

**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 29<sup>th</sup> 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  
3<sup>rd</sup> 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 25<sup>th</sup> March, 2009 notifying the guidelines for liquidation of the Committed Liability for payment of subsidy and to state that the guidelines dated 25<sup>th</sup> 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.

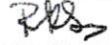
These guidelines will be applicable with retrospective effect. However, wherever in principle approval has already been granted by the Ministry prior to the date of notification of the present guidelines, fresh application for in principle approval would not be required. Documents

contd 1-2

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 14<sup>th</sup> 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 14<sup>TH</sup> AUGUST, 2007**

29<sup>th</sup> 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

3(41) of the Merchant Shipping Act, 1958 irrespective of type and size of vessel and a certificate from Classification Society confirming that it is a seagoing vessel should be submitted by the Shipyard. It will be admissible for orders obtained whether on tender or negotiated basis and it would be admissible subject to the following conditions :

- (i) Subsidy will be calculated on the price at which the Indian Shipyard has won a global tender or the final contractual price or actual payment received, whichever is lower.
  - (ii) Where the price of the vessel is negotiated, the reasonableness of price would be determined by the Director General (Shipping), Mumbai, according to the procedure laid down in paragraph 2 hereunder. The subsidy would be admissible on the contracted price or the price as certified to be reasonable or actual payment received, whichever is lower.
  - (iii) Same principle for calculation of subsidy will be followed as applicable in domestic orders [See a(iii)]
  - (iv) in case of negotiated export orders, stage payment to be considered for calculation of subsidy at each stage will be in proportion of reasonable price [certified by DG(Shipping)] to contractual price multiplied by the stage payment received actually by the shipyard as per the contract.
- (c) General Conditions to be followed both in domestic orders as well as export orders
- (i) Major portion of hull components of the ship should be constructed within the premises of the claimant Indian Shipyard. The assembly of the hull components should be done in the premises of the ~~claimant~~ shipyard. Similarly, the assembly, commissioning of machinery/equipment and launching of the complete ship should be done by the claimant shipyard. The relevant Safety Sea Trials of the built ship should also be done by the claimant shipyard. A certificate from the concerned Classification Society confirming the above will have to be submitted by the claimant shipyard.
  - (ii) For Shipyards located in SEZ in India and also enjoying certain tax/duty and other benefits accruing to them because of their location in SEZ. Subsidy claim of the concerned shipyard will be suitably adjusted at the time of the claim in order to avoid any unintended benefit accruing to the shipyard. The sum total of all benefits to any shipyard including shipbuilding subsidy should not in any case exceed the element of subsidy (30% of contracted price

or reasonable price as certified by DG(Shipping) or actual payment received, whichever is lower) provided for under this scheme. In particular, all tax/duty benefits already available to SEZ Shipyards will be subsumed within the overall ceiling of 30% subsidy.

Any such shipyard which is declared as SEZ will be required to file an affidavit at the time of releasing subsidy to the effect that they are accepting the subsidy as assessed by the office of Director General of Shipping as full and final settlement of their claim.

**2. Certificate of reasonableness of price for admissibility of subsidy – Procedure for**

- 2.1 Directorate General of Shipping, Mumbai shall be the competent authority to issue the certificate of price reasonableness in respect of all the Shipyards including Private Sector and Public Sector Shipyards.
- 2.2 An application as per **Annexure I** is to be made to the Directorate General of Shipping, Mumbai with a copy to the Secretary (Shipping), Ministry of Shipping and to the Ministry of Defence in case of Defence Shipyards for obtaining certificate of price reasonableness. The application should be accompanied by the following documents:
- (i) a processing fee of Rs.5,000/- (Rupees Five Thousand only) by way of Demand Draft in favour of Director General (Shipping), Mumbai, payable at Mumbai
  - (ii) a declaration by the Shipyard concerned that vessel in question satisfies the requirement of an Sea going vessel, both in case of export orders as well as domestic orders.,
  - (iii) a list of equipment alongwith technical specifications and the likely cost component thereof, as mentioned in **Enclosure A** to the said Annexure I.
  - (iv) a copy of the contract indicating the price of the vessel with details about the price determined on negotiated basis ; and
  - (v) Valuation certificates from three valuers approved by the Ministry of Shipping as per **Enclosure B** to the Annexure I.
- 2.3 (a) On receipt of a duly completed application in all respects, Director General of Shipping, having regard to the recommendations of the Price Reasonableness Committee shall authorize issue of the Certificate mentioned in paragraph 2.1 of the guidelines, preferably within a period of 60 working days from the date of receipt of application;

