

MEMORANDUM

GUIDELINES FOR CHARTERING OF FOREIGN FLAG VESSELS - FIRST RIGHT OF REFUSAL FOR INDIAN FLAG VESSELS IN GLOBAL OR OPEN TENDER

1. The following sentence may be added to para 5.1 of DG Shipping guidelines dated 27th March, 2000 on chartering of foreign flag vessels, in the seventh line after the words 'foreign flag vessel':-

"The first right of refusal will not apply in a case where the bid was entered on the basis of a foreign flag vessel, for participation in the global or open tender and thereafter is to be converted to Indian flag before the vessel commences its operation in the coasting trade of India. However, the tender - issuing authority may incorporate deterrent penalties in the tender document to ensure that the bidder converts the vessel to Indian flag before commencement of operations".

2. It is further clarified that the first right of refusal to an Indian owner in a global or open tender, as specified in the D.G. Shipping guidelines dated 27th March, 2000 was only intended to protect Indian flag vessels over foreign flag vessels. However, if a foreign flag vessel participates in the global or open tender, with the intention of converting to Indian flag prior to its engagement in the coasting trade of India, in implementation of the global or open tender, there would be no requirement for a licence or a permission from the Directorate General of Shipping, in accordance with Section 407 of the Merchant Shipping Act, 1958.

3. This Memorandum is issued in supersession of Memorandum of even number dated 10th December, 2001.

4. This issues with the approval of the Director General of Shipping and Ex-Officio Additional Secretary to the Government of India.