

**Minutes of the 15<sup>th</sup> meeting of the Grievance Committee under DMI&SP Policy, held on 21/10/2020 at 4:30 P.M. through video conferencing 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 15<sup>th</sup> Meeting of the Grievance Committee. Manager (IDD), M/o Steel made a brief presentation highlighting the issues raised by M/s RVNL, Oil India Ltd., ONGC, JSPL, IPMA, STMAI and Mumbai Rail Harbour Link.

**Issue raised by Rail Vikas Nigam Ltd (RVNL)**

3. RVNL stated that they are implementing 64 Km of Metro corridors in Kolkata. Accordingly, a proposal was initiated for the procurement of 11800 MT of 60 Kg 110 UTS Head hardened Rails for Joka- BBD Bag Corridor, new Garia-Airport corridor, Noapara-Dakhineswar Corridor (3 corridors by RVNL) and Noapara –Airport Barasat corridor being implemented by Metro Railway for initial phases.
4. Further, RVNL stated that revised requirement of Metro Railway is 2200 MT and additional requirement of rails by RVNL is 2800 MT i.e. total 5000 MT.
5. Ministry of steel had granted exemption to RVNL for the procurement of 6700 MT for 1080 HH rails for Kolkata Metro Rail Project on 1<sup>st</sup> October, 2019. The following was approved by the MoS:
  - i. RVNL is allowed to float global tender for 6700 MT of 1080 HH rails. While dealing with global tender, due weightage should be given to the domestic manufacturers as per extant order.
  - ii. Provision for developmental order to domestic manufacturers should also be kept in the tender as per the rules on the subject.
  - iii. RVNL may also consider foreign companies/JV's as per Make in India Policy, provided they set up manufacturing capacity in India.
6. RVNL informed that they have placed developmental order on M/s JSPL.
7. Representative of SAIL stated that presently they are not making this grade of rails. Representative of JSPL stated that they are able to manufacturer 1080 HH rails and in this regard developmental order has been placed by RVNL and they have supplied as per the schedule and further they are able to supply RVNL.

8. Representative of JSPL stated that they have been approved by the RDSO for 1080 HH rails.
9. Chairperson , Grievance Committee stated that Department of Expenditure, Ministry of Finance has amended the Rule no 161 (iv) of GFR, 2017 on 15.05.2020 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 special reasons for GTE. RVNL may seek prior approval for relaxation to this rule from Secretary (Coordination), Cabinet Secretariat.
10. Director (Operations) RVNL stated that since the developmental on JSPL and past performance criteria not meet by them, therefore they can not be considered. He further stated that requisite 5000 MT HH rails is the balance part of exemption granted on 01.10.2019, no separate tender is required to float. This tender was floated before the release of amendment in GFR Rules on 15.05.2020.
11. **Grievance Committee opined that since tender was floated before the release of amendment in GFR Rules on 15.05.2020 and Ministry of Steel had granted the waiver on 01.10.2019 for 6700 MT out of the total requirement of 11800 MT HH rails. Therefore, RVNL exemption may be granted to RVNL for the procurement of 5000 MT 1080 HH rails. The Grievance Committee decided to place the matter before Standing Committee for final decision.**

### **Issue raised by Oil India Limited (OIL)**

12. 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 require casing, tubings, drill pipes, line pipes and various steel products for their exploration activities.
13. OIL has floated seven global tenders for the procurement of following products without 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
- vii. 5" size and 20 Nos. of 4.1/2" size Heavy Weight Drill Pipes (HWDP)

**14. 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. Atlas, USA
- viii. JFE, UAE

15. 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

16. This issue was also discussed in the meeting of Grievance Committee Meeting held on 11<sup>th</sup> May, 2020. Representative of the M/s Jindal Saw stated that they are not able to manufacture this product. Presently, it is under the development at their end.

17. 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.

**18. 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. *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 for the quantity of 50,000 meters. *No domestic manufacturers participated against this tender.*

- i. 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. If OIL placed the developmental order on them they would be able to supply in the month of August-September, 2020.
- ii. 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.
- iii. Representative of OIL stated that Domestic Manufacturer M/s. Jindal Saw Limited has been executing a development order of this material for ONGC. OIL is considering to place one trial order on M/s. Jindal Saw Limited for procurement of 16 KM of 2.7/8" P110 Premium Tubing along with Pup Joints and accessories.

