

Minutes of the 21st meeting of the Grievance Redressal Committee under DMI&SP Policy held 21st September, 2023 at 02:00 P.M. in hybrid mode under the Chairmanship of Smt Ruchika Chaudhry Govil, Additional Secretary, Ministry of Steel

List of Participants who attended the meeting is given in Annexure-I.

At the outset, Chairman of the Grievance Redressal Committee welcomed the participants to the 21st Meeting of the Committee. Based on the issues raised by various procuring agencies, inputs provided by domestic manufacturers and comments of MECON Ltd., Deputy Secretary, M/o Steel, made a brief presentation on the following issues:

1. Regarding supply of SUP304H tubes for M/s NTPC Thermal Project, Talcher.

Background:

The procurement for NTPC thermal Project, Talcher, is being done by M/s BHEL, Trichy under turnkey package. M/s WSSL had informed that they have capability to manufacture the aforesaid tubes as per technical specifications of NTPC/BHEL. It was also informed that senior technical / quality teams of M/s BHEL, Trichy had recommended M/s WSSL to M/s NTPC after conducting audit of entire manufacturing process, but NTPC has not recommended.

Discussion:

Representative of M/s WSSL thanked the Ministry for the support provided to domestic industry. Further, it was stated that the earlier GTE for supply of same item was cancelled after the issue was discussed in the 19th Grievance Redressal Committee.

It was also informed that M/s WSSL has already supplied grade TP347H seamless SS Boiler tubes to NTPC projects Sagardighi and Bhusawal under the similar product category. Nuclear Power Corporation of India (NPCIL) has also qualified M/s WSSL for supplying super critical nickel alloy 800h intermediate pipes.

WSSL produced Steel Bars and Tubes without any order commitment, 100% complying to the IBR requirements and BHEL Specification No: TDC:0:102 Rev.19 dated 19.04.2023 including the most critical Creep test (600 deg C temp –1000 hours).

NTPC confirmed that EPC contract has been awarded to BHEL for the Thermal Power plant, Talcher. NTPC reinstated their commitment to Make in India initiative. Regarding the current issue, it was informed that multiple meetings have been held with BHEL and the 5 domestic vendors recommended by BHEL include WSSL. In view of above, there are no more issues with the tender.

BHEL confirmed that WSSL is part of the domestic manufacturers recommended to NTPC. And after receiving approval of NTPC, BHEL would go ahead with the tender.

Recommendation of Grievance Redressal Committee

As only domestic producers are under consideration, the matter stands deferred. Further, status on the matter may be communicated by NTPC/BHEL to this ministry as and when a domestic manufacturer is finalized.

2. Request for import of Hollow drill bars for ONGC and OIL contract.

Background

During the 19th Meeting of the Standing Committee under the DMI&SP Policy held on 5th July 2023, the issue regarding procurement of hollow drill bars (for supply of Drill collars) from foreign suppliers for Government Procurement, was discussed. After detailed deliberations, the Standing Committee recommended the ex post facto approval for import of 571 Hollow Drill Bars by M/s Parveen Industries as an exception, keeping in view the non-availability of Hollow Drill Bars domestically and requirement of this product by ONGC. ONGC has issued QCC (Quality Clearance Certificate) to Parveen Industries for dispatch of 571 No. of Drill Collars.

It was also stated that for future procurement (if any) Parveen Industries has to approach Ministry of Steel for prior approval for import of the Iron & Steel products mentioned in Appendix-A of DMI&SP Policy.

In view of the above, M/s Parveen Industries Pvt Ltd has sought permission to import hollow drill bars from China as per details given below:

S.No.	Procuring agency	Qty	Specification
1	ONGC	91 Nos	40 Nos: OD : 8", ID : 2-13/16", Length : 30 Feet 50 Nos: OD : 6-1/2", ID : 2-13/16", Length : 30 Feet
2	OIL	20 Nos	20 Nos: OD : 4-3/4", ID : 2-1/4", Length : 31 Feet

Discussion:

It was informed that as the hollow drill bars required are of length 30 feet or more, domestic manufacturers are not willing to manufacture them.

