



Integrated Materials Management Manual

POLICY MONITORING & CONTROL (PMC) SECTION

CORPORATE MATERIALS MANAGEMENT

NEW DELHI

Updated upto 21.11.2017

Purchase

Table of contents

Para number	Title	Page No.
1	Introduction	15
2	Forecasting	26
2.1	Introduction.....	26
2.2	Quantity Forecast	26
2.3	Value Estimation.....	26
2.4	Revisions to budget	27
3	Category Management	28
4	Cost Estimation	30
4.1	Item-wise Estimated Cost in Indent	30
4.2	Cost Estimation Methods.....	30
4.3	Costing for hiring of consulting services / domain experts / TPIs and certification agencies	33
4.4	Costing for OEM / proprietary purchase.....	33
4.5	Costing for Civil /Electrical and other works.....	34
4.6	Costing in case of LSTK projects.....	36
4.7	Revision of Cost Estimate.....	36
5	Scope of work (SOW) / Specifications	38
5.1	Specifications	38
5.2	Goods and Services	39
5.3	Civil Works	39
5.4	LSTK	40
5.5	Third Party Certification /Inspection Agency	41
5.6	Revision in Scope of Work.....	42
6	Indenting	43
6.1	Procedure for Placing Indent on Materials Management	43
6.2	Process for Raising of PR under centralized procurement	43
6.3	Process for Raising for PR de-centralized procurement	44

6.4	OEM purchase.....	45
6.5	Appointment of Domain Experts/Consultants	45
6.6	Additional guidelines for preparation of PR.....	44
6.7	Technical Sanction for Civil Works.....	46
6.8	Excess over Expenditure Sanction	47
6.9	Capital Items Purchase	47
6.10	Radioactive material or items containing radioactive sources.....	46
7	Procurement strategy	48
7.1	Large project procurement strategy	48
7.2	Procurement strategy of goods/services	49
7.3	Provision to use Empanelment	50
7.4	Market Study	51
8	Mode of tendering	51
8.1	Purchase through DGS&D and NICSI rate contract.....	52
8.2	Open tenders.....	53
8.3	Electronic Reverse auction.....	54
8.4	Limited Tenders	56
8.5	Purchase on single tender	58
8.6	Hiring of services of Domain Experts/Specialists/Consultants:	59
8.7	Petty purchases	60
8.8	Purchase against Hand Quotations	61
8.8.2	Purchase from State Emporium / Super Bazar / Govt. Deptt / Undertakings.....	61
8.9	Purchase through board of officers.....	61
8.10	Emergency purchase	62
8.11	Expression of Interest (EOI).....	63
9	System of tendering	68
9.1	Two bid system.....	65
9.2	Single bid system	65
10	Tender related officers and committees	69
10.1	Formation of Tender Committee and its monetary limits	66
10.2	Convening of tender committee	66
10.3	Brief for and level of tender committee	66
10.4	Evaluation of bids by tender committee and preparation of tender committee proceedings.....	68

10.5	Acceptance of recommendations of tender committee	69
10.6	Executive Procurement Committee	69
11	Bid package creation	78
11.1	Finalisation of Bid Evaluation Criteria (BEC) and floating of tender	73
11.2	Life cycle costing.....	77
11.3	Quality and Cost based selection	79
12	Bid invitation to bid receipt	86
12.1	Invitation of tender	82
12.2	Enquiry register (Not applicable for e-procurement and open tender)	82
12.3	Tender intimation to be sent to prospective bidders	82
12.4	Submission of tenders for publication in press.....	82
12.5	Time to be allowed to tenderers to quote	82
12.6	Validity period	83
12.7	Invitation to Bid.....	84
12.8	Number of copies of offers to be called from bidders (Not applicable for e-procurement)	85
12.9	Variation in quantity after invitation of tender	85
12.10	Sale of bidding documents to firms with whom business has been banned / suspended.....	86
12.11	Tender fee	86
12.12	Purchase of bidding documents by agents in India	87
12.13	Refund of tender fee.....	87
12.14	Exemption from payment of tender fee	87
12.15	Sale of bidding document	88
12.16	Tender register to be maintained at receipt of bids.....	88
12.17	Pre-bid-conference (Wherever applicable).....	88
12.18	Receipt of tenders	91
12.19	Tender box	92
12.20	Nomination of tender receiving / opening officer(s).....	92
12.21	Accounting of tenders.....	92
12.22	Opening of tenders.....	93
12.23	Numbering of tenders / disclosure of prices / reading out the rates	94
12.24	Opening of tenders.....	95
12.25	E-mail / fax offers.....	96

12.26	Extension of tender closing / opening date.....	96
13	Tender Evaluation	101
13.1	Technical comments/Technical evaluation report on offers ...	97
13.2	Level for technical comments on offers	97
13.3	Comparative statement	97
13.4	Clarification from bidders after tender opening.....	99
13.5	Correspondence with bidders by indentors	102
13.6	Request for extension in validity of bid	102
14	Rate reasonability and Negotiations	108
14.1	Reasonability of rates	103
14.2	Negotiations	105
14.3	Cancellation / re-invitation of tenders.....	107
15	Acceptance and Award of tender	114
15.1	Consideration of offers	114
15.2	Acceptance of tender	108
15.3	Signing of purchase order / contract.....	109
15.4	Verification of the authenticity of the documents submitted by the bidders	110
15.5	Change of valuation type in PO against ICB tenders	110
16	Miscellaneous	118
16.1	Splitting of tenders / purchase orders	118
16.2	Purchase of Machinery and Equipment.....	111
16.3	Tender Monitoring System.....	111
16.4	Guidelines for officials with personal interest in companies/agencies participating in the tender	112
16.5	Earnest Money Deposit / Bid security.....	112
16.6	Security Deposit/Performance Security	114
16.7	Secured Advances (For Works).....	118
16.8	Fall Clause.....	119
16.9	Posting of summary of details of supply orders/contracts on website	120
16.10	Reporting of nomination cases	121
16.11	Change in Name/Address of the firms in ICE System	122
16.12	Training/visits of ONGC executives against purchase of equipments/services	122
16.13	Customs/Excise Duty related issues	131

16.14	Submission of integrity pact and other documents by bidders.....	128
17	Vendor Management	139
17.1	Registration.....	131
17.2	New vendor development	131
17.3	Vendor Empanelment.....	132
17.4	Vendor Appraisal.....	134
17.5	Vendor Banning.....	139
18	Claims and Warranties	152
18.1	Warranty and Guarantee	152
18.2	Liquidated Damages / Cancellation Clause.....	152
19	Change Orders	157
19.1	Definition	157
19.2	Change order process.....	157
19.3	Variation in Quantity.....	160
19.4	Payment Schedule.....	161
20	Purchase Order Tracking Process	162
20.1	Purchase Order.....	162
20.2	Follow up of purchase orders.....	162
20.3	Other clauses for delivery.....	162
20.4	Shipping order placement	163
20.5	Air freight	164
21	Inspection Process	167
21.1	Inspection.....	167
21.2	Inspection Agency.....	167
21.3	Inspection of materials.....	172
21.4	Inspection Process.....	172
21.5	Inspection and rejection of Materials by Consignee(s).....	173
21.6	Bulk Inspection (wherever applicable)	173
21.7	Sampling, bonding and debonding of bulk materials (chemicals).....	161
21.8	Rejection of sample.....	162
21.9	Debonding and despatch of bulk materials (chemicals).....	162
21.10	Random Sampling	162

21.11	Sub-standard Delivery of Items and Services	175
21.12	Third party inspection for accepting bulk supplies of oil field chemicals from abroad	176
22	Payment Procedure	178
22.1	Payment Process	165
22.2	Milestone Payment	165
22.3	Price escalation and adjustment	180
22.4	Change in taxes and duties and other statutory changes	180
22.5	Time Norms for processing of invoices by various sections	180
22.6	Intimation to suppliers/ contractors regarding deduction of payments	181
23	Contract closing	182
23.1	Contract closing process	182
23.2	Termination of contract / supply order	182
24	Other Issues	171
24.1	Subletting and Assignment:	184
24.2	Arbitration	184
24.3	Post contract issues	184
24.4	Complaints / representations - consideration of	185
24.5	Delays in insurance policy	185
24.6	Specific issues for construction / turnkey projects	189
24.7	Management of Hazardous Chemicals/Materials	190
24.8	Dispute Resolution through Outside Expert Committee	190
24.9	Optimum drawl of Barytes to meet operational exigencies ...	190
24.10	Determination of CPA for extension of existing contract awarded on nomination basis	190
24.11	Deployment of manpower by the contractor	178
25	Pre-tendering and tendering process for Proprietary articles	192
25.1	Definition of proprietary articles	179
25.2	Procurement Process	180
25.3	Standard Terms and Conditions	181
25.4	Other conditions	181
26	Procurement of oil field chemicals	196

26.1	Procurement process	183
27	e-procurement	185
28	Procurement of Premium Bits on “Consignment basis”	188
28.1	Special conditions of procurement process	188
28.2	Payment Process	188
28.3	Other provisions	188
28.4	Evaluation procedure	189
29	Procurement of items on High sea sales basis	190
29.1	Introduction	190
29.2	Process for effecting High Sea Sales	190
29.3	Terms of Purchase – On High Sea Sales Basis	190
30	Rate Contracts through IMPETUS	193
30.1	Introduction	193
30.2	Definition	193
30.3	Selection of equipment	193
30.4	Price basis	194
30.5	Rate reasonability	194
30.6	Annual Offtake	194
30.7	Period of Rate Contract	194
30.8	Nodal agency	194
30.9	Clarifications	194
30.10	Negotiation	195
30.11	Post Contract Modifications	195
30.12	Other conditions	195
31	Business Development and Joint Venture opportunities	196
31.1	Introduction	196
31.2	Procedure for placing Purchase Requisition (PR) on materials management	196
31.3	Empanelment of consultants/advisors	197
31.4	Vendor Appraisal of Consultants/Advisors	198
31.5	Invitation of RFP/tenders for appointment of consultants	198
31.6	Hiring of consultants/advisors on nomination	200
31.7	Cancellation/re-invitation of tenders	200

31.8	Extension of tender closing / opening date.....	200
31.9	Clauses in tenders (RFP) / engagement agreement	200
31.10	Earnest money (bid security) and security deposit (performance security).....	200
31.11	Clarification from bidders after tender opening.....	201
31.12	Correspondence with bidders by indentors	201
31.13	Technical comments on offers	201
31.14	Formation of tender committee and its monetary limits	201
31.15	Evaluation of bids by tender committee, preparation of tender committee proceedings & shortlisting of bidders	202
31.16	Acceptance of recommendations of tender committee	203
31.17	Proposals to Executive Committee (EC)	203
31.18	Consideration of offers & shortlisting of bidders	203
31.19	Reasonability of rates	203
31.20	Negotiations	203
31.21	Powers for various activities	203
31.22	Alterations in conditions of tenders (before issuance of tender)	204
31.23	Post contract issues.....	204
31.24	Extension of completion date.....	205
31.25	Termination of contract.....	205
31.26	Complaints / representations - consideration of	205
32	<u>Procedure for charter hiring of Aircrafts/Helicopters for movement of VVIPs or to meet contingency/emergency</u>	220
33	<u>EPCG Cell</u>	222
33.1	Roles and Responsibilities	208
34	<u>Powers for various activities</u>	224
34.1	Competent Authority for approving various activities	224
34.2	Purchase Powers.....	211
34.3	Placement of development order on a domestic bidder	211
34.4	Miscellaneous powers of officers of materials management	211
34.5	Powers for purchase by negotiations	212
34.6	Signing of POs / contracts	213
34.7	Exercising of powers of materials management discipline by officers designated in the discipline of mechanical / electrical / civil etc	213

34.8	Observance of laid down procedure	213
34.9	Relaxation in conditions of tenders	213
	Annexure-A.....	215
	Annexure-B	217
	<u>Appendix 1 High Sea Sales Agreement</u>	237
	<u>Appendix 2 Proforma of Undertaking</u>	240
	<u>Appendix 3 Contract under Single Bid system</u>	241
	<u>Appendix 4 Form for extension of completion date, required due to entire delay being solely on account of contractor/supplier</u>	230
	<u>Appendix 5 Form for extension of completion date, where delay, in part or full, is on account of ONGC</u>	250
	<u>Appendix 6 Details of contracts/purchase orders</u>	251
	<u>Appendix 7 Details of contracts executed/completed</u>	252
	<u>Appendix 8 Details of nomination cases</u>	253
	<u>Appendix 9 Criteria for Ranking of Bidders for Procurement of Premium Bits on Consignment basis</u>	255
	<u>Appendix 10 Details and Documents to be submitted for evaluation of Bits under Procurement on Consignment basis</u>	263
	<u>Appendix 11 Proforma of Undertaking</u>	265
	<u>Appendix 12 Certificate by the Tender Committee Members</u>	266
	<u>Appendix 13 Proforma For Invocation Of Bank Guarantee</u>	266
	<u>Appendix 14 Stock Holding Norms</u>	249
	<u>Appendix 15 Format for preparation of CS</u>	
	<u>Appendix 16 Definition of works</u>	

Warehouse Management

35	Introduction	273
35.1	Introduction.....	251
35.2	Inventory Management Team Responsibilities.....	251
35.3	Codification.....	251
35.4	Insurance Items.....	252
36	Clearing and Forwarding	253
36.1	C&F section responsibility	253
36.2	Receipt of transit documents and creation of inward entry	253
36.3	Arrival of materials and creation of RCN.....	254
36.4	Damages/discrepancy in receipt of materials	255
36.5	Raising of discrepancy report	255
36.6	Despatch of material to outstation	256
36.7	Preparation of despatch convoy note	257
36.8	Escorting of materials	257
37	Transport and Shipping	
37.1	T&S section responsibility.....	258
37.2	Preparation for receipt of material.....	258
37.3	Arrival of material.....	259
37.4	Transportation and unloading of material (General).....	261
38	Receipt & storage of Material	
38.1	Introduction.....	262
38.2	Receipt of material.....	262
38.3	Storage into main warehouse	264
38.4	Issue of material	265
38.5	Receipt of material at site and booking of consumption.....	268
38.6	Return and condemnation	269
38.7	Implementation of Radio Frequency Identification device(RFID)	270
39	Stock Verification	
39.1	Introduction.....	272
39.2	Verification of stores, spares and capital items on stock	272
39.3	Verification of assets.....	273
39.4	Procedure for write off	274
40	Disposal Management	
40.1	Introduction.....	276
40.2	Initiation of disposal ,condemnation and transfer to salvage yard.....	277

40.3	Setting of reserve price and preferred methods of disposal.....	286
40.4	Methods of disposal.....	289

41 Inventory Management

41.1	Liquidation of Non Moving inventory.....	301
41.2	Setting of Inventory levels.....	302
41.3	Quarterly review: Tracking and monitoring of inventory.....	304
41.4	Vendor Managed Inventory	304

Care & Preservation of Stores

<u>42 to 45</u>	<u>PRESERVATION OF TUBULARS</u>	<u>330</u>
------------------------	--	-------------------

<u>46 to 50</u>	<u>STORAGE AND PRESERVATION OF INDIGENOUS CEMENT</u>	<u>334</u>
------------------------	---	-------------------

<u>51</u>	<u>PRESERVATION OF CHEMICALS</u>	<u>336</u>
------------------	---	-------------------

<u>52 to 59</u>	<u>PRESERVATION OF RUBBERISED MATERIALS</u>	<u>339</u>
------------------------	--	-------------------

<u>60 to 65</u>	<u>PRESERVATION OF METALS</u>	<u>343</u>
------------------------	--------------------------------------	-------------------

<u>66 to 69</u>	<u>PRESERATION OF TEXTILES AND CORDAGE STORAGE</u>	<u>346</u>
------------------------	---	-------------------

<u>70</u>	<u>PRESERVATION OF AIR TUBE CLUTCHES</u>	<u>348</u>
------------------	---	-------------------

<u>71</u>	<u>PRESERVATION OF COMPRESSED GAS CYLINDERS</u>	<u>349</u>
------------------	--	-------------------

<u>72 to 74</u>	<u>EXPLOSIVE-STORAGE AND USE</u>	<u>356</u>
------------------------	---	-------------------

<u>75 & 76</u>	<u>STORAGE AND PRESERVATION OF ELECTRONIC EQUIPMENT AND COMPONENTS</u>	<u>358</u>
---------------------------	---	-------------------

<u>77 & 78</u>	<u>STORAGE AND PRESERVATION OF MEDICINES</u>	<u>359</u>
---------------------------	---	-------------------

<u>79 to 81</u>	<u>PRESERVATION OF TIMBER</u>	<u>360</u>
------------------------	--------------------------------------	-------------------

<u>82 to 88</u>	<u>PRESERVATION OF LEATHER MATERIALS</u>	<u>362</u>
------------------------	---	-------------------

<u>89</u>	<u>Public Procurement Policy for MSEs</u>	<u>364</u>
------------------	--	-------------------

Introduction

1.1 Oil and Natural Gas Corporation Limited (ONGC) is an E&P company and the operations in ONGC have been organised on the basis of CRC based structure with working relations among Assets/Basins /Services, Institutes, Plants etc.

1.2 Purpose of the Manual

1.2.1 This manual is intended to act as a set of guidelines and reference book to be followed in the performance of the materials procurement/ hiring of Services/LSTK/ Warehouse management/ Inventory management/ Stock verification/ disposal/ preservation of stores etc.

1.2.2 Provide the personnel involved in procurement with an understanding of their responsibilities, objectives and duties within the framework of Company's overall policy

(MM/05/2015 dated 01.06.2015)

1.3 For streamlining of procurements, Corporate MM shall handle procurement of items mentioned in para 1.3.1 and 1.3.2 of the MM Manual on centralized basis

For procurement of all other items, services & works respective Assets/Basins/Institutes/ Plants etc. shall be responsible. Warehousing and Inventory management functions have been decentralised to respective work centers.

In case of urgency for procurement of items/services listed under para 1.3.1 and 1.3.2 by the concerned work centers, prior approval of concerned Director and Director I/c MM shall be obtained.

