

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.1524
FOR ANSWER ON 22/08/2013

POLICY/PROCEDURE FOR CHARTERING SHIPS

1524. SHRI NAND KUMAR SAI:

Will the Minister of STEEL be pleased to state:

- (a) the details of existing policy/procedure for chartering ships by PSUs including Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited for their imports;
- (b) whether Government proposes to permit SAIL and RINL to undertake direct chartering of ships and if so, the details in this regard;
- (c) the reasons for extending such exemption of these two PSUs; and
- (d) the manner in which both these companies would be benefited from such exemption?

ANSWER

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a) As per the existing policy of the Government, all import contracts are to be finalized on Free on Board (FOB) basis in respect of Government owned/ controlled cargoes including Public Sector Undertakings under them. The shipping arrangements are centralized in TRANSCART, the Chartering Wing of the Department of Shipping as per the policy/ procedure adopted by them. Enquiries are forwarded to TRANSCART by Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) for finalizing shipping arrangement on the basis of the requirement of cargo/ shipment. The enquiry is then processed by TRANSCART and after establishing/discovering the rate, detailed offer is sent to the companies for acceptance and the shipping arrangement is concluded on the basis of the decisions conveyed by the companies. The procedure also covers forwarding of the ship details to the supplier for their confirmation on suitability of the ships at the load port. In case of any departure there from, prior permission is required to be obtained from the Chartering Wing of the Ministry of Shipping (TRANSCART) on a case to case basis.

(b)&(c): Yes, Sir. The Government has approved a proposal allowing SAIL and RINL to undertake direct chartering of ships without going through TRANSCART on 16.05.2013. The arrangement is expected to give benefits of flexibilities flowing through direct chartering of operations and to bring in comprehensive logistics solution along with financial benefits.

(d) The dispensation for chartering vessels directly without routing through TRANSCART would facilitate a level playing field to SAIL and RINL at par with their private counterparts and thereby derive benefits through tailor made solutions for cargo operations through full fledged and intense competition of a dynamic global shipping market.