ONGC informed that they are aware of the order as this is a repeat order. However, ONGC requested that M/s Parveen Industries comply with the order conditions w.r.t. inspection process. ONGC stated that at the time of placement of

order, M/s Parveen Industries did not clarify what component would be imported. It was further stated that ONGC has no objection with Praveen Industries importing hollow drill bars, if approval is granted by Ministry of Steel.

OIL also stated that OIL has no objection if approval is granted to Parveen Industries by Ministry of Steel for import.

Recommendation of Grievance Redressal Committee

As there are no domestic manufacturers, it was recommended by Grievance Redressal Committee that one time exemption may be granted to M/s Parveen Industries to import 111 hollow drill bars (as per aforesaid specifications) for supplying drill collars to ONGC and OIL and decided to place the matter before the Standing Committee under DMI&SP policy for consideration. Further, as per directions of the standing committee, the imported product shall be accessed by Technical Committee formulated by Ministry of Steel, based on chemical composition and mechanical properties of the product.

Also, to develop the product domestically, it was directed by Grievance Redressal that the consolidated demand for hollow drill bars may be uploaded in public domain for domestic manufactures to look into the feasibility of developing the manufacturing capacity of manufacturing these items indigenously.

3. Non-compliance of DMI&SP Policy by M/s IOCL/EIL

Background

Domestic manufacturers (M/s ISMT Ltd and M/s JSL) have raised issue against IOCL/EIL requested that EIL/IOCL shall amend their tender so that traders should furnish affidavit (backup letter) from domestic manufacturer before placement of order.

Discussion

Representative from JSL alleged that as the affidavit (backup letter) from domestic manufacturer is not submitted at the time of bidding, there is a chance of mixing domestic steel with imports.

EIL informed that during bidding stage, traders submit an affidavit that they will supply items along with certification from EIL approved mills/manufacturers only. The material is accepted only after completion of aforesaid documentation. It was also informed that the pre-bid submission of affidavit from domestic manufacturers was increasing compliance burden on traders and manufacturers alike as it meant getting affidavit even if the bid was not accepted.

On the issue of verification of each lot received (i.r.o. GST No., Lot No., Producer, Heat No. etc), EIL has informed that the batch no. and heat no. are verified for each lot.

The committee's chairman requested EIL and IOCL to provide clarification regarding the procedures in use for inspecting and auditing materials supplied by traders/stockists.

IOCL informed that third party inspection is carried out for the material supplied to ensure desired quality and to ensure that the source of the material is from the EIL approved list.

Recommendation of Grievance Redressal Committee

To ensure that the process is fault free, it was recommended that EIL/IOCL shall provide details of the processes put in place by them at the point of receipt of the concerned items from the parties, to ensure that all such items are complaint with the DMI&SP guidelines. This shall include the process flow along with the details of the documents collected/checked (such as gate passes, receipt registers etc) within 15 days of issue of the minutes of the meeting. It was decided that if the process and documentation are found to be in order, the matter would be placed before the Standing Committee under DMI&SP policy for consideration, but if EIL is not able to provide necessary documentation the matter would again be discussed in the next meeting of Grievance Redressal Committee.

4. Inadvertent delay in supply of casing pipes by domestic steel manufacturers to ONGC

Background

ONGC informed that regular order for supply of casing pipes are placed on domestic manufacturers specially M/s JSL, M/s MSL and M/s ISMT.

One such case is the purchase order placed on M/s JSL for supply of 13-3/8" P-110 Casing pipes. The schedule delivery date for the same was 27.09.2023. In view of the urgency of the material, Essentiality Certificate was provided by ONGC on 12.07.2023. As per telephonic conversation between ONGC and JSL, the supply is likely to be delayed. ONGC has cited other similar cases and has requested that domestic manufacturers may be instructed to put suitable systems in place to avoid delays.

Discussion

ONGC informed that such delays are frequent and highlighted that this happens regularly in order placed on JSL. It was further stated that domestic manufacturers have colluded to fix prices.

