



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

आय-थिंक टेक्नो कॅम्पस / I-THINK TECHNO CAMPUS

कांजुर गांव रोड / KANJUR VILLAGE ROAD

कांजुर मार्ग (ईस्ट) / KANJUR MARG(EAST)

मुंबई - 400 042 / MUMBAI - 400 042

टेलीफोन: 022-25752040/1/2/3

फैक्स: 022 - 25752029 / 35

ई-मेल: dgship-dgs@nic.in

वेब: www.dgshipping.gov.in

Tele: 022-25752040/1/2/3

Fax: 022-25752029/35

E-mail: dgship-dgs@nic.in

Web: www.dgshipping.gov.in

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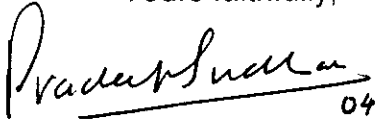
04th July 2016.

Subject: Guidelines for Implementation of Shipbuilding Financial Assistance Policy. (2016-26)

The undersigned is directed to inform that Union Cabinet has approved the Financial Assistance Policy for Indian shipyards, and the Guidelines for the Implementation of Shipbuilding Financial Assistance Policy have been formulated by the Ministry of Shipping and approved by the competent authority. A copy of the guidelines is attached for information to all concerned.

The policy stands operational w.e.f. 01.04.2016. The web link for registration of shipyards shall be done at www.shipbuilding.nic.in.

Yours faithfully,


04/7/2016

(Pradeep Sudhakar K.)
Ship Surveyor

Encl: As above. (1 to 29 pages)

Circulation to:- 1) All Shipyards.

2) Shipyards Association of India / ISBA, Mumbai.

3) INSA / ICCSA.

GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE POLICY

1. (a) Title: The policy for grant of financial assistance to shipyards shall be called “Shipbuilding Financial Assistance Policy” and the guidelines formulated to implement the policy shall be called “Guidelines for implementation of Shipbuilding Financial Assistance Policy”.

(b) Validity: The Shipbuilding Financial Assistance Policy shall be effective for shipbuilding contracts signed during the dates, April 1, 2016 to March 31, 2026, including the said dates. The guidelines shall be subject to amendment from time to time to address the requirements of implementation of the policy.

(c) Applicability: The said policy as well as the guidelines shall be applicable to all the Indian shipyards.

2. Definitions.

(a) “Actual Payment” means the total quantum of payment received by the shipyard pertaining to a shipbuilding Contract including such payment received subsequent to the delivery of the vessel as is duly certified by a Chartered Accountant registered with Institute of Chartered Accountants of India in the format prescribed at Annexure-III of these guidelines and supported by requisite documentary evidence.

(b) “Competent authority” means the authority designated for performance of various functions under these guidelines for implementation of the policy by Ministry of Shipping in Schedule-V.

(c) “Contract”, unless otherwise stated, means a shipbuilding Contract corresponding to construction of underlying vessel or vessels, as the case may be, and shall include the initial or the first Contract signed for such construction or any subsequent contracts amending the said initial Contract or executed replacing the said contract provided that the Contract continues to pertain to the said underlying vessel or

vessels of the initial Contract. In case of cancellation, Contract would mean the new shipbuilding Contract signed with the new buyer.

(d) “Contract Price” means the price at which the initial or the first shipbuilding Contract has been signed, or, any such lower price agreed at a later date in a supplementary or subsequent Contract for the vessels required to be constructed under the Contract involving the shipyard as one of the parties to the said later Contract.

(e) “Date of Contract” means the date of signing of the initial or the first Contract for construction of underlying vessel or vessels, as the case may be.

(f) “Financial Assistance”, means the monetary incentive granted by the government to the shipyards for construction of vessels underlying a shipbuilding Contract and shall not include any fiscal incentives granted to the shipyards by the government.

(g) “Fair Price” means,-

(i) In case of a standard vessel, the price of the underlying vessel as on the date of Contract as derived by the competent authority based on international trend;

(ii) In case of vessels other than standard vessels, the lowest of the prices, as on the date of Contract, as are determined by three approved International Valuers listed in Schedule–III.

(h) “In principle approval” means the approval granted by the competent authority establishing eligibility of claim of a shipyard for grant of financial assistance for vessel under construction, subject to fulfillment of conditions prescribed in the policy guidelines.

(i) “International Valuer” means the valuers listed in Schedule-III.

