

Minutes of the 18th meeting of the Standing Committee under DMI&SP Policy, held on 20th March, 2023 at 03:00 P.M. in hybrid mode under the Chairmanship of Shri Nagendra Nath Sinha, Secretary, Ministry of Steel

1. The Standing Committee is formed to examine the exclusion request submitted along with sufficient proof of unavailability of domestic manufactured iron and steel products by bidders/company engaged in bidding of projects funded by government agencies.
2. At the outset, Chairman of the Standing Committee welcomed the participants to the 18th Meeting of the Standing Committee. Based on the inputs provided by ONGC and MECON, Deputy Secretary, M/o Steel, made a brief presentation on the issues.
3. ONGC has raised the following 7 issues for granting exemption from the provisions of DMIS&P Policy for procurement of these items through Global Tender Enquiry.:

S.No	Exemption sought for	Quantity	Estimated Value (in crores)
i	Procurement of Short Drill Pipes and Pup joints	280 nos	2.05
ii	Procurement of Heavy Weight Drill Pipes	694 nos	23.09
iii	Procurement of Drill Collars with premium threads.	472 nos	12.94
iv	Procurement of 15 Chrome Premium Threaded Casing	1850 m	3.10
v	Procurement of Premium Casing & Accessories	9028 MT	152
vi	Procurement of 13 Chrome Casing with Premium Threads & Crossovers	66 nos	31.18
vii	Procurement of Coil tubing reels	2160 MT	119.2

A. Short Drill Pipes and Pup joints

Qty: 280 Nos

Value: Rs 2.05 Crore

(Qty. required for one year)

Background

i) ONGC informed that development orders were placed to M/s Jindal Saw Limited & M/s Maharashtra Seamless Limited for Drill pipes. After successful field trial testing, both the manufacturers are now 'developed source' for Drill pipes. Subsequent to above, domestic Tender no. GeM/2021/B/1503424 was floated on 09.09.2021 for procurement of Drill Pipes, Short Drill Pipe and Pup Joints of various sizes through GeM portal wherein following three (03) indigenous manufacturers had participated in the said tender:

- M/s Jindal Saw Limited, Nasik, Maharashtra
 - M/s Maharashtra Seamless Limited, Raigad, Maharashtra
 - M/s Mining Machine Tools, Korba, Chhattisgarh

ii) As all the above items i.e. Drill Pipes, Short Drill Pipe and Pup Joints were part of the group only, the said tender had to be closed as none of bidders was technically qualified for supply of Short Drill Pipe and Pup Joints. M/s Jindal Saw Limited and Maharashtra Seamless Limited are not willing to manufacture Short Drill Pipe and Pup Joints even though they have requisite API-5DP certification and capability to manufacture these items.

iii) Representative of M/s Jindal Saw Limited & M/s MSL stated that they don't have capability to manufacture integral type Short Drill pipe & Pup joints as required by ONGC. Further, the ONGC requirement for the said item is limited and it is not commercially viable to manufacture the same.

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of this item and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration. Further, Grievance Redressal Committee directed ONGC to provide long term projections for Short Drill pipe & Pup joints so that domestic manufacturers can look into the feasibility of developing the capability of manufacturing these items indigenously

Discussion:

In respect of long-term projections, ONGC informed that the product has limited requirement and procurement is sporadic in nature. Thus, ONGC is unable to provide accurate long-term projections.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of Short Drill Pipes and Pup joints through GTE only for the present tender during the FY 2023-24. Further, Standing Committee recommended that Director General, Hydrocarbon, the Oil Sector regulator, may be approached for obtaining the information regarding demand of these items in the country by various oil sector companies, so as to enable domestic manufactures determine the feasibility of developing the capacity of manufacturing these items indigenously.

B. Procurement of Heavy Weight Drill Pipes

Qty: 694 Nos.

