

**Committee Report on formulation
of Draft Guidelines for Ship
Building Financial Assistance
Scheme (SBFAS)**

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1. Background

In pursuance of the Office Memorandum No. SY-13017/III/2025-SBR dated **9th** October 2025 issued by the Ministry of Ports, Shipping and Waterways (MoPSW), the Directorate General of Shipping (DGS) was entrusted with the task of constituting three committees for formulation of guidelines under the Shipbuilding Development Scheme (SBDS) and the Shipbuilding Financial Assistance Scheme (SBFAS).

Accordingly, three committees were constituted:

1. **Committee-I** – For framing guidelines on the *Shipbuilding Financial Assistance Scheme (SBFAS)*.
2. **Committee-II** – For framing guidelines on *Capacity and Capability Building of Greenfield Shipbuilding Clusters and Brownfield Shipyard Expansion Projects*.
3. **Committee-III** – For formulating *Credit Risk Coverage Guidelines for Shipbuilding Projects*.

This report pertains to the work carried out by Committee-I, constituted to prepare draft guidelines for Shipbuilding Financial Assistance Scheme (SBFAS)

2. Objective of the Committee

The Committee was established to:

- Operationalize the **₹24,736 crore corpus** allocated under Shipbuilding Financial Assistance Scheme.
- Develop the institutional framework for release of financial assistance to the Shipyards.
- Ensure alignment with the Cabinet-approved framework for the *Shipbuilding Financial Assistance Scheme (SBFAS)*.

The guidelines aim to provide financial assistance to Indian Shipyards to offset the cost disadvantages of Indian shipyards viz-a-viz foreign shipyards.

3. Constitution of the Committee

As per MoPSW's order, the Directorate General of Shipping (DGS) constituted Committee-I with representation from:

- MoPSW (Director–SBR)
- Directorate General of Shipping (DGS)
- Shipyard Association of India (SAI)
- Indian Shipbuilders Association (ISBA)
- Indian Register of Shipping (IRS)
- Gujarat Maritime Board (GMB)

- Shipping Corporation of India (SCI)
- Ship Recycling Industries Association (SRIA)
- Cochin Shipyard Limited (CSL)
- Indian National Shipowners Association (INSA)
- ICC Shipowners Association (ICCSA)

Director (SBR), MoPSW served as the Member from the Ministry, and an officer from DGS, Shri Ankur Anal, Jr. Ship Surveyor-cum-Asst. Director General (Tech), acted as the Member Convener of the Committee.

4. Meetings Conducted with Stakeholders

Date	Type	Venue	Participants
10.10.2025	Physical/Hybrid Stakeholder meeting convened by MoPSW	MoPSW	MoPSW, DGS, SAI, ISBA, CSL IRS, GMB, SCI, INSA, ICCSA, SRIA, GRSE, MDL, L&T and other industry participants.
14.10.2025	Online Stakeholder Meeting with Core committee	Virtual	MoPSW, DGS, SAI, ISBA, CSL IRS, GMB, SCI, INSA, ICCSA, SRIA, GRSE, MDL, L&T and other shipyards.
17.10.2025	Physical/Hybrid Stakeholder Meeting with Core committee	Gujarat Maritime Board Office, GIFT City, Ahmedabad (Hybrid)	DGS, GMB, regional shipyards (L&T, ABG, Chowgule, Mandovi), cluster associations
30.10.2025(Forenoon)	Core Committee (Internal Review)	Virtual	MoPSW, DGS, SAI, ISBA, CSL IRS, GMB, SCI, INSA, ICCSA, SRIA
30.10.2025 (Afternoon)	Physical/Hybrid Stakeholder	Directorate General of Shipping (Hybrid)	MoPSW, DGS, SAI, ISBA, CSL IRS, GMB, SCI,

	Meeting with Core committee		INSA, ICCSA, SRIA and other shipyards.
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5. Institutional Framework

- **Nodal Body:** National Shipbuilding Mission (NSbM) – Apex oversight body.
- **Implementing Agency:** *Directorate General of Shipping (DGS)*
- **Corpus Allocation:** ₹24,736 crore including ₹4001 crore towards shipbreaking credit note.

6. Key Deliberations

6.1.1 The detailed list of deliberated items and inputs from stakeholders on the Shipbuilding financial assistance scheme guidelines are attached as Annexures I to Annexure V

6.1.2 The Minutes of meetings for the three core committee meetings along with industry stakeholders and one only core-committee meeting is attached.

7. Items to be Finalized with NSbM

The following aspects require policy-level finalization by the National Shipbuilding Mission (NSbM):

1. Effective date for applicability of Guidelines for Shipbuilding Financial Assistance Scheme.

8. Annexures

- **Annexure I:** Minutes of Meetings dated 10.10.2025
- **Annexure II:** Minutes of meeting dated 14.10.2025
- **Annexure III:** Minutes of meeting dated 17.10.2025
- **Annexure IV:** Minutes of meeting dated 30.10.2025 (forenoon)
- **Annexure V:** Minutes of meeting dated 30.10.2025 (Afternoon)
- **Annexure VI:** Summary of all stakeholder suggestions and action taken –
- **Annexure VII:** Draft SBFAS guidelines

Submitted by
(Ankur Anal)

Jr. Ship Surveyor-cum-Asst. Director General (Tech)

Member Convener – Committee on Shipbuilding Financial Assistance Scheme

Directorate General of Shipping, Mumbai

To:

The Director General of Shipping

For onward submission to

Ministry of Ports, Shipping and Waterways (MoPSW)

Government of India

Annexure I

Minutes of Meeting

Stakeholder Consultation on Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Date: 10th October 2025

Time: 10:00 Hrs – 18:00 Hrs

Venue: Online Discussion

Convened by: Ministry of Ports, Shipping & Waterways

Participants:

Representatives from MoPSW, DGS, INSA, CSL, IRS, MSC, SCI and other shipyards.

Key Discussion Points and Actions Taken

During the consultation held on 10th October 2025, several key issues and clarifications were discussed under the Shipbuilding Financial Assistance Scheme (SBFAS).

1. Shri. KK Dhawan (IRS) requested that the new scheme guidelines be prepared in the same format as the SBFAP 1.0 guidelines, as the industry is already comfortable with that format and there will be limited ambiguity.

Action Taken: DGS informed that the new guidelines have been prepared on the same skeleton as that of the previous guidelines.

2. Shri. Saket Kandoi (Titagarh Rail Systems) sought clarity on whether auxiliary vessels (non-combat) of the Navy will be included under the scheme.

Action Taken: DGS Clarified that the vessels built for defence purposes or for use by Navy or Coast Guard have been excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.

3. Shri. Anil Devli (INSA) asked whether, if a shipowner scraps a vessel after placing a new ship order, the scrap credit note will still be counted towards eligibility under SbfAS. Further requested clarification on the term “Fair Scrap Value” and the methodology for its evaluation. Also, suggested that brokers or independent evaluators should be selected from an empanelled list of evaluators with defined criteria, and that there should be a periodic review of the list.

Action Taken: DGS clarified that, the credit note can be tagged with a new build anytime before the last payment is received by the ship owner. For the “Fair Scrap Value” and the methodology for its evaluation was explained. Checklist for assessment of international valuers has been prepared and added as an Annexure to the draft guidelines.

4. Anil Devli (INSA) suggested that the Certificate of Recycling (CoR) issuance process should be based on clear, transparent, and standardized parameters to avoid operational hurdles or delays. The process should be digitized and automated through online portals.

Action Taken: This issue will be separately discussed with State Maritime Boards to ensure a smooth and transparent process.

5. Anil Devli (INSA) mentioned that in many cases, shipowners directly contract with suppliers and procure components rather than the shipyard doing so. Suggested the possibility of allowing shipowners to seek SbFAS benefits as well, depending on the nature of the contract between the shipowner and the shipyard.

Action Taken: DGS clarified that, as per the Cabinet note, financial assistance is to be paid directly to the shipyard only not the shipowner.

6. Nikhil Raj (SCI) requested clarity on the commencement of SbFAS and the start date of SbFAS 2.0.

Action Taken: DGS clarified that the commencement date of SbFAS is yet to be finalized.

7. Rajeev Nayyar (Swan) raised concern regarding the Domestic Content Requirement (DCR) for specialized vessels where equipment costs are high, making it difficult to achieve the 40% threshold. Requested clarification on whether the percentage is linearly proportional or exponential, and on how the subsidy will be calculated on a pro-rata basis.

Action Taken: The calculation is based on pro rata basis with 30% DC = 75% FA, $\geq 40\%$ DC = 100% FA, $< 30\%$ DC = 0% FA, $> 30\%$ DC $< 40\%$ DC - Linear variation. Calculation methodology has been detailed in Schedule V of the draft guidelines.

8. Pandurang Dhond (Chowgule & Co.) suggested defining eligibility in the case of Self-Build by shipyards. If shipyards build vessels without a confirmed buyer or for captive use, they should still be eligible to claim the subsidy.

Action Taken: In the current scheme, a shipbuilding contract is mandatory. Thus, shipyards need to sign a shipbuilding contract to avail financial assistance.

9. Cdr. Vikramjeet (HSL) requested clarity on the engagement of Indian valuers and valuation standards, mentioning that the industry supports the engagement of Indian valuers.

Action Taken: DGS clarified that the Indian valuers are already added to the list.

10. Mitesh Agarwal (Swan) suggested eligibility for vessel conversion projects, requesting that the conversion of vessels into specialized vessels be made eligible for SbfAS, as such projects can cost over ₹100 crores. Currently, this category is not covered. He also raised a point on overlap with other schemes or top-up schemes by State Governments, seeking clarification on the matter.

Action Taken: DGS clarified that, as per the Cabinet note, financial assistance is to be paid for new builds only.

11. Kalpesh Vithlani (GMB) pointed out that under SBFAP 1, no top-up or support was allowed under any Central or State schemes alongside SBFAS, and sought clarity on whether the same restriction will apply to SbfAS 2.0. The industry also requested reconsideration of this restriction, such as permitting state-level top-up subsidies.

Action Taken: DGS clarified that States can support shipyards over and above SBFAS support provided by the Government of India, provided it meets the exclusion criteria as mentioned in the Cl. 5(d) of the draft SBAS Guidelines.

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
1	Requested that the new scheme guidelines be prepared in the same format as the SBFAP 1.0 guidelines as the industry is already comfortable with the same and there will be limited ambiguity.	KK Dhawan (IRS)	It was informed that the new guidelines have been prepared on the same skeleton as that of the previous guidelines.
2	Clarity on whether auxiliary vessels (non-combat) of the Navy will be included under the scheme.	Saket Kandoi (Titagarh Rail Systems)	Vessels built for defence purposes or for use by Navy or Coast Guard have been excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
3	If a shipowner scraps a vessel after placing a new ship order, will the scrap credit note still be counted towards eligibility under SbFAS.	Anil Devli (INSA)	Yes, credit note can be tagged with a new build anytime before the last payment is received by the ship owner
4	The term "Fair Scrap Value" and the methodology for its evaluation.	Anil Devli (INSA)	Explained in the guidelines
5	Brokers / independent evaluators: An empanelled list of evaluators with defined criteria should be there and periodic review should be carried out.	Anil Devli (INSA)	Checklist for assessment of international valuers has been prepared for adding new valuers to this list.
6	Certificate of Recycling (CoR): issuance process should be based on clear, transparent, and standardized parameters to avoid operational hurdles or delays. The process should be digitized and automated through online portals.	Anil Devli (INSA)	This issue will be separately discussed with State Maritime Boards to ensure a smooth and transparent process.

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
7	In many cases, shipowners directly contract with suppliers and procure components rather than the shipyard doing so. Possibility for allowing shipowners to seek SbFAS benefits too, depending on the nature of the contract between the shipowner and the shipyard.	Anil Devli (INSA)	As per the Cabinet note, financial assistance is to be paid directly to the shipyard only not the shipowner
8	Commencement of SbFAS and the start date of SbFAS 2.0.	Nikhil Raj (SCI)	Yet to be finalized.
9	Domestic Content Requirement (DCR): For specialized vessels, where equipment costs are high, it may not be feasible to achieve the 40% threshold. Clarification required on whether the % is linearly proportional or exponential and on calculation of subsidy on a pro-rata basis.	Rajeev Nayyar (Swan)	The calculation is based on pro rata basis with 30% DC = 75% FA, $\geq 40\%$ DC = 100% FA, $< 30\%$ DC = 0% FA, $> 30\%$ DC $< 40\%$ DC - Linear variation
10	Eligibility in case of Self-Build by Shipyards: If shipyards build vessels without a confirmed buyer or for captive use, they should be able to claim subsidy.	Pandurang Dhond (Chowgule & Co.)	In the current scheme, a shipbuilding contract is mandatory.
11	Valuation: Clarity on engagement of Indian valuers and valuation standards. Industry supports engagement of Indian valuers.	Cdr. Vikramjeet (HSL)	Indian valuers are already added to the list.
12	Eligibility for Vessel Conversion Projects: Request to consider	Mitesh Agarwal (Swan)	As per the Cabinet note, financial assistance is to be paid for new builds only

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
	making conversion of vessels into specialized vessels eligible for SbFAS as these projects' cost can run into 100+ crores. Currently, this is not covered. Overlap with other schemes / top-up schemes by State Governments also raised.		
13	Under SBFAP 1, no top-up or support is allowed under any Central/State schemes alongside SBFAS. Clarity sought on whether this will also apply to SbFAS 2.0. Industry seeks reconsideration (e.g., state-level top-up subsidies).	Kalpesh Vithlani (GMB)	States can support shipyards over and above SBFAS support provided by the Government of India, provided it meets the exclusion criteria as mentioned in the Cl. 5(d) of the draft SBAS Guidelines.

Annexure II

Stakeholder Consultation on Shipbuilding Financial Assistance Scheme

Background : As part of the implementation of the Shipbuilding Financial Assistance Scheme (SBFAS), the Directorate General of Shipping (DG Shipping), under the Ministry of Ports, Shipping and Waterways (MoPSW), convened a series of stakeholder consultations in October 2025 to deliberate on the draft guidelines.

Minutes of Meeting

Stakeholder Consultation on Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Date: 14th October 2025

Time: 16:00 Hrs – 18:00 Hrs

Venue: Online Consultation

Convened by: Directorate General of Shipping (DG Shipping), Ministry of Ports, Shipping & Waterways

Participants:

DG Shipping

- Shri Pradeep Sudhakaran, Chief Ship Surveyor-cum-Joint DG (Tech.)
- Shri Nebu Oommen, Dy. Chief Ship Surveyor-cum- Senior Deputy Director General (Tech.), DG Shipping
- Shri Ravi Kumar, Ship Surveyor-cum- Deputy Director General (Tech.), DG Shipping
- Shri Ankur Anal – Junior Ship Surveyor-cum-Assistant Director General (Tech.), DG Shipping

Core Committee Members

- Vipul Sinhgale, Director (SBR), Ministry of Ports, Shipping and Waterways (MoPSW)
- Ravi Kumar, Ship Surveyor-cum-Deputy Director General (Tech.), Directorate General of Shipping (DGS)
- Ankur Anal, Junior Ship Surveyor-cum-Assistant Director General (Tech.), Directorate General of Shipping (DGS)
- Shrikant Itagi, CCPL, Shipyards Association of India
- Prantik Sen, Hon. Secretary, Indian Shipbuilders Association (ISBA)
- K.K. Dhawan, Senior Vice President, Indian Register of Shipping (IRS)
- Kalpesh Vithlani, GM, Gujarat Maritime Board (GMB)
- Nikhil Raj, Deputy General Manager i/c (SB&S), Shipping Corporation of India (SCI)
- Haresh Parmar, Hon. Secretary, Ship Recycling Industries Association (SRIA)
- Nagesh K. Moorthy, General Manager (Business Development), Cochin Shipyard Limited (CSL)

- Anil Devli, Chief Executive Officer, Indian National Shipowners Association (INSA)
- Rakesh Singh, President, ICC Shipping Association (ICCSA)

Industry Participants

Representatives from GRSE, CSL, MDL, GSL, L&T, IRS, San Marine, Chowgule Shipyard, Konkan Barge Builders, and other shipyards

Key Discussion Points and Actions to be Taken

1. Opening Remarks and Overview of the Scheme

Key Discussion Points:

- Shri Ankur Anal welcomed all participants and introduced the consultation as part of the process for finalizing the *Shipbuilding Financial Assistance Scheme (SBFAS)* guidelines following Cabinet approval on 24th September 2025.
- Shri Pradeep highlighted that the SBFAS is an extension of the earlier *SBFAP (2016–2026)*, with an overall outlay of ₹24,000 crore (including ₹4,000 crore for Ship Recycling Credit Notes).
- The scheme extends assistance till 2036 and incorporates ship recycling, shipbuilding capacity enhancement, and insurance mechanisms under one umbrella.

2. Presentation on Draft Guidelines

Key Discussion Points:

- Shri Ankur Anal presented the salient features of the draft guidelines:
 - Introduction of *three-stage payment structure* (Launching, Delivery, and Post-Delivery).
 - Mandatory *domestic content requirement* (minimum 30%, preferably 40%).
 - Classification based on vessel cost (₹100 crore threshold).
 - Expanded *specialised vessel* categories including hybrid, dual-fuel, and green vessels.
 - *Ship Breaking Credit Notes (SBCN)* introduced with 3-year validity and transferability.
 - Simplified approval process through enhanced powers of the Institutional mechanism, MoPSW.

Actions Taken:

- Stakeholders to review the full draft document and submit section-wise suggestions with data-backed justifications by 16th October 2025.

3. Committee Roles and Review Structure

Key Discussion Points:

- Shri Ankur Anal explained that six subcommittees were formed to review sections such as eligibility, valuation, domestic content, credit notes, compliance, and subsidy claims.
- Shri Anil Devli sought clarity on whether comments could go beyond assigned sections.
- Shri Pradeep clarified that all members can provide feedback on any clause in the document.

4. Bank Guarantee and Surety Bonds

Key Discussion Points:

- Shri S.V. Rambabu (HSL) proposed the use of *insurance surety bonds* as an alternative to *bank guarantees* for first-stage payments, citing cost efficiency and precedents from other government departments.

Actions Taken:

- Basis the current discussions, Bank Guarantee is considered necessary.

5. Transition from SBFAP and Timelines for Large Vessels

Key Discussion Points:

- Shri Sanjiv Walia (SAI) raised issues faced under SBFAP, including the inability to avail assistance on *amended contract prices*.
- Shri Srinivasa Rao Padala (HSL) emphasized that PSU shipyards require *flexible milestone-based timelines* for large vessels due to extended design approvals and procurement cycles.
- Suggested that *project-linked milestones* be adopted instead of rigid timelines.

Actions Taken:

- In-principal approval is granted basis the initial contract price based on which a budget estimate is prepared. Also, valuations carried out by valuers are also based on the initial specifications. Subsequently, if specifications are revised, a fresh set of assessment is required. Hence, considering revised contract price is not feasible.
- Timelines as mentioned in the guidelines are applicable to all shipyards.

6. Inclusion of Broader Compliance Standards

Key Discussion Points:

- A representative suggested inclusion of *EU Ship Recycling Regulation (EUSRR)* compliant yards in addition to *Hong Kong Convention (HKC)* compliance.

Action Taken:

- It is noted that all EU(SSR) compliant yards are HKC compliant, hence amendment is not required.

7. Scrap Value and Credit Note Transferability

Key Discussion Points:

- Concerns were raised by Shri Rakesh Singh regarding determination of scrap value and the challenges in transferring credit notes through intermediaries.
- Shri Pradeep clarified that credit notes are transferable or tradable with mandatory registration through the DG Shipping portal.

Action Taken:

- Detailed procedure for determination of scrap value and transfer of credit notes has been included in the draft guidelines.

8. Eligibility for Government and Defence Projects

Key Discussion Points:

- Shri Ghoshal (Suryadipta Projects) highlighted the exclusion of vessels built for defence purposes from current eligibility provisions.
- Shri Srinivasa Rao Padala (HSL) recommended inclusion of PSU-built *auxiliary and dual-purpose defence vessels* under the scheme.
- He also suggested redefining “*delivery date*” to align with Ministry of Defence acceptance procedures.

Action Taken:

- Vessels built for defence purposes or for use by Navy or Coast Guard are excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
- Delivery date is decided based on the ‘Protocol of delivery and Acceptance’ document submitted by the shipyard.

9. Financial Assistance and Vessel Classification

Key Discussion Points:

- Shri Rakesh Singh sought clarity on *owner-supplied equipment* and inclusion of *refrigerated cargo vessels* under the specialised list.

- Suggested higher assistance rates for small specialised vessels below ₹100 crore.
- Shri Nagesh Krishna Moorthy raised similar concerns for *green tugs*.
- Diving Support Vessels (DSVs) to be considered in the Specialised vessel category

Actions Taken:

- Owner supplied equipment is to be a part of the shipbuilding contract.
- Complexity of Refrigerated cargo vessels is not considered equivalent to "specialized vessels". Accordingly, not considered as a "specialized vessel".
- As per the approved Cabinet note, rate of financial assistance has been frozen and no further change can be made at this stage.
- Diving support vessel with a moonpool has been included in the list of specialized vessels.

10. PSU-Specific Issues and Procedural Delays

Key Discussion Points:

- Proposed introduction of a *grace period (6–9 months)* beyond declared timelines for large PSU projects before financial penalties are applied.
- Recommended *cost-plus valuation methodology* for audited PSU projects instead of market comparison.
- Suggested allowing *corporate or government guarantees* in place of bank guarantees for PSUs.
- Requested DG Shipping to issue a *standard closure certificate format* compatible with PSU audit and MoD systems.
- Proposed inclusion of *DGQA/Navy representatives* in the *Fair Price Committee (FPC)* for defence-linked projects.