(j) “Rate of Financial Assistance” means the rate at which the financial assistance shall be granted to the shipyard and determined with respect to the rate indicated in column (3) of the table in Schedule-IV corresponding to the date of Contract.

(m) **“Recognized Organization”** means an organization recognized by the Government of India as per the Gazette Notification No. S. O. 3316 (E) dated December 26, 2014.

(n) **“Specialized Vessel”**, for the purpose of grant of financial assistance under these guidelines, means a type or class of vessel listed in Schedule-II.

(o) **“Standard Vessel”** means a vessel that is not a specialized vessel and for which fair price is determined on a periodic basis by the competent authority based on international price trends.

(p) **“Shipyard”** means any floating or a land based facility comprising of all or any amongst the following as essential features, namely,- waterfront, turning basin, berthing and docking facility, slipways and ship lifts, and, located within the territories of India and undertaking construction, manufacture, reconstruction or repair of vessels in India.

(q) **“Vessel”**, for the purpose of grant of financial assistance under these guidelines, means all types of floating crafts or structures built under the classification of one of the Recognized Organizations but shall exclude the crafts specified in Schedule-I.

3. Eligibility of vessel for availing the Financial Assistance.

Only those vessels, which are constructed and delivered within a period of three years from the date of Contract, shall be eligible for availing financial assistance under the policy.

Provided that, in case of specialized vessels, the competent authority may grant in principle approval for construction and delivery of such vessels within a specific period even beyond the aforesaid three years, but not exceeding six years, when the shipyard applies for such approval for the vessel under the policy guidelines and thereafter the delivery period provided for in this Clause shall be the extended period as permitted by the Competent Authority.

4. Application for Financial Assistance.

(a) The application for in principle approval for grant of financial assistance for a vessel shall be made as per the procedure prescribed in Annexure-I of this policy.

(b) The application for release of financial assistance for a vessel shall be made subsequent to delivery of the vessel as per the procedure prescribed in Annexure-II of this policy and the competent authority shall, after due scrutiny of the application, permit release of the financial assistance to the applicant shipyard.

(c) Denial of benefit sought under the applications made in pursuance of sub-clauses (a) and (b) above by the competent authority shall be conveyed to the applicant shipyard in writing with reasons for such denial.

5. Computation of Financial Assistance.

(a) The quantum of financial assistance for a vessel shall be the product of the applicable rate of financial assistance prevailing on the date of Contract, and, the lowest of the contract price or the fair price when converted in Indian Rupees:

Provided that, at the time of release of financial assistance, if the actual payment received for a vessel is lower than the contract price, such payment shall replace the contract price in the computation of the formulae for financial assistance.

(b) In case of a Contract obtained through global tender or competitive bidding, the bid price shall be treated as the contract price for computation of financial assistance in the formulae specified at sub-clause (a) above.

(c) For the purpose of computation of financial assistance as per the formulae specified at sub-clause (a) above, the fair price or contract price or actual payment, if received in foreign currency, shall be converted into Indian Rupees as per the exchange rate published by the State Bank of India under the category of TT Buying Rates on the date of Contract:

Provided that, in case the exchange rate is not among the currencies published by the State Bank of India, the applicant shipyard shall obtain a certificate from the State

Bank of India about the exchange rate for the currency prevailing on the date of Contract.

6. Release of Financial Assistance.

(a) Wherever, in principle approval for grant of financial assistance for a vessel has been granted by the competent authority, such financial assistance shall be released for the vessel subject to compliance of conditions of this policy as well as subject to availability of budget:

Provided that, in case of standard vessels, which are not specialized vessels, such financial assistance shall not exceed Rupees Forty Crores.

(b) The requisite financial assistance shall only be released in Indian Rupees.

7. General Conditions.

(a) In case of shipbuilding contracts signed for construction or manufacture of more than one vessel, only those vessels under the Contract whose date of delivery lies within the period of three years or such extended period permitted under Clause 3 above the Competent Authority from the date of Contract shall be granted in principle approval by the competent authority for claiming financial assistance for the vessels mentioned therein:

Provided that, only those vessels which are actually delivered within three years from the date of Contract or within the extended period permitted under Clause 3 above by the Competent Authority shall be considered for release of financial assistance.

(b) The major portion of the hull of the vessel for which financial assistance is claimed is to be constructed and assembled in India.

