

**GOVERNMENT OF INDIA  
MINISTRY OF SHIPPING  
DIRECTORATE GENERAL OF SHIPPING  
"BETA BUILDING", 9<sup>TH</sup> FLOOR  
I-THINK TECHNO CAMPUS  
KANJUR MARG (EAST)  
MUMBAI - 400 042.**

**F.No. SD-12/Misc(15)/12**

**Dated: 23.07.2014**

**DGS Order No. 10 of 2014**

WHEREAS the growth of the Indian flag tonnage has not kept pace with the growth of the EXIM trade. In this context, it is necessary to augment the same through Indian controlled tonnage. Cumulatively, Indian flag and Indian controlled tonnage are vital for India's trade, food and energy security, as also for facilitating India's role as an emerging economic power and for the growth of EXIM trade.

2. AND WHEREAS it is felt necessary to encourage Indian controlled tonnage owned by Indian entities and flagged outside the country to facilitate Indian Shipowners to get access to finance and business abroad.

3. AND WHEREAS section 22 of the Merchant Shipping Act, 1958 mandates registration of any seagoing ship, wholly owned by an Indian citizen or a company or a co-operatives society, under the Merchant Shipping Act.

4. AND WHEREAS the powers conferred by clause (1) of Section 456 of the Merchant Shipping Act, 1958, read with the notification issued by the Government of India, vide S.O. No. 3144 dated 17<sup>th</sup> December, 1960 enable the Director General of Shipping , Government of India, to exempt any ship from any specified requirements of the Merchant Shipping Act, by an order and upon such conditions as it may think fit to impose, if it is satisfied that the compliance with the said requirements ought to have been dispensed with.

5. Now, therefore, the Director General of Shipping and ex- officio Additional Secretary to the Government of India, in the Ministry of Shipping, with the approval of the Central Government, is hereby pleased to issue this order to facilitate the growth of Indian tonnage also through the route of Indian controlled tonnage by allowing flagging of ships owned by Indian entities outside the country, subject to the following conditions:

- I. The concerned Indian ship-owning company shall, at a minimum, maintain the level of its Indian flag tonnage as on 01 April, 2014.
- II. The tonnage flagged outside India, by an Indian entity at any given time, shall not exceed its owned tonnage under the Indian flag.
- III. The owners of the ship(s) so flagged abroad shall make a specific commitment towards engagement of Indian crew, and creation of structured shipboard training slots by indexing them to the tonnage tax training commitment, as detailed below;
  - a) A minimum of 50% of the crew (officers and ratings combined) engaged on the vessel as per the Safe Manning Document, or actual deployment, whichever is higher, shall be Indian crew holding relevant Indian certificates.
  - b) The vessel, if operating on the Indian coast or Indian offshore fields, shall engage trainee cadets/officers in accordance with the provisions in the Indian Tonnage Tax Scheme in force irrespective of whether the company avails of tonnage tax benefits or not [under the income tax Act 1961, in force]. The trainees so engaged shall be distributed equally (to the extent possible) between the navigational and engineering sides.
  - c) In case the laws of the flag state of the vessel mandate an engagement of crew from the country concerned, or local provisions mandate use of local crew of the nationality where the vessel is employed, such foreign crew may be engaged on board to the extent required.

- d) The training commitment stipulated under sub paras (II) above shall be over and above the training commitment as applicable under the Indian tonnage tax scheme, if the ship owner avails of the tonnage tax scheme for the vessel so registered under the foreign flag.
- IV. A company availing of this scheme shall forward the details of all vessel(s) so registered under the foreign flag, tonnage owned by the company under the Indian flag, and the details of deployment of Indian crew and trainees, to the Tonnage Tax Cell of the Directorate General of Shipping, Govt. of India, Mumbai, on 1<sup>st</sup> April and 1<sup>st</sup> October every year.
- V. While chartering under Section 406 or 407 of the Merchant Shipping Act, such ships shall be treated in a new category of 'Indian controlled ships', and shall be eligible for a priority higher than non-Indian ships, i.e., they shall be given the Right of First Refusal next in the hierarchy after Indian flagged ships.
- VI. The Director General of Shipping, with the approval of Central Government reserves the right to review or relax or modify or withdraw, any or all of the provisions indicated above in the interest of boosting Indian controlled tonnage or protecting Indian tonnage or in public interest.

**Sd/-**

**(Gautam Chatterjee)**

**Director General of Shipping**

**& ex- officio Additional Secretary**

To,

1. All Shipping Companies
2. Indian National Shipowners Association (INSA), Mumbai.
3. ICC Shipping Association, Scindia House, Basement, N.M. Marg, Ballard Estate, Mumbai- 400038.
4. FOSMA/MASSA

Copy to;

1. The Secretary to the Govt. of India, Ministry of Shipping, 1, Parliament Street,  
New Delhi- 110001- with reference to their letter No. SD-11018/4/2009-MD dated  
23.07.14.
2. CS/NA/CSS
3. ALL MMDs
4. Sr. PS to DGS/Jt. DGS
5. DDG (Training /MTT)/ DDG (Coord.)
6. SD Branch
7. Hindi Section