



सत्यमेव जयते

GOVERNMENT OF GUJARAT

Ports & Transport Department

An aerial view of a large shipbuilding yard. In the foreground, a large blue and white ship is docked at a pier. To its right, a smaller yellow and blue tugboat is in the water. The yard is filled with various structures, including large orange gantry cranes, blue and white buildings, and white tents. A road with yellow and red markings runs along the pier. The background shows a hilly landscape under a clear blue sky.

Shipbuilding Policy - 2010



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1. INTRODUCTION

- 1.1 India is a large peninsula with a coastline of about 7500 km. The nation therefore requires a vibrant and strong shipbuilding industry for economic as well as strategic reasons. At present South Korea, Japan and China dominate the shipbuilding industry. Despite a long coastline, good potential and availability of favourable sites for shipbuilding, the country's share in the overall shipbuilding tonnage in the world is around 1.12%.
- 1.2 Indian shipbuilding is mainly centered around "27" Shipyards comprising of "8" Public Sector and "19" Private Sector units. A major share of the shipbuilding capacity is held by public sector yards. Private Shipyards, though more in number are severely limited by capacity and size of ships they can build.

2. DEMAND OF SHIPBUILDING

- 2.1 In the recent past, the global shipping industry experienced an unprecedented demand. The following factors are responsible for the increase in demand for ships, globally:
 - 1) Overall increase in global maritime trade and progressive growth in coastal movement.
 - 2) Progressive increase in demand of container ships due to rapid increase in containerization and ships for transportation of crude oil and petroleum products due to massive addition of refining capacity.
 - 3) New regulations regime banning single hull tankers and mandatory Condition Assessment Program announced by DG Shipping.
 - 4) Scrapping of old ships, especially bulk carriers due to introduction of higher structural standards would result in increase in demand for bulk carriers.
- 2.2 The total forecast of new shipbuilding requirement up to 2015 is nearly 1000 million DWT. The share of India in the Global Order Book is about 1.12% and the share of Gujarat in the context of the Indian order book is over 60%.

3. SCENARIO IN GUJARAT STATE:

- 3.1 In Gujarat, ship/boat building is undertaken on regular basis at "9" ship/boat building yards, as listed in ANNEXURE-A. The gross shipbuilding capacity of the Shipyards in Gujarat is nearly 1.11 million DWT per year.
- 3.2 Capacity of the major global shipbuilding yards is almost booked till 2011-12. This has created a window of opportunity for Indian Shipbuilding industry, particularly in the segment of smaller vessels, offshore supply vessels, rigs and anchor holding vessels etc.

4. ADVANTAGE GUJARAT ENJOYS:

- 4.1 Gujarat possesses nearly 1600 kms. of coastline with the following marine and other parameters, favourable for setting up of shipbuilding yards.
- 1) Configuration of the coastline with two gulfs viz. the Gulf of the Cambay and the Gulf of Kutch offering naturally protected locations.
 - 2) High tidal range in the Gulf of Cambay offering benefit of tidal window there by reducing dredging needs for Shipyard operation.
 - 3) Existence of ancillary industries to supply steel plates, machineries, equipments and other petty items require for shipbuilding.
 - 4) Rise in coastal and overseas sea borne trade at its coast.
 - 5) Good scope to cope up demand of technically qualified personnel for the ship building sector.
 - 6) Lower labour cost.
 - 7) Pro-industry policies of the State Government.

5. WHY SHIPBUILDING POLICY?

- 5.1 At present Gujarat enjoys more than 60% share in the Indian shipbuilding order book. However, owing to various advantages, the state offers ample potential in the shipbuilding sector, which is yet to explore its optimum potential.
- 5.2 During the 11th Plan (2007-2012), the national target is to build an annual tonnage of 5 million DWT. Gujarat intends to continue sharing more than 60% of the national target in Shipbuilding/repair market. This would need accelerated growth in Shipbuilding/repair capacity in the state from present 1.11 million DWT to 3 million DWT.

To streamline and integrate development in shipbuilding sector as well to optimize utilization of infrastructure available and planned, a comprehensive Ship Building Policy is needed chartering the role of the Government, Gujarat Maritime Board (GMB) and Shipbuilding Companies, support/assistance that would be extended by Government, charges to be levied by GMB, guide lines for allotment of waterfront and back up land for setting up of shipbuilding/repair yards and for the fabrication/repair of offshore rig etc.

In the spirit of adding value to shipbuilding enterprises to make them globally competitive, the Government is expected to encourage shipbuilding yards to develop in-house design and research facilities, and/or to go in for joint ventures or technical collaborations.