(c) The assembly of the hull, installation and commissioning of the major machinery and equipment and tests/trials of the vessel is to be done in India. In case any test/trials

are required to be conducted outside India, in terms of the Contract/owner requirements, the same shall also be acceptable for grant of financial assistance.

(d) The shipyard applying for financial assistance under the policy should not availed any monetary subsidy, grant or incentive for the construction or manufacture of the said vessel under any other policy or scheme of the Central or State Government.

(e) Notwithstanding anything contained in these guidelines, only those vessels shall be eligible for grant of financial assistance for which the construction shall commence subsequent to the signing of valid contracts covered under these guidelines.

(f) The shipyard applying for in principle approval as well as release of financial assistance under the policy should submit an affidavit as per the format prescribed in Annexure-I and Annexure-II respectively, including for compliance of conditions in sub-clauses (b) to (e) above. In case of application for release of financial assistance such affidavit shall also be accompanied with a certificate from the Recognized Organization as per the formats prescribed in Annexure-II.

8. Grievance Redressal, Amendments and Review.

(a) If any grievance arises from acts of commission or omission of the designated competent authority, the same shall be referred to the Institutional Mechanism, as notified by the Ministry of Shipping in this regard, and the decision of such Institutional Mechanism in this regard shall be final. The Ministry of Shipping shall also notify the procedure for filing, as well as, resolution of such requests by the Institutional Mechanism.

(b) Ministry of Shipping shall review these guidelines every two years from the date of issue or the date of last review, as the case may be. However, this shall not affect the right of the Ministry to amend or modify these guidelines at any point of time including the Schedules and Annexures appended thereto.

SCHEDULE-I

LIST OF VESSELS EXCLUDED FROM FINANCIAL ASSISTANCE POLICY

1. Vessels built for Indian buyer or ship owner, which do not exceed length of more than 24 meters.
2. Vessels made of wood irrespective of their lengths.
3. Vessels for construction of which, monetary subsidy, grant or incentive is being given under any other policy or scheme of the Central or State Government.
4. Vessels built for defence purposes or for use by Navy or Coast Guard.
5. Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies excluding Central Public Sector Enterprises or State Public Sector Enterprises.

SCHEDULE-II

LIST OF SPECIALIZED VESSELS

1. LNG Carrying Vessels.
2. LPG Carrying Vessels.
3. All Passenger Vessels under MS Act/SOLAS with a minimum capacity of 500 passengers.
4. Chemical Tankers.
5. Floating or Submersible Drilling or Production Platforms.
6. Floating, Production, Storage and Offloading (FPSO) units.
7. Floating, Storage and Offloading (FSO) units.
8. Floating, Storage, Regasification Units (FSRUs).
9. Mobile Offshore Drilling Unit (MODU) Rigs.
10. Mobile Offshore Production Units.

SCHEDULE-III

LIST OF INTERNATIONAL VALUERS

Sl. No.	Name of International Valuers
1.	M/s. Barry Rogliano Salles, 11, Boulevard Jean Mermoz, 92200 Neuilly-sur-Seine, France.
2.	M/s. Galbraiths Limited Shipbrokers, Bridge gate House 124-126 Borough High Street, London - SE1 1BL.
3.	M/s. Gibson Shipbrokers, P.O. Box 278, Audrey House, 16-20 Ely Place, London - EC1N 6SN.
4.	M/s. M3 Marine Group Pte. Ltd., 1 Commonwealth Lane, #09-19 ONE Commonwealth, Singapore – 149 544.
5.	M/s. Nor-Ocean Offshore AS, P.O. Box 1833 Vika, N-0123, Oslo, Norway.
6.	M/s. Affinity (Shipping) LLC, 44 th Floor, The Leadenhall Building, 122, Leadenhall Street, London, EC3A 8EE.
7.	M/s. Maersk Broker, Midtermolen, 1 DK-2100 Copenhagen, Denmark.
8.	M/s. Clarkson Platou, Commodity Quay, St. Katharine Docks, London E1W 1BF
9.	M/s. RBSA Advisors, 21-23, T.V. Industrial Estate, 248-A, S. K. Ahire Marg, Worli, Mumbai 400 030 INDIA