Actions Taken:

- Timelines as mentioned in the guidelines are applicable to all shipyards. Complexity of the projects has been suitably addressed by classifying vessels as "Specialized"
- Basis the current discussions, Bank Guarantee is considered necessary.
- Methodology as mentioned in the guidelines is vessel specific and neutral to the type of shipyard.
- Valuations are carried out by international evaluators who are essentially ship brokers in the international market. Under the present structure, presence of a committee for calculation of fair price is not considered necessary.

11. Taxation Issues in Ship Recycling

Key Discussion Points:

- Shri Haresh Parmar (SRIA) raised concerns over double GST when Indian owners sell ships domestically for recycling, diverting ships abroad.
- Shri Pradeep explained that the *40% ship recycling assistance* is intended to offset such cost disadvantages.

Actions Taken:

- Issue is not related to the current scheme.

12. Clarifications on Definitions and Timeline

Key Discussion Points:

- Shri Anil Devli (INSA) and Shri Srinivasa Rao Padala (HSL) requested clearer definitions of “specialised” and “non-specialised” vessels and default *six-year timeline* for specialised vessels.

Actions Taken:

- Guidelines have been suitably amended to address the ambiguity.

13. Closing Remarks

Key Discussion Points:

- Shri Pradeep Shri Ravi Kumar and Shri Ankur Anal appreciated all members for their participation and assured that every suggestion would be examined carefully.
- Final draft to be consolidated after upcoming consultations in Ahmedabad and Mumbai.

Actions to be Taken:

- Stakeholders to send all final written inputs by **16th October 2025**.
- Final consolidated guidelines to be submitted to the Ministry by **24th October 2025**.

Comprehensive Summary of the Meeting

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
1	Subcommittee roles and review mechanism	Shri Anil Devli (INSA)	Subcommittee roles and review mechanism was explained.

2	Insurance surety bonds as BG alternative	Shri S.V. Rambabu (HSL)	Basis the current discussions, Bank Guarantee is considered necessary.
3	Milestone-linked project timelines for large vessels	Shri Srinivasa Rao Padala (HSL) Shri Sanjiv Walia (SAI)	Subsequent to several discussions with industry stakeholders, 3 stage payments has been considered a feasible solution for all vessels i.e. launching, delivery and 3rd stage upon receipt of final payment from ship owner.
4	To consider EU(SSR) compliance as a eligibility criterion for defining 'eligible ship recycling yards'.	SRIA	It is noted that all EU(SSR) compliant yards are HKC compliant, hence amendment is not required.
5	Scrap value determination and credit note transfer	Shri Rakesh Singh, ICCSA	Scrap value will be assessed by the international valutors. Credit notes are transferrable hence cash buyers can resell the credit note to the ship owner.
6	Eligibility for PSU and auxiliary defence vessels	Shri Srinivasa Rao Padala (HSL), Shri Ghoshal (Suryadipta Projects)	Vessels built for defence purposes or for use by Navy or Coast Guard are excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
7	Cost-plus valuation for PSU projects	Shri Srinivasa Rao Padala (HSL)	Under SBFAS, in case of bidding, contract price is considered the fair price whereas for negotiation, market valuation is considered appropriate.
8	Government/corporate guarantees for PSUs	Shri Srinivasa Rao Padala (HSL)	Basis the current discussions, Bank Guarantee is considered necessary.
9	Inclusion of DGQA/Navy in Fair Price Committee	Shri Srinivasa Rao Padala (HSL)	Valuations are carried out by international evaluators who are essentially ship brokers in the international market.

			Under the present structure, presence of a committee for calculation of fair price is not considered necessary.
10	Grace period for PSU project delays	Shri Srinivasa Rao Padala (HSL)	Timelines as mentioned in the guidelines are applicable to all shipyards.
11	Clarification of delivery definition for MoD projects	Shri Srinivasa Rao Padala (HSL)	Delivery date is decided based on the 'Protocol of delivery and Acceptance' document submitted by the shipyard.
12	Higher assistance rates for smaller specialised vessels	Shri Rakesh Singh (ICCSA), Shri Nagesh Krishna Moorthy (CSL)	As per the approved Cabinet note, rate of financial assistance has been frozen and no further change can be made at this stage.
13	Double GST on domestic ship recycling	Shri Haresh Parmar (SRIA)	Issue is not related to the current scheme.
14	Provide clear and unambiguous default six-year timeline for specialised vessels.	Shri Anil Devli (INSA)	Relevant clause suitably amended.

Minutes of Meeting

Stakeholder Consultation on Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Date: 17th October 2025

Time: 10:00 Hrs – 18:00 Hrs

Venue: GIFT City, Gujarat Maritime Board

Convened by: Directorate General of Shipping (DG Shipping), Ministry of Ports, Shipping & Waterways

**LIST OF PARTICIPANTS FOR PHYSICAL/HYBRID MEETING ON Capacity & Capability development
Guideliens under SbdS on 17-10-2025 @ GIFT City**

Attended participants		113
Start time		10/15/25, 2:25:17 PM
End time		10/15/25, 4:41:07 PM
Meeting duration		2h 15m 50s
SNO	Name	Organization
1	Ravi Kumar(SS)	DGS
2	GES GSL	GSL
3	vijayendra Deshpande (Unverified)	SAI
4	HSL (Unverified)	HSL
5	Sabyasachi Majumder	INSA
6	SAN MARITIME INDIA PVT LTD (Unverified)	San Marine
7	IMU Prof. Sivakholundu	IMU
8	CEO MMB	MMB
9	SCI- N K Tripathi (Unverified)	SCI
10	CAPT ARUN KUMAR	SAI
11	Anshul Wadia	Wadia
12	Naveen Kumar (External)	IRS
13	GRSE (Unverified)	ISBA
14	Hariprasad R (External)	IRS-PMU
15	Ankush Raj	SEED-EY
16	Rohit Tagade (External)	IRS
17	San Marine Marine	SanMarine
18	R. V. Vimal (External)	SAI
19	Sanjeev (Unverified)	SAI
20	Gaurav Bhalerao (External)	SAI
21	CSL (Unverified)	CSL
22	Jobin Joseph (Synergy) (Unverified)	Synergy
23	Sanjiv Kapoor (External)	SWAN DEFENCE
24	Akshay S	SEED-EY
25	Sanjeev Shoft Shipyard (Unverified)	SHOFT
26	prasanna kumar	Wadia
27	Tanay Nagvekar	Chowgule Lavgan Ship Repair Pvt Ltd
28	Sree Veeramane N	Chowgule Global Lavgan Shipyard
29	Sushil Rajmane (External)	SAI
30	Akshay Jain VEDAM (External)	Vedam
31	Goa Shipyard Ltd (Unverified)	GSL
32	shipbuilding-apmb (External)	APMB
33	Dy CE (DPA) (Unverified)	DPA
34	Capt. Kapil Kekre (External)	INSA

35	Nagesh Krishna Moorthy	SAI
36	Aneena R Innocent	SEED-EY
37	CSL Nagesh (Unverified)	CSL
38	Anshuman Srivastava	SAI
39	Attreya Sawant	Mandovi
40	Bosco D Silva	MOC
41	Shri Vipul Singhal	MoPSW
42	Dhruvil D Kelkar	INSA
43	Amit Waje (External)	IRS
44	SCI- N K Tripathi (Unverified)	SCI
45	Pranav R Pai	SRIA
46	Mitesh Agarwal (External)	SRIA
47	Ram K (Unverified)	TNMB
48	Traffic Manager, NMPA (External)	NMPA
49	pranati (Unverified)	SHOFT
50	Anuj Gupta	KPMG-PMU
51	Prasad Sawant	BuoyancyConsultants (External)
52	GSL (Unverified)	GSL
53	Uday Bhatt. SRIA	SRIA
54	pranati prabhu	SHOFT
55	BHARATH KRISHNAN	L&T Kattupalli
56	Naseer A	SAI
57	Sanjiv Walia	SAI
58	Rob (Unverified)	MOC
59	Manager (Environment and Safety) (Unverified)	KMB
60	MMB (Unverified)	MMB
61	Chief-Manager (Env&Safety), DPA (Unverified)	DPA
62	Dharmesh Jani (Unverified)	SAI
63	Gopi Krishna Sivvam (External)	SRIA
64	Prantik Bhatt	ISBA
65	ASHA V RAO (Unverified)	CSL
66	Malika SeaTech (Unverified)	SeaTech
67	Dethe, Amit	KPMG
68	Amal Aloshe Vithayathil (External)	IRS
69	PRADEEP	ISBA
70	Janaki Ganesan	SAI
71	Anil Jain (Unverified)	SAI
72	Pravat Kusum Halder (External)	Victoria shipyard
73	priyesh Kamat	Synergy
74	Daniel (Unverified)	SAI
75	sanjeev (Unverified)	ECGC
76	MAZAGON DOCK SHIPBUILDERS LTD (External)	MDL
77	Aaisha KS (External)	SAI
78	Ankur Anal	DGS

79	san maritime (Unverified)	San Marine
80	A C ROY (Unverified)	AC ROY shipbuilders
81	Tom Davis, CSL (Unverified)	CSL
82	Anuj Gupta (Unverified)	KPMG-PMU
83	A S	SAI
84	Suken Shah	SAI
85	CMC (External)	CMC
86	Vishal Jain	SeaTech
87	dijo (Unverified)	CSL
88	Sajan John (Unverified)	CSL
89	IMU - Prof. Sivakholundu (Unverified)	IMU
90	Saurabh Pradip Gadkari (External)	SAI
91	anil jain (Unverified)	Vedam
92	Harshita Raju	ISBA
93	RAADS MARINE (Unverified)	SAI
94	Harshita Jaiswal	ISBA
95	Pandurang Dhond	Chowgule
96	K.RAMESH (Unverified)	NIA
97	Parpudi, Abhinav	KPMG
98	Mehul Diwan	SAI
99	SANJAY KUMAR ECGC NRO (Unverified)	ECGC

MOPSW Stakeholder meeting on Shipbuilding Financial Assistance Scheme held in GIFT City, Gandhinagar on 17.10.2025					
Attendance Sheet					
S. No.	Name	Designation	Organization	Email ID	Phone no.
1	Amit S. Waje	Principal Surveyor	IRS	amit.waje@irdm.org	982069180
2	NAVEEN KUMAR	Sr. Surveyor	IDS	naveen.kumar@irdm.org	982069180
3	Prashant Asgekar	Asst. Manager	Chowgle, Goa.	prashant.asgekar@chowgle.co.in	9822736398
4	Ravi Kumar	SI-DOCC (Team)	DG, MPP	ravi.kumar@gov.in	9816614143
5	Michael Nelson	Asst. Secy. to Govt.	GoA	michael.nelson@gov.in	9809944100
6	Ankur Arul	Jr. Ship Surveyor	DG Ship	ankur.arul@gov.in	7720761023
7	Bhadrath Krishnan	Asst. Manager	L & T	bhadrath.krishnan@lnt.co.in	9600204554
8	G. PALANI MUTHU	Asst. Manager	L & T	g.palanimuthu@lnt.co.in	9865194556
9	Capt. B. V. Narayana	Asst. Manager	ARPS	capt.b.v.narayana@arps.co.in	981183221
10	Sri Subhash Chandra	Asst. Manager	ECGC	sri.subhash.chandra@egc.co.in	9810510000
11	Sri. P. R. Kumar	Manager	ECGC	sri.p.r.kumar@egc.co.in	9810510000
12	Kapish Vithal	Asst. Manager	ECGC	kapish.vithal@egc.co.in	9810510000
13	PC Halpati	SECY	ECGC	pc.halpati@egc.co.in	9810510000
14	R. B. Talavira	CE	ECGC	r.b.talavira@egc.co.in	9810510000
15					
16					
17					
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19					
20					
21					
22					
23					

Key

Discussion Points and Actions Taken

During the consultation held on 17th October 2025 at Ahmedabad, several key issues and clarifications were discussed under the Shipbuilding Financial Assistance Scheme (SBFAS).

1. Lt Cdr. Pravat Haldar (Titagarh) raised the point regarding the scenario when the whole construction is offloaded to another party. It was clarified that the Builder's Certificate should be issued by the yard that has signed the shipbuilding contract.

Action Taken: Builder's certificate is to be issued by the yard which has signed the shipbuilding contract.

2. Shri Amit Waje (IRS) sought clarification on the minimum requirements or framework for registration of a shipyard. It was explained that the intent of the registration process is to enable shipyards to apply for an in-principal approval, and therefore, the process has been kept simple to encourage wider participation.

Action Taken: The intent of registration is to allow the shipyard to apply for an in-principal application, hence, the registration process has been kept simpler.

3. Sh Anshul Wadia (Wadia boat builders) requested clarification regarding the definition of small ships and the applicability of financial assistance to specialized vessels such as tugs and inland towing vessels under 24 meters.

Action Taken: It was explained that as long as the benchmark of 100 cr is met irrespective of any length the financial assistance will be provided. For the hybrid vessels the length requirement is 12 m.

4. Sh Talavia, CE, GMB : The issue of determining the fair scrap value prior to dismantling was discussed.

Action Taken: Fair Scrap value is based on the values provided by the international valuer before the application for shipbreaking credit note is submitted.

5. Sh Bharat Krishnan (L&T): Clarifications were also sought on the definition of Domestic Content under the Contract Price, especially in cases where OEMs have Indian offices. An example was given of MAN, where engines may be imported but payment is made in INR.

Action Taken: Certificate from OEM would ascertain the country of origin.

6. Shri Anshul Wadia (Wadia Boatbuilders) raised a query regarding the length requirement for export orders and whether only boats are eligible for financial assistance. He also enquired about the necessity of IACS or type approval.

Action Taken: It was clarified that there is no minimum length requirement for export orders, and propulsion is not a mandatory condition. Vessels built under SBFAS must be constructed under a Recognized Organization of the Government of India.

7. Representatives from the Shipping Corporation of India (SCI) suggested that in cases where PSU vessels are scrapped through tendering, the tender price should be taken into consideration.

Action Taken: Guidelines have been suitably amended to include this provision,

8. Shri Gaurav (SWAN) sought clarification on the utilization of credit notes and their linkage with the SBFAS process.

Action Taken: The procedures and timelines were explained in detail to all attendees.

9. Another query was raised regarding contracts that do not include ammunition or weapons and whether such vessels could still qualify for assistance.

Action Taken: It was clarified that vessels built for defence purposes or for use by the Navy or Coast Guard are excluded. However, tugs, tankers, cargo ships, and passenger ships contracted by foreign defence entities without weaponry are eligible for assistance.

10. Participants sought clarification on the list of specialized vessels.

Action Taken: It was confirmed that the list has been suitably amended to include additional categories based on industry feedback. Accordingly, Diving support vessel with a moonpool has been added to the list of specialized vessels.

11. Mr. Amit Waze (IRS) discussed the issue of vessel launching and the role of the classification society.

Action Taken: It was explained that while shipyards schedule launchings based on tides and operational convenience, the launching date recorded by the Recognized Organization (RO) will be considered final for the purpose of the scheme.

12. Cmde Sanjeev Kapoor (SWAN) raised a query on the requirement of Bank Guarantees (BG) at various stages of payment.

Action Taken: It was clarified that BG is required at the launching stage, whereas it is not necessary at the time of delivery if the payment is taken in one instalment.

Comprehensive Summary of the Meeting

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
1	If the whole construction is offloaded to another party. The "Shipbuilding Contract" to be rephrased.	Lt Cdr. Pravat Haldar (Titagarh)	Builder's certificate is to be issued by the yard which has signed the shipbuilding contract.

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
2	"Contract Price" there are some parts/ items which are supplied by the owner.	Sh Talavia, CE, GMB	The contract should include all the prices i.e., should be included with owner's supplied items.
3	Minimum set of requirement or framework for registration of the shipyard	Sh Amit Waje (IRS)	The intent of registration is to allow the shipyard to apply for an in-principal application, hence, the registration process has been kept simpler.
4	Definition of Small ships, exemptions to specialized vessels like tugs, inland towing vessels which are lesser than 24 m.	Shri. Anshul Wadia (Wadia Boatbuilders)	It was explained that as long as the benchmark of 100 cr is met irrespective of any length the financial assistance will be provided. For the hybrid vessels the length requirement is 12 m.
5	Fair scape value is decided well in advance before ship is sent to scrap.	Sh Talavia, CE, GMB	Fair Scrap value is based on the values provided by the international valuer before the application made.
6	How and what timelines of approval, international valuer will take. The process of the scrap to be considered.	Physical Attendee	Timelines cannot be mandated to the international valuers. However, in case shipyard does not receive 3 valuations within 45 days of the receipt of valuator list, yard can request for a fresh list of valuers and then yard is provided another 45 days for submitting 3 valuator certificates.
7	Domestic Content is this Contract Price - anything imported. Attendee also brought out that many of the OEMs has offices in India. The best example is MAN if the the engine is imported by them and payment is	Sh Bharat Krishnan (L&T)	Certificate from OEM would ascertain the country of origin

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
	done in INR will it be considered as domestic content		
8	Length requirement for the export order. Only boats are eligible for the financial assistance. Is IACS mandatory? Is Type approved boats are eligible	Shri. Anshul Wadia (Wadia Boatbuilders)	There is no length requirement for an export order. There is no requirement of the propulsion. Vessels built under SBFAS need to be built under the classification of a Recognized Organization of the Government of India.
9	PSU scraps the vessels through tendering. Requested to consider the tender price	SCI	Amended in the guidelines.
10	Utilization of the credit note and linking with the SBFAS.	Shri. Gaurav (SWAN)	Process and timelines were explained to the shipyard
11	If the contract does not include ammunition, weapons will be assisted finances OPVs, vessels fitted with small arms can be included	Sh Bharat Krishnan (L&T)	Vessels built for defence purposes or for use by Navy or Coast Guard are excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
12	Specialized Vessels list	Sh Bharat Krishnan (L&T)	The list of specialized vessel has been suitably amended to include 'Diving Support vessel with a moonpool'
13	Launching of the vessel. Shipyards takes up the launching according to tides etc. Class only	Mr. Amit Waze (IRS)	Launching date mentioned by RO will be considered as final.

Sl. No.	Key Discussion Point	Raised By	Action to be Taken / Decision
	provides the only clearances.		
14	If subsidy at the launching stage to be availed is there any necessity of paying BG. If one time payment to be taken will there be any requirement of BG	Cmde Sanjeev Kapoor (SWAN)	At launching stage BG is required. At delivery BG is not required.

Annexure IV

Minutes of Meeting

Stakeholder Consultation on Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Date: 30th October 2025

Time: 11:00 Hrs – 12:15 Hrs

Venue: Online

Convened by: Directorate General of Shipping (DG Shipping), Ministry of Ports, Shipping & Waterways

Participants:

DG Shipping

- Shri Pradeep Sudhakaran, Chief Ship Surveyor-cum-Joint DG (Tech.)

- Shri Nebu Oommen, Dy. Chief Ship Surveyor-cum- Senior Deputy Director General (Tech.), DG Shipping
- Shri Ravi Kumar, Ship Surveyor-cum- Deputy Director General (Tech.), DG Shipping
- Shri Ankur Anal – Junior Ship Surveyor-cum-Assistant Director General (Tech.), DG Shipping

Core Committee Members

- Vipul Sinhgai, Director (SBR), Ministry of Ports, Shipping and Waterways (MoPSW)
- Ravi Kumar, Ship Surveyor-cum-Deputy Director General (Tech.), Directorate General of Shipping (DGS)
- Ankur Anal, Junior Ship Surveyor-cum-Assistant Director General (Tech.), Directorate General of Shipping (DGS)
- Shrikant Itagi, CCPL, Shipyards Association of India
- Prantik Sen, Hon. Secretary, Indian Shipbuilders Association (ISBA)
- K.K. Dhawan, Senior Vice President, Indian Register of Shipping (IRS)
- Kalpesh Vithlani, GM, Gujarat Maritime Board (GMB)
- Nikhil Raj, Deputy General Manager i/c (SB&S), Shipping Corporation of India (SCI)
- Haresh Parmar, Hon. Secretary, Ship Recycling Industries Association (SRIA)
- Nagesh K. Moorthy, General Manager (Business Development), Cochin Shipyard Limited (CSL)
- Rakesh Singh, President, ICC Shipping Association (ICCSA)

Industry Participants

Representatives from GRSE, CSL, MDL, GSL, L&T, IRS, San Marine, Chowgule Shipyard, Konkan Barge Builders, and other shipyards

Key Discussion Points and Actions Taken

This meeting was a core-committee (ONLY) meeting to discuss all the stakeholder suggestions and the action taken report in order to finalize the guidelines before discussing the final draft of the guidelines with other industry stakeholders in the meeting scheduled on the same day in the afternoon.

It was noted that roughly 100 stakeholders suggestions/clarifications have been received and all suggestions along with the action taken were discussed with the members of the core-committee.

Core-committee members agreed to the actions taken.

Hindustan Shipyard queries received vide email

- A request was made to include the concept of the effective date of the contract, which could be defined as the date of receipt of the first-stage payment, or the date of design/model test approval, depending on the contract terms.
- **Action Taken:** DGS clarified that this cannot be considered, as the effective date is highly subjective and varies from contract to contract, potentially affecting the timelines defined under the scheme.
- It was enquired whether financial assistance could be claimed for a repeat order if such a clause was not mentioned in the tender or contract.
- **Action Taken:** DGS responded that in such cases, eligibility for financial assistance would need to be reassessed after reviewing the relevant tender documents.
- Another clarification was sought regarding the inclusion of Gazette Notification No. S.O. 3316(E) dated 26th December 2014 in the base scheme document for reference.
- **Action Taken:** DGS explained that the notification could not be annexed as it is subject to periodic revisions.
- A participant observed that there was no distinct definition for “Standard Vessel” and suggested introducing it to avoid confusion during implementation of fair price assessments.
- **Action Taken:** DGS responded that non-specialized vessels constitute a negative list of the specialized vessel category and are therefore not separately defined.
- DGS To confirm that the values (Rs 100 Cr) are excluding taxes and duties.
- **Action Taken:** It was confirmed by DGS that the benchmark vessel value of ₹100 crore is exclusive of all taxes and duties.
- Clarification was sought regarding the difference in the text highlighted in bold concerning credit notes.
- DGS explained that a credit note can be redeemed against a new building contract at any time up to the last payment receipt from the ship owner.
- Participants requested that certain sections of the guidelines be supplemented with examples for better understanding.
- DGS agreed and confirmed that a Frequently Asked Questions (FAQ) document containing relevant examples will be prepared.

