

Minutes of the 13th meeting of the Standing Committee under DMI&SP Policy, held on 02/03/2021 at 12:00 hrs through video conferencing under the Chairmanship of Shri P. K. Tripathi, Secretary, Ministry of Steel

1. List of Officers who attended the meeting is enclosed as Annexure –I.
2. At the outset, Additional Secretary (Steel) welcomed all the participants to the 13th Meeting of the Standing Committee. It was noted that the basic intention of the DMISP policy is to promote domestic manufacturing and CPSEs must comply with the policy in letter and spirit and avoid circumventing the provisions of the policy. Director, Ministry of Steel made a brief presentation highlighting the issues raised by M/s Oil India Ltd. and M/s ONGC Ltd.
3. It was noted that, as per the GFR amendment in rule 161(iv) dated 15.05.2020 no global tender enquiry shall be invited for tenders upto Rs 200 cr without prior approval from the competent authority.

Issues raised by Oil India Limited (OIL)

4. OIL has floated seven global tenders for the procurement of different types of casings, tubing and pipes without prior approval of M/o Steel and requested for exemption for import of these items. Since the tenders were floated without prior approval therefore waiver for the same is also required. The items are as following:
 - i. 9-5/8", P110, Premium Semi-Flush Seamless Casing
 - ii. Tender 1 for 2.7/8" L-80 13 Cr Premium Connection Tubing with attachments & Cross-over
 - iii. Tender 2 for 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over
 - iv. 20" Casing (94 PPF x K-55 x API-5CT BTC)
 - v. 2.7/8-inch API Grade G-105, Left Hand Connection Drill Pipe
 - vi. 3000m of size 13.3/8", 3800 meters of size 9.5/8" and 1400 meters of size 7" L-80 Premium Connection casing with Attachments & float collar
 - vii. 5" size and 20 Nos. of 4.1/2" size Heavy Weight Drill Pipes (HWDP)

I. Global tender for the procurement of 9-5/8", P110, Premium Semi-Flush Seamless Casing:

Background:

5. OIL has floated a global tender on 24.09.2019 for procurement of 5560 mtrs of 9-5/8", P110 Premium Semi-Flush Seamless Casing. The estimated value of the tender is Rs

7.8 cr. OIL has stated that this is one-time requirement. The material will be utilized within 1 year after receiving the same. No domestic supplier is available for this item.

Recommendation of the Grievance Committee:

6. The matter for exemption of this item was deliberated in the Grievance Committee meeting held on 21.10.2020. The Grievance Committee recommended that since no domestic manufacturer is able to manufacture the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

7. It was clarified by AS(Steel) that the amendment in GFR rule 161(iv) is applicable for all the tenders published in newspapers or website after 15.05.2020. Since these tenders were floated before the amendment in GFR therefore the amendment is not applicable.

8. Representative of M/s JSL stated that they are presently not able to manufacture this product. MSL also informed that they are presently not able to manufacture this item.

Decision:

9. The Standing Committee decided to recommend grant of exemption for procurement of 9-5/8", P110, Premium Semi-Flush Seamless Casing as a one-time measure as there is no domestic manufacturer currently available for this item in the country.

II. Tender no 1 for 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over:

Background:

10. OIL floated the tender (ICB no. SSG2132P20/01) on 02.08.2019 for the quantity of 40,000 meters. Estimated value of the tender is Rs.16.78 cr. OIL has stated that this is one-time requirement. OIL will utilize this item in the wells which are pending for operation. OIL has already placed development order on JSL. No Indian bidder participated in this tender.

11. L1 bidder is a Chinese company and a separate approval from DPIIT will have to be obtained by the bidder from a land border country as per the guidelines. OIL informed that the company has applied for registration with DPIIT.

Recommendation of the Grievance Committee:

12. The Grievance Committee recommended that since no domestic manufacturer are able to manufacture the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

13. Representative of MSL stated that they are still awaiting development order from OIL India for this item. OIL agreed to expedite the placement of developmental order on MSL. OIL informed that there is no approved domestic manufacturer available for this item at present.