Value: Rs 23.09 Crore

(Qty. required for one year)

Background

i) ONGC has informed that Tender No. ZNPVC21001 for procurement of Heavy Weight Drill Pipes of various sizes was invited on 27.08.2021 under International Competitive Bidding (ICB). Total 5 bidders participated in the said tender which includes four foreign Manufacturer and one supply house from India representing a foreign manufacturer. Further, ONGC informed that in the previous three tenders for procurement of said item i.e. Heavy Weight Drill Pipes, no Indigenous bidder / manufacturer had participated. Now, one Indigenous manufacturer i.e. M/s Parveen Industries has sought development order for the said item i.e. Heavy Weight Drill pipe and the same shall be processed by ONGC for placement of development order.

ii) Representative of M/s Jindal Saw Limited & M/s MSL stated that they don't have capability to manufacture Heavy Weight Drill Pipe as required by ONGC.

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee observed that no domestic manufacturer has been able to manufacture HWDP till now and only one manufacturer has sought for placement of development order. In view of this, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of this item and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration

Discussion:

(i) ONGC informed that although this product is procured regularly but the value of the order is not very large. Also, M/s Parveen Industries has sought development order but they do not have requisite API-7-1 certification.

(ii) Representative of M/s Parveen Industries informed that they have already applied to get the necessary certification. Standing committee requested to expedite the process of certification.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of heavy weight drill pipes (HWDP) through GTE only for the present tender during the FY 2023-24.

C. Procurement of Drill Collars with premium threads.

Qty: 472 nos.

Value: Rs 12.94 Crore

(Qty. required for one year)

Background

i) ONGC has informed that GeM tender (Tender No.- GEM/2022/B/2083030) was invited on 13.04.2022 and bid was opened on 04.05.2022 wherein there was only one TA/CA bidder i.e. M/s Parveen Industries Pvt. Ltd., Navi Mumbai. M/s Parveen Industries Pvt. Ltd. had bid for Spiral Drill Collars and Drill collar (sticks).

- ii) However, the said bidder i.e. M/s Parveen Industries Pvt. Ltd., had not quoted for Premium thread Drill Collars as they don't have the facility for manufacturing premium thread connection.
- iii) ONGC further informed that Drill collars with premium threads are essential items required for drilling operations. It would not be possible to continue the drilling operations at ONGC Work Centres with the present inventory of these items.
- iv) Representative of M/s Jindal Saw Limited & M/s MSL stated that they don't have capability to manufacture Drill collars with premium threads.
- v) M/s Praveen Industries have also informed that they do not have facility for manufacturing premium thread connection and had not quoted for Premium thread drill collars in the aforementioned tender

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee observed that there is no domestic manufacturer available for Drill collars with premium threads. In view of this, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of this item and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration.

Discussion:

- (i) ONGC informed that the premium threading is special type of threading which offer metal-to-metal seal for improved high pressure seal integrity. Domestic manufacturers do not have capability to build these.
- (ii) Internationally only 4 companies have capabilities to manufacture pipes/casings with premium threads.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of Drill Collars with premium threads through GTE only for the present tender during the FY 2023-24. Also, it was suggested that ONGC may utilize its R&D funds for development of such technology.

D. Procurement of 15 Chrome Premium Threaded Casing

4-1/2" OD,
Qty: 1850 m
Value: Rs 3.10 crore
(Qty. required for one year)

Background

- i) ONGC has informed that GEM tender was floated for procurement of same in March 2022 vide GEM Bid No. GEM/2022/B/1989612. However, no bidder has participated in the tender.

ii) ONGC stated that the said casing is required to be used below 7" liner for wells of Nagayalanka JV Phase-I campaign if Rajahmundry Asset to facilitate multi-stage hydro-fracturing after drilling. Similar casing policy was adopted during Phase-I development of the field to facilitate multi-stage hydro fracturing which resulted in substantial increase the domestic hydrocarbon production. Thus, the requirement of the said casing is critical for drilling & production operations of ONGC.

iii) Representative of M/s MSL stated that they don't have capability to manufacture 4-1/2" OD, 15 Cr Casing. Representative of M/s Jindal Saw Limited informed that they have capability to produce the required size and requested for development order for 15 Cr to develop the required grade.

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee observed that no domestic manufacturer is able to manufacture 4-1/2" OD, 15 Cr Casing. In view of this, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of this item and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration.

