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## PART IV-C

Statutory Rules and Orders (Other than those published in Parts I, I-A and I-L) made by Statutory Authorities other than the Government of Gujarat including those made by the Government of India, the High Courts, the Director of Municipalities, the Commissioner of Police, the Director of Prohibition and Excise, the District Magistrates and the Election Commission, Election Tribunals, Returning Officers and other authorities under the Election Commission.

## GUJARAT MARITIME BOARD SECTOR 10-A OPP. AIR FORCE STATION GANDHINAGAR

### NOTIFICATION

Dated: 19<sup>th</sup> January, 2016

**“The Gujarat Maritime Board (Conditions &  
Procedures for granting permission for Utilizing  
Ship Recycling Plots)  
Ship Recycling Regulations, 2015”**

**GUJARAT MARITIME BOARD**

In exercise of the powers conferred by sections No.15, 24, 37, 38, 39, 41 and 110 and all other enabling provisions of the Gujarat Maritime Board Act, 1981 (Gujarat No. 30 of 1981) and all other powers enabling it in this behalf, the Gujarat Maritime Board with the previous approval of the Government of Gujarat in Ports and Transport Department letter No.WKS-522004-942-GH-1 dated 11/1/2016 hereby makes the following Regulations:-

**PREAMBLE****About the Ship Recycling Industry**

Ship recycling is the only way of disposal of old ships. Using the steel obtained from the ship recycling industry is the effective use of natural resources and should be promoted. Using the steel produced from ship recycling results in environment protection due to lesser iron ore mining. It also results in saving of the foreign currency requirement due to reduction of imports of iron ore/ steel.

The scrap steel is reprocessed from the ship recycling and this alone provides most of the revenues (more than 80%) from the recycling of the ship. Ship recycling is also a labor intensive industry and provides direct and indirect employment to a large number of labors.

Globally on an average, India holds about 35% share in ship recycling in terms of the tonnage of ship (2014). Gujarat is a leader in ship recycling sector in India with more than 90% of Indian ship recycling happening at Alang - Sosiya Ship Recycling Yard alone. This yard was developed by Gujarat Maritime Board in 1982 and is one of the largest ship recycling yards in the Globe operated by beaching method. Today Alang is one of the safest ship-recycling destinations for the ship owners around the world to dispose their ships in a cost effective manner.

**Cyclic Nature of the Ship Recycling Industry**

Ship recycling industry is a cyclical business, and has its long recessionary cycles. Ship recycling activity is inversely proportional to global economic growth. This happens due to greater demand for global freight services during the growth phase of global economy. Whereas during the global recession, as demand of shipping decreases, many shipping agencies prefer to scrap their older ships, which otherwise are lying idle. For example, Alang witnessed one of the lowest business activities during years 2005-08 when global economy was booming, whereas post financial crises of 2008, there was almost 94% increase in number of ships coming to Alang for recycling.

**Looking at the number of ships dismantled (and total tonnage of ships) in the last four years (2011-15), there has been a drop of around 50%. There are several factors which are responsible for this downturn.**

**Factors affecting the Ship Recycling Industry**

Several factors affect the viability of the ship recycling business. The key factors are:

- i. Business cycle of the world economy
- ii. Exchange rate of Indian rupee against US dollar (Currency Risk)
- iii. Domestic steel prices and domestic steel consumption
- iv. Statutory/ environment & safety compliance cost / tax etc. (like import duty)
- v. Regional competitors with other countries
- vi. Finance/LC to ship recycling industry

Indian ship recycling industry remains in constant exposure to adverse forex movements as vessel purchase transaction is typically denominated in US Dollar (USD), whereas sale of scrap is typically in the domestic market with realizations being denominated in Indian Rupees (INR). The Indian rupee has depreciated greatly over the last few years, with INR-USD exchange rate increasing from around INR 45 per USD in 2006 to about INR 63.7 per USD in 2015, signifying a change of about 42%. The high volatility in USD-INR has also resulted in a cautious approach by the ship breakers with many of them deferring new purchases.



International and domestic steel prices play an important role in determining the prices of the ships to be scrapped, as steel content forms the majority of the value of the ship. Therefore, domestic demand for steel and domestic steel price is fundamental to the Indian Ship recycling. Indian ship recycling industry also needs to be competitive in light of the emerging competition from Bangladesh, Pakistan and China.

In the last few years, there has been a lot of pressure on the steel prices in India. The Wholesale price Index (WPI) for steel has increased by only 22% during the period of 2006-07 to 2013-14, while the WPI for all commodities has increased by 62.7% during the same period. This also signifies that the revenues from the sale of steel scrap have not increased in proportion to the increase in the input costs and labor costs over the years. The pressure from the international steel price market is one of the major contributors for the lower increase of steel prices in India.

#### **GMB Charges/Rate Revision**

A comprehensive regulation-cum-policy document for the ship recycling in Gujarat was first published in the year 1994 with a horizon of 10 years. Subsequently, the Government of Gujarat published revised regulations for ship recycling in the year 2006 with revival package of 3 years for the ailing ship recycling industry.

In lieu of serviced land made available to plot owners on lease basis, GMB charges Plot Rentals, Development charges, LDT charges and Water Charges to the ship recycling industry. The Government of Gujarat and GMB intends to develop a long lasting and comprehensive policy cum regulations for the ship recycling industry. Various charges being collected from the ship recycling industry also needs to be revised as the last revision was made in 2006.

