

Minutes of the 14th meeting of the Grievance Committee under DMI&SP Policy, held on 11/05/2020 at 2:30 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 14th Meeting of the Grievance Committee. Manager (IDD), M/o Steel made a brief presentation highlighting the issues raised by M/s Oil India Ltd.

Issue raised by Oil India Limited (OIL)

3. Oil India Limited is a CPSE under the administrative control of MoPNG and engaged in the business of exploration, production and transportation of crude oil and natural gas and production of LPG. OIL stated that they are required to procure casing, tubings, drill pipes, line pipes and various steel products for their exploration activities.
4. OIL has floated six global tenders for the procurement of following products without prior approval of M/o Steel. Now they have requested for the exemption under DMI&SP Policy:
 - i) 9-5/8", P110, Premium Semi-Flush Seamless Casing
 - ii) 2.7/8" L-80 13 Cr Premium Connection Tubing with attachments & Cross-over
 - iii) 20" Casing (94 PPF x K-55 x API-5CT BTC)
 - iv) 2.7/8-inch, API Grade G-105, Left Hand Connection Drill Pipe
 - v) 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
 - vi) 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over
5. **Global tender for the procurement of 9-5/8", P110, Premium Semi-Flush Seamless Casing:** 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 to the following prospective manufacturers:
 - i) Jindal Saw Ltd, Delhi
 - ii) Maharashtra Seamless Ltd, Gurgoan

- iii) OCTL, Hyderabad
- iv) Hunting services, Singapore
- v) PT Citra, Singapore
- vi) Tenaris, Uruguay
- vii) Atias, USA
- viii) JFE, Arab Emir

6. OIL has opened technical bid on 16.10.2019, where following bidders submitted their bids:

- i) OCTL, Hyderabad
- ii) Hunting services, Singapore
- iii) PT Citra, Singapore

OIL submitted that only PT Citra Tubindo, Singapore is found to be technically acceptable. Other two bidders did not meet the NIT specification and Domestic Bidder OCTL offered Atlas Bradford STL premium connection which is not as per the connection properties mentioned in tender.

- 7. OIL stated that the requirement of 9-5/8", P110, Premium Semi-Flush Seamless Casing are extremely urgent for their oil & gas drilling operation in NELP-IX Block AA-ONN-2010/3 in Sadiya Area of Tinsukia District, Assam, to meet the timeline and to avoid penalty and since the requirement cannot be met domestically therefore, exemption may be granted.
- 8. Chairperson, Grievance Committee requested domestic manufacturers to clarify the reason for non-participation in this tender.
- 9. Representative of the M/s Jindal Saw stated that they are not able to manufacturer this product. Presently, it is under the development at their end.
- 10. Representative of the M/s Maharashtra Seamless Ltd stated that they are in process of setting up the arrangement in their facility and shall be ready in next 4-5 months.
- 11. Chairperson, Grievance Committee stated that if the OIL would have placed the developmental order on Indian manufacturers then this situation would not have arisen.

12. Representative of M/s Jindal Saw requested Grievance Committee that OIL may be asked to place the developmental order for this product so that they may be ready for the future demand in the petroleum sector.
13. Representative of OIL stated that we have requirement of 9-5/8", P110, Premium Semi-Flush Seamless Casing to be used in a specific ultra deep well in the depth of 6200 meters and no well is planned for the next 3 years. It is one-time requirement and may not be required in foreseeable future.
14. CMD, MECON stated that after 7-8 years casing may be replaced in the well and it may be the first-time requirement of OIL but other Oil Company may require it, therefore we need to develop the domestic capacity.
15. Chairperson, Grievance Committee stated that two activities i.e. tender and developmental order may be delinked and developmental order should be placed separately so that at the time of tender domestic bidders may be able participate and objective of Make in India be fulfilled.
16. **After listening the views of the stakeholders, Grievance Committee made the following recommendations:**
 - i) **Since domestic manufacturers are not able to make 9-5/8", P110, Premium Semi-Flush Seamless Casing therefore it is recommended to grant one-time waiver for this product for the tender No SSG2587L20/01. Matter will be placed before Standing Committee for final decision.**
 - ii) **Basic object of DMI&SP Policy is to strengthening Make in India with objective of nation building and encouraging domestic manufacturing. OIL has floated the tender without the approval of M/o Steel, this is against very spirit of DMI&SP Policy. In future OIL should desist from such actions.**
17. **Global tender for 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over**
 - A) **Tender no 1 for 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over:** OIL stated that they have floated this tender (ICB no. SSG2132P20/01) on 02.08.2019 for the quantity of 40,000 meters. In this tender following 5 bidders have submitted their bids:
 - i) M/s. Jiangsu Chang Bao Steel Tube Ltd. Co. – China

