

Ship Recycling in India and the New Green Recycling - Explained

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Ship Recycling Latest News

- India recently issued its first ship recycling credit note under a new incentive scheme aimed at promoting green ship recycling and domestic shipbuilding.

Ship Recycling in India

- **Ship recycling** refers to the dismantling of old or decommissioned ships for recovering valuable materials such as **steel, machinery, spare parts, and reusable equipment**.
- It also ensures the environmentally safe disposal of hazardous substances present in ships.
- Ship recycling is economically important because ships contain large quantities of recyclable steel and equipment, making the sector valuable for the **metal, manufacturing, and shipping industries**.
- India is one of the world's leading ship recycling nations and plays an important role in the global maritime economy.

Major Ship Recycling Centres in India

- India's ship recycling industry is concentrated primarily in:
 - Alang-Sosiya Ship Recycling Yard, Gujarat
 - Ship recycling facilities in Maharashtra and Tamil Nadu
- Among these, **Alang in Gujarat** is globally significant and represents one of the **largest ship recycling clusters in the world**.
- The region hosts around 120 operational plots, representing one of the highest concentrations of Hong Kong International Convention (HKC)-compliant ship recycling facilities worldwide.

Legal and Environmental Framework

- Ship recycling involves environmental and occupational safety risks because old vessels often contain hazardous materials such as:
 - Asbestos
 - Heavy metals
 - Toxic oils and chemicals
 - Polluting waste materials
- To regulate the sector, India enacted the **Recycling of Ships Act, 2019**, which aligns domestic regulations with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC).
- The Act seeks to:
 - Promote safe recycling practices
 - Improve worker safety standards
 - Reduce marine and coastal pollution
 - Encourage environmentally sustainable dismantling
- India ratified the **Hong Kong Convention in 2019**, strengthening its position as a major global ship recycling destination.

Economic Importance of Ship Recycling

- The ship recycling sector contributes to:
 - Recovery of steel for domestic industries
 - Employment generation in coastal regions
 - Growth of maritime ancillary industries
 - Reduction in dependence on imported scrap metal
- Additionally, the sector supports India's broader maritime ambitions under initiatives such as the **Maritime India Vision 2030** and the **Blue Economy framework**.

News Summary

- India has issued its first-ever ship recycling credit note to Bella Shipping, marking the beginning of a new incentive framework intended to strengthen the circular economy and promote environmentally sustainable

ship recycling.

- The company received the credit note after recycling and dismantling a Capesize bulk carrier at an Indian shipyard.
- The scheme was introduced under the Budget 2025-26, as part of broader efforts to boost maritime growth through a ship recycling and shipbuilding support mechanism.

How the Credit Note Scheme Works

- Under the scheme, ship owners will receive a **credit note equal to 40% of the scrap value** generated from a recycled ship.
- The credit note can later be redeemed for up to 5% of the fair price of a new vessel built in an Indian shipyard.
- The scheme seeks to create a stronger link between **ship dismantling and domestic shipbuilding**, thereby encouraging shipping companies to place orders with Indian shipyards.
- According to officials, the initiative aims to:
 - Increase domestic shipbuilding activity.
 - Strengthen circular economic practices.
 - Improve the competitiveness of Indian shipyards.
 - Encourage environmentally safe recycling practices.

Eligibility and Environmental Conditions

- The benefits are available only to **HKC-compliant recycling yards**, ensuring that environmental safeguards remain central to the scheme.
- To qualify, recycling facilities must maintain standards related to:
 - Hazardous waste handling
 - Worker safety and emergency preparedness
 - Environmental monitoring systems
 - Pollution control measures
- The Directorate General of Shipping, State Maritime Boards, and recognised agencies conduct inspections and certification to ensure compliance.

Early Industry Response and Challenges

- Industry stakeholders have welcomed the move, viewing it as a **positive beginning for India's maritime manufacturing ecosystem**.
- According to the Ship Recycling Industries Association (India), around 119 ships were recycled in the country during FY26, accounting for nearly one-third of global ship recycling activity by number of vessels.
- However, India processed only around **13% of recycled tonnage globally**, indicating that the country still mainly handles relatively smaller ships.
- Experts argue that while the scheme is promising, success will depend on:
 - Faster implementation of digital credit note systems
 - Simplified approval processes

- Expansion of domestic shipbuilding capacity
- Availability of skilled maritime labour
- A major concern highlighted by industry representatives is India's current inability to build many large commercial vessels domestically, which may initially limit utilisation of the credit note scheme.

Source: **Hindu** | **ET**

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