



सत्यमेव जयते

भारत सरकार / GOVERNMENT OF INDIA

पोत परिवहन मंत्रालय / MINISTRY OF SHIPPING

नौवहन महानिदेशालय / DIRECTORATE GENERAL OF SHIPPING

“बिटा बिल्डिंग”, 9 वी मंजिल / “BETA BUILDING”, 9th FLOOR

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F. No. SD-9/CHART(82)/97-V

Dated: 18.04.18

Shipping Development Circular No. 02 of 2018

Sub.: Clarification on Exchange Rates-Amendments to guidelines for grant of licence to Foreign Flag vessels issued vide SD Circular No. 02 of 2002 dated 08.11.2002, as amended

The guidelines for grant of licence to Foreign Flag vessels were issued by the Directorate vide SD Circular No. 02 of 2002 dated November, 08, 2002 [F. No.SD-9/CHART(82)/97-II] under the provisions Sub-Section (3) of Section 406 and sub-section (2) of Section 407 of the Merchant Shipping Act, 1958.

2. Whereas the Para 4.4 of the said Circular deals with the applicability of the Right of First Refusal to be given to Indian flag vessels.

3. Whereas Para 4.5 of the said Circular states that ‘the party, which offers the Indian flag vessel, should meet the commercial requirement by matching the lowest composite effective price and there shall be no price preference in favour of the Indian flag vessels. If any expenditure incurred by the Indian vessel-owner is being borne by the charterer for the foreign-flag vessel that shall be suitably added to the price while comparing the costs. On such calculation if the Indian vessel is offered at the same price as the foreign vessel, the license under Section 406 and/or 407 will not be granted for the said foreign-flag vessel.

Composite Effective Price is the derived figure from the various price inputs submitted by a bidder/participant in a tender process, wherein all the costs/inputs are summarized. While working out such Composite Effective Price, inputs such as daily hire/daily rate, mob/demob charges, call out rates and conversion charges etc. are taken into account.

4. Whereas some ambiguity in relation to conversion charges being applied to Indian flag vessels vis-à-vis foreign flag vessels taking part in bidding process of Indian charters/companies, has been brought to the notice of the Director General of Shipping, Gol.

5. WHEREAS, the issue was discussed in the meeting held with the stakeholders on 13.02.18, wherein both the Indian-ship-owners and Indian charterers have submitted their views.

6. WHEREAS, a need has been felt to, clarify applicability of conversion charges indicated in the said circular, keeping in view of the Govt’s policy of strengthening and promoting the Indian shipping in a competitive framework.

7. NOW THEREFORE, the Directorate General of Shipping in pursuance of the powers conferred on him in respect of the provisions of Sub-Section (3) of Section 406 and sub-section (2) of Section 407 of the Merchant Shipping, Act, 1958, makes the following amendment to the said SD Circular No. 02 of 2002;

8.1. After Para 4.5 of the said Circular, the following para shall be added;

"Quote

4.6. All the payments to Indian ships/ship-owners will be made, on the basis of the following exchange rate clause;

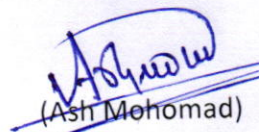
Charter hire / freight / demurrage and all reimbursements/amounts, as payable to Indian Owners, will be paid in Indian rupees based on mean of TT buying & selling exchange rate of INR vis-a-vis USD, as declared by SBI (CAG branch), Mumbai, as on due date of payment. If this date is a bank holiday, the previous SBI working day on which such exchange rate is available, will be used for conversion.

Unquote"

9. Whenever charter of vessel is undertaken through a tender process, open, closed or global tender, or any other process of tender, the provisions of these guidelines are required to be incorporated. However, whether the guidelines have been incorporated in any tender or not, the said guidelines would be deemed to have been incorporated as a part of the tender documents, in terms of Para 4.2 of the said Circular.

10. The above amendment to the SD Circular No. 02 of 2002 shall come into immediate effect for all fixtures, Spot / COA's and / or Time/Period/ Trip Charter, which are confirmed, subsequent to this date as well as for those which are currently under negotiations/ discussions. This, however will not be applicable to tenders already concluded.

11. This issues with the approval of the Director General of Shipping & Special Secretary to the Government of India.


(Ash Mohomad)
Deputy Director General of Shipping [SD]

To,

1. All stakeholders/All Charterers/Shippers/All Indian Shipping Companies, through the official website of the DGS, Gol.
2. INSA/ICSSA/FOSMA/MASSA, Mumbai.

Copy forwarded for an information to the;

1. Secretary to the Gol, Ministry of Shipping, Transport Bhawan, New Delhi.
2. DGS/Additional DGS/CS/NA/CSS/POs of all five MMDs, Gol.
3. Hindi version follows.