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पत्तन, पोत परिवहन और जलमार्ग मंत्रालय /
MINISTRY OF PORTS, SHIPPING AND WATERWAYS
नौवहन महानिदेशालय, मुंबई
DIRECTORATE GENERAL OF SHIPPING, MUMBAI

DGS Order No.05 of 2026

F.No.20-11/1/2026-TRG-DGS (C.No.39578)

Date: 21.04.2026

Subject: Revision of Rates for the MTI Exit Examination

The Maritime India Vision, 2030 mentions the following four pillars for the Indian maritime training and Skilling

Chapter 10 of the Maritime India Vision, titled 'Become a Top Seafaring Nation with World-Class Education, Research and Training', under Section 10.3 relating to the strengthening of maritime education and training, emphasizes that enhancement of maritime education and training infrastructure is essential for improving the overall quality and global employability of Indian seafarers.

To further augment India's share in the global maritime workforce, four key pillars have been identified, as outlined in Exhibit 10.5

Exhibit 10.5 -

1. Enhancement of Quality of Maritime Training

- Standardized entrance test to ensure quality candidates
- Redesigned curriculum with new-age courses, e-Learning and digital technologies
- Faculty development programs and leverage visiting faculty
- Dedicated training in hospitality for cruises

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2. Improved On-Board training opportunities and Placements

- Increased Indian Tonnage and Mainline calls in India (through Transshipment hub)
- Increase training opportunities (mandate requirement on foreign ships)
- Increasing global awareness & drive Bilateral agreements with major ship owning countries.

3. Promotion of Careers at Sea

- Re-invigorate thrust in Seafaring by marketing campaigns: Success stories in career fairs/and digital media
- Training Academic and Centers at key Seafarer producing areas: Valsad, Ratnagiri, Minicoy.
- Scholarships/ benefits to women candidates

4. Seafarer welfare and attractive alternative career opportunities

- Professional development courses with flexible learning mechanisms
- Offer seafarer welfare facilities and counselling
- Defined alternative career paths and upskilling options

The Maritime Amrit Kal Vision, 2047 mentions the following aspects related to Maritime Training, Skilling and Development

The Maritime Amrit Kaal Vision 2047, under Theme 7 titled 'Develop World-Class Education, Research and Training Facilities', highlights that the existing maritime education and research ecosystem in the country functions largely in silos. At present, there is no unified platform to integrate the various components of maritime education and research, including training institutions, faculty, and related stakeholders, to effectively foster innovation in the maritime sector. The Vision underscores that the development of a structured innovation ecosystem would significantly enhance national capabilities in the maritime domain.

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In order to promote innovation and strengthen the maritime sector in the country, it is proposed to establish a Maritime Innovation Ecosystem. The pillars of the proposed Maritime Innovation Ecosystem are outlined below:

1. Start-Up

Promotion Start-ups in maritime sector, Policy for promotion start-ups in the maritime sector through a network of Incubators and Accelerators across Maritime Institutes, Universities and Private sector.

2. Faculty

Improving faculty base, Policy framework for enabling maritime professionals as faculties across Maritime Universities and institutes

3. Innovation Lab

Setting Up Innovation Labs, Developing Innovation labs across NICPWC, CICMI and CEMS to provide technology-based solutions to the challenges in the maritime sector and enhancing role of IMU

4. Center of Excellence

Creating Centre of Excellence in the premiere Management Institutes in the country to provide best in training and undertake research in Multi Modal Logistics

5. Research

Promoting research in Maritime Sector, Policy for promoting research through developing an ecosystem of Maritime Knowledge Clusters across IMU, other maritime universities, NICPWC, CICMI, CEMSAND NINI.

6. Training Institute

Training Institutes, Solution for improving training ecosystem through accreditation, collaboration and availability of technology.

The Assessment and Certification of the Seafarers under the STCW Convention has evolved till date to the following platform.

1. CoC (Written and Oral)

The Certificate of Competency (CoC) examinations in India are conducted by the Directorate General of Shipping (DGS) to certify seafarers for various officer ranks in accordance with the IMO's STCW Convention, which defines global standards for maritime training and watchkeeping. Through this system, candidates are assessed on their theoretical knowledge, practical experience, and operational capability to manage shipboard functions safely. The certifications span major officer grades including Master, Chief Mate, Second Mate, Chief Engineer, Second Engineer, and Marine Engineer Officer levels, ensuring that only competent professionals progress to positions of responsibility aboard merchant vessels.

Each year, the Directorate conducts a substantial number of examinations across both the Engineering and Nautical streams. The Engineering stream covering Marine Engineer Officers includes 63 written examinations and 23 oral examinations, held for levels such as MEO Class IV, Class II, and Class I. Meanwhile, the Nautical stream administers 47 written examinations for officer grades such as Second Mate, First Mate, and Master. In addition to these mainstream assessments, the Directorate periodically conducts examinations for specialized certifications relating to dredging vessels, fishing vessels, and near-coastal operations. These examinations are held at designated centres across India, with foreign-going CoC examinations typically conducted monthly, and certain near-coastal grades conducted quarterly, creating a structured and predictable assessment cycle.

The Directorate General of Shipping's Examination Reform Project is transforming India's maritime certification system through a secure, fully digital examination platform that streamlines registration, eligibility checks, seat booking, exam conduct, evaluation, and certificate issuance while strengthening oversight through secure question-bank management, digital answer sheets, automated evaluation, biometrics, CCTV monitoring, and cybersecurity safeguards. Implemented in phases beginning with a pilot at MMD Noida, the project is jointly supported by C-DAC, which develops and maintains the digital ecosystem, and the National Testing Agency (NTA), which

manages examination-day operations and center logistics. Together with the Directorate's long-established system of written and oral examinations across engineering and nautical streams, this modernized framework enables the issuance of several thousand Certificates of Competency each year, ensuring a steady pipeline of qualified Indian officers for global merchant shipping while reinforcing maritime safety, environmental protection, and operational reliability.

Total number of seafarers appearing in 2025 approximately: 29,611

Nautical

Second Mate F.G.	5498
First Mate F.G.	6183
Master F.G.	2252
Master N.C. V	104
Total	14,037

Engineering

MEO CLASS II	5876
MEO CLASS I	2409
ETO	1290
MEO CLASS IV	5999
Total	15,574

The training, assessment, and examination processes are detailed in STCW 2010 Circular No. 27 of 2018. These provisions have also been published by the Directorate General of Shipping as TEAP Manual Part A and TEAP Manual Part B, covering refresher courses along with their assessment and examination requirements.

2. MTI Exit Examination

Every seafarer seeking STCW certification must periodically complete mandatory courses at DGS-approved Maritime Training Institutes (MTIs), which traditionally conducted their own assessments to verify that trainees met the minimum standards of competence expected under each course. To bring uniformity, the Directorate

General of Shipping has introduced a centralized online Exit Examination, which every candidate must pass before receiving certification for the respective course. This ensures that seafarers across all MTIs are evaluated against a consistent national benchmark, guaranteeing a minimum level of competence regardless of where the training was undertaken.

The Exit Exam strengthens quality assurance by acting as a tool to assess the effectiveness of training imparted by MTIs, enabling the Directorate to monitor standards and grade institutes accordingly. It also provides international confidence in the competency of Indian seafarers employed on foreign-flag ships. Moreover, since the STCW Convention does not permit certificate extensions beyond six months, the adoption of a standardized digital examination system proved especially valuable during the COVID-19 pandemic, allowing controlled flexibility while maintaining regulatory compliance.

Today, the Directorate conducts online exit exams for 48 modular courses offered by MTIs. These exams consist of 30 MCQs to be completed in 30 minutes through a secure, DGS-managed digital platform audited by STQC to ensure system integrity. The objective of these examinations is to reliably assess the knowledge and skills acquired by candidates during post-sea training, with successful candidates receiving official certification upon meeting the required standards. This unified mechanism enhances transparency, strengthens competency assurance, and supports India's commitment to maintaining high standards of maritime training and certification.

The MTI Exit Examinations are not a statutory requirement and has established as a benchmarked platform standardising the assessment of the candidate/trainees completely basic/modular and advance courses.

Total number of seafarers appearing in 2025 approximately: 4,69,839

Tier	2020	2021	2022	2023	2024	2025	2026
Basic	18199	326603	471059	499707	458977	416958	76489
Modular	61070	222950	136094	124956	127463	9022	0
Advance	4219	30448	33960	37089	40285	43859	8428

3. Ratings exit examination

The GP Rating examination is the entry-level assessment for candidates aspiring to join the merchant navy, enabling successful candidates to work in either the deck or engine department depending on the requirements of the shipping company. GP Rating personnel handle a range of essential shipboard duties, including seamanship tasks, cargo handling, routine deck maintenance, and the operation and upkeep of machinery. Candidates between 17.5 and 21 years who have passed matriculation, are medically fit as per the Merchant Shipping (Medical Examination) Rules, 2000 (as amended), and have completed 36 months of sea service including 6 months of supervised bridge watchkeeping and 24 months of sea service with an approved SSTP from a DGS-approved DLP (effective 01.10.2008) are eligible to appear for this examination.

After completing the GP Rating course from a DGS-approved maritime training institute or an institute affiliated with the Indian Maritime University, candidates are eligible to take the All-India Exit Examination conducted in their stream. This examination is held twice a year for fresh candidates and twice for repeaters, and it comprises two online sections: General Ship Knowledge (GSK) and Marine Engineering Knowledge (MEK). The exam is conducted across 150 centres in six states, ensuring wide accessibility for candidates nationwide. Each section consists of 45 MCQ-based questions for 75 marks, with a 45-minute time limit. Candidates appearing for both GSK and MEK may proceed directly to the MEK section upon early submission of the GSK test; however, once a question is answered, they cannot return to modify their response.

The GP Rating written examinations are conducted twice a year January and September for freshers, and March and December for repeaters and are held online across 150 centres in six states. The General Ship Knowledge (GSK) paper covers 12 chapters and consists of 45 MCQs: one question from Personal Development and Computers carries 1.52 marks, while the remaining 44 questions from subjects such as seamanship, navigation, mooring, cargo handling, ship operations, safety,

environmental care, and STCW-related knowledge carry 1.67 marks each. The Marine Engineering Knowledge (MEK) paper comprises 17 chapters with 5 questions from fire extinguishing equipment, familiarization with duties, and engine room environment carrying 3 marks each, and the remaining 40 questions carrying 1.5 marks. After the MCQ examinations, candidates undergo oral assessments followed by a physical fitness evaluation.

The Certificate Course in Maritime Catering (CCMC) is a six-month program covering cookery, nutrition, food costing, F&B services, and shipboard catering operations, preparing candidates for roles ranging from trainee cook to chief cook or steward.

Eligibility requires completion of 10+2 with 40% marks (and 40% in English at 10th or 12th level), an age range of 17.5 to 25 years, and medical fitness as per DGS standards. The CCMC examination, conducted twice a year for freshers and repeaters, consists of 60 MCQs for 100 marks over 60 minutes, divided across cookery, housekeeping/F&B service, and GSK. Higher-weightage questions (2.5 marks each) appear in areas such as hygiene, safe working practices, equipment familiarization, and basic ship knowledge, while the remaining questions carry 1.5 marks. Successful candidates proceed to oral assessments and practical evaluations, after which they become eligible for shipboard roles in the catering department.

Approximately number of cadets appeared yearly in examination are tabulated below-

Year	Appeared Cadets (Apr.)
2019	5832
2020	2609
2021	5914
2022	7988
2023	9021
2024	9340
2025	9496

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Whereas under the Merchant Shipping Act, 2025 the legal provisions related to certification of competencies of seafarers is as follows and the Statutory authorities are as follows

Previously, under the Merchant Shipping Act, 1958, the Certificate of Competency is prescribed in Section 76 of the MS Act, which states that (1) Every Indian ship, when going to sea from any port or place, shall be provided with officers duly certificated under this Act in accordance with such manning scales as may be prescribed.

Further in Section 79. Examinations for, and grant of, certificates. —(1) The Central Government or a person duly authorised by it in this behalf shall appoint persons for the purpose of examining the qualifications of persons desirous of obtaining certificate of competency under section 78. (2) The Central Government or such authorised person shall grant to every applicant, who is duly reported by the examiners to have passed the examination satisfactorily and to have given satisfactory evidence of his sobriety, experience and ability and general good conduct on board ship, such a certificate of competency as the case requires:

Provided that the Central Government may, in any case in which it has reason to believe that the report has been unduly made, require, before granting a certificate, a re-examination of the applicant or a further inquiry into his testimonials and character.

Now under the new Merchant Shipping Act, 2025, the corresponding provision can be found under:

Section 46 which is the legal provision relating to the granting of the Certification can be found.

Section 47 states that DG shall administer, supervise and monitor all activities relating to maritime education, training and assessment,

Section 48 states that the Central Government shall appoint such persons having the

qualifications in accordance with the STCW convention as examiners and **Section 268** allows the DG to appoint a person for the purpose of examining the persons desirous of obtaining Certificate of Competency or Certificate of Proficiency of the 2025 MS act.

Section 45(2) states that the seafarer shall hold certificate of competency or certificate of proficiency granted under **section 46** appropriate to his rank in the vessel, or of such higher grade, as may be prescribed:

Provided that an Indian national, including Overseas Citizen of India with such certificate or foreign certificate of competency recognised by the Director-General, may serve on Indian vessels subject to such conditions and restrictions as may be prescribed.