In the present scenario of lower domestic steel prices, higher exchange rates and decreasing number of ships coming for recycling, the Indian ship recycling industry is faced with many challenges. The reduced viability and reduced overall competitiveness of ship recycling industry has been taken into consideration while deciding the revision of the rates charged by the GMB. This policy also attempts to factor the changes in the domestic steel prices and its impact on the viability of the ship recycling business and in turn, their ability to pay various charges of GMB. The policy also facilitates the registered companies in the ship recycling industry to comply with the present requirements of the Indian Companies Act.

#### **CHAPTER – 1: PRELIMINARY**

**1.1 Nomenclature:** These Regulations may be called “The Gujarat Maritime Board (Conditions & Procedures for granting permission for Utilizing Ship Recycling Plots) Regulations, 2015.” [Herein after referred to as “Regulations” for the sake of brevity]

**1.2 Repeal and Savings:** On the appointed date the “The Gujarat Maritime Board (Conditions & Procedures for Granting Permission for Utilizing Ship Recycling Plots) Regulations 2006 (hereinafter referred to as “Regulations, 2006”), as amended from time to time, shall stand repealed.

Provided that such repeal shall not affect:

- (a) the previous operation of the Regulations, 2006 so repealed, or anything duly done or suffered there under;
- (b) any right, privilege, obligation or liability acquired, accrued, and incurred under the Regulations, 2006, so repealed;
- (c) any penalty, forfeiture, or action taken for violation of the Regulations, 2006 so repealed: or
- (d) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or action taken for violation of the Regulations, 2006 as aforesaid: and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture and action taken for violation of the Regulations, 2006 may be imposed, as if these Regulations had not been passed:



Provided further that, subject to the preceding Proviso, anything done or any action take under repealed Regulations 2006, shall, in so far as it is not inconsistent with the provisions of these Regulations, be deemed to have been done or taken under the corresponding provisions of this Regulations, 2015 and shall continue to be in force accordingly unless and until superseded by anything done or any action taken under these Regulations,.

**1.3 Appointed Date:** These Regulations shall come into force with effect from the date of its publication in the Official Gazette, which date shall be known as "Appointed date".

**1.4 Definitions:** In these Regulations, unless the context otherwise requires,

- 1) "Act" means the Gujarat Maritime Board Act, 1981.
- 2) "Allotment" means permission to utilize the plot for the purpose of ship recycling for period specified in the permission letter.
- 3) "Appellate Authority" means a committee constituted under these Regulations.
- 4) "Appointed date" means the date as defined in Cl. 1.3 of these Regulations.
- 5) "Authority" means any agency of the State or Central Government, which directly or indirectly governs the ship recycling activities. The list includes Gujarat Maritime Board, Gujarat Pollution Control Board, Directorate of Industrial Safety and Health, Explosives Department, Customs, Atomic Energy Regulatory Board etc.
- 6) "Board" means the Gujarat Maritime Board constituted under Section-3 of the Gujarat Maritime Board Act, 1981.
- 7) "Chairman" means the Chairman of the Board and includes the person appointed to act in his place under Section-9 of the Act.
- 8) "Chief Executive Officer" means the Chief Executive Officer and Vice Chairman of the Board appointed by the State Government under Clause (a) of sub section (1) of section 17 of the Act.
- 9) "Family members" means husband, wife, father, mother, son, son's wife, unmarried daughter, grandfather, grandmother, grandson, unmarried granddaughter, brother and unmarried sister.
- 10) "Lead Promoter(s)" means a person or a group of persons holding majority of equity stake and thereby holding overall control and management of the company.
- 11) "Member" means a Member of the Board or a any member of committee constituted by the Board.
- 12) "Permission" means permission granted by the Board under these Regulations to utilize a plot for the purpose of ship recycling for a period specified in the permission letter.
- 13) "Permission holder" means a person to whom permission is granted to utilize the plot for ship recycling.
- 14) "Person" means an individual, partnership firm, company (either private limited or public limited) and co-operative society;
- 15) "Plot" means piece of land adjacent to waterfront or otherwise earmarked by the Board for the purpose of ship recycling having dimensions specified in the permission letter. This shall include existing plot or plots that may be developed in future within the ship recycling yard under the Gujarat Maritime Board.
- 16) "Regulations" means "The Gujarat Maritime Board (Conditions & Procedures for granting permission for Utilizing Ship Recycling Plots) Ship recycling Regulations, 2015."
- 17) "Schedule/s" means Schedule/s appended to these Regulations.
- 18) "Ship" means a vessel of any type whatsoever, operating or having operated in the marine environment, and includes submersibles/submarine, floating craft, floating platforms, Floating Storage Units (FSUs), and Floating Production Storage and Offloading Units(FPSOs), including a vessel stripped of equipment or being towed.



- 19) "Ship recycling" means all associated operations including mooring, beaching, dismantling, recovery, reprocessing and dispatch of all dismantled materials obtained from the ship.
- 20) "Ship recycling yard" means yard established by the Board for recycling of ships;
- 21) "TCA" means Tender-cum-Auction process for allotment of plot(s).

The words used in these Regulations but not defined herein shall have the same meaning as assigned to them in the Gujarat Maritime Board Act.

