

Friday 06 June 2008

Bulletin 583 - 6/08 - Chartering of ageing ships - India

Members may wish to note a circular issued by the Director General of Shipping of India. The circular advises that the Government of India has amended the guidelines for chartering of ships under Sections 406 and 407 of the Merchant Shipping Act, 1958. The amended guidelines prohibit Indian organisations from chartering cargo ships beyond twenty-five years old and gas carriers beyond thirty years old.

Concerned by the rising trend of marine accidents in and around Indian waters especially during rough weather, the Ministry of Shipping, Road Transport & Highways setup a Committee in July 2007 to suggest urgent measures to reduce marine casualties. Since analysis of the accidents over the last three years showed a significant correlation between age of ships and the break-down which caused these casualties, the Committee recommended, inter-alia, the revision of guidelines to restrict the age of ships plying in Indian waters and tighter regime of surveys and inspections.

Accordingly, in the interest of maritime safety, it has been decided to modify existing guidelines for chartering of vessels under Sections 406 and 407 of the Merchant Shipping Act 1958 (M S Act). Existing DGS Circulars Nos. 7 of 2003 dated 11.06.03 and 8 of 2003 dated 14.08.2003 (read with clarifications vide Memorandum dated 21.11.2003 and 31.12.2003), restrict only the charters of tankers to those which are less than twenty-five (thirty years in the case of gas carriers) and are CAS and CAP-2 rated and classed with IACS.

It is now further decided, after taking into consideration the views and objections of a wide range of stakeholders, that, with effect from 15th May 2008, applications for permissions for chartering in / grant of licence to ships under Sections 406 and 407 of the MS Act either for single or specific voyages or time charters that enable ships to visit an Indian port or to ply in Indian territorial waters or the Indian EEZ will be entertained only as follows:

- From all cargo vessels – other than gas carriers, oil or product tanker and dredgers – only if they are less than twenty-five years of age - During the period of foul weather, being 1st June till 31st August in the Arabian Sea along the West Coast and 1st May till 30th November in the Bay of Bengal along the East Coast of the Indian Peninsula.
- From gas carriers, only if they are less than thirty years of age.
- From oil or product tankers, only if they are double hull or if single hull, less than twenty years and fulfilling the Condition Assessment Scheme (CAS) requirements as assessed by the Indian Register of Shipping (IRS) or Classification Societies that are notified as recognised organisations by the government. Consequently, SD Circulars seven and eight of 2003 giving guidelines for chartering of oil and product tankers will stand modified accordingly for the period of foul weather.
- For time charters of ships other than passenger vessels, to be entered into with effect from 15th May 2008, which include in the period of charter any period of foul weather, only if the age of the vessel proposed, is less than that specified in the above three clauses for the respective category of vessel, at the time of termination of the charter period.
- Regardless of the period of the year – from offshore service vessels (OSVs) of all description (e.g. anchor handling tug, accommodation barge, tug, supply vessels, support vessels, barges, pontoons, etc.) or any other type of ships which are chartered-in / engaged for the purposes of plying in and

around offshore oil exploration areas and / or where security /safety of sensitivities are high, only from those that are less than twenty-five years old, are classed with the Indian Register of Shipping (IRS); and have undergone inspection and rectification of deficiencies of hull, machinery, safety appliances and operational requirements (e.g. manning, etc.) before entry into Indian territorial waters.

After numerous requests for clarification, the Directorate has since confirmed that:

- The Circular does not apply to Indian Flag ships, as they are registered and already licensed to ply in Indian waters.
- The Circular applies to all ships chartered in under Section 406 and 407 of the Merchant Shipping Act, 1958 except ships already carrying the Indian Flag.
- The Circular is applicable from 15th May 2008. It therefore does not affect ships licensed under section 406 and 407 before 15th May 2008, even, if the existing license overlaps the rough weather period.

The Club's local correspondent has confirmed that the Circular concerns only ships contracted by Indian charterers.

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Use the following link to view the full text of the Circular on the Director General of Shipping (India) website. http://www.dgshipping.com/dgship/final/notices/sdcir1_2008.htm