1.3.1 The list of items for all centralized procurement by Corporate MM is as follows:

Sl. No.	Item Description
1.	Drill pipes of all sizes & grades
2.	Heavy weight drill pipes of all sizes & grades
3.	Casing pipes of all grades & sizes
4.	Drill collars of all sizes
5.	Production tubings of all sizes
6.	Well head of all pressure rating & sizes (including H2S)
7.	X-Mas tree of all pressure rating & sizes (including H2S)
8.	Line pipes of all sizes
9.	Chrome Free Deffloculent
10.	KCL
11.	CMC
12.	Oil Well cement
13.	Bentonite

14.	Barytes
15.	Lubricants and Greases
16.	XC Polymers
17.	PAC(LV&RG)
18.	PHPA
19.	NIF
20.	Gas Lift Valves & Mandrels
21.	Kits and Liveries
22.	Fire related items
23.	Items related to Reservoir Field Services
24.	All India material transportation contract
25.	EPCG consultancy contract
26.	Air Consolidation Services
27.	- Deleted – (MM/28/2017 dated 13.11.2017)
(MM/14/2016 dated 14.06.2016)	
28	Liner Hanger
29	Conventional drill bits
30	Drilling hoses of all rating and sizes
31	Floating equipments
32	Kelly all types
33	Resinated lignite
34	CLS
35	Chrome Lignite
36	Spotting fluid
37	EP Lube
38	Sulphonated asphalt
39	Drilling detergent
40	Pre Gelatinised Starch (PGS)
41	Micronised Calcium Carbonate (MCC)
42	Limestone powder
43	Clay Hydration Suppressant/ Polyamine (Added vide MM/16/2016 – 4.8.2016)
44	Stabilizers (Added vide MM/20/2016 – 17.11..2016)

(MM/28/2017 dated 13.11.2017)

1.3.1 Premium Bits on consignment Basis shall be centrally procured by Drilling Services – Mumbai Region.

1.3.2 Other items to be centrally procured by Corporate MM **for Onshore only** are as follows:

SI.No	Name of equipment
1	Hiring of Drilling Rigs:
2	Hiring of Work Over Rigs;
3	Hiring of Directional Drilling Tools and Services;
4	Hiring of Services for O&M Contracts for Work Over Rigs;
5	Hiring of Special technology Services;
6	Purchase of Onland Drilling & Workover Rigs;
7	Upgradation and Refurbishment of Drilling & Workover Rigs;

8	Packers;
9	Wireline Winches;
10	Fishing Tools;
11	Mud Pumps;
12	BOPs;
13	Liquid Nitrogen/Acid/Frac Pumper;
14	CTU:
15	Hot Oiler units
16	Cementing Units and Batch Mixers *(MM/08/2015 dated 26.08.2015)

1.3.3 Following items/ services will be procured/ hired centrally for onshore/offshore by In-charge MM, Office of Chief Logging Services, Corporate Logging Services, ONGC, Mumbai:

- i) Hiring of Wire Line Logging, Logging while Drilling, Well Shuttle, Perforation, Mud Logging and TCP-DST Services along with Equipment.
- ii) Procurement & AMC of Logging Units/tools/Logging Mast along with Equipment etc.
- iii) Procurement & AMC of data processing Workstations/ Software.
- iv) Upgradation of Units & Equipment.
- v) Procurement of Perforation Material & Logging Cables.
- vi) All procurement related to Logging Services, Mumbai
- vii) Any other item/service to be included / excluded by approval of Chief Logging Services from time to time.

All remaining items related to Logging Services shall continue to be procured by individual work centres.

1.3.4 Geophone strings of all types shall be procured by I/c MM, MAP, Corporate Geophysical Services.

(MM/05/2015 dated 01.06.2015)

1.3.5 In case, if it is felt by Corporate-MM/Work Center/Director that if procurement of any item/service needs to be centralized at Corporate-MM, same can be done after obtaining approval of EPC but detailed reasons/justification would have to be given as to why procurement of that item/service is required to be centralized.

1.3.6 For meeting their requirement of Diesel and Petrol, the work centers shall source these products from ONGC's Plants/refineries or ONGC Group Company refinery, if these are situated in the vicinity of the consumption center. However, if it is practically not viable to source Diesel and Petrol from ONGC's Plant/refinery or ONGC Group Company refinery, then the work

centers can procure these products through the normal procurement procedure.

- 1.4** The Corporate Materials Management set up with Director – I/c MM is responsible for the following:-

(MM/05/2015 dated 01.06.2015)

- 1.4.1 All centralized Procurement cases for items indicated under para 1.3.1 and 1.3.2 and policy matters including liaison with the Govt.
- 1.4.2 All items indicated under para 1.3.1 and 1.3.2 are procured centrally by Corporate MM, Delhi. Requirement is to be raised by respective Asset/Basin/Services which will be consolidated at Corporate MM for tendering purposes.
- 1.4.3 Providing superintendence to the Materials setup at various work centers with regard to different functions of Materials Management for example Inventory Control, Disposal, Codification, Standardisation of specifications, and Stock Verification etc.
- 1.5** The above functions are to be discharged by personnel of Materials Management discipline who will be so allocated to each work centre and Corporate MM, Delhi.
- 1.6** Various powers indicated in this manual shall stand updated in accordance with the revisions / amendments carried out to the respective provisions of BDP (from time to time). In case of any conflict between the provisions of this Manual and the provisions of BDP, provisions contained under BDP shall prevail, unless specifically clarified by Chief MM Services. Further, in order to adhere to the provisions of BDP, while processing the cases to meet various type of requirements at Work Centers, It should be ensured that the case is processed by concerned department as per the provisions of BDP.

(MM/10/2016 dated 23.03.2016)

1.7 Provisions of Materials Management Manual are approved by the Executive Committee (EC) / Executive Procurement Committee (EPC) and appraised to ONGC Board. Therefore, any deviation from the prescribed policy guidelines or norms on Materials Management will require approval from EC / EPC through Director In-Charge MM. Such approvals shall be put up to ONGC board for its appraisal on half yearly basis by PMC. To enable PMC to compile the deviation from the prescribed policy guidelines or norms on Integrated MM Manual approved by EC/EPC cell, concerned work centres shall immediately convey the approval obtained by them from EC/EPC cell for taking deviation from the prescribed policy guidelines or norms on Integrated MM Manual.

1.8 Modifications in the Manual

- 1.8.1 For any modifications sought in the manual, a request should be sent to the PMC through concerned key executive citing the changes sought, reason/justification for the changes and any accompanying documents to substantiate the suggestion. The responsibility for taking prudent decisions against individual cases lie with the CPA(based on TC recommendations wherever applicable). Therefore, advice on case to case basis need not be sought from Chief-MM/PMC and decisions should be taken within the prevalent policy guidelines/procedures and in accordance with the provisions of the tender conditions. However, in case any existing procedures/guidelines require modifications, same can be referred to Chief-MM/PMC along with specific recommendations of the Work Centre but such requests should not contain any deadline for conveying the advice/issuance of modifications.
- 1.8.2 A Multi-Disciplinary Team, if required, with representatives from PMC, MM, F&A, concerned user departments and legal shall evaluate the requirement and recommend changes to manual to be sent to EC/EPC for approval. The representatives should be minimum E-6 level. However, Chief MM shall be empowered to nominate any member even below E-6 level to be a part of the multi-disciplinary team.
- 1.8.3 In addition to requests from work centers, EPC may suo moto feel the need of policy modification from time to time and may take such decision. Such decision from EPC will be communicated to PMC, for amendment into the manual.
- 1.8.4 Any modification in MM manual/tender document shall be uploaded on the MM website.
- 1.8.5 Any urgent changes required in the manual on account of regulatory changes etc shall be immediately incorporated in the manual and published on the MM website by PMC, with prior approval of Director I/c MM, Director (Finance).

1.8.6 Policy changes will be communicated as amendment in the MM manual. Separate office orders/circulars shall only be released to mention any guidelines/observations which are not policy changes and thus don't require MM manual/tender document modification. The signed copies of these office orders (in PDF format) shall be invariably notified to all concerned through MM website.

1.8.7 A holistic review of the entire manual shall take place every 5 years.

(MM/26/2017 dated 21.06.2017)

1.8.8 All concerned must follow/comply with all policy decisions uploaded by PMC on MM website up to two working days prior to bid closing date (allowing one full day for approvals if any to be taken for extensions). Further, if required, bid closing date can be extended suitably.

1.9 Classification of Material

1.9.1 The purchase can be made with advantage on the results of classification of material and stock levels. It is, therefore essential that either of these points is given treatment before passing on to the purchase procedure

1.9.2 For procurement/accounting, the materials may be classified into following categories:-

Stores: It is a material, which is consumed during the process or has life less than one year or part of an item/ capital asset or chemicals or commodity or any unprocessed or partially processed good.

Spares: Spare is a component forming part of equipment and does not function on its own unless it is fitted to the specific equipment it is meant for.

Capital Items: All items costing Rs.25, 000/- or more and with a life of more than one year are categorised as "Capital Items". Items costing less than Rs.25,000/- which have a life of more than one year and can be regarded as complete units in themselves (e.g. small compressors, pumps, electrical motors, welding sets, electrical testing instruments etc.) are also to be categorised as "Capital Items".

1.9.3 Proprietary Materials and Non-Proprietary Materials

For procurement the materials may be classified into following categories:

a. Proprietary Materials

An item is "Proprietary", if that item is made or marketed by a person or persons having the exclusive right to manufacturer, and to sell it.

Hence, the equipment(capital)/ spares/ stores/ softwares/ services/ patented drugs whose make and model are only from a named manufacturer and no other make and model is acceptable as substitute for technical reasons, then they are Proprietary Materials.

b. Non-Proprietary Materials

Non-Proprietary materials are those which are manufactured by many firms.

1.9.4 Insurance Spares

1.9.4.1 Under the broad categorization of "Spares", certain items will be identified as "Insurance spares". Insurance spares are spares with expected life of the components almost equal to the life of the equipment. Normally there will be no consumption of this item throughout the life of the equipment except when there is an unforeseen event. The quantity shall be restricted to minimum quantity that may be required during operations.

1.9.4.1.1 Insurance spares, against each equipment, will be identified by the user department and Chief - Technical services will approve the list of such insurance spares.

1.9.4.1.2 At the time of procurement of spares, the system will indicate in the PR that the spare has been identified as an insurance spare

1.9.5 Role and responsibilities of MRP controller

1.9.5.1 MRP (Material Requirement Planning) Controller is the planner for Material Procurement and Controller of Inventory. This dual role is assigned to one person to facilitate inventory control by proper planning at the time of procurement. Typically this role is to be performed by executives looking after Material Planning and procurement.

1.9.5.2 The MRP Controller prior to release of indent shall perform the following checks:

1. View Inventory position of the material for which PR is created, in his own work center and across all work centers in ONGC. In case the material is available in his own CRC entities (i.e. Assets, Basins, Plants & Institutes etc.) and is usable then the quantity to be purchased to be reduced. In case the material is not usable, but reflected in the inventory, immediate steps to be taken by user department to remove the material from inventory by writing off and move to disposal location. If the material is available at other CRC entities, then a judicious decision is to be taken whether material should be purchased afresh or it can be made available from other locations of ONGC.

The stocks and all open purchase orders for the material can be seen for stock overview in ICE system.

2. While approving the indents, he shall see the activity plans for the material in the concerned work center and shall convince himself that the materials will be consumed by the indenters in a reasonable period of time and the purchase will not result in build-up of inventory. He can also take a decision to approve the indents based on the past consumption data in the system.

Past consumption data of the material can be viewed in the PR print layout.

3. MRP controller has to ensure that all the requirements of the work centre are consolidated so that purchasing process time is reduced and all quantity discounts are available

4. If the alternate material exists for the materials which are being purchased, then he shall check such materials also, keeping all the above points in mind.

5. For procurement of spares against IMPETUS rate contracts MRP controller shall exercise due diligence and opt for staggered delivery wherever possible to prevent built up of inventory.

1.10 Standard Tender Documents

1.10.1 Standard tender documents for the following categories have been created which should be used for procurement along with this manual:

1.10.1.1 Procurement of Spares to be used for OEM/OES Spares and OEM/OES Services procurement where ONGC has no option but to procure the Spare/Service from one specific OEM/OES.

1.10.1.2 Procurement of Goods (National Competitive Bidding) and Procurement of Goods (International Competitive Bidding) to be used for Goods procurement under Indigenous and ICB tenders.

1.10.1.3 Hiring of Vessels, Charter Hire of Rigs, Hiring of Services (Facility Management), Hiring of Services (Consultancy) to be used for respective types of procurement.

1.10.1.4 Tender Document for Civil to be used for Civil/Electrical and other related works

1.10.1.5 Tender document for LSTK to be used for LSTK projects

1.10.1.6 Hiring of Services tender document to be used for hiring of oil field services & other services.

1.11 Abbreviations

The following abbreviations have been used in the manual:

1.11.1 AWB – Air Way Bill

- 1.11.2 BDP – Book of Delegated powers
- 1.11.3 BEC – Bid evaluation criterion
- 1.11.4 BQ – Budgetary quote
- 1.11.5 C&F – Clearing & Forwarding
CFR – Cost & Freight
- 1.11.6 CMD – Chairman cum Managing Director
- 1.11.7 CA – Competent Authority
- 1.11.8 CI – Cost Index
- 1.11.9 CIDC – Construction Industry Development Council
- 1.11.10 CIF – Cost, Insurance and freight
- 1.11.11 CPA – Competent purchase authority
- 1.11.12 CPI – Consumer price index
- 1.11.13 CPWD – Central Public works department
- 1.11.14 DFR – Draft feasibility report
- 1.11.15 DGFT – Directorate general of foreign trade
- 1.11.16 DGS&D – Directorate general of Supplies and Disposal
- 1.11.17 EMD – Earnest money deposit
- 1.11.18 EPC – Executive Procurement Committee
- 1.11.19 EPCG – Export promotion Capital goods
- 1.11.20 EPCM – Engineering, procurement and construction
Management
- 1.11.21 EPF – Employee provident fund
- 1.11.22 EQR – Essential Qualification Requirement
- 1.11.23 ESI – Employees State insurance
- 1.11.24 F&A – Finance and Accounts
- 1.11.25 FAO – Finance & Accounts Officer
- 1.11.26 FEED – Front end engineering design
- 1.11.27 FOB – Free on board
- 1.11.28 FR – Feasibility Report
- 1.11.29 FX – Foreign exchange
- 1.11.30 GCC – General conditions of contract
- 1.11.31 HSE – Health, Safety and Environment
- 1.11.32 ICB – International Competitive bidding
- 1.11.33 IEOT – Institute of engineering and ocean technology

- 1.11.34 IPO – Indian postal order
- 1.11.35 ITB – Instruction to bidders
- 1.11.36 LD – Liquidated damages
- 1.11.37 LIB – Limited international bidding
- 1.11.38 LOA – Letter of award
- 1.11.39 LPR – Last Purchase rate
- 1.11.40 MDT – Multi disciplinary team
- 1.11.41 MM – Materials Management
- 1.11.42 MOPNG – Ministry of Petroleum and Natural Gas
- 1.11.43 MRP – Material requirement Planning
- 1.11.44 MSME – Micro, small and medium enterprise
- 1.11.45 NOA – Notification of award
- 1.11.46 OEM – Original equipment manufacturer
- 1.11.47 OES – Original Equipment supplier
- 1.11.48 PAC – proprietary article certificate
- 1.11.49 PAR – Plinth area rate
- 1.11.50 PS/PBG – Performance Security/ Performance Bank Guarantee
- 1.11.51 PEL/ML – Petroleum exploration licence/mining licence
- 1.11.52 PLEM – Pipeline end manifold
- 1.11.53 PMC – Policy Monitoring and Control
- 1.11.54 PO – Purchase order
- 1.11.55 PQC – Pre qualification criterion
- 1.11.56 PR – Purchase Requisition
- 1.11.57 PWB – Parcel Way Bills
- 1.11.58 QAD – Quality Assurance Department
- 1.11.59 QCBS – Quality and Cost based selection
- 1.11.60 RBI – Reserve Bank of India
- 1.11.61 RFP – Request for proposal
- 1.11.62 RR – Railway Receipts
- 1.11.63 SCC – Special conditions of contract
- 1.11.64 SD – Security deposit
- 1.11.65 SOR – Schedule of rates
- 1.11.66 SOW – Scope of Work

- 1.11.67 T&S – Transport and Shipping
- 1.11.68 TC – Tender committee
- 1.11.69 TPI – Third party agency
- 1.11.70 TS – Technical sanction
- 1.11.71 WPI – Wholesale price index
- 1.11.72 TMS – Tender Monitoring System

2 Forecasting

2.1 Introduction

- 2.1.1 Material forecasting is an essential discipline in procurement as it sets the base for planning and executing the goods and services requirements for the organisation.
- 2.1.2 Even though the business environment is uncertain, preparing accurate forecasts gives ONGC an insight into the future to take the right actions and decisions.
- 2.1.3 Since material forecasts are an input into the company's budget, the forecasting process and budgeting process need to be in synchronization.
- 2.1.4 The material forecasts should be prepared well in time for each fund centre so that it can be incorporated into the budget for approval.

(MM/04/2015 dated 28.04.2015)

- 2.1.5 [Forecasts should be linked with the budget cycle and prepared as defined in the budget manual to leverage economies of scale.](#)

2.2 Quantity Forecast

- 2.2.1 Forecasting the quantity requirement for goods and services is the responsibility of the indenting / user group.
- 2.2.2 Quantity requirements should be linked to the physical plan and targets created for the company and agreed with the MOPNG.
- 2.2.3 Based on the physical plan and Feasibility Report (FR), at the start of each financial year, a 3 year rolling forecast should be prepared broken down into quarterly basis.
- 2.2.4 Inventory on hand, in order and planned consumption before the planning period should be considered while forecasting the requirement of goods.
- 2.2.5 The forecast should be prepared at each item level.
- 2.2.6 The forecast will be approved by the MRP controller and the L-I officer.
- 2.2.7 Approved forecast will be provided to the MM team for value estimation (except in case of Civil/Electrical/Instrumentation/Dry Docking/Rigs and Equipment Repairs/O&M works/LSTK for Onshore and Offshore works, C&M works etc).

2.3 Value Estimation

- 2.3.1 Refer to the section on cost estimation on methods of value estimation for the forecasted quantity.

2.4 Revisions to budget

2.4.1 If the ONGC board decides to scale up / down the budget, the L-I officer will decide how to accommodate the requirements in the given budget.

(MM/04/2015 dated 28.04.2015)

2.4.2 The final rolling budget prepared in line with the budgeting cycle will be shared with user department for further action and execution of procurement.

3 Category Management

- 3.1** Category Management is required to achieve a strategic approach to procurement.

The first step of category management is grouping together goods and services that are procured from similar supply markets and have similar technical characteristics into a separate group or category.

This logical grouping of goods and services make their procurement more manageable by providing the organization a cross functional view.

The primary objective of category manager/ category management team headed by MM is to develop sourcing strategy and to have an in-depth market understanding.

- 3.2** Domain expertise (knowledge of specifications, supply markets, cost drivers, regulatory environment etc.), relationship management (influencing, communications, credibility with stakeholders and suppliers etc.), commercial and procurement acumen are key skills required for category management

- 3.3** The key responsibilities of a category management team, consisting of user department, MM and finance at minimum level of E5/E6 are:

3.3.1 Develop procurement strategy for the category

- a. Define overall contracting strategy for the category based on consolidated business demand (make vs. buy, rate contracts, tenure for hire of services, type of tender etc.)
- b. Understand and adopt international best practices of managing the category
- c. Building detailed category risk assessment and mitigation strategy
- d. Execute and communicate category strategy to key internal stakeholders
- e. Derive value through identification, development and implementation of value improvement opportunities

3.3.2 Cost Assessment

- a. Understand the end to end supply chain of the defined good or service
- b. Prepare and maintain bottom up cost models to understand cost drivers of the particular category (raw material inputs, labour cost, maintenance cost, transport cost, margins etc.)

- c. Analyse life cycle costing of items procured within a particular category
- d. Track market prices through global research and data bases, industry trends, communication with vendors, industry groups etc.
- e. Provide cost estimate (during budgeting and PR) of the procurement. Maintain detailed justification and back up on cost estimation.

(MM/10/2016 dated 23.03.2016)

- f. Provide assistance for rate reasonability.

3.3.3 Vendor Management

- a. Study the local / regional and global supplier market of the category, maintain database of all known sources of supply; review and update the database on an annual basis
- b. Maintain relationship with vendors through vendor meets / surveys / industry body meets and other channels
- c. Provide inputs on BEC / PQC for vendor empanelment
- d. Guide vendor performance appraisal along with the user based on the defined guidelines for performance appraisal
- e. Provide regular feedback to the vendors executing contracts for ONGC
- f. Identify and implement value engineering initiatives with the vendor
- g. Identify potential for new vendor development
- h. Provide input to user group on latest technological evolutions in the category, opportunities for standardization, etc.