## **CHAPTER – 2: AMBIT OF THE PERMISSION**

**2.1** The meaning and sphere of the permission granted /renewed under these Regulations shall be as described below:

**2.2** "Permission" means right to use a particular plot to carryout ship recycling for a period specified in the permission letter and on the expiry of the said period, the permission shall automatically come to an end. However the same can be renewed/extended by the Board or the State Government in its sole discretion as per the policy prevailing at the relevant time.

This permission gives the person only the liberty to permissively use the said plot for the purpose of ship recycling.

**2.3** Notwithstanding the grant of permission or renewal of permission to use the plot for recycling of a ship and the use of plot for these purposes by the permission holder, the ownership and control of the plot shall continue to remain with the Board. Such permission shall not create any right, title or interest in the plot in favour of the permission holder.

**2.4 No mortgage rights: A permission holder shall have no right whatsoever –**

- (i) to mortgage the plot allotted to him, or
- (ii) to create a charge or lien on the plot allotted to him, or
- (iii) to offer it as a security in favour of any person including banks or financial institutions to secure a loan or for any other purpose.

**2.5 No Leasing/Sub Letting:**

The permission granted is for the specific purpose of ship recycling by the permission holder. In no case, the permission holder shall sublet, lease, assign, sub contract or sell the plot or transfer any right in the plot including the permissible right to use the said plot to any other person(s), nor alienate in any manner for any purpose whatsoever.

**2.6 No permanent structures on the plot:**

- 1. A permission holder shall not construct or erect any permanent structure on the plot. The permission holder may, with the prior approval of the Chief Executive Officer and other concerned authorities, put up a temporary or semi-permanent structure on the plot at his risk and cost, to carryout ship recycling activities, after compliance of mandatory requirements under relevant laws / acts.
- 2. The structure(s) so put up by a permission holder shall not create or shall not be deemed to create any right or interest in the plot in his or its favour nor shall it, in any manner, affect the right of ownership of the Board.
- 3. On expiry or termination of the permission, the permission holder shall forthwith remove such structure(s) put up or erected on the plot at his cost and the permission holder shall not be entitled to claim any compensation whatsoever in this regard.
- 4. In case of failure on the part of the permission holder to remove such structure(s) put up with prior approval under Cl. 2.6.1 above, the Chief Executive Officer shall be empowered to remove it at the risk and cost of the permission holder.



**2.7 Applicability of other Laws and Regulations:**

1. The Board under these Regulations grants the permission to use the plot for ship recycling, which is subject to obtaining of all other permissions, licenses, authorization etc. under the relevant Acts, Rules/Regulations as applicable from time to time under the State as well as Central laws.
2. The Board will not be responsible for any violation, lacuna, and omission on the part of the permission holder to comply with any of the provision under any applicable Acts, Rules and Regulations, etc. and to abide by any provisions related to safety, health and welfare of the workers and it will be the sole responsibility of the permission holder to protect the environment during the ship recycling activities.
3. The permission holder at the beginning of each calendar year shall have to declare in the prescribed format that he/she/it has held and will continue to hold all the certificates, licenses, authorization etc. required under relevant Acts, Rules and Regulations for the purpose of ship recycling.
4. The permission holder shall scrupulously observe and comply with Gujarat Maritime Board Ship Recycling Regulations-2003 and any other Regulations, instructions which may be issued by the Board from time to time.
5. Notwithstanding the grant of permission for utilizing a plot for recycling of ship(s) the permission holder shall not be entitled to claim compliance with any of the other relevant laws as are necessary for the purpose of carrying on ship recycling activity merely on the basis of the permission letter granted by the Board.

**2.8 Termination:**

1. The permission shall automatically stand terminated upon expiry of the period for which it is granted and / or by order of termination passed on account of material default as provided under these Regulations.
2. Material Default: Material default shall include the following acts on part of permission holder:
  - i. Providing incorrect, false and misleading information as required under these Regulations, in the tender document as well as the application for permission including application for renewal of permission.
  - ii. Non-payment of any dues of the Board.
  - iii. Either Sub-letting the plot or the permission/right to use the plot to other person within the time specified.
  - iv. Breach of any provisions of these Regulations and/or of the permission letter or the agreement.
  - v. Use of the plot for any purpose other than that mentioned in the permission letter.
  - vi. Putting up any structure(s) in the plot without the prior written permission of the Chief Executive Officer and without obtaining requisite permission required under any other law as the case may be.
  - vii. Failure to apply for the renewal of permission within the specified time along with required renewal fee, details and documents including the no-due certificate issued by the Port Officer, Alang.
  - viii. Making any change whatsoever in the name, status or constitution of the permission holder without prior permission of the Chief Executive Officer.
  - ix. Any direct or indirect attempt by the permission holder to transfer the right to use the plot to any other person.
  - x. Violation of any provisions of these Regulations as may be amended from time to time or any notification or bye-laws or rules or regulations issued under the Act or any other Acts, Rules and Regulations of the State or / and the Central Government unless they are inconsistent with or repugnant to these Regulations, pertaining to ship recycling.



- xi. Failing to make declaration as required under Clause 2.7.3 above or any other law.
- xii. Conviction for any offence punishable under any section of the Act relating to Prevention of Terrorism Act and/or any offence relating to affecting the security of the nation and/or any offence under any anti-corruption law and/or any economic offences punishable under any State or Central Act,

The afore-said list is not an exhaustive list and if in the opinion of the Board any other act, omission or default or breach of any provisions of the Regulations on part of a permission holder may be construed as a material default the same shall render the permission granted liable to cancellation /termination.

