NABL, ISO certified or any other national or international applicable for shipping/shipbuilding Industry.

F. License Cost Incentive

Eligible firms shall avail a license cost incentive of 50% of the expenditure incurred on the purchase of a specialized software license within the Standard Investment Period of 4 years subject to a ceiling of Rs. 1 Crore.

G. Product Testing & Prototyping Incentive

To encourage prototyping within the State, eligible firms shall avail a subsidy of 25% of the EFA on establishing product testing and prototyping facilities, subject to a ceiling of Rs. 1 Crore.

H. Other Standard Incentives

The Project shall also be eligible for standard incentives, namely, electricity tax exemption for 5 years, stamp duty exemption, and green industry incentives of up to Rs. 1 Crore.



Facilitation Support and other Assistance

To complement targeted incentives, Tamil Nadu will provide a holistic support ecosystem encompassing facilitation services, infrastructure enablement, among others.

1. Single-Window Project Facilitation

All approvals (environmental clearances, land use, building permits, utilities hookups) will be processed through a dedicated interface within the State Single Window Portal, guaranteeing end-to-end tracking and mandated decision timelines.

Dedicated Liaison Officers assigned to each project will coordinate with line department ports, industries, environment, utilities, and labor to resolve queries and expedite clearances.

2. Integrated Infrastructure Clusters

Maritime Industrial Parks in shipbuilding clusters will be established, each equipped with pre-laid roads, power substations, water networks, common effluent treatment plants, and heavy-lift quay walls.

xShared Common User Facilities will be set up by the SPV which will include facilities such as plate-processing workshops, blasting and painting lines, and centralized hazardous-material disposal units, reducing capital outlays for component manufacturers.

3. Land and Utility Support

Eligible projects shall be accorded priority in the allocation of coastal and port-adjacent land parcels on long-term leases of up to 99 years.

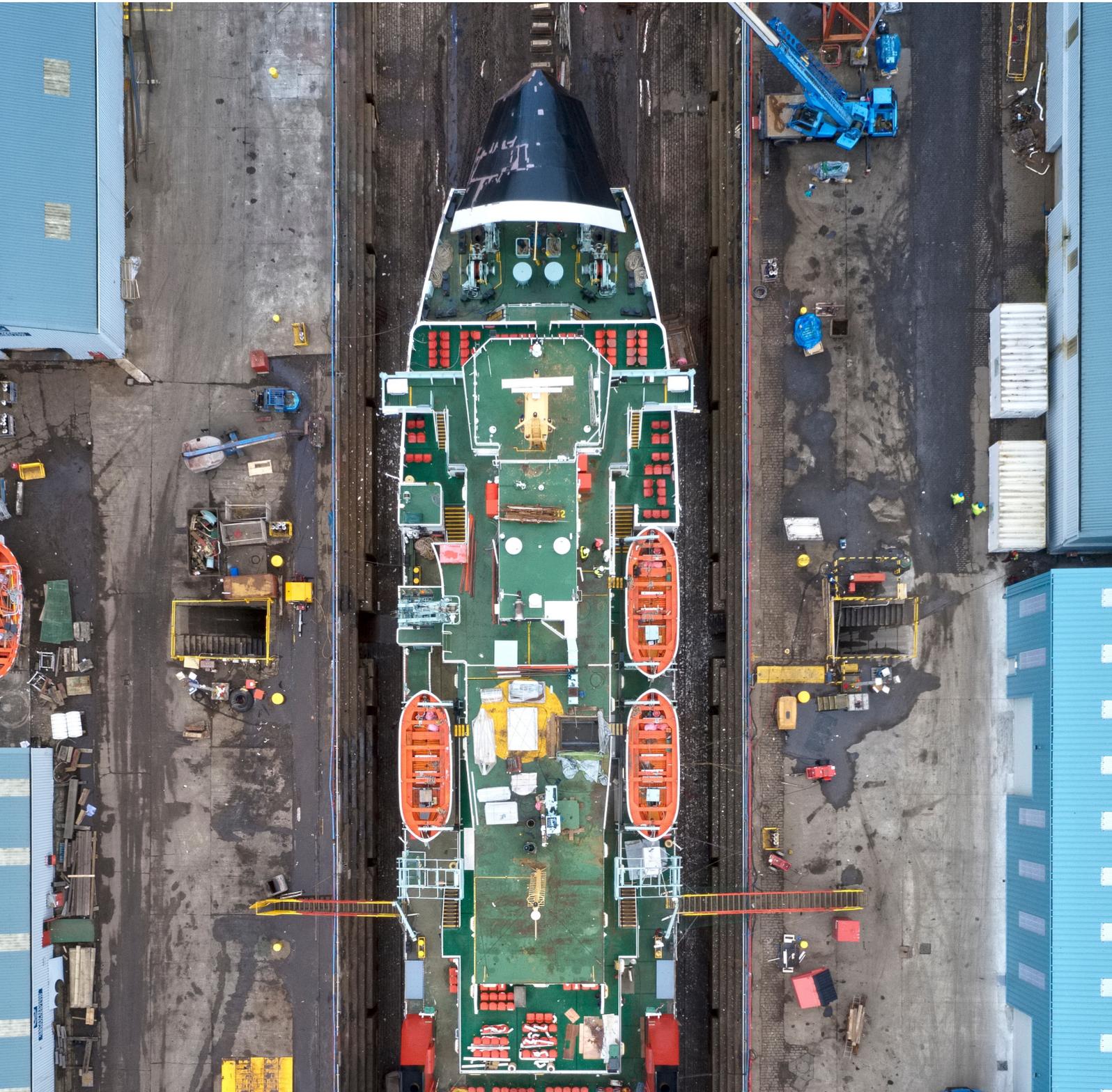
Incentives and Subsidies to Promote Green Ship Recycling