4 Cost Estimation

4.1 Item-wise Estimated Cost in Indent

- 4.1.1 Cost estimation will be done after receipt of final forecast from the user department by (depending on applicability)
- a. Category manager/ category management team, if available.(minimum E5 level)
 - b. Multi Disciplinary team headed by MM and including indentors / user group and finance
 - c. Internal cost estimation team (example: offshore engineering cost estimation team)
 - d. External Consultants
- 4.1.2 For highly complex procurement and limited internal capability, external consultants may be used for cost estimation. The costing MDT / internal cost estimation team may apply their due diligence on the report submitted by the consultants to arrive at the final cost estimate.
- 4.1.3 Cost estimates shall be valid for one year.

4.2 Cost Estimation Methods

The following basis of cost estimation should be used as applicable /suitable to the type of procurement. The estimated cost should be realistic, logical and scientific and should reflect the true picture of the market as far as possible.

- 4.2.1 Should Costing (XX)
- a. Should costing is a process, whereby one can determine the cost of the part or product or service or a combination of both, based on the raw materials used, manufacturing costs, labour costs and overhead production costs. This can be achieved by analyzing the cost drivers such as (list below is indicative and not exhaustive):
 - i. Labour cost
 - ii. Materials cost
 - iii. Tooling costs
 - iv. Cost of consumables
 - v. Waste
 - vi. Setup costs

- vii. Devices costs
 - viii. Overheads
 - ix. Maintenance costs
 - x. Profit margin
- b. Gathering appropriate data is key to should costing. All sources of data and market intelligence should be leveraged to assess the appropriate cost (list if indicative and not exhaustive):
- i. Secondary information: industry reports to study the trends, market indices
 - ii. ONGC data on costs
 - iii. Relationship with vendors
 - iv. Relationship with other oil and gas majors
 - v. Previous technical knowledge and expertise
- c. A detailed document with line item wise costing, information source, calculations, and assumptions should be maintained for back up and future reference
- d. Should costing Model & Estimation prepared on the basis of should costing shall be approved by Sanctioning Authority after vetting by finance.

4.2.2 Work Breakdown Cost Methodology (XX)

- a. Bottom up calculation of costing by breaking work into smaller structures and estimating the cost of each equipment or service individually. The total cost is the summation of the individual service and material costs. The accuracy range of the estimates shall always be mentioned in the estimates.
- b. A detailed document with break down structure and methods and source of cost estimation for each structure should be maintained for future reference

4.2.3 Budgetary Quotes (BQ)

- a. Before obtaining the budgetary quote, the scope of work including special conditions of contract should be firmed up so that potential suppliers can understand the scope and send quotations.
- b. While collecting budgetary quotes etc., no commitments and assurances will be held out to prospective vendors / suppliers / contractors.

- c. The validity of the budgetary quote should be defined by the supplier.
- d. Preferably 3 Budgetary quotes should be obtained from suppliers for that particular good / service who meet the required specifications in the scope of work. In case of goods, BQ may be obtained from the manufacturer or authorized dealer /supplier.
- e. If 3 BQs are not available, then justification should be provided to the Competent Authority
- f. Quotations can be collected by either of the following ways (in order of priority):
 - i. Physical copy
 - ii. Email
 - iii. Published price list on the website / other sources
- g. If there is a wide variance between the lowest and highest BQ of more than 30% then Category Manager/MDT for costing will assess the importance of quality for the particular procurement. If quality is critical, the 25th quartile of the BQs will be taken as the estimate. If quality is not critical and its a standard procurement then lowest BQ will be taken as the cost estimate. A defined timeline should be given to the supplier to provide BQ and regular follow ups should be done with the suppliers to obtain the BQ as early as possible.
- h. Further the Category Management Team/MDT/ Internal Cost Estimation Team/ External Consultants shall apply due diligence while arriving at final cost estimates based on BQ.

4.2.4 Last Purchase Rate (LPR)

- a. LPR should be used only if the same / similar Scope of work / specification was executed in ONGC in the last 2 years from the date of PR creation. If no LPR is available for the last 2 years, then LPR upto last 5 years may be used.
- b. The latest available LPR should be used for the purpose of cost estimation.
- c. The LPR should be duly adjusted upward or downward for inflation and Foreign exchange fluctuation and for any change in Taxes & Duties.

Depending on the type of procurement for services / goods and the composition of the same the indices below may be used to establish a realistic cost estimate (list below is indicative, not exhaustive)

- i. Whole sale price index (WPI): use as is or use the minerals, metals index which is also captured as part of WPI
- ii. Consumer Price Index (CPI): Use industrial workers or urban workers consumer price index
- iii. Other Metal indices: London Metals Index, Steel Index, Zinc Index etc. based on the composition of the good
- iv. Foreign exchange fluctuation from the LPR date
- v. Oil price movement
- vi. CIDC (Construction Industry Development Council)
- vii. Minimum wages in case of labour / services contract

Also reputed websites and ONGC subscribed databases such as IHS Petro data for tracking market trends should be used.

In case of projects / procurement of more than 1 year, future inflation should be built into the cost estimate. The forecasts available for the indices used for adjusting the LPR may be used for building in the future escalation. In case the expenditure schedule is known then escalation should be built in based on the schedule of expenditure, else escalation shall be added up to the midpoint of completion period for contract.

In case future forecasts are not available, the average of the last 2 years of the indices may be used for future forecasts.

- d. For procurement which cannot be linked to a single index for escalation, the MDT team consisting of indenting, MM and finance stakeholders should define the escalation metrics / methodology and inputs to be used for cost estimation. In case there is a change in the SOW from the last purchase, the MDT may apply due diligence and accommodate the same in the LPR to arrive at an accurate estimate.

4.3 Costing for hiring of consulting services / domain experts / TPIs and certification agencies

- 4.3.1 For hiring of above category of services, the LPR (duly adjusted for inflation, Foreign exchange) may be used as the basis of estimate or a BQ may be requested. Refer to section 4.2.3 & 4.2.4 on guidelines for cost estimation using BQ.

(MM/26/2017 dated 21.06.2017)

4.4 Costing for OEM / proprietary purchase

- 4.4.1 For material which has been previously procured by ONGC:

- 4.4.1.1 **If IMPETUS R/c or any other rate contract / contract price already exists for the OEM purchase then that should be used for cost estimation .**
- 4.4.1.2 **If not, then refer to the international published price list for the particular OEM items**
- 4.4.1.3 **If none of the above exists, then refer to the last purchase price of the purchase (even if it is more than 2 years old), duly adjusted for escalation and foreign exchange (refer to guidelines on adjustment for inflation in the LPR methodology of cost estimation section), as cost estimate.**
- 4.4.2 **If it is a new purchase, then either international published price list for the particular OEM items as per para 4.4.1.2 should be considered for costing or BQ from the OEM should be obtained.**

4.5 Costing for Civil /Electrical and other works

(MM/04/2015 dated 28.04.2015)

- 4.5.1 **Preparation of Preliminary estimate to be used for budgeting and Administrative approval (Definition of Works has been detailed at Appendix – 16)**
 - a. Preliminary estimate for building works is to be prepared on the basis of CPWD plinth area rates (PAR) with appropriate cost index, items which are not available in the PAR shall be considered on the basis of available internal data base / LPR / consultant's data base or market survey / quotations. If market survey / budgetary quotation method is followed then the CPWD method of making detailed estimate will be followed. If considered relevant other SORs may be adopted with prior approval of the L-III officer / E6 officer of the technical team.
 - b. Preliminary estimate for roads work shall be on the basis of length of road worked out on the rate per unit length on LPR / internal data base. This shall be approved by L-III officer / E6 officer of the technical team.
 - c. For drill sites the preliminary estimate should be calculated on the basis of historical data / LPR or available data base rates.

Note: The method for working out the cost index (CI) will be on the basis of CPWD. In case cost index is issued by CPWD it will be followed, no further approvals required. However, if the cost index is worked out on the basis of CPWD guidelines, it shall be approved by L-II / E7 officer, wherever L-II officer is not posted the approving authority should be minimum L-III / E6 level.

- 4.5.2 **Detailed Estimates to be used for Technical sanction and invitation/justification of tenders:**
 - a. Latest CPWD Schedule of Rates (SOR) duly enhanced by appropriate cost index (applicable for the work area) shall be considered. As a policy, CPWD rates will be adopted. If considered relevant, other SORs

may be adopted with the prior approval of L-III officer / E6 officer of technical department.

- b. Whenever rates of some items are not available in CPWD SOR, prevailing market rates collected as per cl.4.5.3 or rates provided by the project consultants based on their data base or market quotations or available in other SOR or any of the cost estimation methodology mentioned above, shall be adopted in the estimate. When any of the above method of estimation is adopted it must be approved by the L-II officer of the technical department and wherever level II officer is not posted it should be approved by minimum Level III / E-6 level officer of technical department.
- c. If at any stage it is felt that SOR rates are not workable, fresh market rates may also be adopted for estimation with the approval of L-II officer of the technical department and wherever level II officer is not posted it should be approved by minimum Level III / E-6 level officer of technical department.

4.5.3 Market survey shall be done by the Service/ Project Execution group and finance team to collect costs / budgetary quotations. For this, budgetary offers can be in any of the following forms:

- a. By collecting quotations from OEM / OES / authorised workshops.
- b. Collection of hand quotations
- c. Through email
- d. Published Price List of manufacturer with discount if any.
- e. Verbal enquiry from the market duly signed by the enquiring officer.

The basic market rates so collected and analysis of rates for the individual items shall be approved by not lower than Level-III / E6 level officer of the technical department.

4.5.4 Cost estimates for other jobs of specialized nature etc. shall be prepared using project cost data obtained on budgetary basis or drawn from execution of similar earlier works with appropriate escalation, or use of costing software / database or through expert services of experienced consultant.

4.5.5 No profit margin will be considered where ever budgetary quotes are adopted for complete Scope of work. However profit margin will be added if the budgetary quote is for an item which is part of the complete tender/scope of work

4.5.6 Following components to be added while preparing the detailed estimates

- a. Applicable taxes, duties and statutory payments such as Service tax, EPF, ESI etc. shall be added to the cost estimate

- b. Escalation for the project duration average of last 2 years CPWD Cost Index shall be added up to the midpoint of completion period for contracts having completion period 12 months or more. This shall be applicable for rate contract of period more than one year.
- c. Contingency of 5% for works of value up to Rs.1.0 crore and 3% for higher values.

However, tenders shall be invited and evaluated on the basis of Technical Sanction value.

(MM/10/2016 dated 23.03.2016)

4.5.7. While preparing cost estimation sheet, a column for reference viz. CPWD SOR, PWD SOR, BQ, LPR etc. with item numbers against all individual item(s) should be created for cross checking the estimation data by various departmental agencies. In the cost estimation sheet itself, technical specification against each individual referred item shall be confirmed. In case of any deviation, the extent of deviation taken shall be indicated.

(MM/18/2016 dated 22.09.2016)

4.6 Costing in case of LSTK projects

4.6.1 In case of LSTK / EPC works, costing methodology approved by respective Chief of Services through their respective VCB shall be followed. The expected accuracy range of class 1 estimate should be used for preparation of estimates for tender document and also for check estimate i.e. for justification of rates.

(MM/24/2017 dated 24.04.2017)

4.7 Revision of Cost Estimate for Service Contracts and LSTK projects:

Cost estimates need to be reviewed under the following situations:

- (a) The time interval is more than 18 months between preparation of cost estimate & the date of tender opening.
- (b) Substantial change in market condition as due to change in external economic and market environment.

Cost estimate may be reviewed before the due date of bid submission by the team which prepared the initial estimate. Such revised cost estimates shall be got vetted from the head of the finance of the work centre / establishment. The revised cost estimate will need to be approved by the concerned competent authority who approved the preliminary estimate (for LSTK contracts as defined under para 11.1.1.3), with full justification. Accordingly tender conditions if any, required to be changed as a consequence of revision of cost estimate, the same will be amended before submission of the bid.

The revised cost estimates prepared as a sequel to pre-bid conference or otherwise shall be frozen before the due date of bid submission and submitted to tender committee for appropriate decision as per para 12.17.8.

5 Scope of work (SOW) / Specifications

5.1 Specifications

- 5.1.1 To enable the effective procurement of materials and services a clear and complete scope of work (SOW) / specifications is critical. Along with the approved forecast clear and detailed specifications / SOW must be provided to the Category Manager/MDT, including drawings wherever necessary, so that there is no ambiguity left and to enable proper cost estimation/ bidders to quote for correct materials / works / services. The specifications should be drawn up in general terms without quoting reference to any particular firm or taking it as model specifications.
- 5.1.2 The indentors should not ask for proprietary materials or draw up specifications that would result in proprietary procurement, except in cases, where proprietary procurement is unavoidable. Specifications should normally be drawn in such a manner that there is a wide field of suppliers.
- 5.1.3 Before creating the Specifications/ Scope of Work, indentors should check if specifications for the particular requirement have been standardized within ONGC centrally. Wherever specifications have been standardized no further approval will be required.
- 5.1.4 Whenever specifications have not been standardized, specifications will be prepared by the concerned User / Indenting department. Such specifications shall need the approval of the competent authority as per para 34.1 of MM Manual.
- 5.1.5 Before finalization of scope of work Inputs may be taken from -associated teams, category manager (if applicable), empanelled vendors or vendors from whom we have previously purchased the material and / or service.
- 5.1.6 While specifying mobilization/delivery/completion period in the tenders, a realistic approach should be adopted by taking into account the experience gained during the past in similar type of tenders.
- 5.1.7 Utmost care should be taken while working out the 'quantum of work', so as to stipulate the same in the tender in a realistic manner and as accurately as possible along with a provision for positive and negative variation for certain quantity in actual situation.

5.2 Goods and Services

- 5.2.1 While finalization SOW / specifications the following elements should be considered:
 - a. Full description of the materials/services required
 - b. The quantity of materials or the duration of the service as applicable

- c. All relevant codes, standards, technical qualifications applicable
- d. All relevant Company HSE, Quality and Inspection requirements
- e. The warranty requirement of the material
- f. The indent must specify the time by which the material is required. In Indent, the definite delivery schedule and the place at which the materials are to be delivered and / or dispatched will be indicated. Firm period of delivery is to be indicated while raising the purchase requisition. However for staggered delivery separate line items to be created indicating quantity and date by which material is to be delivered.
- g. Delivery of the equipment, whose utilization is interdependent, is synchronized in such a way that none of the equipment remain idle for want of others
- h. Where commissioning and erection of equipment is involved, the capability and capacity of the manufacturer for the purpose must be assessed thoroughly before placement of order.
- i. Where installation of equipment is involved all necessary suitable infrastructural facilities should be made available well in advance before receipt of material at destination.
- j. Indication of Standard sizes/ranges in Indent: As far as possible, indents should be for standard sizes/ranges of the equipment.

(MM/15/2016 dated 05.07.2016)

- k. Material required for petroleum operation in PEL/ML in nominated blocks or NELP/other eligible blocks and the material required for any other areas may be indicated separately in tender document.

5.3 Civil Works

- 5.3.1 In case of civil works, all the responsibilities of the indenter detailed above will be undertaken by the Technical Project Team of the civil department.
- 5.3.2 Horticulture works shall be handled by Horticulture section. In case horticulture section is not available at a particular work centre, then it shall be handled by the Civil Dept.

5.4 LSTK

- 5.4.1 Finalization of Scope of work (Offshore Projects)
 - a. Execution methodology of projects will be approved by the CPA (Concerned Director has full powers).

- b. As Far as possible, scope of work for LSTK should be made on the basis of Front End Engineering Design (FEED) / functional specifications.
- c. Based on the broad scope of work available in Draft Feasibility Report (DFR) prepared for approval of the scheme, Project Group/MDT/indentor/user group shall prepare the detailed and firm scope of work, to the extent to facilitate bidders to prepare the cost estimate to reasonable accuracy and bid for it. The detailed scope of work is to be developed and finalized in consultation with technical consultant appointed for the Project and the inputs from the MDT.
- d. Geo Technical Investigation and seabed survey, for obtaining Soil and Bathymetry Report, shall be carried out through Marine Survey Group and data analyzed by IEOT / Rig Move & Safety cell and soil/ bathymetry reports so finalized will be part of bidding document for well /process platforms. Advance action for obtaining the soil data shall be initiated since re-sampling / shift in location may be necessitated due to reasons such as Punch through, obstruction etc. In case of any location found not suitable due to various reasons including punch through, obstructions etc. Project group shall take up the same with the sub-surface and get a revised location released at the earliest.
- e. MDT / sub-surface team of Asset will provide the location co-ordinates for proposed surface facilities, drift & direction of Wells to be drilled (if any). Well slot diagrams for all wells indicating type and size of conductors (vertical / curved / vacant) shall be obtained from drilling services.
- f. Information regarding Bathymetry, soil and other surveys e.g. Pipeline route/ corridor, shore approach, platform approach and other relevant environmental data for Pipeline Projects shall be coordinated with Marine Survey Group and put into the Bidding documents for Pipeline/Sub-sea Cable Laying Projects.
- g. Estimated number of crossing, Pipeline free span and no. of one-line valve, Laterals & PLEM (if any) may also be indicated in the Bidding documents, in consultation with Consultant / Asset.
- h. Area identified for the Project on existing Platforms shall be clearly marked up on a drawing and signed jointly with FPS/Asset representative to avoid the area being utilized for some other purpose.

5.4.2 Finalization of Scope of work (Onshore Projects)

- a. Execution methodology of projects will be approved by the CPA (Concerned Director has full powers).

- b. As Far as possible, scope of work for LSTK should be made on the basis of Front End Engineering Design (FEED) / functional specifications.
- c. Based on the broad scope of work available in the FR (DFR) prepared for the approval of the scheme, Head Engineering Services in the Asset / Basin / Work centres shall prepare the detailed and the firm scope of work, to the extent to facilitate Design Division / external consultants to provide Basic engineering including order of magnitude estimates and preparation of Technical Bid Packages. The detailed scope of work is to be developed and finalized taking into account the technical inputs from MDT / Asset / Basin / Work centers.
- d. Geotechnical investigation for obtaining soil report and topographical survey shall be carried out by the Asset / Basin / Work centres and soil / survey report so finalized will be part of the bidding document for Onshore Surface facilities / Pipe lines.
- e. MDT /Asset / Basin / Work centres will provide the location coordinates for proposed surface facilities /pipe lines.
- f. Asset / Basin / Work centre will carry out Site survey and soil investigation (for surface facilities) and route, cadastral survey and soil investigation / resistivity surveys (for pipe lines projects) including hydrographic and bathymetry survey as may be needed and also crossing details i.e. rail / road / river / water bodies etc. along with profile, number, location. All such site related details will be furnished by the Asset / Basin / Work centres and furnished to Design Division / project group for incorporating in the bidding documents.
- g. In case of revamping / modification works envisaged in the scope of work, site survey / physical health check shall be carried out by the respective discipline engineers of Consultant / in house group for preparing the related scope of work for the Bid Package.

5.5 Third Party Certification /Inspection Agency

- 5.5.1 Certification / Inspection Agency may be appointed to issue Certificate of Fitness in respect of quality as per defined specifications.
- 5.5.2 Scope of work for third party certification/Inspection work shall be prepared by the indenting with details of specs to be inspected, tests to be carried out etc. For civil works and other projects the Technical department in consultation with and duly vetted by Engineering Consultant should prepare the scope of work.

