

Minutes of the 10th meeting of the Grievance Committee on DMI&SP Policy, held on 06/12/2018 at 03.00 P.M. under the Chairpersonship of Smt. Rasika Chaube, Additional Secretary, Ministry of Steel

1. List of Officers who attended the meeting is enclosed as *Annexure –I*.
2. At the outset, Chairperson of the Grievance Committee welcomed the participants to the 10th Meeting of the Grievance Committee. Director, M/o Steel made a brief presentation highlighting the issues raised by organizations.

Issues raised by Ministry of Railways (MoR) and Rail Vikas Nigam Ltd. (RVNL)

3. Issue raised by MoR regarding procurement of 1.95 lakh Metric Tonnes 60 Kg 1175 HT ‘rails’ through Global Bidding and issue raised by RVNL regarding procurement of 5,00,000 MT of 60 Kg 90 UTS rails through global bidding were included in agenda of Grievance Committee meeting but could not be discussed since none of the representatives from MoR and RVNL turned up for the meeting, however the stand of the Grievance Committee remained the same. Procurement of Rails through import should be of the limited quantity for which capacity does not exist domestically. Grievance Committee also reiterated that condition of 2 years usage in tender documents is restrictive once the rails meet all technical specification.

Issues raised by ONGC Limited

4. ONGC has stated that after the implementation of DMI&SP Policy they have processed two tenders for procurement of regular casing pipes of various grades. In both tenders, prices are received on higher side as compared to the prices finalised prior to implementation of Steel Policy.

5. ONGC suggested to modify the sl.no.-10 of, Appendix –A of DMI&SP Policy and stated that wherein Domestic Manufacturers adhering to the DMI&SP Policy be allowed a proportion upto 50 % of the tendered quantity, subject to matching of their prices with L-1 bidder (s) (Domestic or foreign) who are not adhering to the provision of the DMI&SP Policy. The balance quantity may be awarded to L-1 bidder (s). If the L-1 bidder is manufacturer adhering to the DMI&SP Policy then the total order quantity will be awarded to the L-1 bidder.

6. Further, they state that this will help in maintaining competitiveness and the spirit of international competitive bidding also.

7. The Grievance Committee deliberated and opined that suggestions of ONGC would require amendment in DMI&SP Policy and will be considered at the time of the review of the Policy.

Issue raised by United Drilling Tools Ltd. (UDT)

8. UDT has stated that they have designed API grade seamless steel tubes – connectors / couplings to provide a long chain of casing pipes for drilling purpose in Oil Exploration and Production activities which are required by ONGC, Oil India Ltd., Cairn Energy, Reliance Industries Ltd. (RIL), etc. They have requested for the inclusion of Connectors/Couplings along with pipes/tubes in the finished steel list/ output by modifying (Sl. No. 10) Appendix-A of DMI&SP Policy.

9. UDT has stated that initially these products were procured from abroad by ONGC and now the same is being designed and manufactured in India by them with the value addition of 60-70%. The requirement of these items in Oil PSUs is approximately Rs. 75-100 Crores/Annum.

10. This issue was discussed in the meeting of 6th Standing Committee held on 21/05/2018. The minutes say as under:

“Standing Committee Chair assured to look into the matter in its entirety and accordingly, decided to consider inclusion in Appendix-A of DMI&SP policy. This again will call for policy amendment.”

11. Standing Committee in its 7th Meeting held on 03/08/2018 requested ONGC (the Government Agency which is procuring the connectors) to furnish the description and technical specification of connectors/couplings fitted in casing pipes along with prescribed standards, so that the Standing Committee could take the issue forward under clause-4 of the DMI&SP Policy. M/s ONGC has submitted the requisite specification of Connectors/Couplings to the Ministry.

12. This issue was brought up in the 8th meeting of Standing Committee held on 01/11/2018. During discussion in the Standing Committee it was brought out by MECON representatives that in case this is allowed it would result in monopoly which would not be in the interest of the steel sector. Though a decision on this issue had already been taken in the earlier Standing Committee meeting it was felt that the issue could be relooked. Hence decision of the 7th Standing Committee was deferred and the Grievance Committee was directed to put up the case once again after putting all facts on record and to standing committee members.

13. The earlier standing committee had based their decision on the following facts:

- i) Value addition is 60-70%
- ii) Input material for Connectors/Couplings is bloom
- iii) Output is Connectors/Couplings covered in Chapter 73 of Harmonized System Code (HS Code)

14. The Grievance Committee opined that relooking into the facts of the case would tantamount to review the decision of the earlier standing committee which is not desirable. Since the input material is bloom and value addition is 60-70% therefore the request of UDT may be considered for inclusion of connectors/couplings along with pipes/tubes in the finished steel list/output by modifying (Sl. No. 10) Appendix-A of DMI&SP Policy. The Committee recommended that the matter may once again be placed before the Standing Committee for a final decision and facts of the case be brought to the notice of the Standing committee members prior to the meeting.