ONGC also highlighted the issue of single bid scenario for premium casing threads as only M/s JSL has the necessary authorisation to premium threads. In view of above, ONGC requested for permission to import such materials.

On the issue of prices, it was recommended by the committee that the matter may be taken up in appropriate forum. ONGC informed that it has already raised the issue with the Competition Commission of India.

The committee agreed with ONGC that undue delays in supply of material is not acceptable and domestic manufacturers must either strengthen their production process or establish partnerships with other domestic manufacturers to guarantee timely supply.

On the issue of delay, M/s JSL informed that delay was due to suspension of production as ONGC had raised an issue regarding the production process. JSL analysed the root cause of the matter and production was restarted only after discussion and with satisfaction of ONGC. JSL informed that it has started supply and shared complete schedule for supply of the material to ONGC. Due to aforesaid reasons the first lot has been delayed but JSL assured that the remaining two lots would be delivered on time.

ONGC reiterated that delay in supply by JSL are frequent and range from 5 to 10 months. Such delays cause huge losses to ONGC as wells and rigs are not functional in absence of necessary materials. Further, JSL does not respond to ONGC's communication when such issues are raised.

ONGC also stated that liquidated damages/ penalties do not solve the problem and the losses faced by the exchequer is much more than such penalties.

On suggestion of the committee, JSL agreed to share with ONGC, a detailed timeline for supply of material.

M/s MSL informed that one order was delayed due to delay in supply of raw material. ONGC confirmed the same and stated that it is satisfied with the recent supplies of MSL.

M/s ISMT informed that there is no inordinate delay in supply and it has completed supply of 65% of the material. ONGC informed that M/s ISMT has requested to relax timeline for remaining material and would supply the same by 13 November which was supposed to be 27 September. ONGC requested that the material be supplied by 13th October. The matter was discussed with domestic manufacturers and ISMT was directed to supply the material by 15th October.

On the issue of single bid scenario for supply of pipes/casing with premium threads and ONGC's request for grant of permission for GTE. It was informed that at present only JSL has the authorisation to cut such threads. M/s MSL and M/s ISMT informed that they are in advanced stage of discussion to obtain authorisation for production of premium threads.

Recommendation of Grievance Redressal Committee

It was recommended by the committee that both parties i.e. procurers and supplier should determine the timeline for supply of material. And if there is inordinate delay, the matter may be considered for relaxation of provisions of DMI&SP policy.

On the issue of single bidder for supply of premium threads, the committee recognised that in the near future there may be multiple domestic manufacturers having authorisation to cut premium threads and permission to grant GTE in such a scenario would dissuade local manufacturers from investing in obtaining such licenses. In view of this, the committee recommended that the matter may be

reconsidered after 31st December, 2023 so that domestic manufacturers have adequate time to obtain authorisation to cut premium threads.

5. ONGC Tender for Heavy Weight Drill Pipes

Background

M/s Oil Country Tubular Ltd (OCTL) raised issue regarding ONGC tender for purchase of Heavy Weight Drill Pipes through International Competitive Bid (ICB). OCTL has informed that it has the capacity and capability to manufacture this product domestically and has supplied ONGC/OIL in the past. In view of this, OCTL requested that ONGC to put the Tender in GeM portal and extend the due date of the Tender.

ONGC had informed that the ICB tender was floated consequent to the discussions held in the 18th Standing Committee Meeting on DMI&SP policy held on 20.3.2023. ONGC has informed that

7. In previous three tenders for procurement of Heavy Weight Drill Pipes (HWDP), no indigenous manufacture including OCTL had participated nor had sought development order for the item.
8. OCTL had never requested ONGC for floating a domestic tender and hence exemption was sought from MoS to float an ICB tender.
9. OCTL has not supplied HWDP to ONGC after 2010 (confirmed by OCTL). OCTL plant is **non-functional since about last 5-6 years** due to financial troubles. Their case is with National Company Law Tribunal (NCLT) and ONGC feels that they do not have the financial capability or resources to execute their orders.

Discussion

OCTL informed that there have been no operations for almost four years due to the Company undergoing Corporate Insolvency Resolution Process (CIRP) which got unduly delayed due to the pandemic and now it is operational.

