



सत्यमेव जयते



INLAND VESSEL BUILDING SUBSIDY SCHEME

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INLAND VESSEL BUILDING SUBSIDY SCHEME (REVISED)

[Forwarded vide Ministry of Shipping's letter no. NW-12019/1/2002-IWT dt. 20-01-2003]

1. Background

1.1 The Ganga from Haldia to Allahabad (1620 Km), the Brahmaputra from Dhubri to Sadiya (891 Km) and the West Coast Canal from Kottampuram to Kollam along with Champakara and Udyogmandal canals (205 Km) have been declared as National Waterways. Infrastructural facilities such as fairway, terminals and navigational aids are being provided in the three National Waterways to facilitate efficient shipping and navigation. With these facilities, the IWT mode with the inherent advantage of fuel efficiency can provide an efficient and economic transportation facility, which in turn would facilitate substantial shift of cargo to this mode. The Inland Vessel Subsidy Scheme is aimed at reducing the capital burden to the prospective IWT carrier, which would enhance their profitability and make the IWT tariff competitive which in turn would result in shift of cargo to the IWT mode dictated by the market forces and optimum fairway capacity utilization in the National Waterways.

2. Duration of the Scheme

2.1 "The scheme will take effect from 1.4.2002 and will remain in force for a period of 5 years i.e. up to 31.3.2007. Since the scheme is credit linked, its operation cannot be given a retrospective effect. Applications received in Annexure-I (for in principle approval) from 1st April 2002 to 31st March 2007 would be eligible under this scheme."

3. Definitions

3.1 In this scheme, unless the context otherwise requires:

- (i) 'Authority' means the Inland Waterways Authority of India constituted under Section 3 of the IWAI Act, 1985.
- (ii) 'Budget' means the estimate of receipt and expenditure of Authority for a financial year.
- (iii) 'Chairman' means the Chairman of the Authority.
- (iv) 'Inland Vessel' means a vessel registered under the Inland Vessels Act, 1917.
- (v) 'National Waterway' means any waterway declared by law as a National Waterway under IWAI Act.
- (vi) 'Registration certificate' means a certificate issued by the registering authority under the Inland Vessels Act, 1917.

4. Applicability

4.1 "Inland Vessel Building Subsidy Scheme (IVBSS) would be applicable to both cargo and passenger Inland vessels as well as other Inland vessels meant for operation in National Waterways, Sunderbans waterways or Indo-Bangladesh Protocol routes"

5. Amount of Subsidy

5.1 The Subsidy payable under this scheme would be equal to 30% of the ex-factory price of the Inland vessel and would be determined in accordance with the process established hereinafter. The subsidy will be available only for vessels acquired by an Indian Inland water transport entrepreneur from a shipyard in India.

5.2 The scheme would be operated as a credit linked subsidy scheme under which a part of cost of construction would be met by financial institution/banks. The amount of subsidy admissible would be deposited with financial institution/bank directly on fulfillment of all the conditions and completion of construction of vessels laid down in the scheme for claiming the subsidy.

6. Determining the price for the purpose of subsidy

6.1 An Advisory Committee headed by a member rank Officer of the IWAI and consisting of representatives from Confederation of India Industries (CII), Naval Architect of Director General (Shipping), Indian Register of Shipping (IRS), National Ship Design and Research Center (NSDRC), Tariff Commission, Ministry of Industry and Industrial Credit and Investment Corporation of India (ICICI) will be formed for considering the eligibility of vessels for subsidy. The Advisory Committee would also draw the specifications from time to time and this in turn will enable the price determination. Besides this, the Advisory Committee will develop criteria for working out standing cost for various types and sizes of Inland vessels eligible under IVBSS. The criteria recommended by the Advisory Committee will be placed before the Authority/Board of the Inland Waterways Authority of India (IWAI) and thereafter approved by the Central Government.

6.2 A committee, consisting of Members representing Administration, Technical, Finance & Cargo Wings of IWAI and representative of the ministry i.e. DS (IWT), will be constituted for processing the applications received from the

entrepreneurs. For the purpose of calculation of subsidy the price of the new vessel to be built at the Indian Shipyard shall be determined by this committee on the basis of standard costing criteria suggested by the Advisory committee. The Committee's recommendations will be submitted to the Chairman, IWAI for obtaining approval of the Authority. The decision of the Authority shall be final. The applications would be normally processed within a period of four months and in principle approval of the Authority will be conveyed accordingly to the applicant.

