

To boost shipbuilding in India, Govt amends Right of First Refusal licensing conditions

By TIOL News Service

NEW DELHI, OCT 23, 2020: In pursuance of 'Make in India' policy of the Government of India, Ministry of Shipping has reviewed the ROFR (Right of First Refusal) licensing conditions for chartering of vessels/Ships through tender process for all types of requirements. To promote the demand of the ships built in India, priority in chartering of vessels is given to vessels built in India, flagged in India and owned by Indians under the amendments in the guidelines of ROFR(Right of First Refusal).

Now it has been decided that for any kind of charter of a vessel undertaken through a tender process, the Right of First Refusal (RoFR) would be exerted in the following manner:

- Indian built, Indian flagged and Indian owned
- Foreign built, Indian flagged and Indian owned
- Indian built, foreign flagged and foreign owned

Provided that:

All vessels flying the flag of India (i.e. registered in India) up to the date of issue of new circular by the Director General of Shipping shall be deemed to be Indian built vessels and will fall in category (i) above and

The foreign flagged vessels permitted by DG (Shipping) under Section 406 of the Merchant Shipping Act, 1958 for chartering by an Indian citizen/company/society, who is building a ship in an Indian shipyard for registration under the Indian flag, as a temporary substitute for the Indian ship under construction, meeting the following two conditions shall be deemed to fall under Category (i) above.

25% of the contract money has been paid to the Indian shipyard

50% of the hull fabrication has been completed, as certified by Recognised Organisation.

The duration of licence to such chartered vessel shall be limited to the period of building of the ship, as mentioned in the shipbuilding contract.

It is to be noted that Ministry of Shipping has made provision for long-term subsidy for shipbuilding activities under shipbuilding financial assistance policy (2016-2026). The Ministry has already disbursed an amount of Rs 61.05 crores till date under this policy. It is an endeavour of the Government to further incentivise shipbuilding by providing additional market access and business support to ships built in India.

The revised guidelines will give a boost to the domestic shipbuilding and shipping industries. It will encourage the domestic shipping industry to support the domestic shipping industry.

Minister of State for Shipping (I/C) Mr Mansukh Mandaviya said, "Ministry of Shipping is working with a focused approach to promote shipbuilding in India as per AatmaNirbhar Bharat vision of our Hon'ble Prime Minister Mr Narendra Modi. The revision of RoFR licensing conditions is a giant step towards AatmaNirbhar Shipping. It will promote 'Make in India' initiatives through self-reliance and will give a strategic boost to domestic Ship building industries, contributing towards long-term economic growth of India".