- 5.3 Looking to the potential, the Government as well as GMB had initiated actions to identify probable stretches/locations for setting up of large and medium sized Shipyards in clusters

in the form of Marine Shipbuilding Parks (MSP). GMB has also initiated the allotment of waterfront / land. land for setting up of ship building yards.

6. OBJECTIVES:

1.1 The objectives of the policy are to:

- 1) Explore potential as well as resources available on the Gujarat coast for shipbuilding.
- 2) Maintain Gujarat's share in the national target in the ship building/repair and offshore rig building/repair sector.
- 3) Attract private investments in the shipbuilding sector.
- 4) Provide world-class ship repair facilities for the ships calling at the ports of Gujarat and in its vicinity.
- 5) Enhance industrial growth of the state by encouraging establishment of downstream ancillary industries.
- 6) Achieve targets set for shipbuilding in Gujarat.
- 7) Generate matching Human Resource Development (HRD) support for shipbuilding.
- 8) Generate employment opportunities in the shipbuilding sector.
- 9) Boost the overall socio-economic development of the coastal region.

7. STRATEGY - MULTIPLE APPROACH OF DEVELOPMENT:

7.1 Shipbuilding is an industry, which can flourish along with-matching infrastructure, primarily in terms of rail/road connectivity, availability of skilled and trained work force, proximity to supportive industries/institutions etc.

A shipyard developed at an isolated location, irrespective of its size and capacity, will find it difficult to avail the above supportive requirements, individually. On the other hand, it would not be economically viable and always possible for the Government and other concerned agencies to provide such facilities on an individual basis.

7.2 The concept of developing Shipyards as a CLUSTER is to make a one time investment on common infrastructure and other supportive facilities to make it viable by extending the benefits to a group of Shipyards rather than yards in isolation at scattered locations. Similarly, Shipyards, if, developed within the port limits of the existing GMB/Private ports can take advantage of the infrastructure created or to be enhanced for port operation. From the "National Security" viewpoint also, the above strategy is preferable.

7.3 GMB in consultation with Gujarat Industrial Development Corporation (GIDC) and Revenue Authorities will identify and explore locations for setting-up of Marine

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Shipbuilding Park (MSP)/Shipyards as well as related activities on the Gujarat Coast and Government will earmark land for this purpose.

7.4 For optimal utilization of the precious waterfront, priority will be given to allot backup land along the waterfront to the shipbuilding and such other industries.

7.5 **Priority Consideration:**

In view of the above, priority to set up Shipyards will be assigned as under in following categories:

- 1) Within the Marine Shipbuilding Parks (MSP).
- 2) Within the port limits of the existing GMB ports.
- 3) Within the Private Ports.
- 4) Stand-alone proposals at isolated locations - only in exceptional cases.

7.6 Broad overview of the above categories:

1) **Within Marine Shipbuilding Park (MSP):**

I. In the Marine Shipbuilding Parks, numbers of Shipyards will be set up in a Cluster to bring together all requirements of the industry in close proximity to derive the following benefits.

- a) Reduction in inventory
- b) Reduction in logistics cost
- c) Faster turnaround
- d) Reduction in production cycle time
- e) Overall improvement of productivity
- f) Reduction in overall production cost
- g) Improved profitability
- h) Use of common infrastructures in economical manner

II. GMB has conducted studies through the consultants to identify tentative locations of such clusters. Primarily following '5' stretches are identified along the Gujarat Coast, which can be further studied to develop as "Marine Shipbuilding Parks".

- (1) Along the north bank of Narmada river in Dahej region.
- (2) In the area of old Bhavnagar port.
- (3) Coastline in the Bhavnagar district in the Gulf of Cambay
- (4) Coastline between Navlakhi to Jodiya.
- (5) Coastline near Mandvi in the Gulf of Kutch.

III. Looking to the scale of development, land requirement, infrastructure

needs, market demand etc. for the development of MSP, initially MSP on the north bank of Narmada River at Dahej and at the old port Bhavnagar will be considered for development.