Provided that before taking any action under Clause 2.8.2 for cancellation of permission on account of material default, the Chief Executive Officer shall issue show cause notice to the defaulter permission holder giving time of not less than 15 days for explanation. Upon expiry of the notice period, the Chief Executive Officer after taking into consideration the explanation given, and ex-parte in case no explanation is rendered within the stipulated period, shall decide the issue of termination within a period of three months by making a reasoned order which shall be communicated to the notice by Registered Post A.D.

### **CHAPTER-3 DEVELOPMENT, MERGER, RESIZING OF PLOTS:**

**3.1 Development of Ship recycling Yard:** The Board may establish / develop ship recycling yards in the land or foreshore vested in the Board in addition to those already established by the Board before these Regulations 2015 came into force.

**3.2 Development of New Plots:** The Board may, from time to time, develop new plots in addition to those developed before the appointed date.

The location, area and demarcation of the plots shall be determined by the Chief Executive Officer on the basis of various factors such as location, technical parameters and ground realities related to ship recycling activities.

#### **3.3 Merger and Resizing the Plots:**

1. The Chief Executive Officer shall have the power to make variation in size, by way of merger of two or more vacant plots or by division of plot.
2. The Chief Executive Officer shall also have the power for adjustment, re-adjustment, alignment, or realignment of the plots from time to time as may be necessitated by technical requirement of the ship recycling activities, safety aspects and/or for protection of environment.

The permission holder shall be bound to shift to the new location without any compensation as and when required and ordered by the Chief Executive Officer, subject to approval of the GoG.

3. The decision of the Chief Executive Officer with respect to size, situation and demarcation of plots or variation thereof by adjustment, re-adjustment or alignment, re-alignment shall be final and binding upon the concerned permission holder(s).

4. The Chief Executive Officer may offer plots interspersed between or adjacent to the plots already being utilized for ship breaking activities as under.

- i. Only vacant plots occupied by the GMB will be offered to the permission holder(s) of adjoining plots(s) for amalgamation.
- ii. In case, the vacant plot is located in between two working plots having 30m width, half the width (15m) will be offered to both adjoining permission holders.
- iii. Priority will be given to the adjoining working plot having 30m width.
- iv. Amalgamation of vacant plot will be offered in such a way so as to enhance the width of working plot to minimum 45m.



- v. In case, where vacant plot is located in between two merged plots, efforts will be made to enhance width of small plot located next to the merged plot by clubbing and rearranging plot boundary keeping dimension of the merged plot(s) unchanged.
- vi. The permission holder of small plot, if found it difficult to carryout ship recycling, will have to surrender the permission to use such plot to GMB. After this, GMB will offer amalgamation of such plots as per above guidelines. In no case, shifting of existing working plot to another plot location will be allowed under the amalgamation.
- vii. In case, there exist fixed assets in the vacant plot, allocation of part area shall be in such a manner to avoid spilt up of the particular assets. The decision of the VC and CEO in this regard shall be final and binding.
- viii. If a neighbour of the vacant plot wishes to amalgamate such vacant plot, irrespective of size, to upgrade their facility to be more eco-friendly in all terms by adopting green ship recycling methods, GMB may allow amalgamation for such plot subject to approval from the Government.
- ix. If the permission holder of adjoining small plot(s) do not accept the offer of amalgamation, permission of such small plot will not be renewed and such plot(s) will subsequently be offered under amalgamation/TCA.
- x. The amalgamation of existing vacant plot will be on "As is where is" basis. Any request by the permission holder regarding depth, level condition etc. will not be entertained.
- xi. Before merging the area under the amalgamation policy, the permission holder shall have to pay all the outstanding dues of GMB, for the existing working plot.
- xii. For the assets whatsoever in the vacant plot, the permission holder shall have to pay proportionate costs as per the valuation done by the GMB through Government approved valuer. Decision of the VC and CEO as regard valuation and recovery of proportionate cost shall be final and binding.
- xiii. All other charges for the enhanced area shall be levied as per the provision of regulation from the date of issuing permission to utilize the merged area under amalgamation.
- xiv. Performance of the permission holder of working plot will be considered as per the provision of the regulation
- xv. The development charge for the merged/additional area shall be paid at Rs.1200/- per sq.m per year for five years. This development charge may be reviewed after three years.
- xvi. The development charges as stipulated in para-xv shall be applicable to the amalgamated plots allowed under the Regulation-2006.
- xvii. The minimum LDT as stipulated in chapter-9.3 shall be applicable to the amalgamated plots allowed under the Regulations.

#### CHAPTER-4: RENEWAL OF THE PERMISSION:

**4.1 Eligibility:** Permission holders who have been utilizing the plot for ship recycling purpose under the Regulations-2006 and who have recycled the requisite LDT (Light Displacement Tonnage) as stipulated in the Regulations 2006 during 01/10/2004 to 30/09/2009 shall be considered eligible for further renewal under these Regulations. In case the Permission holder did not comply with the requirement of minimum LDT during the period of five years, permission will be renewed only on payment of charges for "LESS LDT" @1.5 times the rate prescribed under Regulations-2006



**4.2 Limitation Period, Form of Renewal Application and Other Requisites:** The application for renewal of permission shall be made not later than three months from the date of its publication in the official Gazette in the form as prescribed under **Schedule-I**

The permission holder shall have to pay all outstanding dues with interest. (as prescribed under these Regulations) and produce a No-Due Certificate issued by the concerned Port Officer, failing which renewal permission shall not be granted to the permission holder(s).