- (b) Should the price contracted by the shipyard not be considered reasonable, the DG(Shipping) may issue a Certificate for such price (lesser than the contracted price) considered reasonable, with reasons for such finding recorded in writing in the said Certificate;
- (c) If DG(Shipping) is unable to issue any certificate due to infirmities in the application, a speaking order to this effect will be issued.
- (d) A copy of the Price Reasonableness Certificate should also be endorsed to the concerned Ministry.

2.4 In case Director General of Shipping has declined to grant the certificate in question or the Shipyard does not agree with the price certified to be reasonable, an appeal against the same with the supporting documents, may be made to the Secretary, Ministry of Shipping within a period of 30 days from the date of issue of such a communication by the Directorate General of Shipping. On receipt of an appeal, the matter would be examined and a decision taken by the Secretary, Department of Shipping which will be final.

**3. Procedure for submission of application for in principle approval and release of shipbuilding subsidy**

**3.1 Application for ‘in principle’ approval**

3.1.1 An application for seeking “in principle approval” for shipbuilding subsidy shall be made by the Shipyard to the Ministry of Shipping and in case of Defence Shipyards to the Ministry of Defence. It shall be accompanied by the following documents:

- (i) In case of domestic/export orders, obtained on global tender basis, the copies of the following documents (duly notarized) are required to be submitted by the shipyards at the time of application for ~~in~~ principle approval, to verify that the order has indeed been obtained on global tender basis:
  - (a) tender notice inviting the global tender issued in reputed national/international newspapers
  - (b) letter from the shipowner stating that the order has been placed on the shipyard through a global tender,
  - (c) the tender document
  - (d) the proof of the shipyard having submitted the bid in response to global tender

- (c) final contract executed between the shipyard and the ship owner.
  - (ii) In case of export orders obtained on negotiated basis, the copies of the following documents (duly notarized) are required to be submitted by the shipyards at the time of application for in principle approval:
    - (a) Contract entered into by the Shipyard with the Shipowner;
    - (b) Price Reasonableness Certificate issued as per Paragraphs 2.3 or 2.4
  - (iii) A Certificate from the Classification Society confirming that the vessel is a seagoing vessel. In case of domestic order, it will be further certified by the Classification Society that the length of vessel is not less than 80 metres.
  - (iv) The above documents mentioned in 3.1.1(i), 3.1.1(ii) and 3.1.1(iii) shall be accompanied by the affidavit to be signed by the owner/chairman/MD/CEO of the Shipyard seeking 'in principle' approval for subsidy in the prescribed format (**Annexure II**) declaring among other things, that the above documents are true copies of their originals and are genuine.
- 3.1.2 The administrative Ministry, subject to satisfying the conditions laid down hereinabove, would accord or decline to accord, by recording reasons in writing the "in principle approval" for admissibility of subsidy. The quantum of subsidy would be decided after receipt of requisite documents as laid down in the guidelines and after compliance of the conditions laid down in the guidelines on achievement of stages of construction or after delivery of the vessel, as the case may be.