**19. Global tender for the procurement of 20" Casing (94 PPF x K-55 x API-5CT BTC):**

- i. OIL stated that they have floated this global tender (SSG3068P20/01) on

14.11.2019 for the quantity of 5000 meters. 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.

ii. Representative of MSL stated that for seamless, their threading facilities to cut BTC Threads is upto 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 past.

iii. Representative of JSL stated that they can give long seam light pipe and MSL may give ERU which is acceptable to ONGC for the similar types of the work.

20. Representative of OIL informed that M/s Maharashtra Seamless Limited have meanwhile executed several orders for 20" OD, 0.438" Wall Thickness, Grade X-52 ERW Line Pipes covered under a different API standard, viz. API Specification 5L which pertains to Steel pipes for pipeline transportation systems, with Multi Start Thread, Weld-on Connectors. Based on their ONGC supply, M/s MSL requested OIL to consider 20", 94 PPF, Grade K-55, ERW pipes with welded BTC Connectors. These are not covered under either of the API standards 5CT or 5L, and hence it is not acceptable to OIL. Adoption of the API Spec 5L product with specialty weld-on connectors in place of BTC threaded connection would entail change in specification of 20" wellheads, floating and guiding equipment as well and necessitate procurement of new wellheads, cementing heads, etc. compatible with such new connections.

21. OIL is now considering the procurement of 20-inch ERW Casing Line Pipe (X-56 Grade) with weld-on connectors along with crossovers which can be manufactured and supplied by domestic bidders. OIL's technical requirements have been shared with one of the prospective domestic sources for procuring the material compatible with our drilling and workover wells. Detailed Specification and Budgetary Quotation has been requested to initiate the tendering process. OIL is also seeking information from M/s ONGC on possible operational implications to determine suitability of the product for their purpose.

**22. 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. OIL informed that they have placed developmental order on domestic manufacturers i.e. JSL and MSL.

**23.13.3/8", 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 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.

- i. 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.
- ii. Representative of MSL stated that we are ready to supply except 13.3/8" casing.

24.OIL informed that the tendered casings and accessories are required for drilling thermal wells in Baghewala field in the state of Rajasthan for production of Heavy Oil. These well are subjected to CSS (Cyclic Steam Simulation) at a temperature of 350 degree Cent. + and pressure of 90-110 Kg/Cm<sup>2</sup>. The heavy oil consultant M/s. BOGC has recommended following premium threads which can withstand above temperature and pressure:

- i. VAM SWI
- ii. Tenaris Blue
- iii. Evraz QB2
- iv. Hunting Seal Lock XD.

25.For compatibility reasons all the proposed casings, fittings and accessories are to 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. If the tender items are procured from different sources, it will result

in serious complications and huge loss to the company as company spends about INR 20/- to 25/- Crores for drilling a thermal well.

26. Moreover, M/s. MSL's two sizes casings 9 5/8" and 7 "with Tenaris Hydril 3SB" is not part of the tender and also not as per recommendation of the technical Consultant. Therefore, dropping of 9.5/8" and 7" casing from the tender is not recommended by OIL. We would therefore, request the authority to provide one-time NOC for importing the same.

27. OIL stated that they will initiate actions to call the domestic manufacturers for a discussion to develop and manufacture domestically the tender items with specified threads.

**28. 5" size and 20 Nos. of 4.1/2" size Heavy Weight Drill Pipes (HWDP) :** OIL has floated the global tender on 08.05.2020 without approval of the Ministry of Steel. Regarding procurement of HWDP, OIL has submitted the following:

- i. Against this Global tender no. SDG4267P21/09 dated 08.05.2020, only one techno-commercially acceptable offer from M/s. Bell Weather International FZC, UAE (manufacturer: M/s. Jiangsu Elite Petroleum Technology Co, Ltd, China) was received by OIL.
- ii. Representative of OIL informed that for procurement of Heavy Weight Drill Pipe, OIL initially attempted to finalize tender no. SDG2274P20/09 dated 22.08.2019 on M/s. Oil Company Tubular Ltd., Hyderabad. However, tender had to be cancelled as M/s. Oil Company Tubular Ltd., Hyderabad was ordered for insolvency by The National Company Law Tribunal.
- iii. No Indian manufacturer / bidder except M/s. Oil Company Tubular Ltd., Hyderabad have participated in the tenders (SDG2274P20/09 dated 22.08.2019 and SDG4267P21/09 dated 08.05.2020) floated by OIL for procurement of Heavy Weight Drill Pipes.
- iv. Attention of prospective domestic bidders viz. M/s. Maharashtra Seamless Limited and M/s. Jindal Saw Limited were invited against the requirement for Heavy Weight Drill Pipe. However, M/s. Maharashtra Seamless Limited regretted that they do not possess requisite API License for Heavy Weight Drill Pipe. Whereas, M/s. Jindal Saw Limited did not submit any response to OIL's e-mail dated 09.05.2020 and subsequent follow ups. As such, the requirement of Heavy Weight Drill Pipes cannot be met through domestic sources.
- v. Presently there is no Indian manufacturer available with the required licenses (API Spec. 7-1) for manufacturing Heavy Weight Drill Pipes.
- vi. Inventory status is critical for Heavy Weight Drill Pipe as considerable time has elapsed (since May'2019) in floating the tender twice for exploring domestic manufacturers/bidders.