Further, OCTL informed that it has no objection ICB tender as the permission for the same was granted by the Ministry of Steel after due diligence. OCTL pointed out that based on the existing BEC criteria, OCTL is not likely to be considered by ONGC, though the Company has more than three decades of manufacturing experience and supplied over 5,000 Nos. of Heavy Weight Drill Pipe to various Customers which includes 751 Nos. of Heavy Weight Drill Pipes to ONGC / OIL

In view of this, OCTL requested that the Technical and Commercial Criteria be relaxed / amended, so that **OCTL is not unreasonably excluded** based on the existing BEC criteria. OCTL pointed out that it will create healthy competition amongst the domestic manufacturers and the procurement agencies shall benefit by getting most competitive prices.

ONGC informed that as OCTL was not functional for last 5 years, it cannot fulfil the financial criterion of positive net worth for last 2 years. ONGC further informed that it cannot relax these criteria.

Recommendation of Grievance Redressal committee

Grievance Redressal Committee is of the view that procurer has the right to assess the quality and creditworthiness of the supplier, and decided to place the matter before the Standing Committee under DMI&SP policy for consideration.

6. The meeting ended with vote of thanks to the Chair.

List of Participants in the 21th meeting of the Grievance Redressal Committee under DMI&SP Policy, held on 21st, September, 2023 at 02:00 PM in hybrid mode under the Chairmanship of Smt Ruchika Chaudhry Govil, Additional Secretary, Ministry of Steel

1. Smt. Ruchika Chaudhry Govil, Additional Secretary, M/o Steel - Chairman
2. Shri Parmjeet Singh, AIA, M/o Steel
3. Shri Devidatta Satapathy, Director, M/o Steel
4. Shri G. Sarathy Raja, Deputy Secretary, M/o Steel
5. Shri Kumud Ranjan, Sr. GM, (Metallurgy Wing), MECON Ltd
6. Shri Sandip Gupta, ED (MM), ONGC
7. Shri Anupam Banerjee, CGM(D), ONGC
8. Shri M. K. Agrawal, CGM (P), ONGC
9. Shri Asheesh Sengupta, ED(SCM-C&P), EIL
10. Shri C Kapuria, CGM(SCM-C&P), EIL
11. Shri Rajesh Sinha, CGM (SCM-PDD), EIL
12. Shri Kailash Kumar, GM (SCM-PDD), EIL
13. Shri Avnish, ED(Dir), NTPC
14. Shri C Venkat Rao, GM&Head, BHEL
15. Shri P Samuthirapandi, AGM, BHEL
16. Shri S.S. Chauhan, CGM (Projects), IOCL
17. Shri Anurag Sachdeva, CGM (Material), IOCL
18. Shri GC Sharma, Senior Manager (Material), OIL
19. Shri Sanjiv Dheer, Global Business Head (Seamless Div.), JSL
20. Shri Avnish Kumar, Sr. GM, M/s Jindal Saw Ltd
21. Shri Vishal Jindal, Regional Head North (Seamless Div.)
22. Shri Simranjeet Singh, Joint Secretary, STMAI
23. Shri Shiv Kumar Singhal, President Commercial
24. Shri Hemant Matreja, M/s Maharashtra Seamless Limited
25. Shri Prabhat, Executive Manager, M/s Parveen Industries
26. Shri Rakesh Dixit, CEO M/s Parveen Industries
27. Shri Sandeep, Manager, M/s Parveen Industries
28. Shri NS Jeswani, GM, M/s Parveen Industries
29. Shri Anuj Burakia, ED and CEO, WSSL
30. Shri Prakash Tatia, Director, WSSL
31. Shri Vivek Verma, DGM, WSSL
32. Shri Kalyan Deshpande, Vice President, M/s ISMT
33. Shri Govind Sharma, VP, M/s UDTL
34. Ms Jyoti Kumar Singh, GM, M/s UDTL
35. Shri Sridhar Kamineni, Managing Director, OCTL
36. Shri KG Joshi, Director, OCTL