- Regarding the validity of credit notes, DGS clarified that the validity period of three years is counted from the date of redemption — i.e., the date on which the credit note is attached to a shipbuilding contract.
- It was also confirmed that the minimum length restriction does not apply to vessels valued above ₹100 crore or those built for export orders. For vessels valued below ₹100 crore, the minimum length requirement is 24 meters for regular vessels and 12 meters for hybrid vessels.
- A query was raised on the validity of paragraph 1.(g)(iii) of the guidelines.
- **Action Taken:** DGS confirmed that the reference was checked and found to be correct.
- Participants from Hindustan Shipyard Limited (HSL) requested clarity on the inclusion of Diving Support Vessels (DSVs) in the specialized vessel list.
- **Action Taken:** DGS informed that the matter is under further discussion.
- It was requested that valid email IDs and contact details of all approved valuers be updated in the list.
- **Action Taken:** DGS confirmed that revised details have already been incorporated.
- A query was raised regarding the percentage of financial assistance to be released at the launching stage, as defined in Annexure II-1 of the procedure for release of financial assistance.
- **Action Taken:** DGS clarified that the amount considered for computation will be the minimum of 50% of the contract price or the price received by the ship owner, as certified by a Chartered Accountant.
- Another clarification was sought on whether a Bank Guarantee (BG) is required at the delivery stage.
- **Action Taken:** DGS confirmed that a BG is not required at delivery.
- It was further clarified that financial assistance will be released in three stages as per the scheme, and relevant modifications have been made in the guidelines to address earlier inconsistencies.
- No reference was made to certain paragraphs cited in the document.
- **Action Taken:** DGS noted this observation for review.
- Based on indigenous content, a table showing the proportionate reduction in financial assistance has now been incorporated into the revised guidelines in Schedule V.

Cochin Shipyard queries received vide email

- Clarification was sought on the definition and application methodology for “domestic content,” particularly the treatment of projects with below 30%, between 30–40%, and above 40% domestic value addition.
- **Action Taken:** DGS responded that this aspect has been elaborated and explained in the guidelines in Schedule V
- CSL proposed extending the capping of non-specialized vessels from three years to a longer duration, considering that even diesel engines, especially two-stroke slow-speed types, currently have a lead time exceeding 30 months.
- **Action Taken:** DGS confirmed that the guidelines have been suitably amended to include an extended timeline of four years for normal vessels and six years for projects involving more than two vessels.
- CSL further suggested simplifying Clause 3 by removing the requirement to obtain separate approvals from the Competent Authority for delivery extensions beyond three years and by indicating the timeline as up to six years by default for specialized vessels.
- **Action Taken:** DGS informed that the guidelines have been suitably amended to incorporate this recommendation.
- It was also proposed that a clear definition of “eligible vessels” be added.
- **Action Taken:** DGS confirmed that the definition has been included in the guidelines.
- Regarding the Government’s *Remission of Duties and Taxes on Export Products (RoDTEP)* scheme under the Foreign Trade Policy 2023–28, CSL suggested that its benefits—being a remission of embedded taxes and duties—align with the intent of the SBFAS provisions and should be treated as permissible under the scheme.
- **Action Taken:** DGS stated that the proposal would be further discussed and provisionally inserted as Paragraph 2.b.i of the guidelines.
- CSL further elaborated that RoDTEP is not a form of monetary support but rather a neutralization mechanism for embedded taxes, and that its benefits are equivalent in effect and intent to tax exemptions. Accordingly, CSL requested that Clause 5(d)(i) be amended to explicitly include RoDTEP as a specific exception to the restriction, and that other export-linked schemes such as duty drawback also be considered for inclusion.
- **Action Taken:** This matter will be reviewed further by DGS.

- CSL recommended that the list of green fuel types be expanded to include all forms of green fuels, instead of limiting it to methanol, ammonia, and hydrogen fuel cells.
- **Action Taken:** DGS advised that the shipyard specify the types of vessels utilizing fuels other than the mentioned three that may be considered for inclusion in the updated list.
- It was also noted that under SBFAS 1.0, vessels constructed on nomination from Central or State Public Sector Enterprises were eligible for assistance, whereas under SBFAS 2.0 they are excluded. CSL requested that this clause be retained in alignment with the earlier version, as such projects fall under the category of negotiated contracts. DGS clarified that nomination contracts from Central and State Governments would be included in the exclusion list under the revised scheme.
- CSL expressed concern that the ₹100 crore distinction would adversely impact special programs such as GTTP and *Harith Nauka*. It was suggested that for special vessels, a uniform financial assistance rate of 25% be applied without any cost-based distinction.
- **Action Taken:** DGS clarified that, as per the approved Cabinet note, the rate of financial assistance has been frozen and cannot be modified.

SWAN queries received vide email

- It was highlighted that these new categories of vessels are two to three times larger in size compared to LR/MR tankers, falling within a displacement range of approximately 0.8L to 3.2L DWT. The VLCC, Suezmax, and Aframax vessels have not been previously constructed in India and require a significantly higher level of technological capability, design expertise, skilled manpower, and capital investment.
- Accordingly, it was proposed that these vessel types be incorporated under Schedule-II, "List of Specialized Vessels," of the document Guidelines for Implementation of the Shipbuilding Financial Assistance Scheme (SBFAS), under the category "Crude Carrying Vessels – VLCC, Suezmax, and Aframax."
- **Action Taken:** DGS informed that the guidelines have already been suitably amended to consider an extended delivery timeline for all vessels. Specifically, the standard timeline has been extended to four years for normal vessels and six years for contracts involving more than two vessels.
- It was further discussed under the *Energy and Forex Security* consideration that the principal objective of the Four-Pillar approach for the Shipbuilding and Maritime sector is to enhance national energy and foreign exchange security

by promoting the construction of high-GRT liquid and bulk carriers in India. CSL proposed that a reference text may be incorporated in the guidelines to acknowledge the strategic importance of such shipbuilding projects, stating: *“Energy and Forex Security imperatives of the country may warrant prioritizing certain specific shipbuilding cases as necessitated.”*

- Action Taken: DGS clarified that this provision is not directly relevant to the SBFAS framework and therefore may not be included in the scheme guidelines.

HHI queries received vide email

- It was proposed that the salaries of foreign engineers and production managers, who are either directly employed by Indian shipyards or deputed to India under a service agreement, should be recognized as part of the Local Content.
- **Action Taken:** DGS clarified that irrespective of nationality, if such salaries are paid in Indian Rupees (INR) and appropriate taxation is in India they shall be considered under the local content requirement subject to meeting other local laws.
- Further, it was suggested that if the total construction cost includes overhead expenses, the corresponding local overhead costs should also be recognized in the numerator while calculating local content.
- **Action Taken:** DGS confirmed that expenditures made in INR, including overhead expenses, may be accounted under the local content requirement subject to meeting the local laws and value addition requirements as mentioned in the guidelines.

ICCSA queries received vide email

- ICCSA representatives sought clarification on several aspects related to the Shipbuilding Financial Assistance Scheme (SBFAS) during the consultation.
- It was clarified that the scheme is available to all Indian shipyards; however, yards must be registered on the SBFAS portal to be eligible to apply for an in-principle approval.
- A query was raised regarding the inclusion of owner-supplied equipment and machinery in the computation of overall shipbuilding costs.
- **Action Taken:** DGS confirmed that all costs associated with the construction of the vessel, including items supplied directly by the owner, will be considered toward the total project cost for determining financial assistance eligibility.
- Regarding cost escalation,

- **Action Taken:** DGS explained that in-principle approval is granted on the basis of the initial contract price, which serves as the budget estimate. Valuations conducted by approved valuers are also based on these initial specifications. If any technical or commercial parameters are revised later, a fresh set of assessments will be required.
- Participants noted that most shipbreaking contracts entered into by Indian shipowners are executed through “cash buyers,” who subsequently deal with the ship recycling yards.
- **Action Taken:** DGS acknowledged this reality and informed that credit notes have been made transferable, thereby allowing cash buyers to sell them to the actual shipowners.
- Clarification was sought regarding the intent of a particular section of the guidelines.
- **Action Taken:** DGS explained that the clause ensures financial assistance is extended only when the majority of the vessel’s construction activity occurs within India.
- The time limits prescribed for completion of vessel construction were also discussed. It was requested that the provision for schedule relaxation should not be limited only to specialized vessels.
- **Action Taken:** DGS clarified that the extended construction timeline of four years will now apply to regular vessels as well.
- A request was made to confirm that, in cases where the value of a credit note exceeds 5% of the value of a new vessel, the redeemable amount would be capped at 5%.
- **Action Taken:** DGS confirmed that credit notes may indeed be redeemed up to 5% of the new vessel’s value.
- It was further proposed that, considering the prolonged period often involved between the sale of a vessel for demolition and the completion of scrapping, an alternate document such as a “beaching certificate” issued by local authorities could be accepted to facilitate timely processing.
- **Action Taken:** DGS clarified that, in accordance with Cabinet approval, credit notes can only be issued upon completion of the demolition or recycling process.
- ICCSA suggested allowing greater flexibility in the utilization of credit notes. DGS responded that credit notes are already designed to be stackable and transferable, offering sufficient flexibility; however, partial utilization remains disallowed.

- Proposals for phased realization or partial encashment of credit notes were also raised. These points were taken under advisement for further consideration by the shipyards.
- Further, it was proposed to include additional vessel types—such as Ro-Ro, Ro-Pax, reefer vessels, and high bollard pull tugs—under the specialized category, particularly to enhance salvage capability and emergency response preparedness.
- ICCSA observed that the ₹100-crore threshold for specialized vessels employing emerging technologies may be too restrictive and suggested reducing it to ₹50 crore to encourage investment.
- **Action Taken:** DGS clarified that the ₹100-crore threshold has been fixed under the Cabinet-approved framework and therefore cannot be modified.

APMB queries received vide email

- What happens when an SPV is formed with an international company?
- **Action Taken:** The registered shipyard as per the certificate will be eligible for the financial assistance.
- Please clarify the non-inclusion of Indian valuers and provide the final list of empanelled valuers.
- **Action Taken:** Indian valuers are already in the empanelled list.
- Please confirm whether duly approved contractual extensions (e.g., force-majeure or owner-caused delay(s)) extend the six-year eligibility window.
- **Action Taken:** No. May be evaluated on case by case basis as directed by the IM.
- **Priority rules / wait-list mechanism:** Please share the method used when the budget is insufficient (e.g., First In First Out, contract size, strategic category).
Delay compensation: Please clarify whether interest/compensation is payable for delayed release.
- **Action Taken:** 1. In case of insufficient funds, shipyards are paid in the next financial year. 2 No. (Please add a clause in the guidelines to avoid ambiguity)
- Stacking of credit notes: Please clarify whether multiple credit notes may be combined/stacked for a single newbuild.
Transfer documentation: Please specify the documentation and approval flow required when credit notes are transferred.

- **Action Taken:** 1. Yes 2. Explained in the guidelines.

Annexure V

Minutes of Meeting

Date: 30.10.2025 (afternoon)

Time: 15:45 hrs – 17:15 hrs

Venue: DG Shipping, Kanjurmarg

Convened by: Directorate General of Shipping (DG Shipping), Ministry of Ports, Shipping & Waterways

LIST OF PARTICIPANTS FOR PHYSICAL/HYBRID MEETING ON SBFAS & SBdS, Credit Risk cover Guidelines on 30-10-2025

	Attended participants	64	
	Start time	10/30/25, 1:20:19 PM	
	End time	10/30/25, 6:44:57 PM	
SNO	Name	Organization	Email
1	Ravi Kumar(SS)	DGS	ravi.k43@dgsmumbai.onmicrosoft.com
2	DIRECTORATE GENERAL OF SHIPPING-IN	DGS	Directorate@dgsmumbai.onmicrosoft.com
3	Anil Devli, CEO INSA (External)	INSA	ceo@insa.org.in
4	Amal Aloshe Vithayathil (External)	IRS	Amal.Aloshe@irclass.org
5	Amit Waje (External)	IRS	Amit.Waje@irclass.org
6	Uday Bhatt.SRIA	SRIA	
7	Pandurang Dhond Ship Building Division	Chowgule	pandurang.sbd@chowgule.co.in
8	Capt. Kapil Kekre (External)	INSA	kekre@insa.org.in
9	Nihal (Unverified)	SAI	
10	Prashant Asogekar Ship Building Division (External)		prashant.asogekar@chowgule.co.in
11	CSL (Unverified)	CSL	
12	Daniel (Unverified)	SAI	
13	AMAL (Unverified)	IRS	
14	Srinivasa Rao P (Unverified)	HSL	
15	Ankur Anal	DGS	ankuranal@dgsmumbai.onmicrosoft.com
16	K Swaminathan (External)	SWAN Defence	cdr.swaminathan@swan.co.in
17	Rekha CSLA (Unverified)	CSLA	
18	Goa Shipyard Limited (Unverified)	GSL	
19	shipbuilding-apmb (External)	APMB	shipbuilding-apmb@apmaritime.in
20	Joseph MATHEW	Seatrium	joseph.matthew@seatrium.com
21	Sanjiv Kapoor (External)	SWAN Defence	sanjiv.kapoor@swan.co.in
22	ASHA (Unverified)	SAI	
23	R. V. Vimal (External)	Chowgule	vimal@chowguleglobal.in
24	priyesh Kamat	Synergy	
25	Sanjay Guidance Tamil Nadu (Unverified)	Guidance Tamilnadu	
26	Prantik	ISBA	
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29	Jignesh Shah (External)	SWAN Defence	jignesh.shah@swan.co.in
30	SANJIV WALIA	SAI	
31	Attreya Sawant	Mandovi	
32	Mitesh Agarwal (External)	SWAN LNG	mitesh.a@swanlng.co.in
33	sivakholundu (Unverified)	IMU	
34	Anil Jain (Unverified)		
35	Rajeev Nayyar (External)	SWAN defence	rajeev.nayyar@swan.co.in
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37	Dethe, Amit	PMU_KPMG	amitdethe@kpmg.com
38	Tom (Unverified)		
39	ECGC LTD (Unverified)	ECGC	
40	Abhinav (Unverified)	ECGC	
41	PALANIMUTHU GOPAL	L&T	PALANIMUTHU.G@larsentoubro.com
42	Swati Gupte - NIA (Unverified)	NIA	
43	Sanjay Kumar	ECGC	
44	Pallavi sinha, New india (Unverified)	NIA	

ATTENDANCE SHEET

LIST OF PARTICIPANTS WHO ATTENDED THE MEETING HELD ON 30th OCTOBER, 2025 ON (THURSDAY) AT 1400 HRS IN THE CONFERENCE ROOM OF THE DIRECTORATE.

SUB.: SECOND HYBRID STAKEHOLDER CONSULTATION MEETING FOR SBFAS, SBDS AND CREDIT RISK.

S. No.	Name of the Officer	Organization	Email & Mob. No.	Signature
1	Pradeep S.K	CSS	pradeep-dgs	R
2	Saurabh Gadkan	SDHI.	saurabh.gadkan@swan.org 9819056808	S
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4	HARIPRASAD.R	Surveyor IRS-DGS	hariprasad.r@irclass.org 9190751770	H
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6	TANAY NAGVEKAR	CLSP, Chougule Lagan	8484051800 commercial@chougulelagan.com	T
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10	Mitesh Agarnal	Swan Defence	mitesh.a@swanbay.co.in	M
11	NIKHIL KAT	SCF	nikhil.njesi@scf	N
12	Capt. B. Adf Narayana	A.P.M.B.	NAUTICAL @ APNARMBDE.IN	B
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18	SHEIK ALISHA	SAN MARINE		S
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Key Discussions:-

Summary

SI No.	Point	Inputs/ Clarification sought	DGS Response
1	“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.	Request to include the concept of effective date of contract which may be date of receipt of stage 1 payment or finalization/approval of design/model test etc (as per contract)	Cannot be considered as it is very subjective and varies from contract to contract which will effect the timelines fixed under the scheme.
2	In the case of repeat orders, the L1 price discovered / determined through the initial competitive, open and fair bidding process will be considered as Fair Price for vessels under the repeat order, subject to the initial tender document and the contract clearly mentioning about the repeat order and the criteria to be followed, including that of pricing, for awarding the repeat order.	If repeat order clause not mentioned in the tender or contract, can I claim financial assistance for repeat order?	No, financial assistance eligibility will need to be reascertained after reviewing the tender documents.
3	“Recognized Organization” means an organization recognized by the Government of India as per the Gazette Notification No.	Gazette Notification No. S.O. 3316(E) dated December 26, 2014 be included in the base scheme document for ready reference.	Cannot be annexed as it changes from time to time.

	S.O. 3316(E) dated December 26, 2014, as amended from time to time.		
4	“Non-Specialized Vessel” means vessel which is not a specialized vessel as described above.	No difference found with the definition of Standard vessel, as explained in meeting be introduced when fair price for standard vessels is implemented to avoid confusion to stakeholders.	Non specialized vessels is a negative list of the specialized vessel list.
5	(s) “Small vessel” refers to those vessels whose fair price or the contract price; whichever is less is equal to or less than INR 100 crore. (t) “Large vessel” refers to vessels whose fair price or the contract price; whichever is less, is more than INR 100 crore.	DGS To confirm that the values (Rs 100 Cr) are excluding taxes and duties.	Yes, the value is excluding taxes and duties
6	• Credit note available at the time of order placement: If a credit note is available from the outset or at the time the order is placed, redemption is allowed. • Credit note obtained after order for new vessel is placed: If a credit note is obtained after the order has been placed,	Please explain the difference between the text in bold	Credit note can be redeemed against a new building contract anytime upto the last payment receipt from the ship owner.

	redemption is allowed any time before the final settlement by the Owner to the shipyard.		
7	4.4 Eligibility of ship orders for credit note redemption 4.5 Guidelines for the issuance and usage of credit notes	This section be explained with some examples for better understanding of the scheme.	FAQ with relevant example will be prepared.
8	Validity: - Credit Note will have a validity period (for redemption) of 3 (three) years from the completion date of scrapping the vessel.	Does Credit note which valid for 3 yrs lapse when utilised on construction of specialised vessel of 4~6yrs.	The date of validity of a credit note is basis the date of redemption i.e. when a creditnote is attached to a shipbuilding contract.
9	However, for export orders and vessels with fair price greater than 100 crore, minimum length restriction is not applicable.	Request to confirm the critieria in this para applies to other vessels also and not restricted to export orders only.	Yes, minimum length restriction does not apply for the following: 1) ships above 100 crore 2) Export orders.
10	However, for export orders and vessels with fair price greater than 100 crore, minimum length restriction is not applicable.	What is the min length if value is < Rs 100 Crs does para 1 applies for these cases.	24m for regular vessels and 12m for hybrid vessels
11	Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies	Paragraph 1.(g)(iii) reference is not valid, kindly check and confirm	Reference confirmed and found correct.

	including Central or State Public Sector Enterprises, except for cases not complying with Paragraph 1.(g)(iii)		
12	LIST OF SPECIALIZED VESSELS	Process/guidelines for inclusion of vessels into specialised list be bought out as HSL wants to include Diving Support Vessel into the list.	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered
13	LIST OF INTERNATIONAL VALUERS	Valid email id and contact details of all the valuers be updated in the list.	Revised details have been added
14	• Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India. • Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B2, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank. • Bank Guarantee issued by a scheduled	% of amount that would be released in this stage is unclear as defined in ANNEXURE-II-1 PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE (AFTER LAUNCHING) :The claim amount is limited to the rate of financial assistance for the applicable financial year, as received for that vessel by the shipyard, as certified by the Chartered accountant, or 50% of the contract price, whichever is less	Amount considered for computation of FA = min of (50% of contract price, price received by the ship owner as certified by a CA)

	commercial bank, for an amount equal to the financial assistance claimed at this stage,		
15	Bank Guarantee issued by a scheduled commercial bank, for an amount equal to the financial assistance claimed at this stage,	New Query	BG is not required at delivery stage
16	1.1 In case of contracts, wherein any payment is deferred by the buyer or any payment is withheld as performance guarantee as per the terms stated in the shipbuilding contract initially submitted to Directorate General of Shipping, the shipyard shall apply for release of financial assistance, limited to only two instances , in the following manner;	It is explained that the financial assistance will be released in three stage where as this para says it is limited to only two instances, request to confirm.	Relevant changes made in the guidelines.
17	FORMAT OF THE INDEMNITY BOND	no reference made to the paras in the document.	-
18	Format for Chartered Accountant's Certificate	Based on indigenous content, table showing proportionate reduction in financial	New text added in the guidelines

		assistance is not mentioned in the document.	
19	• Details of Newbuilding where credit is to be used: Shipyard, Vessel Name being built, Contract Price, Date of contract, applicable 10% cap = $[0.1 * \text{contract price}]$. • Claim: "I/We hereby redeem this Credit Note towards the above project. The permissible usage is ₹___ (enter lesser of note value and 10% cap). Please offset this against the payment due for financial assistance."	Max cap is 5%, whereas here it is mentioned as 10%, request to reconcile.	Guidelines have been suitably revised

Cochin Shipyard queries received vide email

- Clarification was sought on the definition and application methodology for "domestic content," particularly the treatment of projects with below 30%, between 30–40%, and above 40% domestic value addition.
- **Action Taken:** DGS responded that this aspect has been elaborated and explained in the guidelines.
- CSL proposed extending the capping of non-specialized vessels from three years to a longer duration, considering that even diesel engines, especially two-stroke slow-speed types, currently have a lead time exceeding 30 months.
- **Action Taken:** DGS confirmed that the guidelines have been suitably amended to include an extended timeline of four years for normal vessels and six years for projects involving two or more vessels.
- CSL further suggested simplifying Clause 3 by removing the requirement to obtain separate approvals from the Competent Authority for delivery extensions beyond three years and by indicating the timeline as up to six years by default for specialized vessels.
- **Action Taken:** DGS informed that the guidelines have been suitably amended to incorporate this recommendation.