Discussion:

Representative of M/s Jindal Saw Limited informed that they have capability to produce similar items and requested ONGC to share specifications of items needed so that they can review and look into feasibility of manufacturing it.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of 4-1/2" OD 15 Chrome Premium Threaded Casing through GTE only for the present tender during the FY 2023-24 as domestic availability of this item would take time. Further, Standing Committee recommended that Director General, Hydrocarbon, the Oil Sector regulator, may be approached for obtaining the information regarding demand of these items in the country by various oil sector companies, so as to enable domestic manufactures determine the feasibility of developing the capacity of manufacturing these items indigenously.

E. Procurement of Premium Casing & Accessories

11-3/4" FJ N80, 9-5/8" Q125, 7" Q125, 5-1/2" P110, 5"
P110;
Qty: 9028 MT
Value: Rs 152 Crore
(Qty. required for one year)

Background

i) ONGC has informed that GEM tender for procurement of Premium Casing along with accessories including FJ (Flush Joint) was floated on 26.05.2022 and no

technically acceptable bid was received for Premium Casing with Flush Joint connection.

ii) Premium Casing & Accessories are used for gas wells, high-pressure wells, as well as for wells producing corrosive effluents. It offers a metal-to-metal seal for improved high pressure seal integrity. Thus, the requirement of these Premium casing and accessories is very critical for production operations of ONGC.

iii) Representative of M/s Jindal Saw Limited stated that they have supplied 13-3/8" OD, Q-125 grade Casing against Development Order placed by ONGC for which field trial testing report has not yet been issued by ONGC.

iv) ONGC informed that operational issues have been encountered during field trial testing of the Casing supplied by M/s JSL against development order. The same will be communicated to M/s JSL after thorough analysis by ONGC. Further, it was informed that failure was observed in Premium Casing i.e. 9-5/8", P-110 with Hunting Seal Lock XD connection supplied by M/s JSL against regular order. The matter has already been communicated to M/s JSL to resolve the issue at the earliest possible so as to avoid any operational exigency.

v) M/s JSL informed that the root cause analysis of the failure in said premium casing (i.e. 9-5/8", P-110 with Hunting Seal Lock XD connection) is also being analyzed by them.

vi) ONGC further submitted that the exemption from DMI&SP Policy is requested for five sizes of Premium Casing. In the event of successful field trial of 13-3/8", Q-125, BTC Casing supplied against Development Order, M/s JSL will be eligible for participating in regular tenders for only two of the sizes i.e. 9-5/8" OD & 7"OD Premium Casing pipes.

Recommendation of 18th Grievance Redressal Committee:

i) Grievance Redressal Committee observed that no domestic manufacturer is able to manufacture three of the Casings i.e. 11-3/4" FJ N80, 5-1/2"P110 & 5" P110 Premium Casing. In view of this, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of these Premium Casings and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration.

ii) With respect to 9-5/8" OD & 7"OD Premium Casing pipes, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of these Premium Casings and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration. Grievance Redressal Committee directed ONGC to share the operational reports/ findings of the field trial with M/s JSL to facilitate indigenization of these products.

Discussion:

Representative of M/s JSL informed that they are yet to receive the field trial testing report. Chairman, Standing Committee suggested that technical teams of both the companies could join hands to resolve the matter at the earliest.

Decision of Standing Committee:

- (i) Standing Committee recommended **one-time exemption** to ONGC for procurement of 11-3/4" FJ N80, 5-1/2" P110 and 5" P110 Premium Casing & Accessories through GTE only for the present tender during the FY 2023-24.
- (ii) With respect to 9-5/8" Q125 and 7" Q125 premium casing and accessories, Standing Committee decided **not to grant exemption** for procurement through GTE and directed ONGC to share the field trial testing report with M/s JSL within 3 weeks.

F. Procurement of 13 Chrome Casing with Premium Threads & Crossovers:

9-5/8"L-80, 47 PPF & 7", L-80, 29 PPF
Qty: 2160 MT
Value: 119.2 Crore
(Qty. required for one year)

Background

- i) ONGC has informed that development order was placed to M/s JSL for supply of 7" OD, 13 Chrome Casing with premium thread. The results of field trial testing were not satisfactory. The same has been conveyed to M/s Jindal Saw Limited and the firm is investigating into the causes of the failure. However, till the material is successful in field trial testing, M/s Jindal Saw Limited cannot be considered as a developed source.
- ii) M/s JSL informed that the issue has been taken up and the root cause of the failure is being analyzed by them.