Regarding foreign CoC and its acceptance **section 50** applies which states that - (1) Where in a State other than India, certificate of competency is granted under any law for the time being in force in that State which is similar to those referred to in this Act, then if the Central Government is satisfied that,

a) the conditions under which any certificate of competency is granted in that State are not lower than the standards required for the grant under this Act for corresponding certificates; and

(b) the certificate granted under this Act is accepted in that State in lieu of the corresponding certificate granted under the laws of that State, the Central Government may, by notification, declare that any certificate of competency granted under the law in force in that State shall be recognised as equivalent to the corresponding certificate of competency granted under this Act.

(2) The certificate recognised under this section as equivalent may be issued with a certificate of endorsement as may be prescribed and a person holding such certificate of endorsement shall be considered as duly certificated under this Act.

Whereas, the Maritime Training Trust as incorporated as a charitable trust has

the following objects/mandates as per its trust deed:

- i. Providing facilities for adequate training to Indian seafaring officers;
- ii. To provide all necessary facilities for training and employment of Indian shore-based and shipboard officers and also to make India a leading supplier of maritime manpower to the Indian and world shipping;
- iii. To encourage Indian citizens to take to sea and for training Indian seafaring officers, by offering necessary incentives, employment avenues and opportunities – in India or abroad;
- iv. Advancement of any other object of general utility for training and employment of required Indian seafaring officers;
- v. To institute and award fellowships, scholarships, studentships, medals and prizes in the matter of training Indian seafaring officers;
- vi. To make provision for research and advisory services and, for that purpose, enter into arrangements and agreements with institutions and bodies, inside and outside of India, in the matter of training Indian seafaring officers;
- vii. To maintain or establish a separate cell as part of the Trust, (to be called 'TT Cell') located in the Directorate General of Shipping, to implement all aspects of the Guidelines, issuance of certificates and compliance of various formalities provided in the Act and the Guidelines and incur all expenditure on employing required staff and providing necessary furniture, fixtures, appliances, equipment, telephones, computers and other paraphernalia required for an office;
- viii. To do such acts as may become necessary in the event of amendment of the Act relating to tonnage tax and/or the Guidelines issued thereunder;
- ix. To do all such acts and things as may be necessary, incidental or conducive

to the attainment of all or any of the Objects of the Trust.

Inter-alia, the mandate of the MTT includes a wide variety of training-related functions, encompassing the promotion of the merchant navy as a viable and attractive career option, support for research and advisory initiatives, development of training frameworks, creation of institutional capacities, and all other activities incidental or conducive to enhancing maritime training standards in India.

And as on date there is a sub optimal exercise of the mission objectives of the Maritime India Vision-2030 and the Maritime Amrit Kal Vision-2047 via the MTT.

On 26.04.24, MTT send a Legal Opinion regarding non-applicability of GFR to the MTT. It stated that the General Financial Rules (GFR), Central Vigilance Commission (CVC) guidelines, and Audit of Comptroller and Auditor General of India shall not apply to the Maritime Training Trust.

On 5.7.2024, due to the bottlenecks in the operation of the MTT and in light of the Legal Opinion above, the Competent Authority constituted a 10 Member Committee to submit a report on the functioning of the MTT, examine the applicability of GFR, and to examine whether the MTT was fit to continue its work or whether its organizational structure should be changed.

Terms of Reference for the Committee on MTT

The terms of Reference of the committee were as follows:

- a. To examine the propriety of the chairmanship by Director General of Shipping in MTT given the office of Director General being a public office and bound by the GFR and the CVC guidelines and in light of non- applicability of GFR and CVC as seen from the legal opinion taken by MTT,
- b. To discuss and deliberate about making a formal reference to the Ministry of Finance, department of Public Procurement Division for the applicability of the GFR and CVC guidelines to MTT as all incomes to the MTT are solely from the Tonnage Tax Scheme and the INDOS which are statutory functions of

Directorate General of Shipping,

- c. To discuss the basis/rationale on which the Tonnage Tax scheme contribution is given to the MTT as a Government Circular, and further to examine as to how the revenue once being spend by the MTT cannot have GFR and CVC Guidelines applicable to the expenditure of financial resources accruing to the MTT under a specific Government order,
- d. To discuss the present composition of the MTT and to examine if it represents the shipping Industry appropriately as in terms of number of seafarers employed on India Flag and Foreign Flag and if the said composition is ideal and if not, if any structural changes are required and what would be the composition and way forward and what is the legal mechanism under the Charitable Trusts Act thereof,
- e. To examine the credentials in terms of service conditions and remuneration of the MTT staff and the expertise in terms of domain knowledge vis-a-vis the objectives of the MTT and to submit an analytical note on age, qualification, previous service record etc,
- f. To examine if there is any audit concern or matter raised on the proceeds of the Tonnage Tax and any other matter pertaining to the MTT that is required to be scrutinized and to suggest the steps to be taken up thereof for remedial action thereof,
- g. The MTT has been continuing to provide support in the field of Maritime training with multiple piece-meal initiatives like the CAS (Central Attendance Software), E- Learning platform by ADU, NDOS support and recently support for the BSID/ CDC. However, it has been observed that MTT board of trustees has recently refused to support the staff provided for the Examination conduct (around 13 persons) and also for the Digital Certificate Application. Further, there is no cognitive mechanism by way of an annual financial statement and decision to support the objectives with specific reference to requirements in the DG Shipping office despite having a corpus of nearly Rs.140 crores whereas taking piece-


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meal decisions on support to lady scholars, In this context, Committee shall examine whether the MTT will be the proper mechanism to continue with the present engagements or should the DG Shipping take over the management of these solutions as both the Examiners (CS and NA) are not members in the MTT and further a full-fledged Learning Management System (LMS) etc is to be undertaken separately including a deep learning E-learning platform while taking into account financial implications,

- h. On this background, to examine whether the MTT shall be an ideal institution to control the proposed MTI exit examination and Ratings Examination as specifically GFR and CVC guidelines not being complied with and which in turn would render the activity difficult in terms of effective contract management under GFR Chapter 8,
- i. The matter related to the Digital Certificate Application and the outstanding due of over Rs 7 crores has been refused to be borne by the MTT. In this context, to examine whether it would be proper to handle the RPSL+ MTI module+ Grievance Redressal module + Crisis Management Module and the way ahead with respect to MTT,
- j. To examine the actual contribution of MTT till date and in the light of such contribution, to examine and suggest whether the trust needs to be continued in light of the work being done or it needs to be subsumed into the DG Shipping or its organizational structure to be changed or any other way forward with a cogent recommendation along with the evidence for the suggestion to be adopted after due deliberations,
- k. In continuation with the term of reference at j above, to discuss and devise the methodology for the transition from MTT to other institutions either retaining SWFO as the single welfare-based organization that will also address training and other needs of the Sea Farers alongside the SPFO under the D G Shipping or any other alternative along with the plan of transition with modalities and timelines,

- I. Any other issue or issues incidental to or consequential to any other recommendations above terms of reference with the permission of chair.

Committee Report on the MTT

On 6.09.2024, the Committee submitted its report, and observed the following:

- a. "The present functioning of MTT may continue with addition of some more members in the Trust representing the related interest along with extended audit oversight by way of an independent Audit (other than yearly audit) once in three years, as may be decided by the MTT Board.
- b. There is a need for MTT to frame its own set of guidelines for financial propriety based upon the best available practices. The same may be considered as a standard for subsequent audits.
- c. MTT may evolve an internal cognitive mechanism by way of an annual financial statement in more elaborate manner over and above usual practice that is being followed by MTT at present.
- d. Further, reformation may be done by way of excluding INDOS matter from MTT and let MTT continue with tonnage tax matter only, as per its defined objectives.
- e. There is need to broaden the present mandate and composition of MTT by legal adjustments to the Trust's governance structure to facilitate these changes, ensuring that MTT remains a versatile and impactful institution to meet broader strategic objectives of India's maritime sector. If the suggestion is considered, it is better to have bigger establishment for MTT to take care of its revised and expanded mandates.
- f. There is also requirement for MTT to evolve an internal mechanism for studying the developments and requirements in the maritime field and

suggesting the modalities to intervene by different ways like funding, sponsoring the different initiatives.

- g. There is a need to have detailed guidelines on recruitment requirements. qualifications, experience, selection procedure, service conditions along with roles and responsibilities of CEO, EO & other outsourced staff of MTT.
- h. There is a need for proper justification and providing roles and responsibilities for the post of DDG (MTT).
- i. The proposal to merge the function of existing MTT with SWFS or SPFO would not be advisable as the intention and purpose of initiating these two organizations are totally different whereas, few of their objectives may appear to overlap,
- j. Alternatively, a new entity may be established to assume the function of similar organizations like, MTT/SWFS etc. combinedly with larger mandate for India's maritime interest including welfare of seafarers There is requirement of more flexible, highly credible and strictly regulated entity to manage broader mandates like MTT. A better option for this endeavour may be establishing a Section 8 company under Companies Act 2013 that may provide the scope or a large-scale operation with significant government collaboration, corporate funding, and international partnerships. It may also provide better governance, governance, transparency and continuity, which are crucial for a body operating under the Government of India.
- k. It is suggested that before taking any measures for changes to be made in the MTT or establishment of new entity, a gap analysis for the functioning of the existing mechanism and the new mechanism to be

developed may be done to streamline the ongoing functions by MTT without causing any hindrance in the existing functioning.

- I. Before taking any recourse on the transformation of MTT, a holistic review of such other organizations like BEST, ADU, etc, may require to be taken along with examination and deliberations from legal point of view considering the financial impacts and the current functioning of various modules of DG Shipping

- m. It may not be appropriate for the Directorate to give the RPSL MTI Module -Grievance Redressal Module + Crisis Management Module to the MTT to handle as the decision on payment for the outstanding dues of the DCA is pending with MTT and till the guidelines on enhanced financial propriety is framed

- o. Examination to MTT may not be advisable till the guidelines on enhanced financial propriety are framed.”

However, no substantive action has been taken by the Maritime Training Trust (MTT) to operationalise or expand its role in line with the evolving requirements of the Directorate General of Shipping. As a result, MTT has been unable to emerge as a robust institutional support mechanism capable of addressing the growing and increasingly complex needs of the DGS. In this context, the committee has underscored the need for an institutional arrangement that is more agile, credible, and professionally governed, while remaining subject to appropriate regulatory oversight. Such an entity should possess the flexibility to manage broader and more contemporary mandates, operate at scale, and effectively leverage government collaboration, corporate participation, and international partnerships. A corporate form with enhanced governance standards, financial transparency, and institutional continuity is viewed as better suited to supporting long-term public objectives within the Government of India framework.


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The MTT suffers from structural, governance, and operational limitations. There is a need to address and overcome the major institutional shortcomings of the existing Maritime Training Trust (MTT):

1. **Outdated & Operationally Constrained:** The Maritime Training Trust, set up under the Maharashtra Public Trusts Act, 1950, was initially intended to support maritime training through corpus-based funding. However, it is perceived as institutionally outdated and operationally constrained.
2. **Non-Compliance with General Financial Rules, 2017:** The Maritime Training Trust (MTT) does not demonstrate adherence to the General Financial Rules (GFR), 2017. There is a fundamental lack of structured compliance with the mandates outlined in the GFR, which are essential for financial governance and accountability.
3. **Lack of Representative Structure for Indian Seafarer Training Needs:** MTT's current composition does not adequately reflect the broader objectives and requirements of Indian seafarer training. While the Indian National Shipowners' Association (INSA) holds majority membership and quorum, it represents only a small fraction—approximately 10%—of Indian seafarers employed under the Indian flag. The remaining 90% serve under foreign flags and are not represented by INSA. Key maritime industry stakeholders such as FOSMA, MASSA, IMEI, CMMI, and INA are not represented within MTT, rendering its structure insufficiently inclusive and unrepresentative of the maritime sector at large.
4. **Exclusion of Technical and statutory authority from Governance:** MTT's governance framework does not include critical technical leadership positions such as the Chief Surveyor, Nautical Advisor, or Chief Ship Surveyor. This exclusion undermines the trust's capacity to support the transitional shift from the Directorate General of Shipping to the proposed Directorate General of Maritime Administration, highlighting a significant structural inadequacy.
5. **Ineffective Management and Recruitment Practices:** The current management and

staffing of MTT lack domain-specific expertise in maritime training.

6. Ad Hoc Support for Maritime Initiatives: MTT's support for maritime initiatives has been sporadic and lacks strategic planning. Examples include scholarships for women cadets, e-learning initiatives by ADU without formal service-level agreements, and piecemeal sponsorships for courses at institutions such as WMU and IMLI. These efforts, while commendable, do not reflect a cohesive or sustained approach. Its ad-hoc, siloed mode of operation, characterized by a "need-to-know basis" approach; and
7. Absence of Strategic Vision and Utilization of Funds: MTT lacks a clearly defined internal vision and measurable deliverables. Despite stated objectives, there is minimal compliance or execution, resulting in an idle corpus exceeding ₹140 crores. Recent support for the inaugural Maritime Games, which received an excellent response, underscores the potential for impactful initiatives. However, MTT currently lacks the institutional capacity to consistently plan and manage such events within a structured annual calendar.
8. Inadequate Organizational Framework for Strategic Initiatives: Several strategic initiatives—including Merchant Navy awareness campaigns, international representation (e.g., India Pavilion), IPOs and SPOs, engagement with the International Maritime Organization (IMO), and repatriation funds for abandoned seafarers—cannot be effectively supported under MTT's existing informal and charitable trust framework. A more robust, transparent, and accountable governance structure is required, which is envisioned under the proposed Section 8 entity currently under conceptual development.

These present bottlenecks have constrained the effectiveness of the Maritime Training Trust. It is therefore imperative to adopt a model that overcomes these deficiencies.