14. AS (Steel) pointed out that it has been highlighted in the Grievance committee meeting that OIL India should delink placement of development order from regular tender so that domestic manufacturer can participate and develop capacity. OIL informed that they have formulated a development order policy and they are now placing development order to domestic vendors without linking with regular tenders.

15. JSL stated that they have supplied similar item to ONGC under development order. ONGC stated that material have been supplied by JSL however ONGC will require 3-4 months for installation and further time will be required for the trials.

16. OIL informed that they have reworked the requirement and reduced the quantity from 40000m to 30000m. This is the bare minimum quantity required for completion of work on the pending wells. It will take 4-6 months for procurement and the material will be utilized within 1 year. This is a regular requirement and this particular tender is for their wells in North East region.

Decision:

17. Standing Committee decided to recommend grant of exemption to M/s OIL India for procurement of 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over for the reduced quantity of 30,000 meters as there is no approved domestic manufacturer available for this item at present.

III. Tender no. 2 for Cross-over and 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over:

Background:

18. OIL has floated the tender (ICB No. SJG3187P20) on 27.11.2019 for the quantity of 50,000 meters. The value of the tender is Rs 26.34 cr. This tender is for wells in Rajasthan. OIL will take 4-6 months for procurement and it will be utilized within 1 year

after receipt. OIL has reworked the requirement and reduced the quantity from 50000 meters to 35000 meters. OIL has already placed development order on JSL. No domestic manufacturer participated against this tender.

Recommendation of the Grievance Committee:

19. The Grievance Committee recommended that since no domestic manufacture are able to manufacturer the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

20. Representative of MSL requested that OIL may expedite the placement of developmental order. OIL agreed to expedite the placement of developmental order on MSL. OIL informed that there is no approved domestic manufacturer available for this item. Development order has also been placed on JSL by ONGC, but it will take time for trials and final approval.

Decision:

21. Standing Committee decided to recommend grant of exemption to M/s OIL India for procurement of 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over for the reduced quantity of 35,000 meters.

IV. Global tender for the procurement of 20" Casing (94 PPF x K-55 x API-5CT BTC) for 5000 meters.

Background:

22. OIL has floated this global tender (SSG3068P20/01) on 14.11.2019 for the quantity of 5000 meters. The value of the tender is Rs 7.41 cr approx. The procurement will take around 4-6 months' time and the material will be utilized within 1 year after receipt. No domestic manufacturer participated against this tender.

Recommendation of the Grievance Committee:

23. The Grievance Committee recommended that since no domestic manufacture are able to manufacturer the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

24. OIL stated that the connector required for this item is of different type i.e. BTC. Since the BTC type of connector is not available domestically, they have now shifted to multi start connection for future requirement. However, for this particular tender they have

requirement of small quantity of 5000 meter with BTC connector which is required for use in their wells so that they will be able to use the existing inventory of other materials which are compatible with this type of connector. This will be the last requirement for casing with BTC connector.

25. Representative of MSL informed that they can supply 20" ERW Casing with weld-on connector which is substitute to BTC which they have supplied to ONGC in past. OIL stated that they have already floated tender on GEM portal for the ERW casing with weld on connector for future requirement however this item is required for using the existing inventory of other materials which are compatible with this type of connector. Representative of JSL stated that they can give long seam light pipe.

26. It was pointed out by ONGC that the connector is also covered under DMI&SP policy however some suppliers have been quoting for imported connector saying that they are using it as input material and sought clarification on the same. AS(Steel) clarified that connectors have already been brought under DMI&SP which are available domestically and should not be imported.

Decision:

27. Standing Committee decided to recommend grant of one-time exemption to OIL India for their tender for procurement of 20" Casing (94 PPF x K-55 x API-5CT BTC). In future, OIL should float separate tenders for casing and connectors so that these can be procured from domestic sources.

V. Global tender for the procurement of 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe:

Background

28. OIL has floated the tender (SDG3489P20/07) for procurement of 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe on 04.01.2020 for 15000 meters. The estimated value of the tender is 11.62 Cr. The procurement will take around 6-8 months' time and the material will be utilized within 6 months after receipt. No Indian bidder participated in this tender.

