

**Government of India
Ministry of Shipping
(SBR Division)**

Transport Bhavan,
1, Parliament Street,
New Delhi – 110 001

No.SY-12018/1/2007-SBR

New Delhi, the 29th September, 2009

To

1. Chairman-cum-Managing Director,
Hindustan Shipyard Limited,
Gandhigram,
Visakhapatnam
2. Chairman-cum-Managing Director,
Cochin Shipyard Limited,
Permanoor, P.O. Bag No.1653,
Kochi – 682 016
3. Secretary,
Shipyards Association of India
3rd Floor, Wakefield Building,
Sprott Road, Ballard Estate,
Mumbai

**Subject: Notification of revised guidelines for liquidation of the Committed Liability
for payment of subsidy**

Sir,

I am directed to refer to this Ministry's letter dated 25th March, 2009 notifying the guidelines for liquidation of the Committed Liability for payment of subsidy and to state that the guidelines dated 25th March, 2009 have been further revised by this Ministry. A copy of the revised guidelines alongwith its enclosures is enclosed herewith. The affidavits enclosed are being got vetted by the Ministry of Law. The Shipyards may submit the affidavits as per the guidelines now, but if these are amended by the Ministry of Law subsequently, then the Shipyards would be required to submit the affidavits as amended by the Ministry of Law. Shipyards would also be required to give an Undertaking while submitting the affidavits as per the guidelines issued now that they would provide the affidavits, if amended by the Ministry of Law subsequently.

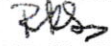
These guidelines will be applicable with retrospective effect. However, wherever in principle approval has already been granted by the Ministry prior to the date of notification of the present guidelines, fresh application for in principle approval would not be required. Documents

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for release of subsidy, as required under the revised guidelines being issued now shall be furnished by the concerned Shipyard.

Only those cases are eligible for shipbuilding subsidy who have applied to the DG (Shipping) for Certificate of Price Reasonableness or to the Ministry for in principle approval on or before 14th August, 2007.

Yours faithfully,


(R.K. Sen)

Asstt. Director (SBR)

Phone: 23715207

Encl: As above

Copy to the Director General of Shipping, Mumbai.

Copy also to:

1. Sr. PPS to Secretary(Shipping)
2. PPS to AS&FA
3. PS to Joint Secretary (Shipping)
4. Director (SD)
5. Under Secretary (CSL)/(HSL)



(R.K. Sen)

Asstt. Director (SBR)

Phone: 23715207

AMENDED PROCEDURES/GUIDELINES FOR SHIPBUILDING SUBSIDY TO INDIAN SHIPYARDS FOR CONSIDERING SUBSIDY OF VESSELS FOR WHICH CONTRACTS WERE SIGNED ON OR BEFORE 14TH AUGUST, 2007

29th September, 2009

1. Conditions for admissibility of shipbuilding subsidy in respect of vessels built in Central and non-Central Public Sector Shipyards and Private Sector Shipyards.

(a) Shipbuilding subsidy on domestic order

Shipbuilding Subsidy of 30% on domestic order is admissible subject to the following conditions :

- (i) Shipbuilding Subsidy will be payable for domestic orders obtained on global tender basis only
- (ii) Subsidy will be payable only for Sea going vessel as defined in Section 3(41) of Merchant Shipping Act, 1958 and the vessel should be a merchant vessel of minimum 80 metres in length. Certificate from Classification Society confirming that it is a 'sea going' vessel and not less than 80 metres in length should be submitted by the Shipyard.
- (iii) Subsidy will be calculated on the price at which the Indian Shipyard has won the global tender or final contractual price or actual payment received, whichever is lower. Fixation of price for domestic order will be in terms of relevant foreign currency and payment at each stage will be made in installments to the Central and non-Central Public Sector Shipyards on the basis of the conversion rate applicable on date of signing of the contract or on the date of stage payments received by the Shipyard, whichever is lower.

Release of subsidy will be as per stage payments agreed in the contract. Subsidy will be payable on the price at which the tender was won or the final contractual price or actual payment received, whichever is lower and will not take into account any subsequent escalation. In the case of private sector shipyards, the principle followed will be the same except that the subsidy will be released only after delivery of the vessel.

(b) Shipbuilding Subsidy on Export Order

Shipbuilding subsidy of 30% on export order under the scheme would be admissible on each export order for Sea going vessel as defined in Section