Whereas there is a move to create a Training Ecosystem with the following components to be provisioned to address the vision as provisioned in the MIV-2030 and the AKAM -2027 wherein the following components are to be addressed and the same is to be bid out in a transparent, accountable and

General Financial Rules compliant electronic bid -

10.3 Strengthening maritime education and training

S. No.	Vision Doc name	Reference	Vision	RFP Section	Component Detail
1	MIV 2030	Sec. 10.5	Enhancement of quality of maritime training	Component-1	LMS
2	MIV 2030	Sec. 10.5	Faculty development programme	Component-2	FDP
3	MIV 2030	Sec. 10.20	Create a common platform between DGS and Global marinating Distress and Safety system (GMDSS) to provide GMDSS	Component-3	OMCV
4	MIV 2030	Sec. 10.08	Improve job opportunities for Indian seafarers by driving increase onboard training slots	Component-4	Digital TAR
5	MIV 2030	Sec. 10.13	Upgradation of admission process, technology, assessment and evaluation	Component-5	CAS 2.0

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S. No.	Vision Doc name	Reference	Vision	RFP Section	Component Detail
6	MIV 2030	Sec. 10.13	Proposed digital and Simulation	Component-6	Web based
7	MIV 2030	Sec. 10.13	Upgradation of admission process,	Component-7	AR/VR /Mixed

Whereas there is a proposal to create a new institutional structure under a Section 8 with the formal consent of the Ministry of Ports, Shipping and Waterways with approval of the Union Cabinet with the following scope and terms of reference and representation from stakeholders-

The global maritime industry is inherently international in nature, and is in a state of evolution towards decarbonization and sustainability. To meet the needs of the times India's maritime sector is undergoing a major transformation in line with national priorities articulated in the Maritime India Vision 2030 and the Amrit Kaal Vision 2047. As part of this roadmap, the Directorate General of Shipping is envisaged to evolve into the Directorate General of Maritime Administration (DGMA).

While the earlier focus was limited to Mercantile Marine, the DGMA will comprehensively regulate the maritime ecosystem from a safety and sustainability perspective. This would include ports (for safe & sustainable operations), shipyards (for safe operations), ship recycling centres (for Hong Kong Convention compliant operation), offshore operations (for safe and sustainable operations), inland and coastal navigation (for safe operations and seamless multi-modal connectivity), and digital transformation in maritime ecosystem (for increasing efficiency, transparency and accountability). Given its expanded mandate, the Directorate General of Shipping can no longer operate within a business-as-usual conventional regulatory paradigm. The institution must transition from a conventional, compliance-driven role to one that is facilitative and anchored in the principles of ease of doing business.

Nonetheless, while the Directorate General Shipping currently regulates training, safety, and certification in the maritime sector, it lacks an institutional partner with

structural independence, operational flexibility, and technical capacity to support India's evolving maritime ambitions.

However, the existing straitjacketed framework and the stalemate in the Maritime Training Trust on the issues of GFR Compliance, Ineffective Management, Non-Utilization of Funds, Lack of Strategic Vision, Skewed Board, Imbalanced Governance Structure constrains this evolution, underscoring the urgent need for institutional and procedural reforms to enhance flexibility, responsiveness, and stakeholder trust.

Moreover, the issues with the MTT arise from the lack of a professional governance structure and inadequate industry representation. As highlighted, a committee was formed to evaluate the performance of the MTT and give suggestions on the way forward. The committee gave a report highlighting various points of actions for the MTT. However, no action has been taken in the above regard by MTT. MoPSW had directed to form a separate account to have the INDOS proceeds, however it would not be feasible to open an account unless there is an institutional structure to govern the proceeds received from INDOS and other revenue streams. Thus, MTT cannot serve the growing needs of the DGS as an institutional support mechanism.

Therefore, there is an urgent need for a delivery mechanism which would support the Directorate General of Maritime Administration in maritime training, strategic and international engagement, and technology development. As explained earlier, the MTT is an ineffective vehicle and cannot be transformed to meet the present demands. Moreover, other organizations under the DGS including the SWFS and SPO as well as other organizations under the MoPSW such as the India Maritime Centre (IMC) have clearly delineated functions under their respective parent incorporating documents and would not be able to take other broader roles. Therefore, the proposed delivery mechanism would essentially need strong corporate governance and be an institutionally structured entity which includes equitable industry participation and has a transparent and accountable governance structure.

Upon comparison of various types of delivery mechanisms including trusts, societies and various types of companies, a company incorporated under the Section 8 of the

Companies Act, 2013 emerges as the best suited option. As a Company under the Companies Act it would have strong corporate governance which would define clear roles, responsibilities, and decision-making authority across the organization, reducing ambiguity and preventing overlaps or gaps in accountability. It would establish transparent oversight structures to monitor performance, manage risk, and ensure compliance with regulatory and ethical standards. Effective corporate governance would also promote disciplined resource allocation and performance management, linking strategic objectives to measurable outcomes and executive incentives.

Moreover, as explained in the chapter, unlike a Trust which has an open-ended structure and lacks proper governance frameworks, the delivery vessel of the Section 8 entity under the Companies Act shall ensure corporate governance and professionalism with inclusion in the maritime domain thereby overcoming the institutional lacunae presently faced in the functioning of the MTT.

This not-for-profit entity will operate under the strategic oversight of the Directorate General of Shipping and will focus on the following three core verticals: **Maritime Training, International Cooperation and Strategic Engagement, and Maritime Technology**. The Section 8 entity with a professional team shall supplement the operational aspects of the interface in specific items in the maritime ecosystem with the DGMA which broadly listed the three areas of engagement are:

(A) Maritime Training:

- a. INDoS Support Unit
- b. Administration of Tonnage Tax
- c. Learning Management System + Smart Classrooms
- d. Web-based Simulators
- e. Implementation of Integrated Simulators
- f. Examination Assessment & Certification Support, including MTI Exit Exams, Ratings Exams and CoC (written & oral exams)
- g. Maritime Training & Skilling Centre of Excellence
- h. Social Media and website support
- i. Third Party Audits

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- j. Faculty Development Platform
- k. Central Attendance System
- l. Sagar Mey Samman
- m. Sagar Mey Yog
- n. Seafarer's rights
- o. Annual Maritime Training Conclave
- p. Maritime National Games
- q. Syllabus improvements
- r. Shipping in transition (Experiential)
- s. Zero Tolerance Campaigns to complaints in Maritime Training
- t. Support, Scholarships, incentivization of Merchant Navy as a Career

(B) International Cooperation:

- a. Experiential learning from international forums related to maritime cooperation within India.
- b. Support for research papers/interventions at ILO, IMO etc.
- c. Support for the India Pavillion in the annual calendar of International Maritime
- d. Exhibitions
- e. Support activities under parent MoUs with Statutory authorities by accredited
- f. organisations like INTERTANKO, OCIMF, Nautical Institute, ISWAN, ICS, BIMCO, Sailors Society etc
- g. Funding research scholarships, proposals etc thereof
- h. fSupport for WMU, IMLI, IMO ILO engagements
- i. Global Outreach on various initiatives
- j. Support for Conferences/ seminars etc in the area of engagement

(C) Maritime Technology:

- a. In the area of technology, the Section 8 addresses initiation and engagement with maritime innovation and leveraging technologies related to Maritime sustainability, Automation, energy efficiency, Safety, security and any other domain area in the maritime ecosystem.
- b. Innovation & Seed capital to Technology start-ups and new technology
- c. Proof of concept projects
- d. Cyber security & data Security and compliance
- e. Web based interface / App interface
- f. Instrumentation/ Electronic/ Console

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- g. Electronic / digital dashboard
- h. Central Command centre
- i. Various technology-based evolutions
- j. Acting as a facilitative Sandbox ecosystem giving traction on methodologies for roll out of the technologies being leveraged in maritime ecosystem as beneficial in its adoption.
- k. Decarbonization initiatives including Green Shipping, Alternate Fuels, Waste Management, Green Ship Building, Ship Recycling, Green Port Index, Shore to Ship etc.
- l. Digitization initiatives such as Maritime Single Window, NTMS, Just in Time, Command Control System, and Automation, AI, IOT etc in Maritime.
- m. Technical Collaborations such as Green Voyage, Intertanko, OCIMF, Rocky Mountain Institute, Mickensey-Moller Maersk Centre.
- n. Occupational Safety and Health initiatives.

As highlighted, the Directorate has already reached a level of maturity in various of the above initiatives, and the formation of the Section 8 entity is now required to bring the initiatives to fruition.

The proposed Section 8 company under the Directorate General of Shipping is proposed to be agile, accountable, and inclusive. The proposed Section 8 company shall involve technical heads from the Directorate and representatives from all major industry associations as board of directors and shall be governed under relevant provisions of the Companies Act. The Board will have officials from the Directorate in an ex-officio capacity with no emoluments. These would include the Director General of Shipping, the Additional Director General of Shipping, the Chief Surveyor, the Chief Ship Surveyor, the Nautical Advisor as well as DDG, International Cooperation, and DDG, Training. Similarly, formal agreement to be on the board of directors has already been obtained from FOSSMA, MASSA, INSA, CMMI, IMEI, INA and IRS, each of which brings specific deep domain expertise. As explained, this broad-based governance structure is requisite to ensure that the initiatives in the Section 8 are successful.

The proposed Section 8 shall operate without any budgetary support from the Government. The Section 8 as a corporate vessel would allow for aggregation and



management of Corporate Social Responsibility (CSR) funds for maritime-related initiatives which cannot be effectively undertaken under the MTT framework. A professionally managed team with relevant domain and financial expertise would be engaged to mobilize, manage, and deploy CSR funds in a transparent, compliant, and outcome-oriented manner, thereby ensuring credibility with industry, donors, and other stakeholders, and supporting the sustainable financing of maritime capacity-building initiatives.

The Directorate has an action plan outlined for the incorporation of the Section 8 entity.

And, whereas the following preliminary consultation has been held with the stakeholders

- Online Meetings with all the MTIs held on 31.01.2026 and 06.03.2026
- Internal deliberations in the STCW compliance Board meeting discussed and communicated to the board members

And now, therefore for the proposal of generation of extra budgetary resources to be received as dedicated resources to be utilized in a fair and transparent manner as per the Section 8 entity to be created and in the interim in the MTT till such orders are received from the Ministry of Ports, Shipping and Waterways wherein for the matter relating to the Maritime Training Institute, the following is directed with reference to the revision in the rates of the MTI exit examination and the rationale thereof.

1. Background of the legacy MTI Exit Examination Contract with M/s Virtual Guru Edu Limited

M/s Virtual Guru Edu Limited, a Company incorporated under the Companies Act, 1956, having its registered office at 1521, Orange Building, Sungam, Trichy Road, Coimbatore- 641018 (hereinafter referred to as 'Virtual Guru' which expression shall, unless the context otherwise requires, include its permitted successors and assigns)

AND



Directorate General of Shipping (DG Shipping), an attached office of the Ministry of Ports, Shipping and Waterways, Government of India, having its office at Beta Building ,9th Floor, I -Think Techno Campus , Kanjur Marg (East) ,Mumbai 400042 (hereinafter referred to as “DG Shipping”).

The Directorate General of Shipping (DGS) entered into an arrangement with Virtual Guru for providing services related to the conduct of Online Exit Examinations for STCW Modular Courses.

The services envisaged under this arrangement included the provision of an Online Examination Software platform, along with support and help desk services for the DGS and the MTIs (Maritime Training Institutes), question bank maintenance, management and conduct of Online Exit Examinations for modular courses, and training of MTI personnel.

The scope of the engagement included providing a structured set of services to enable DGS and various MTIs to successfully deploy, operate and enhance the Online Exit Examination system for modular courses.

Under the agreement, Virtual Guru was responsible for the maintenance and ongoing development of the Online Exit Examination Software. This included conducting scheduled examinations on the final day of the course, capturing the candidate's photograph during the examination for inclusion on the online certificate, and providing examination results to DGS, MTIs and candidates immediately upon completion of the examination.

Additionally, the system incorporated security features such as restricting access through permitted IP addresses of MTIs, mapping candidates to specific examination machines within MTI premises, and ensuring that no other browser could be opened during the examination. Virtual Guru was also responsible for providing bug fixes for any issues identified in the Online Exit Examination system and implementing minor changes as requested by the DG Shipping team.

With regard to MTI support and help desk services, MTIs were required to provide adequate computer systems equipped with cameras and internet connectivity in a dedicated examination room fitted with CCTV cameras. Candidates were allowed to enter the examination room only on the final day of the course to write the examination. MTIs were also required to provide printers for printing online examination certificates, while Virtual Guru provided training and help desk support to the MTIs.

In terms of DGS support and help desk services, DGS was required to provide an API connection from the DGS server to the Virtual Guru system, enabling the batch details uploaded by DGS to be fetched automatically by the examination software. This ensured that only eligible candidates could appear for the examination and only on the final day of course completion. Virtual Guru also provided technical support through phone, internet and email for generating reports required by DGS.

Another important component of the engagement was the maintenance of the question bank. Virtual Guru was required to work with domain experts to maintain at least 2000 questions per course and add 500 new questions annually. This included identifying gaps in question areas in consultation with DG Shipping, creating and verifying questions through domain experts, performing de-duplication of questions where necessary, and entering the finalized questions into the Online Exit Examination system. The examination platform was hosted at www.dgsexam.in, incorporating the DGS logo and address.

Further, Virtual Guru was responsible for providing best practices consulting and project management, ensuring the end-to-end management of the Online Exit Examination module.

The term of the engagement was fixed for a period of five years, from 1st September 2019 to 31st August 2024, with provision for extension upon mutual agreement between the parties.