SCHEDULE-IV

RATES AND BUDGET FOR FINANCIAL ASSISTANCE

Sl. No.	Financial Year	Rate of Financial Assistance (%)
(1)	(2)	(3)
1.	2016-2017	20.00
2.	2017-2018	20.00
3.	2018-2019	20.00
4.	2019-2020	17.00
5.	2020-2021	17.00
6.	2021-2022	17.00
7.	2022-2023	14.00
8.	2023-2024	14.00
9.	2024-2025	14.00
10.	2025-2026	11.00

SCHEDULE-V

DESIGNATION OF COMPETENT AUTHORITY

Sr. No.	Clauses of the Policy	Competent Authority
(1)	(2)	(3)
1.	2 (g), 2 (h), 2(o)	Director General of Shipping
2.	3	Director General of Shipping
3.	4	Director General of Shipping
4.	6	Director General of Shipping
5.	7	Director General of Shipping
6.	8	Director General of Shipping

PROCEDURE FOR OBTAINING “IN PRINCIPLE” APPROVAL

1. Within sixty (60) days from the date of signing the contract, the shipyard shall apply under the policy on the web portal created for the purpose by the competent authority and upload scanned copies of the following documents, namely:-

- (i). Notarized copy of the Contract signed between the shipyard and the ship owner or buyer for construction of the vessel;
- (ii). Technical specifications of the vessel to be constructed;
- (iii). Bank Account details of the shipyard agreed under the contract.
- (iv). Affidavit signed by the Proprietor/Partner/Chairman/CMD/MD/CEO of the shipyard, duly authorized in this regard, as per the format attached at Annexure-IA.

1.1. For shipbuilding contracts signed in April, 2016 and May, 2016, an additional sixty (60) days from the date of signing of contract shall be available for applying on the portal for in principle approval.

2. The portal shall provide a unique application number upon first submission of the application by the shipyard.

3. Using the unique application number, the applicant shipyard shall be able to revise application and documents uploaded on the portal, except the date of contract, during the entire period available for submission of application by the shipyard for in principle approval. The closure date for submission of the application, or revised application as the case may be, shall be 60 days from the date of contract or such additional 60 days in case of contracts signed during April, 2016 and May, 2016.

4. After the closure date, in case of Contract for construction of vessels other than the standard vessels, the portal shall also provide details of three valuers randomly selected by the portal for assessment of value of the vessels.

4.1. The applicant shipyard shall approach the aforesaid valuers and upload their assessed values on the portal.

4.2. In case any of the three valuers are not willing to assess the values, the shipyard would indicate the same on the portal which shall reselect another valuer to assess the values.

5. Subsequent to such submission, including the valuation reports in case of Para 4 above, the competent authority shall scrutinize the application and accord or decline an in principle approval to the applicant shipyard within 30 days of the submission, along with reasons in writing for decline of such approval.

DRAFT AFFIDAVIT FORMAT

I, _____ (*insert name*), son/daughter of _____ (*insert Father's name*), being the authorized signatory of _____ (*insert name of the Shipyard*) (hereinafter referred to as the "Shipyard") do hereby solemnly affirm and state as under:

1. That I am the _____ of _____ (*insert name of Shipyard*) and am competent to swear this affidavit.

2. I state that _____ (*insert name of the Shipyard*) is a company/partnership firm/proprietorship firm registered under the applicable laws of the country and situated in _____ (*insert name of the State*) and the activities are carried out/operated within the territories of India.

3. I state that the shipyard has executed a contract dated _____ (*insert date of contract*) with M/s. _____ (*insert name and address of the ship owner/buyer*) for construction of _____ (*insert details of the vessel like Hull No, DWT and type/category of the vessel*) (hereinafter referred to as the "Vessel"). I state that the order is an export/domestic order and has been obtained on competitive bidding/negotiated/nomination basis.

4. I state that as per the contract the following vessel (s) have to be delivered to the ship owner M/s. _____ (*insert name of the buyer*) on the following dates, namely:-

(i) (Identification Details of Vessel 1) on _____ (*contractual delivery date*).

(ii) (Identification Details of Vessel 2) on _____ (*contractual delivery date*).

....

5. I state that the Shipyard shall use the following Bank Accounts for all financial transactions with the buyer/ship owner, namely:-

(i) Bank Account No. _____ (*insert bank account number*) opened in _____ (*insert name and address of the Branch of the Bank*) in the name of _____ (*insert name of the shipyard*).

(ii) Bank Account No. _____ (*insert bank account number*) opened in _____ (*insert name and address of the Branch of the Bank*) in the name of _____ (*insert name of the shipyard*).

