

## **SHIPPING DEVELOPMENT FUND (LOANS)RULES, 1961**

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## **SHIPPING DEVELOPMENT FUND (LOANS)RULES, 1961**

<sup>1</sup>1. Published in the Gazette of India, 1961, Pt. II, Sec. 3 (i), p. 582. In exercise of the powers conferred by section 19 of the Merchant Shipping Act, 1958 (44 of 1958), the Central Government hereby makes the following rules, namely

### **1. Short title :-**

These rules may be called the Shipping Development Fund (Loans) Rules, 1961.

### **2. Definitions :-**

In these rules,

- (a) 'Act' means the Merchant Shipping Act, 1958;
- (b) 'Chairman' means the Chairman of the Shipping Development Fund Committee;
- (c) 'Committee' means the Shipping Development Fund Committee;
- (d) 'Directorate' means the Directorate General of Shipping, Bombay;
- (e) 'Government Director' means the Government Director on the Board of Directors of Indian Shipping Companies in the private sector;

(f) Secretary' means the Secretary to the Shipping Development Fund Committee.

**3. Application for loan :-**

A shipping company desirous of raising a loan from the Shipping Development Fund shall apply to the Directorate in Part A of the form of application in the Appendix to these rules together with a copy of the resolution of the company authorising the raising of the loan.

**4. Scrutiny of application by Director General :-**

The Director General shall scrutinise every application received by him and after recording his views in Part B of the application forward it to the Secretary.

**5. Comments of Government Director :-**

Where the application is made by a company in the private sector, the Director General shall, before forwarding the application to the Secretary also obtain the remarks and recommendations of the Government Director in Part C of the application.

**6. Consideration by the Committee :-**

The Secretary shall then place the application before the Committee for consideration at its next meeting, or in case of urgency, at a meeting specially convened for the purpose with the approval of the Chairman.

**7. Decision of Committee to be recorded :-**

The decision of the Committee on each application, which shall be in the form of a resolution duly passed by the Committee, shall be recorded in Part D of the application.

**8. Prior approval of Government :-**

<sup>1</sup>Every decision of the Committee to grant a loan exceeding Rs. 100 lakhs shall be subjected to the approval by the Central Government and such approval shall be sought by the Secretary before the decision of the Committee is communicated to the Directorate:] <sup>2</sup>  
[Provided that a decision of the Committee to grant a loan exceeding Rs. 25 lakhs but not exceeding Rs. 100 lakhs shall also be subject to the approval of the Central Government if such a decision has not been concurred in by the representative of the Ministry of Finance (Department of Expenditure) on the Committee.]

1. Subs, by G.S.R. 1074, dated 14th July, 1970.

2. Ins. by G.S.R. 707, dated 16th May, 1972.

**9. Terms of loan :-**

Every loan granted under these rules shall be on the terms and conditions, specified from time to time by the Central Government in pursuance of sub-section (2) of section 16 of the Act.

**10. Communication of decision :-**

The Secretary shall communicate to the Director General the decision on the application and the terms and conditions of the loan and the Director General shall, in turn, communicate the same to the Company.

**11. Acceptance of loan and execution of loan documents :-**

(1) If the terms and conditions of the loan are acceptable to the company, the company shall arrange to have a formal resolution passed at a meeting of the Board of Directors authorising the raising of the loan on the terms and conditions governing it and also specify the officers of the company who shall execute the loan documents on behalf of the company and affix the common seal of the company on the documents.

(2) The company shall, in consultation with the Director General, take steps to draw up and duly to execute the documents specified in sub-rule (5) and shall send to the Director General the documents so executed along with an attested copy of the resolution referred to in sub-rule (1).

(3) The Director General shall forward the said documents and the attested copy of the resolution to the Secretary who shall arrange for the execution of the documents on behalf of the Committee.

(4) The Director General shall also ensure that the borrowing company has

(a) registered the mortgage of the ship/s with the Registrar of Companies as required by the Indian Companies Act, 1956;

(b) taken out proper insurance policies in respect of the ship/smortgaged to the Committee and duly assigned the policies to the Committee.

(5) The documents referred to in sub-rule (2) are

(a) the loan agreement,

- (b) the statutory mortgage deed in respect of the ship/s mortgaged as security,
- (c) the supplementary deed to accompany the statutory deed,
- (d) in the case of bank guarantee or any other form of security, the relevant documents to be executed in that connection.