vii. Heavy Weight Drill Pipes are required for day to day Drilling Operations of Oil India Limited. If the tender is not finalized at the soonest, it is apprehended that numbers of in-house drilling rigs will be idle for want of Heavy Weight Drill Pipes which will enumerate huge financial losses as well as project delays.

29. **Chairperson, Grievance Committee referred to GFR amendment dated 15.06.2020 [Rule 161(iv)] which says “No Global Tender Enquiry shall be invited for tenders up to Rs. 200 Crore or such limit as may be prescribed by the D/o Expenditure from time to time.”**

30. **Grievance Committee opined that since no domestic manufacture are able to manufacturer the requisite grade steel pipes, 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 the final decision.**

#### **Issues raised by the ONGC**

31. ONGC stated that they have invited International Competitive Bidding for the procurement of drill pipes on 29.05.2019. In this tender five bidders have participated:

- i. DP Master Manufacturing Ltd, Haryana
- ii. MSL, Gurgoan
- iii. Jindal Saw Limited, new Delhi
- iv. OCTL, Hyderabad
- v. Petro Materials (Cangzou) Co Ltd., China

32. Out of five bidders, M/s MSL and M/s JSL have submitted their bids for Developmental Order. Offer of DP Master manufacturing, Singapore and Petro Materials (Congzhou) China are techno-commercially not acceptable.

33. OCTL, Hyderabad was techno-commercially acceptable but reject due to not meeting financial criteria.

34. ONGC has placed purchase Order on OCTL on 06.02.2018 for the procurement of premium casing. OCTL did not execute the same.

35. The placement of development order on MSL and JSL are under process. The whole process may take around 9-10 months after inspection of plant & facilities.

36. ONGC stated that considering the urgent operational requirement of 4895 MT drill pipe (approx value 91 Crore), exemption may be granted.

37. **Grievance Committee opined that GFR since amendment dated 15.06.2020 [Rule 161(iv)] is applicable on this, therefore matter may be placed before Standing Committee under the DMI&SP Policy for final**

decision.

**Issues raised by the JSPL**

38.JSPL stated that the following restrictive criteria clauses are being imposed by Metro Rail Corporations/NCRTC in Tenders of Rails:

Name of Org.	Restrictive clause	
	Technical	Financial
<b>NCRTC</b>	Have sold Min 40,000MT HH Rails in last 7 years	Default in repayment of dues to a financial institution or bank or debenture holders at the end of the latest financial year for which audited balance sheet is available in last 5 years
	Head Hardened Rails in satisfactory use in main line in passenger traffic/ mixed traffic carrying Railway/Metro/ High Speed/ Regional Rail Commuter systems in operation for a minimum of 03 (Three) years	
<b>UP Metro Rail Corporation</b>	Have sold Min 25,000MT HH Rails in last 7 years	Positive Profit Before Tax in min 2 years out of last 5 years
	These rails should have satisfactory performance in at least one Metro/Railway system for 3 years period under train operations.	
	Proven performance in Metro Rail Corporation of value more than 40% of nit cost (Rs 50.8 Crore order execution in last 1 year in metro projects)	
<b>Delhi Metro Rail Corporation</b>		Positive Profit Before Tax in min 2 years out of last 5 years

39.Representative of UP Metro Rail Corporation stated that MoR has not issued passenger carrying certification due to non-completion of one year and with respect to financial criteria as per the guideline of Ministry of Finance, interest

is an outgo. Developmental order has been placed by the Ministry of Railways. Representative of JSPL stated that they are likely to get approval from MoR in April, 2021.