### **3.2 Application for Release of Subsidy**

- 3.2.1 An application for seeking the release of Shipbuilding subsidy on achieving the stage of construction event in case of both Central and Non-Central Public Sector Shipyards and after delivery of the vessel in case of Private Sector Shipyards for which subsidy becomes admissible and due shall be made to the Ministry of Shipping and Ministry of Defence in case of Defence Shipyards alongwith a copy of the contract. It shall be accompanied with the following documents :

- (i) a declaration alongwith a certificate from the Principal Banker of the Shipyard certifying proof of having received payment

- (ii) Notarised copy of the “in principle approval” issued by the administrative Ministry as per para 3.1.2 above
- (iii) an Indemnity Bond from the Shipyard in the format prescribed in **Annexure III**. This Indemnity Bond broadly prescribes that subsidy received would be returned with interest at 18 percent per annum, if any information/document furnished by Yard for claiming subsidy is found to be incorrect. The indemnity bond shall be signed by the owner/chairman/MD/CEO of the Shipyard and the person signing the indemnity bond shall be held personally liable in case of any concealment or misrepresentation of facts.
- (iv) Affidavit by Shipyard in the prescribed format (**Annexure IV**). The affidavit should also affirm the genuineness of all documents mentioned in paragraph 3.2.1(v) below. In case of Central PSU and Non-Central PSU Shipyards, this affidavit shall be submitted after delivery of the vessel to the shipowner.
- (v) Notarised copies (to be signed and stamped by Notary on each page) of the following documents –
  - Protocol of Delivery and Acceptance consisting of the details of the vessel supplied
  - \*Foreign Inward Remittance Certificates
  - Cargo Ship Safety Construction Certificate issued by Classification Society
  - Cargo Ship Safety Equipment Certificate issued by Classification Society
  - Passenger Ship Safety Certificate issued by Classification Society
  - Builder Certificate issued by Shipyard
  - Loadline Certificate issued by Classification Society
  - International Tonnage Certificate
  - Export Clearance Certificate and Excise Bonding Certificates issued by Customs Department
  - Unique IMO Number, wherever applicable
  - PAN Card of the Shipyard.

\* The Central Public Sector and Non-Central Public Sector Shipyards, shall submit the notarized copies of the Foreign Inward Remittance Certificates at the time of claiming subsidy as per the stage payments.

- (vi) Certificate from Classification Society as required under Para 1(c)(i).
- 3.2.2 The Shipyard claiming subsidy will have to submit the details of any export incentive availed by the Shipyard and also the details of various benefits obtained by the Shipyard if the Shipyard is located in any Special Economic Zone (SEZ).

The concerned Shipyard will also have to give this information as part of Affidavit (Annexure IV).

- 3.2.3 To ensure that the vessels being built are in sync with the specifications reflected in the original contract document, Director General of Shipping shall set up a Technical Committee which would inspect the vessel at the time of delivery and would certify that the specifications are not less than what has been contracted for. The shipyard would also affirm this as part of the Affidavit (Annexure IV). In respect of vessels already delivered, a declaration in the form of affidavit to this effect shall be given by the Shipyard and will be accompanied by the supporting documents viz. certificate from concerned Classification Society that the technical specifications at the time of signing contract and at the time of delivery are the same. DG(Shipping) at his/her discretion may assign the task of inspection of the vessel and validation of specifications of the vessel to Indian Register of Shipping. However, the onus of issuing the certificate would lie with DG(Shipping). The charges relating to inspection by Indian Register of Shipping shall be borne by the concerned Shipyard.
- 3.2.4 Shipyards claiming shipbuilding subsidy are required to affirm as part of the affidavit (Annexure IV) that the financial terms have not been changed from the time of the original contract. In case there is any deviation from the financial terms originally contracted for, the affidavit should necessarily reflect the same and this would be taken into account for determining the subsidy payable.

### **3.3 Release of Subsidy**

- 3.3.1 Subject to availability of budget provision and the shipyard satisfying the conditions laid down in the subsidy scheme and any other guidelines issued by the Government from time to time, the administrative Ministry (Ministry of Defence in case of Defence Yards and Ministry of Shipping in case of other Indian Yards) shall release the subsidy to the Shipyard concerned.
  - 3.3.2 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 14<sup>th</sup> August, 2007.
4. The Shipyards (Central Public Sector, State Government and Private) should indicate the contracted price of the vessel, the date of contractual delivery of the vessel and specifications of the vessel on receipt of firm order and accordingly submit the claim for Shipbuilding Subsidy.