5.6 Revision in Scope of Work

- 5.6.1 Once given along with the indent (final release of indent on the system), SOW would be considered as final.
- 5.6.2 In case after the pre bid conference, if it becomes necessary to change the specifications post inputs from the vendors then same would require approval of the competent authority, who initially approved the scope of work, with full justification.

(MM/26/2017 dated 21.06.2017)

- 5.6.3 After Invitation to Bid, where no pre-bid conference takes place, no change in specifications or scope of work or special conditions of contract is admissible generally. If the indentor seeks revision in any of the above based on the queries received or otherwise, the approval of the concerned authority as per clause No. 34.1.1 and 34.1.2 of MM Manual will be required with full justification..
- 5.6.4 Change in scope of work / specification after opening of tender is not permissible, except for cases of OEM (both spares & service) where OEM doesn't quote some of the items precisely as per tender specification, due to obsolescence etc.
- 5.6.5 (Relocated at 15.3.3.1)

6 Indenting

6.1 Procedure for Placing Indent on Materials Management

6.1.1 The following will be required to raise a PR

- a. Approved Scope of work / specifications (including technical sanction for civil works, SCC, BEC, PQC, Specs, delivery schedule etc.)
- b. Financial concurrence (only in case there is no line item budgeting and financial concurrence could not be done at budgeting stage)
- c. Cost Estimate
- d. Administrative Approval

(MM/26/2017 dated 21.06.2017)

- e. – Deleted -
- f. – Deleted -

6.1.1.1 In case of any urgent requirement (new or additional requirement), the case for procurement/contracting can be processed without sanction with the approval of concerned Key Executive. Even in such cases, the sanction note must be initiated before/along with the proposal for approval of BEC by competent authority. However price bid will be opened after obtaining necessary sanction.

6.2 Process for Raising of PR under centralized procurement

6.2.1 For procurement of material / services with standard specification, the central indenting team which manages the procurement shall frame specification and circulate the specifications sheet to the assets.

6.2.2 In case standard specifications do not exist, then the central indenting team which manages that procurement circulates a checklist of defined specifications / specifications used in previous procurement to the user group for gathering the requirement.

6.2.3 The central indenting team which manages that procurement defines a reasonable timeline in which the user group must respond to the requirement. The concerned Chief of Services will place the consolidated indent and convey the required expenditure sanction to the centralized procurement team. If the Chief of Services fails to respond with the requirements to the central indenting team in the defined timeline then procurement for those items will not be undertaken for that work centre.

6.2.4 On receipt of the requirements from the different assets, the central indenting team consolidates the requirements.

6.2.5 The MRP controller runs checks on the consolidated requirements.

- 6.2.6 The central indenting team which manages that procurement / category manager (if applicable) reviews the cost estimated for the procurement at the time of budgeting and revises the cost estimate only on a need basis.
- 6.2.7 Once the scope of work and cost estimate is finalized, the PR is created by the central indenting team which manages that procurement if the budget is with the central indenting team otherwise the PR will be created by the indenter.

6.3 Process for Raising for PR de-centralized procurement

- 6.3.1 The user group defines the scope of work and the technical specifications.
- 6.3.2 The scope must be technically approved by the technical sanction authority as per BDP (for works and LSTK).
- 6.3.3 MRP controller shall check the material requirement as per 1.9.5.
- 6.3.4 The user / Category Manager (if applicable) reviews the cost estimate for the procurement at the time of budgeting and revise the cost estimate only on a need basis.
- 6.3.5 Once the scope of work and cost estimate is finalized, the PR is created by the user.

6.4 OEM purchase

- 6.4.1 Equipment / OEM-wise indents for stores & spares: Indents for procurement of stores and spares will be raised equipment / OEM-wise.

6.5 Appointment of Domain Experts/Consultants

- 6.5.1 As far as possible only in-house design engineering resources shall be availed. The appointment of consultant shall be resorted only in case where in-house facility is not available. The appointment of consultant will be approved as per BDP. Further, as far as possible hiring of consultants should be done against Open/Limited tenders instead of on Nomination basis to ensure competitiveness.

6.6 Additional guidelines for preparation of PR

- 6.6.1 For ICB tenders, item's specified in Directorate General of Foreign Trade's negative list should be imported only if license has been obtained from DGFT. The list is available at DGFT's website(www.dgft.gov.in) and the indenter should check it before raising PR.

6.6.2 Indication of source of supply in Indent: For open tenders, the indentors, while sending indent to concerned Materials Management, will invariably check the historical ONGC vendor data base to suggest at least three number of parties who are prospective suppliers of items as per designed specifications. Similarly, for items being purchased first time through open tender, the indentor will indicate at least 2 potential sources of supply who meet the designated specifications.

6.6.3 Timing of Raising Indent

a. Auto Indent for items

- i. In the case of items for which the auto re-order point will be fixed, the indent will be automatically generated by the system. MM can proceed with purchase of such material without any further reference to indentor and finance.
- ii. Only in case of shortfall in the expenditure sanction, MM will refer the indent back to the indentor for additional expenditure sanction.

b. Wherever maximum/minimum and re-order levels have not been fixed for auto indenting, the indenting section will continue to assess its requirement and to place its indent on the purchase section.

c. Ad-Hoc Purchases: As far as possible, adhoc purchases will be avoided. Items, for which there is repeated emergency purchase, will be added to the list of Stock Items, which would be progressively increased and the list of Non-Stock items correspondingly reduced.

6.6.4 Grouping of Items: Whenever the purchase involves items to be purchased in groups, the same grouping should be intimated along with indent by the indentor.

Sieving of items should be properly done at the indent stage itself so that items independent in nature are indented separately.

6.7 Technical Sanction for Civil Works

6.7.1 The PR may be created and released on the basis of preliminary scope of work and cost estimate.

6.7.2 However, a detailed cost estimate based on specification, essential drawings and preliminary structural and service designs shall be prepared for obtaining technical sanction by the competent technical accepting authority. The Technical Sanction (TS) to the estimate must be obtained before the tenders are invited. Powers for approving technical sanction shall be exercised as per powers delegated under the relevant 'Item No.' of BDP.

6.7.3 Technical sanction must be accorded by the competent technical accepting authority after satisfying himself regarding basis of estimation, detailed scope of work, design etc.

- 6.7.4 In case of multi-component projects / sub-heads of works, sanctioned (Exp. Sanction) by the Competent Authority for which a clear and specific provision exists in such expenditure sanction, TS may be accorded for each such component by an authority, as defined under BDP.
- 6.7.5 In case of LSTK projects which includes civil works also, no separate technical sanction for civil works will be required if entire technical bidding document is approved by the CA.

6.8 Excess over Expenditure Sanction

- 6.8.1 In case the indent value exceeds the budgeted amount, the additional sanction must be obtained and conveyed along with the indent.
- 6.8.2 In case, of occurrence of any shortfall in expenditure sanction before or during tendering, the tendering process shall not be held up for want of additional expenditure sanction. However, Price bid shall not be opened without additional expenditure sanction, if any.
- 6.8.3 In case any shortfall of sanction is known after price bid opening then Notice of Award should be only placed after obtaining additional expenditure sanction.

6.9 Capital Items Purchase

- 6.9.1 Before raising of indent for capital items, all concerned should make sure that the same/similar capital item is not available either in any stores or any of the sites.

6.10 Radioactive material or items containing radioactive sources

- 6.10.1 In case of existence of Radioactive material in any form in the goods intended for import, the permission from the Department of Atomic Energy should be obtained by the indenting department before the indent is placed.

7 Procurement strategy

7.1 Large project procurement strategy

- 7.1.1 Process of designing procurement strategy for large projects (Cost estimate >Rs 50 Crores) should normally be aimed to decide what parts can be done in-house and which parts need to be outsourced for timely completion of the project in an effective manner also by maintaining competition and ensuring on-going performance.
- 7.1.2 A workshop involving representatives of Indentor(s), User(s), Finance, Legal (if required), MM (preferably Category Managers) and any other concerned dept.(wherever necessary) shall be held to decide on the procurement strategy. Final decision on the procurement strategy will be taken by the Concerned Director based on recommendations from the workshop. Director concerned shall have full powers.
- 7.1.3 In case, workshop need not be conducted, then approval of CPA shall be required. (Director shall have full powers in EPC cases). Also, repeat approvals are not required if last tender of similar project was given approval to go ahead without workshop.
- 7.1.4 Key procurement strategies for large projects:
- a. EPC LSTK: The entire project from engineering, procurement and construction will be contracted out to a single contractor on a lump sum turnkey basis. The contractor could then use sub-contractors as necessary and will do the project management for the same as well.
 - b. Mixed contracting: The project management role will be done by ONGC and there will be separate contractors for Engineering/Procurement (E&P could be reimbursable or lump sum) and Construction (Typically on a lump sum basis). This type of contract allows better control for ONGC and could lead to improved project performance in terms of timely completion, expected performance, cost competitiveness
 - c. EPCM: There will be separate contractors for Engineering/Procurement and construction. The construction management role will also be done by contractor performing engineering and procurement. The EPCM (Engineering, Procurement and construction management) contractor will take up considerable project management from ONGC.
 - d. EPC Reimbursable: EPC Contractor is paid for its services on an hourly rate. It is paid for procurement and construction based on actual costs, plus an added pre-determined profit margin. Typically represents high cost competitiveness but risk of cost overruns will be on ONGC
- 7.1.5 Guidelines around deciding on level of outsourcing in projects:
- a. Two key considerations to be considered by ONGC in determining the contracting strategy are ONGC's expertise in project management

(including ability to manage multiple interfaces) in specific type of project being considered and criticality of the project.

- (i) If the project is critical and ONGC possesses the requisite experience in project management (including ability to manage multiple interfaces), then ONGC should prefer Mixed type of contracting.
- (ii) If the project is critical and ONGC does not possess the requisite experience in project management (including ability to manage multiple interfaces) in the specific type of project then EPC LSTK contracts should be preferred.
- (iii) If the project is not critical and ONGC possesses the requisite experience in project management (including ability to manage multiple interfaces) in the specific type of project then Mixed contracting should be considered subject to availability of the professionals; EPC LSTK contracts should be considered for all cases where ONGC has expertise but there are not enough resources to be dedicated to the project.
- (iv) For all other cases, EPC LSTK contracts should be the preferred procurement strategy.

- b. The above options can be used for even smaller value projects (<Rs. 50 crores) without mandating workshops.

Additional guidelines:

- (i) The market trend for consumer products must always be kept on the focus.
- (ii) Wherever feasible, price formula should be firmed up before commencement of execution of Project.
- (iii) Wherever possible, long term commitment should be made from the prospective parties before going ahead for execution of project.
- (iv) A detailed check list should be available for monitoring and mid course corrections.

7.2 Procurement strategy of goods/services

7.2.1 Purchase of frequently ordered goods/services with limited suppliers

- a. For common items required continuously throughout the year in large quantities, common services hired repeatedly through the year and limited suppliers (as determined in market study), centralized rates contracts should be entered into. However, for work centre specific items/services required continuously throughout the year RCs may be entered into at respective work level.

- b. Items/Services for which rate contract should be concluded will be identified and the list will be reviewed and additions made every year depending upon the past consumption or on anticipated consumption. Rate contracts will not be entered into in the case of items/services for which the market shows marked downward trend. In order to provide against a rise/fall in the market price during the currency of the rate contracts that are valid for more than a year, the contract may include the standard Fall Clause/ suitable escalation/ de-escalation clause).

7.2.2 Purchase of frequently ordered goods/services with multiple suppliers

- a. For items/services required continuously throughout the year in large quantities/multiple times and with multiple suppliers (as determined in market study), it may be advantageous to have empanelled vendors where items/services are procured by a limited tender requesting only for price bids.

7.2.3 Contracting options for Services

- a. Open book /Cost plus contracts(Government Department Only)
 - (i) Cost plus contracts will be preferable for services with unstable underlying prices and no clear indices that reflect the variation in prices. Also, these contracts are suitable where full extent of service required is not known at the time of award of contract.
 - (ii) In cost plus contracts, service providers will be reimbursed based on actual costs incurred.
- b. Fixed plus escalation/fall
 - (i) Fixed cost contracts with escalation/fall clauses are preferable for services with unstable underlying prices and where reliable indices are available that reflect the variation in underlying prices. Instability in prices should be determined based on the time period considered for the contract.
- c. Fixed price
 - (i) Fixed price contracts are preferable for services with stable underlying prices. These contracts can also be used in cases where ONGC decides to keep the procurement of services to a pre-determined budget but it is to be then kept in mind that cost competitiveness of such procurement could be low.

7.3 Provision to use Empanelment

- 7.3.1 Empanelment will be an option that is applicable across different procurement strategies explained in this section. The mentioned type of procurement strategies can be executed with empanelled vendors based on status of empanelment and convenience in the specific category of procurement.

7.4 Market Study

7.4.1 Market studies would be a key tool in helping assess the mode of tendering to be used for the procurement.

7.4.2 Detailed market study should be carried out. Information must be gathered about the supply market from which the good or service will be purchased.

7.4.3 Responsibility:

- a. Category Manager (if available for procurement type)
- b. MM team (if there is no category manager for procurement type)

8 Mode of tendering

8.1 Purchase through DGS&D and NICS I rate contract

- 8.1.1 ONGC should consider taking advantage of the DGS&D Rate / Running Contract when such contract exists and the delivery period suits our requirement as no separate tenders need be invited when the delivery period stipulated in the DGS&D Rate / Running Contracts is acceptable leading to time and cost savings. Such orders can be placed on DGS&D's terms and conditions with the option of inspection being done by ONGC or third party nominated by ONGC or with ONGC terms and conditions with consent from the rate contractor. The Purchase Officer may place a direct supply order on the DGS&D Rate contractors on DGS&D rates with the approval of CPA. The order can be placed directly on the rate contractor with lowest DGS&D rate. If there are multiple contractors offering the lowest DGS&D rate, contractors will be selected on rotation basis.
- 8.1.2 While operating DGS&D rate contracts, it should be ensured that there is minimum cash outgo for procurement of material/services provided delivery period is suitable and specifications are conforming to our requirement. However, if delivery and material against a DGS&D rate contract is / are not in accordance with our requirement, the purchase could be effected even at higher rates against another DGS&D rate contract.
- 8.1.3 List of DGS&D rate contracts is available on DGS&D's website. All work centers are required to use the same, as required, to take advantage of DGS&D rate contracts. In case the DGS&D rate contract also includes the name of dealer/distributor in addition to the OEM, then first effort should be made to procure directly from OEM. In case, OEM does not respond, then the procurement can be done through the dealer/distributor mentioned in the DGS&D rate contract.
- 8.1.4 In line with procurement of material using DGS& D rate contract, ONGC can also make use of existing/prevaling National Informatics Centre Services Inc.(NICS I) rate contract for the procurement of IT Hardware , Software and IT Services.
- 8.1.5 In case such direct/referral supply orders being placed, ONGC is liable to pay a nominal fee as Departmental Charges (as informed by DGS&D from time to time). Such departmental charges will be first deposited by vendor to the concerned controller of accounts and then claimed for reimbursement from ONGC against supporting documents.
- 8.1.6 All other items not covered by the Rate / Running Contracts will be arranged by the Materials Management through other methods of purchase.

8.2 Open tenders

8.2.1 Except for situations covered under provisions at para 8.2.4 and 8.2.6, when the value of the tender is more than Rs.10.00 lakhs, open tenders will be invited. Open tenders will be advertised through the press.

(MM/10/2016 dated 23.03.2016) (MM/26/2017 dated 21.06.2017)

8.2.2 Tender inviting Section shall forward the copy of Invitation to Bid to Corporate Communications department for publishing Tender Notice in the newspapers in the following formats:

“ _____ invites sealed bids / e-bids (delete, whichever is not applicable) as per details given below :-

Tender No:_____ Brief Description _____ Contract/ delivery Period, Period of sale of tender documents from _____ to _____ Last date of Receipt of Clarifications for Pre-bid conference(delete if not applicable)_____ Pre-Bid conference date / time (delete if not applicable) _____ Techno-commercial bid closing/ opening date/time _____ .

For other details of this tender including corrigendum if any, (please logon to ONGC web site “tenders.ongc.co.in” and “etender.ongc.co.in” (for e-bid). In case of exigencies ONGC at its option may decide to extend tender sale/Techno-commercial bid closing/ opening date/ time in future which will be posted on the above referred website for information. Bidders should regularly visit ONGC tender website for the latest information in this regard.

New vendors should ensure to approach ONGC for issue of vendor code number along with all the required documents minimum 5 working days prior to bid closing date.

8.2.2.1 The number and type of newspapers in which Tender Notice is to be published shall be decided by the Corporate Communication Depts. The Corporate Communication shall provide copy of advertised NIT to the concerned tender issuing department. Further, the detailed Invitation to Bid along with complete Tender Documents will be uploaded on ONGC’s tender website by concerned department.

8.2.2.2 Amendments to the NIT after its issue should be made where absolutely necessary and unavoidable.

(MM/10/2016 dated 23.03.2016)

8.2.2.3 – Deleted -

8.2.3 Open tender bidding documents will be available on ONGC website and the bidders should download the tender document from the website only.

8.2.4 Invitation of open tenders will not be necessary in the following cases:-

- i. Purchases against ONGC/DGS&D/NICSI Rate Contracts; and
- ii. Where the sources of supplies are known and limited
- iii. Where vendors for the procurement category have been empanelled

8.2.5 For invitation of Limited Tender, in cases where open tender is to be invited due to reasons mentioned at 8.2.4(ii), Pre Qualification Criteria (PQC) should be prepared by indenter. Indenter should also ensure that the shortlisted bidders meet the PQC requirement.

There should be minimum of 5 short listed bidders for such type of procurement/service contract on limited tender value. In case short listed bidders are less than 5 then approval of one step higher than the CPA should be obtained. Shortlisting of bidders & PQC made initially would be approved by the CPA & concerned Director will have full power in this regard.

8.2.6 In case, Limited Tenders are proposed to be invited (as against open tender to be invited based on the value of the tender) and the vendors for the specific procurement are not empanelled, then the bidders should be identified and short-listed by the indenter, who should also determine and certify that short-listed bidders meet the pre-qualification criteria (technical) advised as per the instructions in vogue. Such short-listing of the bidders and the PQC are to be approved by the competent authority, as per the provisions contained in para 34. Thereafter, prequalification criteria (technical) need not be incorporated in the tender.

(MM/04/2015 dated 28.04.2015)

8.2.7 The names and addresses of vendors who meet the shortlisted criterion along with the PQC must be uploaded on ONGC tenders website. Thereafter, 10 calendar days time will be given to any bidder who meets the PQC but is not included in the list uploaded earlier, to forward their request for issuance of tender enquiry, along with relevant documents (to establish their compliance with the pre-qualification criteria). In this regard, guidelines issued vide circular No. 01/2005 dated 27.01.2005 appearing in the list of valid circular (which are now applicable for tenders valuing above Rs. 10 lakhs) should be followed.