....

5.1. I further state that any change in the Bank Account number shall be intimated by me or the authorized signatory of the Shipyard to the Government of India within seven (7) days of such change.

6. I state that the shipyard is not claiming any other monetary subsidy, grant or incentive from the Government, whether state Government or Government of India for construction of the said vessel.

7. I state that the construction of the subject vessel (s) has/have not commenced prior to signing of contract dated _____ (Date of contract as mentioned in Para 3).

8. I state that the following documents have been furnished by the Shipyard in support of its application for release of financial assistance under Financial Assistance Policy of the Government of India, namely:-

- Notarized copy of the Contract signed between the shipyard and the ship owner or buyer for construction of the vessel;
- Technical specifications of the vessel to be constructed;
- Bank Account details of the shipyard agreed under the contract.

9. I state that all the above documents are true copies of their originals and are genuine.

I undertake to furnish any other/further/additional documents that may be asked by the Government of India for conveying in principle approval to the Shipyard.

VERIFICATION

Verified at _____(*insert place*) on this the _____ day of _____ 20__
that the contents of the foregoing affidavit are true and correct to the best of my knowledge and no part of it is false and nothing material has been concealed therefrom.

DEPONENT

NOTE:- The affidavit shall be executed after discharging the Stamp Duty Liability on the affidavit at the rate prescribed in the applicable State Stamp Act or the Indian Stamp Act whichever is applicable.

PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE

1. Within thirty (30) days of delivery of the vessel, the shipyard shall apply for release of financial assistance under the policy on the web portal and submit electronic copies of the following documents corresponding to the unique application number received by the shipyard at the time of in principle approval, namely :-

- Protocol of Delivery and Acceptance of the Vessel.
- Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India.
- Builder's Certificate.
- In case of export, Proof of export of the vessel in the form of:
 - Export Clearance Certificate issued by Customs authorities.
 - Shipping Bill
- Provisional/Final Registration Certificate of the vessel, as the case may be.
- Affidavit as per the format in Annexure-IIA.
- Certification from the Recognized Organization in the format attached at Annexure-IIB.
- Indemnity Bond as per the format prescribed in Annexure-IIC signed by the Proprietor, Partner, Chairman, CMD, MD or CEO of the shipyard, duly authorized in this regard, as per the format attached at Annexure-IIC *inter alia* stating that in case of any of the documents/information furnished in the claim for financial assistance for the vessel is/are found to be incorrect/false at a later stage, the shipyard shall return the financial assistance obtained along with interest @ 18% computed from the date of release of such financial assistance till the date of repayment.

2. Subsequent to such submission, the competent authority shall scrutinize the application and the documents submitted therewith and permit or decline release of financial assistance to the applicant shipyard within sixty (60) days of the receipt of the

application from the shipyard along with reasons in writing for decline of such approval, as the case may be.

3. The financial assistance, if approved, shall be released to the shipyard subject to availability of budget for the year.

DRAFT AFFIDAVIT FORMAT

I, _____ (*insert name*), son/daughter of _____ (*insert Father's name*), being the authorized signatory of _____ (*insert name of the Shipyard*) (hereinafter referred to as the "Shipyard") do hereby solemnly affirm and state as under:

1. That I am the _____ of _____ (*insert name of Shipyard*) and am competent to swear this affidavit.

2. I state that _____ (*insert name of the Shipyard*) is a company/partnership firm/proprietorship firm registered under the applicable laws of the country and situated in _____ (*insert name of the State*) and the activities are carried out/operated within the territories of India.

3. I state that the shipyard has executed a contract dated _____ (*insert date of contract*) with M/s. _____ (*insert name and address of the ship owner/buyer*) for construction of _____ (*insert details of the vessel like Hull No, DWT and type/category of the vessel*) (hereinafter referred to as the "Vessel"). I state that the order is an export/domestic order and has been obtained on competitive bidding/negotiated/nomination basis.

4. I state that as per the contract the following vessel (s) have been delivered to the ship owner M/s. _____ (*insert name of the buyer*) on the following dates, namely:-

(i) (Identification Details of Vessel 1) on _____ (*actual delivery date*).

(ii) (Identification Details of Vessel 2) on _____ (*actual delivery date*).

....

