

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

UNSTARRED QUESTION NO:3602
ANSWERED ON:08.08.2016
ONGC Owes Payments to HAL
Ahamed Shri E.

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

- (a) whether the ONGC owes some payments to HAL offshore and if so, the details thereof;
- (b) the steps taken/being taken by the Government/ONGC for expeditious payments of the said dues; and
- (c) the time by which all the payments are likely to be made?

Answer

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

(a). On account of the poor performance of the HAL Offshore which was awarded Operation & Maintenance of ONGC owned 14 Sindhu Vessels for a period of 3 years, the Performance Bank Guarantees (PBG) of the company for 5 vessels amounting to Rs 1.74 Cr were invoked by ONGC on 15th September 2010. PBGs of remaining 9 vessels amounting to Rs 3.13 Cr and Safe Custody Guarantees of all 14 vessels amounting to Rs 14 Cr are kept with ONGC to effect recoveries of costs of fuel and water consumed by the vessels during NCDT (Non Compensable Downtime) period and the amount against missing items as recorded at redelivery of vessels by M/s HAL Offshore. All the amounts, due to the operator M/s HAL Offshore as per contract provisions have already been paid. However, HAL Offshore has raised a dispute on the payment they perceive to be due from ONGC and also on the amount they owe to ONGC which is being addressed through an arbitration proceeding.

(b) & (c). The disputes regarding payment as claimed by M/s HAL Offshore Limited, are being addressed through dispute resolution mechanism as per contract provisions i.e. Arbitration.

The Arbitration proceedings commenced on 3.3.2016. As per the provision in the contract the Arbitral Tribunal is to publish the award within 12 months for the cases above Rs 5 Cr.

M/s HAL Offshore on 1st August 2016 has sought further extension of 4 weeks w.e.f. from 1st August 2016 for filing of their reply / rejoinder which was originally due for submission on 9th July 2016.

The likely time by which the finalization / settlement of case shall thus depends on the commitment of the Claimant in adhering to the timeline(s) specified by the Arbitration Tribunal.