- IV. GMB by appointing renowned consultants will undertake Techno-Commercial feasibility studies for the proposed MSP and subsequently preparation of master development plan, supporting infrastructure, ancillary facilities etc.
- V. Marine Shipbuilding Parks will broadly accommodate the following.
 - a) Shipyards to build ships of different sizes.
 - b) Ship technology centre.
 - c) Shipbuilding skill development centre.
 - d) Engineering college/ Polytechnic / ITI.
 - e) Jetty to cater to needs of MSPs.
 - f) Ship machinery suppliers.
 - g) Specialist service providers.
 - h) Specialist sub contractors.
- VI. While planning MSP, area for medical facilities, housing, Human Resources Development of the State Government and other allied facilities will be earmarked.
- VII. GMB will act as the Nodal Agency and will develop Marine Shipbuilding Parks (MSPs) as contemplated. GMB/GIDC/other such agency, as the case may be will undertake developmental activities within their jurisdictions for the MSPs, in close co-ordination with one and another.
- VIII. GMB will allot plots or grant NOC for the allotment of land in the Marine Shipbuilding Parks with license to utilize the waterfront and the land, as the case may be for a specified period on lease basis.

2) **Within the port limit of the GMB ports:**

- I. GMB will identify existing infrastructures viz. dry/wet dock, slipway, barge basin etc., suitable for up-gradation/modification with private investment for shipbuilding/repair purposes for allotment on “as is where it” basis.
- II. GMB after examining the waterfront and land availability within the port limits of the existing ports will offer the same for setting up of shipbuilding/repair yard with back up land. GMB will identify such locations keeping in view present and future port activities, proximity of existing Shipyards, scope for the port expansion, land availability with scope for separation of

the area from port activities etc.

- III. Basic intention is to optimize use of infrastructure created/to be upgraded or expanded.
- IV. Allotment of waterfront shall be on the basis of technical and financial capability and experience in shipbuilding.

3) **Within the Private Ports:**

- I. Private port developer with the prior approval of GMB can set up Shipyards within the waterfront/area allotted.
- II. The shipbuilding project shall not be treated, as a “BOOT” project. No concession/set off of any kind whatsoever will be offered.
- III. Sub-concession/Sub-lease of the shipbuilding yards shall be only with the explicit prior approval of the Government/GMB.
- IV. The shipyard Company shall have to pay all applicable charges as per this policy and as would be notified by the Government/GMB from time to time.
- V. Responsibility to provide infrastructure facilities and access linkages will be of the private port developer and / or Shipyard Company.

4) **Stand alone proposals at isolated locations:**

- I. Stand-alone proposals for setting up of Shipyard at an isolated location may encounter issues of infrastructure, connectivity, ancillary facilities, work force etc. From Government’s viewpoint, there will be constraint of monitoring activities of such Shipyard including “National Security” aspects. Hence, prima-facie, proposals of Shipyard at isolated locations as per entrepreneurs’ choice will be discouraged.
- II. In case, such proposals are received from experienced and capable Shipyard Companies, the same will be examined on the grounds of locational advantages having marine parameters suitable for setting up of Shipyard for large vessels and availability of adequate back up land etc.
- III. Government/GMB reserves right to reject any such proposals without assigning any reasons there of.
- IV. Permission will be given mainly subject to the following conditions:
 - (a) GMB will acquire back up Government land and allot on lease basis.

- (b) Shipyard Company shall be responsible to provide required infrastructures, linkages and other facilities, at their cost.
- (c) Shipyard Company will furnish a “Performance Bank Guarantee” to GMB for an amount as the GMB may decide based on the project cost.
- (d) The Shipyard Company will adhere to the performance milestones as the GMB may fix, failing which, GMB at its discretion may cancel the permission without paying any cost / compensation whatsoever and forfeit the Bank Guarantee.
- (e) At the end of the license period, the Shipyard Company shall return clear possession of the land to GMB by removing the movable assets within the time limit as the GMB would specify. Thereafter, GMB will takeover possession of the land along with remaining fixed assets at no cost/compensation payable to the Shipyard Company.
- (f) “Terms and Conditions” stipulated by the GMB as may be amended from time to time will be binding to the Shipyard Company.

8. ROLE AND RESPONSIBILITIES OF GUJARAT MARITIME BOARD:

The role of Gujarat Maritime Board will be as a developer, regulator and facilitator. GMB will undertake the following:

1. Acquisition of Government land for the MSPs and other shipbuilding yard sites.
2. Development of land.
3. Conducting technical studies and preparing development plans.
4. Assist and coordinate to provide infrastructures viz. road, water, power and drainage.
5. Endeavour for providing link approach to nearby National Highway/State Highway/Major District Road.
6. Coordinate to provide common user jetty, if required.
7. Navigational aids and dredging at MSP.
8. Providing common safety services.
9. Identify and earmark area for common amenities viz. technical institutes, R & D, Banking/ Postal services, shopping, weigh bridges, primary health centre etc.
10. Endeavour for allotment of plots/facilities for shipbuilding and other services.