8.3 Electronic Reverse auction

(MM/01/2015 dated 16.03.2015)

8.3.1 Electronic reverse auction is an online real-time procurement technique utilized by the procuring entity to select the successful submission, which involves the presentation by suppliers or contractors of successively lowered bids during a scheduled period of time and the automatic evaluation of bids;

- 8.3.2 The reverse auction process can be used to replace any price bid evaluation procedure to determine L-1 like the comparison of sealed price bids.
- 8.3.3 Applicability: In all the tenders which are proposed to be processed under Reverse Auction, it should be clearly specified in the BEC that ONGC reserves right to go for Reverse Auction process or may finalize the tender without Reverse Auction, if required. However, the decision to conduct Reverse Auction or not will be conveyed to short-listed bidders prior to opening of price bid. Procurement by means of an electronic reverse auction should be engaged under following conditions:
- a. Procurement of common goods and services, which are those where performance and quality characteristics can explicitly be defined beforehand in the bidding documents using widely-known and unambiguous market specifications. Services whose characteristics are largely intangible, whose progress tends to have a degree of unpredictability, and their inputs and outputs typically vary from project to project (and therefore are hard to define beforehand) will not be considered a common service.
 - b. There is a competitive market of suppliers or contractors anticipated to be qualified to participate in the electronic reverse auction, such that effective competition is ensured;
 - c. The tenders for items covered at a) & b) above shall have a provision for conducting reverse auction. However, after techno commercial evaluation, if number of technically & commercially acceptable offers are less than 04(Four) for any item (where evaluation is done separately) then no reverse auction may be conducted for such items (but the Work centers shall take appropriate decision regarding conducting offline price negotiation, if required, for such items as per provisions under para-14.2 of MM manual). Reverse auction shall be conducted for the remaining items. Accordingly the decision to conduct reverse auction shall be communicated to shortlisted bidders prior to opening of price bid.
- 8.3.4 Operation: The event will be conducted through ONGC's online bidding software (SAP SRM), designed to streamline bid negotiations into a real-time bidding event. The price bids of shortlisted bidders shall be opened on the same day as the reverse auction event is to be conducted.
- 8.3.4.1 The applicable exchange rate for conversion and the customs duty to be loaded for each item (for foreign bidder) and basis of evaluation for domestic bidders (Ex-Works or FOR Destination) shall be conveyed by ONGC to the concerned bidders prior to commencement of Reverse auction.

8.3.4.2 The price bid data shall be tabulated immediately after opening of price bid in SRM and evaluated prices shall be worked out in the sample calculation sheet based on evaluation methodology of BEC and shall be signed by the Tender Committee members. After tabulation of the priced bid data, the dealing officer in presence of the Tender Committee shall confirm the evaluated prices with respective short listed bidders and feed in system the lowest evaluated price further decremented by 0.5% as ceiling price.

8.3.5 During the auction:

- a. All bidders shall have an equal and continuous opportunity to present their bids;
- b. There shall be automatic evaluation of all bids in accordance with the criteria, procedure and formula provided to suppliers or contractors ;
- c. Each bidder shall receive, instantaneously and on a continuous basis during the auction, sufficient information allowing it to determine the standing of its bid vis-à-vis other bids;
- d. There shall be no communication between the procuring entity and the bidders or among the bidders, other than as provided for in subparagraphs (a) and (c) of this paragraph.
- e. Minimum bid decrement of bidders will be 0.5% of the last price entered by respective bidder.

8.3.5.1 Features of the online event:

- (i) The bidding direction of this event is downward. Bidders cannot raise their bid once the event has opened and they have submitted a bid.
- (ii) Bidders must bid for the complete quantity of each item as quoted in SRM bid. The prices should be quoted as per the sample calculation sheet provided in the bidding document.
- (iii) Bidders only see their own numeric rank (in 'Rank only' format) or the lowest bid and their own numeric rank (in 'Rank with L1 price' format). At no point of time will any bidder see the names of other bidders, or the prices of bidders other than the lowest bid.
- (iv) The lowest evaluated price (of short listed bidders based on their price bids submitted initially in SRM) further decremented by 0.5 % (minimum decremental value in the RA) shall be the Ceiling price or the maximum permitted starting bid in reverse auction for all bidders.
- (v) A bidder will not be able to see the rank for a lot until the bidder submits an initial bid.

8.3.6 The procuring entity shall not disclose the identity of any bidder during the auction. No mobile phone, alternate network connection or any other communication device other than the identified official landline number (to be communicated to the bidders) shall be allowed in the reverse auction room. The identified numbers of ONGC for this purpose should be intimated to the bidders well in advance. Similarly, the telephone numbers of bidders for the authorized interaction with bidders should be obtained through 'Bidders' Response Sheet'. Also till the reverse auction is over no member of the team conducting RA shall be allowed to leave the room.

8.3.7 All line items in auction are open to bidding at the same time, but the auction shall be close for one line item after the other.

This process shall initially be held for a period of 30 minutes. In the event of a bid received in the last 3 minutes resulting in change of prevailing L1 price of the first line item, the period of auction shall get extended automatically by 5 minutes (for "rank with L-1 price" option) and 10 minutes (for "rank only" option) from the time of submission of such bid. This process shall continue till no change in L-1 price of the first line item takes place in last 3 minutes. Then the auction will close for the first line item and auction for the remaining items will continue for a further period of 10 minutes. In the event of a bid received in the last 3 minutes resulting in change of prevailing L1 price of the second line item, automatic extension shall be effected in similar fashion as explained above for the first line item.

The process shall be continue in a cascading way for all remaining line items.

All bidders, regardless of their previous position, can submit their bid during the extension period also.

The process of reverse auction shall automatically close thereafter.

8.3.8 Bidders at their own interest should ensure uninterrupted internet connectivity at their end during the Reverse Auction with necessary backups to take care of any connectivity problem. However, in case of failure in connectivity of any of the bidders, the Reverse Auction time will be extended once against request of each bidder, if the request is received within the auction time. Such extensions shall each be of 10 minutes and no more than one request for such extension from each bidder shall be entertained in an Auction. TC will be empowered to extend the RA time. The extension of auction time shall be communicated to all the bidders through system broadcast message and also intimated telephonically to the bidders who are disconnected from Reverse Auction at that point of time.

In case no conclusion can be drawn from RA from best bid history or where Reverse Auction is inconclusive on account of system malfunctioning or break in internet connectivity at ONGC SYSTEM end, RA shall be re-conducted. In such scenarios, the dealing offer shall obtain the status from the SRM team of Project ICE and thereafter TC shall put up recommendations to CPA for approval to conduct the RA again.

The procuring entity can suspend or pause the reverse auction, if required. In such eventuality the duration of the auction shall be extended by ONGC for the period for which auction was under pause/suspension.

8.3.9 Types of Auction:

(i) 'Rank with L-1 Price' bid format:

In "Rank with L-1 Price" bid format, during the process of Reverse Auction, the short-listed bidders shall be able to see only the current lowest price and their respective ranks/position during the online bidding process in the system, based on which they may reduce their prices. This type of auction shall be adopted in those tenders where neither any purchase nor any price preference is applicable.

(ii) "Rank Only" bid format:

In "Rank Only" bid format, during the process of Reverse Auction, the short-listed bidders shall be able to see only their respective ranks/position during the online bidding process in the system, based on which they may reduce their prices. This type of auction shall be adopted in case of tenders, where purchase preference (for MSEs) is applicable, so as to take care of purchase preference at the end of the Reverse Auction.

8.3.10 TC will decide on choice of the option i.e. "Rank with L-1 price" or "Rank Only" at the time of short-listing of the bidders depending on the bidders at that stage who are eligible for purchase preference.

8.3.11 Purchase Preference:

Under purchase preference eligible bidder whose quoted price is not lowest get an opportunity to match L-1 price if their quoted price falls within the stated percentage difference from the lowest quote. If the bidder matches the prices, he gets the order otherwise the original L-1 bidder gets the order. In Reverse Auction, if the L-1 price is seen by all the bidders, it is apprehended that the bidders eligible for purchase preference can position their prices always within the purchase preference range which would be an unintended advantage. Hence, to facilitate purchase preference in a fair and transparent manner, the Reverse Auction shall be held in "Rank Only" format, if any of the short-listed bidders are eligible for purchase preference. After conclusion of Reverse Auction, if any of the eligible bidder for purchase preference falls within the specified limits for purchase preference, such bidder will get opportunity to match with L-1 price.

8.3.12 TC members shall remain on the spot till the completion of the Reverse Auction process.

- 8.3.13 Apart from the participating bidders, the RA shall be visible while in progress to ONGC only through one user login. i.e. user login of Dealing Purchase officer who shall display the RA to TC members. The identity of the bidders shall not be disclosed to Tender Committee and the dealing officer. Even the prices of bidders shall not be visible to the dealing officer and the Tender Committee at the time of Reverse Auction in case of "Rank Only" bidding.
- 8.3.14 In case of a tie during auction i.e. two bidders entering same lowest price, the bidder who enters the prices first in the system would be taken as L-1 and the other bidder would see their ranking as L-2.
- 8.3.15 On completion of Reverse Auction, the history of Reverse Auction shall be signed by the dealing officer and TC members. In case of non-availability of TC members due to any contingency, they should nominate suitable officers to represent them to witness the Reverse Auction. However, TC members would sign the proceedings afterwards.
- 8.3.16 After completion of online event of Reverse Auction within 24 hrs, the bidders would re-submit breakup of their final quoted evaluated price as per relevant appendix of sample calculation sheet so as to enable ONGC to award the purchase order/contract. Bids of those bidders who fail to provide cost break-up sheet or adhere to prices quoted during the online event will be rejected and the bid bond / EMD of such bidder shall be forfeited. However, in such case of break up, the prices of any of the items shall not be increased above the prices submitted in SRM.
- 8.3.17 For the purpose of e-procurement and Reverse Auction, the dealing officer is the executive handling the case and carries out all actions like publishing the tender in e-tender portal, uploading ceiling prices for Reverse Auction and carries out all activities connected with processing of the case both in manual & e-procurement modes.
- 8.3.18 In case of no response from any bidder in reverse auction, the original evaluated L-1 price will be considered for further action.
- 8.3.19 The case shall be processed further for award or otherwise based on L-1 prices received at the end of Reverse Auction. Price reasonability will still need to be established even though the bidding process is through Reverse Auction and ONGC will reserve the right to negotiate with L-1 bidder as per Guidelines.
- 8.3.20 The Reverse Auction shall be implemented first on pilot scale in five high value tenders of Corporate MM and based on the outcome of these five cases, PMC in consultation with Corporate MM shall put up their recommendation to EPC for further extending reverse auction to other tenders in ONGC.
- 8.3.21 With the assistance of ICE team, training for vendors shall be facilitated to meet:

- a. Online help documentation for bidder registration to SRM portal including process of obtaining digital certification.
- b. Training to all eligible/interested bidders, if required, on the Reverse Auction process prior to conduct of Reverse Auction.

8.3.22 The due date and time for price bid opening and conducting the event of Reverse Auction should be intimated well in advance to the bidders, through the System.

8.3.23 For the cases to be processed under RA, the CPA will be with reference to sanction value or the original evaluated value of L-1 bidder before the RA process, whichever is higher.

8.3.24 **Dispensation from e-RA:**

After invitation of tender, depending upon the response of the bidders during pre-bid conference (if applicable), if it is felt that it would not be feasible to go for RA process in the tender, then in that case approval for dispensation from RA process would have to be obtained from the CPA giving detailed reasons as to why RA cannot be adopted. Concerned Director shall have full powers in such cases.

8.3.25 Cases pertaining to purchase on single tender basis from OEM/OES/PAC basis and tenders for LSTK contracts shall be exempted from RA process.

8.4 Limited Tenders

8.4.1 Limited tenders would be mode of tendering for purchases upto Rs.10.00 lakh or if limited number of suppliers are available or if vendors for the category of procurement are empanelled

8.4.2 <Applicable if vendors have been empanelled for category of procurement>

Limited tenders to empanelled vendors can be done as per empanelment procedure. If Quality and cost based selection (QCBS) is proposed to be used, additional documents needed specifically in excess of documents submitted for prequalification can be requested for quality evaluation along with price bids.

8.4.3 For procurement through limited tender, the tender need not be advertised through the press.

(MM/10/2016 dated 23.03.2016)

- 8.4.4 For limited tenders upto Rs.10 lakhs, MM department / tender processing group may send enquiries to vendors known to ONGC. The enquiries will also be sent to the registered vendors as defined in para 17.1 based on documents submitted for specific item/service/category of procurement. MM department / tender processing group at each work center shall make necessary arrangements for registration of vendors as per para 17.1, keeping in view of the requirements of the work center. Guidelines under para 8.2.7 on formulation of PQC and use of website in tender shall not be applicable for limited tenders covered under this para.
- 8.4.5 Enquiries should be sent to as many firms as possible to ensure competition. The list of selected suppliers, to whom enquiries have to be sent, will be approved by the competent purchase authority. The minimum number of inquiries to be floated will be as under:-

Value	Number of enquiries
For tenders from Rs.1,00,000/- to Rs 5,00,000/-	5
For tenders from Rs.5,00,001/-to Rs.10,00,000/-	7

- 8.4.6 For tenders valuing less than or equal to Rs.10 Lakhs, when the number of vendors known to / registered with ONGC is less than the required, the enquiry may be sent to all such vendors after obtaining the approval of an officer one level higher than the Competent Purchase Authority.

- 8.4.7 Procedure for purchases upto Rs.10 lakh:

The dealing officer will float limited tender enquiries, as per para 8.4.3, 8.4.4, 8.4.5 above.

After receipt of offers within the closing time and date, the offers shall be opened by the nominated opening officers from Finance &MM or Finance & user group (for cases handled by departments other than MM). After opening, the offers will be handed over to the concerned dealing officer who shall tabulate the data from the offers in the comparative statement, to be prepared within two working day. In all cases where technical evaluation is involved, the duplicate copy of the offers is to be referred within one (1) working day to the indenter for technical comments. The indenter [not below E-1] shall furnish the technical comments immediately, which in no case shall exceed five working days. Subject to provisions of clause 34 of this Manual, the approval of CPA as per BDP will be obtained before placing order (within 10 working days from opening of bids) without holding Tender Committee).

Note: Provisions 8.4.4 to 8.4.7 are not applicable if vendors have been empanelled for category of procurement

- 8.4.8 In case of limited tender, the question of post tender technical rejection is not at all desirable, except when technical rejection of bids is due to deviations from tender specifications / scope of work. Hence, authorities approving the selection of such bidders should be very meticulous.

NOTE:

ICE team is in the process of creating necessary provisions for online registration of bidders for various categories of items for procuring the same against limited tenders. Till the time the said process is completed, respective In-charges of MM/ Level –II in case of user departments are advised to ensure that following guidelines are meticulously followed:

- (i) For issuing Limited Tender enquiry, an items / category wise list of prominent and reliable firms possessing Permanent Account Number (PAN) and Sales Tax / CST / VAT Registration number (as applicable) will be maintained in a register by conducting market survey, web search, checking information about suppliers on SAP system etc.
- (ii) Aforesaid list shall be reviewed and if necessary updated on half yearly basis. However, name and addresses of the prospective vendor shall be added in said list as and when necessary.
- (iii) Officer(s) nominated by respective Level-II of user department //c MM for maintaining such list shall obtain approval of I/c-MM/ Level-II in case of user department, for finalizing / updating said list of vendors.
- (iv) Proper record in respect of the name, addresses and source of information of the listed vendors shall be maintained.
- (v) Any case for de-registration of firms shall require approval of I/c-MM/ Level-II in case of user department.

8.5 Purchase on single tender

- 8.5.1 Key Executives must ensure that the cases are processed in time for procurement of goods/services to meet the operational requirement, so that extension/award of contracts on nomination basis is avoided. Due diligence should be carried out before placing the order on nomination basis and award of cases on nomination/extension of cases must be brought down to bare minimum. All out efforts should be made to expeditiously accord expenditure sanction after administrative approval and the cases should be processed well in advance considering the time taken for various approvals and time taken by MM for processing the tender including mobilization period, if any, to avoid situation forcing award on nomination basis.
- 8.5.2 Wherever, the procurement is to be carried out on PAC/Nomination basis prior approval of CPA not below L-1 (Directors have full powers) shall be obtained bringing out the detailed justifications for resorting to such PAC/Nomination basis. The reasons for resorting to particular vendor/service provider should also be explicitly brought out.

- 8.5.3 All proposals, where PAC/Nomination approvals have been obtained from the competent authority and safety and operational aspects are involved, are to be finalized on priority with best efforts to negotiate with bidder for obtaining possible price reductions. It must be ensured that such items purchased against PAC are consumed/put into use within one year from the date of receipt of the material.
- 8.5.4 In case of nomination cases, the question of post tender technical rejection is not at all desirable. Hence, authorities approving the selection of such bidders should be very meticulous.
- 8.5.5 Tender Committee should specifically bring out and deliberate the following while seeking approval for award on nomination basis:
- a) Reasons and justification for award on nomination basis instead of competitive bidding.
 - b) Reasons and justification for recommending a particular vendor/service provider for nomination contract.
 - c) Reasonability of rates to be explicitly ascertained/confirmed.
- 8.5.6 Each contract proposed to be awarded on nomination basis is a separate contract and CPA should be determined as per the BDP based on value of individual contract.
- 8.5.7 Purchase of non-proprietary items

Purchase of non-proprietary items, on single tender basis, will be resorted to only in the situations of emergencies like flood, fire, civil disturbances, war, cyclones, blow out and operational break down and/or reliability of material/equipment/services as per provisions under para 8.10. Detailed justification for resorting to emergency / operational break down/reliability of material/equipment/services should be recorded at the time of processing the proposal for approval of competent authority as per powers delegated under BDP.

8.6 Hiring of services of Domain Experts/Specialists/Consultants:

- a. Domain Experts are individuals/universities/institutes with established reputation for specified knowledge and experience in specific areas of Science and Technology. It is neither feasible nor desirable to engage such individuals/universities/institutes through tenders. Therefore,
 - i. Each Director shall constitute a Technical Team to identify Domain Experts in relevant disciplines,
 - ii. The identified Domain Experts shall be contacted by the Director for acceptance of retainer ship followed by empanelment, and
 - iii. In case the expert is not empanelled, the concerned Director may request the services of particular Domain Expert for specific studies and tests.

- iv. For cases involving Collaborative Research, MoU should be the preferred way of entering into contract. MoU shall be signed by concerned Director following in principal approval from EC.
- b. Tender procedure (limited or open) could also be applied to the selection of consultants and specialists where quality and cost weights shall be determined based on importance of technical competence to the success of the assignment/project as explained in QCBS section.
- c. In the areas where ONGC institutes are likely to have overlapping capabilities, the following exercise necessarily be carried out:
 - i) Capability of ONGC institutes be ascertained to know if they are in a position to provide the in-house expertise for the particular project.
 - ii) If not so, do they have names of agencies to suggest to approach for such expertise, to have possibility for adequate competition explored, before opting in for award of work on nomination basis

8.7 Petty purchases

8.7.1 Purchase upto Rs.25,000.00 (annual cap as per BDP) at a time may be made without formal enquiries or without obtaining hand quotations by User Departments themselves.

8.7.2 Proper safeguards/deterrence need to be made to avoid in fructuous expenditure on purchase of petty items like stocks covered under kits and liveries. In order to obtain competitive & comparable rates for procurement of these items, standardized specifications notified by HR-Corporate Policy Group from time to time should be meticulously adopted. Further, as far as possible while procurement of such items, it should be ascertained that the items being procured are manufactured by the companies possessing relevant IS certificate issued by Bureau of Indian Standards (BIS).

