

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

UNSTARRED QUESTION NO:5349
ANSWERED ON:27.04.2015
PROCUREMENT NORMS
Maragatham Smt. K.

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

- (a) whether the Government has planned to help local equipment makers to compete successfully against foreign vendors and also to set up manufacturing clusters with attractive funding from oil industry development cess;
- (b) if so, the details thereof;
- (c) whether the Government proposes to modify procurement norms for public sector entities for investment in the upstream sector over the next three year;
- (d) if so, the details thereof along with setting up of dedicated manufacturing zones and clusters focused on oilfield services such as building ships, offshore platforms and rigs;
- (e) whether the Government has set up a Steering Committee to identify equipment that can be manufactured locally and if so, the details thereof; and
- (f) whether the LNG ships are to be chartered by Gas Authority of India Limited in the next few years, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (I/C) (SHRI DHARMENDRA PRADHAN)

(a) to (e) The Ministry of Petroleum & Natural Gas has constituted a Steering Committee comprising of representatives from the Ministry of Petroleum, Ministry of Commerce, Department of Industrial Policy and Promotion, various Oil PSUs and representatives from Federation of Indian Chambers of Commerce and Industry(FICCI), Confederation of Indian Industries(CII) and Association of Oil and Gas Operators(AOGO). The actionable areas identified by the Steering Committee in short term (one year) and medium term (three years) include:

- (i) Suitable amendments in the public procurement norms to mandate aggregation of requirement and local content as procurement criteria as a short term initiative.
- (ii) A target of indigenisation of 50% in the upstream sector in the medium term
- (iii) Setting up of dedicated manufacturing zones/clusters catering to Oil field services such as ship building, offshore platforms and rigs in the medium term.

The committee is also working on the identification of equipment and products in the sector which can be built domestically.

(f) In order to meet the growing need for gas in the country, GAIL has contracted import of 3.5 MTPA of LNG from Sabine Pass terminal in Louisiana and 2.3 MTPA of LNG from Cove Point terminal in Maryland, USA for an initial period of 20 years. Since, both these contracts are on FOB (Free on Board) basis, GAIL is required to make transportation arrangements for bringing LNG to India. Currently, both the contracts are effective and initial supplies are expected to commence from December 2017.

For transporting the entire 5.8 MTPA of LNG from USA to India, GAIL has initiated the process to charter hire around 11 LNG ships of size ranging between 150,000m³ 180,000m³, through an International Competitive Bidding (ICB).