Initially, expenditure for above services/works will be made by the Gujarat Maritime Board and shall be recovered from developers.

9. HUMAN RESOURCE DEVELOPMENT PROGRAMME:

- 9.1 Ship design and Shipbuilding will require skilled manpower in various disciplines viz. naval architecture, marine engineering, mechanical and electrical engineering, production management, information technology etc. in three tiers viz. Degree holders, Diploma holders and Technicians. Presently, there is a shortage of such skilled manpower categorically in view of the rise in Shipbuilding activities and future scenario.
- 9.2 To cope up with demand of the above mentioned qualified and skilled work force for shipbuilding, GMB will encourage setting up of educational institutes in the private sector or with the private sector participation.
- 9.3 GMB and/or GIDC as the case may be will consider allotting land for setting-up of training and educational institute purposes etc. The rate of such land shall be as per the prevailing norms.
- 9.4 Pro-active actions by the industries to tie-up with the nearby ITI / Polytechnic/ Engineering Colleges for imparting education/ training will be encouraged.
- 9.5 GMB will also encourage setting up a Shipbuilding Skill Development Centre in the private sector. The centre will primarily take up following assignments:
- (a) Design of industry oriented curriculum.
 - (b) Workforce demand & supply monitoring system.
- 9.6 GMB will endeavour to provide necessary support/assistance and coordinate with the concerned departments/agencies for Human Resource Development related activities. Existing engineering college, polytechnics and ITIs will be encouraged to increase the number of seats in various disciplines as per the projected requirements. Beneficiary industries viz. Shipyard and ancillary sector will be encouraged to extend financial support to all such Human Resource Development institutions.

10. GENERAL TERMS:

The following “General Terms” will be applicable and binding to the Shipyard Company for setting up of a shipbuilding yard in all categories stipulated in the Shipbuilding Policy. The guidelines for allotment of waterfront and backup land for “Setting-up of Shipbuilding/Repair Yard along the Gujarat Coast” is annexed (Annexure-B).

(I) **Agreement**

The Shipyard Company shall have to execute a “Land lease and License Agreement” with the GMB for land and waterfront usages as per the model agreement as the GMB may prescribe, separately.

(2) **Timelines to complete the project:**

It is necessary to plan the activities of the Shipyard project in the prescribed time frame.

(3) **Operational efficiency and autonomy:**

- (a) Expectation from Shipyard Companies is to set up Shipyards of International standards and to operate it to its optimum capacity to achieve the set up targets within the prescribed time frame.
- (b) The new Shipyards will have to operate in a commercial and market driven environment, with competitiveness and efficiency.

(4) **Synchronization:**

The new facilities will reflect the changing scenario in shipping business and will synchronize with the activities to facilitate building ships of type, size and capacity according to market demand that prevail from time to time.

(5) **GMB role in appropriate area**

Similar to the ports, Shipyards being developed on the coastline are of strategic importance to the State and Nation. Therefore, GMB would require ensuring that key aspects like national security, defence, environment and economic development are safeguarded and addressed, appropriately.

(6) **Financial Liabilities of the GMB**

- a) The Shipyards are to be developed as commercially viable projects capable of doing business without financial support from the GMB.
- b) All financial and legal responsibilities of the Shipyard will rest with the concerned Shipyard Company.

(7) **Mortgage/Assign:**

- a) The ownership of the leased/reclaimed land and waterfront will always vest with the GMB.
- b) In case of the shipbuilding project on GMB land, the GMB will permit the Shipyard Company to create a mortgage/hypothecation of lease hold right only for creating fixed assets and not for movable assets to avail loan for construction / development in the leased premises only. In this regard, for mortgage of marine structures viz. dry/wet docks, slipway, out-fit jetty etc. the Shipyard Company shall have to obtain prior permission of GMB. Permission for mortgaging lease hold rights for building ships as well as to avail finance for working capital shall not be given.
- c) Shipyard Company shall pay mortgage fees, as the GMB would decide from time to time, in the Schedule of Port Charges (SoPC).

(8) **Not to Transfer/Assign**

The Shipyard Company will not allow to sub lease, sublet, sub-concession, transfer, assign, underlet or part with the possession of the leased premises or part there of or any interest there in with out prior approval of the GMB.

For the purpose of the above covenant, any change in the constitution of the Shipyard Company, shall deemed to be transfer of interest in the leased premises in favour of any person. Further, such change shall be with prior approval of the GMB.