Recommendation of the Grievance Committee:

29. The Grievance Committee recommended that since no domestic manufacture are able to manufacturer the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion

30. Representative of MSL and JSL informed that they have received the developmental order for this item and they will deliver the material to OIL India within

next 30-45 days. Representative from JSL stated that they have supplied higher size (5 inch) similar drill pipe to ONGC through developmental order. ONGC stated that JSL has supplied the item but it is still under trial which will take approximately 6 months' time to be completed. OIL informed that they require this item for completion of pending works of their wells and in case trial order fails it will lead to huge delay. OIL also informed that they have reworked the requirement and can reduce the quantity from 15000m to 12,000m which is bare minimum requirement for operational purpose and requested exemption for the reduced quantity of 12,000 metres.

Decision

31. The Standing Committee decided to recommend grant of exemption to OIL for the procurement of 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe for the reduced quantity of 12,000 metres.

VI. Global tender for 3800 meters of size 9.5/8", 3000m of size 13.3/8" 1400 meters of size 7" L-80 Premium Connection casing with Attachments & float collar.

Background

32. OIL stated that they have floated the tender (SJG3467P20 dated 02.01.2020) for the procurement of 3800 meters of size 9.5/8", 3000m of size 13.3/8" and 1400 meters of size 7" L-80 Premium Connection casing with Attachments & float collar. Total value of the tender is approx. Rs 15.81 cr. In this tender, lone bidder i.e. M/s. Empire Industrial Equipment, Mumbai has submitted their bid on the basis of sourcing the finished goods from M/s. Hunting Energy Services Pte. Ltd with country of origin from China, Singapore or Indonesia. No domestic manufacturers participated against this tender. During the deliberation in the Grievance Committee, OIL had requested for grant of exemption for these three items for compatibility reasons so that these can be procured from the same source as combination of 13.3/8" 9.5/8", 7" casings along with fittings and accessories are required in drilling operation of single well.

Recommendation of the Grievance Committee:

33. The Grievance Committee recommended that since no domestic manufacture are able to manufacturer the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

34. AS(Steel) stated that since M/s JSL has tied up with M/s Hunting Energy hence OIL should consider them eligible and at par with M/s Empire Industrial Equipment.

35. OIL informed that they have placed developmental order for 9.5/8" & 7" size on JSL which will take 6-7 months for trials after supply. The item is yet to be delivered by JSL. OIL stated that no Indian manufacturer has the capability to manufacture 13.3/8" size

premium connection casing hence developmental order cannot be placed. OIL further stated that the quantity of the items in the tender is very small.

36. Representative of JSL stated that they are in complete readiness to supply 9.5/8" and 7" Premium Connection casing except 13.3/8" casing size. JSL further stated that they have tied up with M/s Hunting Energy for premium connection casing which is already an approved vendor for premium connection. Casing JSL themselves are approved for supply of L-80 grade casing and therefore, they may be considered as approved vendor.

37. Representative of MSL stated that both MSL and JSL are approved to supply L-80 grade casing and tubing pipes. JSL has already got the developmental order. MSL is also in the process of developing capability for the premium connection. However domestic industry does not presently have the capability for 13.3/8" premium connection. However, order for 7" and 9.5/8" should be given to domestic manufacturer only.

Decision:

38. Standing Committee decided not to recommend grant of exemption to OIL for 9.3/8" and 7" L-80 premium connection casing with attachments and float collar. Standing Committee also decided to recommend grant of exemption to OIL for the procurement of 13.3/8" L-80 Premium Connection casing with Attachments & float collar as no domestic capacity is available for this item.

VII. Global tender for 5" size 249 nos. and 4.1/2" size 20 nos. Heavy Weight Drill Pipes (HWDP):

Background:

39. OIL has floated the global tender no. SDG4267P21/09 on 08.05.2020 for procurement of HWDP. No domestic bidder has participated in this tender.

