

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

UNSTARRED QUESTION NO:2439

ANSWERED ON:23.08.2013

SHIPPING NORMS RELATING TO CRUDE OIL

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan

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

- (a) whether certain global suppliers of crude oil offer crude-and-shipping packages on Cost and Freight (CFR) basis;
- (b) if so, whether private refiners are capitalizing on attractive crude oil offers from major global suppliers while refiners are losing out on those deals because of restrictive shipping norms that apply only to them;
- (c) if so, the details thereof;
- (d) whether present shipping norms bar public sector companies from buying and shipping crude oil on CFR basis; and
- (e) if so, the details thereof and the steps taken by the Union Government to remove the restrictions in this regard for the benefit of the public sector refineries?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAANKA LAKSHMI)

(a) to (e): Most global sellers of crude oil are willing to offer crude-and-shipping package on Cost & Freight (CFR) basis in addition to Free on Board (FOB) basis for spot cargoes. There are also companies like Petrobras, the National Oil Company of Brazil, who prefer to sell their crude oil only on CFR basis.

However, the Public Sector Undertakings (PSUs) Oil Companies are forced to import crude oil on FOB basis only due to policy restrictions imposed by the Ministry of Shipping (MoS). On the other hand, the Indian private sector refiners are free to procure crude in the manner most beneficial to them, which could be either on CFR basis or on FOB basis.

Ministry of Petroleum and Natural Gas has been requesting Ministry of Shipping to permit the PSU oil companies to import crude oil on FOB as well as CFR basis from time to time. MoS has informed that PSU Oil companies may approach them for CFR imports on a case-to-case basis. However, obtaining such permission is too cumbersome and time consuming, resulting in the loss of many available opportunities. Therefore, Ministry of Shipping has again been requested (August 2013) to permit Oil PSUs to import their requirements of crude oil on FOB as well as CFR basis.