

Ships that ‘go gentle into that good night’

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The shipbreaking sector in India directly employs nearly 30,000 workers

June 26 marked an important day for the global ship recycling industry, as the Hong Kong International Convention for the safe and environmentally sound recycling of ships (HKC) came into force. Adopted nearly 16 years ago at a diplomatic conference in Hong Kong, the HKC was developed with inputs from International Maritime Organisation (IMO) member states and non-governmental organisations, and in cooperation with the International Labour Organization and the parties to the Basel Convention on the control of trans-boundary movements of hazardous wastes and their disposal.

It intends to address all the issues surrounding ship recycling, including the presence of environmentally hazardous substances such as asbestos, heavy metals, hydrocarbons and ozone depleting substances on vessels sold for scrapping, as also the working and environmental conditions in yards, says the IMO.

For Indian ship recycling yards, the convention reflects years of voluntary progress, says Nayeem Noor, business development head at GMS, the world's largest buyer of ships and offshore assets for recycling.

The convention stipulates that within 14 days of dismantling a ship, the yard must issue a recycling completion certificate.

Of the 131 yards in the country, 112 already hold statements of compliance issued by IACS-class societies, Noor says. The rest are undergoing audits. Worker welfare is in place for the nearly 30,000 people employed directly in the sector. Medical care includes a full-service hospital with ICU, CT and MRI facilities. Training is mandatory before deployment and this is overseen by the Gujarat Maritime Board, Noor observes.

The main challenge, according to him, is related to financing. Most upgrades have been self-funded. Banks have not introduced dedicated credit lines, and working capital remains tight. Exchange rate risk also affects margins, as vessels are bought in dollars and scrap is sold in rupees.

In 2024, ship arrivals dropped to their lowest levels in two decades. Only 20 yards were operational.