**4.3 Renewal Fee and Security Deposit:** The permission holder applying for renewal of the permission for utilizing the plot for ship breaking shall pay an amount of Rs.1 lakh (Rupees One lakh) towards non-refundable application money/renewal fee and Rs.5 lakhs (Rupees Five Lakhs) as security deposit.

**4.4 Scrutiny of applications:** On scrutiny of an application, if any information is considered inadequate, incomplete wrong fraudulent or misleading, the application shall stand rejected and if such information is mentioned after taking the applications, the application shall be cancelled and any permission granted shall also stand cancelled and all deposits and fees shall stand forfeited to the Board.

**4.5 Disqualification:** Firm/company shall be disqualified from **applying for renewal** of permission to utilize ship recycling plot if,

- (a) A Firm/company whose proprietor or any of whose partner/share holder is a family member of any of the officer/employee/Board member of Gujarat Maritime Board;
- (b) A firm/company whose proprietor/partner/shareholder having more than or equal to 51% of the total stake in more than three firms/companies in the same ship recycling yard.
- (c) Any conditional application;
- (d) A person who is declared to be an insolvent;
- (e) A person who is not having any capacity to contract under the Indian Contract Act; and
- (f) A person who is convicted for any offence punishable under any section of Prevention of Terrorism Act and/or any offence relating to affecting the security of the nation and/or any offence under any anti-corruption law and/or any economic offence punishable under any State or Central Act.

**4.6 Period of Renewal:** The parties who were allotted the plots prior to TCA 2004 shall be granted renewal under these Regulations upon expiry of the period of their agreement and the renewal of permission shall be 10 years from the date of its publication in Official Gazette.

**4.7 Renewal of permission granted under TCA-2004 and onward TCA:** Permission holders of TCA-2004 and onward TCA and who have been utilizing the plot prior to the appointed date shall have to apply for the renewal under these Regulations as per Clause 4.1 and 4.2 not later than three months from the date of expiry of their agreement.

**4.8 Failure or Refusal of Renewal of Permission:** In case of failure by the permission holder to make the renewal application within the time-period as stipulated above it shall be deemed that the permission holder is not interested in renewal of the permission for carrying out ship recycling activity. In case of refusal/rejection of the application for renewal the permission holder shall hand over vacant and peaceful possession of the plot to the Board. Provided that, if there is a vessel lying in beached condition or under the process of recycling on that plot, the permission holder will be allowed to complete the cutting of the vessel within the time that may be extended by the Chief Executive Officer but the extended period shall not exceed six months in any case on such terms and conditions as may be determined by Chief Executive Officer. During this period all charges would be levied as per these Regulations.

Provided that before the extension is granted by the Chief Executive Officer, (a) all outstanding dues shall be cleared by the permission holder and, (b) all the charges payable for the extension period shall be paid in advance.

In case, if the vessel is not cut within the extended time stipulated by Chief Executive Officer he will be empowered to cut the vessel by appointing an independent agency and remove the scrap at the risk and cost of the permission holder, and all the dues shall be recovered from the sale of the scrap.



**CHAPTER-5: NEW PERMISSION TO UTILIZE PLOT FOR SHIP RECYCLING:**

**5.1 The Chief Executive Officer may grant permission to use plots for ship recycling in respect of –**

- (a) a plot which is newly developed
- (b) a plot which is vacant
- (c) a plot which has fallen vacant on account of cancellation/termination of the permission.

**5.2 Procedure :** All such plots, shall be offered for use for ship recycling after following the procedure of Tender – cum – Auction.

**5.3 Tender-cum-Auction:**

The upset price for tender cum auction will be Rs.540/- per sqm per year. The terms and conditions of the tender document shall be fixed by the Board.

**5.4 Allocation for the Reserved Categories:**

7 % and 14 % of the plots shall be reserved for Schedule Castes and Schedule Tribes respectively for granting permission for utilization of ship recycling plots

**5.5 Priority amongst Reserved Categories:**

In the reserved categories also the criterion of highest price bid at Tender Cum Auction (TCA) will be considered prior in point of time, and subject to that as far as applicable Government Resolutions dated 03.08.1992 and 04.01.2000 may be considered.

**5.6** The permission holders belonging to Scheduled Caste / Scheduled Tribe category under Regulations 2006 shall be permitted to continue to hold permission granted under these Regulations as per procedure prescribed in 5.4 and 5.5 above read to gather, provided that such permission holders shall pay all outstanding dues along with the interest calculated at the rate of 8 % per annum from the date of default. In case of non - payment of charges as aforesaid by the permission holders belonging to Scheduled Caste / Scheduled tribe category two notices will have to be issued by the Chief Executive Officer & Vice Chairman to such defaulter at an interval of 3months, failing which the permission granted to such permission holders under Scheduled Caste / Scheduled Tribe categories will automatically come to an end and the Chief Executive Officer will be entitled to forfeit the said permission and shall be entitled to grant permission in respect of said plot to other aspiring candidates belonging to Scheduled Caste/ Scheduled Tribe category in the same manner as provided in these Regulations.