The government will promote Green ship recycling clusters in the State. In addition to the Ship breaking credit note issued by the Union government for ships recycled in the State, The State shall offer capital subsidy of up to 15% of EFA disbursed over 15 years as equal installments. The first 5 ship recycling yards investing a minimum of Rs. 50 Crore and employing a minimum 100 employees shall be eligible for incentives. The facilities must achieve certification under the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (first adopted 15th May 2009) and the EU Ship Recycling Regulation (first adopted on 20th November 2013).

Incentives and Subsidies to Promote Marine

Component Manufacturing Industry

Any investment made in component manufacturing, supplying at least 50% of its production (in terms of invoice value) to shipyards with a minimum committed investment of Rs. 50 Crore and Minimum committed employment of 100 jobs shall be eligible for incentives. The incentives shall be as applicable under the Tamil Nadu Industrial Policy, 2021 with the recognition of Sunrise sector. Any investments ranging between Rs. 50 Crore and Rs. 499 Crore shall be treated as a 'large project' and investments above Rs. 500 Crore shall be considered as per the classification under the TNIP 2021.



Skill Development and Ecosystem Building

To meet the growing demands of the global shipbuilding industry, the Government of Tamil Nadu will collaborate with the Indian Maritime University (IMU) to design and deliver specialized courses aligned with industry requirements. The State's shipbuilding skill development strategy will establish a multi-level, multi-agency ecosystem that connects Industrial Training Institutes (ITIs), Polytechnic Colleges, Engineering Colleges, and State Universities.

Around the identified port locations where the ship building hubs are proposed, the following interventions shall be undertaken:

- a. Mapping of ITIs, polytechnic and engineering colleges that will act as feeders for skilled manpower
- b. Development of specific infrastructure such as labs/ workshops in the identified institutions
- c. Specially designed curriculum for the job roles identified along with industry collaboration shall be imparted in these institutions with joint certification by TNSDC
- d. Further, On job training through internships/apprenticeships shall be integrated into the course schedules.

