

**Sub: Amendment to SD Circular No. 1 of 2004 Guidelines for Grant of Licence for
Contract of Affreightment (COA).**

It has come to the notice of this Directorate that in most of the cases of movement of cargo on Contract of Affreightment (COA) basis, work has been given to charterers of foreign flag vessels based on an NOC from the Indian National Shipowners Association . This is a reflection on inadequate participation by the Indian tonnage in COA contracts. This issue has been deliberated at length with members of INSA, charterers, oil companies and other stakeholders in a meeting held on 18.6.2010 in light of **SD circular 1 of 2004**. It was felt that the present stipulation in para 4(v) of the said circular which stipulates that the Indian shipowner participating in the bid needs to own 1/3rd of the tonnage required stands in the way of a larger participation by Indian shipowners in COA contracts. Accordingly after careful consideration of the views , it has been decided to amend the para. 4 (v) of the SD Circular No.1 of 2004 to read as under:-

- 4(v) In the absence of adequate number of Indian flag vessels, chartering of foreign flag vessels by Indian shipowners shall be permitted upto 5/6 th of the total requirement of the quantity of the contract. In case , Indian shipowners do not have 1/6th (one sixth) of tonnage required, they will not be entitled to exercise the "right of first refusal".**

Sd/-

(V. Rajendran)

Deputy Director General of Shipping