5. I state that the Shipyard has obtained the foreign currency in the following Bank Accounts for all financial transactions with the buyer/ship owner, namely:-

(i) Bank Account No. _____ (*insert bank account number*) opened in _____ (*insert name and address of the Branch of the Bank*) in the name of _____ (*insert name of the shipyard*).

(ii) Bank Account No. _____ (*insert bank account number*) opened in _____ (*insert name and address of the Branch of the Bank*) in the name of _____ (*insert name of the shipyard*).

....

6. I state that :

(a) The major portion of the hull of the vessel has been constructed and assembled in India.

(b) The assembly of the hull, installation and commissioning of the major machinery and equipment has been done in India. The tests/trials of the complete vessel have been done at _____ based on the owner's requirements/Contract.

(c) The shipyard has not claimed and will not claim any other monetary subsidy, grant or incentive from the Government, whether state Government or Government of India for construction of the said vessel (s).

(d) The construction of the vessel (s) mentioned in Para 4 above has commenced after the signing of the said contract on _____ (Date of contract as mentioned in Para 3 above.

7. I state that the following documents have been furnished by the Shipyard in support of its application for release of financial assistance, namely:-

Protocol of Delivery and Acceptance of the Vessel.

Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India.

Builder's Certificate.

- In case of export, Proof of export of the vessel in the form of:
 - Export Clearance Certificate issued by Customs authorities.
 - Shipping Bill
- Provisional/Final Registration Certificate of the vessel, as the case may be.
- Affidavit as per the format in Annexure-IIA.
- Certification from the Recognized Organization in the format attached at Annexure-IIB.
- Indemnity Bond signed by the Proprietor, Partner, Chairman, CMD, MD or CEO of the shipyard, duly authorized in this regard, as per the format attached at Annexure-IIC.

8. I state that all the above documents are true copies of their originals and are genuine.

I undertake to furnish any other/further/additional documents that may be asked by the Government of India for release of financial assistance to the Shipyard.

VERIFICATION

Verified at _____ (*insert place*) on this the _____ day of _____ 20__
that the contents of the foregoing affidavit are true and correct to the best of my knowledge and no part of it is false and nothing material has been concealed therefrom.

DEPONENT

NOTE :- The affidavit shall be executed after discharging the Stamp Duty Liability on the affidavit at the rate prescribed in the applicable State Stamp Act or the Indian Stamp Act whichever is applicable.

(Letter Head of the Recognized Organization)

To,

[The competent authority]

Subject: Inspection Certificate for Vessel No. _____

This is to certify that:

(a) The above vessel has been inspected by the surveyors of the Recognized Organization to verify that the said vessel has been built in accordance with technical specification as per the initial contract dated _____ and found to be conforming to the Contractual Specification.

(b) It is also certified that the construction of the vessel has commenced on _____.

(c) It is further certified that the major portion of the hull of the vessel has been constructed and assembled in India. The assembly of the hull, installation and commissioning of the major machinery and equipment has been done in India. The tests/trials of the complete vessel have been done at _____ based on the owner's requirements/Contract.

(d) Main Particulars of the ship, Report of Survey and Survey Findings are placed at Annexure-IIB1, Annexure-IIB2 and Annexure-IIB3 respectively.

Yours sincerely,

(Name of the authorized signatory)

Enclosures: As above.

Copy to: _____ (*insert name of the Shipyard*)

MAIN PARTICULARS

Name of Ship : _____

Owner : _____

IMO No. : _____

Name of Shipyard : _____

Yard No. : _____

Contract Ref. : _____

Gross Tonnage : _____

Type of Vessel : _____

Main Dimensions:-

Length over all : _____ m

Breadth moulded : _____ m

Depth : _____ m

Class Notation: _____

Descriptive Note: _____

Issued at: _____

REPORT OF SURVEY

Upon the request from Shipbuilder M/s. _____, India, the undersigned Surveyor carried out Survey of their _____ vessel _____ (Yard No. _____) to verify that the vessel, as built, conforms to the Contract Specification, during the period _____ date _____, at the Shipyard's premises at (_____ location _____).