- It was also proposed that a clear definition of “eligible vessels” be added.
- **Action Taken:** DGS confirmed that the definition has been included in the guidelines.
- Regarding the Government’s *Remission of Duties and Taxes on Export Products (RoDTEP)* scheme under the Foreign Trade Policy 2023–28, CSL suggested that its benefits—being a remission of embedded taxes and duties—align with the intent of the SBFAS provisions and should be treated as permissible under the scheme.
- **Action Taken:** DGS stated that the proposal would be further discussed and provisionally inserted as Paragraph 2.b.i of the guidelines.
- CSL further elaborated that RoDTEP is not a form of monetary support but rather a neutralization mechanism for embedded taxes, and that its benefits are equivalent in effect and intent to tax exemptions. Accordingly, CSL requested that Clause 5(d)(i) be amended to explicitly include RoDTEP as a specific exception to the restriction, and that other export-linked schemes such as duty drawback also be considered for inclusion.
- **Action Taken:** This matter will be reviewed further by DGS.
- CSL recommended that the list of green fuel types be expanded to include all forms of green fuels, instead of limiting it to methanol, ammonia, and hydrogen fuel cells.
- **Action Taken:** DGS advised that the shipyard specify the types of vessels utilizing fuels other than the mentioned three that may be considered for inclusion in the updated list.
- It was also noted that under SBFAS 1.0, vessels constructed on nomination from Central or State Public Sector Enterprises were eligible for assistance, whereas under SBFAS 2.0 they are excluded. CSL requested that this clause be retained in alignment with the earlier version, as such projects fall under the category of negotiated contracts. DGS clarified that nomination contracts from Central and State Governments would be included in the exclusion list under the revised scheme.
- CSL expressed concern that the ₹100 crore distinction would adversely impact special programs such as GTTP and *Harith Nauka*. It was suggested that for special vessels, a uniform financial assistance rate of 25% be applied without any cost-based distinction.
- **Action Taken:** DGS clarified that, as per the approved Cabinet note, the rate of financial assistance has been frozen and cannot be modified.

Sl. No.	CSL Comments	DGS Response
1.	With effect from 24 Sep 2025	Date of effect of the guidelines is being further discussed.
2.	BOLD	

3.	Definition of domestic content is mentioned. However, nowhere in the policy, the methodology of applying SBFAS to below 30%, 30-40% and above 40% is mentioned. Needs elaboration.	Explained in the guidelines.
4.	capping of non-special vessels at 3 years considering that even diesel engines (especially 2 stoke slow speed engines) presently have a lead time of over 30 months. We may consider longer period for 'Large' vessels.	Guidelines have been suitably amended to include extended timeline of 4 years for normal vessels. For contracts with more than 2 vessels timeline has been extended to 6 years.
5.	Second last line of second para of clause 3 may be removed (i.e "and thereafter the delivery period provided for in this Clause shall be such extended period as permitted by the Competent Authority"). This line gives a meaning that the yard has to take a separate approval from the competent authority for the extent period	Guidelines have been suitably amended.

	beyond three years. Hence kindly make this para more simplified and indicate the timeline as upto 6 years by default for specialized vessels.	
6.	The definition of eligible vessel needs to be added	Added to the Guidelines.
7.	Under the Foreign Trade Policy 2023-28, the Government has promulgated the RoDTEP (Remission of Taxes and Duties for Export Products) Scheme. This scheme is expressly designed to provide remission of duties and taxes embedded in exported products. This has been done to ensure that our exports do not suffer due to embedded taxes and thereby make our exports competitive.	Amended the guidelines to insert as Para 2.b.i

	Accordingly, the RoDTEP benefit aligns with the category of “exemptions or remissions of domestic taxes or import duties” which the SBFAP clause allows alongside SBFAP assistance. The remission of duties under this scheme is not a monetary support but negation of the embedded taxes in the exported product by providing neutralization.	
	Hence, RoDTEP remission is the same as exemption in effect and intent.	
	It is therefore requested that the Clause 5 (d)(i) may be amended to include RoDTEP as a specific exception to the restriction. Similarly, other export-oriented schemes like duty drawback etc also be considered to inclusion in the exception.	

8.	May include all types of green fuels, instead of limiting to Methanol, Ammonia & Hydrogen fuel cells.	Shipyard to clarify specifically which vessel other than methanol, ammonia, hydrogen fuel cell is required to be added to the list.
9.	In SBFA 1.0, the vessels on nomination from Central or State Public Sector Enterprises were not excluded. In SBFA 2.0, the same is excluded from availing SBFA. Kindly retain the clause as per SBFA 1.0, as such contracts comes under the type of negotiated contracts.	Nomination contracts from Central/state government to be considered in the exclusion list.
10	The restriction of 100 Cr will adversely affect GTTP and Harith	As per the approved Cabinet noe, the rate of FA has been frozen.

	Nauka programmes. Therefore, in case of special vessels, there should be only one rate of 25%, without 100 Cr distinction	
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SWAN queries received vide email

- It was highlighted that these new categories of vessels are two to three times larger in size compared to LR/MR tankers, falling within a displacement range of approximately 0.8L to 3.2L DWT. The VLCC, Suezmax, and Aframax vessels have not been previously constructed in India and require a significantly higher level of technological capability, design expertise, skilled manpower, and capital investment.
- Accordingly, it was proposed that these vessel types be incorporated under Schedule-II, "List of Specialized Vessels," of the document Guidelines for Implementation of the Shipbuilding Financial Assistance Scheme (SBFAS), under the category "Crude Carrying Vessels – VLCC, Suezmax, and Aframax."
- **Action Taken:** DGS informed that the guidelines have already been suitably amended to consider an extended delivery timeline for all vessels. Specifically, the standard timeline has been extended to four years for normal vessels and six years for contracts involving two or more vessels.
- It was further discussed under the *Energy and Forex Security* consideration that the principal objective of the Four-Pillar approach for the Shipbuilding and Maritime sector is to enhance national energy and foreign exchange security by promoting the construction of high-GRT liquid and bulk carriers in India. CSL proposed that a reference text may be incorporated in the guidelines to acknowledge the strategic importance of such shipbuilding projects, stating: *"Energy and Forex Security imperatives of the country may warrant prioritizing certain specific shipbuilding cases as necessitated."*
- Action Taken: DGS clarified that this provision is not directly relevant to the SBFAS framework and therefore may not be included in the scheme guidelines.

1	List of specialized ships	
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	Specialised Ships. During the review on 17 Oct 25 by Secretary Shipping with the Oil companies the list of vessels required by the Oil companies was pruned down from 112 to 59 in number. This has been done by reducing the number of LR / MR Tankers and increasing the VLCC, Suezmax and Aframax vessels. It is submitted that the new category of vessels are double or triple in size of LR/MR tankers and fall in the displacement range of 0.8L-3.2L DWT. The VLCC, Suezmax & Aframax vessels have never been made in the country and require an extremely high level of technology, design, skill set and CAPEX infusion. It is there fore proposed that the same be included at Page 18, Schedule-II - List of Specialised Vessels of the document ?Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS)?. 19. <i>Crude carrying vessels ? VLCC, Suezmax, Aframax</i>	Extended timeline has been considered for the delivery of all vessels, accordingly, Guidelines have been suitably amended to include extended timeline of 4 years for normal vessels. For contracts with more than or equal to 2 vessels timeline has been extended to 6 years.
2	(b) Energy & Forex Security. It is understood that the primary aim of the Four Pillar approach for Shipbuilding and Maritime sector is Energy and Forex which is mainly possible by constructing high GRT liquid and bulk carriers in India. Accordingly following text could be included at page 4 of the document ?Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS)?. (w) <i>?Energy & Forex Security? imperatives of the country may warrant prioritising certain specific shipbuilding cases as necessitated.</i>	This provision is not relevant to the SBFAS scheme

Hyundai queries received vide email

- It was proposed that the salaries of foreign engineers and production managers, who are either directly employed by Indian shipyards or deputed to India under a service agreement, should be recognized as part of the Local Content.
- **Action Taken:** DGS clarified that irrespective of nationality, if such salaries are paid in Indian Rupees (INR), they shall be considered under the local content requirement in accordance with applicable Indian laws.
- Further, it was suggested that if the total construction cost includes overhead expenses, the corresponding local overhead costs should also be recognized in the numerator while calculating local content.
- **Action Taken:** DGS confirmed that all expenditures made in INR, including overhead expenses, will be accounted for under the local content requirement.

	Query Raised	DGS Response
1	(I) Specialized vessel Category	
	- Proposal in Brief	
	To strengthen the competitiveness of the Indian shipbuilding industry, it would be desirable to include not only high value-added specialized vessels but also large general-purpose commercial ships (such as Aframax-class tankers and medium-sized product carriers) in the category of Specialized Vessels under the SBFAP..	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered
2	Domestic Content Requirement	
	Brief: Salaries of foreign engineers and production managers who are either directly employed by Indian shipyards or dispatched to India under a Service Agreement should be recognized as part of Local Content.	Irrespective of the nationality, If salaries are paid in INR, the same would be considered in the local content requirement/as per the local indian laws
	Proposal: If total construction costs include overhead expenses, corresponding <i>local</i> overhead costs should also be recognized in the numerator.	All expenses made in INR including overheads, would be considered in the local content requirement.
	If not, the denominator should be recalculated based on direct costs only.	

ICCSA queries received vide email

- ICCSA representatives sought clarification on several aspects related to the Shipbuilding Financial Assistance Scheme (SBFAS) during the consultation.
- It was clarified that the scheme is available to all Indian shipyards; however, yards must be registered on the SBFAS portal to be eligible to apply for an in-principle approval.
- A query was raised regarding the inclusion of owner-supplied equipment and machinery in the computation of overall shipbuilding costs.
- **Action Taken:** DGS confirmed that all costs associated with the construction of the vessel, including items supplied directly by the owner, will be considered toward the total project cost for determining financial assistance eligibility.
- Regarding cost escalation,
- **Action Taken:** DGS explained that in-principle approval is granted on the basis of the initial contract price, which serves as the budget estimate. Valuations

conducted by approved valuers are also based on these initial specifications. If any technical or commercial parameters are revised later, a fresh set of assessments will be required.

- Participants noted that most shipbreaking contracts entered into by Indian shipowners are executed through “cash buyers,” who subsequently deal with the ship recycling yards.
- **Action Taken:** DGS acknowledged this reality and informed that credit notes have been made transferable, thereby allowing cash buyers to sell them to the actual shipowners.
- Clarification was sought regarding the intent of a particular section of the guidelines.
- **Action Taken:** DGS explained that the clause ensures financial assistance is extended only when the majority of the vessel's construction activity occurs within India.
- The time limits prescribed for completion of vessel construction were also discussed. It was requested that the provision for schedule relaxation should not be limited only to specialized vessels.
- **Action Taken:** DGS clarified that the extended construction timeline of four years will now apply to regular vessels as well.
- A request was made to confirm that, in cases where the value of a credit note exceeds 5% of the value of a new vessel, the redeemable amount would be capped at 5%.
- **Action Taken:** DGS confirmed that credit notes may indeed be redeemed up to 5% of the new vessel's value.
- It was further proposed that, considering the prolonged period often involved between the sale of a vessel for demolition and the completion of scrapping, an alternate document such as a “beaching certificate” issued by local authorities could be accepted to facilitate timely processing.
- **Action Taken:** DGS clarified that, in accordance with Cabinet approval, credit notes can only be issued upon completion of the demolition or recycling process.
- ICCSA suggested allowing greater flexibility in the utilization of credit notes. DGS responded that credit notes are already designed to be stackable and transferable, offering sufficient flexibility; however, partial utilization remains disallowed.
- Proposals for phased realization or partial encashment of credit notes were also raised. These points were taken under advisement for further consideration by the shipyards.
- Further, it was proposed to include additional vessel types—such as Ro-Ro, Ro-Pax, reefer vessels, and high bollard pull tugs—under the specialized category, particularly to enhance salvage capability and emergency response preparedness.

- ICCSA observed that the ₹100-crore threshold for specialized vessels employing emerging technologies may be too restrictive and suggested reducing it to ₹50 crore to encourage investment.
- **Action Taken:** DGS clarified that the ₹100-crore threshold has been fixed under the Cabinet-approved framework and therefore cannot be modified.

Section	Proposed provision	ICCSA's inputs/comments	Committee Response
1 (c)	Applicability : The said policy as well as the guidelines shall be applicable to all the Indian shipyards. <u>Whereas section 4.1 states:</u> The above Credit Note(s) can be redeemed by the vessel owner towards payment for the vessel being ordered/under construction at an Indian shipyard, which is registered in the SBFAS web portal.	IS the scheme available to yards registered in the SBFAS portal or open to all yards in India. Request clarification.	The scheme is available to all Indian Shipyards, however, they would need to be registered on the SBFAS portal in order to apply for an in-principal application.
2 (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.	It is very common practice in shipbuilding contracts in India where key equipment , machinery may be “owners supply” and paid by the owner directly to the vendor. Would such cost	All costs attached to the construction of the ship whether a part of owner's supplied item or otherwise is considered towards the computation of financial assistance,

		incurred toward shipbuilding will be factored in the “overall cost” and thus be eligible for SBFAS.	
2 (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.	Cost escalation may also be considered.	In-principal approval is granted basis the initial contract price based on which a budget estimate is prepared. Also, valuations carried out by valuers are also based on the initial specifications. Subsequently, if specifications are revised, a fresh set of assessment is required.
3 (g) iv	(iv) For shipbreaking credit note, the fair price refers to the lowest of the prices for ship recycling, as on the date of <u>contract with the Ship breaking yard</u>, as are determined by three approved International Valuers listed in Schedule–III.	Most shipbreaking contracts by Indian shipowners are with “Cash buyers” who in turn enters into an agreement with scrapyard at his/her convenience. Signing a direct contract with shipbreaki	This is true, Accordingly, credit notes have been made transferrable, hence cash buyers can sell the credit notes to the ship owners.

		ng yard is rare. Mechanism is required to address this ground reality.	
2 (r)	(r) <u>“Major portion of the hull”</u> means, the main hull of the ship / vessel, that is made of Shipbuilding Grade Steel, Aluminum or any such materials as approved for the purpose of construction of ships/ vessels by Recognized Maritime Authorities, and does not include, Superstructure, Equipment & Machineries, Mast, Equipment foundations, Shaft Support Brackets, Stern tube, Bow Thruster Tunnels, Rudder etc.	The purpose of this section is not understood?	This clause ensures that financial assistance is available only if majority of the construction happens in India
3	Eligibility of vessel for availing the Financial Assistance.	The time limits set for completion of construction require more realistic assessment. The scope of relaxation in time limit is granted only for “specialized vessels”.	Extended timeline of 4 years for regular vessels has been considered.

4.1	• Provided that, the maximum amount that can be redeemed by the government to the shipyard would be the value of the credit note(s) or 5% of the value of the new vessel among the lowest of fair price, contract price, price received by the shipyard for the new vessel	Request clarity that even if the value of the credit note exceeds 5% of the value of the new vessel, 5% of the value of new vessel will be the cut off credit limit.	Yes, credit note can be redeemed upto 5% of the value of new vessel.
4.2-2	2. A statement from the Chartered Accountant endorsing the evidence for confirmation of Bank transaction indicating the price received from the ship breaking yard.	Same as 3 (g) iv	
4.3	• A certificate of “recycling” from a certified recycling yard and a certificate of demolition completion issued by the respective State Maritime Board/ state government shall be obtained and submitted.	Between the sale of the vessel for demolition and completion of scrapping can be a very long drawn process. Alternatively, to make the process more efficient, alternate document such as “beaching certificate”	As per the cabinet approval, credit note can be issued only upon completion of demolition/recycling.

		issued by the local authority may be considered.	
4.5	Single-contract utilization: Each credit note must be applied in full to a single newbuilding contract. Partial utilization is not permitted.	Request to provide more flexibility to utilize the credit note	Credit notes have been made stackable, transferrable, thus providing adequate flexibility, However, partial utilization is not permitted.
Anne xure VI	4. Proof of Scrapping: Certificate of Recycling Completion issued by the respective State Maritime Board/State Government competent authority, Copy of the statutory Ships Recycling Certificate or ship deletion certificate	Same as 4.3	As per the cabinet approval, credit note can be issued only upon completion of demolition/recycling.
4.7	At the time of delivery of the new vessel, the vessel owner shall submit the Credit Note to the shipyard for full and final settlement of the credit note value payable to the shipyard.	Realization (encashment) of credit note may be considered in phases.	Shipyards need to be paid the credit note as soon as possible because they have already delivered the vessel, before raising a request for redemption of credit note. Hence, phased payment of credit note is not considered.
4.8	Credit Notes are indivisible and must be utilized in full against a single new shipbuilding contract. Partial application is not permitted.	Partial encashment of credit note may be considered as well.	Shipyards need to be paid the credit note as soon as possible because they have already delivered the vessel, before raising a request for redemption of credit note. Hence, phased payment of credit note is not considered.
Sche dule II	Specialized list of vessels	Suggest to add Ro-Ro, Ro-Pax, Reefers, and High bollard pull Tugs (with emphasis on	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered

		developing salvage capability and emergency response)	
Schedule IV	Specialized vessel of value up to 100 Crore 15% of value below 100 Crore and 25% on value above 100 Crore	A threshold of 100 Cr is rather high for specialized vessel using developing technologies. A threshold of 50 Cr may be more conducive to kick start the investments.	Threshold of 100 cr has been frozen in the cabinet approval.

APMB queries received vide email

- What happens when an SPV is formed with an international company?
- **Action Taken:** The registered shipyard as per the certificate will be eligible for the financial assistance.
- Please clarify the non-inclusion of Indian valuers and provide the final list of empanelled valuers.
- **Action Taken:** Indian valuers are already in the empanelled list.
- Please confirm whether duly approved contractual extensions (e.g., force-majeure or owner-caused delay(s)) extend the six-year eligibility window.
- **Action Taken:** No. May be evaluated on case by case basis as directed by the IM.
- **Priority rules / wait-list mechanism:** Please share the method used when the budget is insufficient (e.g., First In First Out, contract size, strategic category).
Delay compensation: Please clarify whether interest/compensation is payable for delayed release.
- **Action Taken:** 1. In case of insufficient funds, shipyards are paid in the next financial year. 2 No. (Please add a clause in the guidelines to avoid ambiguity)
- Stacking of credit notes: Please clarify whether multiple credit notes may be combined/stacked for a single newbuild.

Transfer documentation: Please specify the documentation and approval flow required when credit notes are transferred.

- **Action Taken:** 1. Yes 2. Explained in the guidelines.

Comments & Queries on Draft Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Subject: Submission of clause-referenced comments and queries on the draft Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Reference Document: "SBFAS guidelines WIP_Review Ankur (1).docx"- Draft guidelines circulated by MoPSW/DGS

S. No.	Reference section heading & number	Points from the draft	Request for clarification
1	1(c) Applicability p.g- 1	"The said policy as well as the guidelines shall be applicable to all the Indian shipyards."	What happens when SPV is formed with international company?
2	2(g) "Fair Price" (Definitions) p.g- 2	"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 specialized vessels, and vessels other than standard or specialized vessels, the lowest of the prices, as on the date of Contract, as are determined by three approved International Valuers, as listed in Schedule–III.	Please clarify the non-inclusion of Indian valuers and provide the final list of empaneled valuers.

