

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:273
ANSWERED ON:23.11.2012
CRUDE OIL IMPORT FROM IRAN
Viswanathan Shri P.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government has banned United States (US) sanctioned Iranian crude oil ships from entering Indian waters;
- (b) if so, the commitment made by the Mangalore Refineries and Petrochemicals Limited (MRPL) for import of crude oil from Iran during the current year;
- (c) whether the Government has withdrawn the Cost Insurance and Freight (CIF) contract;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the alternate arrangements being made by the Government for import of crude oil along with the nature of insurance cover being provided for ships other than Iranian ships and the likely impact on prices of petroleum products in the domestic market as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) No, Madam.

(b) Not applicable in view of (a) above.

(c) to (e) The Department of Financial Services, Ministry of Finance, has advised the public sector insurers and GIC to extend insurance/reinsurance cover to Indian flag ships for importing crude oil from Iran to India subject to due diligence of assets and fixing up of premium accordingly as is done in normal course. GIC has informed that the insurance cover has been provided by the public sector insurance companies for USD50 million each for Hull & Machinery (H&M) and Protection & Indemnity (P&I) covers and Ship Owners have already started availing of the same.

The NOC given to oil PSUs on 22.06.2012 for importing Iranian crude oil on C&F/CIF basis for 6 months w.e.f. 1st July, 2012 was withdrawn on 9th July, 2012, when Indian National Ship Owners' Association (INSA) informed that General Insurance Corporation (GIC) had agreed to provide USD 50 million Protection and Indemnity (P&I) insurance cover and also insurance of USD 50 million for Hull and Machinery (H&M) cover at additional premiums to Indian Ships carrying Iranian crude oil.

However, Iranian crude oil could not be imported by the oil PSUs on FOB basis, as Indian Shipping companies did not offer their vessels for calling Iran, as some of the issues pertaining to the insurance remained un-resolved with GIC. With a view to assist the oil industry to import Iranian crude on CIF basis, Ministry of Shipping on the request of oil PSUs granted NOC to oil PSUs on a case-to-case basis. On 24th September, 2012, NOC given earlier to oil PSUs was re-instated for 6 months effective 1st October, 2012 for importing Iranian crude on C&F/CIF basis or until Indian vessel owners offer their vessels for loading Iranian crude or until US/EU sanctions are lifted whichever occurs earlier.