**CHAPTER-6: SCHEDULE OF CHARGES**

**6.1** The permission holders shall pay following charges in advance as per the Schedule of Charges:

Sr. No.	Component	Rate (Rs.)	Unit	Payable
01	Development Charge	270	Per Sqm per year "And will be escalated by 10% every three years.	Annually before commencement of the Financial Year
02	Plot Rent	80	Per Sqm per year and will be escalated by 10% every three years.	Annually before commencement of the Financial Year
03	Recycling Charge	135	Rs.135/- Per Unit of LDT for first year "And will be increased or decreased every year as per the Wholesale Price Index of "steel" for each financial year as released by the Office of the economic Advisor, Ministry of Commerce and Industry, Government of India."	Before granting beaching permission of a vessel
04	Charges for Water Supply & Electricity	23	Rs.23/- Per sqm per year for the first year and then as per actual cost / expenses incurred by GMB plus 20% administrative charges on supply on supply of water and electricity	Annually before commencement of the Financial Year

**The above charges may be reviewed/revised after three years.**

**Explanation:** The permission holders who have been issued permission to use the plot under TCA-2004 and onward TCA shall pay the development charge as per their bid price till the date of expiry of the agreement. Thereafter, in case of renewal of permission, development charge shall be paid as per the above table.

**6.2** In addition to above charges, the permission holder shall pay all applicable charges as prescribed under the Schedule of Port Charges framed by Gujarat Maritime Board prevailing and which may be revised from time to time.

**6.3** In case of failure to pay all the charges within the stipulated time, the competent authority shall issue a demand notice within a period of thirty (30) days upon the permission holder to make the outstanding payment with simple interest at rate of 15 % per annum from the date of default,. In case of failure of the permission holder to clear the outstanding dues along with the interest, the security deposit shall stand forfeited and the permission shall be liable to be cancelled.

**6.4** The permission holder shall also pay the charges, fees, taxes, duties leviable under any Act, Rules, Regulations other than these Regulations 2015 including amount payable to Service tax, Sales Tax, VAT (Value Added Tax) at the prevailing rate which may be amended from time to time by the State/Central Government, as the case may be.

**PROVIDED THAT** in case of any outstanding dues of such statutory charges of the Government, the Chief Executive Officer may suspend beaching and/or recycling permission of such permission holder unless the dues are paid.



**CHAPTER-7: CHANGE IN THE CONSTITUTION OF PERMISSION HOLDER:****7.1 No Change without prior Approval:**

The permission holder shall not make any change whatsoever in the name, address, status or constitution of partners, profit sharing ratio, share holding pattern without the prior permission, in writing, of the Chief Executive Officer. In case of breach of this requirement, the Chief Executive Officer may, after giving the permission holder an opportunity of being heard, terminate the permission.

Provided, that nothing in Clause 7.1 shall apply to change of name, status or Constitution of a permission holder by operation of law.

**7.2** A permission holder desirous of any change in the name, address, status or constitution, partners, profit sharing ratio, share holding pattern shall apply in writing to the Chief Executive Officer, with requisite documents, reasons and justifications for making such changes. Induction of new partners/stakeholders shall be allowed from the existing ship recyclers only. No new persons/ entities will be allowed.

**7.3** The Chief Executive Officer may refuse to grant permission to a permission holder to proposed changes if, in the opinion of the Chief Executive Officer, grant of such permission is fraught with danger to safety or security of the yard or plots or the nation and the decision of the Chief Executive Officer shall be final.

**7.4** The Chief Executive Officer upon considering genuineness of the application may consider granting permission for the change in the name, address, status or constitution, partners, profit sharing ratio, share holding pattern of the permission holder, as per rates specified here in below.

	Details	Charges
	<b>In case of proprietor and partnership firm</b> Change in status, partners with change in profit sharing ratio up to 49%(Once in 2.5 years)  <b>In case of private limited and public limited company</b> Change in status of share holding pattern up to 49%(Once in 2.5 years)	Rs. 400/- per sqm * area of plot
	<b>In case of proprietor and partnership firm</b> Change in status, partners with change in profit sharing ratio more than 49% and up to 74%(Once in 2.5 years)  <b>In case of private limited and public limited company</b> Change in status of share holding pattern more than 49% and up to 74%(Once in 2.5 years)	Rs. 600/- per sqm * area of plot
	<b>In case of proprietor and partnership firm</b> Change in status, partners with change in profit sharing ratio more than 74% (Once in 5 years)  <b>In case of private limited and public limited company</b> Change in status of share holding pattern more than 74% (Once in 5 years)	Rs. 1000/- per sqm * area of plot
	<b>In case of proprietor and partnership firm</b> Change in status without change in profit sharing ratio <b>In case of private limited and public limited company</b> Change in directors without change in share holding Pattern	Change in status, partners Director within family member or amongst the existing partners or Increase in numbers of directors will be permitted keeping in mind the provision of Company Law.Rs.1 lac per application



7.5 In case of proprietor and partnership firm permission holder has made any changes in status, partners with change in profit sharing ratio less than 74% or in case of private limited and public limited company, a change in status with change in share holding pattern less than 74% during its previous permission period without prior approval of GMB, the Chief Executive Officer may renew the permission of such permission holder only upon payment of charges for such changes made at the rate of 1.5 times the rates prescribed under these Regulations.

#### **CHAPTER – 8: WRONGFUL BEACHING:**

8.1 Permission holder can beach his vessel only at the plot for which Gujarat Maritime Board has granted him permission to use for recycling.