- ii) M/s. TMK Middle East FZCO- Dubai,
 - iii) M/s. Sumitomo Corp. Asia & Oceanic PTE. - Singapore,
 - iv) M/s. Mitsui & Co. Ltd. - Japan
 - v) M/s. Gulf Pipeline Supplies LLC- Oman
18. Amongst the five bids received, bid from M/s. Jiangsu Chang Bao Steel Tube Ltd. Co. - China has been found to be techno-commercially acceptable. No Indian bidder/manufacturer participated against this tender.
- B) Tender no. 2 for Cross-over and 2.7/8" L-80 13 Cr Premium Connection Tubing with Attachments & Cross-over:** OIL stated that they have floated this tender (ICB No. SJG3187P20) on 27.11.2019 wherein required quantity is 50,000 meters. Lone techno-commercially acceptable bidder i.e. M/s. Empire Industrial Equipment, Mumbai has submitted their bid based on 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.
19. Representative of Jindal Saw stated that they are in complete readiness to manufacture and supply 2.7/8" L-80 13 Cr with Hunting SLXD for which they already have the license from Hunting Energy. ONGC has placed the development order for the similar item. They have placed the order for the raw material and if OIL placed the developmental order on them they would be able to supply in the month of July-August, 2020.
20. Representative of MSL stated that they are in process to setting up the arrangement in their facility and shall be ready in next 4-5 months. OIL may place developmental order for this item. Their facility will be ready by September-October, 2020.
21. CMD, MECON stated that since ONGC has already placed the development order on Jindal Saw therefore they may participate as regular bidder in tender.
22. Representative of OIL stated that they are in process of placing the developmental order. It is long lead time item and order is to be placed urgently to avoid interruption of their oil & gas drilling & production operation.
23. Chairperson, Grievance Committee stated that since domestic manufactures are ready to supply by the July/October 2020 then OIL may justify the urgency of carrying out this procurement from abroad.

24. OIL stated that if JSL and MSL are ready they may participate in future tenders.
25. CMD MECON suggested that if OIL is having urgent requirements they may split the quantity with immediate requirements and long-term requirement. Accordingly, they may float the tender so that domestic bidders may participate and objective of Make in India be fulfilled.
26. **After detailed deliberations, Grievance Committee opined that OIL may submit the following:**
- i) **Total requirement and immediate requirement for the 2.7/8" L-80 13 Cr Premium Connection Tubing with attachments & Cross-over**
 - ii) **Reason for the non-placement of developmental order on domestic manufacturer**
 - iii) **Reason of urgency for the procurement of above-mentioned item and for floating the tender enquiry without taking exemption from Ministry of Steel.**
27. **Global tender for the procurement of 20" Casing (94 PPF x K-55 x API-5CT BTC):** OIL stated that they have floated this global tender (SSG3068P20/01) on 14.11.2019 for 5000 meters. The technical bid was opened on 22.01.2020 wherein the following 5 bidders have submitted their bids:
- i) M/s. Arabian Pipeline Supply FZCO-UAE,
 - ii) M/s. ERUI International-China,
 - iii) M/s. ITECO Oilfield Supply ME FZCO- Dubai,
 - iv) M/s. Sumitomo Corporation Asia Oceanic Pte. Ltd.-China
 - v) M/s. Yantai Jereh Petroleum Equipment & Technologies Co. Ltd.-China
28. OIL stated that all the five bids received have been found to be techno-commercially acceptable. Further, OIL stated that even though attention of the known prospective Indian/domestic bidders was drawn to offer their bids against the tender through advance intimation vide email dated 23.11.2019 (in addition to advertisement published in OIL's website and CPP Portal), no domestic manufacturer participated against this tender.
29. Representative of MSL stated that for seamless pipe, their threading facilities to cut BTC Threads is up to 14". They can supply 20" ERW Casing with weld-on

- connector which is substitute to BTC. They have supplied 20", X-52 Grade ERW Casing with Weld-On connector to ONGC in the past.
30. Representative of JSL stated that they can give long seamless pipe and MSL may give ERW which may be acceptable to OIL for the similar types of the work.
 31. Chairperson, Grievance Committee queried if there is a substitute available for 20" casing which is utilized by ONGC and which can be used by OIL.
 32. OIL stated that tendered pipe is API-5CT specifications, both are acceptable to them either by seamless process or ERW. The pipe MSL has supplied to ONGC is different specification i.e. API 5L specifications, those pipes are weld on connectors, mostly used in offshore applications. Further, OIL stated that they have inventory of 20" Casing with accessories which needs to be utilized hence they were asking for this specification. Once utilized they may switch over to the specifications of casing used by ONGC.
 33. **After deliberations, Grievance Committee opined that since similar domestically manufactured item is being used by ONGC for their operations. Therefore, OIL may submit the reasons in writing regarding non-acceptance of domestically manufactured 20" casing.**
 34. **Global tender for the procurement of 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe** : OIL stated that they have floated this tender (SDG3489P20/07) on 04.01.2020 for 15000 meters quantity. In this tender only one bidder M/s. Bell Weather International (FZC), UAE submitted offer. No Indian bidder/manufacturer participated in this tender.
 35. Chairperson asked the domestic suppliers to give reason for not participating in the tender.
 36. Representative of MSL stated that their company has invested huge amount in the manufacturing facility of this drill pipes. They are ready to supply this item since 4-5 years and in fact they are supplying to Indian private drilling contractors. Prior to this tender they had participated in the OIL tender but they were technically rejected since they were not listed as regular bidder. Hence, in this tender MSL did not participate. MSL has requested OIL to place the development order so that they may participate as regular bidder.
 37. Representative of JSL stated that they are in readiness to supply 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe.