3	3. Eligibility of vessel for availing the Financial Assistance p.g- 5	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 the case of shipbuilding contracts where more than two vessels and up to four vessels are signed under the same contract, those vessels which are constructed and delivered within a period of four years from the date of Contract, shall be eligible for availing financial assistance. Provided that, in the case of shipbuilding contracts where more than four vessels are signed under the same contract, those vessels which are constructed and delivered within a period of six years from the date of Contract, shall be eligible for availing financial assistance. Provided that, in case of specialized vessels, the competent authority may grant in principle approval for construction and delivery of	Please confirm whether duly approved contractual extensions (e.g., force-majeure or owner-caused delay(s) extend the six-year eligibility window.
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		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 such extended period as permitted by the Competent Authority.	
4	3. Release of Financial Assistance p.g- 7	(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	1. Priority rules / wait-list mechanism: Please share the method used when the budget is insufficient (e.g., First In First Out, contract size, strategic category). 2. Delay compensation: Please clarify whether interest/compensation is payable for delayed release.
5	Shipbreaking Credit Note Scheme p.g- 7	When an eligible vessel is scrapped at an at a government certified ship recycling facility in India, which is compliant with the "Recycling of Ships Act, 2019" a Credit Note equivalent to 40% of the "fair scrap value" is issued to the vessel owner, with a validity of 3 years from the date of scrapping the vessel. Procedure for	1. Stacking of credit notes: Please clarify whether multiple credit notes may be combined/stacked for a single newbuild. 2. Transfer documentation: Please specify the documentation and approval flow required when credit notes are transferred (e.g.,

Response to the queries against their respective Sr. No. is mentioned below:-

- 1 The registered shipyard as per the certificate will be eligible for the financial assistance
- 2 Indian valuers are already in the empanelled list.
- 3 No. May be evaluated on case by case basis as directed by the IM.
1. In case of insufficient funds, shipyards are paid in the next financial year. 2 No
- 4
- 5 1. Yes 2.Explained in the guidelines

Annexure VI

Summary of stakeholder discussions and action taken

1. Workshop on 10.10.2025

2. Following points emanated from the discussion with the stakeholder:

S.No.	Name	Organization	Pillar	Feedback
1	KK Dhawan	IRS	SbFAS	Requested that the new scheme guidelines be prepared in the same format as the SBFAP 1.0 guidelines as the industry is already comfortable with the same and there will be limited ambiguity.
2	Saket Kandoi	Titagarh Rail Systems	SbFAS	Clarity on whether auxiliary vessels (non-combat) of the Navy will be included under the scheme.
3	Tarun Kalra	MSC	SbFAS	Concern that if funds are exhausted by existing players, new shipyards may face delays in becoming eligible and availing subsidies due to long gestation periods for establishment.
4	Anil Devli	INSA	SbFAS	If a shipowner scraps a vessel after placing a new ship order, will the scrap credit note still be counted towards eligibility under SbFAS.
5	Anil Devli	INSA	SbFAS	The term "Least Scrap Value" and the methodology for its evaluation.
6	Anil Devli	INSA	SbFAS	Brokers / independent evaluators: An empanelled list of evaluators with defined criteria should be there and periodic review
7	Anil Devli	INSA	SbFAS	Certificate of Recycling (CoR): issuance process should be based on clear, transparent, and standardized parameters to avoid operational hurdles or delays. The process should be digitized and automated through online portals.
8	Anil Devli	INSA	SbFAS	In many cases, shipowners directly contract with suppliers and procure components, rather than the shipyard doing so. Possibility for allowing shipowners to seek SbFAS benefits too, depending on the nature of the contract between the shipowner and the shipyard.

DGS Clarification

Noted, the new guidelines have been prepared on the same skeleton as that of the previous guidelines

Vessels built for defence purposes or for use by Navy or Coast Guard have been excluded. However, vessels like tugs, tankers, cargo ships and passenger ship

Understand that this comment was specific to SbDS not SBFAS

Yes, credit note can be tagged with a new build anytime before the last payment is received by the ship owner
Explained in the guidelines

Checklist for assessment of international valuers has been prepared for adding new valuers to this list.

Discussed with state maritime boards to ensure smooth, digitized and transparent process

as per the Cabinet note, financial assistance is to be paid directly to the shipyard only not the shipowner

9	Nikhil Raj	SCI	SbFAS	Commencement of SbFAS and the start date of SbFAS 2.0.
10	Rajeev Nayyer	Swan	SbFAS	Domestic Content Requirement (DCR): For specialized vessels, where equipment costs are high, it may not be feasible to achieve the 40% threshold. Clarification required whether the % is linearly proportional or exponential and on calculation of subsidy on pro-rata basis.
11	Pandurang Dhond	Chowgule & Co.	SbFAS	Eligibility on case of Self-Build by Shipyards: If shipyards build vessels without a confirmed buyer or for captive use and they should be able to claim subsidy.

9 Yet to be finalized.

The calculation is based on pro rata basis with 30% DC = 75% FA, >=40% DC = 100% FA, <30% DC = 0% FA, >30% DC<40% DC - Linear variation

11 In the current scheme, a shipbuilding contract is mandatory.

12	Cdr. Vikramjeet	HSL	SbFAS	Valuation: Clarity on engagement of Indian valuers and valuation standards. Industry supports engagement of Indian valuers.
13	Mitesh Agarwal	Swan	SbFAS	Eligibility for Vessel Conversion Projects: Request to consider making conversion of vessels into specialized vessels eligible for SbFAS as these projects' cost can run into 100+ crores. Currently this is not covered.
				Overlap with Other Schemes / Top up schemes by State Govt.: Presently in

12 Indian valuers are already added to the list.

13 as per the Cabinet note, financial assistance is to be paid for new builds only

14	Kalpesh Vithlani	GMB	SbFAS	SBFAP 1, no top-up or support is allowed under any Central/State schemes alongside SBFAS. Clarity on whether this will also apply to SbFAS 2.0. Industry seeks reconsideration (e.g., state-level top-up subsidies).
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14 States can assist in the categories as mentioned in the exclusion clauses

Stakeholder meeting dated 14.10.2025 and 17.10.2025

Sl. No.	Stakeholder Name & Organization	Input/Suggestion	DGS Response
1	Shri Anil Devli (INSA)	Subcommittee roles and review mechanism	Subcommittee roles and review mechanism explained.
2	Shri S.V. Rambabu (HSL)	Insurance surety bonds as BG alternative	Basis the current discussions, Bank Guarantee is considered necessary.
3	Shri Srinivasa Rao Padala (HSL), Shri	Milestone-linked project timelines for large vessels	3 stage payments has been finalized for all vessels i.e. launching, delivery and 3rd stage

	Sanjiv Walia (SAI)		upon receipt of final payment from ship owner.
4	SRIA	A representative suggested inclusion of EU Ship Recycling Regulation (EUSRR) compliant yards in addition to Hong Kong Convention (HKC) compliance	It is noted that all EU(SSR) compliant yards are HKC compliant, hence no amendment required.
5	Shri Rakesh Singh (ICCSA)	Concerns were raised by Shri Rakesh Singh regarding determination of scrap value and the challenges in transferring credit notes through intermediaries.	Scrap value will be assessed by the international valuers. Credit notes are transferrable hence cash buyers can resell the credit note to the ship owner.
6	Shri Srinivasa Rao Padala (HSL), Shri Ghoshal (Suryadipta Projects)	Recommended inclusion of PSU-built auxiliary and dual-purpose defence vessels under the scheme. He also suggested redefining "delivery date" to align with Ministry of Defence acceptance procedures.	Vessels built for defence purposes or for use by Navy or Coast Guard are excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
7	Shri Rakesh Singh (ICCSA) Shri Nagesh Krishna Moorthy (CSL)	Clarity on owner-supplied equipment and inclusion of refrigerated cargo vessels under the specialised list. Suggested higher assistance rates for small, specialised vessels below ₹100 crore. Similar concern was raised for green tugs as well. Diving Support Vessels (DSVs) to be considered in the Specialised vessel category	1. Diving support vessel with a moonpool has been added to the list of specialized vessel whereas refrigerated cargo vessel was not considered complex enough. 2. Rate of FA has been frozen in the cabinet note.

8	Shri Srinivasa Rao Padala (HSL)	Proposed introduction of a grace period (6–9 months) beyond declared timelines for large PSU projects before financial penalties are applied. Recommended cost-plus valuation methodology for audited PSU projects instead of market comparison. Suggested allowing corporate or government guarantees in place of bank guarantees for PSUs. Requested DG Shipping to issue a standard closure certificate format compatible with PSU audit and MoD systems. Proposed inclusion of DGQA/Navy representatives in the Fair Price Committee (FPC) for defence-linked projects.	In case of bidding, contract price is considered the fair price whereas for negotiation, market valuation is considered appropriate.
9	Shri Haresh Parmar (SRIA)	Raised concerns over double GST when Indian owners sell ships domestically for recycling, diverting ships abroad.	Issue is not related to the current scheme.
10	Shri Anil Devli (INSA) Shri Srinivasa Rao Padala (HSL)	Requested clearer definitions of “specialised” and “non-specialised” vessels and default six-year timeline for specialised vessels.	Relevant clause suitably amended.
11	Shri Prashant (Chowgule)	Attendee requested to extend the guidelines as much as possible.	This matter is being discussed further.
12	Lt Cdr. Pravat Haldar (Titagarh)	If the whole construction is offloaded to another party. The "Shipbuilding Contract" to be rephrased.	Builder's certificate is to be issued by the yard which has signed the shipbuilding contract.
13	Sh Talavia, CE, GMB	"Contract Price" there are some parts/ items which are supplied by the owner.	The contract should include all the prices i.e., should be included with owner's supplied items.

14	Sh Amit Waje (IRS)	Minimum set of requirement or framework for registration of the shipyard	The intent of registration is to allow the shipyard to apply for an in-principal application, hence, the registration process has been kept simpler.
15	Shri. Anshul Wadia (Wadia Boatbuilders)	Defination of Small ships, levay to specialized vessels like tugs, inland towing vessels which are lesser than 24 m.	It was explained that as long as the benchmark of 100 cr is met irrespective of any length the financial assistance will be provided. For the hybrid vessels the length requirement is 12 m.
16	Sh Talavia, CE, GMB	Fair scape value is decided well in advance before ship is sent to scrap.	Fair Scrap value is based on the values provided by the international valuer before the application made.
17	Sh Talavia, CE, GMB	How and what timelines of approval, international valuer will take.The process of the scrap to be considered.	Timelines cannot be mandated to the international valutors. However, in case shipyard does not receive 3 valuations within 45 days of the receipt of valuator list, yard can request for a fresh list of valutors and then yard is provided another 45 days for submitting 3 valutor certificates.
18	Sh Bharat Krishnan (L&T)	Domestic Content is this Contract Price - anything imported. Attendee also brought out that many of the OEMs has offices in India. The best example is MAN if the the engine is imported by them and payment is done in INR will it be considered as domestic content	Certificate from OEM would ascertain the country of origin.
19	Shri. Anshul Wadia (Wadia Boatbuilders)	Lenth requirement for the export order. Only boats are eligilble for the financial assistance. Is IACS mandetory? Is	There is no length requirement for an export order. There is no requirement of the propulsion. Vessels built under

		Type approved boats are eligible	SBFAS need to be built under the classification of a Recognized Organization of the Government of India.
20	SCI	PSU scraps the vessels through tendering. Requested to consider the tender price	Amended in the guidelines.
21	Shri. Gaurav (SWAN)	Utilization of the credit note and linking with the SBFAS.	Process and timelines were explained to the shipyard
22	Sh Bharat Krishnan (L&T)	If the contract does not include ammunition, weapons will be assisted finances OPVs, vessels fitted with small arms can be included	Vessels built for defence purposes or for use by Navy or Coast Guard are excluded. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction by foreign defence entities are eligible.
23	Sh Bharat Krishnan (L&T)	Specialized Vessels list	The list of specialized vessel has been suitably amended.
24	Mr. Amit Waze (IRS)	Launching of the vessel. Shipyards takes up the launching according to tides etc. Class only provides the only clearances.	Launching date mentioned by RO will be considered as final.
25	Cmde Sanjeev Kapoor (SWAM)	If subsidy at the launching stage to be availed is there any necessity of paying BG. If one time payment to be taken will there be any requirement of BG	At launching stage BG is required. At delivery BG is not required.

Inputs received from HSL(ISBA) vide email

Points forwarded to DG Shipping on 14 Oct 25 - SBFAS			
SI No.	Point	Inputs/ Clarification sought	DGS Response

1	“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.	Request to include the concept of effective date of contract which may be date of receipt of stage 1 payment or finalization/approval of design/model test etc (as per contract)	Cannot be considered as it is very subjective and varies from contract to contract which will effect the timelines fixed under the scheme.
2	In the case of repeat orders, the L1 price discovered / determined through the initial competitive, open and fair bidding process will be considered as Fair Price for vessels under the repeat order, subject to the initial tender document and the contract clearly mentioning about the repeat order and the criteria to be followed, including that of pricing, for awarding the repeat order.	If repeat order clause not mentioned in the tender or contract, can I claim financial assistance for repeat order?	No, financial assistance eligibility will need to be reascertained after reviewing the tender documents.
3	“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, as amended from time to time.	Gazette Notification No. S.O. 3316(E) dated December 26, 2014 be included in the base scheme document for ready reference.	Cannot be annexed as it changes from time to time.
4	“Non-Specialized Vessel” means vessel which is not a specialized vessel as described above.	No diffence found with the definition of Standard vessel, as explained in meeting be introduced when fair price for standard vessels is implemented to avoid confusion to stakeholders.	Non specialized vessels is a negative list of the specialized vessel list.

5	(s) "Small vessel" refers to those vessels whose fair price or the contract price; whichever is less is equal to or less than INR 100 crore. (t) "Large vessel" refers to vessels whose fair price or the contract price; whichever is less, is more than INR 100 crore.	DGS To confirm that the values (Rs 100 Cr) are excluding taxes and duties.	Yes, the value is excluding taxes and duties
6	• Credit note available at the time of order placement: If a credit note is available from the outset or at the time the order is placed, redemption is allowed. • Credit note obtained after order for new vessel is placed: If a credit note is obtained after the order has been placed, redemption is allowed any time before the final settlement by the Owner to the shipyard.	Please explain the difference between the text in bold	Credit note can be redeemed against a new building contract anytime upto the last payment receipt from the ship owner.
7	4.4 Eligibility of ship orders for credit note redemption 4.5 Guidelines for the issuance and usage of credit notes	This section be explained with some examples for better understanding of the scheme.	FAQ with relevant example will be prepared.
8	Validity: - Credit Note will have a validity period (for redemption) of 3 (three) years from the completion date of scrapping the vessel.	Does Credit note which valid for 3 yrs lapse when utilised on construction of specialised vessel of 4~6yrs.	The date of validity of a credit note is basis the date of redemption i.e. when a creditnote is attached to a shipbuilding contract.
9	However, for export orders and vessels with fair price greater than 100 crore, minimum length restriction is not applicable.	Request to confirm the criteria in this para applies to other vessels also and not restricted to export orders only.	Yes, minimum length restriction does not apply for the following: 1) ships above

			100 crore 2) Export orders.
10	However, for export orders and vessels with fair price greater than 100 crore, minimum length restriction is not applicable.	What is the min length if value is < Rs 100 Crs does para 1 applies for these cases.	24m for regular vessels and 12m for hybrid vessels
11	Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies including Central or State Public Sector Enterprises, except for cases not complying with Paragraph 1.(g)(iii)	Paragraph 1.(g)(iii) reference is not valid, kindly check and confirm	Reference confirmed and found correct.
12	LIST OF SPECIALIZED VESSELS	Process/guidelines for inclusion of vessels into specialised list be bought out as HSL wants to include Diving Support Vessel into the list.	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered
13	LIST OF INTERNATIONAL VALUERS	Valid email id and contact details of all the valuers be updated in the list.	Revised details have been added
14	• Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India. • Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B2, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.	% of amount that would be released in this stage is unclear as defined in ANNEXURE-II-1 PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE (AFTER LAUNCHING) :The claim amount is limited to the rate of financial assistance for the applicable financial year, as received for that vessel by the shipyard, as certified by the Chartered accountant, or 50% of the contract price, whichever is less	Amount considered for computation of FA = min of (50% of contract price, price received by the ship owner as certified by a CA)

	• Bank Guarantee issued by a scheduled commercial bank, for an amount equal to the financial assistance claimed at this stage,		
15	Bank Guarantee issued by a scheduled commercial bank, for an amount equal to the financial assistance claimed at this stage,	New Query	BG is not required at delivery stage
16	1.1 In case of contracts, wherein any payment is deferred by the buyer or any payment is withheld as performance guarantee as per the terms stated in the shipbuilding contract initially submitted to Directorate General of Shipping, the shipyard shall apply for release of financial assistance, limited to only two instances , in the following manner;	It is explained that the financial assistance will be released in three stage where as this para says it is limited to only two instances, request to confirm.	Relevant changes made in the guidelines.
17	FORMAT OF THE INDEMNITY BOND	no reference made to the paras in the document.	-
18	Format for Chartered Accountant's Certificate	Based on indigenous content, table showing proportionate reduction in financial assistance is not mentioned in the document.	New text added in the guidelines

19	• Details of Newbuilding where credit is to be used: Shipyard, Vessel Name being built, Contract Price, Date of contract, applicable 10% cap = $[0.1 * \text{contract price}]$. • Claim: "I/We hereby redeem this Credit Note towards the above project. The permissible usage is ₹___ (enter lesser of note value and 10% cap). Please offset this against the payment due for financial assistance."	Max cap is 5%, whereas here it is mentioned as 10%, request to reconcile.	Guidelines have been suitably revised
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Inputs received from CSL vide email

Sl. No.	CSL Comments	DGS Response
1.	With effect from 24 Sep 2025	Date of effect of the guidelines is being further discussed.
2.	BOLD	
3.	Definition of domestic content is mentioned. However, nowhere in the policy, the methodology of applying SBFAS to below 30%, 30-40% and above 40% is mentioned. Needs elaboration.	Explained in the guidelines.
4.	capping of non-special vessels at 3 years considering that even diesel engines (especially 2 stoke slow speed engines) presently have a lead time	Guidelines have been suitably amended to include extended timeline of 4 years for normal vessels. For contracts with more than 2 vessels timeline has been extended to 6 years.

	of over 30 months. We may consider longer period for 'Large' vessels.	
5.	Second last line of second para of clause 3 may be removed (i.e "and thereafter the delivery period provided for in this Clause shall be such extended period as permitted by the Competent Authority"). This line gives a meaning that the yard has to take a separate approval from the competent authority for the extent period beyond three years. Hence kindly make this para more simplified and indicate the timeline as upto 6 years by default for specialized vessels.	Guidelines have been suitably amended.
6.	The definition of eligible vessel needs to be added	Added to the Guidelines.
7.	Under the Foreign Trade Policy 2023-28, the Government has promulgated the RoDTEP (Remission of Taxes and Duties for Export Products)	Amended the guidelines to insert as Para 2.b.i

	Scheme. This scheme is expressly designed to provide remission of duties and taxes embedded in exported products. This has been done to ensure that our exports do not suffer due to embedded taxes and thereby make our exports competitive.	
	Accordingly, the RoDTEP benefit aligns with the category of “exemptions or remissions of domestic taxes or import duties” which the SBFAP clause allows alongside SBFAP assistance. The remission of duties under this scheme is not a monetary support but negation of the embedded taxes in the exported product by providing neutralization.	
	Hence, RoDTEP remission is the same as exemption in effect and intent.	

	It is therefore requested that the Clause 5 (d)(i) may be amended to include RoDTEP as a specific exception to the restriction. Similarly, other export-oriented schemes like duty drawback etc also be considered to inclusion in the exception.	
8.	May include all types of green fuels, instead of limiting to Methanol, Ammonia & Hydrogen fuel cells.	Shipyard to clarify specifically which vessel other than methanol, ammonia, hydrogen fuel cell is required to be added to the list.

9.	In SBFA 1.0, the vessels on nomination from Central or State Public Sector Enterprises were not excluded. In SBFA 2.0, the same is excluded from availing SBFA. Kindly retain the clause as per SBFA 1.0, as such contracts comes under the type of negotiated contracts.	Nomination contrats from Central/state government to be considered in the exclusion list.
10	The restriction of 100 Cr will adversely affect GTTP and Harith Nauka programmes. Therefore, in case of special vessels, there should be only one rate of 25%, without 100 Cr distinction	As per the approved Cabinet noe, the rate of FA has been frozen.

Inputs received from Andhra Pradesh Maritime Board vide email

Comments & Queries on Draft Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Subject: Submission of clause-referenced comments and queries on the draft Shipbuilding Financial Assistance Scheme (SBFAS) Guidelines

Reference Document: "SBFAS guidelines WIP_Review Ankur (1).docx"- Draft guidelines circulated by MoPSWIDGS

S. No.	Reference section heading & number	Points from the draft	Request for clarification
1	1(c) Applicability p.g- 1	"The said policy as well as the guidelines shall be applicable to all the Indian shipyards."	What happens when SPV is formed with international company?
2	2(g) "Fair Price" (Definitions) p.g- 2	"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 specialized vessels, and vessels other than standard or specialized vessels, the lowest of the prices, as on the date of Contract, as are determined by three approved International Valuers, as listed in Schedule-III.	Please clarify the non-inclusion of Indian valuers and provide the final list of empaneled valuers.