##### **8.2 Following cases shall be considered as wrongful beaching:**

- (1) Beaching of vessel by the permission holder on the plot allotted to him without obtaining beaching permission from the competent authority.
- (2) Beaching of vessel by a permission holder in a plot other than that for which he holds permission.
- (3) Beaching a vessel of another person/party in the plot allotted to him.
- (4) Beaching of vessel so as to obstruct beaching/recycling of vessel by the adjacent permission holder(s) on their respective plots.
- (5) Producing wrong information/forged documents to seek beaching permission.

8.3 In case of wrongful beaching, without prejudice to other remedies available to the Board, the Chief Executive Officer shall be empowered to take any one or all of the following actions:

- (a) To impose a penalty of Rs.15 lakhs per wrongfully beached vessel. If the permission holder commits wrongful beaching for more than two times but up to four times, the Chief Executive Officer may double the penalty.
- (b) In case of wrongful beaching by a permission holder for more than four times the Chief Executive Officer shall terminate the permission and forfeit all the payments made by the permission holder including the security deposit after giving the permission holder an opportunity of being heard.

8.4 Beaching of Vessel by a permission holder in a plot other than that for which he holds permission in following exceptional cases:

If due to some technical constraints or other such justified reason, the permission holder needs to beach and recycle his vessel in a plot other than that for which he holds permission, in that case the permission holder shall apply in writing to the Chief Executive Officer with following documents:

- (a) Certified documents of the ownership of the vessel.
  - (b) NOC of the permission holder in whose plot the vessel is to be beached.
  - (c) No Due Certificate for both the plots i.e. plot in which the vessel is to be beached and plot for which permission is granted to the owner of the vessel.
- On receipt of such request, the Chief Executive Officer may grant the beaching permission on payment of fees of Rs.15 lakhs per vessel by the party beaching his vessel.

PROVIDED THAT the plot in which the vessel is to be beached and recycled must have authorization issued by the State Pollution Control Board and shall comply with all the requirements for safety and environment related aspects.

PROVIDED FURTHER THAT during the process of recycling of such vessel, all the responsibilities within the plot shall be of the permission holder in whose name permission to use the plot is granted and credit for the tonnage of the vessel shall be in the account of owner of the vessel.



**CHAPTER – 9: MISCELLANEOUS:**

**9.1** All the permission holders shall be bound by the terms and conditions specified under these Regulations and in the Schedules.

**9.2** All the permission holders shall furnish an Indemnity Bond as prescribed by the Board. To get the Indemnity Bond discharged, the permission holder shall obtain the site clearance certificate of the concerned Port Officer. The Chief Executive Officer shall discharge the indemnity bond only after the party clears the site and makes the payment of dues, plot charges, fees, and penalty etc. payable to the Gujarat Maritime Board.

**9.3** The permission holder shall break LDT at a minimum quantum of Tonnages per annum as per below table, failing which further renewal of the plot permission may not be granted.

Sr. No	Plot Width In mts	Minimum LDT per / blocks
1	Up to 30 mts	12,500 in the first block of five years And 12500 in the second block of five years
2	More than 30mts and up to 60 mts	17500 in the first block of five years And 17500 in the second block of five years
3	More than 60mts and up to 120mts	22500 in the first block of five years And 22500 in the second block of five years
4	More than 120 mts	25000 in the first block of five years And 25000 in the second block of five years

**9.4** The permission holder shall produce a bank guarantee equivalent to recycling charge of minimum Light Displacement Tonnage (LDT) at the beginning of each block of five year- period.

The permission holder shall achieve the requisite minimum LDT in each of the blocks.

However, regardless of any excess LDT in one or more blocks being achieved, no credit can be claimed by the permission holder in any other block, and even if claimed, no credit shall be granted.

In case of failure of the permission holder to achieve the requisite minimum LDT in each of the blocks the Gujarat Maritime Board shall take the possession of the plot and cancel the permission of the permission holder after giving an opportunity of being heard.

**9.5** The Rules, Regulations and instructions of the Gujarat Maritime Board, Port Department or of any other Department of the Central Government or State Government or of any other public authority shall be observed.

**9.6** Beaching and recycling of the ship and storing / loading/ unloading/ transporting of thematerials/equipment shall be entirely at the risk and cost of the permission holder 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 plot or during transit.

**9.7** Any pollution caused by the vessel brought for beaching will be the liability of the permission holder who has purchased the vessel for recycling and entire cost of the remedial measures shall be borne by the permission holder.

**9.8** If the permission holder commits breach of any of the terms and conditions, the permission granted shall be liable to be cancelled after giving an opportunity of being heard.

**9.9 Common proprietor/partner/shareholder will be allowed in up to three plots.** The permission holder (proprietor/partner/shareholder) having more than or equal to 51% of the total stake in two firms/companies having permission to utilize plot for ship recycling purpose under these regulations in the same ship recycling yard on the appointed date may be permitted to participate in the Tender Cum Auction held by Gujarat Maritime Board under these Regulations for only one plot.



**9.10** A permission holder shall comply with the requirements and conditions for safety and welfare of the workers and protection of the environment.

**9.11** The permission holder shall not employ any worker for the ship recycling activity unless the worker so employed by the permission holder has undergone basic training in the respective field of work and is holder of certificate of such training by the recognized training institute / Gujarat Maritime Board.