With regard to payment terms, DGS was not required to incur any expenditure for establishing, maintaining or conducting the examination system. Virtual Guru was authorized to collect a fee of Rs. 250/- per candidate per examination, plus applicable GST charges payable by the candidate as directed vide Office Order 17 of 2020.

The agreement also included a penalty clause, wherein in case of non-performance of services by Virtual Guru, written notice could be issued and penalties imposed for the deficiency. The maximum penalty would be a full refund of charges collected from candidates for the concerned examination.

Finally, the termination clause stipulated that the agreement would remain valid for the entire period of engagement; however, it could be terminated earlier if both parties mutually agreed to do so by providing six months' notice. Virtual Guru implemented and made the MTI Exit Examination application operational in 2020. Since its launch, a total of 3,147,835 candidates have appeared for the examination up to February 2026.

2. SLA based contract and achievements

The upgradation and enhancement of the existing software, along with the successful deployment of the OEES Version 2.0 framework, has been completed. The upgraded system incorporates advanced digital infrastructure, strengthened security architecture, and AI-enabled monitoring capabilities. These improvements have significantly enhanced examination security, transparency, and overall system robustness, while ensuring compliance with international maritime training standards under the STCW Convention (2010 Amendments).

As part of strengthening the examination monitoring framework, a nationwide CCTV based surveillance infrastructure has been successfully implemented across Maritime Training Institutes (MTIs). This deployment has enabled continuous monitoring of examination environments and has significantly enhanced the integrity, transparency, and reliability of the examination process.

The implementation has successfully achieved nationwide coverage across more than 150 Maritime Training Institutes (MTIs). As part of the monitoring framework, two CCTV cameras have been installed in each examination hall to ensure comprehensive surveillance. In total, over 300 CCTV cameras have been deployed across MTIs across the country, strengthening examination monitoring and transparency.

An advanced AI and Machine Learning-based proctoring system has been implemented to detect irregularities and ensure adherence to examination protocols during examination sessions. The supporting AI infrastructure operates on high performance GPU environments and incorporates automated testing, continuous monitoring, and rollback mechanisms to maintain operational stability, accuracy, and system reliability.

The system ensures high levels of operational reliability and has the capability to detect instances of malpractice during examinations. Such cases are reported to the respective institutes and are also communicated in the STCW Compliance Board meetings for necessary action. To date, two cases of malpractice have been identified, and the concerned institutes have been blocked from conducting exit examinations accordingly.

The system underwent an STQC audit in May 2025, and all observations and compliance requirements identified during the audit have since been duly addressed and implemented.

3. Aspect in Examination reform

Under the proposed examination reforms, the Online Exit Examination System (OEES) has undergone significant technological advancement and structural strengthening. Continuous upgrades and enhancements have been done to evolve the platform into an advanced OEES Version 2.0 framework, incorporating modern digital infrastructure, strengthened security architecture, and AI-enabled monitoring capabilities. These reforms aim to further enhance the reliability, transparency, and efficiency of the examination process.

Technological Upgradation: As part of the examination reform initiative, the OEES platform incorporated the following technological improvements:

- AI-enabled remote proctoring with anomaly detection capabilities
- Cloud-based infrastructure with scalable computing resources across AWS and GCP environments
- Distributed database architecture to ensure fail-safe replication and high data reliability
- Encryption-based session integrity with real-time validation mechanisms
- Hardware-level device detection and restriction mechanisms
- Integrated live audio and video monitoring pipelines
- Automated candidate review workflows and violation detection systems
- Advanced grievance redressal, feedback management, and reporting modules
- Strengthened cybersecurity framework aligned with ISO 27001:2022 standards

These technological enhancements are intended to significantly improve examination security, transparency, and operational robustness, while ensuring alignment with international maritime training standards under the STCW Convention (2010 Amendments).

National Infrastructure Deployment: As part of strengthening examination monitoring mechanisms, the reforms included the deployment of a nationwide CCTV based surveillance infrastructure across Maritime Training Institutes (MTIs). The proposed framework includes:

- Coverage of more than 150 MTIs nationwide
 - Installation of two CCTV cameras in each examination hall
- Deployment of over 300 CCTV cameras across MTIs

The infrastructure is expected to enable continuous monitoring of examination environments and strengthen the integrity and transparency of the examination,

AI-Based Proctoring and Machine Learning Infrastructure: The reformed

examination system incorporates an advanced AI and machine learning-based proctoring system designed to detect irregularities and ensure compliance during examination sessions. The proposed system architecture includes:

Face recognition models trained using facial datasets from the INDOS database

- Object detection models capable of identifying multiple persons in the examination environment
- Liveness detection algorithms to prevent impersonation and identity fraud
- Continuous model training using GPU-enabled cloud infrastructure
- Real-time inference processing with latency maintained below 200 milliseconds
- Continuous performance monitoring with automated retraining triggers to maintain accuracy

The AI infrastructure is expected to operate on high-performance GPU environments with automated testing, monitoring, and rollback mechanisms to ensure operational stability and reliability.

Online Proctoring System for Malpractice Detection and Prevention: Under the reform framework, the online proctoring system ensures that CCTV footage remains accessible to DG Shipping with a baseline uptime of 99.5%, meeting all required setup standards including audio capture and continuous functionality. The system will support Video Management System (VMS) integration with on-demand access for DG Shipping and will automatically detect and flag potential malpractice incidents. Any delay or failure in meeting these operational benchmarks will be addressed through defined service-level performance measures.

MTI Help Desk and Record Maintenance: The system provides immediate query support through a dedicated help desk channel, ensuring that MTI queries receive a response within one hour and resolution within twenty-four hours. In addition, the system integrator will maintain and submit monthly operational records, including IP addresses, UUIDs, examination application data, INDOS numbers, and statistics related to candidates appearing, passing, failing, and recorded violations.

Dedicated Operational Support: The examination reform framework requires the deployment of dedicated operational support resources for coordination with the Directorate General of Shipping (DGS). The responsibilities of this support structure include:

- Resolving MTI operational queries within 24–48 hours
- Coordinating installation and maintenance of CCTV infrastructure
- Facilitating question bank updates and compliance audits
- Providing nationwide operational coordination and support

This support mechanism is expected to ensure the smooth conduct of examinations and minimize operational disruptions across MTIs.

Candidate Grievance Redressal Mechanism: A structured candidate grievance redressal mechanism will be implemented, ensuring that grievances are acknowledged within one hour and resolved within twenty-four hours of receipt. A defined escalation mechanism will also be made available to DG Shipping in cases where grievances remain unresolved within the stipulated time.

Question Bank Maintenance: The examination reform framework required the implementation of a structured question bank management system. The system will ensure proper distribution of questions across defined difficulty levels and conduct half-yearly reviews and updates to maintain the relevance, quality, and balance of examination content.

Deployment and Management of Resources: The system integrator is responsible for onboarding all required resources within seven days of contract signing and for providing replacements within seven days upon request from DG Shipping, while ensuring complete knowledge transfer. All deployed personnel have been required to undergo background verification, comply with government security guidelines, and remain on the payroll of the system integrator throughout the deployment period.

Data Standards and Security Compliance: The system implements robust data

protection and cybersecurity measures, including encryption protocols for data both at rest and in transit, comprehensive access control mechanisms, and restricted handling of sensitive information by authorized personnel only.

The application will undergo periodic security audits by STQC or CERT-In empanelled auditors, and the system integrator will maintain zero data breach assurance, supported by ISO 27001 certification and compliance with MeitY and STQC security standards. All security audit and threat assessment reports will be submitted to DG Shipping on a quarterly basis.

Additionally, the system integrator will maintain comprehensive logs related to system access, security events, and incident management to support audit and monitoring requirements. Any failure to comply with prescribed security standards, reporting requirements, audit obligations, or data protection provisions will attract penalties as defined under the applicable Service Level Agreement (SLA).

Penalty Framework for Service Level Non-Compliance: Penalties shall be applicable in cases where the system integrator fails to meet the prescribed Service Level Agreement (SLA) performance parameters related to application availability, security incident response and resolution, online proctoring and malpractice detection, MTI help desk services, candidate grievance redressal, question bank maintenance, deployment and management of resources, and data security compliance.

The penalty structure includes financial deductions for downtime of the examination application, delays in security ticket response and resolution, CCTV availability and malpractice detection failures, delays in MTI help desk query handling and record submissions, delays in grievance redressal, non-compliance in question bank maintenance, delays in onboarding or replacement of deployed resources, and breaches or non-compliance in data security and regulatory standards.

All penalties shall be calculated as per the defined thresholds and financial limits under the SLA, with monthly penalty caps applicable for each category of service and shall

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be imposed only where the failure is attributable to the system integrator.

4. Vendor's intimation and dissecting each proposal in detail on admissibility of rates and the final rate proposed to be approved.

1. Initial Rate Revision Proposal

The vendor, Virtual Guru submitted a request for revision of the MTI Exit Examination fee, stating that the existing fee of ₹250 per student per examination, fixed in 2019, has remained unchanged for over seven years despite a substantial rise in operational and technological costs. The vendor indicated that the examination system has undergone significant functional and infrastructure upgrades during this period. These include the development of a comprehensive question bank vetted by subject matter experts, deployment of a dedicated support resource at DG Shipping, improvements to the user interface and examination software, installation of CCTV surveillance systems across MTIs nationwide, and increased expenditure on servers, cloud storage, and cybersecurity infrastructure. The vendor also highlighted that cumulative inflation during this period is estimated at approximately 49%, further increasing operational costs. In view of these escalations, Virtual Guru has proposed revised examination fees ranging from ₹150 to ₹600 per candidate, depending on the course category. Under the proposal, several training programs would carry a total examination fee of ₹400, while advanced and specialized courses would have proposed fees of ₹600 or ₹850 per candidate, with a defined revenue distribution between DG Shipping and Virtual Guru.

The vendor has further stated that the expanded scope of services, increased technology infrastructure, enhanced surveillance requirements, and strengthened security mechanisms introduced under the OEES Version 2.0 framework have significantly increased operational overheads. Accordingly, they have indicated that continuation of services at the earlier rate is financially unsustainable and have requested consideration of the proposed fee revision.

2. Virtual Guru Financial and Justification for the Initial Proposal

2.1 Macroeconomic & Inflationary Analysis

Cost Indexing and Temporal Valuation was the methodology employed, follows the Consumer Price Index (CPI) framework as published by the Ministry of Statistics and Programme Implementation (MoSPI), Government of India. The base reference period is FY 2017–18, with the examination fee structure anchored at ₹250 per candidate.

The compound annual growth rate (CAGR) model for inflation adjustment method was applied to compute the purchasing power erosion over an 8-year horizon.

$$FV = PV(1 + r)^n$$

Where FV – Future Value | PV= Present Value (₹250 in 2018) | R = Average annual inflation rate = 6% (0.06) and n = No. of years (2018 to 2026) = 8.

$$FV = 250(1.06)^8 = ₹398.45$$

Analysis: DGS has stated that inflation associated with the cost of conducting examinations should be calculated only for the six-year operational period during which the examinations were actively conducted, as the system became operational in 2020 and the related operational costs were incurred during this time. The preceding two-year investment period does not represent a phase of operational cost generation or exposure to market price variations and therefore should not be included in the inflation adjustment calculation, in line with accepted statistical and economic principles governing inflation measurement in India.

Based on this approach, the adjusted value may be calculated as:

$$FV = 250(1.06)^6 = ₹354.63$$

The Compound Annual Growth Rate (CAGR) method is a financial pricing tool typically used by private entities to model price increases based on commercial considerations such as business growth, return on investment, or profitability targets. It is not a mechanism recognized for revising charges in a government-regulated service.

Inflation adjustments should be applied only to the period during which the relevant economic activity actually took place, as recognized by India's official statistical and monetary authorities.

Moreover, the Consumer Price Index (CPI), compiled and published by the Ministry of Statistics and Programme Implementation (MoSPI), measures changes in general price levels over time and is linked to the period in which costs are incurred, rather than to subsequent investment or holding periods.

2.2 CCTV Deployment – Capital & Operational Expenditure

Virtual Guru has stated that the CCTV deployment under Version 2.0 presently covers 125 Maritime Training Institutes (MTIs) and 170 examination halls, with a total installation of 340 CCTV cameras. The total capital expenditure for this infrastructure is estimated at ₹51 lakh, which, when amortized over a period of five years, amounts to an annual cost of ₹10.2 lakh, equivalent to approximately ₹17 per examination.

In addition, Virtual Guru has estimated an annual operational expenditure of ₹57.5 lakh, which includes costs related to preventive maintenance, camera replacement based on an estimated 5 percent annual failure rate, network uplink capacity for continuous video transmission, cloud-based video encoding, archival storage of dual camera 720p examination footage, hosting of monitoring dashboards, and field service support. This operational cost translates to approximately ₹95.83 per examination, bringing the total estimated CCTV-related cost to ₹112.83 per candidate.

Virtual Guru has further indicated that cloud video encoding and storage infrastructure constitute the largest components of the CCTV cost structure, and has noted that the CCTV monitoring system alone represents a substantial portion of the existing ₹250 examination fee, which, according to them, is insufficient for full cost recovery.

Analysis: The capital expenditure associated with CCTV hardware, installation, and system setup is borne by the Maritime Training Institutes (MTIs) and therefore does not fall within the category of costs chargeable to students. Furthermore, the AI licence referred to by Virtual Guru was earlier presented by them as part of the CCTV capital expenditure during the demonstration of their AI-based use case. Accordingly, it cannot be treated as an additional operational cost to be recovered from candidates with respect to operational expenditure, several components cited by Virtual Guru,

including routine maintenance, troubleshooting, and replacement of equipment where required, fall within the operational responsibilities of the MTIs. Any exceptional equipment replacement, if required, may be considered only on an actual cost basis, and cannot be levied as a recurring per-examination charge on candidates.