8.8 Purchase against Hand Quotations

(MM/04/2015 dated 28.04.2015)

8.8.1 Purchases above Rs. 25,000.00 up to Rs. 100,000.00 shall be made on hand quotation basis by User Departments themselves (subject to annual cap as per BDP) by obtaining at least three hand quotations for all types of procurement. A list of prominent and reliable local firms will be maintained by all concerned. Hand quotations will be collected on rotation basis whenever there is scope for rotation. A certificate will be given by the Officer making such purchase that hand quotations were obtained on rotation basis. The names and addresses of the firms from whom quotations are obtained will be given in the certificate. Where the number of dealers is limited i.e. less than six(6), rotation system need not apply.

8.8.2 Purchase from State Emporium / Govt. Deptt /Undertakings

Whenever items are available in State Emporium / State Govt. or Central Govt. Undertakings, purchases are to be made from them only and in those cases, the requirement of obtaining three hand quotations will not be necessary.

8.9 Purchase through board of officers

8.9.1 Purchase by a board of Officers will be resorted to only in exceptional circumstances when the materials / services / works are either required urgently to overcome an exigency or because the indenter is not able to give firmed up / detailed specifications (necessitating on the spot decision based on the availability in the market) so that procurement cannot be made under the normal purchase procedure, provided further that prior approval of the Competent Purchase Authority, not below Level-1 executive, is obtained and furnished along with the Purchase Indent, before resorting to purchase through a board of officers. Board Purchase should not be resorted to for CSR projects and for award of contract of long duration.

8.9.2 Competent Sanctioning Authority not below Level-1 is empowered to constitute a Board of Officers comprising of Executives as below:

CPA (As per BDP)	Level of Rep. from MM	Level of rep. from Finance	Level of rep. from Indenter
Level-2 and above	I/c MM	I/c Finance	L2
Level-3/E6	Second Level MM	Second Level Finance	L3/E6
Level-4/E5	Third Level MM	Third Level Finance	L4/E5
E-4	E4	E4	E4
E-3	E3	E3	E3
E-2	E2	E2	E2

Proceedings of such purchase boards (comprising of executives of competent level) will not need approval of any authority, since spot decisions are required. However for cases beyond the powers of the board, the case shall be put up to the competent authority for approval.

8.9.3 If for any reason it is not possible to constitute a purchase board with competent officers, the board may be constituted with an officer of the next below rank. However, the reasons should be recorded in writing.

- 8.9.4 For carrying out the purchase, the board of officers shall explore the local markets as first priority, before seeking offers from outside the city/town. Further, the board of officers shall obtain as many quotations as possible so as to determine the reasonability of rates. In case the supplier(s) do not agree to give the hand quotations, this fact will be recorded by the board of officers in their proceedings.
- 8.9.5 The board of officers will decide on waiver of EMD & SD for board purchases. The board also has full powers to hold negotiations.
- 8.9.6 Simpler terms and conditions (similar to Appendix 3 of this manual for goods procurement) are to be used for purchase through board of officers to enable efficient functioning of this procurement method if the cost estimate is below Rs. 10 lakh. In all other cases, terms and conditions will be decided according to cost estimate.
- 8.9.7 In case petty items like socks covered under kits & liveries are being procured through board of officers due to the reasons that the indenter is not able to give firmed up detailed specifications (necessitating on the spot decision based on the availability in the market), then, in such cases, items of reputed brands should be purchased as far as possible. Further, wherever necessary quality check of these items should be ensured by the work centre itself, under consultation with QAD, rather than depending on self-certification by bidders.
- 8.9.8 The board of officers will, if necessary, be authorised to make purchases from market on cash basis.

8.10 Emergency purchase

(MM/05/2015 dated 01.06.2015)

- 8.10.1 Emergency purchase (including hiring of services on emergency), directly by user department without reference to Purchase Wing (including items indicated under para 1.3.1 and 1.3.2 which are procured centrally by Corporate MM, Delhi) shall be resorted in the situations of emergencies - like flood, fire, civil disturbances, war, cyclones, blow out & fire, operational break down or likelihood of operational breakdown where it is necessary to restore normalcy of equipment, machinery or vehicles and the urgency does not permit following the normal methods of purchases. In such cases standard terms & conditions of tender documents may not be applied.

Special Emergency purchase in case of blow out is delegated as per actuals to L-1, subject to conditions stipulated at BDP Chapter 25.1.

- 8.10.2 Detailed justification for resorting to such emergency purchases should be recorded at the time of processing the proposal for approval of competent authority as per powers delegated under BDP.

- 8.10.3 Reporting of single tender cases on nomination basis would be done as per the provision contained in this Manual and instructions issued from time to time.
- 8.10.4 Quantity to be purchased shall be restricted to the minimum essential and the purchase shall be accounted for immediately by submitting Pre-receipted indent along with the Inspection Report, Invoice, Delivery Challan and Purchase Order, to the Materials Management (Stock) for raising GRV.
- 8.10.5 Concerned Indentor / User department shall ensure sufficient stock of critical spares and the materials for which repeated emergency purchases have been made, by following normal methods of purchase through MM department.
- 8.10.6 MM department in all work centers need to ensure that the items purchased under emergency purchase are issued and certified by user that they have been put in utilisation. Delay in consumption of such items, if any, are to be apprised by the concerned Key executive. to Director-I/c MM, with reasons.

8.11 Expression of Interest(EOI)

- 8.11.1 This method shall be used when the indenting group is not reasonably sure on the specifications/scope of work/source of supply and would like to take the help of prospective bidders in finalizing the same. Approval of the concerned L-1 would be required for resorting to EOI route. EOI is not a tender and shall be used by User group to explore market conditions
- 8.11.2 Identification of likely Sources
- 8.11.2.1 Enquiry for seeking 'Expression of Interest' from bidders should be published in at least one national daily and the ONGC tender web site. The web site address should also be given in the advertisements. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by ONGC, eligibility and the pre-qualification criteria to be met by the bidder and bidder's past experience in similar work or service.
- 8.11.2.2 The bidders may be asked to send their comments on the objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested bidders.
- 8.11.3 EOI Document
- 8.11.3.1 ONGC shall prepare an EOI document. The EOI document shall contain following information:
- (i) Invitation to EOI: It shall include a copy of the advertisement whereby bidders are invited to submit their EOI.

(ii) Brief about objectives and scope of work: This may include brief description about objective of carrying out the assignment, broad scope of work and expected deliverables of the assignment. This may also include the place of execution of the assignment.

(iii) Instructions to the Bidders: It may include instructions regarding nature of job; submission requirement; requirement of bid processing fees; if any; last date of submission; place of submission; and any related instruction.

(iv) Formats for submission. This section shall specify the format in which the bidders are expected to submit their EOI.

9 System of tendering

9.1 Two bid system

- 9.1.1 Two Bid system will be compulsory for all the tenders pertaining to procurements / works valuing above Rs.10 lakhs except cases pertaining to OEM/ OES/ PAC/ Single Tender Nomination.
- 9.1.2 Under Two Bid System the bidders will be asked to submit 'Techno-commercial' and 'Price' bids separately in sealed cover duly super scribed and both the offers placed in one single sealed cover, at a central place. For this purpose, suitable labels in different covers will be provided with the bidding documents.
- 9.1.3 The techno-commercial bids will be opened first and scrutinised by Tender Committee.
- 9.1.4 After the short listing of techno-commercially acceptable bidders all such bidders will be notified (by fastest mode like fax/ company's official e-mail, if any indicated in the offer, followed by registered or speed post) of the date of opening of priced bids in public, allowing a period of not exceeding 5 working days, depending upon the urgency of requirement and location of bidders, so as to enable such bidders to participate in tender opening, if they so like. In order to facilitate the bidders to know the details of other bidders short-listed for opening of price bids, besides mentioning the date, time and venue of the price bid opening, the names and particulars of all the bidders being invited to participate in the price bid opening should also be indicated in one common letter which should be addressed to all the bidders who have been short-listed for price bid opening. For this purpose, identified fax/ official e-mail of the firm indicated in the offer is to be used, The priced bids will be opened by Tender Opening Officers who are already detailed for opening of tenders as per provisions of para 12.24 of the Manual. For item/group-wise tenders, price bids should be sealed individually for items/groups and placed within the final price bid envelope submitted.
- 9.1.5 Price bids, which remain, unopened with ONGC, are to be returned to the concerned bidders within a period of 5 working days of receipt of Performance Guarantee Bond (s) from the successful bidder (s).

9.2 Single bid system

- 9.2.1 Single Bid system shall be followed for all the tenders pertaining to procurements / works/ SERVICES valuing upto Rs.10 lakhs except cases where QCBS methodology of tender evaluation is used.

10 Tender related officers and committees

10.1 Formation of Tender Committee and its monetary limits

(MM/04/2015 dated 28.04.2015)

(MM/10/2016 dated 23.03.2016)

10.1.1 No Tender Committee will be held for cases valuing upto Rs.10.00 Lakhs. All nomination cases irrespective of value and all procurement cases (including finalization of Rate Contracts), valuing above Rs.10.00 Lakhs, will be referred to Tender Committee. However, irrespective of the value of case, TC is not required for placement of orders against DGS&D, NICS and ONGC rate contracts and also for emergency purchase under chapter 25 of BDP. Tender Committee is also not required for OEM/OES cases upto Rs 10 lacs.

TC is also required to be held for carrying out price negotiations (if applicable) with bidders in all cases, irrespective of the value of the case.

10.1.2 Immediately on receipt of bids in a tender, each member of the Tender Committee shall in the first Tender Committee itself give an undertaking (as per proforma enclosed at Appendix 11 (MM/26/2017 dated 21.06.2017) that he/she does not have any personal interest in the Companies/Agencies participating in the tender process and that any change in status resulting in creation of personal interest during tender processing shall also be declared by the concerned members of Tender Committee, as and when it arises during tender processing.

10.2 Convening of tender committee

10.2.1 The concerned Materials Management/Tender processing Group will convene the tender committee.

10.2.2 <Applicable after IT infrastructure is available>Tender committee meetings will happen virtually over video conference whenever possible in order to avoid hassle of convening all members in one location. Also, all briefs and documents will be available online and any approvals/recommendations of Tender committee can be done online.

10.2.3 Tender committee meetings will be convened in the office of department responsible for processing of tenders.

10.3 Brief for and level of tender committee

10.3.1 Constitution of Tender Committee:

The following levels of MM & Finance officers and indenting Depts. shall form part of the Tender Committees:

Sl. No.	CPA (As per BDP)	Level Of Rep. from MM	Level of rep. from Finance	Level of rep. from Indentor
1	Level-1 and above	I/c MM	I/c Finance	L2

2	Level-2	Second Level MM	Second Level Finance	L3
3	Level-3	Third Level MM	Third Level Finance	L4
4	Level-4/E5 Tender value > Rs 25 Lakh	E4	E4	E4
	Tender Value upto Rs 25 Lakh	E3	E3	E3

Note:

- (i) For cases where CPAs are Level-2 to Level-4 executives, I/s MM, I/c Finance and L2 of indenting dept. shall nominate the TC representative of respective depts.
- (ii) 2nd and 3rd Level Officers from Finance and MM Deptt shall be identified by I/c Finance, I/c MM respectively with the approval of concerned Level I Executive.
- (iii) For cases processed by Departments other than MM and indenting deptt. representative of tender processing group shall be of the same level as of the representative of the Indenting Department.
- (iv) The level of TC and CPA will be with reference to sanction value or tender value whichever is higher. However, after opening the price bids, if the evaluated price of lowest bid / bids is higher than the tender value and the tender accepting power is not within the power of original CPA, then the CPA and TC level will be raised to appropriate higher level.
- (v) **(MM/26/2017 dated 21.06.2017)**
If the required level of TC member is not posted/ not in station (on leave/tour) at a work centre then the TC member will be of the next lower level available and /or as nominated by I/c MM, I/c Finance and L2 of indenting dept. where CPAs are Level-2 to Level-4 executives.
- (vi) In case of turnkey projects wherever indenter is not end user and requirement is for use within the work centre then end user will also be a member of tender committee.
- (vii) For items/services under centralised procurement, officers posted in Technical cell attached with the respective set-up for centralised procurement shall carry out the Technical evaluation and also can be TC members as representatives of Indenting Depts. However, due to technical complexity of the item/service being procured, if In-charge of the Technical cell feels necessary, he can put up the case to the respective Chief of Services/concerned Head of the Depts. for Technical comments and can also co-opt a representative of the concerned Service as a member of the

TC with the approval of the respective Chief of Service/Head of the concerned Depts.

- (viii) For all other items/services also, TC will continue to have only three members. Wherever Indenting department and User department(s) are different, depending on technical complexity of the item/service being procured, Indenting Department can co-opt for having a representative from User department also in the TC.

(MM/04/2015 dated 28.04.2015)

- (ix) For OEM/OES/PAC cases where tender value is upto 5% / 1% of open tender acceptance powers of Level-1 executive, TC is to be held at L-3/ L-4 level (from indenter side) respectively. For nomination cases falling under para -24.1 (e) of the BDP 2015, where tender value is upto 1% of open tender acceptance powers of L-1 executive, TC should be held at L-3 level (from indenter side). In such cases, TC recommendations shall be put upto CPA (Level-1 executive) for approval through Level-2 executive of Indenting department.

10.3.2 The concerned dealing officer will prepare brief for perusal of all members of Tender Committee wherein complete details of case will be brought out. Such a brief, duly signed/submitted online, will be given to members of Tender Committee well in advance of the meeting. This will, however, in no way, dilute the responsibilities of the tender committee.

10.4 Evaluation of bids by tender committee and preparation of tender committee proceedings

10.4.1 Tender Committee will examine the bids to prepare its recommendations for submission to the authority competent to accept the tender. Where a higher bid is recommended under exceptional circumstances adequate reasons in support of recommendation will be recorded

10.4.2 It will be ensured by all TC members that Tender Committee proceedings are signed/digitally approved immediately on completion of the meeting, not exceeding 3 days from the date of the meeting.

Bids should be evaluated strictly in accordance with the BEC and tender conditions without allowing any relaxation.

(MM/26/2017 dated 21.06.2017)

10.4.3. The bid prepared by the bidder and all correspondence and documents relating to the bid exchanged by the Bidder and the Purchaser, shall be written in English language. Supporting documents and printed literature furnished by the Bidder in another language should be accompanied by an accurate translation of the relevant passages in English duly authenticated by local Chamber of Commerce of bidder's country

10.4.4 Processing of bids would be finalized as per the stipulated time schedule however in case finalization of bids has taken more time than the proper delay analysis would be done by tender committee.

10.5 Acceptance of recommendations of tender committee

10.5.1 <Applicable after IT infrastructure is available>All recommendations/briefs of the tender committee will be available for viewing by competent purchase authority online and approval by competent purchase authority will be done online in the system.

10.5.2 <Applicable after IT infrastructure is available>Any parallel physical files and approvals thereof will not be considered valid and should not be maintained.

10.5.3 Competent Purchase Authority can either approve or disapprove the recommendations of TC or give written directives for reconsideration of its recommendations.

(MM/10/2016 dated 23.03.2016)

10.5.4 Determination of CPA in following scenarios; (i) in cases where TC member becomes CPA by virtue of becoming officiating CPA due to original CPA being on tour/leave and (ii) when the TC member becomes CPA on promotion/elevation, and the recommendation of TC was still to be accepted.

In case of scenario at (i) above, such recommendations, if time permits may be put up to the original CPA after his joining.

In cases of scenario at (ii) above and also when the time does not permit for action as envisaged in the scenario at (i) above, TC recommendations should be sent to one level higher authority than the original CPA for acceptance. However, concerned Director shall have full and final powers.

10.6 Executive Procurement Committee

10.6.1 Proposals to Executive Procurement Committee (EPC)

- a. Issue relating to any major modification in the Materials Management policy of ONGC may be referred to the Executive Procurement Committee (EPC) [consisting of full time Directors as members and CMD as Chairman of the Committee] for its advice / decision. However, before reference to EPC is made, endorsement of Director In-charge (MM) will be obtained.
- b. In all cases exceeding powers of Director, after price evaluation of short-listed bidders, purchase approval of Executive Procurement Committee (EPC) will be obtained, after endorsement by Director – in charge.
- c. Approval of EPC will also be necessary for cases involving enhancement in contract/ target value, falling beyond the powers of Director as per BDP item no. 22.4.iii,. However, all endeavours should be made to avoid such situations.

- d. Submission of fait-accompli cases to EPC for approval should be avoided As soon as it becomes evident that a contract which was estimated within Director Level powers is likely to exceed in value, a proposal should immediately be submitted to EPC for approval without waiting until the value actually exceeds this limit. Although it is felt that such eventualities should occur only in exceptional cases, where ever such situation arise, the work center must ensure that :-
- (i) There is no drastic/major change in scope of work.
 - (ii) Proper budget and expenditure sanction is available.
- e. Agenda brief of all EPC proposals against a tender must begin with information regarding compliance to tender initiation/tendering/processing time norms supported by reasons for delay (if delayed) and chronology of events.
- f. Agenda brief for submission to EPC should be complete in all respects, strictly in accordance with the provisions of MM Manual and the instructions issued from time to time on the subject, covering all critical issues and important aspects in brief; viz. (i) Chronology of Tender processing and justification for delay, if any, (ii) Sanction/estimation, Justification for nomination & BEC approval details, (iii) BEC compliance information of short listed bidders and Reasons for rejection of bids, if any (iv) Price evaluation and reasonability of prices(v) Representations received, if any etc.
- g. A Top Sheet signed by concerned Key Executive containing the following information, should be submitted along with agenda brief:
- (i) Subject
 - (ii) Tender Committee Members
 - (iii) Officer giving financial concurrence
 - (iv) Concerned Key Executive endorsing proposal
 - (v) Concerned Director endorsing proposal
 - (vi) Any deviation from existing BDP & MM Manual provisions.
 - (vii) Any deviation from standard BEC
 - (viii) LPR, if any:
 - (ix) Any extensions:
 - (x) Whether all procedural, technical, financial & commercial aspects adhered to:
 - (xi) Status of past contract, if any:

- (xii) A certificate from the Tender Committee members that all procedural aspects have been taken care of while formulating the recommendations
 - (xiii) A certificate from the Tender Committee-members that the prevailing CVC guidelines have been complied with at every stage of tender processing including the final recommendations for award of contract, if any,
 - (xiv) Recommendations of the Tender Committee having the financial concurrence of the head of Finance of the Asset/Basin etc. and the endorsement of the concerned Key executive.
- h. The proposals to EPC should have endorsement of the concerned functional Director.
 - i. Proposals with respect to BEC should be referred to EPC only in case of any deviation/departure from last approved / standard BEC, policy and specific instructions, indicating only the changes/modifications sought in BEC with respect to said deviations, with proper justification.
 - j. The presentation of the case/proposal in the EPC meeting should be done by the concerned Key Executive who should come prepared to present the details along with all relevant documents/flies related to the tender/proposal.
 - k. The agenda brief for EPC should be sent to EPC Cell well before the expiry of validities keeping in view that sufficient time is available to the EPC Cell for examination of the case.
 - l. Over rushing proposals in the eleventh hour and tabling the agenda brief directly in the meeting without routing through EPC Cell should be avoided. Only in case of urgencies, the concerned Director may forward the agenda brief to EPC Cell for tabling the proposal in the next scheduled meeting & circulation on urgency basis recording the reasons for such urgency.
 - m. All EPC level cases requiring Legal clearance/opinion should be submitted for consideration to EPC, only after obtaining Legal clearance/opinion from Chief-Legal Services, Corporate.
 - n. Vital and critical issues should be properly deliberated by Tender Committee and highlighted such issues should be deliberated in the body of the main EPC agenda and same should not be simply annexed as Annexures/Exhibits, which are meant for cross reference purpose.
 - o. Agenda briefs being submitted to EPC should be compact, to the point. , self contained and containing only the specific and relevant issue(s), which require consideration and approval of EPC. With a view to reduce the bulky volume of the agenda briefs, following guidelines should be meticulously followed:

- (i) Entire TC proceedings are not to be enclosed. Instead, only the copy of the last TC proceedings bearing endorsement of Director should be enclosed.
 - (ii) Pre-bid Minutes are not required to be enclosed.
 - (iii) Techno-commercial evaluation chart is not required to be enclosed. However, price Comparative Statement vetted by Finance should be enclosed
 - (iv) Technical and commercial Matrix is not required to be enclosed.
 - (v) Detailed Techno-commercial evaluation is not required to be enclosed. However, detailed reasons for rejection of TNA/CNA bidders are to be mentioned.
 - (vi) Entire contract document should not be enclosed. In case any reference is required in the agenda, only the relevant clause/page/portion of the contract should be enclosed. Similarly, in case reference of any EPC Record Note/EC/Board Minutes is required, only the relevant page(s) of the same are to be enclosed.
 - (vii) Correspondences with the bidders during evaluation stage are not required to be enclosed.
 - (viii) All pages in the agenda brief should be numbered and all enclosures should be properly indexed.
- p. For cases requiring approval for changes in BEC, the agenda brief should bring out brief background of the case and reasons/justifications for the changes.
 - q. For cases requiring approval for award of contract, the agenda brief must bring out the salient features of the case, reasons for rejection of bids, reasonability of rates and specific recommendations for which approval of EPC is required. Further, guidelines issued by PMC, regarding submission of agenda briefs to EPC, should be followed.
 - r. Before submission of agenda brief to EPC Cell, all the financial implications involved in the case should be very carefully examined and it should be ensured that all other contents of the agenda are error free.
 - s. Normally cases should not be submitted to EPC for appraisal. However, in exceptional cases where concerned Director desires that proposal is required to be submitted to EPC for appraisal, instead of submitting a bulky agenda brief, only one page brief description of the case and the reason as to why the case is required to be submitted to EPC for appraisal.
 - t. The EPC will meet regularly depending upon number of cases to be considered. For EPC meetings, while all functional Directors are envisaged to participate, due to exigencies of work if some Director(s) is

/ are not present, minimum quorum consisting of CMD, concerned Director, Director In-charge (MM) and Director (Finance) may consider and approve the proposal(s). For EPC meeting, self explanatory brief to be available online, duly signed online by the Tender Committee members (Chief of Materials, in case of Policy issues) along with relevant documents will be sent to EPC Cell for examination through concerned Asset Manager / Basin Manager / Chief of Services / Head of Institutes / Regions for cases at Assets / Basins, etc [Director In-charge (MM) for policy matters]. The concerned Asset Managers / Basin Managers / Chiefs of Services / Head of Institutes / Regions for cases at Assets / Basins / Services / Institutes should obtain the concurrence (online subject to IT enablement) of the respective Head of Finance (if the Head is already not a member of the tender committee) and endorsement (online) of the concerned Director before sending the agenda brief to EPC. The brief should be available online well in advance before the expiry of validities keeping in view that sufficient time is available to the EPC Cell for examination of case. EPC Cell will examine the proposal(s) and seek clarification(s) from the concerned work centre(s) wherever considered necessary. A copy of brief will be circulated by EPC Cell to all members of EPC as well as to CMD, ONGC for perusal. The EPC Cell will take action as indicated in clause 10.6.2 below.

10.6.2 Minutes of discussion of Executive Procurement Committee

- a. The Executive Procurement Committee Cell will circulate amongst EPC members a copy of agenda brief and after discussions of the case in the meeting, will prepare draft record note of the Executive Procurement Committee meeting (within 3 working days if summary is not to be prepared and 5 working days if summary is to be prepared) and circulate, with approval of Director Concerned, the same to all the EPC members for their comments. Comments if any, are to be given by EPC Members on the draft Record Note to the EPC Cell within one working day and that Saturday will be treated as working day for this purpose. The draft Record Note will be modified by EPC cell based on the comments received from EPC members and thereafter, the final draft will be submitted to CMD for approval through the concerned Director and Director (Finance). Upon approval of the Record Note by CMD, EPC cell will forward the approved Record Note to all the EPC members and also to the concerned work centre for taking further action. However, the present practice of issue of the summary of EPC decision with the approval of concerned Director, will remain unaltered, based on the discussions in EPC meeting.

In case of urgency, EPC meeting can be held in the absence of CMD who would authorize the senior most Director (other than the Director concerned whose proposal is under consideration) to Chair the meeting in his absence. The Draft Record notes will be put up to the Director who chaired the EPC meeting for his consideration and approval. However, the Record Note of discussion of such EPC meeting(s) will be put up to

CMD for information. Similarly, in case Director concerned is unable to attend the EPC meeting, he may request another functional Director to represent him in the EPC meeting for the case.

11 Bid package creation

11.1 Finalisation of Bid Evaluation Criteria (BEC) and floating of tender

11.1.1 Clauses only applicable for Works

11.1.1.1 In case of LSTK works, on receipt of administrative approval and expenditure sanction, the concerned tender processing group comprising of officers from MM, finance and from concerned project shall be formed. This group shall start preparation of the bid document for tendering based on scope of work, technical conditions, project execution methodology (containing key dates and details for tendering and execution of the project), specifications, cost estimates etc. forwarded after due approval from competent authority. Respective chief of engineering services/Level-1 officer shall issue guidelines on the roles and activities of the tender processing group for smooth project execution.

11.1.1.2 Whereas all the formats have their respective importance, however the most important of these is the, Proforma for price schedule, which shall be carefully prepared and scrutinized.

(MM/26/2017 dated 21.06.2017)

11.1.1.3 For tenders handled by Offshore engineering/onshore engineering services:

In the case of LSTK/EPC tenders, the technical bid package and the estimates shall be approved by Head Design Offshore/Onshore Engineering Services including cases falling under the powers of L1/Director/EPC.

For tenders handled by others

In the case of LSTK/EPC tenders, the technical bid package and the estimates shall be approved by sanctioning authority for projects including cases falling under the powers of L1/Director/EPC.

(MM/10/2016 dated 23.03.2016)

11.1.2 Clauses applicable for goods, services and LSTK contracts.

11.1.2.1 The tendering process at the Assets / Basins / Institutes / Hqrs should commence with the availability of budget and detailed indent raised by the indenting department giving specifications and technical BEC along with cost estimates, prior approval in case of nomination or limited tender and the financial sanctions. The Competent Purchase Authority of the tender (on recommendations of the Tender Committee) will approve the BEC and special technical and commercial terms and conditions in the following context:

- a. Induction of latest and appropriate technology
- b. Competitiveness,

c. Lessons / experiences of the past tenders / contracts.

(MM/10/2016 dated 23.03.2016)

11.1.2.2 The Competent Purchase Authority will record the reasons for deviating, if any, from the normal tendering procedure spelt out in paras 8.2 and 8.4 of this MM Manual.

Concerned Director shall have full powers, including for the cases falling under the powers of EPC.

11.1.2.3 Various tender clauses pertaining to job requirements/specifications and delivery period/completion schedule etc. should not be restrictive in nature and should be broad based so as to generate competition. Similarly, the BEC should also not be restrictive in nature and should be broad based.

11.1.2.4 The requirements which cannot be executed individually by most of the contractors should not be clubbed unless it is necessary to have single point responsibility. In cases where different categories of works, services/purchases which are of similar nature but not of same description/specifications are clubbed in the same tender, suitable provisions should be kept in the BEC for category-wise techno-commercial and price evaluation.

11.1.2.5 Wherever samples are required from bidders, the criteria for evaluation of samples will be clearly spelt out in the BEC. The selection of samples should not be on feel basis.

(MM/26/2017 dated 21.06.2017)

11.1.2.6 Utmost attention in formulating BEC should be paid so that the ultimate objective of purchasing function, i.e. purchasing the required materials/services as per required specifications, delivery schedule at most competitive possible prices, is met. BECs should be firm / standardized. BEC revision must be done only by exception, based on cogent and transparent justification. BEC in general should have evaluation criteria (Quality – Technical, Commercial [Purely rejection criteria in L-1 method and scoring criteria in QCBS] as well as price) and a clear evaluation methodology for determining the winning bid. In all cases, the Bid Evaluation Criteria (BEC) along with the Matrix will be brought before the Competent Purchase Authority for approval. In case, some particular clause is proposed to be modified, then the existing clause and proposed modification along with the reasons for modifying the clause should only be submitted to the CPA while seeking approval of the BEC. Also Work Centers should desist from proposing changes in the general terms and conditions of the tender.

11.1.2.7 Where the concerned purchasing centre anticipates that bidders may take some exceptions/deviations to the BEC/specifications and other tender conditions (regarding which a view can be taken by the tender committee formulating BEC), pre-bid conference should be held as per provisions Manual and issues sorted with the prospective bidders and if required the bid document (including BEC) be suitably amended and intimated to all bidders well before opening of tenders, so that question-of exceptions/deviations after tender opening does not arise, and no changes are required after tender opening. However no change in BEC is allowed after opening of bids. Whenever any amendment to the BEC is necessitated, it should be ensured that modifications in the BEC are defined in clear, unambiguous and adequate manner.

11.1.2.8 Any proposal for change(s) in BEC should be put up with the following details:

11.1.2.9 Identified problems in existing BECs due to which changes are proposed.

11.1.2.10 Changes in technical specifications due to which BEC is required to be changed.

11.1.3 Such cases falling under the power of EPC will be approved by the concerned Director unless they are in conflict with existing policy/procedure/PMC instructions. However, any proposed provisions, which are in conflict with the existing policy/ procedure/ PMC instructions, will require approval of EPC.

(MM/12/2016 dated 13.04.2016)

11.1.4 CPA shall approve Short-listing of bids for price bid opening. During the evaluation process/clarification process, recommendation for acceptance/ rejection of bidder(s) shall also require the approval of Competent Purchase Authority. Concerned Director(s) will have full powers to approve short-listing of bidders for price bid opening for cases falling within their powers and for EPC level cases.

11.1.5 BEC (excluding the standard provisions), once approved by competent purchase authority for a particular tender can be reviewed / modified as a sequel to pre-bid conference. Wherever departure from BEC (excluding the standard provisions) is considered necessary (as a sequel to pre-bid conference), detailed reasons in tabular form are to be given (in the proposal for approval of competent purchase authority) indicating as to why such departure is considered necessary. It will specifically be indicated as to whether ONGC would entail any extra expenditure on account of the proposed changes in BEC and if so, analysis will also need to be given indicating the economic benefit in terms of improved efficiency or otherwise that would accrue to ONGC versus the extra expenditure involved due to modification in BEC. After this no change in BEC will be allowed.

Powers to approve modification / relaxation / departure from approved BEC, as a sequel to pre-bid conference (and not after opening of bids), will rest with Competent Purchase Authority. In this regard, Director concerned shall

have full powers including in EPC level cases, provided, such changes are not in conflict with the existing policy/ procedure/ PMC instructions.

- 11.1.6 While framing of BECs by the work centers in cases where standard BEC is not applicable/available, due care should be taken that BEC being framed by the work center should be absolutely clear in its intent and meaning. Non submission of any information/document by the bidder, which does not materially affect the bidder's capability and resources to successfully perform the contract, should not be included in the rejection criteria of the BEC.
- 11.1.7 As far as possible, for procurement of electronic products under various programmes/schemes including those for e-Governance, subscription to various programmes which do not have a registry in India like EPEAT, GREENPEACE etc., should not be included as essential eligibility criterion for domestic procurement.
- 11.1.8 In order to reduce administrative costs and for simplifying the procurement process, in the tenders for purchase of goods and services, bidders should be asked to quote for the full quantity of goods or services for each of the tendered item or category or group wherein the item or category or groups is being evaluated separately.

Bidders can however, be allowed to quote for part quantity of the tendered item/ category/ group, if this condition is incorporated in the tender document with specific approval from the CPA giving reasons thereof for the need for doing so. Further, if the items are critical and it is necessary to have more than one source, then specific provisions for splitting the supply shall be kept in BEC as brought out at para 14.2.5 In case the bidders are allowed to quote for part quantity, the bidders can submit EMD/ Bid Security according to the quantity offered (not exceeding the EMD / Bid Bond / Bid Security specified for entire tender). In such event, the amount of EMD/Bid Bond for part quantity must be indicated in Bid Evaluation Criteria.

11.2 Life cycle costing

- 11.2.1 Evaluation of proposals for capital equipments based on life cycle costs will consider costs in acquisition, operations and decommissioning.
- 11.2.2 Applicability: Life cycle costing method of evaluation of proposals is suitable for long life cycle equipments with operations and decommissioning costs being a significant proportion of life cycle costs. Some examples of such items are Turbines, motors, Compressors. Generators etc.
- 11.2.3 Responsibility: Category managers (if present) will create the life cycle cost model for equipments. External consultants could also be used for one time creation of life cycle cost model for high spend capital equipment where category managers are not present. The model shall be vetted by Finance.

11.2.4 Life cycle costing helps in identification of most economic proposal and also consider high follow-up costs that might be involved. However, it will require additional time and data for evaluation.

11.2.5 Determination of life cycle costs would be done based on three time-related phases:

11.2.6 Acquisition:

Typical costs to be considered in acquisition are as follows:

- i. Landed cost inclusive of purchase price, duties and taxes, transportation costs
- ii. Commissioning cost (if variable between different equipment proposals)
- iii. Infrastructure cost (if variable between different equipment proposals)

11.2.7 Operation:

Typical costs to be considered in operations are as follows:

- i. Production cost inclusive of raw materials, labor, utilization
- ii. Maintenance costs including planned and unplanned

Indirect costs including downtime costs from planned maintenance and failure will also be considered. Also, any routine training costs will be considered.

11.2.8 Decommissioning:

Typical costs to be considered in this phase are as follows:

- i. Deconstruction
- ii. Recycling/Disposal
- iii. Salvage value (net revenue)

11.2.8.1 While acquisition costs are easier to calculate, data needs to be captured on operation/decommissioning costs involved for all types of makes for different capital equipments so we have a detailed internal database for the same. The indentors will be expected to feed in data in predetermined format (finalized based on life cycle cost model chosen) and on a periodic basis.

11.2.8.2 Award of contract will be based on the lowest life cycle cost and will preferably using L-1 selection if data on all relevant costs are available from internal database. QCBS can be used if proxies have to be used for certain key costs for which data is not directly available from internal database.

If a new bidder submits a bid and data from that bidder is not available in the internal database, then bidder will be asked to provide relevant data and evaluation will be done for the bidder, basis provided data. However, in case such bidder becomes the lowest Life cycle cost bidder, only 10% of the tendered quantity shall be awarded to the bidder. Rest of the quantity will be awarded to the lowest life cycle cost among bidders whose evaluation has been done basis past data available with ONGC.

Relevant provisions should be suitably incorporated in the tender document to ensure transparency to bidders.

11.2.8.3 Life cycle costs can also be used to determine the right contracting strategy where required to enter into annual maintenance contracts or rate contracts for spares to allow evaluation of proposals on actual costs rather than past/projected data from vendors or internal database.

11.2.8.4 Evaluation on life cycle cost basis should clearly laid in the bid evaluation criteria to ensure transparency to bidders except in cases where optimization of life cycle cost is achieved purely through contracting strategy.

11.3 Quality and Cost based selection

11.3.1 QCBS uses a competitive process among firms that takes into account the quality and the cost of the proposal in the selection of the successful firm.

11.3.2 Procurement types have to be classified into one of three categories to assign relative Weightage for quality and cost:

- a. Regular/Routine: Characterized by low degree of technical influence; Weightage (Technical: Price) - 0:100 to 20:80
- b. Specialized: Characterized by high degree of technical influence and low value impact of tender; Weightage (Technical: Price) - 50:50 to 60:40
- c. Critical: Characterized by high degree of technical influence and high value impact of tender; Weightage (Technical: Price) - 70:30 to 100:0
- d. where degree of technical influence is determined by multi-disciplinary team based on
 - i. Importance of Technical competence
 - Certifications
 - Product/service conformance to norms/specs
 - Expected life time (if applicable)
 - Importance of experience of firm or key personnel (as applicable)

- ii. Importance of Service levels
 - Timely delivery
 - Lead time
 - Warranty and support experience
 - Support coverage

- iii. Degree of differentiation of offerings
 - Technological similarity of offerings
 - Functional Substitutability of competing offerings

Value impact of tender will also be determined by multi-disciplinary team and will reflect the net present value of benefits expected from executing the tender. Multi-disciplinary team not below E-5/E-6 level duly constituted by the Key Executive shall consist of members from Indenting, MM/Category manager, Finance and end user if indenter is not the end user. In case of projects, calculations done for feasibility report can be leveraged to determine the same.

- 11.3.3 Approval for implementing QCBS for a category of items will need to be obtained from the EC. Relative weightage and template for QCBS evaluation are to be decided by Multi-disciplinary team for the tender which will be approved by EC for first time procurement of Goods/Services/LSTK Project. For subsequent tenders, if no changes in parameters of QCBS are made then the same template can be followed with approval of CPA. Concerned Director will have full powers for EPC level cases.
- 11.3.4 Bid package: The evaluation criteria based on Concerned Director's decision on relative Weightage of cost and quality along with criteria and weightage of quality related parameters need to be clearly mentioned in the BEC.

(MM/12/2016 dated 13.04.2016)

- 11.3.5 Tender evaluation: The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of techno-commercial proposals shall not have access to the price bids until the techno-commercial evaluation is concluded. Financial proposals shall be opened only thereafter based on Quality score and techno-commercial evaluation. Short listing of bidders for price bid opening shall be approved by Competent Purchase Authority. During the evaluation process/clarification process, recommendation for acceptance/rejection of bidder(s) shall also require the approval of Competent Purchase Authority. However, concerned Director will have full powers. The evaluation shall be carried out in full conformity with the provisions of the tender documents.

- a. Techno-commercial evaluation to be carried out by respective indenting officer and team including MM and finance for the received bids. All key criteria on quality are objectively scored and weighted as per Weightage described in the BEC of the bid.

The tender committee is authorized to seek any clarifications from bidders at this stage if necessary.

- b. Cost evaluation to be carried out as done under two bid open tenders and firms are given scores as per guidance provided in BEC with maximum score being provided to lowest bidder (L-1).

$$\text{Commercial Score} = (100 * L-1) / \text{Bidder's Price}$$

- 11.3.6 The contract shall be awarded to the vendor with the highest combined score calculated using the following formula.

$$\text{Combined Score} = (\text{Quality Score assigned to bidder} \times \text{Technical weight \%}) + (\text{Commercial Score assigned to bidder} \times \text{Commercial weight \%})$$

- 11.3.7 Rate reasonability: Rate reasonability is not required in QCBS methodology.

- 11.3.8 In case the bidder with highest combined score(referred as B1 below) cannot meet the full quantity of the tender, the bidder with the next highest combined score (or the bidder with highest technical score among the remaining bidders, as specified in the tender document) (referred as B2 below) will be asked to match the combined score of the bidder with highest score.

