

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

UNSTARRED QUESTION NO:4581
ANSWERED ON:11.08.2014
SHIPPING NORMS FOR OMCS
Adsul Shri Anandrao

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

- (a) the details of Indian shipping norms for public sector Oil Marketing Companies (OMCs) and private oil companies to buy crude oil;
- (b) whether the Government has imposed some restrictions only on public sector OMCs from buying crude oil on Cost and Freight basis and exempted the private companies;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the corrective measures taken by the Government to remove the restrictions put on OMCs?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a) to (c): As informed by Ministry of Shipping; as per the existing policy, all import contracts are to be finalised on Free on Board (FOB)/Free Alongside (FAS) basis in respect of Government owned/controlled cargoes on behalf of the Central Government Departments/ State Government Departments and public sector undertakings under them. The shipping arrangements are centralised in the Ministry of Shipping. In case of any departure from the above, prior permission is required to be obtained from the Chartering Wing of Ministry of Shipping on case-to-case basis. The above policy of buying on FOB basis is applicable to Government Departments/public sector companies only.

The objective of the said policy is to (i) retain control over shipping in India, (ii) to support growth of Indian shipping by maximum utilisation of national/Indian flag vessels by giving cargo preference (through first right of refusal without any price preference) and (iii) to obtain competitive freight rates and to conserve foreign exchange.

(d): In the year 2005 and 2007, Government decided to allow oil PSUs, viz. Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited and Hindustan Petroleum Corporation Limited to charter ships directly instead of routing their requirements through Ministry of Shipping.