2.3 Platform Evolution – Version 1 To Version 2

Virtual Guru has described the transition from Version 1.0 to Version 2.0 of the OEEES platform as a major functional and technical enhancement involving the introduction of several new security layers, system capabilities, and operational features. The upgraded Version 2.0 platform incorporates increased system complexity, including expanded AI-based proctoring, continuous facial recognition, behavioural anomaly detection, multi-person verification, device and hardware-level validation checks, strengthened encryption mechanisms, and an integrated CCTV based surveillance framework.

In addition, the upgraded platform introduces new service modules such as candidate grievance management, feedback capture mechanisms, analytics dashboards, audit-ready reporting systems, and strengthened cybersecurity controls aligned with ISO 27001:2022 standards.

Virtual Guru has indicated that these enhancements represent a significant expansion of the platform's capabilities, with system features increasing from 24 to 54 modules, along with a corresponding expansion in microservices architecture, supporting infrastructure, and higher requirements for database capacity, computing resources, and storage. According to Virtual Guru , these technological and operational upgrades under Version 2.0 have resulted in increased operational costs and therefore form the basis for seeking a revision in the per-examination service fee

Analysis: The features introduced under Version 2.0, including enhanced security layers, upgraded system modules, and updated operational workflows, are considered baseline functional requirements for the operation of a national-level online examination platform. Modules such as the grievance management system, candidate

feedback interface, reporting mechanisms, and audit-ready data outputs are standard components necessary for effective issue resolution, user experience monitoring, and regulatory compliance.

Further, the strengthened security framework—comprising advanced encryption protocols, device enumeration, event monitoring mechanisms, and intrusion detection integrations—aligns with established cybersecurity and data protection standards applicable to digital examination systems, including ISO 27001:2022.

Accordingly, these upgrades are treated as essential operational and security requirements for maintaining the integrity, continuity, and regulatory compliance of the Online Exit Examination System, and therefore form part of the core service maintenance of the platform rather than optional enhancements.

2.4 Cloud, Database & Storage

Virtual Guru has reported a significant expansion in cloud infrastructure, database capacity, and storage architecture in the transition from OEES Version 1.0 to Version 2.0. The upgraded system has moved from a lightweight framework to a more resource-intensive architecture designed to support AI-assisted proctoring, real-time processing, and multi-service orchestration.

Under Version 2.0, the platform requires increased compute capacity, additional GPU-backed AI inference nodes, higher database specifications, and more load balancers. Storage capacity has expanded from approximately 1 TB in Version 1.0 to over 7.45 TB, driven by the need to store system logs, proctoring metadata, image archives, and video recordings from dual 720p CCTV streams.

Data transfer volumes have also increased substantially—from around 300 GB per month to approximately 3,300 GB per month—due to candidate uploads, encrypted examination content delivery, CCTV data ingestion, supervisor review traffic, and synchronization with DGS APIs.

As a result of these infrastructure upgrades and increased bandwidth utilization, Virtual Guru estimates an additional annual cloud expenditure of ₹50,70,960, translating to approximately ₹84.52 per examination. This cost includes enhanced infrastructure components such as audit log storage and gaze-tracking based monitoring, with the overall operational cloud expenditure capped at ₹10,00,000 per month.

Analysis: The proposed Version 2.0 cloud and compute architecture submitted by Virtual Guru does not provide sufficient technical detail to substantiate the claimed cost escalation. The submission lacks clear specifications relating to utilisation baselines, concurrency modelling, throughput metrics, and licensing assumptions necessary to independently validate the sizing and resource allocation of the proposed infrastructure. In the absence of such technical justification, the compute related cost structure cannot be independently assessed for accuracy.

Further, the audit log infrastructure cost of ₹1,80,000 cited under storage requirements corresponds to standard cloud logging, retention, and compliance mechanisms that are inherent to any secure and regulated digital assessment platform. These elements form part of the core cloud infrastructure responsibilities of the service provider and cannot be considered as additional enhancements attributable to OEEES Version 2.0. Similarly, the gaze-tracking enhancement cost of ₹1,20,000 forms part of the licensed AI components already deployed within the platform and does not represent a separate billable feature.

Accordingly, the elements cited under compute resource justification, audit log infrastructure, and gaze-tracking functionality are considered part of the mandatory operational and compliance requirements of the platform. These components therefore do not qualify as additional costs to be passed on to users under the proposed cost revision framework.

2.5 AI Proctoring & Security Subsystems

AI Proctoring and Security Subsystems” outlines the operational framework of the AI-

enabled proctoring infrastructure deployed within the Online Exit Examination System (OEES). The system operates in an active standby mode for every enrolled candidate throughout the examination window in order to ensure uninterrupted proctoring, maintain examination integrity, and provide continuous monitoring capabilities during the examination process.

The AI proctoring pipeline operates on dedicated GPU-backed inference nodes, such as AWS p3.2xlarge instances or equivalent systems equipped with Tesla V100 GPUs. As documented in Section 3.2 of the report, these AI compute nodes were introduced as part of the OEES Version 2.0 architecture, representing a significant infrastructure enhancement that did not exist in Version 1.0. These GPU resources are provisioned based on the maximum number of concurrent AI inference sessions that may occur during an examination cycle. Accordingly, infrastructure provisioning is determined by the total number of candidates enrolled in a batch, rather than the number of candidates who eventually appear for the examination.

During each active examination session, the AI proctoring framework executes multiple processing pipelines. These include face detection and recognition, which typically requires approximately 120 milliseconds per frame and operates at a rate of two to five frames per second, resulting in roughly 14.4 to 36 inference calls per minute per candidate. In addition, gaze-tracking analysis is performed to monitor candidate attention and behaviour, introducing an additional computational load of approximately 15 percent GPU overhead per session, as described in Section 17.7 of the report. The system also incorporates multi-person detection using YOLO-based object detection models to identify the presence of additional individuals within the examination environment, along with liveness detection mechanisms that perform periodic three-dimensional depth estimation checks to prevent impersonation and ensure candidate authenticity.

The annual AI infrastructure cost associated with proctoring operations is estimated at ₹40,89,440, based on a projected volume of 6,00,000 examinations annually, resulting in an approximate per-examination AI infrastructure cost of ₹68.16. Furthermore,

assuming an estimated five percent non-participation rate, the infrastructure that must remain provisioned for enrolled but non-appearing candidates results in an additional annual cost burden of approximately ₹2,04,472, representing resources allocated but not utilized during examination windows.

Analysis: The analysis of the AI proctoring infrastructure indicates that the annual cost associated with AI-based proctoring operations is estimated at ₹40,89,440, based on a projected examination volume of 6,00,000 candidates per year. This translates to an approximate AI infrastructure cost of ₹68.16 per examination. The cost structure reflects the requirement to maintain GPU-based inference infrastructure throughout the examination window to ensure uninterrupted proctoring services. Additionally, considering an estimated non-participation rate of approximately 5 percent, the infrastructure provisioned for enrolled candidates who do not ultimately appear for the examination results in an additional annual cost implication of approximately ₹2,04,472. This amount represents computing resources that remain allocated during examination sessions but are not actively utilized, arising from the necessity to provision capacity based on total enrolled candidates rather than actual attendance during the examination window.

2.6 Software Licensing & Third-Party Dependencies

Virtual Guru states that under OEES Version 2.0, the examination platform has become dependent on several third-party licensed software components that were not included in the original 2018 cost structure. These components are now considered essential for regulatory compliance, platform security, and advanced system functionality. Virtual Guru estimates the annual software licensing cost at ₹64,50,000, which, based on approximately 6,00,000 examinations per year, results in a per examination licensing cost of ₹107.50.

According to Virtual Guru, the licensing portfolio includes AI-based face recognition

and liveness detection SDKs, cybersecurity and intrusion detection tools, secure video streaming and encoding systems, analytics and reporting platforms, compliance and audit software, SSL certificate management, and DevOps toolchain licenses. Virtual Guru maintains that these dependencies are recurring, non-substitutable, and structurally integrated into the Version 2.0 architecture, making them unavoidable operational costs rather than optional enhancements.

Virtual Guru further notes that software licensing has become one of the fastest-growing cost components in the OEES ecosystem due to vendor pricing, evolving regulatory requirements, and the increasing sophistication of AI and cybersecurity tools. On this basis, Virtual Guru has proposed that the licensing cost of ₹107.50 per examination be incorporated into the revised fee structure to reflect the operational cost of maintaining the Version 2.0 platform.

Analysis: The software licensing and third-party dependency costs cited by Virtual Guru relate to functionalities and compliance features introduced with Exit Examination Version 2.0 in 2025. Since these components were not operational prior to this period, their associated expenses do not form part of the historical or current cost base relevant to the present rate revision exercise. Rate revisions should reflect only those costs linked to features that were already operational during the applicable period. Including expenses for newly implemented components would constitute a retrospective adjustment that is neither contractually nor procedurally justified. Accordingly, the per-examination licensing cost of ₹107.50 proposed by Virtual Guru cannot be considered in the current revision and may be examined in a future rate review after the new features have completed a full operational cycle.

2.7 Compliance, Certification & Audit Costs

Virtual Guru has submitted under Compliance, Certification, and Audit Costs that the operation of the Online Exit Examination System requires the maintenance of internationally recognized certifications such as ISO and CMMI. According to the submission, the annual expenditure for certification maintenance, surveillance audits,

re-certification audits, and related compliance activities amounts to ₹28,00,000. Based on an estimated 6,00,000 examinations annually, this translates to a per-examination cost of ₹46.67.

Virtual Guru states that these costs cover certification body fees, external audit charges, internal compliance preparation, documentation management, and periodic renewals. The company has presented these certifications as necessary to ensure quality assurance, information security, process maturity, and regulatory credibility of the OEES platform. Accordingly, these certification and audit expenses have been included in the proposed per-examination cost structure for rate revision.

Analysis: The ISO and CMMI certifications cited in the cost justification are organization-wide certifications applicable to the overall operations of Virtual Guru and are not specific to the MTI Exit Examination project. These certifications support general quality management, information security, and process maturity across the company's broader business activities. Accordingly, the reported annual cost of ₹28,00,000 represents a corporate compliance overhead rather than an examination-specific operational expense. Therefore, the costs related to ISO and CMMI certification and associated audits are not directly attributable to the MTI Exit Examination system and should not be included in the per-examination cost calculation for the proposed rate revision. However, periodic mandatory security and compliance audits required for the examination system shall be borne by DG Shipping on an actual basis, while Virtual Guru shall be responsible for addressing and implementing all compliance observations reported in such audit reports.

2.8 Question Bank Development & Expert Vetting

Virtual Guru has described question bank development as a continuous operational process rather than a one-time activity. The OEES question repository is regularly expanded, reviewed, and updated to maintain examination integrity, regulatory compliance, and adequate question randomisation. This requirement has increased with the expansion of courses from 24 to 44 and the growth of the question bank from

approximately 12,500 to nearly 28,000 questions, with an annual addition target of around 2,500 questions.

Virtual Guru states that the process involves a structured Subject Matter Expert (SME) ecosystem, including Senior Staff Officers, Chief Engineers, Chief Officers, and Master Mariners, supported by editorial, quality assurance, and compliance teams. Each question undergoes multiple stages such as authoring, expert review, technical editing, regulatory coordination, competency tagging, and quality checks to ensure accuracy and compliance.

From a costing perspective, Virtual Guru has indicated that the question bank is calculated using a per-question activity-based costing model, with an estimated cost of ₹1,770 per question, resulting in an annual expenditure of approximately ₹44.25 lakh, equivalent to about ₹73.75 per examination. Virtual Guru has also clarified that the SME hourly rates mentioned in the clarification report are indicative cross-checks derived from the per-question cost and not a separate costing methodology. According to Virtual Guru, the expansion of the question bank is primarily driven by course expansion and examination security requirements, rather than corrective measures for earlier deficiencies.

Analysis: The review identifies inconsistencies in the presentation of Question Bank Development and Expert Vetting costs across the submitted documents. Variations in activity rates create ambiguity regarding the basis used to quantify and cost SME effort. The revised SLAs also indicate that part of the question bank work relates to correcting issues in the initial question bank, highlighting the need to clearly distinguish between corrective work and new enhancements.

Additionally, SME charges are presented inconsistently. The summary section refers to SME charges of ₹44 per hour, while the Technical and Financial Justification Report (Table 8.2) presents costs on a per-question basis. The documents do not clearly explain the relationship between these two costing methods or provide a standard conversion approach.

Consequently, the cost structure reflects mixed rate formats and unclear linkage between hourly and per-question costing, requiring clarification and reconciliation to ensure transparency in the stated annual cost of ₹44.25 lakh.

2.9 Course-Wise Cost Differentiation Rationale

Virtual Guru has referred to Table 12.1 to justify course-wise cost differentiation, presenting a comparative cost analysis across different course categories. Virtual Guru has emphasized that higher-level and specialized courses require greater expert involvement due to their increased technical complexity and regulatory depth. According to Virtual Guru, the question bank development process relies on Subject Matter Experts (SMEs) drawn from experienced maritime professionals such as Senior Staff Officers, Chief Engineers, Chief Officers, and Master Mariners. Virtual Guru has stated that the level of expert effort varies across course categories, with advanced and high-risk courses requiring more intensive review, validation cycles, and higher levels of domain expertise. Virtual Guru has further clarified that the rate applied per question does not directly correspond to SME hourly rates, indicating that per-question pricing and SME hours are not directly interchangeable metrics. This distinction has been cited to support course-wise differentiation in estimated costs rather than applying a uniform rate across all courses.

