

D. G. Shipping Circular No. 1-A of 2011

NO: MSL-24(1)/2008

Dated: 12.01.2011

**Sub: Guidelines terms and conditions for considering the request for relaxation in
the crewing or flagging requirement under Section 456 of the Merchant
Shipping Act, 1958**

WHEREAS increase in the shipping activities world-wide has created opportunities for Indian ships to trade in the coastal waters of many countries,

AND WHEREAS INSA and individual Ship owning companies have represented that the procedural regime in many a countries mandates crewing or flagging requirement that are at variance with requirement prescribed under the MS Act, 1958 as modified from time to time, necessitating grant of certain dispensations to, the Indian ship owners in order to prevent either loss of Indian business or of Indian Tonnage in terms of the need to flag the ship out of India,

AND WHEREAS such dispensation using the provisions of the Section 456 of the said Act is best given through a set of guidelines rather than on a case to case basis so as to provide similar dispensation to similarly situated vessels to the extent possible,

Now therefore, the Director General of Shipping in pursuance of the powers conferred on him in respect of the provisions of Section 456 of the MS Act, 1958 read together with MoS S.O. No. 3144 dated 17th December 1960 issues the following guidelines spelling out the terms and conditions for considering the request for relaxation in the crewing or flagging requirement under the Act;

1. The ship-owner shall:
 - a. Substantiate the crewing or flagging requirements mandated by the maritime administration concerned,
 - b. provide proof of the contract of work or trade entered into or being entered into with relevant details (Financial details excluded),
 - c. limit the relaxation in respect of crewing only to the extent mandated and employ Indian crew for rest of the requirement including return journey to an Indian port or any port out of the concerned country.
 - d. limit the flagging requirement to the barest minimum period.
 - e. agree to indemnify the DG Shipping for any losses or damages, directly or indirectly arising out of as a consequence to such dispensation or any liability that the DG Shipping will be exposed to in furtherance of such dispensation, in the form and manner as prescribed by the DG Shipping.
 - f. comply with all conditions that are required to be complied by an Indian ship save the ones

relaxed under any dispensation as per prescribed procedure.

2. The ship owner shall in addition to the above fulfill the training requirement on the scale as indicated below. This requirement is indexed to the tonnage tax training scale and the extent of crewing and flagging relaxation and will be carried out irrespective of whether the ship owner enjoys Tonnage Tax benefit or not. Provided however, the owner will have the option to get equivalent trainee man-months completed through another Indian ship owning company through a mutual agreement.

Training requirement:

- I. **Crewing:** For employing up to one third of foreign crew the training requirement will be the same as under the regular tonnage tax scheme, with equal number of man-days to be added for employing more than one third but less than two third of foreign crew. If foreign crew deployed exceeds two third, equal number of man-days need to be added further.
- II. **For flagging out:** Upto 4 months of flagging out the training requirement will be equal to that under the tonnage scheme. An equal number of trainees have to be trained for every addition of upto 4 months.

Explanation: If T is the number of man-days required under the tonnage tax scheme the additional tonnage tax requirement will be calculated as indicated below:-

Crewing Dispensation	No Flagging Dispensation	Flagging Dispensation upto 4 months	Flagging Dispensation for 4-8 months	Flagging Dispensation for 8-12 months
Upto 1/3 rd	T man-days	2T	3T	4T
Between 1/3 rd & 2/3 rd	2T	3T	4T	5T
Above 2/3 rd	3T	4T	5T	6T

3. For the purpose of adherence to the norms of STCW I/10, in this regard the Directorate will satisfy itself that the:-
 - a. Crew is certified by the concerned maritime administration in accordance with STCW, as amended, for operating in their territorial waters,
 - b. Designated Person Ashore (DPA) of the company certifies that he is satisfied with the engagement of the crew and their functioning on board is in adherence to the ISM Code.
 - c. P&I club accepts engagement of the foreign crew on the said ship, and,
 - d. Ship owner indemnifies the Directorate and the Central Government of any liability whatsoever arising out of the grant of above dispensation
 - e. Ship owner will take steps necessary to provide necessary documents for (a to d) above.

- f. Above arrangements will be country specific and the recognition of the Certificates of the crew of the concerned maritime state will be limited only to the territorial waters of that country and only during the period for which such crew are employed on board such Indian ship, unless such certificates otherwise recognized by this Directorate under any unilateral or bilateral agreement for other waters.
4. The mortgage and discharge of other financial liabilities will continue uninterrupted "as if" the ship has not been flagged out.
5. DG reserves the right to reject any request for relaxation or vary, alter or rescind any of the provision above in the interest of retaining Indian tonnage, boosting Indian trade or in public interest for reasons recorded in writing.

These guidelines will come into effect from the date of issue of this order.

Sd/-

(Dr.S.B.Agnihotri)

Director General of Shipping &

ex. officio Additional Secretary to the Govt. of India