Provided that, where the Shipyard Company is a corporate body, a change in their Board of Directors-Managing Committee by whatever name called shall not be deemed to be change in the constitution of the company. In such cases, the Shipyard Company shall keep the GMB informed from time to time details of change in Board of Directors etc. Provided,

- a) The lead promoter shall maintain minimum interest of 26% holding in the shipyard company till completion of seven (7) years from the date of commencement of the shipbuilding activities.
- b) The lead promoter along with key promoters of the Shipyard Company shall maintain minimum 51% of the equity in the Shipyard Company for a period of seven (7) years from the date of commencement of the shipbuilding activities.
- c) Any change in the ownership of the Company by way of equity sale/transfer/ amalgamation/merger/demerger etc., which has direct or indirect bearing in the ownership pattern of the Shipyard Company shall require and shall be subject to prior approval of GOG/GMB. Thus, any direct or indirect transfer/sale of equity shareholding by existing shareholders shall require prior approval of GOG/GMB.
- d) Joint agreement for any consortium, joint venture with any other person or company or key promoters shall be subject to specific prior approval of GOG/ GMB.
- e) During the lease / license period, an acquisition of more than 10 (ten) % direct or indirect interest in the Shipyard Company by any person (either alone or together with its associates) shall require and shall be subject to prior approval of GOG/GMB, which approval shall be withheld if, interalia, such acquisition, is in the opinion of the GOG/GMB, prejudicial to national interest.

(9) **Development Modalities**

- (a) GMB will acquire Government land and in turn will allot to the shipyard company on lease basis for shipbuilding/repair purpose for the license period.

- (b) In case of ownership of private land adjacent/in close proximity of the waterfront, which may be used by Shipyard company for setting-up of Shipyard, a tri-partite agreement shall be executed as per the model agreement, which GMB would prescribe.
- (c) Reclamation for providing essential shore marine structures like dry docks, slipway, outfitting jetties, etc. that would be inevitable as per marine conditions as well as for development of the Shipyard will be permitted subject to obtaining prior Environment/CRZ approval/clearance for such reclamation as applicable from the competent authority by the Shipyard company.

Shipyard Company shall have to obtain prior permission of GMB and CRZ/ Environment clearances as applicable for the structures planned in the inter-tidal zone and/or in the reclaimed area. The shipyard company shall pay to GMB lease rental on reclaimed land.

- (d) For using dredged stuff or any bed material for land reclamation, the company shall pay scooping charges as per prevailing SoPC.
- (e) GMB will recommend notifying Marine Shipbuilding Park (MSP) as SEZ to competent authority .
- (f) GMB will undertake survey / studies for the development of MSP cluster. Shipyard Company will carryout additional site-specific survey/studies as may be required for the project.
- (g) The Shipyard Company will undertake preparation of Project Report and the site-specific Environment Impact Assessment studies.
- (h) The Shipyard Company shall have to obtain all relevant approvals/ clearances including GPCB “NOC”, environment /CRZ clearance from the Central Government/State Government ministries / department agencies etc. prior to commencement of any activity/execution. GMB will play a supportive role in obtaining such clearances/approvals from the competent authorities.
- (i) GMB would endeavour to take overall clearance under the Environment Impact Assessment Notification-2006 issued by Government of India In case of Marine Shipbuilding Park (MSP) as a Nodal Agency. Expenditure incurred by GMB for the same shall be recovered from the beneficiaries. Such proactive actions by GMB will facilitate obtaining Environment / CRZ clearance for individual Shipyard Projects.

(10) **Infrastructure:**

- a) Only in the cases of MSP/Cluster development, GMB will develop basic

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infrastructure in the form of road, water supply, power, drainage, capital dredging, navigational aids etc.

- b) GMB will permit the Shipyard Company to construct outfitting jetty of their own for outfit purpose specifically for the ships under construction.
- c) Wherever feasible, best efforts will be made by GMB for gas and power supply.

(11) **Ownership Right**

The GMB is vested with sovereign rights as owner, conservator of the waterfront and Licensor to the contract under the Gujarat Maritime Board Act-1981 and all other applicable acts and rules framed and amended by the competent authority from time to time.

(12) **Manpower**

- a) The Shipyard Company shall provide workers related amenities viz. housing, training, safety aspects, HRD etc. However, Government /GMB will provide necessary support as may be required.
- b) GMB will endeavour to provide training facilities in partnership with the stakeholders.

