

Right of First Refusal (ROFR) Licensing

October 23, 2020

In news

In order to boost shipbuilding in India, Ministry of Shipping amends Right of First Refusal (ROFR) licensing conditions

Key amendments

- To promote the demand of the ships built in India, priority in chartering of vessels is given to vessels built in India, flagged in India and owned by Indians under the amendments in the guidelines of ROFR (Right of First Refusal).
- Now it has been decided that for any kind of charter of a vessel undertaken through a tender process, the Right of First Refusal (RoFR) would be exerted in the following manner:
 1. Indian built, Indian flagged and Indian owned
 2. Foreign built, Indian flagged and Indian owned
 3. Indian built, foreign-flagged and foreign owned

Provided that:

1. All vessels flying the flag of India (i.e. registered in India) up to the date of issue of new circular by the Director-General of Shipping shall be deemed to be Indian built vessels and will fall in category (i) above and
2. The foreign flagged vessels permitted by DG (Shipping) under Section 406 of the Merchant Shipping Act, 1958 for chartering by an Indian citizen/company/society, who is building a ship in an Indian shipyard for registration under the Indian flag, as a temporary substitute for the

Indian ship under construction, meeting the following two conditions shall be deemed to fall under Category (i) above.

- 25% of the contract money has been paid to the Indian shipyard
- 50% of the hull fabrication has been completed, as certified by Recognised Organisation.