

**Minutes of the 20<sup>th</sup> meeting of the Standing Committee under DMI&SP Policy held on 12<sup>th</sup> December, 2023 at 4:00 P.M. in hybrid mode under the Chairmanship of Shri Nagendra Nath Sinha, Secretary, Ministry of Steel**

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

At the outset, Chairman of the Standing Committee welcomed the participants to the 20<sup>th</sup> Meeting of the Committee. The details of the issues discussed and the decisions taken are as under:

**1. ATR on recommendations of 19<sup>th</sup> Standing Committee meeting – General exemption sought by Secretary, MoPNG from the provisions of DMI&SP Policy.**

**Background:**

Secretary of the Ministry of Petroleum and Natural Gas (MoPNG) had requested a general exemption from the provisions of the DMI&SP policy. The same was deliberated in the 19<sup>th</sup> Standing committee meeting. For the mid and downstream products, it was recommended that Engineers India Limited (EIL) is to reach out the manufacturers within 15 days and based on the outcome of the meeting formal minutes should be shared with MoS, for further action.

**Discussion:**

EIL held a meeting with the domestic manufacturers on 14<sup>th</sup> July 2023 which 45 participants attended. During this meeting, the industry was sensitized regarding the future requirements and importance of these items from the past consumption records in Oil and Gas projects. However, as per the interaction of the Ministry of Steel with the domestic Steel manufactures, it was noted that all the items can be manufactured domestically.

**Recommendation of Standing Committee**

It was felt that more evidence was required to say that the items could not be manufactured domestically. Therefore, no general exemption under DMI&SP Policy could be given to EIL to procure these items from foreign sources. However, EIL may approach Ministry of Steel for specific item where domestic manufacturer is not available. Further, quantity requirement for an year will be considered for clearances.

## **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 Standing Committee had 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.

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

### **Discussion:**

Parveen Industries Pvt Ltd (PIPL) was asked to explain the reasons for repeatedly seeking permission for import of the Hollow Drill Bars and why the same cannot be manufactured domestically. PIPL explained that for manufacturing the Bars of the desired high thickness, it requires huge investment, whereas the volumes are not huge. ONGC had issued the tender for domestic procurement of these items only recently.

The Standing Committee desired that there should be an assessment of all the other industries in the country which would require the similar item. This would enable the domestic manufacturers to decide on upgrading their manufacturing facilities.

### **Recommendation of Standing Committee**

The Standing Committee approved the proposal for import of the Hollow Drill Bars for the present. However, for any future imports, the PIPL would need to approach the Committee again. Further, to indigenously produce the said item, ONGC, EIL and IOCL may share future requirement. Technical division to assess demand of similar class of products in the economy.

## **3. Participation of traders in tenders floated by EIL/IOCL**

## **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**

The issue was discussed during the 21<sup>st</sup> meeting of the Grievance Redressal Committee when 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 before the Standing Committee under DMI&SP policy for consideration.

EIL has provided the complete details of the process to the Ministry, which includes checking the documents at the point of receipt, evaluation by renowned 3<sup>rd</sup> parties enlisted by EIL and checking with the Manufacturers' certificate.

During the meeting, the manufacturers mentioned that EIL are asking for manufacturers' certificate only post supply & that only 10% of their payment is being withheld in case this is not provided. There is only document checking but no testing of the material since such facilities are not available in the warehouses of the traders. There have been instances where orders have been placed with the traders in huge quantities, much beyond their known handling capabilities.

EIL officers explained that only reputed 3<sup>rd</sup> party firms, enlisted with them, are engaged by them for evaluation of the supplied material. Denying the right to submission of bids by the traders would make them ineligible for bidding. Thus only the manufacturers would be eligible for the bids would lead to monopolization and defeat the purpose of open competition.

## **Recommendation of Standing Committee**

The committee decided that no relaxation on Clause 6.8.1 of the DMI&SP policy - viz, the bidder shall furnish the authorization certificate issued by the domestic manufacturer for selling domestically manufactured iron & steel products – can be granted to EIL. Thus, EIL shall only accept those bids which come with the certificate from the domestic manufacturers. The committee also decided that the position may be reviewed in future in case complaints of monopolization by the manufacturers is received in future.

#### **4. 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.

##### **Discussion**

ONGC informed that they have specified the criteria specified by them for the domestic manufacturers. OCTL has not been doing any manufacturing for the past 6 years and their networth is negative. It was apprehended that OCTL would not be able to execute the orders placed with them and supply the required items within time. Despite a request from the Standing Committee for considering the case of OCTL on relaxed terms as a special case, ONGC informed that they will be not be able to extend any relaxation to OCTL on their terms and conditions.

##### **Recommendation of Standing committee**

Standing Committee requested ONGC to hand hold industries under crisis & not lose potential manufacturing capacity.

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

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#### **Annexure-I**

**List of attendees in the 20<sup>th</sup> meeting of the Standing Committee under DMI&SP Policy held on 12<sup>th</sup> December, 2023 at 4:00 P.M. in hybrid mode under the Chairmanship of Shri Nagendra Nath Sinha, Secretary, Ministry of Steel**

##### **Members of Standing Committee**

1. Shri Nagendra Nath Sinha, Secretary (Steel) – Chairman
2. Shri Kumud Ranjan Sr. General Manager (MW), MECON Ltd.
3. Shri Parmjeet Singh, Addl.I.A.
4. Shri Devidatta Satapathy, Director, M/o Steel
5. Shri G. Sarthy Raja, Deputy Secretary, M/o Steel

## **Present**

7. Shri Arun Kumar Kailoo, Director, M/o Steel
8. Shri Amit Bansal, DS, MoPNG

## **Representatives from organizations/ associations**

- Shri Sandeep Gupta, ED - Chief MM, ONGC Ltd
- Shri Asheesh Sengupta, ED(SCM-C&P), EIL
- Shri Shiv Kumar Singhal, President (Commercial), MSL
- Shri KG Joshi, Director, OCTL
- Shri Kailash Kumar, GM (SCM-PDD), EIL
- Shri Rajesh Kumar IOCL
- Shri Vijay Kaul, Ratnamani
- Shri Kailash Kumar, GM (SCM-PDD), EIL
- Shri Kalyan Deshpande, Vice President, M/s ISMT
- Shri Lokesh Sahu, JSL
- Smt. Anurag Gohain, OIL
- Shri Kaushal Kr. Sinha, JSL
- Shri S.S. Chauhan, CGM (Projects), IOCL
- Shri Anurag Sachdev, INDIAN OIL
- Shri Vishal Jindal, JSL
- Shri Rakesh Dixit, Praveen Industries Pvt. Ltd.
- Smt Bintyma Sharma, OIL
- Shri Sridhar Kamineni, MD, OCTL
- Shri Chinmoy Kapuria, Chief GM, EIL
- Smt Sangitta Ghulliani, Sr. GM, EIL
- Shri Eswara V P Atta, Asst GM, EIL
- Shri Kailash Kumar, GM, EIL

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