7. Eligibility criteria for claiming subsidy

7.1 The subsidy would be admissible on vessels acquired for operation on National Waterways and also Sunderban Waterways and Indo Bangladesh protocol routes. The entrepreneurs shall have to give an affidavit on stamp paper that the vessel built shall be operated on National Waterways or Sunderban Waterways or Indo Bangladesh Protocol routes for a period of 8 years from the date of registration of the vessel. In case of failure to do so, the entrepreneur will be liable for refund of subsidy received with interest at the prime lending rate i.e. 12%+2.75 % as penal rate of interest failing which the Authority will be free to have the vessel seized and disposed off for recovery of dues.

8. Prioritization

8.1 The Authority shall have the right to determine the order of priority taking into account all relevant considerations such as number of applications received, the priority areas and cargo for operations etc. and availability of fund at any point of time. The Authority/Board will decide the prioritization of cases.

9. Category of inland vessels for which subsidy is admissible

9.1 The subsidy will be available for all the vessels registered under IV Act 1917 and also for dumb barges.

9.2 In respect of vessels, which are not mechanically propelled instead of registration under I.V. Act, any registration by the State authority may be accepted. In view of the position brought out in Para-4, the Authority will decide the category for which the subsidy will be admissible.

10. Methodology for administering subsidy

10.1 "Applications for intention of availing subsidy under this scheme will be submitted to the Chairman, IWAI in the prescribed proforma given at Annexure-1. The application would be considered by the authority competent to sanction and

IWAI will intimate the entrepreneur, in principle approval of Inland Vessel Building (IVB) subsidy normally within a period of four months from the receipt of application, complete in all respects. In case the application is rejected, it will be conveyed by the Authority within four months from the date of receipt of the application. However, in case due to some reasons the rejection could be not conveyed within four months the firms concerned should not presume automatic approval of their application(s). IWAI will given reasons in writing to firms/applicants for any delay beyond four months."

10.2 The subsidy would be payable by IWAI to the entrepreneur through financial institutions/banks upon taking delivery of the vessel and registration of the same under Inland Vessels Act or any other State Act as recognized by the Authority, as per para 9 above".

10.3 A claim for release of subsidy with respect to approved proposal is to be submitted to the Chairman, IWAI, A-13, Sector-01, NOIDA-201301 not later than a period of 90 days from the date of taking delivery of the vessel for which subsidy is claimed along with the registration certificate and the certificate from builder about completion of vessel. The application form for claiming vessel-building subsidy under the IVBSS (Inland Vessel Building Subsidy Scheme) is given at Annex-II.

11. Authority competent to sanction and release of subsidy

11.1 The Authority for sanction and release of subsidy will be the Chairman, IWAI.

11.2 IWAI shall make efforts to disburse the vessel Building Subsidy within a period of four months from the date of receipt of the claim from the IWT entrepreneur. However, in case of delay on any account, no interest will be payable to the claimant.

11.3 Any amendment to the Inland Vessels Act, 1917 or the IWAI Act, 1985 or any other concerned law or rule shall correspondingly be applicable to the subsidy scheme to the extent it would have bearing on the scheme.

12. General

The subsidy shall be paid/released only at the end of the completion of the vessel and registration. In case any entrepreneur is found claiming subsidy by misrepresentation or dishonest or fraudulent means, the Authority reserves the right to seize the vessel and to recover the subsidy so paid out of the sale proceeds received. Besides, the claimant shall be liable for prosecution as per law.

12.2 The release of vessel building subsidy by the IWAI from time to time will depend upon the availability of funds with the Authority in the budget for a particular financial year. No interest will be payable in respect of delay in disbursement of subsidy in any given year.

13. Interpretation

If any question arises in regard to interpretation of this scheme it shall be referred to the Government who shall decide the same and its decision shall be final.

ANNEXURE-1

To
The Chairman,
Inland Waterways Authority of India
A-13, Sector-1, Noida, U.P.-201301

Dear Sir,

I/We hereby intend to place order for construction of _____ by availing Vessel Building Subsidy announced by the Authority and furnish the following details:

1. Name of the owner with official address: _____
2. Details of vessel (s) to be built: _____
3. Type and specification of Vessel (s): _____
4. Period of construction: _____
5. Yard in which it is to be built: _____
6. Tender offer details: _____
7. Likely date of registration: _____
8. Cost of Vessel(s): _____
9. Details of borrowing, if any: _____
10. No. of vessels proposed to be acquired: _____
11. National Waterway in which it is proposed to be operated: _____

Kindly accord in principle approval so as to place order for construction of the aforesaid vessel.

Yours faithfully,

Signature

Date:

Stamp

ANNEXURE-II

Application Form for claiming Vessel Building Subsidy under Inland Vessel Building Subsidy Scheme.