### **5. Interpretation**

If any question arises in regard to interpretation of these guidelines under the subsidy scheme of October, 2002, it shall be referred to the Secretary, Ministry of Shipping and his decision shall be final.

### ILLUSTRATION

Contract Price	USD 100 million
Price as per PRC	USD 90 million
Stage Payment	USD 20 million
Subsidy Payable for the Stage Payment	30% x 90 x 20 USD      million ----- 100

Subsidy will be payable at stage payment level for PSU and only on delivery for Private Shipyards as per the relevant contract conditions.

ANNEXURE I

PROFORMA

(Application for obtaining Price Reasonableness Certificate from Directorate General of Shipping, Mumbai)

1. Name and address of the Shipyard
2. Year of commencement of construction
3. Year of completion of contract
4. Type of Ship
5. Tonnage
6. GRT
7. DWT
8. List of Equipments alongwith technical specifications mentioned in the contract from the owners (copy to be enclosed)
9. 3 Valuation Certificates indicating the price of the vessel from different international ship valuers approved by the Ministry
10. Contracted Price  
(copy of the contract to be attached)

Name and description of Applicant

Dated :

Place :

**ENCLOSURE A TO ANNEXURE I**

**MAIN EQUIPMENT LIST TO BE IDENTIFIED (WITH A CHOICE UPTO 3  
FOR EACH ITEM) TO ACCOMPANY "CONTRACT" FROM OWNERS**

1. Main Engines
  - a) Type, Make, RPM
  - b) Controls/Automation
  - c) Preferred Auxiliaries
2. Generators
  - a) Main
  - b) Harbour
3. Cranes/Derricks
  - a) Capacity, Reach
  - b) Make
4. Hatch Covers
  - a) Type
5. Propeller and Thrusters
  - a) Material
  - b) Spare
  - c) Bow Thruster's make, Type, RPM
6. Special Cargo Pumps
7. Refrigeration Plant
  - a) Cargo
  - b) Domestic
8. Air Conditioning
  - a) Ambient
  - b) Inside Temperature
  - c) Standards/Recirculation
9. Navigator etc.

Decca/Sat Nav. Gyro Compass, Log, Echo Sounder, Radards

10. Sewage Treatment Plant

Make, Type

11. Stearing Gear, Autopilot

Make, Type

12. Auxiliary Boiler

Type

13. Fresh Water Generator

Make

14. Oily Bilge Separator

15. Main Radio Station, VHF and other communication equipment

ENCLOSURE B TO ANNEXURE I

List of International Valuers

- 1) M/s C.H. Rugg & Co. London
- 2) M/s T.W. Tmplin & Co. London
- 3) M/s Mullion, London
- 4) Cloavos Maritime Valuations Ltd. P.O. Box No. 107 Regent House ,  
89-Kingsway, London WC 2 B 6 EB. Tel :01-242
- 6) Eggar Eorrssler Ltd. Rodwell Hose, Middle Sex Stre, London , 7
- 7) HU, Tlx 8811671, CHENEG
- 8) M/s Davies and newman Ltd, New City Court, 20 Stv. Thomas Street,  
London, SE 1 9RJ, TLX 892141
- 9) M/S Pike Ship Sales Ltd. London
- 10) M/s Galbraith's Ltd. London
- 11) M/s Tatham, Bromage & Co. Ltd, London
- 12) M/s Hyde J.H. & Co., London
- 13) M/s KOOLLOCK C.W. & Co. Ltd, London
- 14) M/s Lambert Brothers Shipping, Ltd., London
- 15) M/s Foarnilay and Eger, S Bofragt Ingsforretning A/s P.O. Mp/ 355,  
Radhusgaten 27, PO BOX 1768 Vika (Norway) 0122 Oslo 1 Tlx 76766  
basson
- 16) R..S Platon A/s Norway
- 17) M/s Nippon Kaiji Kentel Kyokai (Whose English Name is Japan  
Marine Surveyors and Sworn Measures Associaiton), Tokyo
- 18) M/s Hihon
- 19) M/s Pacific Marine R/K, Tokyo
- 20) Delumann Junior, 41, Stockholmsgade, DK-2100 Copenhagen,  
Denmark Tlx 16555
- 21) Wallem Shipbroking (Hong Kong) Ltd, Hopewell Centre, 48th Florr,  
183, Queens Road (East), PO Box 40, Hong Kong, Tlx Hx 85252
- 22) M/s Axis Shipborking Ltd, London
- 23) M/s Felton Valuation and Shipping London