(13) **Operational Flexibility**

The Shipyard Company will have complete operational autonomy (with in the framework of relevant legislations) in respect of the operation of the Shipyard.

(14) **Benefits to Shipbuilding Industries**

Fiscal and other benefits extended by Government of India under its various schemes would also be extended to Shipbuilding Company, subject to beneficiary meeting stipulated requirements and qualifies for the same.

(15) **Charges**

For the shipbuilding at the existing or newly developed Shipyards, following charges shall be leviable.

- (a) Launching fees and port dues shall be payable as per prevailing Schedule of Port Charges (SoPC) notified by GMB/and/or Government as the case may be from time to time.
- (b) Waterfront means entire length of shore / coastline along the seacoast, creek, estuary, bank of river etc., on which entire Shipyard premises is located, irrespective of length occupied by marine structures viz. docks, slipways and outfitting jetties etc., provided on shore for Shipyard. Lease rent for waterfront shall be Rs.2,000/-

(Rupees two thousand only) per meter per annum, which shall be revised and notified by GMB and/or Government as the case may be from time to time. Waterfront, lease rental shall be applicable to all the existing and proposed Shipyards from the declaration of the Shipbuilding Policy. However, the same shall be applicable from retrospective effect, if so stipulated in the Shipyard agreements signed with the Shipyard Company by GMB. In addition, outfitting / parking face charges per mtr per annum shall be levied, as would be decided.

- (c) Land lease rental shall be 10(ten)% of the land cost incurred to GMB for the acquisition of land per annum with an escalation of 10(ten)% of the previously revised lease rent at every three(3) years as per prevailing Government Resolution dated 5/1/2006 and as would be amended from time to time.
- (d) Development charges per sqm of land used for Shipbuilding and related purposes shall be decided taking into account cost of development incurred by GMB/GIDC or any agency from time to time as the case may be alongwith overheads and interest thereon for (1) development of land by reclamation/filling, paving (2) providing common infrastructure like roads, water supply, power drainage etc. (3) carrying out dredging providing navigational aids in the channel etc. (4) common survey studies, investigation etc. for the developmental activities from time to time.
- (e) Other developmental costs.
- (f) Scooping charges for using dredged stuff and /or any bed material for land reclamation shall be payable as per prevailing SoPC.

(16) **License period:**

- a) For Shipyards with capacity to built vessels more than 30,000 DWT, license to use the waterfront and leased land shall be maximum up to 30 (Thirty) years. For Shipyards smaller than the above capacity, the period shall be maximum up to 15 (Fifteen) years, with provision of renewal on merits.
- b) The license period for the Shipyards to be set up within the Private port shall be concurrent with the “BOOT” period. The above duration may be renewed on fresh terms and conditions, if so desired by GMB either concurrent with extension of BOOT period of the Private Ports or period decided by GMB. To give extension shall be at sole discretion of GoG. Shipyard Company shall not entitle to claim any right whatsoever for such extension.

(17) **Performance of Standards**

Shipyard Company shall set performance standards for international standards of quality, safety and technological aspects in Shipbuilding.

(18) **Performance Review**

GMB shall carryout periodical inspection of Shipyard and evaluation of performance of the Shipbuilding/Repair Yard for the appropriate use of waterfront and land as contemplated in Letter of Intent (LoI)/Agreement. In case of non-performance, GMB shall have all the authority to take appropriate action at any given time to advise the Shipyard Company for corrective/ preventive measures. In case of non-compliance by the Shipyard Company, GMB will terminate the agreement without giving any further notice. The decision of GMB in this regard shall be final and binding to the Shipyard Company.

(19) **Force Majeure Issues: State and Central Directives**

The Government would have the right to issue directives to the Shipyard Company in events of national security and national emergency. In such case/situations, the contract agreement shall stand suspended and GMB, if required, will take over possession of the Shipyard with all operational activities for that period.

(20) **Applicable Acts**

Prevailing Acts/Rules viz. GMB Act 1981, Indian Ports Act 1908, Factories Act, Labour Laws, Workers Compensation Act and such other Acts as would be applicable to shipbuilding yards shall have to be followed by the Shipyard Company.

(21) **Time Schedule:**

The implementation shall be as per time schedule. If no activity is undertaken within two years from the date of signing agreement with GMB, GMB will cancel the permission and take the possession of the land.

(22) **Safety and welfare of the workers**

Shipyard Company shall comply with the requirements and conditions for safety and welfare of the workers, protection of environment laws and any corresponding Act/ Regulations for the time being in force.

