

tendering procedure and hired a rig viz. Dhirubhai Deepwater KG-1 (DDKG-1) for Reliance Industries Ltd. without calling for competitive bids for period of four years on untenable grounds at an operating day rate of US dollars 495,000 for first 180 days and at US dollar from 181st day onwards; and

(b) if so, the details thereof and appropriate action taken or proposed to be taken in the matter?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN) : (a) and (b) ONGC has informed that Rig DDKG-1 was hired on assignment basis as an outcome of shortage of rigs in the market for drilling ultra-deep water acreages, after obtaining approvals from Executive Committee, Executive Purchase Committee and ONGC Board.

ONGC has further informed that the decision of hiring of this Rig DDKG-1 was taken in the light of its availability and also on account of pressing need to ensure completion of Minimum Work Programme (MWP) of drilling exploratory wells in the NELP Deep Water blocks as per the respective Production Sharing Contract (PSC) of the blocks signed with the Government of India. Non-completion of MWP would have made ONGC liable to pay the cost of unfinished work programme/Liquidated damage as per the provisions of PSC.

ONGC has also stated that rig DDKG-1 was hired on assignment basis on such rates, terms and conditions that there was no loss to ONGC.

The alleged irregularity in hiring of the rig DDKG-1 as observed by C&AG is being examined by the Government and based on the outcome of the examination, appropriate action will be taken in the matter.

#### **Impact of restrictive shipping norms on PSU refineries**

714. SHRI RAVI PRAKASH VERMA :

SHRI A.U. SINGH DEO :

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

(a) whether it is a fact that Public Sector refineries lose out on crude oil deals and private refiners are capitalizing on attractive crude oil offers from major global firms because of restrictive Indian shipping norms that apply only to them;

(b) if so, the facts in this regard;

(c) whether present Indian shipping norms bar State-run companies from buying and shipping crude oil on Cost and Freight (CFE) basis;

(d) if so, the facts in this regard and the reasons therefor; and

(e) the steps taken by the Central Government to remove the restrictions to help the State-run-refineries?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN) : (a) to (d) As per the existing policy of Ministry of Shipping, 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. For chartering of vessels, Oil PSUs float enquiry on global basis. If any Indian Ship Owner participates, then they have the Right of First Refusal. This procedure is adopted for all spot and time charter vessels. As per the Ministry of Shipping, the rationale of the policy for Government Departments and PSUs to import on FOB basis only is to ensure full utilisation of available Indian tonnage and to build national shipping tonnage.

Ministry of Petroleum & Natural Gas has been taking up the matter with Ministry of Shipping for permitting Oil PSUs to import of crude oil on FOB as well as CFR basis. In response, Ministry of Shipping has conveyed that the oil PSUs may approach Ministry of Shipping for grant of No Objection Certificate for CFR imports on a case-to-case basis. Accordingly, OMCs are being allowed to import crude oil on CFR basis after obtaining the approval of Ministry of Shipping on case to case basis.

(e) 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.

#### **Dependence on import of crude oil**

†715. SHRI RAMDAS ATHAWALE : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state :

(a) whether the consumption of petro-products and for fulfilling needs of oil refineries in the country, supply of crude oil will become more dependent on the import of the same in the forthcoming years;

(b) if so, the percentage of this likely dependence in the next five years; and

(c) the growth in the percentage of dependence as against the existing percentage of dependence?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN) : (a) to (c) The requirement of crude oil imports for consumption of petro-products and fulfilling the needs of oil

†Original notice of the question was received in Hindi.