

# Shipping Development Circular No.06 of 2010

NO: SD-13 /POL (5)/09

Dated 27.10.2010

**Sub : Guidelines for grant of License/ permissions under Section 406 and 407 of the MS Act, 1958- Exercise of right of First refusal**

The MS Act, 1958, vide Sub Section (3) of Section 406 and Sub-Section (2) of Section 407 empowers the Director General of Shipping to grant license to Foreign Flag Vessels subject to such conditions as may be specified by him. The detailed guidelines for grant of license to Foreign Flag Vessels were issued by the DG Shipping vide SD Circular No. 2 of 2002 dated 8.11.2002 and other circulars as amended from time to time. Among other things, these guidelines stipulate the conditions for exercise of "Right of first Refusal" for Chartering of vessels done through Tender Process for any type of requirements.

The Directorate has been receiving requests for inclusion of certain categories of vessels for exercising the Right of Refusal. This issue has been discussed with the stakeholders, shipping industries and Indian National Ship-owners Association (INSA). Based on the feedback and discussions, it is decided that a **Right of Refusal** will be exercised by the following two categories of vessels in that sequence, in the event of the Right of First Refusal not getting exercised by any bidder as per existing guidelines:

- (1) Indian citizens / Companies/ Co-operative Societies, having BBCD vessels, failing which.
- (2) Any others owner or his agent offering Foreign Flag Vessel built in India

All shipping companies, exporters, importers and agents may kindly take note of the change in the eligibility criteria for exercising the right of refusal and amend their own chartering terms, practices and instructions accordingly.

The above orders will come into force with immediate effect.

This issue with the approval of the DG Shipping.

Sd/-

( V. Rajendran )

Dy. Director General of Shipping