## ANNEXURE II

**Format of the Affidavit to be signed by the owner/chairman/MD/CEO of the Shipyard applying for in principle approval for Shipbuilding Subsidy**

### AFFIDAVIT

I, [Insert name], Son of [Insert Father's name], [Insert Designation] of [Name and Address of the Shipyard] do hereby solemnly affirm and state as under:

1. That I am the \_\_\_\_\_ of \_\_\_\_\_ Shipyard ("Shipyard") and am competent to swear this affidavit.
2. I state that the Shipyard has executed a Contract dated \_\_\_\_\_ with \_\_\_\_\_ [Insert name and address of the ship owner] for construction of \_\_\_\_\_ [Insert details of vessel like Hull No., DWT and category] vessel ("Vessel"). I state that the order is an export/domestic order and has been obtained on global tender/negotiated basis.
3. I state that as per the Contract the vessel has to be delivered to the ship owner i.e. \_\_\_\_\_ on \_\_\_\_\_.
4. I state that the following documents have been furnished by the Shipyard in support of its application for in principle approval for Shipbuilding Subsidy from the Department of Shipping:

*[In case of Orders obtained on negotiated basis]*

- (a) Contract entered into by the Shipyard with the Shipowner;
- (b) Price Reasonableness Certificate issued by Director General of Shipping

*[In case of Orders obtained on Global tender basis]*

- (a) tender notice inviting the global tender in reputed national/international newspapers
- (b) letter from the shipowner stating that the order has been placed on the shipyard through a global tender,
- (c) the tender document
- (d) the proof of the shipyard having submitted the bid in response to

global tender

- (e) final contract executed between the shipyard and the ship owner.

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

5. I state that the Vessel is a sea going vessel and not less than 80 metres of length.

OR

5. I state that the Vessel is a sea going vessel.

6. I state that the Shipyard is not located in a Special Economic Zone and the Shipyard is not claiming/receiving any other benefits from the Government or any other Authority.

OR

6. I state that the details of the export incentive availed/proposed to be availed by the Shipyard and also the details of various benefits that may be obtained by the Shipyard by virtue of the Shipyard being located in the Special Economic Zone are as follows:

*[Shipyard to Provide Details]*

7. I state that the Shipyard shall accept the subsidy as assessed by Ministry of Shipping as full and final settlement of our claim.

8. I state that the Shipyard is not claiming any other benefit/subsidy from the Government, whether State Government or Government of India or any authority (national or international).

9. I state that major portion of hull components of the ship shall be constructed within the premises of the Shipyard. The assembly of the hull components shall be done in the premises of the claimant shipyard. Similarly, the assembly, commissioning of machinery/equipment and launching of the complete ship shall be done by the claimant shipyard. The relevant Safety Sea Trials of the built ship shall also be done by the claimant shipyard.

10. I undertake to furnish any other/further/additional documents that may be asked by the Ministry of Shipping for conveying in principle approval or for release of subsidy to the Shipyard.

DEPONENT

VERIFICATION

Verified at \_\_\_\_\_ on this the \_\_\_\_ day of \_\_\_\_\_, 2009 that the contents of the foregoing affidavit are true and correct to the best of my knowledge and belief and no part of it is false and nothing material has been concealed therefrom.