**9.12** The permission holder shall have to follow directives / guidelines issued by Ministry of Defence, Government of India, in the interest of national security and shall extend all necessary cooperation to the officers of Coast Guard and Indian Navy for regular inspection of their plots.

**9.13** The permission holder shall produce all necessary documents of the ship which has arrived for anchoring/beaching and also provide identity of seller of the ship including that of cash buyer with the name, address, designation of signatory, telephone number, e-mail address etc.

**9.14** Permission holder shall execute necessary undertaking to abide by terms of these Regulations, agreement executed by & between the parties in terms of these Regulations

**9.15** Permission holder shall up keep and employ modern technology for recycling activity like use of long nozzle cutting torch, mechanized hydraulic lifting equipments, use of gas detectors, mechanized blowers, classified cutting equipments etc. and which may be prescribed by Gujarat Maritime Board from time to time and according to the norms prescribed by Basal Convention.

**9.16** In case of fatal accident, permission holder shall have to pay Rs. 2 lac per person to the Gujarat Maritime Board by way of penalty which will be deposited in the Workers Welfare Fund maintained by Gujarat Maritime Board. Provided further, the permission holder shall have to pay Rs. 5lacs per person to the heirs of deceased person who has lost his life in the accident.

**9.17** Housing cess of Rs.200/- per sqm of plot area per year shall be paid by the permission holders to GMB. The allotment of housing, operation and maintenance shall be undertaken by the Ship Recycling Industries Association (SRIA).

**9.18** The Chief Executive Officer may add such further terms and conditions as he may deem fit, for effective implementation of these Regulations.

**9.19** The decision of the VC & CEO, Gujarat Maritime Board on any question relating to interpretation of these rules or any procedural matter there under shall be final and binding on the parties.

#### **CHAPTER 10: APPELLATE AUTHORITY:**

**10.1** In case of any dispute arising out of the interpretation of the clauses of these Regulations and any person being aggrieved by the decision of Chief Executive Officer with respect to termination/cancellation of the permission, imposition of penalty for wrongful beaching, change in status, partners, directors with change in profit sharing ratio and/ or any matter relating to or concerned with these Regulations, may prefer an appeal to the Appellate Authority within 30 days from the date of receipt of the order by the Chief Executive Officer. Decision of the Appellate Authority on the dispute shall be final and binding.

**10.2** The Appellate Authority shall be constituted of (a) the Chairman of the Board (b) Secretary, Ports and Transport, (c) Secretary (Expenditure), Finance Department.

The decision of the Appellate Authority, or by majority of the Appellate Authority, shall be final binding.

**10.3** No appeal shall be entertained by the Appellate Authority if it is made after the period of 30 days of the date of receipt of the order.

Provided that if the Appellate Authority is satisfied that the applicant or appellant was prevented by any sufficient cause from preferring the appeal within the period of 30 days it may entertain the appeal within a further period of 60 days, but not thereafter.

**10.4** No appeal shall be entertained by the Appellate Authority unless the Appeal is accompanied by proof of payment of Appellate Fees of Rs. 25,000/- (Rupees Twenty five thousand only) non refundable.



**SCHEDULE-1****Application to renew permission to utilize plots for ship recycling under the Gujarat Maritime Board Ship Recycling Regulations-2015**

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

**Sub: Request for renewal of permission to utilize a plot**

Dear Sir,  
 I/We here by apply for renewal of the permission to utilize Plot No. \_\_\_\_\_ for ship breaking. I/We furnish required details as under:

No	Component	Details	
01	Name & address of the applicant		
02	Name & designation of the Authorized Signatory		
03	Telephone No/ Mobile No.	(O):	(R):
04	Fax:		
05	e-mail:		
06	Status of the Firm: (a) Proprietor: (b) Partnership: (c) Private Limited: (d) Public Limited:		
07	Details of Partners/Directors:		
	Name	Designation	Profit Sharing / Share Holding
i			
ii			
iii			
iv			
08	Details of other plot(s) with which Proprietor / Partner / Director of the applicant is associated		
	Name of Person	Plot No.	Associated as
i			
ii			
iii			
iv			
v			
vi			
vii			



No	Component	Details	
09	LDT recycled by permission holders other than those of TCA-2004 during the previous permission period i.e. from 01/10/2004 to 30/09/2009		LDT (MT)
10	LDT recycled by Permission holders of TCA-2004 and onward TCA during the period as per their agreement		LDT (MT)
11	Details of litigation by or against the applicant in which Gujarat Maritime Board is a party, if any:		
	Case No.	Court	Issue Involved
i			
ii			
iii			
iv			
12	No due certificate issued by Gujarat Maritime Board		

**Declaration:**

The above information is true and correct. I accept to bear any consequences including cancellation of permission, if on later date any of the above details is proved to be false or misleading. I shall abide by all the terms and conditions imposed by the Gujarat Maritime Board and these Regulations 2015.

Signature

(Name of the signatory)

On behalf of M/s

Place:

Dated:

**Note:**

Do not leave any point/column of the application form blank. Please mention [– NIL–], in case of no details to mention and [–Not Applicable–], if any detail is not related to the applicant.

On behalf of Gujarat Maritime Board

Date: 19<sup>th</sup> January, 2016

**A. K. RAKESH**  
Vice Chairman &  
Chief Executive Officer

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Government Central Press, Gandhinagar.