3	3. Eligibility of vessel for availing the Financial Assistance p.g- 5	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 the case of shipbuilding contracts where more than two vessels and up to four vessels are signed under the same contract, those vessels which are constructed and delivered within a period of four years from the date of Contract, shall be eligible for availing financial assistance.	Please confirm whether duly approved contractual extensions (e.g., force-majeure or owner-caused delay(s) extend the six-year eligibility window.
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		Provided that, in the case of shipbuilding contracts where more than four vessels are signed under the same contract, those vessels which are constructed and delivered within a period of six years from the date of Contract, shall be eligible for availing financial assistance. Provided that, in case of specialized vessels, the competent authority may grant in principle approval for construction and delivery of	
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		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 such extended period as permitted by the Competent Authority.	
4	3. Release of Financial Assistance p.g- 7	(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	1. Priority rules / wait-list mechanism: Please share the method used when the budget is insufficient (e.g., First In First Out, contract size, strategic category). 2. Delay compensation: Please clarify whether interest/compensation is payable for delayed release.
5	Shipbreaking Credit Note Scheme p.g- 7	When an eligible vessel is scrapped at an at a government certified ship recycling facility in India, which is compliant with the "Recycling of Ships Act, 2019", a Credit Note equivalent to 40% of the "fair scrap value" is issued to the vessel owner, with a validity of 3 years from the date of scrapping the vessel. Procedure for	1. Stacking of credit notes: Please clarify whether multiple credit notes may be combined/stacked for a single newbuild. 2. Transfer documentation: Please specify the documentation and approval flow required when credit notes are transferred (e.g.,

DGS Response

1 The registered shipyard as per the certificate will be eligible for the financial assistance

2 Indian valuers are already in the empaneled list.

3 No. May be evaluated on case by case basis as directed by the IM.

4 1. In case of insufficient funds, shipyards are paid in the next financial year. 2 No

5 1. Yes 2.Explained in the guidelines

	Specialised Ships. During the review on 17 Oct 25 by Secretary Shipping with the Oil companies the list of vessels required by the Oil companies was pruned down from 112 to 59 in number. This has been done by reducing the number of LR / MR Tankers and increasing the VLCC, Suezmax and Aframax vessels. It is submitted that the new category of vessels are double or triple in size of LR/MR tankers and fall in the displacement range of 0.8L-3.2L DWT. The VLCC, Suezmax & Aframax vessels have never been made in the country and require an extremely high level of technology, design, skill set and CAPEX infusion. It is there fore proposed that the same be included at Page 18, Schedule-II - List of Specialised Vessels of the document ?Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS)?. 19. <i>Crude carrying vessels ? VLCC, Suezmax, Aframax</i>	Extended timeline has been considered for the delivery of all vessels, accordingly, Guidelines have been suitably amended to include extended timeline of 4 years for normal vessels. For contracts with more than or equal to 2 vessels timeline has been extended to 6 years.
2	(b) Energy & Forex Security. It is understood that the primary aim of the Four Pillar approach for Shipbuilding and Maritime sector is Energy and Forex which is mainly possible by constructing high GRT liquid and bulk carriers in India. Accordingly following text could be included at page 4 of the document ?Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS)?. (w) <i>?Energy & Forex Security? imperatives of the country may warrant prioritising certain specific shipbuilding cases as necessitated.</i>	This provision is not relevant to the SBFAS scheme

Inputs received from Hyundai Heavy industries vide email

	Query Raised	DGS Response
1	(I) Specialized vessel Category	
	- Proposal in Brief	

	To strengthen the competitiveness of the Indian shipbuilding industry, it would be desirable to include not only high value-added specialized vessels but also large general-purpose commercial ships (such as Aframax-class tankers and medium-sized product carriers) in the category of Specialized Vessels under the SBFAP..	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered
2	Domestic Content Requirement	
	Brief: Salaries of foreign engineers and production managers who are either directly employed by Indian shipyards or dispatched to India under a Service Agreement should be recognized as part of Local Content.	Irrespective of the nationality, If salaries are paid in INR, the same would be considered in the local content requirement/as per the local indian laws
	Proposal: If total construction costs include overhead expenses, corresponding <i>local</i> overhead costs should also be recognized in the numerator.	All expenses made in INR including overheads, would be considered in the local content requirement.
	If not, the denominator should be recalculated based on direct costs only.	

Inputs received from ICCSA

Section	Proposed provision	ICCSA's inputs/comments	DGS Response
1 (c)	Applicability : The said policy as well as the guidelines shall be applicable to all the Indian shipyards. <u>Whereas section 4.1 states:</u> The above Credit Note(s) can be redeemed by the vessel owner towards payment for the vessel being ordered/under construction at an Indian shipyard, which is	IS the scheme available to yards registered in the SBFAS portal or open to all yards in India. Request clarification .	The scheme is available to all Indian Shipyards, however, they would need to be registered on the SBFAS portal in order to apply for an in-principal application.

	registered in the SBFAS web portal.		
2 (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.	It is very common practice in shipbuilding contracts in India where key equipment, machinery may be “owners supply” and paid by the owner directly to the vendor. Would such cost incurred toward shipbuilding will be factored in the “overall cost” and thus be eligible for SBFAS.	All costs attached to the construction of the ship whether a part of owner's supplied item or otherwise is considered towards the computation of financial assistance,
2 (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	Cost escalation may also be considered .	In-principal approval is granted basis the initial contract price based on which a budget estimate is prepared. Also, valuations carried out by valuers are also based on the initial specifications. Subsequently, if specifications are revised, a fresh set of assessment is required.

	the Contract involving the shipyard as one of the parties to the said later Contract.		
3 (g) iv	(iv) For shipbreaking credit note, the fair price refers to the lowest of the prices for ship recycling, as on the date of <u>contract with the Shipbreaking yard</u> , as are determined by three approved International Valuers listed in Schedule–III.	Most shipbreaking contracts by Indian shipowners are with “Cash buyers” who in turn enters into an agreement with scrapyard at his/her convenience. Signing a direct contract with shipbreaking yard is rare. Mechanism is required to address this ground reality.	This is true, Accordingly, credit notes have been made transferrable, hence cash buyers can sell the credit notes to the ship owners.
2 (r)	(r) “ <u>Major portion of the hull</u> ” means, the main hull of the ship / vessel, that is made of Shipbuilding Grade Steel, Aluminum or any such materials as approved for the purpose of construction of ships/ vessels by Recognized	The purpose of this section is not understood ?	This clause ensures that financial assistance is available only if majority of the construction happens in India

	Maritime Authorities, and does not include, Superstructure, Equipment & Machineries, Mast, Equipment foundations, Shaft Support Brackets, Stern tube, Bow Thruster Tunnels, Rudder etc.		
3	Eligibility of vessel for availing the Financial Assistance.	The time limits set for completion of construction require more realistic assessment. The scope of relaxation in time limit is granted only for "specialized vessels".	Extended timeline of 4 years for regular vessels has been considered.
4.1	Provided that, the maximum amount that can be redeemed by the government to the shipyard would be the value of the credit note(s) or 5% of the value of the new vessel among the lowest of fair price, contract price, price received by the shipyard for the new vessel	Request clarity that even if the value of the credit note exceeds 5% of the value of the new vessel, 5% of the value of new vessel will be the cut off credit limit.	Yes, credit note can be redeemed upto 5% of the value of new vessel.
4.2- 2	2. A statement from the Chartered Accountant endorsing the evidence for	Same as 3 (g) iv	

	confirmation of Bank transaction indicating the price received from the ship breaking yard.		
4.3	A certificate of “recycling” from a certified recycling yard and a certificate of demolition completion issued by the respective State Maritime Board/ state government shall be obtained and submitted.	Between the sale of the vessel for demolition and completion of scrapping can be a very long drawn process. Alternatively, to make the process more efficient, alternate document such as “beaching certificate” issued by the local authority may be considered .	As per the cabinet approval, credit note can be issued only upon completion of demolition/recycling.
4.5	Single-contract utilization: Each credit note must be applied in full to a single newbuilding contract. Partial utilization is not permitted.	Request to provide more flexibility to utilize the credit note	Credit notes have been made stackable, transferrable, thus providing adequate flexibility, However, partial utilization is not permitted.
Anne xure VI	4. Proof of Scrapping: Certificate of Recycling Completion issued by the respective State Maritime Board/State Government competent authority, Copy of the statutory Ships Recycling	Same as 4.3	As per the cabinet approval, credit note can be issued only upon completion of demolition/recycling.

	Certificate or ship deletion certificate		
4.7	At the time of delivery of the new vessel, the vessel owner shall submit the Credit Note to the shipyard for full and final settlement of the credit note value payable to the shipyard.	Realization (encashment) of credit note may be considered in phases.	Shipyards need to be paid the credit note as soon as possible because they have already delivered the vessel, before raising a request for redemption of credit note. Hence, phased payment of credit note is not considered.
4.8	Credit Notes are indivisible and must be utilized in full against a single new shipbuilding contract. Partial application is not permitted.	Partial encashment of credit note may be considered as well.	Shipyards need to be paid the credit note as soon as possible because they have already delivered the vessel, before raising a request for redemption of credit note. Hence, phased payment of credit note is not considered.
Schedule II	Specialized list of vessels	Suggest to add Ro-Ro, Ro-Pax, Reefers, and High bollard pull Tugs (with emphasis on developing salvage capability and emergency response)	Complexity of these vessels is not considered equivalent to "specialized vessels". Accordingly, not considered
Schedule IV	Specialized vessel of value up to 100 Crore 15% of value below 100 Crore and 25% on value above 100 Crore	A threshold of 100 Cr is rather high for specialized vessel using developing technologies. A threshold of 50 Cr may be	Threshold of 100 cr has been frozen in the cabinet approval.

		more conducive to kick start the investment s.	
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Annexure VII

GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

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

(b) Validity: The Shipbuilding Financial Assistance Scheme (SBFAS) and the guidelines shall come into force with effect from xx, 2025 and shall be applicable for shipbuilding contracts signed during the dates xx, 2025 up to March 31, 2036, including the said dates.

(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 Ports, Shipping and Waterways. For the purpose of these guidelines, the competent authority shall be the Director General of Shipping.

(c) “Shipbuilding 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 novation, the Contract would mean the latest version of the shipbuilding Contract signed with the new buyer; however, the

date of contract for the scheme shall remain as the date of initial or first contract signed with the first Owner.

(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 under the policy, subject to fulfillment of conditions prescribed in policy guidelines.

(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 specialized vessels, and, vessels other than standard or specialized vessels, the lowest of the prices, as on the date of Contract, as are determined by three approved International Valuers, as listed in Schedule–III.

(iii) Fair price in respect of shipbuilding contracts for ships procured from Indian shipyards by Central Government / PSU / State government departments, Organisations set up under Acts of Parliament and controlled and managed by Central Government departments and CPSEs, secured by Shipyards on L1 basis through tender process, will be considered as the L1 price discovered / determined through competitive, open and fair bidding process. In the case of repeat orders, the L1 price discovered / determined through the initial competitive, open and fair bidding process will be considered as Fair Price for vessels under the repeat order, subject to the initial tender document and the contract clearly mentioning about the repeat order and the criteria to be followed, including that of pricing, for awarding the repeat order.

(iv) For shipbreaking credit note, the **fair price** refers to the lowest of the prices for ship recycling, as on the date of contract with the Shipbreaking yard, as are determined by three approved International Valuers listed in Schedule–III.

Fair price for ship breaking contracts awarded by Central Government / PSU / State government departments, Organisations set up under Acts of Parliament and controlled and managed by Central Government departments and CPSEs, awarded on L1 basis through tender process, will be considered as the L1 price discovered / determined through competitive, open and fair bidding process.

(h) “Hybrid propulsion system” is a combination of alternate means of propulsion mainly from a conventional gas or oil fuel powered engine together with electrical sources derived from rechargeable means like batteries.

(i) “Green Vessel” is a vessel in which source of main propulsion is methanol, ammonia or hydrogen fuel cell.

(j) “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.

(k) “International Valuer” means the valuers approved by the competent authority for the purpose of computing the “Fair Price”. A list of approved valuers will be published by the competent authority which could be added or deleted from time to time.

(l) “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 vessel category and the Contract Value.

(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, as amended from time to time.

(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, with the appropriate Class Notation for its Specialized purpose.

(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) “Non-Specialized Vessel” means vessel which is not a specialized vessel as described above.

(q) **“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.

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

(s) **“Major portion of the hull”** means, the main hull of the ship / vessel, that is made of Shipbuilding Grade Steel, Aluminum or any such materials as approved for the purpose of construction of ships/ vessels by Recognized Maritime Authorities, and does not include, Superstructure, Equipment & Machineries, Mast, Equipment foundations, Shaft Support Brackets, Stern tube, Bow Thruster Tunnels, Rudder etc.

(t) **“Small vessel”** refers to those vessels whose fair price or the contract price; whichever is less is equal to or less than INR 100 crore.

(u) **“Large vessel”** refers to vessels whose fair price or the contract price; whichever is less, is more than INR 100 crore.

(v) **“Domestic Content”** means the proportion (expressed as a percentage of the total value of the item) representing the value of goods, components, and services of Indian origin, including the value of Indian products and labour, in the total value of the item to be procured (excluding taxes / duties), which is used for constructing the vessel. Proposed financial assistance under SBFAS for vessels which meet certain domestic content requirements is detailed in Schedule V. Certification of Domestic Content is explained in Annexure V – Format for Chartered Accountant’s Certificate.

(w) **“Fair Scrap Value”** in the context of shipbreaking refers to the lowest monetary value among the Contract Price, Fair Price, and actual price received by the ship recycling yard which is duly certified by a Chartered Accountant. This value will serve as the baseline for calculating the Credit Note.

(x) “**Eligible Ship**” for scrapping means any vessel owned by an Indian / foreign owner and flagged under any flag administration, which is proposed to be scrapped in accordance with the provisions of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC) in a certified Indian Ship recycling yard.

3. Eligibility of vessel for availing the Financial Assistance.

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

Provided that, in the case of shipbuilding contracts where more than two vessels and upto 4 vessels are signed under the same contract, those vessels which are constructed and delivered within a period of six years from the date of Contract, shall be eligible for availing financial assistance.

Provided that, in the case of shipbuilding contracts involving more than four vessels under the same contract, those vessels which are constructed and delivered beyond the overall six-year timeline shall be eligible for financial assistance only if each subsequent vessel is delivered within a period of six months from the date of delivery of the immediately preceding vessel.

Provided that, in case of specialized vessels, those vessels which are constructed and delivered within a period of six years from the date of Contract, shall be eligible for availing financial assistance.

1. 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 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) In case the competent authority, after scrutiny, identifies deficiencies in the application made in pursuance of sub-clauses (a) or (b) above, it may give an opportunity to the applicant shipyard as per the procedure prescribed in Annexure-I and Annexure-II, as the case may be, to make good, the said deficiency and shall take a decision for in principle approval or release of financial assistance, as the case may be, based on response of the applicant shipyard. Any 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.

2. 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 formulae for computation of the 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.

(b.i) Interaction with RoDTEP Scheme (Foreign Trade Policy 2023–28):
In accordance with the provisions of the *Foreign Trade Policy 2023–28*, the Government of India has implemented the *Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme* to neutralize the incidence of embedded duties and taxes in respect of exported goods.

In cases where the vessel constructed under a shipbuilding contract is exported, the shipyard shall be entitled to avail benefits under the RoDTEP Scheme, subject to the applicable guidelines issued by the Directorate General of Foreign Trade (DGFT).

However, to ensure uniformity and to prevent duplication of fiscal benefits, no element of duty or tax already remitted or reimbursed under the RoDTEP Scheme or any other duty remission mechanism shall be considered again for computation or release of financial assistance under this Scheme.

The applicant shipyard shall, at the time of seeking financial assistance, declare the details and extent of any RoDTEP or other remission benefits claimed in respect of the vessel, and the *Competent Authority* shall undertake necessary verification, including consultation with DGFT or other concerned agencies, to ensure that no overlap of benefits occurs.

(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.

3. 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:

Provided further that, in case the budget is not available for release of financial assistance for vessel(s) under an eligible contract in a particular year for release of financial assistance, the same will be released on priority in the subsequent financial year on availability of budget.

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

4. Shipbreaking Credit Note Scheme (Incentive for Vessel Recycling and Replacement)

4.1. Shipbreaking Credit Note – Outline

- When an eligible vessel is **scrapped at an** at a government certified **ship recycling facility in India**, which is compliant with the “Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC)” a **Credit Note** equivalent to 40% of the “**fair scrap value**” is issued to the vessel owner, with a validity of 3 years from the date of scrapping the vessel. Procedure for issuance of Shipbreaking credit note is explained in Section 4.6 of this document.
- The above Credit Note(s) can be **redeemed** by the vessel owner towards payment for the vessel being ordered/under construction at an **Indian shipyard, which is registered in the SBFAS web portal**. The Government

shall be paying the value of the “Credit note” to the shipyard when the new ship is delivered to the Owner. If the existing owner does not intend to build a new vessel, the credit note is transferrable to another owner who intends to build a vessel in the Indian shipyard.

- Provided that, the maximum amount that can be redeemed by the government to the shipyard would be the value of the credit note(s) or 5% of the value of the new vessel among the lowest of fair price, contract price, price received by the shipyard for the new vessel.
- Credit note may be redeemed by the ship owner during the final settlement of payment of the new-built vessel.

However, there are conditions and a specific process for issuance and redemption of these credit notes, as detailed below.

4.2. Methodology for issuance of Shipbreaking Credit Note

All the following documents are to be submitted for issuance of credit note:

1. Ship breaking contract price clearly mentioning the total scrap value of the vessel based on Lightweight Displacement Tonnage (LDT) to be paid to the ship owner.
2. A statement from the Chartered Accountant endorsing the evidence for confirmation of Bank transaction indicating the price received from the ship breaking yard.
3. Fair valuation for scrapping of the vessel by three approved International Valuers listed in Schedule–III
4. The lowest of the prices indicated in points 1,2 and 3 above would be considered as the **“fair scrap value”**.
5. Based on the above, “Shipbreaking Credit note” for the vessel being scrapped will be issued to the vessel owner.

4.3. Eligibility of vessels being scrapped for Credit Note Issuance

- **Any Indian or foreign flagged vessel** which is scrapped in India would be considered for issuance of the ship breaking credit note.

- The scrapping must take place at an **authorized ship recycling facility in India**, compliant with the provisions of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC) as well as the associated rules and regulations.
- A certificate of “recycling” from a certified recycling yard and a certificate of demolition completion issued by the respective State Maritime Board/ state government shall be obtained and submitted.

4.4 Eligibility of ship orders for credit note redemption

Credit note redemption is permitted under the following conditions:

- **Credit note available at the time of order placement:** If a credit note is available from the outset or at the time the order is placed, redemption is allowed.
- **Credit note obtained after order for new vessel is placed:** If a credit note is obtained after the order has been placed, redemption is allowed any time before the final settlement by the Owner to the shipyard.
- Credit note exercised for a new built vessel for which delivery was not made shall be allowed to transfer/ redeem for another vessel, within the validity period

4.5 Guidelines for the issuance and usage of credit notes

Issuance of credit note(s)

- Only **one credit note** will be issued against scrapping of one vessel.
- This credit note will reflect the value which shall be used to redeem part of the payment for a ship ordered at an Indian shipyard.

Usage of credit note(s):

- **Single-contract utilization:** Each credit note must be applied in full to a single newbuilding contract. Partial utilization is not permitted.
- **No reimbursement for partial Use:** No redemption or reimbursement shall be allowed for any unutilized portion of a partially consumed credit note.
- **Application to series orders**

- In the case of a series order involving multiple vessels under a single contract, one or more credit notes may be applied across multiple vessels.
- **Impact of partial cancellation** If a series order is partially cancelled, any credit note that has been partially utilized will be deemed fully consumed. Only credit notes that remain entirely unutilized shall be released back to the shipyard or owner.

Validity: - Credit Note will have a validity period (for redemption) of 3 (three) years from the completion date of scrapping the vessel.

If the owner fails to redeem the credit note by not applying for redemption within the 3-years validity period, the note expires– absolving the Government of any obligation for payout.

If the order of a ship(s) for which the redemption of credit note(s) gets fully/partially cancelled, only the fully unutilized credit notes would be released back to the shipyard/shipowner for future use within the original validity of the credit note(s). The note(s) which may have been partially utilized will be considered as consumed, subsequently will be not released back to the shipyard/shipowner.

4.6 Process for Issuance of Shipbreaking Credit Note

Step 1 – Application for Credit Note on Scrapping:

When a shipowner completes the scrapping of an eligible vessel in India, they may apply to the competent authority for issuance of a Shipbreaking Credit Note through a designated web-portal. The application must be submitted **within three months** from the last date of completion of scrapping the vessel as mentioned in Recycling Completion Certificate, issued by the respective State Maritime Board or State Government authority. The prescribed application format is provided at **Annexure VI**.

The application should include the following details:

1. **Owner's Information:** Name of the owner/company, Address and contact details
2. **Details of the Scrapped Vessel:** Name of vessel, Type, IMO number (if applicable), Flag Year of build, Gross Tonnage, Lightweight Tonnage (LDT – crucial for scrap), Name and address of the recycling yard, Date of commencement and completion of recycling
3. **Contract Details:** Copy of the contract between the ship recycling yard and the shipowner, Contract value

4. **Proof of Scrapping:** Certificate of Recycling Completion issued by the respective State Maritime Board/State Government competent authority, Copy of the statutory Ships Recycling Certificate or ship deletion certificate
5. **Scrap Value and Financial Details:** Actual amount paid by the recycler to the owner for the vessel and A statement from a Chartered Accountant certifying the evidence of the bank transaction
6. Fair valuation for scrapping of the vessel by three approved International Valuers listed in Schedule–III.

Step 2 – Verification and Issuance:

- The competent authority shall issue a Shipbreaking Credit Note Certificate to the legal owner of the vessel, as recorded in the vessel's Registration Certificate issued by the vessel's flag administration (whether Indian or foreign). The Certificate (in the prescribed Annexure format) shall bear a unique serial number and shall specify the particulars of the vessel and the credits granted thereunder.”
 - Owner name (entity to whom note is issued).
 - Reference of scrapped ship
 - Date of completion of scrapping the vessel
 - The **Credit Value (₹)** which the owner is entitled to use, equal to 40% of determined scrap value.
 - The **Validity of Credit Note**
 - Signed by the issuing authority (DG Shipping).

4.7 Disbursement of Credit Note Amount

At the time of delivery of the new vessel, the vessel owner shall submit the Credit Note to the shipyard for full and final settlement of the credit note value payable to the shipyard.

Mechanism:

Upon receiving the Credit Note from the vessel owner, the shipyard will, at the time of delivery, have an outstanding amount equivalent to the credit note value, which the owner does not pay (the owner pays the contract amount minus the credit note value).

The shipyard shall then apply through the online portal to claim the corresponding amount of financial assistance from the Government by submitting the Credit Note along with other documents as specified in Annexure-II.