Issue raised by Ratnamani Metals & Tubes Ltd. (UDT)

15. RTML is a manufacturer of Nickel Alloys/ Stainless Steel Seamless Tubes/ pipes, Titanium welded tubes and carbon welded pipes. They are supplying these pipes to CPSEs.

16. RTML has requested to include following products under the ambit of the DMI&SP Policy so that local industry may be protected against cheap imports:

- i) Seamless Inconel (Grades UNS S6600, 6625) Tubes and Pipes
- ii) Seamless Incoloy (Grades UNS S8800, 882525) Tubes and Pipes
- iii) Welded Titanium Tubes

17. They informed that as regards welded titanium tubes upto 50.80 mm OD are concerned, input raw material in the form of Titanium Strips/ Coils need to be imported.

18. The Technical Expert of the Grievance Committee stated that Nickel Alloys and Titanium does not come under iron & steel products category. The amount of iron & steel used in the above products may be indicated for determining whether it comes under Iron & Steel products category or otherwise.

19. Chairperson stated that these products may come under the purview of Public Procurement (Preference to Make in India) Order 2017 of DIPP. Meanwhile M/s Ratnamani may submit a detailed note so that matter may be examined by Technical Expert and if required be forwarded to DIPP for their consideration and inclusion.

Issues raised by Essar Steel India Limited

20. Essar is a manufacturer of API grade pipes and has been executing orders of CPSEs with MSTC Limited as authorised supplier.

21. Essar has informed that Indian Oil Corporation Limited has issued a tender no, PLM/30” HBPL/18/1 dated 30th November, 2018 for gas pipeline project for supply of API grade pipes. In the subject tender, IOCL has not allowed them to submit their bids through authorised supplier route.

22. Similar issue was discussed in the 8th Meeting of the Grievance Committee meeting held on 27/09/2018 in which IOCL was requested to re-look this issue and consider the request of M/s Essar Steel India Ltd.

23. Essar stated that IOCL have kept a provision in their tender that *Offer will not be considered if the bidder is undergoing insolvency resolution process or liquidation or bankruptcy proceedings under Insolvency and Bankruptcy Code, 2016*. This provision is restrictive and same may be amended so that that they can participate in the tender process.

24. Representative of IOCL stated that due to their existing guidelines they have included the conditions in the tender.

25. After deliberations and consultation with the Ministry of Corporate Affairs, Committee opined that since the proceedings under the NCLT provisions are going on and ESSAR has not gone under the liquidation hence IOCL should allow ESSAR to submit the bid for the above mentioned tender. However the committee has opined that the issue will be taken up with the Ministry of Petroleum and Natural Gas for necessary direction to IOCL as the

condition of IOCL tender is not in tune with the guidelines of Company law act and violates the provisions of the DMI&SP policy.

The meeting ended with the vote of thanks to the chair.

Annexure- I

List of the officers attended the 10th Grievance Committee on DMI&SP Policy, held on 06.12.2018 at 03.00 P.M. Under the Chairpersonship of Smt. Rasika Chaube, Additional Secretary, Ministry of Steel

Members of Grievance Committee

- 1) Smt. Rasika Chaube, Additional Secretary, M/o Steel
- 2) Shri G.P. Meena, Director, M/o Steel
- 3) Shri A.K. Agrawal, GM (Technical), MECON Ltd.
- 4) Dr. T. Mukherji, Technical Expert
- 5) Dr. A.S. Firoz, Chief Economist, ERU
- 6) Shri S.K. Bhatnagar, DIA, M/o Steel

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- 7) Shri Pritam S. Purkayastha, DGM (TTD),M/o Steel
- 8) Shri S.K. Mohanty, Under Secretary, M/o Steel
- 9) Shri Amit Singh, IDD, M/o Steel

Representatives from Organizations/ Associations

- 10) Smt. Soma Mandal, DC, SAIL
- 11) Shri Rameshwar Lal, Chief General Manger (Mktg), IOCL
- 12) Shri B.K. Mondal, DGM, IOCL
- 13) Shri A. Nagia, ED, ONGC
- 14) Shri Viswanthan, ED, ONGC
- 15) Shri N.A. Ansari, CEO, JSPL
- 16) Shri Vijay Kumar Chama, President, JSPL
- 17) Shri Vikram Amin, ED-Sales & Marketing, Esser Steel India Ltd.
- 18) Shri Inderpal Singh Sandhu, DGM, MSTC Ltd.
- 19) Shri Prakash.M.Sanghvi, CMD, Ratnamani Metals & Tubes Ltd.
- 20) Shri P.H. Bhat, Business Head (SS Division), Ratnamani Metals & Tubes Ltd.
- 21) Shri Arun Agarwal, GM (TS), MECON Ltd.
- 22) Shri K. Ranjan, DGM (I/c), MECON Ltd.
- 23) Shri Pramod Gupta, CMD, UDT
- 24) Shri Gyanveer Singh, VP(Mktg), UDT
- 25) Shri Suranjan Dasgupta, JGH-, Essar Steel India Ltd.