(23) **Permission to use waterfront**

The permission to use the waterfront and back up land shall be given to the specific shipyard company for the specific purpose of ship building/repairing. The shipyard company shall not permit any other person/company to use the waterfront and land for any other purpose whatsoever and failure of which may lead to cancellation.

(24) **Safety of Shipyard**

The activity of shipbuilding/repairing, storing, loading, unloading, transporting the materials etc. shall be entirely at the risk and cost of the Shipyard Company and the Gujarat Maritime Board shall not be liable in any manner whatsoever, for any accident, mishap or fire which may take place on or around the Shipyard or in the course of transit.

(25) **Accommodation for workers**

The ship builder shall be responsible to provide adequate residential accommodation to their workers at an appropriate location. In case GMB provides for a centralized facility, the Shipbuilder will have a choice to join it. The charges for such facility would be decided by GMB.

(26) **Shipbuilding Agreement**

Shipyard Company shall execute an agreement as would be decided by GMB.

(27) **Prohibitory Clause**

No waterfront will be allotted for Shipbuilding unless it is as per the Shipbuilding Policy. The Policy will be applicable to new as well as existing Shipbuilding / Repair Yards / facilities being undertaken on Gujarat coast.

ANNEXURE-A

IMPORTANT SHIP BUILDING YARDS IN THE STATE (OPERATIONAL)

No.	Name of the Shipyard	Location	Status
1	ABG Shipyard Ltd.	Magdalla, Surat	Private
2	L & T	Hazira	Private
3	Shipyard of M/S Soft	Kaladara village	Private
4	Wadia Boat Builders	Billimora	Private
5	Alcock Ashdown (Gujarat) Ltd.	Old Port, Bhavnagar	A Government of Gujarat unit.
6	Alcock Ashdown (Gujarat) Ltd.	Chanch, Near Pipavav	
7	Modest Infrastructure Ltd.	Old Port, Bhavnagar	Private
8	Alang Marine	Ghogha	Private
9	Pipavav Shipyard Ltd.	Pipavav	Private

ANNEXURE-B

**Guidelines for allotment of waterfront and back up land for
“Setting up of Shipbuilding/repair yard along the Gujarat coast”.**

- 1) The Gujarat Maritime Board (GMB) will allot waterfront and back up land to the prospective Shipyard Company for setting up of Shipbuilding/Repair Yards.
- 2) Allotment of water front and backup land shall be on the basis of technical capability, financial and specialized manpower resourcefulness and experience in Shipbuilding/Repair of the Shipyard Company.
- 3) GMB shall examine the proposal/project report received from the Shipyard Company for setting up of Shipyard to access pre-qualifying criteria, if required, by out sourcing.
 - (i) Technical capability in terms of qualified personnel in the specialized field of ship building either on employment list or by firm tie up in legal terms with other company(ies) to provide support to the project or to form a new company on scrutiny of the certified copies of relevant documents.
 - (ii) Financial resourcefulness, to be supported by producing certified copy of the documents as listed in the prescribed application form (ANNEXURE-C)
 - (iii) Past experience of construction of one vessels of at least 5000 DWT to be supported by providing details of the vessels build and certificate from the owner of the vessel.
- 4) Allotment of plot/site for Shipyard shall generally be subject to fulfilment of criteria stipulated under para 2) & 3) above. In case of more than one shipyard company showing interest on the same location, preference will be given to experienced, resourceful and financially sound shipyard company having firm tie-up with such other companies supported by legal document signed between them with sufficient validity to the satisfaction of GMB. However, in all such cases, decision of GoG/GMB shall be final and binding.
- 5) Stand alone proposals at isolated locations shall be considered in exceptional cases, if a proposal is received from the experienced and capable Shipyard Companies on the above mentioned criteria stipulated in para 2) and 3) above. The proposal should have specific locational advantages and favourable marine parameters for building of large vessels more than 20000 DWT. However, permission/allotment in such cases shall be at the sole discretion of GMB.
- 6) GMB will identify locations for the development of cluster/MSP and possible locations for setting up of Shipyards at the existing GMB ports.
- 7) To be eligible for getting Permission for setting up of a Shipyard, a Shipyard Company shall submit an application in the prescribed Performa (ANNEXURE-C) alongwith required supplementary documents.

