

# Ships built in India to get priority in chartering under revised guidelines of Shipping Ministry

Shri Nitin Gadkari to launch the new policy during the Regional maritime safety conference in Mumbai tomorrow

Over 30 delegates from South and South East Asian countries to participate in the two day conference

In a big step to promote the Make in India initiative and incentivize ship building activity in the country, the Ministry of Shipping has revised its guidelines for chartering of ships by providing Right of First Refusal ( RoFR) to ships built in India. Henceforth, whenever a tendering process is undertaken to charter a vessel, a bidder offering a ship built in India will be given the first priority to match the L1 quote. It is expected that this priority given to ships built in India will raise the demand for such vessels, providing them with additional market access and business support.

A policy in this regard will be launched by Shri Nitin Gadkari, Minister for Shipping, Road Transport & Highways, Water Resources, River Development and Ganga Rejuvenation in Mumbai tomorrow during the inauguration of the two day Regional Maritime Safety Conference.

Prior to the revision of the guidelines, the RoFR was reserved for Indian flag vessels as per the relevant provisions of Merchant Shipping Act, 1958. The existing licensing conditions have been reviewed in consonance with the Government of India's policy of promoting the Make in India initiative and the Public Procurement and Make in India orders dated 15.6.2017 and 28.05.2018 issued by DIPP. The review is also in line with the need to give a long term strategic boost to the domestic shipbuilding industry, the need to encourage the domestic shipping industry to support the domestic shipbuilding industry, and the need to develop self- reliance and a strong synergy between these vital industries for the overall long term development and economic growth of the country.

The Ministry of Shipping has also laid down eligibility conditions and rules for exercise of the RoFR. The RoFR would be exercised only in case the vessel being offered for charter by the lowest bidder (L1) has been built outside India. For any bidder to exercise RoFR, his bid should be within the Margin of Purchase Preference, which will be 20% of L1. The two instances under which the RoFR may be exercised are that the L1 bidder is a Foreigner or Company registered outside India, offering a ship not built in India and the L1 bidder is a Citizen of India OR

company registered in India OR Society registered in India OR Indian Shipping company/organization with a vessel registered/flagged in India, offering a ship not built in India. From amongst the bidders eligible to exercise RoFR, the priority to exercise this Right would lie in sequence from the lowest to the highest bidder within the margin of purchase preference.

The Government of India has taken several steps to promote shipbuilding in India especially by providing long term subsidy for under the Shipbuilding Financial Assistance Policy (2016-2026). Budgetary provision of Rs. 30 crore was earmarked in 2018-19 for providing financial assistance to all Indian Shipyards, excluding Defence Shipyards. An amount of Rs.11.89crore has already been disbursed to three shipyards.

The Regional Maritime Safety Conference is being organized by India for the first time . The objective of the conference is to deliberate on issues related to assuring maritime safety in the India-ASEAN sub region, safeguarding our shores and promoting trade along the sea routes. The conference will address a wide range of issues that affect regional maritime safety, including transport safety, maritime law, ship building, transportation of hazardous goods, marine oil spill, pollution and environmental safety. The inaugural edition is being organised by the National Maritime Foundation (NMF) in coordination with the Ministry of Shipping and the Ministry of External Affairs.

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