4.8 Transferability, Holding and Trading of Credit Notes: The holder of the Credit Note (any ship owner who has scrapped the ship in India) may or may not themselves be building a new ship in India. Therefore, to ensure the credit note can be utilized, Credit Notes are made transferable:

- A Credit Note can be **transferred or sold** to any other entity who wishes to use it towards building a new vessel in India. Transfer is affected via the electronic portal. For the transfer of a Credit Note to another buyer, following documents are required to be submitted as evidence to clearly demonstrate authenticity, consent, and traceability:
 1. Credit Note Transfer Agreement
 - A legally executed agreement between the original holder and the new buyer, clearly stating: Credit Note number and value, Date of transfer, Terms and conditions of transfer, Signatures of both parties
 2. Original Credit Note (endorsed to the new buyer)
 - Endorsement or annotation on the Credit Note mentioning the transferer's details.
 3. Consent Letter from the Original Holder
 - A signed letter confirming the voluntary transfer of the Credit Note to the new buyer.
 4. Acknowledgment from the New Buyer
 - Confirmation of acceptance of the Credit Note and liability for its usage as per scheme guidelines.
 5. Intimation to DG Shipping
 - Copy of the official intimation or application to DG Shipping regarding the transfer, including DG Shipping's acknowledgment (under the scheme).
 6. Bank Transaction Details
 - Evidence of financial consideration for the transfer.
 7. Updated Records on Web Portal
 - Acknowledgment that the Credit Note ownership has been updated in the official portal/system.
- The original holder (e.g. a foreign shipowner) can thus monetize the credit note by selling it to, say, a shipping company or shipyard that plans to use it in India. The price of such sale is mutually decided in open market; Government of India is not involved in pricing the trade. Verification of the Credit Note's authenticity,

including its value and validity, shall be carried out by the buyer through the Directorate General of Shipping.

- The transfer must be recorded with DG Shipping and NsBM should be notified. DG Shipping will update the Credit Note Ledger with the new owner's name.
- If the Credit Note is not transferred, the original holder can directly use it (if they themselves order a new ship in India).
- **Stacking of credit notes:** Any credit note owner can stack up credit notes obtained from different shipbreaking contracts. Credit notes thus stacked can be clubbed to claim credit in a new shipbuilding order with an Indian Shipyard, subject to a maximum ceiling of 5% of the contract value of the new vessel to be built
- Credit Notes are indivisible and must be utilized in full against a single new shipbuilding contract. Partial application is not permitted.

5. 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 specified time period or such extended period permitted under Clause 3 above by 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 the specified time period 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.

Provided further that, if any supplementary contract/ addendum will be entered after March 31, 2036, the same will not be considered for the purpose of computation 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 for a vessel should not have availed any monetary support under any other policy or scheme of the Central or State Government for the said vessel. Such support shall not include:

- i. any exemptions of domestic taxes or import duties applicable on procurement of raw materials, components or capital goods, as the case may be;
- ii. any fiscal or monetary benefits arising from the location of shipyard;
- iii. any fiscal or monetary benefits arising from grant of infrastructure status to the shipyard; or,
- iv. any other fiscal or monetary benefit available by virtue of being a shipyard irrespective of the vessel being constructed/ repaired thereat.
- v. *Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme* to neutralize the incidence of embedded duties and taxes in respect of exported goods.

(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.

6 . Grievance Redressal, Amendments, Review and Interpretation.

(a) If any grievance arises from acts of commission or omission of DG Shipping as prescribed under these guidelines, the same shall be referred to the Institutional Mechanism, as notified by MoPSW in this regard. Further, any other grievance of the shipyard arising due to an issue not within the control of the shipyard may also be referred by DG Shipping to the IM with proper justification. MoPSW shall also notify the procedure for filing, as well as, resolution of such requests by the Institutional Mechanism. The decision of the Institutional Mechanism in all such cases shall be final.

(b) Ministry of Ports, Shipping and Waterways 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.

(c) In case any doubts arise with respect to interpretation of these guidelines, the same would be resolved with the approval of Hon'ble Minister of Shipping and such decision shall be final.

SCHEDULE-I

LIST OF VESSELS EXCLUDED FROM FINANCIAL ASSISTANCE POLICY

1. Vessels built for Indian buyer or ship owner, which are less than 24 meters in length, except the following: -
 - i. Dredgers of length of 10 m and above (registered length / rule length as shown in the registry certificate / tonnage certificate).
 - ii. Vessels, where main propulsion is by means of green fuels such as Methanol/ Ammonia / Hydrogen fuel cells, no length restriction is applicable.
 - iii. vessels of 12 meters or above fitted with fully electric means of propulsion or vessels fitted with hybrid propulsion system.

However, for export orders and vessels with fair price greater than 100 crore, minimum length restriction is not applicable.

2. Vessels made of wood irrespective of their lengths.
3. Vessels built for defense purposes or for use by Navy or Coast Guard. However, vessels like tugs, tankers, cargo ships and passenger ships that are not fitted with any weaponry, contracted for construction for foreign defence entities are also eligible.
4. Vessels built under contracts secured on nomination basis from the Central or State Government or their agencies including Central or State Public Sector Enterprises, except for cases not complying with Paragraph 1.(g)(iii)

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.
11. Self-Propelled Dredgers
12. Wind Turbine Installation Vessel.
13. Windfarm Service and Maintenance Vessel.
14. Self-Propelled Semi-Submersible Heavy Lift and Heavy Transport Vessel.
15. Cable laying Vessel.
16. Green vessels
17. Hybrid vessels
18. Vessels powered by Dual-fuel main engine (methanol, ammonia, LNG).
19. Diving support vessels with a moonpool

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 –149544.
5.	M/s. <u>Arctic Offshore AS</u> , Haakon VII's gate 5 NO-0161 Oslo Norway, <u>Email : osv@arctic.com</u>
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
10.	M/s. Keellock C.W & Co. Ltd, Fifth Floor, 2 London Wall Buildings, London Wall, London, United Kindom, ECM 5PP. Phone No. 44(0) 3031234500.
11	J.B Boda Insurance Surveyors & Loss Assessors Pvt. Ltd., Maker Bhavan No. 1, Sir, Thackersey Marg, Mumbai-400021 (India), Tel No. (22) 66314949/66314917. Email id: jbbmbi@jbbodamail.com

SCHEDULE-III

LIST OF INTERNATIONAL VALUERS

12	Maritime Strategies International Ltd. 6 Baden Place, Crosby Row. London. SE1 1YW UK, Phone No. 44 20 79400070.
13	Simpson Spence Young Ltd., 50 Raffles Place #14-01/02, Singapore Land Tower. Singapore, Singapore 048623. Ph No. +65 68 547120.
14	Offshore Shipbrokers Limited. 17 Blossom Street, London E1 6PL UK. 44 207 3779774, 44 207 377 9775. Email id:chartering@offshore- shipbrokers.com&p@offshore-shipbrokers.com
15	English White Shipping Ltd., London, Tel: +44 (0) 20 8879 7966 Mobile: +44 (0) 7788 457 395. Email: sandp@ewshipping.com Web: www.ewshipping.com. Address:2, Pointgarry Road, North Berwick, East Lothian, EH39 4ET
16	Ravindra K Reshamwala, 7/A PIL Court, 111 Maharshi Karve Road, Mumbai 400 020. Tel: 022 6131 7000. Email id: chartering@reshamwalashipbrokors.com

SCHEDULE-IV

RATES FOR FINANCIAL ASSISTANCE

A. Base Rates of Financial Assistance:

Vessel Category	Contract Value Range	Assistance Rate on Contract/Fair Price (₹)
Non-specialized Vessel – “Small normal vessel”	Up to ₹100 crore	15% of actual value in this range
Non-specialized Vessel – “Large normal vessel”	Value above ₹100 crore	20% on value above ₹100 crore (15% on first ₹100 cr + 20% on remainder)
Specialized Vessel –	Any value	15% of value below ₹100 crore + 25% on value above ₹100 crore

Notes:

- “Specialized” vessels are those defined in Schedule II

SCHEDULE V:

Domestic content requirement in order to get SBFAS support

The proposed financial assistance under SBFAS will be applicable for vessels which meet certain domestic content requirements as follows:

Domestic content percentage	SBFAS support
Less than 30%	Nil
30% to below 40%	Pro rata. e.g. $(39/40) * 100 = 97.5\%$ rounded up to 98% $(30/40) * 100 = 75\%$ The decimal point will be rounded up to the nearest whole number.
40% and greater	Full

ANNEXURE-I

PROCEDURE FOR OBTAINING “IN PRINCIPLE” APPROVAL

1.1. Within forty-five (45) days from the date of signing the contract, the shipyard shall apply under the policy on the SBFAS web portal and obtain a unique application number, which will be used for all future references.

2 After the unique application number has been generated, in case of contracts for construction of standard vessels, the applicant shipyard shall submit the application for in-principle approval along with the details sought by the portal and the following documents, within forty-five(45) days from the date on which the unique application number is generated:

- (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.
- (v). Credit Note (if available)

3.1. In case of contracts for construction of specialized vessels, or, Non-specialized vessels, along with generation of the unique application number the applicant shall simultaneously obtain details of five valuers, randomly selected by the portal from the list of valuers indicated in Schedule-III of these guidelines, for assessment of fair value of the vessels.

3.2 The applicant shipyard shall submit the application for in- principle approval, along with three valuation reports (from amongst the five valuers provided by the portal), other details sought by the portal, and the following documents, within forty-five (45) days from the date on which details of valuers are generated by the portal:

- (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.

3.4. In case out of the five valuers provided by the portal, more than two valuers either do not respond or are not willing to assess the value, the shipyard shall indicate the same on the portal and request for fresh set of five valuers within forty-five (45) days from the date on which details of previous set of valuers are generated by the portal. The portal shall reselect another set of five valuers to assess the values upon such submission by the shipyard. The applicant shipyard shall submit the application for in-principle approval, along with the three valuation reports (from amongst the five valuers provided by the portal) and requisite documents/ details within forty-five (45) days from the date on which details of the fresh set of five valuers are generated by the portal. The applicant shipyard shall submit the application for in- principle approval, along with three valuation reports (from amongst the five valuers provided by the portal) and requisite documents /details within forty-five (45) days from the date on which details of valuers are generated by the portal.

3.5 Provided that, if in spite of having exhausted the entire list of valuers provided in Schedule-III of the guidelines, by repeatedly following the procedure indicated in para 3.4, three valuations cannot be obtained from the international valuers by a shipyard, then the Directorate General of Shipping shall after satisfying itself about the inability of the applicant shipyard to obtain three valuations, shall constitute an Expert Committee to recommend further course of action to the Ministry of Ports, Shipping and Waterways.

4.1. Within thirty (30) days of final submission of application for obtaining in-principle approval, along with the three valuation reports, the competent authority shall scrutinize the application and either grant or decline in-principle approval to the applicant shipyard.

4.2. Provided that in case the competent authority notices any deficiency in the requisite documents, it may indicate the same to the shipyard within thirty (30) days from the date of final submission of the application and seek clarification through web portal only.

4.3. In cases where such clarifications are sought, the applicant shipyard shall make good the deficiency and/or provide clarification within thirty (30) days of receipt of such communication from the competent authority through web portal only.

4.4. On receipt of such clarification, the competent authority shall make a decision for grant or denial of in-principle approval on the said application within thirty (30) days of receipt of such clarification.

5. In case of denial either under aforementioned para 4.1 or para 4.4, the reasons for such denial shall be communicated by the Competent Authority to the applicant shipyard, along with the final decision, within thirty (30) days and ninety (90) days, respectively, of final submission of application for obtaining in-principle approval.

ANNEXURE-IA

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 _____ (position / rank) 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 monetary support under any other policy or scheme of the Central or State Government for the said vessel. Such support shall not include:

- (i) any exemptions of domestic taxes or import duties applicable on procurement of raw materials, components or capital goods, as the case may be;
- (ii) any fiscal or monetary benefits arising from the location of shipyard;
- (iii) any fiscal or monetary benefits arising from grant of infrastructure status to the shipyard; or,

(iv) any other fiscal or monetary benefit available by virtue of being a shipyard irrespective of the vessel being constructed/ repaired thereat.

(v) Any benefits or grants availed under Research & Development (R&D) promotion schemes, unless specifically linked to the vessel in question.

(vi) Any financial support received for manpower training or capacity building that is not vessel-specific.

(vii) Any interest subvention on loans or credit guarantee support under central/state government schemes.

(viii) *Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme* to neutralize the incidence of embedded duties and taxes in respect of exported goods.

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.

ANNEXURE-II-1

PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE

(AFTER LAUNCHING)

1.1 Within thirty (30) days from the date of launching the vessel, the shipyard, using its unique application number, shall apply for release of first stage of financial assistance under the policy on the web portal and submit electronic copies of the following documents, namely:-

- Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India.
- Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
- Bank Guarantee issued by an Indian scheduled commercial bank, in favour of Directorate General of Shipping for an amount equal to the financial assistance claimed at this stage. The claim amount is limited to the rate of financial assistance for the applicable financial year, as received for that vessel by the shipyard, as certified by the Chartered accountant, or 50% of the contract price, whichever is less.
- Affidavit as per the format in Annexure-IIA-1.
- Certification from the Recognized Organization in the format attached at Annexure-IIB.
- Indemnity Bond as per the format prescribed in Annexure-IIC1 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-IIC1 interalia 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% per annum computed from the date of grant of such financial assistance till the date of repayment. Beyond Ninety (90) days, however, 18% interest compounded quarterly would be payable by the shipyard.

2.1. Within forty-five (45) days of final submission of application for financial assistance, the competent authority shall scrutinize the application and either permit or deny release of financial assistance to the applicant shipyard.

2.2. Provided that in case the competent authority notices any deficiency in the requisite documents, it may indicate the same to the shipyard within forty-five (45) days from the date of final submission of the application and seek clarification.

2.2.1 If any document required to be submitted along with the application within requisite time under clause 1.1. of guidelines above, is not submitted along with the application, then a deficiency letter may be issued and the applicant may be given 30 days to submit that document.

2.3. In cases where such clarifications are sought, the applicant shipyard shall make good the deficiency and/or provide clarification within thirty (30) days of receipt of such communication from the competent authority.

2.4. On receipt of such clarification, the competent authority shall make a decision to either permit or decline release of financial assistance on the said application within thirty (30) days of receipt of such clarification.

2.5. In case the competent authority proposes to deny release of financial assistance to the applicant shipyard, the competent authority shall hear the applicant shipyard in person and after such hearing, decide to either permit or deny release of financial assistance to the applicant shipyard. In case of denial, the competent authority shall also record reasons for such denial and communicate the same to the shipyard.

ANNEXURE-II-2

PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE

(POST DELIVERY STAGE, PHASE-I)

1.1 Within sixty (60) days from the date of delivery of the vessel, the shipyard, using its unique application number, shall apply for release of financial assistance under the policy on the web portal and submit electronic copies of the following documents, 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.
- Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B2, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
- 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-IIA2.
- Certification from the Recognized Organization in the format attached at Annexure-IIB'.
- Indemnity Bond as per the format prescribed in Annexure-IIC2 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 interalia 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% per annum computed from the date of grant of such financial assistance till the date of repayment. Beyond Ninety (90) days, however, 18% interest compounded quarterly would be payable by the shipyard.

2.1. Within forty-five (45) days of final submission of application for financial assistance, the competent authority shall scrutinize the application and either permit or deny release of financial assistance to the applicant shipyard.

2.2. Provided that in case the competent authority notices any deficiency in the requisite documents, it may indicate the same to the shipyard within forty-five (45) days from the date of final submission of the application and seek clarification.

2.2.1 If any document required to be submitted along with the application within requisite time under clause 1.1. of guidelines above, is not submitted along with the application, then a deficiency letter may be issued and the applicant may be given 30 days to submit that document.

2.3. In cases where such clarifications are sought, the applicant shipyard shall make good the deficiency and/or provide clarification within thirty (30) days of receipt of such communication from the competent authority.

2.4. On receipt of such clarification, the competent authority shall make a decision to either permit or decline release of financial assistance on the said application within thirty (30) days of receipt of such clarification.

2.5. In case the competent authority proposes to deny release of financial assistance to the applicant shipyard, the competent authority shall hear the applicant shipyard in person and after such hearing, decide to either permit or deny release of financial assistance to the applicant shipyard. In case of denial, the competent authority shall also record reasons for such denial and communicate the same to the shipyard.

ANNEXURE-II-3

PROCEDURE FOR RELEASE OF FINANCIAL ASSISTANCE

(POST DELIVERY, Phase-II)

1.1 In case of contracts, wherein any payment is deferred by the buyer or any payment is withheld as performance guarantee as per the terms stated in the shipbuilding contract initially submitted to Directorate General of Shipping, the

shipyard shall apply for release of financial assistance, limited to only two instances, in the following manner;

- I. At the first instance, the Initial application for the release of financial assistance shall be submitted, as mentioned in paragraph 1.1 of Annexure-II1, within 30 days of the launching of vessel, for the portion of payment received from the buyers.
- II. At the second instance, the Initial application for the release of financial assistance shall be submitted, as mentioned in paragraph 1.1 of Annexure-II2, within 60 days of the delivery of vessel, for the portion of payment received from the buyers.
- III. At the third instance, the final application for the release of the remaining part of financial assistance to cater for the deferred payment or the performance guarantee money which is withheld by the buyer, shall be submitted, along with following documents;
 - a. Certificate of Payments received for the vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India, as per Annexure IIIA
 - b. Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
 - c. Audited balance sheet of the shipyard for the completed financial years between the first application and the final application for the release of financial assistance.
 - d. Affidavit as per annexure -IV

1.2 In no case final Application for the fund release shall be made exceeding three (3) years from the end of the financial year in which the delivery of the vessel was made.

1.3 Time lines for processing of final application for fund release shall adhere to the same steps as described in Para 2.2 to 2.5.

ANNEXURE-IIA-1

DRAFT AFFIDAVIT FORMAT

(after launching)

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 _____ (position / rank) 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

a. launched on the following dates

namely:-

(i) (Identification Details of Vessel 1) on _____ (launching date).

(ii) (Identification Details of Vessel 2) on _____ (launching 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, if any, has been done in India.

(c) The shipyard has not claimed and will not claim any monetary support under any other policy or scheme of the Central or State Government for the said vessel. Such support shall not include:

(i) any exemptions of domestic taxes or import duties applicable on procurement of raw materials, components or capital goods, as the case may be;

(ii) any fiscal or monetary benefits arising from the location of shipyard;

(iii) any fiscal or monetary benefits arising from grant of infrastructure status to the shipyard; or,

(iv) any other fiscal or monetary benefit available by virtue of being a shipyard irrespective of the vessel being constructed/ repaired thereat.

(v) any fiscal or monetary benefits arising from *Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme* to neutralize the incidence of embedded duties and taxes in respect of exported goods.

(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:-

- Certificate of Actual Payment received for a vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India.
- Certificate of Actual payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure III B1, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
- Bank Guarantee issued by an Indian scheduled commercial bank, for an amount equal to the financial assistance claimed at this stage,
- Affidavit as per the format in Annexure-IIA1.
- Certification from the Recognized Organization in the format attached at Annexure-IIB1.
- 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-IIC1
- 8. The Shipyard hereby affirms and undertakes that the Bank Guarantee (BG) submitted in favour of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance (SBFA) Policy guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said Bank Guarantee without any demur, protest, or contest from the Shipyard.

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.

ANNEXURE-IIA-2

DRAFT AFFIDAVIT FORMAT (after delivery)

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 _____ (position / rank) 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 monetary support under any other policy or scheme of the Central or State Government for the said vessel. Such support shall not include:

(i) any exemptions of domestic taxes or import duties applicable on procurement of raw materials, components or capital goods, as the case may be; (ii) any fiscal or monetary benefits arising from the location of shipyard;

(iii) any fiscal or monetary benefits arising from grant of infrastructure status to the shipyard; or,

(iv) any other fiscal or monetary benefit available by virtue of being a shipyard irrespective of the vessel being constructed/ repaired thereat.

(v) any fiscal or monetary benefits arising from *Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme* to neutralize the incidence of embedded duties and taxes in respect of exported goods.

(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.

ANNEXURE -IIB

(Letter Head of the Recognized Organization)

To,

[The competent authority]

Subject: Inspection Certificate for Vessel No. _____ after launching

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 as on the date of launching, as mentioned below.

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

(c) It is also certified that the vessel has been launched on _____.

(d) It is further certified that the major portion of the hull of the vessel at the date of launching has been constructed and assembled in India.

(e) Deviations from the Contract Specifications are as listed below

(i) _____

(ii) _____

Yours sincerely,

(Name of the authorized signatory)

Enclosures: As above.

Copy to: _____ (insert name of the Shipyard)

ANNEXURE - IIB'1

(Letter Head of the Recognized Organization)

To,

[The competent authority]

Subject: Inspection Certificate for Vessel No. _____, post delivery

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 also certified that financial assistance for the vessel has been* / has not been* claimed after the launching of the vessel. (* - strike off as appropriate)

(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

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: _____

ANNEXURE-IIB'2

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)

ANNEXURE-IIB'3

DEVIATIONS FROM THE CONTRACT SPECIFICATION

Sd/-

(Name of the authorized signatory)

ANNEXURE -IIC1

FORMAT OF THE INDEMNITY BOND

INDEMNITY BOND (AFTER LAUNCHING)

1. THIS INDEMNITY BOND executed at _____ on this
_____ day of _____ year, by _____.
(insertname 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 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 at launching stage for which financial assistance is claimed has been constructed and assembled in India. The assembly of the hull, and the installation and commissioning of the major machinery and equipment, if any of the vessel has been done in India.
- (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 is not full and final settlement at the launching stage. Shipyard shall submit separate application for full and final settlement after the delivery of the vessel in accordance with these SBFA guidelines.
- (g) The Shipyard hereby affirms and undertakes that the Bank Guarantee (BG) submitted in favour of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance (SBFA) Policy guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said Bank Guarantee without any demur, protest, or contest from the Shipyard.

NOW, THEREFORE, THESE PRESENTWITNESSTH:

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.

ANNEXURE -IIC2

FORMAT OF THE INDEMNITY BOND (POST DELIVERY)

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 the 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 PRESENTWITNESSTH:

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.