DEPONENT

### ANNEXURE III

Format of the Indemnity Bond to be signed by the owner/chairman/MD/CEO of the Shipyard claiming Shipbuilding Subsidy and got notarised

#### INDEMNITY BOND

THIS INDEMNITY BOND executed at \_\_\_\_\_ on this the \_\_\_\_ day of \_\_\_\_ 2009 [Insert Name of Company], through its, [Insert Designation], [Insert name], Son of [Insert Father's name], of [Name and Address of the Shipyard] (hereinafter called "the Shipyard")

IN FAVOUR OF

Department of Shipping, Ministry of Shipping, Road Transport and Highways, Transport Bhavan, 1 Transport Bhavan, New Delhi – 110 001 (hereinafter called the "Department")

WHEREAS \_\_\_\_\_ Shipyard ("Shipyard") had executed a Contract with \_\_\_\_\_ (*full name and address of the buyer*) vide Agreement dated \_\_\_\_\_ for construction of \_\_\_\_\_ [*Insert details of vessel like Hull No., DWT and category*] vessel ("Vessel"). The order had been obtained on global tender/negotiated basis.

AND WHEREAS the vessel has been delivered to the ship owner i.e. \_\_\_\_\_ on \_\_\_\_\_ vide Protocol of Delivery and Acceptance dated \_\_\_\_\_.

AND WHEREAS the Shipyard has applied to the Department for release of shipbuilding subsidy in respect of the Vessel.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for (30%) shipbuilding subsidy in respect of the Vessel on the following terms and conditions:

1. The documents furnished by the Shipyard are true copies of their originals and are genuine.
2. The Shipyard is not located in a Special Economic Zone and the Shipyard has not claimed/received any other benefits from the Government or any other Authority.

OR

2. The details of the export incentive availed by the Shipyard and also the details of various benefits obtained by the Shipyard by virtue of the Shipyard being located in the Special Economic Zone are as follows:

[Shipyard to Provide Details]

3. The Shipyard shall accept the subsidy as assessed by the Ministry of Shipping as full and final settlement of their claim.
4. The vessel for which subsidy is being claimed by the Shipyard has been built in sync with the specifications reflected in the original contract document and there has been no variation in the same.
5. The financial terms as contained in the original contract dated \_\_\_\_\_ executed with the ship owner i.e. \_\_\_\_\_ have not been changed from the time of the original contract.

*[In case there is any deviation from the financial terms originally contracted for, the affidavit should necessarily reflect the same and this would be taken into account for the purposes of determining the subsidy component. In case any deviation, the same should be indicated in bold and italics]*

6. Major portion of hull components of the ship have been constructed within the premises of the Shipyard. The assembly of the hull components have been done in the premises of the Shipyard. Similarly, the assembly, commissioning of machinery/equipment and launching of the complete ship have been done by the claimant shipyard. The relevant Safety Sea Trials of the built ship have also been done by the claimant shipyard.
7. The Shipyard shall furnish any other further/additional documents that may be required by the Department of Shipping for release of subsidy to the Shipyard.
8. The amount of subsidy that may be received by the Shipyard shall be in full and final settlement of the claim of the Shipyard towards shipbuilding subsidy and the Shipyard shall have no further claim from the Ministry of Shipping in this regard.

**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 Department against all damages, losses, claims, costs etc. which the Department may have to suffer, undergo, incur as a result of any misrepresentation of any information to the Department for release of shipbuilding subsidy to the Shipyard for the Vessel. Further, the subsidy received by the Shipyard would be returned with interest at 18 percent per annum, from the date of grant of shipbuilding subsidy, if any information/document furnished by Shipyard for claiming shipbuilding subsidy is found to be incorrect.