In its technical submissions and clarifications, Virtual Guru has stated that the costing methodology for question bank development is activity-based and primarily calculated on a per-question basis. SME time and effort have been referenced only to demonstrate the reasonableness of the estimates rather than to establish a strict time-based billing structure. Virtual Guru has maintained that cost variations across courses arise from differences in syllabus complexity, depth of technical coverage, and the seniority of experts required, rather than from a fixed SME hourly rate. Based on this reasoning, Virtual Guru has argued that applying uniform costing across all courses would not accurately reflect the actual distribution of expert effort involved in question bank development and vetting.

Virtual Guru has further indicated that high-complexity courses such as TASC0, CHEMCO, and GASCO have actual costs exceeding approximately ₹1,100 per examination, while refresher courses typically incur moderate costs in the range of ₹500–₹600 per examination. Basic courses such as BST and STSDSD remain closer to the inflation adjusted baseline cost range of approximately ₹320–₹400 per examination. Accordingly, Virtual Guru has stated that the Annex-I pricing structure, ranging from ₹400 to ₹850 per examination, reflects the underlying variation in course complexity and cost structure and represents a differential pricing model aligned with actual cost variations rather than arbitrary price increases.

Analysis: The submission indicates specified rates for Subject Matter Experts (SMEs) engaged in question bank preparation. However, upon review of the Technical and Financial Justification Report, the Clarification Report, and the response from Virtual Guru, the methodology used to translate these SME rates into course-wise costs is not clearly established.

It is observed that the course-wise cost figures presented in Table 12.1 do not demonstrate a clear linkage to the stated SME rates. While SME costs are referenced, the documentation does not provide a defined methodology explaining how SME effort is quantified or allocated across individual courses. In particular, there is no clear correlation between the per-question rate and SME hourly rates, nor is a consistent conversion or allocation framework provided. Consequently, the relationship between SME costs for question bank development and the estimated course-wise costs remains unclear. Further clarification is required to explain the basis for mapping SME rates to course-wise cost variations, in order to ensure transparency and consistency in the costing framework.

5. Framework for User-Charge Revision Under the MS Rules: Benchmark, Escalation Index, and Standard Methodology

a. Benchmark for Rate Revision

The Directorate General of Shipping (DGS) adopts an inflation-indexed approach for revising user charges for services administered under the Merchant Shipping (MS) Act and associated Rules. For this purpose, the benchmark consistently applied is the All-India General Consumer Price Index (CPI) published by the Ministry of Statistics and Programme Implementation (MOSPI). The CPI is considered an appropriate benchmark as it is a nationally recognized and methodologically reliable indicator of general price level changes across India. Its nationwide coverage and periodic publication provide a transparent and predictable basis for linking user charge revisions to prevailing economic conditions.

In the present case relating to online exit examinations for DGS-approved modular courses, the last notified charge was ₹250 per candidate per examination. This rate was implemented following the earlier notification period, and the CPI prevailing at that time serves as the base index for escalation purposes. The current proposal for revision is therefore being evaluated using the latest available All-India General CPI published by MOSPI prior to the proposed effective date of revision. This methodology ensures that the revision is objective, consistent, and uniformly applicable, and is not influenced solely by vendor-specific cost claims that may not be supported by a recognized economic index.

The CPI-based approach also ensures policy continuity in the revision of user charges within the maritime sector by aligning the methodology with the escalation principles under the Merchant Shipping Rules. Such institutional consistency supports transparency, auditability, fairness to candidates who pay the examination charges, and parity among service providers operating under the administrative framework of DGS.

b. Escalation Index for User-Charge Adjustment

The escalation for revision of charges is determined by comparing the latest All India General CPI with the CPI applicable at the time of the last rate notification. The

escalation factor is calculated using the formula:

Escalation Factor = Latest All India General CPI ÷ CPI at the time of previous rate fixation.

For the present revision, the CPI during the last notification period (June 2020) was 151.8, while the latest available CPI is 198. Accordingly, the escalation factor is $198 \div 151.8 = 1.30$ (rounded). This factor represents the cumulative inflationary increase in the general price level since the last rate fixation.

Applying this factor to the existing charge of ₹250 results in a revised fee of ₹325 per candidate per examination ($₹250 \times 1.30$). In comparison, the vendor's proposed escalation factor of 1.5938 would result in a revised fee of ₹398.45, which exceeds the CPI-based adjustment and does not align with the established escalation mechanism under the applicable framework. In the absence of specific approval for an alternative escalation method, the CPI-based index remains the applicable basis for revision.

For clarity, the escalation factor applies only to the base service charge, and any applicable GST or statutory levies are to be added separately as per prevailing regulations.

c. Standard Rule Followed as per the MS Act & Rules

Under the Merchant Shipping Act and the applicable Rules, revision of user charges is governed by a standardized indexation mechanism rather than discretionary or negotiated escalation. The Rules prescribe the All India General Consumer Price Index (CPI) published by the Ministry of Statistics and Programme Implementation (MOSPI) as the sole parameter for adjusting charges over time.

The revision mechanism follows a fixed formula, where the CPI at the time of the last notified rate is treated as the base index, and the latest available CPI serves as the current reference index. The revised charge is calculated using the ratio between these two indices, ensuring that the escalation process remains objective, data driven, and free from subjective cost interpretations.

CPI is used because it is a nationally standardized and independently maintained statistical indicator, updated regularly through a consistent methodology. This approach ensures transparency, consistency, and auditability, while avoiding the complexities of validating vendor-specific cost claims such as manpower expenses, technology upgrades, or operational overheads.

The CPI-based model also ensures continuity across revision cycles, as each revision references the index from the previous notification period, thereby maintaining a traceable and inflation-linked escalation path. Consequently, any proposal introducing alternative cost multipliers, proprietary financial models, or additional cost components falls outside the framework prescribed under the MS Rules, unless specifically approved by the competent authority with recorded justification.

In essence, the MS Rules establish a clear and uniform framework for revising user charges, based on a single recognized inflation index and a fixed calculation methodology, ensuring a transparent, consistent, and technically sound process.

6. Justification for Revenue Share Model with Virtual Guru

Why funds only for MTI exit vendor only alone does not make sense and separate share in raised cost separately shown in draft order to DGS in the MTT.

Revenue sharing justification:

The MTI Exit Examination framework is not a market-driven service but a regulatory mechanism established, mandated, and governed by the Directorate General of Shipping (DGS) through training circulars and policy instruments issued under its delegated legislative authority. DGS determines the scope of courses, eligibility conditions, assessment standards, validity of results, and compliance requirements for Maritime Training Institutes (MTIs), while also ensuring alignment with national regulations and international obligations under the STCW Convention. Accordingly, the Exit Examination system constitutes a sovereign regulatory asset of DGS, with full system ownership retained by the Directorate irrespective of the mode of delivery or

the service provider engaged for operational execution.

In view of this regulatory responsibility, DGS proposes a fund-sharing mechanism from the examination fee collected through Virtual Guru, to support sector-wide initiatives aimed at strengthening maritime education, training, and governance.

7. The funds generated through this mechanism will be utilized for the following purposes:

Organization of the National Maritime Conclave, to be conducted annually, including an award ceremony to recognize meritorious students, trainees, faculty members, and outstanding Maritime Training Institutes.

Strengthening matters related to MTI examinations, assessment, and certification, including initiatives aimed at improving examination quality and integrity.

Enhancement of the overall quality of maritime training and skilling, with a particular focus on the adoption of technology-enabled solutions to improve training standards, monitoring mechanisms, and assessment processes across MTIs.

This approach ensures that the regulatory framework governing maritime training continues to evolve through capacity building, recognition of excellence, and technology-driven reforms, thereby contributing to the sustained improvement of maritime education and competency standards in India.

This draft order framework is posted on the website for any specific response from the stakeholders that may be submitted in the next 10 (working) days and there after post consultation the same shall be finalized for steps thereof with formal acceptance in the STCW compliance Board and submission to the Ministry of Ports, Shipping and Waterways, Government of India for intimation and record thereof.

The draft order with content to herewith above from was published at <https://dgma.gov.in/training-branch/training-branch-dgs-order> for public

stakeholder comments from 18/03/26 to 02/04/26, the following comments were received and analysed herewith

- 1. Observations were made stating that the Exit Examination – Not a Statutory Requirement, as explicitly stated in the draft order: “The MTI Exit Examinations are not a statutory requirement.”. Further, under the Merchant Shipping Act, 2025: Section 47 mandates that the Director General shall administer, supervise, and monitor maritime education, training, and assessment & Sections 46, 48, and 268 provide for certification and appointment of examiners by Government authorities. Implication: Certification and assessment are core sovereign regulatory functions and cannot be delegated in a manner that: dilutes accountability, or Creates dependence on private entities.**

The MTI Exit Examination is conducted in pursuance of the powers vested under Section 47 of the Merchant Shipping Act, 2025 which states that The Director-General shall administer, supervise and monitor all activities relating to maritime education, training and assessment and approve the training institutes, training courses including onboard training, as applicable and method of conduct of such training course for the grant of certificate of competency or certificate of proficiency under this part, as the following aspects are reality of the maritime training, skilling and certification landscape of the Indian Maritime sector.

The DCA was introduced as a systemic corrective measure following the detection of large-scale certificate fraud by MTIs. The ₹36 per-certificate direct payment model was finalised after due diligence to ensure financial propriety, technical robustness, and regulatory integrity, and directly addresses the risks that led to the suspension and termination of 5 MTIs.

Post revision of the Service Level Agreement (SLA) with the vendor dated 24th March 2025 and subsequent platform upgradation, instances of malpractice in the conduct of the MTI Exit Examination have been detected at three Maritime

Training Institutes (MTIs). Upon detection, the cases were examined in accordance with the prescribed procedures, and appropriate action has been initiated against the concerned MTIs as per extant guidelines

The MTI Exit Examination was conceptualised and implemented pursuant to the regulatory mandate of the Directorate General of Shipping (DGS), with its formal introduction through DGS Circular No. 17 of 2020 dated 24.04.2020, which provided for the conduct of an online exit examination for STCW modular courses. The said circular records that, prior to its introduction, assessment of training and issuance of course certificates were being carried out independently by Maritime Training Institutes (MTIs), and that a uniform methodology for assessment of candidates for desired competencies was required the reasons as cited above and doing away with a stable, established and benchmarked system without any other alternative is undermining the entire institutional framework as existent with serious debilitating effect.

The SLA establishes that accountability for the MTI Exit Examination is not transferred to the vendor. While specific operational activities are outsourced, regulatory accountability and final authority remain vested with DG Shipping. Further, the SLA is structured to ensure that oversight, governance, and decision-making for core examination functions do not create an absolute dependency on the vendor, with DG Shipping retaining the ability to supervise, validate, intervene, and take corrective action as required and the control being vested in the DGS with the DDG (Training) and the EOSU.

Engagement of private vendors for delivery of technology-enabled services is a recognised and legally permissible practice within Government systems, governed by the General Financial Rules (GFR), 2017, and the Manual for Procurement of Consultancy and Non-Consultancy Services issued by the Ministry of Finance. In terms of Rule 149 and Rule 173 of the GFR, procurement of services through external agencies is expressly permitted subject to principles of transparency, efficiency, and defined contractual obligations. Such

engagements are structured through Service Level Agreements (SLAs) incorporating performance benchmarks, monitoring mechanisms, and penal provisions for non-compliance, ensuring effective contract management and accountability. In this framework, the vendor operates strictly as a service provider, while all core regulatory and decision-making functions remain fully vested with the Directorate General of Shipping, thereby ensuring that there is no delegation of sovereign authority.

- 2. Observations were made stating absence of Global Precedent (STCW Non-Alignment), The STCW Convention (as reflected in Training Circular No. 27 of 2018 / TEAP Manual Parts A & B) provides for approved training, internal assessment, and certification based on competency. There is no provision under STCW mandating exit examinations for modular courses or centralised MCQ-based certification. Further, no leading maritime administration (MPA, MCA, AMSA, Transport Canada, etc.) conducts such exit examinations. Conclusion: The present system is non-standard and not aligned with international maritime practice.**

The mere absence of an identical global precedent does not, in itself, render a regulatory measure invalid, particularly where the maritime administration is acting within the scope of its statutory authority and international obligations., particularly where the maritime administration is acting within its statutory and international mandate.

India's aspiration to become a leading seafaring nation is reflected in the Maritime India Vision, 2030 and the Maritime Amrit Kaal Vision, 2047, both of which emphasise a standardised, technology-driven, and quality-focused maritime training ecosystem. Chapter 10 of MIV 2030 highlights the need to enhance training infrastructure and explicitly envisages standardised assessment mechanisms to ensure uniformity and competence across institutions. In this context, the MTI Exit Examination serves as a critical quality assurance tool, enabling objective validation of learning outcomes and strengthening the credibility of Certificates of Proficiency (CoPs). Further, AKAM

2047 underscores the need for an integrated, technology-enabled training and certification framework, aligning with the role of such standardised examination systems in ensuring consistency, transparency, and global trust in Indian maritime certification.

STCW 2010 and presently proposed for revision 22 areas that cover various aspects such as emerging and digital technologies, education and training methods, certification and revalidation, sea-time and simulation, mental health and onboard well-being, gender and social responsibility, cybersecurity, watchkeeping, administrative flexibility, alignment with other IMO instruments, and the modernization, consistency and effective implementation of global seafarer competence standards, other than the progressive agenda being engaged in there is a proposal for hosting the STCW 2030 review in India.