ANNEXURE -IIC3

FORMAT OF THE INDEMNITY BOND

INDEMNITY BOND [At Stage II application]

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 Ports, Shipping and Waterways, 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 on the basis of the documents furnished, the Shipyard is eligible for shipbreaking credit note 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 shipbreaking credit note 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 value of shipbreaking credit note to the shipyard.
- (f) The amount of shipbreaking credit note that may be received by the Shipyard shall be the full and final settlement of the claim of the shipyard towards release of valuation of credit note and the shipyard shall have no further claim from the Government in this regard.

- (g) The Shipyard shall accept the value of shipbreaking credit note as assessed by the Government as full and final settlement of their claim.

NOW, THEREFORE, THESE PRESENTWITNESSTH:

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.

ANNEXURE-III-1

[FORMAT FOR LETTER OF CHARTERED ACCOUNT ON THE LETTER HEAD OF THE PRACTISING CHARTERED ACCOUNTANT] (POST LAUNCHING)

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). 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, at post launching stage, which is promulgated as per GOI order no. _____ dated _____.

It is hereby submitted that the Bank Guarantee (BG) bearing No. [BG Number], dated [Date], issued by [Issuing Bank Name], in favour of the Directorate General of Shipping, for an amount of [Currency & Amount], valid until [Expiry Date], has been furnished as collateral security.

signature

Name

Address

Dated.....

Member In Practice

Place.....

SEAL

The break up details of the balance payment received by the shipyard, subsequent to the date of issuance of initial certificate by the Chartered accountant, is as follows;

S.No .	Invoice No.& date	Date of receipt of payment	Total Amount Received (INR)	Break-up of amount received (INR)	
				Principal compone nt	Tax compone nt
1					
2					
3					
4					
...					
Total					

Signature

Name
Address

Dated.....

Member In Practice

Place.....

SEAL

ANNEXURE-III-2

[FORMAT FOR LETTER OF CHARTERED ACCOUNT ON THE LETTER HEAD OF THE PRACTISING CHARTERED ACCOUNTANT] (POST DELIVERY, Phase-I)

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). 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, at post delivery stage, which is promulgated as per GOI order no. _____ dated _____.

Signature

Name

Address

Dated.....

Member In Practice

Place.....

SEAL

The break up details of the balance payment received by the shipyard, subsequent to the date of issuance of initial certificate by the Chartered accountant, is as follows;

S.No	Invoice No.& date	Date of receipt of payment	Total Amount Received (INR)	Break-up of amount received (INR)	
				Principal compone	Tax compone

				nt	nt
1					
2					
3					
4					
...					
Total					

Signature

Name
Address

Dated.....
Place.....

Member In Practice
SEAL

ANNEXURE-IIIA

[FORMAT FOR LETTER OF CHARTERED ACCOUNT ON THE LETTER HEAD OF THE PRACTISING CHARTERED ACCOUNTANT] (post delivery, Phase-II)

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).

With regard to the request for the release of financial assistance under the policy, the shipyard has earlier submitted an affidavit vide _____ dated _____ towards the first claim, a copy of which is attached with this certificate

The undersigned has carried out a financial audit onin order to ascertain the subsequent payments received by the shipyard from the buyer as stated in the contract. It is noted that the owner has deducted an amount of Rs _____ (amount in INR calculated based on the exchange rate prevailing on the date of effecting payment by the shipowner/broker /charterer) as Liquidated Damage towards the non-performance of vessel/ non fulfillment of performance guarantee as per the term of the original contract. The balance net price received by the yard against the deferred payment /performance guarantee money is Rs. _____ (In Indian Rupees) against the balance receivable amount of _____ (amount in INR).

This Certificate is issued to (Name of the Shipyard), in order to make the second and final claim of the financial assistance from the Government of India, under the Shipbuilding Financial Assistance Policy of the Government of India, promulgated vide GOI Order no. _____ dated ____.

	Signature	Name
Address		
Dated.....		Member In Practice
Place.....		SEAL

The break up details of the balance payment received by the shipyard, subsequent to the date of issuance of initial certificate by the Chartered accountant, is as follows;

S.No	Invoice No.& date	Date of receipt of payment	Total Amount Received (INR)	Break-up of amount received (INR)	
				Principal compone	Tax compone

				nt	nt
1					
2					
3					
4					
...					
Total					

Signature

Name
Address

Dated.....
Place.....

Member In Practice
SEAL

ANNEXURE – IIIB

CERTIFICATE OF ACTUAL PAYMENT RECEIVED

Letterhead of the Bank

We, (name of the bank, branch) certify that INR/Currency (As applicable) (_____) is credited into the (name of the bank, branch) in account bearing no. _____ of M/s _____ (name of the shipyard) having their registered office at (_____). This amount has been received towards payment as per contract number _____ dated _____ for the construction of _____ General Cargo vessel (yard no. __) between M/s. _____ and M/s _____

The details of payment are shown below.

S. No.	Date of Payment Received	Amount Received	Payer Details		Transaction ID / Reference Number
			Account Name	Account Number	

Dated.....

Place.....

Signature

ANNEXURE-IV

DRAFT AFFIDAVIT FORMAT (Post Delivery, Phase-II)

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 asunder:

1. That I am the _(Rank / Position) of _(insert name of Shipyard) and am competent to swear this affidavit.

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

(i) (Identification Details of Vessel1)on _(actual delivery date).

(ii) (Identification Details of Vessel2)on _(actual delivery date).

3. 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).

I state that:

(a) The vessel/s was delivered on (dd/mm/yyyy) at (place).

(b) The shipyard has already received / applied for (strike out which is not applicable) financial assistance (*amount in INR*) under "Shipbuilding Financial Assistance Policy" upon processing of the first application for the release of financial assistance on (dd/mm/yyyy, Date of sanction of release of financial assistance under first application).

(c) The shipyard has received the "1retention money/performance guarantee money/deferred payment" for the remaining amount (.....*in INR*) on date (dd/mm/yyyy) from owner/buyer, after deduction of amount (...../ or 'nil' as the case may be) from the contract value.

(d) The cost for any additional work other than the terms of the contract is not included in the above amount.

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

☐ Certificate of Payments received for the vessel, duly certified by a Chartered Accountant registered with Institute of Chartered Accountants of India".
(Annexure IIIA)

- ☐ "Audited Balance Sheet" of the shipyard for the complete financial year between the first application for part release of financial assistance and the final application for the remaining amount of financial assistance.

2. 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 there from.

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.

Annexure V

Format for Chartered Accountant's Certificate

(CA certificate verifying actual payments and domestic content)

[On CA's Letterhead with Membership Number & Firm Registration Number]

Date: _____

To whomsoever it may concern,

Subject: Certificate of Domestic Content – Vessel "<Vessel Name, Yard Number >"
built by <Shipyard Company>

I/We, the statutory auditor/chartered accountant of **<Shipyard Company Name>**, with
ICAI Membership No. _____, do hereby certify that:

Domestic Content Calculation:

I have reviewed the cost records of the Company for the subject vessel project. The
total cost of construction of the vessel (excluding taxes and duties) is ₹<A>. Out of
this:

- Cost of materials, manpower, equipments **manufactured or sourced in India** (indigenous content): ₹.
- Cost of imported materials, equipment (CIF basis): ₹<C>.
- Bifurcation of Indigenous content is specified in the Table below:

S.No.	Components	Invoice value/cost	Country of Origin
1	Material		
2	Manpower, services and overheads		
3	Machinery and Equipment		

The above bifurcation is based on the project cost sheet provided by the Company, listing major expenditures and origin (I've attached a summary of indigenous vs imported major items as Annex A to this certificate).

The **Domestic Content Percentage** = $(B / A) \times 100 = \underline{\hspace{1cm}}\%$.

Required threshold as per guidelines = $\underline{\hspace{1cm}}\%$ (for the year of sanction 20__ - __). Thus,

- ☐ The domestic content meets/exceeds the required threshold.
- ☐ The domestic content is below required; shortfall = ($\underline{\hspace{1cm}}\%$ vs $\underline{\hspace{1cm}}\%$ required).

(Tick as applicable)

2. True and Fair View:

I certify that the above information is true and correct as per the books and records of the Company and that I have exercised due diligence in verifying the same. This certificate is issued for submission to the Ministry of Ports, Shipping and Waterways for the purpose of claiming financial assistance under SBFAS and should not be used for any other purpose or by any other entity.

Place: _____

Date: _____

(Signature and Seal of Chartered Accountant)

Name: _____

Membership No.: _____

Firm Name: _____ & FRN: _____

Enclosures: Project cost indigeneity statement, valuation summary (if any), exchange rate proof.

ANNEXURE VI

APPLICATION FOR SHIPBREAKING CREDIT NOTE

(Ref: Section 6.3 – to be submitted by ship owner after scrapping a ship in India to get credit note)

Application for Shipbreaking Credit Note under SBFAS

To,

The Competent Authority of SBFAS,

Directorate General of Shipping

Mumbai

Subject: Issue of Shipbuilding Credit Note for scrapping of vessel "<IMO No> < Last name of the Vessel >"

Dear Sir/Madam,

I/We, **<Owner Name/Company>**, hereby apply for issuance of a Shipbuilding Credit Note as per the provisions of the Shipbuilding Financial Assistance Scheme. The necessary details are as under:

1. Details of Applicant as per Registration certificate while shipbreaking(Ship Owner):

- Name of Vessel Owner/Company: _____
- IMO No. Of the vessel: _____
- Full Address of Registered Office: _____
- Contact Person: _____ Designation: _____
- Contact Number: _____ Email: _____
- Company PAN / GSTIN: _____

2. Details of Scrapped Vessel:

- Name of Vessel (at time of scrapping): _____
- Type of Vessel: _____
(e.g., Bulk Carrier/Tanker/Offshore Supply Vessel/etc.)
- IMO Number (if applicable): _____
- Date of new built: _____

- Reason for scrapping: _____
- Flag at time of scrapping: _____
- Gross Tonnage: _____
- Lightweight (LDT) of Vessel: _____ tonnes

3. Details of Ship Recycling Yard:

- Name of Yard/Facility: _____
- Yard Address & Location (State): _____
- Contact Person: _____ Designation: _____
- Contact Number: _____ Email: _____
- Yard's HKC Compliance: ☐ Yes – Class NK/RINA/etc Cert No.____ (Copy to attach)

(Attach copy of yard's accreditation or permission if available.)

4. Scrapping Timeline:

- Date of Beaching/Arrival at yard: _____
- Date of Completion of Scrapping: _____
- Certificate of Destruction/Recycle Completion No. _____ & Date: _____ (attach copy)

5. Scrap Sale Details:

- Name of Buyer (Recycler who purchased the ship for scrap): _____
- Total Sale Price for Vessel Scrap: _____ (in ₹)
- Method of Sale: ☐ Direct Sale ☐ Auction ☐ Brokered sale
- Date of Sale Agreement: _____
- Price Breakup (if any): e.g., ₹____ per LDT * ____ LDT = ₹____
- (Attach copy of Sale Agreement/Bill of Sale and proof of payment received)

Fair Scrap Value: Based on the above, the fair scrap value of the ship is ₹_____.
(This figure will be used for credit note value calculation at 40%.)

6. Credit Note Requested:

- 40% of Scrap Value = ₹_____ (Rupees _____).

We request issuance of a credit note for this amount.

7. Intended Use of Credit Note (Newbuild Order):

- We intend to utilize this credit note towards the construction of a new vessel in India.

- Tentative details (if planned): Type of new vessel: _____; approximate size: _____; expected year of order: _____ (if already decided or under negotiation, mention shipyard name and project if possible).
- ☐ We have not yet decided on the newbuilding project, but commit to doing so within the validity period of the credit note.

8. **Declarations:**

- The vessel was owned/operated by us (☐ Indian company / ☐ foreign company) and we chose to recycle her in India in furtherance of Govt's Recycling policy.
- We confirm that the vessel's scrapping complied with all required regulations under the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC).
- We have not applied for any other incentive from Central Govt for this scrapping (except benefits under taxation or customs rules as applicable). (If any scheme availed, e.g., SEIS or state incentive, mention here for disclosure).
- We understand that the credit note is not a cash entitlement but can be redeemed against a future new ship order in India within the stipulated time. We further understand it is non-transferable and will lapse if not used within validity.
- We agree to abide by the terms for redemption of the credit note, including that the actual payout will occur only after successful delivery of the new vessel and that we or the shipyard must claim it accordingly.
- We indemnify the Government against any misuse of the credit note. If we fail to utilize it in time, we will not claim any compensation. If any conditions are attached to its use, we will comply.

9. **Supporting**

Documents: (enclosed)

- a) Copy of Vessel Recycling Completion Certificate issued by the ship breaking yard..
- b) Copy of certificate from chartered accountant showing the payment received by the shipyard as per Annexure XX.
- c) Valuation certificate from 3 approved valuers as listed in Schedule III It is requested to please process application and issue the Credit Note for ₹ _____ at the earliest.

Thank you.

Yours faithfully,

(Signature)

Name: _____

Designation: _____

For <Owner Company> (with seal)

Place: _____

Date: _____

Enclosures:

1.

ANNEXURE VII

REQUEST FOR REDEMPTION OF CREDIT NOTE (ASSIGNMENT TO NEWBUILD CONTRACT)

(Ref: Section 6.4 – to be submitted by owner (and yard) when ordering new ship to use credit note)

Application for Redemption/Assignment of Shipbreaking Credit Note

To,
The Director (National Shipbuilding Mission), MoPSW /
Chief Coordinator SBFAS,
Ministry of Ports, Shipping and Waterways, Govt. of India,
<Address>

Subject: Redemption of Credit Note No. ____ against new ship order at <Shipyard Name>

Dear Sir/Madam,

I/We, <Owner Name/Company>, the holder of Shipbuilding Credit Note No. ____ dated __, issued for ₹____, hereby apply to redeem/assign the said credit note towards a new shipbuilding contract as per details below:

1. Credit Note Details:

- Credit Note Number: _____
- Date of Issue: _____
- Credit Note Value: ₹_____
- Issued in favor of (Owner): _____ (our company)
- Validity (for order signing) until: _____ (as per note)

2. Scrapped Vessel Reference: (for verification)

- Name of scrapped vessel credit pertains to: _____
- Recycling completion date: _____ (as per earlier application)

3. New Shipbuilding Contract Details:

- Shipyard with whom contract signed: <Shipyard Company Name>
- Shipyard Address: _____
- Vessel to be constructed: <Description of new vessel>
- New Vessel Contract Price: _____

- Date of Signing of Shipbuilding Contract: _____
- Contract Delivery Date (scheduled): _____
- We (Owner) intend to use the credit note value of ₹_____ as part-payment under this contract. Specifically, out of the total price ₹, **an amount of ₹** will be offset by the credit note, and the remaining ₹_____ will be paid by us to the yard as per agreed milestones. The contract has been structured accordingly.*

4. **Assignment/Consent by Shipyard:**

We attach herewith a letter from **<Shipyard Name>** (or co-signature below) confirming that the shipyard is aware of and agrees to the arrangement that ₹_____ will be paid by the Government of India under the Credit Note upon vessel delivery, in lieu of that amount from the Owner. The shipyard will claim this ₹_____ from MoPSW at the time of delivery.

5. **Undertakings:**

- The Owner (we) undertakes not to transfer or use the credit note for any other contract now that it is assigned to this vessel. If this newbuilding contract is cancelled or fails, we will immediately inform the Ministry; we understand the credit note may then lapse if not within validity or require fresh approval to reassign.
- The Owner also undertakes that we will not claim any additional or duplicate subsidy for this new vessel beyond this credit note and whatever normal SBFAS assistance the shipyard gets. We understand the credit note is independent of the yard's own subsidy claim, which is separate.
- The Shipyard undertakes to abide by the procedure for claiming the credit note amount at vessel completion and to furnish necessary documents (delivery proof etc.) to MoPSW. The Shipyard confirms it has not included the credit note amount in any other Government incentive claim.

6. **Request:**

In view of the above, we request the Ministry to officially acknowledge the tagging of Credit Note No.____ (₹) **to the newbuilding contract with <Shipyard>. We seek confirmation that upon successful delivery of the vessel (expected <month, year>), an amount of ₹** will be paid by the Government to <Shipyard> against this credit note. This will enable the shipyard to proceed accordingly.

7. **Enclosures:**

- a) Copy of Shipbuilding Contract (or key excerpts showing price and payment terms).
- b) Letter from Shipyard consenting to credit note arrangement (if not co-signed).
- c) Copy of Credit Note Certificate issued.
- d) [Any other relevant document].

Thank you for your consideration. We look forward to your confirmation of this credit note redemption arrangement.

Sincerely,

For **<Owner Company>**:
(Signature & Seal)
Name: _____
Designation: _____
Date: _____

For **<Shipyard Company>**:
(Signature & Seal)
Name: _____
Designation: _____

Place: _____

(If the shipyard sends a separate letter, their co-signature here is optional but recommended for clear tripartite understanding.)

Part B – Transfer Endorsement (if any):

If the note is sold/transferred, the original holder signs here: “Transferred to [Name of Transferee] on [Date] – [Signature, Name].” The transferee countersigns. This section allows only one transfer record. Competent Authorities must be notified to update records.

Part C – Redemption Form: (To be filled at time of usage along with Form B for assistance)

Fields:

- Credit Note Number, Value, Original Holder name, Current Holder name (should match applicant for redemption, typically shipyard or shipowner of new vessel).
- Details of Newbuilding where credit is to be used: Shipyard, Vessel Name being built, Contract Price, Date of contract, applicable 5% cap = $[0.05 * \text{contract price}]$.
- Claim: “I/We hereby redeem this Credit Note towards the above project. The permissible usage is ₹____ (enter lesser of note value and 10% cap). Please offset this against the payment due for financial assistance.”
- Signature of holder (now using it) with date. If the holder is the shipyard, their authorized person signs; if a shipowner using it via yard, likely yard handles it in claim but might have both sign off.
- NSM verification: For office use, NSM official certifies the note is valid and amount ₹____ is approved for redemption. Sign and date.

This annexure essentially standardizes the issuance and usage of the credit notes. In practice, Part A is given as certificate to holder, Part C is submitted back to NSM when used.

Annexure-VIII

Framework for Approval of Private Agencies based in India as Newbuilding Ship Valuers

1. Purpose

To lay down the policy, eligibility norms, evaluation process, and monitoring mechanism for granting Government approval to private agencies for carrying out valuation of newbuilding ships, in order to ensure fair, transparent, and technically sound cost assessments.

2. Scope

This framework shall apply to all cases where a private agency is proposed to be approved for valuing the cost of ships under construction, for any category of vessel including but not limited to tankers, bulk carriers, container ships, passenger vessels, offshore units, and specialized craft.

3. Eligibility Criteria

3.1 Legal & Organisational

- Registered legal entity (Company/LLP/Proprietorship) with valid Certificate of Incorporation.
- Possession of statutory registrations (PAN, GST, etc.).
- Positive net worth for the last three financial years.
- Not blacklisted or debarred by any Government or public body.

3.2 Technical & Professional

- Minimum 5–10 years of demonstrable experience in ship cost estimation or valuation.
- Successfully completed valuations for at least 50 vessels of different types and tonnages in the last 5 years; but at least 10 vessels in last year.
- Employment of qualified Naval Architects, Marine Engineers, and cost estimation professionals.
- Access to recognised ship design and cost modelling tools.
- Membership in recognised maritime professional bodies (e.g., RINA, IMarEST, NI).

3.3 Integrity & Compliance

- Declaration of absence of conflict of interest with shipyards under evaluation.
- Documented Quality Assurance and Confidentiality policies.

- Compliance with International Valuation Standards and maritime industry norms.

3.4 Infrastructure & Capacity

- Adequate office and communication infrastructure in India (or a liaison office).
- Ability to conduct physical inspections at shipyards.
- Sufficient manpower for parallel project handling.

4. Evaluation Process

1. Document Verification – Initial scrutiny of submitted documents.
2. Technical Presentation – Agency to demonstrate methodology, case studies, and capabilities.
3. Reference Checks – Validation from past clients and industry sources.
4. Trial Valuation (if required) – Assign a sample valuation for quality assessment.
5. Committee Recommendation – Evaluation Committee to submit findings for approval.
6. Approval Order – Empanelment for a fixed 3-years term, subject to periodic review.

5. Post-Approval Monitoring

- Annual review of performance.
- Random audits of valuation reports.
- Renewal based on continued compliance and satisfactory performance.

Checklist for Evaluation Committee

Sl. No.	Criteria	Supporting Document	Yes/No	Remarks
A. Legal & Organisational				
1	Certificate of Incorporation / Registration	Copy of certificate		
2	Statutory registrations (PAN, GST)	Copies of documents		
3	Audited financial	Audit reports		

	statements (last 3 years)			
4	Declaration of no blacklisting	Self-certified declaration		
B. Technical & Professional				
5	Years of experience in ship valuation	Company profile		
6	Track record – list of ships valued (type, size, year)	Project list		
7	Qualifications of key personnel	CVs, certificates		
8	Use of approved design/costin g software	Tool list & licences		
9	Professional memberships	Membership proof		
C. Integrity & Compliance				
10	Conflict of interest declaration	Self-declaration		
11	Quality Assurance & Confidentiality policy	Policy documents		
12	Compliance with international valuation standards	Methodology note		
D. Infrastructure & Capacity				

13	Office premises in India	Address proof		
14	Inspection/survey capability	List of surveyors/equipment		
15	Manpower strength	HR list		
E. Evaluation Process				
16	Technical presentation given	Minutes of presentation		
17	Reference checks completed	Feedback records		
18	Trial valuation report (if applicable)	Report copy		
19	Committee recommendation	Evaluation note		

If the above is satisfactory, the firm may be recommended for inclusion in the approved list of evaluators for ships new-building and recycling activities