The following have been observed/ verified as part of the above survey:

(a) _____

(b) _____

(c) _____

(d) _____

(e) _____

(f) _____

(g) _____

Sd/-

(Name of the authorized signatory)

DEVIATIONS FROM THE CONTRACT SPECIFICATION

Sd/-

(Name of the authorized signatory)

FORMAT OF THE INDEMNITY BOND

INDEMNITY BOND

1. THIS INDEMNITY BOND executed at _____ on this _____ day of _____ year, by _____ (insert name of the Shipyard), through its, _____ (insert name of proprietor/partner/Chairman/CMD/MD/CEO), son/daughter of _____ (insert father's name) of _____ (insert name and address of the Shipyard) (hereinafter called "the Shipyard")

IN FAVOUR OF

Government of India represented through Ministry of Shipping, Transport Bhavan, 1, Transport Bhavan, New Delhi - 110 001 (hereinafter called the "Government").

WHEREAS _____ (insert name of shipyard) ("Shipyard") had executed a Contract with M/s. _____ (insert full name and address of the buyer) vide agreement dated _____ for construction of _____ (insert details of the vessel like Hull No, DWT and type/category of the vessel). The order had been obtained on competitive bidding/negotiation/nomination basis.

AND WHEREAS the vessel was due for delivery on _____ as per paragraph _____ of the contract and has been delivered to the ship owner i.e. M/s. _____ (insert name of the Buyer) on _____ vide Protocol of Delivery and Acceptance dated _____.

AND WHEREAS the Shipyard has applied to the Ministry for release of financial assistance in respect of the Vessel, and obtained the in principle approval on _____.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for _____% financial assistance in respect of the Vessel on the following terms and conditions:

- (a) The documents furnished by the Shipyard are true copies of their originals and are genuine.
- (b) The vessel for which financial assistance is being claimed by the Shipyard has been built in accordance with the technical specification reflected in the initial contract document and there has been no major variation in the same.
- (c) The major portion of the hull of the vessel for which financial assistance is claimed has been constructed and assembled in India. The assembly of the hull, installation and commissioning of the major machinery and equipment of the vessel has been done in India. The test/trials have been done in India/outside India, in terms of the Contract/owner requirements.
- (d) The construction of the said vessel (s) has commenced after the date of signing of contract.
- (e) The Shipyard shall furnish any other further/additional documents that may be required by the Government for release of financial assistance to the shipyard.
- (f) The amount of financial assistance that may be received by the Shipyard shall be the full and final settlement of the claim of the shipyard towards financial assistance and the shipyard shall have no further claim from the Government in this regard.
- (g) The Shipyard shall accept the financial assistance as assessed by the Government as full and final settlement of their claim.

NOW, THEREFORE, THESE PRESENT WITNESSTH:

That in pursuance of conditions hereinbefore mentioned, which the Shipyard has accepted without any condition or reservation, the Shipyard hereby agrees to indemnify and keep harmless the Government against all damages, losses, claims, costs, etc. which the Government may have to suffer, undergo, incur as a result of any misrepresentation of any information to the Government for release of financial

assistance to the Shipyard for the Vessel. Further, the financial assistance received by the Shipyard would be returned with interest @18 percent per annum, from the date of grant of financial assistance, if any information/document furnished by the Shipyard for claiming such assistance is found to be incorrect.

(PROPRIETOR/PARTNER/CMD/CHAIRMAN/CEO/MD)

Witnesses:

1.(Name and sign)
2.(Name and sign)

NOTE :- The affidavit shall be executed after discharging the Stamp Duty Liability on the affidavit at the rate prescribed in the applicable State Stamp Act or the Indian Stamp Act whichever is applicable.

**[FORMAT FOR LETTER OF CHARTERED ACCOUNT ON THE LETTER HEAD
PRACTISING CHARTERED ACCOUNTANT]**

This is to certify that _____ (Name of Shipyard) (hereinafter referred to as the "awardee") was awarded a Contract for construction of _____ for the owner, M/s. _____ (Name and address of the ship owner/broker/charterer). As per the Contract, the vessel was to be delivered on _____ (contracted delivery date) but the delivery was effected only on _____ with a delay of _____ (days) which called for a liquidated damage (LD) due to the awardee of the contract. In view of above, the owner has deducted an amount of Rs. _____ (amount in Indian Rupees calculated based on the exchange rate prevailing on the date of effecting payment by the ship owner/ broker /charterer) as Liquidated damage and the net price received by the yard is Rs. _____ (in Indian Rupees).

This Certificate is issued to _____ (Name of the Shipyard) for them to claim the financial assistance from the Government of India under the Shipbuilding Financial Assistance Policy of the Government of India promulgated as per GOI order no. _____ dated _____.

Signature

Name

Address

Dated.....

Member In Practice

Place.....

SEAL