38. OIL stated that this was an open global tender wherein any one can participate who was fulfilling the criteria. They were not manufacturing the cool joints, as per the tender, bidders must make the pipe with the cool joints. MSL was disqualified due to non-fulfilling the tender conditions.
39. Chairperson, Grievance Committee stated that foreign bidder participates based on certification, domestic manufacture may also get an opportunity to participate in the tender without any restrictive conditions. As MSL has informed that they are already supplying to private companies hence they may also be given a fair chance to participate in the tender and development order may be placed by OIL. Chairperson once again reiterated that developmental order should be delinked with tender, so that domestic capacity and capability may be developed. Further, **Chairperson requested CMD, MECON to prepare a detailed note on methodology that can be adopted for delinking of the developmental order with regular tender and submit to MoS.**
40. OIL stated that their management has approved the developmental order on MSL and JSL for the quantity of 5500 kms. In the next tender they will be eligible.
41. **After detailed deliberations, it was decided that Grievance Committee will recommend for one-time waiver for 2.7/8 inch, API Grade G-105, Left Hand Connection Drill Pipe subject to the fact that OIL will place a development order on the domestic manufacturers.**
42. **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:** OIL stated that they have floated the tender (SJG3467P20 dated 02.01.2020) for the procurement of 3000 meters 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. In this tender lone bidder i.e. M/s. Empire Industrial Equipment, Mumbai has submitted their bid on 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.
43. Representative of JSL stated that they are in complete readiness to supply 9.5/8" and 7" Premium Connection casing with M/s Hunting Energy SLXD connection except 13.3/8" casing size which is presently under development. Further JSL stated that restrictive conditions have been mentioned in the tender

i.e. bidder must quote for all the items for the qualification perspective. JSL is a regular supplier and supplying to ONGC.

44. Representative of MSL stated that we are ready to supply except 13.3/8" casing.
45. Chairperson, Grievance Committee stated that OIL could have excluded the item which is not being manufactured domestically and tender for the 13.3/8" casing could have floated separately. One small quantity of item may not decide the larger volume.
46. OIL stated that they tendered quantity for 13.3/8" casing is very less i.e. 3 Km only that is why it has been clubbed all together.
47. **After detailed deliberation, Grievance Committee opined that OIL may confirm in writing that OIL will not be able to procure 13.3/8" casing separately from trader because of the small quantity.**
48. **Chairperson also suggested that domestic manufacturers should not be barred from participating for tenders only because of one or two small items involved in the tender are not being manufactured by them. In such cases, as far as possible separate tenders may be floated so that domestic manufacturers can participate.**

In the intervening period before the approval of minutes of this meeting, Department of Expenditure, Ministry of Finance has amended the Rule no 161 (iv) of GFR, 2017 wherein it is stated that no Global Tender Enquiry (GTE) shall be invited for tenders up to Rs 200 Crore, provided that for tenders below such limit, in exceptional cases, where the Ministry feels that there are special reasons for GTE, it may record its detailed justification and seek prior approval for relaxation to this rule from Competent Authority specified by the Department Expenditure, Ministry of Finance. Considering the above amendment in GFR, all the grievances pending with Grievance Committee of DMI&SP may be reviewed by the companies and re-submitted only if they are complying with these provisions of GFR.

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

List of the officers attended the 14th Grievance Committee on DMI&SP Policy, held on 11.05.2020 at 2.30 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 Atul Bhatt, CMD, MECON Ltd.
- 3) Shri Neeraj Agrawal, Director, M/o Steel
- 4) Dr. T. Mukherji, Technical Expert
- 5) Shri Paramjit Singh, Addl. Industrial Adviser, M/o Steel
- 6) Shri Pritam S. Purkayastha, Incharge, ERU & GM (TTD),M/o Steel

Ministry of Steel

- 7) Shri S.K. Mohanty, Under Secretary, M/o Steel
- 8) Shri Amit Singh, Manager (IDD), M/o Steel

Representatives from organizations/ Associations

- 9) Shri Arun Kumar Agrawal, CGM, MECON
- 10) Smt. Binita Deka Borah, GM, OIL
- 11) Smt. Anita Dam, GM, OIL
- 12) Shri Rupak Kalita, DGM, OIL
- 13) Shri Sanjiv Dheer, Jindal Saw Limited
- 14) Shri Avinash Kumar, GM, Jindal Saw Limited
- 15) Shri Chandan Arora, SM, Maharashtra Seamless Limited