The above initiative will leverage the Naan Mudhalvan platform, the Department of Employment and Training (DET), and the Directorate of Technical Education (DOTE) to create a seamless skill development pathway from entry-level trades to advanced engineering programs. The focus will be on modernizing shipbuilding and repair practices by adopting advanced technologies and innovative methods that enhance productivity, precision, and innovation. The State will also partner with global maritime and allied technology institutions and international industry leaders to offer specialized training programs.

Institutional Framework

A State Shipbuilding Skill Council will be established with representation from IMU, DET, DOTE, and the Tamil Nadu Skill Development Corporation (TNSDC). This council will coordinate curriculum design, standard setting, certification, faculty development, and technology integration across institutions. It will also ensure the adoption of international best practices in maritime skill development.

Key Features of the Curriculum

1. Focus on Industry 4.0

The curriculum will emphasize digital transformation in shipbuilding and will be developed in collaboration with global industry experts. Core areas will include ship design, predictive maintenance, robotic fabrication, and advanced automation. The curriculum will incorporate Japanese craftsmanship principles (Monozukuri) for quality assurance and European software tools for digital design. Courses will be continuously updated to keep pace with emerging technologies and industry trends.

2. Range of Training Programs

The program will include both short-term certification courses for quick skill upgrades and longer diploma and degree programs that prepare highly skilled professionals such as marine engineers, digital designers, and robotics specialists. Emphasis will be placed on developing cross-functional skills that combine traditional craftsmanship with modern shipbuilding techniques.

To ensure inclusive growth, targeted upskilling of fishermen and coastal communities is essential. The candidates who are identified shall be provided with incentives such as training stipends, priority enrolment under Naan Mudhalvan and Vetri Nichayam, and placement-linked programs in ports, shipyards, and logistics.

3. Simulation-Based Learning

Modern training facilities, including simulation laboratories and AR/VR setups, will provide immersive, hands-on experiences. Students will train with technologies used in global shipyards, such as robotic welders, CNC machines, and IoT-based systems, ensuring readiness for real-world applications.

4. Industry Collaboration and Knowledge Sharing

The academy will collaborate with both domestic and international shipyards to promote knowledge sharing, technology integration, and real-time industry alignment. Partnerships with global shipbuilders and technology firms will ensure that training programs reflect the latest developments in shipbuilding, maintenance, and repair.

5. Integration with the National Skills Qualification Framework

All programs will be aligned with the National Skills Qualification Framework (NSQF) from Levels 3 to 8, ensuring clear progression from technician to engineer.

- ITIs will provide trade-level training in partnership with IMU and industry experts.
- Polytechnic and Engineering Colleges will offer advanced diplomas and degree-linked programs in marine design, automation, and digital shipbuilding.
- The Naan Mudhalvan platform will host bridge and finishing school modules to support continuous learning, upskilling, and placement opportunities.

Industry Partnership and Public-Private Collaboration

To enhance industry participation, the State will encourage shipyards and allied industries to set up Skill Development Centres within government institutions through public-private collaboration.

During the initial three years, partner industries may receive:

- Access to infrastructure such as workshop space, utilities, and co-branding rights.
- Training subsidies or cost-sharing support for faculty, equipment, and trainees.
- Fast-track recognition under the Naan Mudhalvan or NSDC frameworks.

These partnerships will promote the design of industry-specific curricula aligned with manpower needs and global certification standards.

Incentive Framework

Industries that establish skill development centres or centres of excellence in government institutions will be eligible for additional training subsidies of Rs. 1,000 per employee per month. These incentives will be linked to measurable outcomes such as placement rates, number of certified candidates, and the extent of technology transfer achieved. This integrated and forward looking strategy will build a globally competitive workforce, promote local employment, and position Tamil Nadu as a leading hub for modern shipbuilding and maritime innovation.

Policy Implementation

The Tamil Nadu Shipbuilding Policy will be implemented as per the implementation guidelines document which will be released subsequent to notification of the policy.

Policy period

The policy is valid for a period 5 years from the date of notification of the policy or until a new policy is announced, whichever is later. The Policy may be periodically revised from time to time based on industry requirements.



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