Recommendation of the Grievance Committee:

40. The Grievance Committee recommended that since no domestic manufacture are able to manufacturer the requisite item, therefore OIL may approach competent authority for the exemption as per the GFR. The Committee decided to place the matter before the Standing Committee under the DMI&SP policy for consideration.

Discussion:

41. OIL informed that no Indian manufacturer has the capability to manufacture these Heavy Weight Drill Pipes hence development order could not be placed. Presently there is no Indian manufacturer available with the required licenses for manufacturing these Heavy Weight Drill Pipes. Representatives of JSL and MSL confirmed that they do not have the capability to manufacture these Heavy Weight Drill Pipes.

Decision:

42. Standing Committee decided to recommend grant of exemption to OIL for the procurement of Heavy Weight Drill Pipes since no Indian manufacturer has the capacity to supply this item.

Issues raised by the ONGC**Background:**

43. ONGC had invited International Competitive Bidding for the procurement of different size (5", 3.5", 2 7/8", 2 3/8") drill pipes on 29.05.2019 for quantity 4895 MT. The total tender value is approx. Rs 91 cr. In this tender, five bidders had participated:

- i. DP Master Manufacturing Ltd, Singapore
- ii. MSL, Gurgaon
- iii. Jindal Saw Limited, New Delhi
- iv. OCTL, Hyderabad
- v. Petro Materials (Cangzhou) Co Ltd., China

44. Out of five bidders, M/s MSL and M/s JSL had submitted their bids for Developmental Order. Offer of DP Master Manufacturing, Singapore and Petro Materials (Cangzhou) China were techno-commercially not acceptable. OCTL, Hyderabad was techno-commercially acceptable but rejected due to not meeting the financial criteria. ONGC has requested for one-time exemption for this item.

Recommendation of the Grievance Committee:

45. Grievance Committee recommended that GFR amendment dated 15.05.2020 [Rule 161(iv)] is applicable on this tender. Matter may be placed before Standing Committee under the DMI&SP Policy for consideration.

Discussion

46. ONGC informed that they have placed development order on MSL and JSL. JSL has already supplied the material to ONGC. MSL informed that they will be delivering the drill pipes to ONGC by 1st week of April, 2021. ONGC stated that it would take around 6 months' time to complete the trials of material supplied by JSL. ONGC further stated that they have reworked the requirement and can reduced the quantity to 3500 MT to meet their urgent operational requirement. ONGC informed that this is a regularly required item. In future, it can be procured from domestic vendors if they get the approval and requested for exemption for reduced quantity of 3500 MT.

47. It was noted that GFR amendment dated 15.05.2020 [Rule 161(iv)] will be applicable on this tender i.e. no global tender enquiry can be invited for tenders upto Rs 200 cr without prior approval from the competent authority. Therefore, ONGC will have

to seek approval from Secretary (Coordination), Cabinet Secretariat separately through administrative Ministry.

Decision:

48. Standing Committee decided to recommend grant of exemption to ONGC for reduced quantity of 3500 MT. Further, ONGC should seek relaxation from Secretary (Coordination), Cabinet Secretariat separately through administrative Ministry for these items.

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

**List of the officers who attended the 13th Standing Committee meeting on 02.03.2021
at 12:00 hrs through VC.**

Members of Standing Committee:

1. Shri P. K. Tripathi, Secretary, M/o Steel (in Chair)
2. Smt. Rasika Chaube, Additional Secretary, M/o Steel
3. Shri Shashank Priya, AS&FA, M/o Steel
4. Shri Atul Bhatt, CMD, MECON Ltd.
5. Shri Neeraj Agrawal, Director, M/o Steel
6. Dr. T. Mukherji, Technical Expert
7. Shri Paramjit Singh, Addl. Industrial Adviser, M/o Steel
8. Shri Vinod Bahade, Director, M/o Steel

Representatives from organizations/ associations

1. Shri Rupak Kalita, GM, OIL
2. Shri Sanjiv Dheer, Jindal Saw Limited
3. Shri Avnish Kumar, GM, Jindal Saw Limited
4. Shri AP Tripathi, ED, ONGC
5. Shri NK Jain, CGM, ONGC
6. Shri S. Pal, MSL