To
The Chairman,
Inland Waterways Authority of India
A-13, Sector-1, Noida, U.P. - 201301

Dear Sir,

The Vessel Building Subsidy of Rs _____
(in words) _____ for
the Vessel acquired by us has become due.
The details are given below:

1. Constructed by _____
Name of the Yard _____
Address _____
2. Name of the Party _____
Registered Office _____
3. Details of Vessel:
Length _____
Breadth _____
Draught _____
BHP _____
Engines _____
GRT _____
NRT _____

Type of vessel:

(Please tick one of the following)

- (a) Self propelled cargo vessel tonnage
(b) Dumb barge

- (c) Mechanically Propelled vessel
(Specify whether Tug/Survey Launch)
- (d) Inland Dreger
- (e) Any other type (Please specify)

4. Copy of the documents attached (tick the following):

- 1) Registration Certificate
- 2) Details of Vessel building subsidy claim
- 3) Certificate of cost of Vessel
- 4) Loan, if any, sanctioned/obtained (with details):

5. Affidavit

I certify that-

- (i) the vessel is operated/will be operated in NW _____
- (ii) the vessel will continue to be operated in NW _____ at least for a period of eight years from the date of registration of the vessel.
- (iii) In case the vessel is taken away from NW, the Authority will be intimated immediately of the same and the subsidy will be refunded by me/us forthwith together with interest due there on.
- (iv) I/We are not in receipt of subsidy for the said vessel from any other source.

Signature

Date

Stamp

Some important approved recommendations of Advisory Committee constituted as per Para 6.1 of IVBSS, acceptance of which from the applicant is necessary for processing his application for in principle approval by the Committee constituted as per Para 6.2 of IVBSS.

1) According to para 6.1 of the Inland vessel Building Subsidy Scheme (IVBSS), an Advisory Committee was formed and its recommendations were duly approved by the Government vide Ministry of Shipping letter no. NW-12019/1/2002-IWT dated 20th January 2003 and 8th December 2005. The important recommendations/ conditions of the Advisory Committee which are not the part of the revised IVBSS but which have important bearing on consideration of applications for in principle approval as well as for claiming and processing vessel building subsidy cases are given below :-

- i) In case of cargo vessels the maximum permissible DWT of the vessels under this scheme shall not exceed 2000 tonnes and in case of passenger vessels the size would be limited up to 200 passengers. Loaded draft shall not exceed 2.5 m.
- ii) The vessel availing this subsidy should be built under the class survey of IRS or any other classification society approved by DG (Shipping), except the vessels up to 600 DWT which may be got constructed under survey and registration of IWT Directorate, West Bengal and IRS class for construction of such vessels will not be necessary.
- iii) The entrepreneurs shall have to give an affidavit on stamp paper that the vessel built shall be operated on National Waterways or Sunderbans Waterways or Indo-Bangladesh Protocol routes for a period of 8 years from the date of registration of the vessel. In case of failure to do so, the entrepreneur will be liable for refund of subsidy received with interest at the prime lending rate i.e. 12% + 2.75 as penal rate of interest failing which the Authority will be free to have the vessel seized and disposed off for recovery of dues.
- iv) The subsidy payable would be equal to 30% of the ex-factory price of the vessel. Ex-factory price means price at factory gate including excise duty and other tax and duties leviable up to factory gate but excluding sales tax and other tax and duties and charges leviable after leaving factory gate.

v) Documentary proof of payment made by the entrepreneur to the builder duly certified by a Chartered Accountant should be forwarded along with Annexure - II of the scheme while claiming the subsidy.

vi) System of maintaining ship log will be introduced for inland vessels constructed under this scheme. During the operation of the vessels, the operators would be required to submit quarterly returns for the movement of the vessels and also about cargo/passengers carried during different quarters.

vii) The vessels availing this subsidy should have comprehensive insurance. Further, in case the entrepreneurs who have acquired the vessel by availing the subsidy want to sell the vessel, he can do so only after obtaining approval from IWAI. Further, the new buyer of such vessel should also give an undertaking that the vessel will be operated on the National Waterways or Sunderbans Waterways or Indo-Bangladesh Protocol routes during the remaining period (8 years after the vessel has been constructed and registered initially).

viii) In the Registration Certificate and in the Register book of the vessels which avail the subsidy, an entry should be made by the Registering Authority that vessel building subsidy of 30% has been given by the Government for this vessel. The Registrars may also be informed that transfer of ownership of such vessels shall be done only on receipt of a no objection certificate from IWAI.

2) The Entrepreneurs / applicants are requested to confirm the above acceptance of above mentioned conditions [1 (i) to (viii)] along with the application in Annexure -I for in principle approval. Relevant documents to establish the genuineness of the firm, may also be enclosed with Annexure-I.

Note :- The revised IVBSS and above mentioned approved recommendations of advisory Committee are also available on the website of IWAI (www.iwai.nic.in).