- 40. Grievance Committee opined that as far as practicable restrictive criteria may not be incorporated by Metro Rail Corporations/NCRTC. Developmental order may be placed on domestic manufacturers to promote Make in India.**

**Issues raised by the Indian Pipe Manufactures Associations (IPMA)**

41. IPMA has requested to revise the value addition in DMI&SP policy from 35% to 20% for H.S. code 7305 (other tubes and pipes having circular cross-sections, the external diameter of which exceeds 406.4 mm, of iron or steel) and 7306 (other tubes, pipes and hollow profiles of iron or steel), till sail and other steel manufacturer's starts manufacturing and supplying sufficient quantity api grade steel. IPMA has given the following reasons:
- i. API grade steel is used for manufacturing of line pipes for oil & gas sector. for API grade steel there are very limited manufacturers in India and that too there is insufficient scale of production. In such scenario, procuring key input raw material i.e. domestic API grade steel (hr/slab/hr coil/hr plate) from domestic steel manufacturers is an uphill task for the pipe manufacturers.
  - ii. Pipe manufacturers have to compete with pipe mill having integrated steel plant and this creates uneven competition. The integrated steel mills would always give better prices to their own pipe manufacturing companies.
  - iii. Quality and delivery of API grade steel is a major concern.
  - iv. In order to satisfy mandatory domestic local content of 35%, standalone pipe manufacturer will end up buying steel from domestic sources at a much higher price & would not be able to provide competitive rates in the procurement tender.
  - v. IPMA stated that they had placed the order on SAIL for the supply of API X-70 grade Steel but SAIL could not deliver.
  - vi. This issue was discussed in the 12th meeting of Grievance Committee held on 22.10.2019. Grievance Committee directed MECON to examine the issue raised by IPMA in consultation with various stakeholders and submit the report

along with the capacity and requirement of steel industry so that decision may be taken.

vii. MECON has submitted report on 20th November, 2019 and stated that the API grade steel manufacturers such as Essar Steel, JSW, JSPL, SAIL and Welspun were contacted for providing grade-wise, thickness wise API grade steel consumption/ demand for the last 2-3 years. There has been no response from any of the API grade steel manufacturers; it is difficult to assess the extent of capacity available within the country.

viii. This issue was discussed in the meeting of Standing Committee held on 29th January, 2020. Standing Committee directed MECON to re-examine and submit the report.

**42. Grievance Committee directed that report submitted by MECON may be placed before the Standing Committee for the decision.**

#### **Issues raised by the Seamless Tube Manufacturers' Association of India (STMAI)**

43. STMAI stated that domestic industries adequately meet the requirement of BHEL for pipes and tubes and therefore BHEL should not be allowed to import any pipes and tubes which are manufactured by domestic manufacturers.

44. Domestic manufacturers have undertaken development of special steel grade of pipes and tubes i.e. PG/T5, P9/T9, P12/T12, P91/T91, P92/T92.

45. STMAI has requested to intervene and requested that BHEL may be advised to procure domestically.

46. None of the representative of BHEL attended the meeting.

**47. Grievance Committee deferred this agenda.**

#### **Issues Mumbai Trans Harbour Link (MTHL)**

48. MTHL stated that L&T & IHI is a contractor for the Mumbai Trans Harbour Link Project. They are deviating from contract and procuring the steel from China and Taiwan. The following irregularities are taking place:

i. 2/3rd Steel Qty (Approx 35000 MT) purchase & fabrication job is being done

from China against Contract & Govt of India's "Make in India" policy just to get the cheap product & simply benefiting the Contractor. Even fabrication work is being done there only.

- ii. As per the contract, source countries allowed for the same is India and Japan only.
- iii. Fabrication work in Taiwan & Vietnam: Fabrication shops where fabrication work is in progress never did Orthotropic Steel Deck fabrication but still it was allowed.
- iv. They are not doing any fabrication abroad for which quality is checked by consultant recruited for the same.

49. Director, MoS informed that L&T, IHI were requested to attend the meeting but they did not join.

**50. Chairperson, Grievance Committee directed that a letter may be written to concerned authority regarding procurement of Chinese steel.**

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

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## **Annexure- I**

**List of the officers attended the 15<sup>th</sup> Grievance Committee on DMI&SP Policy, held on 21.10.2020 at 4.30 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

### **Ministry of Steel**

6. Shri A.B. Gupta, Joint Secretary & CE (Rail Coordination)
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, Director (Technical), MECON
10. Shri Rajesh Kumar Singh, Director (Operations), RVNL
11. Shri Rupak Kalita, DGM, OIL
12. Shri Sanjiv Dheer, Head-Mktg, Jindal Saw Limited
13. Shri Sanjiv Dheer, Jindal Saw Limited
14. Shri Avinash Kumar, GM, Jindal Saw Limited
15. Shri S.Sarkar, President, Maharashtra Seamless Limited
16. Shri I.N. Mishra, Mumbai Trans Harbour Rail Link Project