

DGS Order No. 2 of 2002

No: SD-13/POL(5)2001

Dated: May 2, 2002

Whereas Part V of the Merchant Shipping Act, 1958, and the Merchant Shipping (Registration of Indian Ships) Rules, 1960 as amended in 1966, 1970, 1994 and 1997, by the Central Government provide for and prescribe the procedure for registration and provisional registration of Indian ships,

Whereas a need is felt by the Shipping industry for detailed guidelines in this regard including entry of mortgages easily and urgently on the register book to enable and satisfy the Banks or financial institutions in India and abroad, lending money for acquisition of Indian ships,

Whereas the shipowners of today cannot afford to have vessels delayed after their acquisition till registration formalities are completed, and maritime administrations elsewhere in the world accord registration in less than a few hours, thereby enabling the shipowners to choose their flag and thus attract all the cascading benefits arising therefrom,

Whereas our present practice has resulted sometimes in registration of Indian ships being delayed, and the registration of a ship is only the identification of the ship and of the owner, and is not related to survey of the vessel and the statutory/convention requirements, and the ship after registration can still be stopped from trading or sailing, if she does not meet with the statutory requirements;

Whereas many of the Indian Shipping companies have been finding the registration formalities for ships in India to be long-drawn-out, and therefore are tempted to acquire ships abroad through their foreign subsidiaries and register them in countries which have liberalized procedure for registration/ provisional registration/entry of mortgage;

Whereas the Government of India, Ministry of Shipping issued Office Memorandum No.SD-11018/1/97-MD dated 15 June 2001, and thereafter dated 5 March 2002 requiring the Director General of Shipping to issue detailed guidelines on registration of Indian Ships;

And whereas the powers conferred by clause(1) of Section 456 of the Merchant Shipping Act, 1958 on the Central Government, read with notification issued by Government of India vide S.O. No.3144 dated 17th December, 1960 have been delegated to him to enable him to order what ought to be exempted or dispensed with in the circumstances of the case,

Now, therefore, the Director General of Shipping and ex-Officio Additional Secretary to the Government of India in the Ministry of Shipping is hereby pleased to issue this order comprising some revised and new guidelines for registration of Indian ships, provisional registration of Indian ships and entry of mortgage:-

1. On receipt of all the documents required for registration of the ship, the Registrar shall ensure grant of certificate of permanent registration to the ship immediately, in any case within three working days.
2. Permission of the Director General of Shipping to register a ship, if a ship is built in shipyard other than an Indian Shipyard, as required vide clause (d) of Rule 3 shall no longer be necessary.
3. Tonnage measured in accordance with the Merchant Shipping (Tonnage Measurement of Ships) Rules, 1987 as applicable or tonnage certificate issued by the previous maritime administration shall be accepted for the purpose of registration.
4. When the ship is acquired abroad, the present practice of granting provisional registry to the ship by the Indian Consular Officer shall continue. The Registrar of Ships shall send detailed message to Indian High Commission/Embassy about the provisional registration. The sighting of Carving and Marking on the ship and the endorsement of the Carving and Marking note should be done by a Surveyor of Mercantile Marine Department or of a Recognized Classification Society.
5. For the provisional registry of ship, the Registrar shall open a page in the Register. Whenever the permanent registration is conferred, the same page shall be used by replacing the word 'provisional' with 'permanent' on the same page. While the serial number of the ship will remain the same, the date of registry shall be in two parts, one date for provisional and another for permanent registration.
6. Mortgage shall also be entered on provisional registry of ships. The Registrar shall also issue a letter to the Bank/Financial institution stating, that once the mortgage is entered on provisional registration, the said mortgage will continue to remain in force even after the said ship has been granted permanent registration.
7. On presentation of the mortgage instrument to the Registrar of the ship's port of registry, the Registrar shall proceed to record the mortgage transaction in the register book with the date and hour of acceptance and shall also endorse on the mortgage instrument the fact of recording and the date and hour of acceptance. The Registrar shall also issue a letter stating that on permanent registry of the ship, the mortgage will be automatically transferred on the permanent registry.

8. The second and any subsequent mortgage on a ship will be recorded in the register of the ships only after No objection Certificate (NoC) from the first or any existing mortgagee has been obtained.

9. When the registered mortgage is discharged, the Registrar shall, on production of the mortgage deed with discharge duly signed, after satisfying himself that the discharge on the mortgage instrument is in order and that it is properly witnessed, make the entry relating to the discharge in the register book. When a joint mortgage is created in favour of two or more mortgagees and when the mortgage is released by one of the mortgagees, the Registrar shall on production of evidence relating to release of mortgage, make the entry relating to the discharge of the mortgage by one of the mortgagees in the register book by way of modification of the mortgage.

10. The registration of creation, modification or discharge of the mortgage with the Registrar of Companies shall not be a pre-requisite to enter the mortgage in the Register.

11. The fees for entering every mortgage will be 10 paise for every Rs.1000/- of the value of the mortgage for the entry of mortgage on the first ship. If the loan amount involves creation of mortgage on more than one vessel, the fee chargeable for entering the mortgage on second and subsequent vessel would be Rs. 500/- only. In case of additional amount being sanctioned by the same mortgagee leading to additional mortgage, the fee for registration will be charged only for the additional amount.

Sd/-

(D.T. Joseph)

**Director General of Shipping
& ex-officio Additional Secretary
Ministry of Shipping,
Government of India**