Signature

Witnesses:

## ANNEXURE IV

**Format of the Affidavit to be signed by the owner/chairman/MD/CEO of the Shipyard for claiming Shipbuilding Subsidy and got Notarised**

### AFFIDAVIT

I, [Insert name], Son of [Insert Father's name], [Insert Designation] of [Name and Address of the Shipyard] do hereby solemnly affirm and state as under:

1. That I am the \_\_\_\_\_ of \_\_\_\_\_ Shipyard ("Shipyard") and am competent to swear this affidavit.
2. I state that the Shipyard has executed a Contract dated \_\_\_\_\_ with \_\_\_\_\_ [Insert name and address of the ship owner] for construction of \_\_\_\_\_ [Insert details of vessel like Hull No., DWT and category]vessel ("Vessel"). I state that the order is an export/domestic order and has been obtained on global tender/negotiated basis.
3. I state that the vessel has been delivered to the ship owner i.e. \_\_\_\_\_ on \_\_\_\_\_ vide Protocol of Delivery and Acceptance dated \_\_\_\_\_.
4. I state that the certificate from Principal Banker certifying proof of having received the payment and notarized copies of following documents have been furnished by the Shipyard in support of its claim for Shipbuilding Subsidy:
  - Certificate from Principal Banker
  - In principle approval issued by Administrative Ministry
  - Protocol of Delivery and Acceptance consisting of the details of the vessel supplied
  - Foreign Inward Remittance Certificates
  - Cargo Ship Safety Construction Certificate issued by Classification Society
  - Cargo Ship Safety Equipment Certificate issued by Classification Society
  - Passenger Ship Safety Certificate issued by Classification Society
  - Builder Certificate issued by Shipyard
  - Loadline Certificate issued by Classification Society
  - International Tonnage Certificate
  - Export Clearance Certificate and Excise Bonding Certificates issued by Customs Department
  - Unique IMO Number, wherever applicable
  - PAN Card

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

5. I state that the Vessel is a sea going vessel and not less than 80 metres of length.

OR

5. I state that the Vessel is a sea going vessel.
6. I state that the Shipyard is not located in a Special Economic Zone and the Shipyard has not claimed/received any other benefits from the Government or any other Authority.

OR

6. I state that the details of the export incentive availed by the Shipyard and also the details of various benefits obtained by the Shipyard by virtue of the Shipyard being located in the Special Economic Zone are as follows:

*[Shipyard to Provide Details]*

I state that the Shipyard shall accept the subsidy as assessed by Ministry of Shipping as full and final settlement of their claim.

7. I state that the vessel for which subsidy is being claimed by the Shipyard has been built in sync with the specifications reflected in the original contract document and there has been no variation in the same.
8. I state that the financial terms as contained in the original contract dated \_\_\_\_\_ executed with the ship owner i.e. \_\_\_\_\_ have not been changed from the time of the original contract. The tender was won on bid price of \_\_\_\_\_ [insert amount] and the contract was signed for \_\_\_\_\_ [insert amount]. The shipyard has received actual payment of \_\_\_\_\_ [insert amount] as per the stages stipulated against this contract.

*[In case there is any deviation from the financial terms originally contracted for, the affidavit should necessarily reflect the same and this would be taken into account for the purposes of determining the subsidy component. In case any deviation, the same should be indicated in bold and italics]*

9. I state that major portion of hull components of the ship have been constructed within the premises of the Shipyard. The assembly of the hull components have been done in the premises of the Shipyard. Similarly, the assembly,

commissioning of machinery/equipment and launching of the complete ship have been done by the claimant shipyard. The relevant Safety Sea Trials of the built ship have also been done by the claimant shipyard.

10. I undertake to furnish any other/further/additional documents that may be asked by the Department of Shipping for release of subsidy to the Shipyard.
11. I state that the amount of subsidy that may be received by the Shipyard shall be in full and final settlement of the claim of the Shipyard towards shipbuilding subsidy and the Shipyard shall have no further claim from the Ministry of Shipping in this regard.

DEPONENT

VERIFICATION

Verified at \_\_\_\_\_ on this the \_\_\_\_ day of \_\_\_\_\_, 2009 that the contents of the foregoing affidavit are true and correct to the best of my knowledge and belief and no part of it is false and nothing material has been concealed therefrom.

DEPONENT