STCW compliance board institutionalized, COC (Online – Written and Oral), Rating Exit – Computerised – SMY all these are progressive engagements with no precedent

Similarly, a service like 24 X 7 grievance redressal help line for Indian seafarers did not exist earlier and is being implemented, again not awaiting a global precedent but setting an original benchmark and ensuring quality and competent

3. Observations were made regarding Policy Contradiction with Existing DGS Framework. DGS mandates physical training only (no online delivery for core STCW courses). However, certification depends on a 30-minute online MCQ test. This contradicts the intent of Training Circulars governing STCW delivery and the competency-based framework under STCW. A skill-based system cannot be validated by a purely theoretical online test.

It does not make any sense as the mandated COC (Written and Oral) is being fully digitized and finally being moved from paper and pen to a fully digital methodology, similarly the Ratings exit is being shifted to a completely online platform and MTI exit examination in a continuation in the refinement of the

earlier legacy of a stable platform for the past seven years with the upgraded technology enabled SLAs which have been put into place so the contention that Physical training only and skill based system is only an open ended submission, it does not suggest an alternative.

In pursuance of the AKAM 2047 there is proposal for a training eco system and that proposal covers a LMS, in built self-assessment modules and the RFP is near final and the proposed terms and scope of the same are self-explanatory and perhaps once the Training Eco system stabilizes post implementation the absorption of all examinations by way of system integration into one integrated eco system will be done ensuring an institutional platform unparalleled in the world and also available as India's contribution to Global maritime for maritime skilling, certification and training.

The exit examination is a benchmark testing platform this allow improperly prepared candidates to be screened, the pass and fail figures for the past 5 years is indicative of the screening process, and the number of attempts and the malpractices detected, an interim removal of the MTI exam offers only an open hand for vicarious and vitiated interest to induce malpractice and dilute the sanctity of proper assessment and certification and subsequently undermine the reputation and standing of Indian seafaring and Indian maritime administration.

- 4. Observations were made stating exit examination is not competency-based. Current format consists of 30 MCQs conducted over 30 minutes. This fails to assess practical competence, emergency response capability, and behaviour under real-life maritime conditions. As per STCW principles, competence must be demonstrated through practical training and instructor evaluation. Therefore, the system is neither comprehensive nor fit for purpose.**

This is correct as the CoC is the competency based assessment test, the MTI is a proficiency based testing and screening platform which tests on an objective

platform the level of proficiency and this ensures the testing and certification of the trainee in the MTIs and there by addressing the propriety and the sanctity of the training process and learning outcomes which is a mandate for the DGS, in the event of the removal of this platform without a better and effective substitute, the process of maritime training and screening for learning outcomes would be seriously impaired.

The training ecosystem as enunciated earlier is the solution which then over a time horizon shall incorporate all testing and evaluation and seamlessly merge into the E- NAVIK which would then provide real time seafarer monitoring details to the competent authority and allow the same to be cross checked and verified and thereby ensuring quality and reflecting on the competency and professionalism of Indian Maritime Administration and the Indian Seafarer.

- 5. Observations were made regarding Conflict of Interest – Private Vendor (Virtual Guru). As per the draft, Virtual Guru is responsible for examination platform, question bank, and system management. It is also understood that the entity has linkages within the training ecosystem and operates MTIs in India. This creates a direct conflict of interest and poses risks to fairness and neutrality. Examination systems must adhere to principles of natural justice and independent assessment standards. A vendor connected to the training ecosystem should not be entrusted with certification control.**

There is no conflict of interest in the conduct of the MTI Exit Examination, as the SLA incorporates structural, technical, and governance safeguards. The vendor does not exercise control over the question paper generation logic, which is governed through a Logic Controller with access restricted exclusively to DG Shipping and supported by audit trails to ensure transparency and accountability. While the vendor maintains the question bank, its composition, logic, and review are subject to oversight by DG Shipping, and the question bank is periodically revised and vetted in consultation with DG-approved domain experts and

committees. Further, the comprehensive SLA framework, including defined service levels, penalties, audits, and termination provisions, ensures effective contract management and prevents conflicts, manipulation, and operational deviations.

The Service Level Agreements (SLAs) provide a comprehensive framework of checks and controls through defined service levels, measurable performance metrics, penalties, audits, and reporting obligations, thereby enabling effective contract management. Periodic reviews conducted by the Examination Oversight and Supervisory Unit (EOSU) further strengthen monitoring by evaluating compliance, identifying deviations, and recommending corrective actions. In addition, an effective grievance redressal mechanism is in place, operationalized through structured timelines, escalation provisions, and oversight by DG Shipping, and administered through EOSU to ensure timely resolution, transparency, and accountability in the conduct of the MTI Exit Examination.

- 6. Observations were made regarding Violation of GFR Principles & Need for Transparent Procurement. The draft itself acknowledges the requirement for “transparent, accountable, and GFR-compliant electronic bidding.” However, the existing arrangement (since Office Order No. 17 of 2020) allowed ₹250 per examination collected by the vendor. There is no clear evidence of fresh competitive tendering or cost benchmarking. Continuation without fresh bidding may attract audit observations and raises concerns regarding CVC/GFR compliance.**

Firstly, the matter is a reworked SLA based contract after technology upgrade of the entire platform and the user charges have been finalized based on the user charge formula applied ubiquitously for all MS Act and Rule which is derived on the basis of the Consumer Price Index based comparison of erstwhile rates and the increase in the CPI in the meantime.

Fresh competitive bidding is not necessary as it a continuation of the earlier contract and the price revision is to ensure a revenue sharing arrangement for the revenues to flow into the Section 8 proposed entity and in the interim MTT and this would be used for furthering the specific mandate under the Section 8 entity on formulation which is as follows Cost benchmarking and the rationale for the increase is given in the entire order itself and the same is detailed in considerable extent based on the fundamental formula that is being applied across all platforms eventually such as the Rating Exit, the DCA, the DG COMM and other such solutions and interface the Indian Maritime has developed over a period of time accordingly audit is to funds drawn from the consolidated fund of India wherein in the instant model there is no government expenditure and instead revenue generation and the entire process has been as per the manual of consulting services and the contract management framework provisioned thereof. Any concerned related to vigilance raised shall be answered accordingly as there is no procedural deviation and no specific nonadherence to GFR principles and mandates.

The training system has been bid out and once that stabilizes it can be the basis for the absorption of the MTI exit examination platform by way of integration.

Presently the C-DAC and NTA have not finalized and stabilized the CoC (Written and Oral) roll out and hence the added burden of a solution for the MTI exit examination has not been explored and a stable platform is only upgraded and the contract renewed with SLA based contract.

- 7. Observations were made regarding Unjustified Fee Escalation – Disproportionate to Service. The proposed revision increases fees from ₹250 to ₹375 (Basic), ₹575 (Modular), and ₹825 (Advanced), representing an increase of up to 3.3 times. The fee increase is disproportionate, unjustified, and burdensome to seafarers. The exit examination cost is significantly higher than comparable national examinations. UPSC CSE (200 questions, ₹100) reflects a cost of ₹0.5 per question; JEE Main (75**

questions, ₹1000) ₹13.3; NEET UG (200 questions, ₹1700) ₹8.5; IBPS PO (~155 questions, ₹850) ₹5.5; and SSC CGL (100 questions, ₹100) ₹1. In comparison, the Exit Exam (Current) at 30 questions and ₹250 is ₹8.3 per question, while the proposed structure increases this to ₹12.5 (Basic), ₹19.16 (Modular), and ₹27.5 (Advanced).

The fee escalation rationale is self-explanatory and embedded in the draft speaking order itself which is as follows and is reiterated, the rationale to compare to other examinations is not admissible as each examination is unique in terms of target group, volume and purpose.

- 8. Observations were made stating Question Bank Cost Argument – No Longer Valid. The draft requires 2000 questions with an additional 500 annually. However, with modern AI tools, MCQs can be generated efficiently, and even expert-developed questions become negligible in cost when distributed across large candidate volumes. This cannot justify high recurring fees.**

Not all claims made by the vendor have been accepted, and a transparent and reasoned approach has been adopted throughout. In the present case, the vendor's submission regarding the cost of the question bank has been addressed only to a limited extent, strictly in line with the standard methodology applicable for revision of existing rates. It is also relevant that the question bank was refreshed in response to multiple complaints, and that the SLAs already provide for a secure and robust framework, including digitally randomized question sets, ensuring the integrity and confidentiality of the question bank.

- 9. Observations were made regarding Over-Commercialisation of Certification. Certification is a regulatory function under DGS; however, under the current model, the vendor collects fees directly from candidates. This leads to commercialisation of certification and a revenue-driven model, which is contrary to public interest and regulatory integrity.**

DGS is a statutory and regulatory authority, and there are presently no regulatory framework governing MTI fees or user charges in the maritime domain, including those levied by crewing services. The underlying objective of the fee structure is not revenue generation, but prudent financial management ensuring economy and savings to the Consolidated Fund while facilitating a reasonable and steady revenue flow to a Section 8 entity, namely the MTT, on an interim basis, as the MTT is not yet optimally functional. It is also noted that revenue considerations are not the primary justification, as more than adequate funds are already available with the MTT as well as under the SWFS and SPFO, albeit requiring optimal deployment.

Notwithstanding the above, the cost per candidate has been assessed on the same principles and parameters applicable to the revision of user charges, and the same has been transparently documented. The vendor merely collects the pre-approved fee for services duly rendered, consistent with the scope and terms envisaged under the earlier award of contract.

The contention that the arrangement is contrary to public interest is therefore unfounded; on the contrary, it serves public interest by ensuring regulatory integrity, operational continuity, and accountability. These aspects are adequately safeguarded through SLA-bound processes, including clearly defined checks and balances, insulation of the vendor from core regulatory functions, and effective oversight and control retained by DGS.

10. Observations were made regarding Alternative Mechanism – Neutral & Industry-Aligned. If any centralised mechanism is retained, it should be entrusted to recognised neutral bodies such as CMMI, IMEI, IMU, MASSA, and FOSMA, or to a proposed Section 8 entity under DGS, or a directly DGS-controlled platform. It should not be entrusted to private vendors with commercial interests.

A section 8 entity has been proposed and all industry associations are part of the efforts with CMMS and IMEI doing the ratings exit examination with BEST and MASSA and FOSMA participating regularly in the SWFS and SPFO and having indicated intent to be a board of director in the proposed Section 8 entity. There is underperformance in the MTT and that is being attempted to be corrected.

A training eco system is being bid out with multiple components and the Examination is held tri fold with the COC (Written and Oral) MTI Exit and the Rating Exit examination, once the Training Ecosystem with a master system integrator is stable with the Section 8 institution in practice the needful decisions can be take, the present arrangement is for want of a suitable alternative and the continuation of an earlier awarded contract with effective contract revision with the SLA based contract.

11.Observations were made regarding Adverse Impact on Maritime Ecosystem. The current system may result in reduced affordability for trainees, decline in enrolments, loss of global competitiveness, and erosion of trust in certification.

In view of the above, it is most respectfully requested that the MTI Exit Examination for modular courses be abolished, the Draft Office Order dated 18.03.2026 be reconsidered, the proposed fee increase be withdrawn, the private vendor-based examination system (Virtual Guru) be discontinued, and if required, a GFR-compliant, transparent, and neutral mechanism under DGS / Section 8 / industry bodies be adopted.

Unfounded and without any incisive statistical or analytical logic and generalized sweeping statements without an effective alternative mechanism being put in place.

All other logic and substantiation are countering the contention made herein above.

12. Observations were made that maritime competency is built through training, experience, and discipline, not through a 30-minute MCQ-based evaluation. India's leadership in global maritime manpower must be strengthened through robust, fair, and internationally aligned systems, not through experimental frameworks that may dilute credibility. It is requested that kind and urgent intervention be made in the larger interest of the seafaring community.

Well stated intentions, the training ecosystem is an attempt in that direction but every trajectory has a transition and change management, any other representative can freely correspond on the alternatives or any other suggestions and if effective and progressive with public interest and merit shall duly be acted upon.

13. Vendor request for further increase to the rates over the rates mentioned in the order by the submission of a justification report

The rate revision was arrived upon by adopting the inflation-indexed approach for revising user charges for services administered under the Merchant Shipping (MS) Act and associated Rules as explained in the draft order and fees have been rationalized by lowering rates for basic trainees, maintaining mid-level rates, and increasing senior-level charges to enable cross-subsidization.

Technical justifications made for the additional rise in rates have already been addressed in the order.

14. Observations were made that the proposed hike in the Exit Exam Fees is very steep. It should be retained at the existing levels, which itself is more than sufficient to do this work, considering the projected increase in number of candidates in the coming years as per MIV 2030.

The fee escalation rationale is self-explanatory and embedded in the draft speaking order itself which is as follows and is reiterated, the rationale to

compare to other examinations is not admissible as each examination is unique in terms of target group, volume and purpose.

15. Observations were made that there should be no distinction between the fee structure for different levels of Modular Courses.

The contention is not acceptable. The differentiated fee structure is a conscious policy decision based on candidate profile and course hierarchy, enabling cross-subsidization lower burden on entry-level trainees and proportionate contribution from higher earning categories. This approach is explicitly provided in the draft order rationale on rate structuring and stakeholder impact.

16. Observations were made that since the contract with the current Vendor has expired, fresh tenders should be floated from competent organizations, preferably independent of MTIs, with no conflict of interests or vested interests.

The submission is not tenable. The present arrangement is a continuation through a revised SLA with upgraded technological and monitoring architecture, not a fresh procurement case. The vendor engagement is GFR-compliant, with no delegation of regulatory functions and full control retained by DG Shipping through SLA governance and EOSU oversight.

17. Observations were made that over the past few years, the Exit Examination system is being misused by some Training Institutes. These errant Institutes lure candidates by guaranteeing them of a 'pass' in the exit exams, thereby putting genuine Institutes at a disadvantage and calling into question the credibility of the Exit Exams.

