



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS

South Central Asia Chapter

21st April 2017

To,

**Shri. Swarabji B.
Director, Rajya Sabha Secretariat
Parliament House / Annexe,
New Delhi – 110 001**

Respected Sir,

Subject: Comments and suggestions regarding Merchant Shipping Bill 2016

We are in receipt of the letter dated 5th April 2017, inviting comments from various stakeholders associated with the Merchant Shipping Bill 2016 (MS Bill 2016) to be sent to Department-related Parliamentary Standing Committee on Transport, Tourism and Culture.

We sincerely thank the Parliamentary Standing Committee for giving IADC an opportunity to provide comments and suggestions relating to the proposed MS Bill 2016.

We wish to bring to your kind notice that on 15th and 16th of September 2016, the offices of Directorate General of Shipping at Mumbai had organised a joint review and discussion about the draft MS Bill 2016 with all stakeholders including the IADC team.

Upon comparison of the copy of the proposed MS Bill 2016 provided by your office, with the provisions of the earlier draft version of the MS Bill 2016, which was reviewed in September 2016 with DG Shipping officials, it is noticed that there are some significant changes in the provisions especially in Part XIII which may impact the non-self-propelled Mobile Offshore Drilling Units (MODUs).

As we received the letter from your office only on the 20th April 2017, additional time is required to complete a detailed in-depth study in order to assess the impact of these changes especially on non-self-propelled MODUs. We will therefore appreciate if we are allowed to submit a more detailed response at a later date, if required, in addition to this preliminary response.

During the meetings with DG Shipping officials in September 2016, IADC had raised the primary concern that the MS Bill 2016 is very broad-based and has most provisions relevant to the Shipping Industry and many of these provisions can have unintended consequences if they are made applicable to the MODUs, which have peculiar constraints, due to the highly specialised nature of services rendered by them.

In response, the DG Shipping officials clarified and reassured that the offshore drilling industry specific rules and regulations would be framed at a later date and we were given to understand that IADC will be provided an opportunity to be involved during the formulation of the rules and regulations, which are relevant to MODUs.

IADC is looking forward to this opportunity to be involved in the formulation of the MODU related rules and regulations, so that the overall objectives of DG Shipping & Government of India is met, without adding to the existing burden of multiple ministries and agencies regulating/monitoring the industry and complex compliance requirements the drilling contractors have to meet, which has a significant impact on the ease of doing business in India.

For instance, contractors are presently required to regularly interact with multiple government bodies including Ministry of Home Affairs, Ministry of Defence/Navy, Ministry of Finance (Customs Department & Income Tax Departments), Ministry of Shipping (DG Shipping & Indian Register of Shipping-IRS), Ministry of Petroleum & Natural Gas (Oil Industry Safety Directorate – OISD & DGH), for a plethora of approvals and/or statutory clearances.

Therefore, in a broader perspective, IADC seeks simplification and formulation of new processes under the proposed MS Bill 2016, to facilitate “Single Window Clearances” from the multiple government bodies involved and also division of authority/jurisdiction between various bodies in inspecting and/or monitoring compliances.

For example, it is desired that OISD be involved in monitoring safety of operations when the MODU is stationary at a drilling location and is attached to the seabed, while the DG Shipping/IRS can monitor safety of movement of MODUs between any two locations. However, if representatives of both these government bodies can be co-located in a place like Mumbai, where a majority of the drilling contractors are having their offices, it would help in ease of operations and movement of MODUs.

Keeping the above background in view, we have provided below our preliminary feedback about a few significant issues, along with comments and suggestions, as per the format provided:

Sr. No.	Views / Major Concerns of IADC	Comments & Suggestions of IADC
1)	The definition of Coasting Trade has been expanded to include “performing any service within waters in the jurisdiction of India includingEEZ.....”.	<p>IADC requests to exclude all offshore drilling activities performed by MODUs from the definition of Coasting Trade as the nature of services of MODUs are very different from the services performed by Ships and other vessels used in trade.</p> <p>To illustrate some of the differences, it may please be noted that:</p> <ol style="list-style-type: none"> 1) Self-propelled MODUs are attached to the seabed at a given drilling location and stays there for a few months, before moving to a new location and are not involved in any transport of goods or passengers. 2) Most of the crew on-board are highly trained and specialised in their respective areas and even the marine crew are trained to respond to emergencies in a different manner as compared to any other passenger or cargo ship/vessel. 3) The crew are replaced every 28 days by means of a helicopter, from which they are trained to escape even underwater, in case of any mishap.

2)	<p>At present, Non-Self Propelled MODUs are not required to obtain a Specified Period Licence (SPL).</p> <p>However, as per Clause 240 of Part XII of MS Bill 2016, it appears that SPL may be required to be obtained by all foreign flagged MODUs even if they have no self-propulsion.</p>	<p>Non-Self Propelled MODUs cannot move from one drilling location to another location unless towed by a vessel which has self-propulsion capability.</p> <p>Hence, if the requirement to obtain a Specified Period Licence (SPL) is imposed for Non-Self Propelled, foreign flagged MODUs like Jack-Up rigs, or semi-submersible rigs, it could have unintended consequences.</p>
3)	<p>It is also seen that "vessels without mechanical means of propulsion" are covered in Part XIII and that most of the other parts of the MS Act would not be applicable to such vessels.</p> <p>Hence, it is not clear at present as to which all provisions will be made applicable for Non-Self Propelled, foreign flagged MODUs.</p>	<p>Clarification from DG Shipping about the applicability of various Parts / provisions of the proposed MS Bill 2016, for Self-propelled and Non-Self-propelled MODUs, is desired.</p>

As stated earlier above, these comments and suggestions are not exhaustive and are provided for kind consideration.

We once again request that IADC be given an opportunity for involvement during formulation of the rules and regulations, as assured by DG Shipping, so that we can provide constructive suggestions, relevant to MODUs.

We trust that this preliminary feedback provided above will be considered in right earnest and IADC looks forward to further interactions with DG Shipping or the nominated agencies.

Thanking you,

Yours faithfully,


**Authorised Signatory
IADC – SCA Chapter**