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee observed that M/s JSL is yet to fully develop the capability for 7" OD 13 Chrome Casing. Even if 7" OD 13 Chrome Casing gets developed, there is no domestic manufacturer available for 9-5/8"OD 13 Chrome Casing. In view of this, Grievance Redressal Committee recommended to grant one time exemption to ONGC for procurement of this item i.e. 13 Chrome Casing with Premium Threads & accessories (9-5/8" L-80, 47 PPF & 7", L-80, 29 PPF) and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration

Discussion:

Representative of M/s JSW informed that they have received the field trial testing report but are yet to identify any irregularity.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of 9-5/8" L-80, 47 PPF and 7" L-80, 29 PPF 13 chrome casing with premium threads and crossovers through GTE only for the present tender during the FY 2023-24. Further, it was suggested that a joint committee be formed by ONGC and

JSW to identify the issues and based on the report of the committee future decisions regarding grant of exemption would be taken.

G. Procurement of Coil tubing reels

1.25"/1.5"/1.75" x 0.109/ 0.134/ 0.125/ 0.145"

Value: Rs 31.18 crore

(Qty. required for one year)

Background

i) ONGC has informed that Tender no. BN8JC21001 for procurement of Coil Tubing Reels was invited on 09.07.2021 under ICB. Total four foreign bidders had participated and no domestic manufacturer participated in the said tender. The order was placed on foreign manufacturer i.e. M/s National Oilwell Varco Inc. Texas, USA.

ii) Representative of M/s Jindal Saw Limited & M/s MSL stated that they don't have capability to manufacture Coil Tubing Reels

Recommendation of 18th Grievance Redressal Committee:

Grievance Redressal Committee observed that no domestic manufacturer is able to manufacture Coil Tubing Reels. In view of this, Grievance Redressal Committee recommended to grant one-time exemption to ONGC for procurement of this item and decided to place the matter before the Standing Committee under DMI&SP Policy for consideration.

Discussion:

ONGC informed that coil tubing reel is regularly used product, yet there is no domestic manufacturer. Representatives of M/s JSL and M/s MSL requested ONGC to share specifications of item needed so that they can review and look into feasibility of manufacturing it.

Decision of Standing Committee:

Standing Committee recommended **one-time exemption** to ONGC for procurement of 1.25"/1.5"/1.75" x 0.109/ 0.134/ 0.125/ 0.145" coil tubing reels through GTE only for the present tender during the FY 2023-24.

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

Annexure- I

List of attendees in the 18th Standing Committee under DMI&SP Policy, held on 20th March, 2023 at 03:00 P.M. in hybrid mode under the Chairpersonship of Shri Nagendra Nath Sinha, Secretary (Steel), Ministry of Steel.

Members of Standing Committee

1. Shri Nagendra Nath Sinha (Steel) – Chairman
2. Smt. Ruchika Chaudhry Govil, Additional Secretary, M/o Steel
3. Smt. Sukriti Likhi, AS&FA, M/o Steel
4. Shri Kumud Ranjan Sr. General Manager (MW), MECON Ltd.
5. Shri Arun Kumar Kailoo, Director, M/o Steel
6. Shri Parmjeet Singh, Addl.I.A.
7. Shri Devidatta Satapathy, Director, M/o Steel
8. Shri G. Sarthy Raja, Deputy Secretary, M/o Steel

Representatives from organizations/ associations

1. Shri Sandeep Gupta, ED - Chief MM, ONGC Ltd
2. Shri M K Agrawal, CGM, ONGC Ltd.
3. Shri Sanjiv Dheer, Global Head Marketing, Jindal Saw Limited
4. Shri Avnish Kumar, Sr. GM, Jindal Saw Limited
5. Shri Hemant Matreja, MSL
6. Shri Shiv Kumar Singhal, MSL
7. Shri Kadam, Praveen Industries