The contention is noted but not substantiated as a ground for discontinuation. Instances of malpractice have been detected through the strengthened monitoring system and action has been initiated as per guidelines. This

demonstrates system effectiveness rather than failure, and supports continued strengthening instead of removal.

- 18. Observations were made that the Exit Exams for all levels of Modular Courses should be discontinued. It was further stated that MTIs should take responsibility and conduct their own examinations, or alternatively, the Jurisdictional Mercantile Marine Departments should be entrusted to carry out the Exit Examination.**

The proposal is not acceptable. The draft order clearly establishes that the MTI Exit Examination was introduced to ensure uniformity and standardization across MTIs, addressing inconsistencies in decentralized assessments. Reverting to institute-level or MMD-based examinations would dilute benchmarking and compromise quality assurance, with no alternative mechanism provided.

- 19. Observations were made that prior to the introduction of exit examinations, candidates were certified upon successfully completing approved courses conducted by MTIs, wherein both theoretical knowledge and practical competencies were assessed in accordance with STCW requirements. This system has worked effectively over the years across all courses and continues to do so for refresher and upgradation courses, where continuous assessment is followed, resulting in competent seafarers for the industry.**

The contention is not acceptable. The MTI Exit Examination was introduced to address the absence of a uniform, independent, and standardized national benchmark under decentralized MTI-based assessments. Internal continuous assessment alone does not provide objective comparability across institutes. High pass percentages or historical practice do not establish uniform competency standards. The Exit Examination functions as a screening and benchmarking tool to validate learning outcomes and support regulatory

oversight, and its removal without a robust alternative mechanism would undermine assessment integrity

20. Observations were made that in most courses (except certain basic modular courses), the first attempt pass percentage has consistently been above 98%, indicating that the existing system is robust and meets the required standards. It was further observed that students gain in-depth knowledge of the subject rather than focusing primarily on clearing exit examinations within the same course duration. This is also reflected in the decision of DGS to remove exit exams from all the refresher courses and simulator-based courses. The introduction of exit exams adds an additional financial burden on candidates, while course fees have remained largely unchanged for over two decades. It was also noted that MTIs have invested heavily in installation of computers, CCTV, and deployment of additional manpower to supervise the examinations. It has been contended that prior to the introduction of Exit Examinations, MTI-based assessments were sufficient, with high pass percentages (98%+) indicating robustness, and therefore Exit Examinations are unnecessary and impose an additional financial burden.

The contention is not acceptable. The Exit Examination was introduced to address lack of uniformity in decentralized MTI assessments and to establish a standardized national benchmark for competency validation. High pass percentages do not, in themselves, establish robustness, but rather reinforce the need for an independent screening mechanism to objectively validate learning outcomes. Further, the Exit Examination functions as a quality assurance and monitoring tool for MTIs, which cannot be substituted by internal assessments alone.

21. In this background, we humbly request that the requirement of exit examinations be reconsidered and removed across all advanced modular courses. Moreover, MTIs are already governed through approvals,

inspections, surprise inspections, CIP grading, and ISO audits, ensuring compliance with STCW requirements.

The proposal is not tenable. The Exit Examination is a benchmarking and screening platform integral to maintaining uniform standards across MTIs. Removal of the examination without a robust alternative mechanism would undermine assessment integrity and weaken regulatory oversight, particularly in a system where prior inconsistencies and malpractices have been observed. Institutional oversight mechanisms such as inspections and audits assess infrastructure, processes, and compliance, whereas the Exit Examination independently evaluates candidate-level learning outcomes. These functions are complementary and not substitutable.

22. Observations were made regarding Display of Exit Exam Results on DGS Website. It was stated that it would be beneficial if the pass percentage of each MTI and each course is displayed on the DGS website, as this would help analyse pass rates, repeat attempts, and identify candidates who are unable to clear the exams, thereby enabling a better assessment of the overall impact. It was further observed that with 98–100% candidates clearing the exams (except in basic modular courses), the exit exams appear to add primarily a financial burden.

All the MTI's Results are published on the DGS Portal under the Training Branch Menu->Circular and Notifications. Refer the link [Directorate General of Shipping - Government of India](#) .

23. Observations were made regarding Mandatory Online Feedback System for Students. It was stated that a system of mandatory feedback from candidates upon completion of courses at MTIs may be introduced, as this would help assess the quality of teaching by approved faculty and the conduct of internal assessments, rather than relying solely on a third-party exit examination. It was further observed that some administrations are

moving towards such models, and a robust feedback mechanism may adequately ensure quality standards.

Further Observations were made regarding Sharing Feedback with MTIs. It was stated that the feedback, without disclosing student identity, may be shared with MTIs to enable continuous improvement in training quality.

The observation is duly noted, At present the examinee can submit feedback through the exit examination portal, the submitted feedbacks are addressed by competent authority at DGS.

24. Observations were made regarding Rationalisation of Exit Exam Fees. It was stated that if exit exams are to be retained, reconsideration of the fee structure is required. It was further observed that course fees have remained almost unchanged for over 20 years, while operational costs have increased significantly, and a substantial portion of the course fee is now attributable to exit exams. To avoid price competition leading to compromised training quality, it was suggested that DGS may consider introducing a minimum and maximum course fee band for uniformity and sustainability. Additionally, it was stated that exit exam fees may be reduced or rationalised.

The fee escalation rationale is self-explanatory and embedded in the order itself which is as follows and is reiterated,

25. Observations were made regarding Data Security of Third-Party Vendors. It was stated that candidate databases should be retained within DGS servers, ensuring that third-party vendors conducting exit exams do not have access to candidate contact details, in order to safeguard the interests of MTIs and candidates. It was further observed that there is a potential risk that such data, if accessed externally, could be misused, either commercially or competitively, including the possibility of new MTIs being established based on such insights or direct outreach to candidates.

Moreover, it was stated that access to CCTV in exam halls should be retained only by DGS and not the third party, as it constitutes a conflict of interest when the third party is already running various MTIs.

There is no conflict of interest in the conduct of the MTI Exit Examination, as the SLA incorporates structural, technical, and governance safeguards. The vendor does not exercise control over the question paper generation logic, which is governed through a Logic Controller with access restricted exclusively to DG Shipping and supported by audit trails to ensure transparency and accountability. While the vendor maintains the question bank, its composition, logic, and review are subject to oversight by DG Shipping, and the question bank is periodically revised and vetted in consultation with DG-approved domain experts and committees. Further, the comprehensive SLA framework, including defined service levels, penalties, audits, and termination provisions, ensures effective contract management and prevents conflicts, manipulation, and operational deviations.

The Service Level Agreements (SLAs) provide a comprehensive framework of checks and controls through defined service levels, measurable performance metrics, penalties, audits, and reporting obligations, thereby enabling effective contract management. Periodic reviews conducted by the Examination Oversight and Supervisory Unit (EOSU) further strengthen monitoring by evaluating compliance, identifying deviations, and recommending corrective actions. In addition, an effective grievance redressal mechanism is in place, operationalized through structured timelines, escalation provisions, and oversight by DG Shipping, and administered through EOSU to ensure timely resolution, transparency, and accountability in the conduct of the MTI Exit Examination.

26. It has been suggested that the payment mechanism for Exit Examination fees may be streamlined by permitting periodic settlement (e.g., annual remittance) or through advance deposit arrangements with the Directorate,

in order to reduce operational and administrative burden on MTIs.

Advance deposits cannot be accepted by the DGS as there is no enabling provision under the General Financial Rules (GFR), 2017 that permits bulk advance deposits by private entities for future, indeterminate transactions, nor do these frameworks provide for adjustable “running deposit” mechanisms for the settlement of statutory fees such as examination charges.

27. DGS received a fresh proposal dated 02/04/26 by an industry association

a. The industry association proposes that Exit Examinations may be conducted through industry association under the oversight of DGS, with the following framework:

- Revenue sharing with DGS or a designated entity
- No financial burden on DGS
- Controlled and reasonable fee structure for candidates

b. Indicative Financial Model

Current Financial Model

- Candidates per year: ~4.7 lakh
- Fee range: ₹375 – ₹825
- Estimated annual collection: ₹22–23 crores

The Industry Association Proposed Model

- Optimized, non-commercial fee structure
- Estimated fee reduction: 20%–30% per candidate
- Annual savings to seafarers: ₹5–7 crores

c. Revenue Sharing with DGS proposes:

- A fixed per-candidate contribution, or A percentage-based revenue-sharing model

This would ensure sustained funding support for DGS initiatives while maintaining affordability for candidates.

d. Utilization of Revenue for Sectoral Development

- Revenue may be earmarked for:
- Seafarer welfare initiatives

- Scholarships and financial assistance
- Upgradation of training infrastructure

e. Public-Private Participation Model

A hybrid model may be considered:

- DGS provides regulatory oversight
- Execution, administration, and technological support are undertaken with participation from credible industry bodies

f. Question Bank Capabilities

- With a large membership base with professionals, comprising a balanced mix of sailing seafarers and experienced shore-based marine engineers, The industry association is uniquely positioned to contribute to the development of a high-quality, current, and industry-relevant question bank.

g. Phased Review Mechanism

- It is further suggested that the Exit Examination framework be subject to periodic review, with scope for rationalization or restructuring based on measurable outcomes and stakeholder feedback.
- In view of a. The industry association extensive experience, institutional capability, and longstanding association with the Directorate, it is respectfully submitted that the industry association is well-positioned to undertake the Exit Examination framework under appropriate regulatory oversight.
- We would be pleased to participate in further discussions or consultations in this regard and remain committed to supporting the Directorate in strengthening India's maritime training ecosystem.

h. Implementation Timeline

- Phase 1: Initial Setup & Pilot (13 Months)
- Phase 2: Expansion & Standardization (34 Months)

- **Phase 3: Optimization & Future Integration (6-12 Months)**

The Request for Proposal (RFP) for the Development of a Maritime Training Ecosystem has already been issued by the Directorate General of Shipping and it is currently live on the CPPP Portal. The RFP envisages the selection of a Single Master Integrator to design, develop, deploy, operate, and maintain a comprehensive, technology-driven Training Ecosystem comprising seven integrated components. These components are intended to strengthen maritime training, assessment, skilling, and certification nationwide and include the Learning Management System (LMS), Web-Based Simulator, Centralized Attendance System (CAS), Faculty Development Programme (FDP), Online Maritime Certificate Verification, Digital Training and Assessment Record (Digital TAR Book), and AR/VR/Mixed Reality-based learning solutions.

DGS is encouraging participation of industry associations in the bidding process for the Training Ecosystem. As recognised industry bodies, such associations may be accorded appropriate weightage under the evaluation framework, in accordance with the provisions of the RFP.

Under the proposed Single Master Integrator model, the Training Ecosystem is designed to enable seamless integration of existing examination and assessment systems, including MTI Exit Examinations and Rating-level examinations, through secure APIs and interoperable digital workflows. This integrated approach is expected to deliver a functionally stable, scalable, and cost-effective platform, while minimizing inefficiencies. While Exit Examinations and Rating examinations may be subsumed and streamlined within the Training Ecosystem architecture, the statutory Certificates of Competency (CoC) Written and Oral Examinations shall continue to be conducted under the existing statutory framework. These examinations shall remain supported by C-DAC and the NTA as implementation partners to DGS.

Now, therefore, it is hereby directed that the rates for the Online Exit Examination are revised as follows:

Courses	Erstwhile Rate	Revised Rate
Basic level	250	375
Modular courses	250	575
Advance coursed	250	825

The vendor for the Online Exit Examination shall remit to the Directorate Rs. 25 per exam for Basic Level, Rs. 75 for the Modular courses and Rs. 125 for the Advance course of the Exit Examination fees which shall be utilized by the Directorate for the purposes of improving the training standards. The above share will be remitted to the proposed Section 8 which is to be established under the Directorate. However, till the time of the formation of the Section 8 as an ad-hoc measure, the receipts will be remitted to the Maritime Training Trust (MTT) which will hold the amounts and utilize it for various goals related to training as directed by the Directorate.

The above rates shall come into effect from 01.05.2026 and shall not be revised for period of five years unless under exceptional circumstances and formal approval of the STCW compliance Board and prior intimation to the Ministry of Ports, Shipping and Waterways.


From the past experience around 3 lac basic entry level seafarers like Cadets, rating write exams every year. 1.7 lac seafarers like middle category Officers like Fourth / Third Engineers and Third / Second Officers write exams every year. 1.3 lac senior seafarers like Chief / Second Engineers and Master / Chief Officers write exams every year. By considering their salary packages the attempt has been made to actually reduce the rates for basic level, keeping the average rates for middle category and increased rates for the senior category to allow for cross pricing with the trainee for the Basic level paying much lesser compared to the higher level in service Modular courses and Advance Courses.



This will also compensate for the recent directions for the removal of revalidation of the MTI Exit examination that shall continue as incorporated in the Training Branch Circular 4 of 2025 "Discontinuation of Exit Exams for Refresher Course".

Separately, this order does not bar revision of the rates for the other assessment and certification platforms including the CoC (Written and Oral) / Ratings Exit examination and the issuance of digital certificate module and any other specific module on user charge basis as envisaged in the Training Ecosystem or for services offered like web-based simulation thereof.

Nothing bars the contribution to the revenue sharing or mobilisation for the activities as envisaged under the Section 8 entity, which as on date it yet to be institutionalized, but as an interim recipient, being the MTT to receive contributions for specific corporate social responsibility for creation and maintenance of such public goods as associated with the assessment and certification of seafarers as to be formalized accordingly subsequently.


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