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- 8) The following companies shall be disqualified for applying for allotment of waterfront/back up land for Shipbuilding/Repair yard.
- (i) A person who is declared to be an insolvent.
 - (ii) A person who is not having any capacity to contract under the Indian Contract Act.
 - (iii) A person who is convicted of any offence punishable under any enactment for prevention of terrorist activities, or of any offence relating to the security of the Nation or any serious offence punishable under the Indian Penal Code.
 - (iv) Any person who has been detained under conservation of Foreign Exchange and Prevention of smuggling Activities Act, 1973, Gujarat Prevention of Anti Social Activities Act 1985 or National Security Act 1980.
 - (v) Conditional application shall be outright rejected.
- 9) The decision of the GMB for allotment or rejection of particular application shall be final and binding to the applicant.

ANNEXURE-C

APPLICATION FOR

SETTING UP OF SHIP BUILDING/REPAIR YARD ALONG THE GUJARAT COAST

Vice Chairman and Chief Executive Officer
Gujarat Maritime Board
Sector 10-A, Opp. Air Force Station
GANDHINAGAR – 382 010

SUB: APPLICATION FOR ALLOTMENT OF WATERFRONT/BACK-UP LAND FOR “SETTING UP OF SHIPBUILDING/REPAIR YARD”

Dear Sir,

I/We intend to obtain permission to use the waterfront and /or for allotment of back up land on lease basis for setting up of ship building/repair yard as per details furnished here in below. I/We request you to grant me/us permission and allot the waterfront and/or land as the case may be for the said purpose.

I/We furnish required details/documents as under:

NO.	PARTICULARS	DETAILS
01	Name and Address of the Firm / Company	
02	Date of registration	
03	Date of Incorporation	
04	Memorandum and Article of Association	
05	Share holding Pattern (a) Authorized (b) Paid up	
06	Name and designation of the Authorized Signatory.	
07	Fax No.	
08	Directors of the Firm/Company	
09	Brief note of present business (es)	
10	Latest audited accounts (For last 3 years).	To be attached
11	Details of Sister Concerns, Subsidiary Firms / Companies etc. if any, along with names of proprietors, partners, director their shares holding, with place of business etc, if any.	
12	Details of experience in ship building covering Type & size (LOA-Beam-Draft), DWT, Name of the Owners, Year of construction, Name of Shipyard etc.	To be attached
13	List of key technical personnel on the employment list of the company.	To be attached
14	Details of firm tie up with another company/firm to form a Special Purpose; Vehicle (SPV) for ship building, if any.	To be attached with supportive documents.

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15	Land/Waterfront Requirements: (a) Location: Village/Taluka/District: (b) Length of Waterfront (m): (c) Co-ordinates of either ends: (d) Area of back up land (Sqm): (e) Ownership of the land and present status: (f) Project cost (Rs. in Crores) with phasing: (g) Size & capacity of the Shipyard: (i) Maximum size of vessel that can be build in terms of LOA - Beam and DWT: (ii) Draft requirement for above vessel(s): (iii) Numbers of vessels propose to build in a year: (h) Feasibility/ Project Report, if prepared	Revenue map showing the location and land use plan to be attached.
16	Order booked on hand or in process. Type-Size-DWT of vessels to be indicated separately for Foreign orders and Indian Orders:	Give copy of firm orders, if any. Otherwise indicate orders likely to get.
17	Studies conducted, so far:	
18	Source of finance to meet the project cost:	

DA: List of Other Documents

Yours sincerely,

Applicant

PLACE :

DATED :

LIST OF OTHER DOCUMENTS:

- (1) Certificate of Financial stability issued by a Nationalized /Scheduled Bank.
- (2) Attested copy of the Partnership Deed, in case of partnership Firm.
OR
- (2) Copy of Memorandum of Association and Articles of Association/Bye laws in case of Company/Co-operative Society/NTC.
- (3) Attested copy of the Power of Attorney or Resolution passed by the Board of Directors, authorizing the person who has signed above and undertaking on behalf of a partnership firm.
- (4) Undertaking to assure and confirm that:
 - a) The details mentioned above and documents attached are true.
 - b) Applicant accepts all the terms and conditions that GMB will stipulate.
 - c) The applicant shall not claim any right, title or interest in or to the waterfront/land allotted for shipbuilding and that applicant is not entitled to any Notice for cancellation of the permission except as provided for in the Agreement.

NOTE:

- (1) In case of a new shipyard company, additional details of associated companies from which technical and financial alliance/support are contemplated /tied up may be furnished in the above Performa alongwith information of the main company with supportive authentic documents along with their past experience and performance.
- (2) Additional information, if any, relating to the projects may also be furnished.



Government of Gujarat
Ports and Transport Department
Block no '2', II floor, New Sachivalay,
Gandhinagar 382 011 (Gujarat)

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