Combined score can be matched by the bidder B2 through reduction in price only as per the following formulae:

Target price to be matched =

100*lowest price bid among all technically acceptable bidders

(Divided by)

((Difference between combined score of B1 and B2 / Commercial weightage \%)+Commercial score of B2)

12 Bid invitation to bid receipt

12.1 Invitation of tender

12.1.1 Coordination and bulking of demands for purpose of inviting tenders:

When dealing with indents, due attention should be paid to the combination and bulking of demands which will result in economy in purchase. Demands for materials received simultaneously from different indentors should be combined as far as possible while inviting tenders. Due regard should, however, be paid to delivery instructions given by the indentors. Demands which cannot be suitably combined with others for this or any other reasons should be dealt with separately.

12.2 Enquiry register (Not applicable for e-procurement and open tender)

12.2.1 Every individual section dealing with purchases will maintain an enquiry register. A separate page for each enquiry will be allotted in that register.

12.2.2 In case of limited enquiries, the name of the firms to whom the enquiries will be addressed will be entered in that register. This will be signed by the concerned officer sending the enquiry.

(MM/10/2016 dated 23.03.2016)

12.3 Creation of RFQ and tender intimation to be sent to prospective bidders

12.3.1.1 Tender intimations are sent to prospective bidders as soon as the information is received that the tender has been advertised. Officer not below E-1 are empowered for issue of tender documents (signing of RFQ). As far as possible RFQ should be created through the system prior to issuance of tender document, before bid closing date and time. In situations where it is not possible to do so, approval of I/c MM for cases dealt by MM and concerned L-II for cases dealt by other than MM with valid and justified reasons shall be obtained.

12.4 Submission of tenders for publication in press

12.4.1 In case of open tenders, for publication of Invitation to Bid in press, a period of 7 days should be provided from the date it is sent for advertisement to the Corporate Communications. Various milestones of the tender (such as starting date of sale, last date for receipt of queries, pre-bid conference date, tender closing/opening date) should be specified in the Invitation to Bid after taking into account the likely date of publication of the Invitation to Bid. The closing date of sale will be the same as tender closing/opening date.

12.5 Time to be allowed to tenderers to quote

12.5.1 Save in special cases which should be seen and approved by concerned Level-1 executive, the following period will be allowed to bidders for submitting their bids in Open Tenders:

(Circular No. 04/2017 dated 16.02.2017)

Description of Activity	Tenders without Pre-bid conference	Tenders with pre bid conference
(i) Receipt of queries from bidders	21 days
(ii) Scrutinizing the queries and holding pre bid conference	7 days
(iii) Approval of Pre-bid minutes and issue of the same	8 days
(iv) Submission of offers and opening of techno-commercial offers(TBO)	25 days	25days
TOTAL	25 days	61 days

Note:

(MM/06/2015 dated 23.06.2015)

- (i) In LSTK contracts, an additional time of 30 days for "Process Platforms"/"GGS"/"CTF works"/"GCP"/"ETP"/"WTP" and 15 days for all other LSTK projects including "Well Platforms"/"Pipe Lines"/"Fire fighting"/other modification jobs shall be applicable for the activity iii above
- (ii) In tender for procurement of Chemicals where bidders are required to obtain a sample test report of chemical from ONGC/ ONGC approved Lab in India and submit the same along with the bid, an additional time of 15 days shall be provided to bidders for submission of bids.

12.5.2 The above period is to be reckoned from the date of publication of Invitation to Bid in the news papers.

(MM/26/2017 dated 21.06.2017)

12.5.3 Save in special cases which should be seen and approved by concerned Level-1 executive, for limited tenders, a period of 21 days shall be given to the bidders for submission of offers, from the date of issue of tender enquiries.

12.6 Validity period

12.6.1 The bidders will be asked to keep their offers open as under:

- a. Limited tenders upto Rs.10 lakhs – 60 days
- b. Non EPC cases above Rs.10 lakhs – 90 days

c. EPC level cases – 120 days

Note:

For any particular case, if longer bid validity period is considered necessary, than the validity period prescribed above, then the longer bid validity period can also be specified in the tender with the approval of CPA (Director concerned for EPC level cases), but due justifications for such longer bid validity required must be given while obtaining the approval. However, after specifying a reasonable time for bid validity period, the same must be adhered to.

- 12.6.2 It should be specified in all tender notices under Single Bid System that offers with lesser than the required validity will be straightway ignored. However, under Two Bid System no offer should be rejected on account of shorter validity. In Two Bid System, as soon as technical evaluation is completed, reference should be made to all bidders except those which are technically rejected, for furnishing validity, if required at that stage.

12.7 Invitation to Bid

(MM/26/2017 dated 21.06.2017)

12.7.1 In regard to Invitation to bid, following points are to be kept in view:-

- a. The Invitation to bid will clearly indicate the place, date and time by which tenders will be received and the place, date and the time at which these will be opened. It will also provide a brief description of the tender along with details of tender number, and contract period.
- b. The time and venue of the pre-bid conference (if any envisaged) also must be clearly specified in the Invitation to Bid. The last date of receipt of clarifications for pre-bid conference will also be mentioned.
- c. Invitation to bid should include an instruction that bids sent by post or courier must be sent under registered cover so as to reach the place well before the closing time and date.
- d. All bids received by the notified closing date and time whether through the post or through the tender box, will be registered under the signature of the Tender Receiving Officer.
- e. Invitation to bid may be transmitted by fax or e-mail also, wherever required.
- f. Invitation to bid will indicate the date and time of the commencement of the sale of the tender.
- g. Invitation to bid will mention that bidders can download the tender from ONGC's tender website to participate in the tenders
- h. Invitation to bid will clearly mention the name and designation of the CPA, Tender receiving officer and leave reserve officer.

- i. In case of Invitation to bid pertaining to e-procurement tender it shall be mentioned that all the bidders have access to online help document which is available on login. This help document should be used by them for participating in e-procurement tenders

(MM/26/2017 dated 21.06.2017)

12.7.2 The tender inviting sections shall forward the Invitation to bid both in soft and hard copy to the concerned Corporate Communication. The Invitation to Bid must contain the official e-mail address of the tender inviting authority (dealing officer).

12.7.3. The Invitation to bid shall be countersigned by the controlling officer of the tender inviting authority (dealing officer) to ensure that the Invitation to Bids is in order and to avoid any corrections after its appearance on the web.

12.7.4 The complete set of bid documents shall be uploaded on tenders.ongc.co.in well in advance of the specified date for commencement of tender sale specified in NIT. The tender inviting authority (dealing officer) will be responsible for ensuring the correctness of the content of the Invitation to Bid uploaded on the site.

(MM/04/2015 dated 28.04.2015)

(MM/10/2016 dated 23.03.2016) (MM/26/2017 dated 21.06.2017)

12.7.5 In case of physical tender (not published in e-portal), bidders will have to download the tender document within the time specified for tender closing/opening date and use the same for participating in the tender.

12.8 Number of copies of offers to be called from bidders(Not applicable for e-procurement)

12.8.1 Copies of bids will be called as under:

- a. Where in-house evaluation is involved - Copies in duplicate
- b. Where bid evaluation is done by outside agency - Five Copies

12.9 Variation in quantity after invitation of tender

12.9.1 Provisions will be made in all tender conditions for procurement of goods/services that ONGC is entitled to increase or decrease the quantities amongst any / all the items/services of the tender by not more than 20% (twenty percent). Any variations upto +/- 20% of the tendered quantity would be permissible before price bid opening.

12.9.2 In case there is an increase in the quantity beyond 20%, it would be essential to invite fresh tenders covering the total revised quantity so as to get the advantage of bulk discount in prices.

- 12.9.3 In case the reduction in quantities is more than 20%, confirmation from L-1 bidder would be obtained to supply at the quoted rates. On getting confirmation, order for the reduced quantity will be placed. If L-1 bidder does not agree, then tender would be re-invited.
- 12.9.4 ONGC may increase or decrease the quantities against any/all the items of the tender by not more than 20% (twenty percent) while placing the order of OEM spares.
- 12.9.5 In respect of centrally procured items, all Assets / Basins should properly plan, prepare well-wise requirement and based on latest stock position (in hand and pipeline), firm requirement by scheduling in a manner to avoid overstocking, should be indicated to Corporate-MM for procurement. Revision in requirement of items/quantities, if any for valid reasons, should be intimated to the Corporate-MM promptly prior to opening of price bids. Corporate-MM should ascertain that revision of quantities, if any, by Assets/Basins and if required carry out the exercise of variation in tendered quantities considering the latest stock position prior to opening of price bids

12.10 Sale of bidding documents to firms with whom business has been banned / suspended

- 12.10.1 It may be specified in INVITATION TO BID that firm(s) to whom no further business is to be given or dealings with whom have been banned / suspended are not eligible to participate in the tender and any bid received from such firm(s) shall not be considered and will be returned un-opened to the concerned firm(s) within a period of seven days from the due date of opening of tenders.

12.11 Tender fee

(MM/26/2017 dated 21.06.2017)

- 12.11.1 No tender fee shall be charged from the bidders for participating in any kind of tender. The bidder should download the document from the website for participating.
- 12.11.2 – Deleted -
- 12.11.3 – Deleted -
- 12.11.4 – Deleted –

12.12 Offers by agents/ consultants/ retainers/ representative/ associate of foreign principals.

- 12.12.1 Offers made by agents/ consultants/ retainers/ representative/ associate of foreign principals will be outright rejected.

12.13– Deleted -

12.14– Deleted -

12.15– Deleted -

12.16 Tender register to be maintained at receipt of bids

12.16.1 The following register should be maintained and presented by the Section concerned at the time of opening of bid. Both the Officers opening the tenders will sign in column 4 and 5 of the above register against the names of firms whose bids have been received.

Signature of Firm's representative (if by hand)	Sl. No. Allotted to each tender	No. Of samples received along with offer	Signature of Tender Opening Officers		Special Remarks of Tender Opening Officer, if any	Signature of Firm's representative(s) who attended tender opening
			Asstt. MM Officer/MM Officer	FAO/Asst. FAO		
1	2	3	4	5	6	7

Total No. of

- a) Envelopes received for opening from Tender Receiving Officer
- b) Samples received from Tender Receiving Officer.
- c) Samples received along with offers.

Total No. of:

- a) Tenders handed over to the Asstt./Officer concerned
- b) Samples handed over to the Asstt./Officer concerned
- c) Letter of Authority of the firm(s).

- 1) Tender Opening Officers' Signature
- 2) Signature of receiving Asstt./Officer

12.17 Pre-bid-conference (Wherever applicable)

12.17.1 Pre-bid conference shall not be held in each and every case. However, Work Center may hold pre-bid conference in any case based on the need/justification for the same with the prior approval of concerned Level-1 officer for cases where CPA is Level-1 or below and of Director concerned for cases beyond the powers of concerned Level-1 officer. Proposal for holding pre-bid conference should be initiated preferably by the Indentor at the indenting stage. However, if a need for holding pre-bid conference is felt by the TC in its meeting held before invitation of the tender, then TC can also propose for holding of the pre-bid conference.

(MM/26/2017 dated 21.06.2017)

- 12.17.2 Wherever it is decided to hold pre-bid conference, in Invitation to Bid, bidders should be advised to download the tender documents well in advance prior to the pre-bid conference date, providing sufficient time for response. It should also be indicated in NIT/bidding documents that all bidders who download bidding documents are invited to attend the pre-bid conference. Failure to attend pre bid conference does not restrict the vendor from submitting the bid.
- 12.17.3 The date and venue of pre-bid conference should be clearly indicated in the Invitation to Bid and the bidding document. In the Invitation to Bid and bidding document as well as during the pre-bid conference, bidders should be advised that ONGC expects the bidders to comply with the tender specifications/conditions which have been frozen after pre-bid conference, and hence non-conforming bids will be rejected straightaway. The indenting officer from the User department (who has approved the specifications) is to chair pre-bid conference(s) with competent representative from concerned technical department (like E&C) and TC. If felt desirable, a legal officer may also be associated. It should be impressed upon the bidders to depute (for attending the pre-bid conference) representatives who can actively participate and contribute in the pre bid conference. In tenders for LSTK Projects, the representatives of proposed consortium members and / or sub-contractors and / or vendors be allowed to participate in the pre-bid conference along with the bidder.
- 12.17.4 The issues raised by the prospective bidders during the pre-bid conference will be examined in detail by the Tender Committee. If due to the points/doubts raised by the prospective bidders, tender specifications or any specific term(s), condition(s) which is not a part of "Standard Terms and Conditions of the Tender" needs to be modified, then the same will be considered for modification. However, if there are any points/issues, which have been raised by prospective bidders during the pre-bid conference but have not been resolved, then a second pre-bid conference will be held which will be attended by all the Tender Committee Members. In this pre-bid conference, Tender Committee Members would again try to clarify the doubts raised by the prospective bidders, with a view to ensure adequate participation.

All decisions to conduct second pre-bid conference needs to be approved by Director concerned

12.17.5 MM department/Tender Processing Group in association with the concerned technical department will prepare minutes of the pre-bid conference and obtain approval of the officer who chaired the pre-bid conference. Thereafter, in case no modifications are required in the BEC/specifications/scope of work/tender conditions, the bidder would be asked to submit their bids on due date and time. However, if, as a sequel to the pre-bid conference, modifications are required in the BEC and other tender conditions (excluding commercial conditions standardised by PMC), TC shall submit its recommendations for approval of the competent purchase authority (CPA) by providing detailed justification for agreeing to such modification(s). In this regard, Director concerned shall have full powers including in EPC level cases, provided, such changes are not in conflict with the existing policy/ procedure/ PMC instructions, However, in case of conflict requiring changes to existing policy/procedure/PMC instructions in all cases will require EPC approval. However, in case of change of specifications/scope of work as a sequel to pre-bid conference, necessary approval shall be obtained as per clause 34.1.

12.17.6 After obtaining such approval, these modifications should be made and communicated (through fastest mode of communication like fax or mail) prior to submission of bids with sufficient time to all the bidders to submit their bids; no change will be allowed thereafter. Whenever any amendment to the BEC/tender conditions is necessitated, it should be ensured that modifications in the BEC/tender conditions are defined in clear, unambiguous and adequate manner. The specifications/scope of work, tender terms and conditions are frozen after issuance of pre-bid minutes and hence thereafter no correspondence should be made with the bidders. However, due to compelling reasons, if it becomes unavoidable to enter into correspondence with the bidders even after issuance of pre-bid minutes, then the same can be done with the approval of the concerned Level-1 executive, giving detailed justification for the same. Further, such correspondence should be limited to clarifications only, without modifying any of the tender provisions. It should also be ensured that while issuing such clarifications, the same should be forwarded to all the bidders who have bought the tender documents

(MM/10/2016 dated 23.03.2016)

12.17.7 If as a sequel to the pre-bid conference or otherwise, if an important tender condition regarding scope of work/specifications/delivery period/mobilization period/completion period requires major modification then TC should deliberate the case and submit their recommendations to CPA(concerned Director shall have full powers)for extension of Bid submission/ opening date. In such situation, pre-bid conference would not be held again.

12.17.8 Whenever any changes in the Scope of Work or any other tender conditions are necessitated as a sequel to pre-bid conference or otherwise, financial implication of the same should be carefully examined, deliberated and properly recorded by the Tender Committee. Further, the cost implication of such changes should be taken into consideration for evaluation and ascertaining the reasonability of rates. In case variation is more than +/- 20% and where BEC is affected by cost estimate (example : experience criteria is linked to cost estimate), the BEC may also be suitably modified.

(MM/26/2017 dated 21.06.2017)

12.17.9 In cases where pre-bid conference is not held, provisions shall be incorporated in the NIT/bid document that bidders can submit relevant queries to the tender inviting office within 10 days from the date of publication of NIT in case of open tenders or issuance of bid document in case of Limited Tenders.

Queries on technical issues, if any, received shall be examined by the Indentor (tender committee for other queries), for issuing replies to the bidder within 3 days.

When purchase does not fall under the purview of tender committee, dealing officer of MM in consultation with minimum E-2 level executives of Indentor and Finance shall examine the queries and put up the proposals for approval of CPA. For cases dealt by departments other than MM but MM support is required as per BDP, queries shall be examined by dealing officer in consultation with minimum E-2 level executive of finance and MM.

12.18 Receipt of tenders

12.18.1 The tenders will be received as under:

- i. Directly being put in Tender Box by bidders.
- ii. Received by ordinary / regd. dak by Central Diary Section or Tender receiving officer
- iii. Handed over personally to Tender receiving officer or Central Diary Section by bidder(s) it being it not possible for them to put in tender box due to volume of the documents.
- iv. Through e-portal as described in e-procurement (clause 27)

12.18.2 The Receipt and Despatch (Central Diary) Section will maintain separate register for the bids received by them through post office / handed over to them personally by tenderers due to their voluminous size. Tender samples which cannot be dropped in Tender Box due to their voluminous size will also be received by In charge Diary Section or Tender receiving officer from the bidders. All Tenders and tender samples received by Diary Section will be recorded in this register. The Diary Section will put date and time of the receipt on each envelope of tender / sample and hand over the same on day to day basis to the Tender Receiving Officer before 14.00 hrs.(1600 hrs in Mumbai and Uran)(after obtaining his initials in acknowledgement of having received the same. In no circumstances the cover of tenders will be opened or destroyed by Diary Section. All late tenders on receipt will be handed over to the Section concerned on day to day basis for necessary action laid down as below:

12.18.2.1 All bids received after the notified time and date of closing of tenders will be treated as late tenders.

12.18.2.2 Unsolicited alterations or modifications of tenders received after the notified time and date of closing of the tenders shall not be entertained.

(MM/10/2016 dated 23.03.2016)

12.18.2.3 Late tenders, as defined in **12.18.2.1** above, shall not be considered. Such late tenders, after recording with the concerned Materials Management officer, will be returned un-opened to the concerned bidder(s) within a period of seven days from the due date of opening of tenders

12.18.2.4 Unsolicited offers will not be considered.

12.19 Tender box

12.19.1 A Tender Box with suitable provision on its top for dropping tenders in it will be placed in Tender Opening Room / Office verandah.

12.19.2 The Tender Box will always be kept locked and sealed. Keys of Tender Box will be under the custody of Tender Receiving Officer.

12.20 Nomination of tender receiving / opening officer(s)

12.20.1 An Officer of Materials Management/Tender processing group not below E-0 level will be nominated for receipt of tenders each month. In addition, one officer not below E-0 level each from Materials Management and Finance and Accounts Depts. will also be nominated for opening of tenders each month. Arrangements will also be made for nominating officers not below E-0 level as Leave Reserve for above purpose.

12.20.2 The names of the officers selected for a particular month for receipt and opening of tenders will be communicated to all concerned along with tender opening programme on the first day of the month, if not earlier.

12.21 Accounting of tenders

<not applicable for e-procurement>

- 12.21.1 Each Purchase Centre will have an almirah with clear designated space for each date. Key of this almirah will be under the custody of Tender Receiving Officer.
- 12.21.2 Tender Receiving Officer will take out at 14.00 hrs. (1600 hrs in Mumbai & Uran) on each working day all tenders / samples from Tender Box and will put dated initials on each envelope. Thereafter, the lock of Tender Box will be sealed. All these envelopes as well as envelopes received from Diary Section containing bidding documents / samples will be placed by him in their respective date bins of the Almirah provided for this purpose.
- 12.21.3 The Tender Receiving Officer will maintain numerical account of the tenders / samples taken from Tender Box as well as of the tenders / samples received by him from Diary Section on the format below:

Opening Balance		No. Of tender /samples received						Issued		Closing balance	
Tender	Sample	Through Diary Section		Tender Box		Total		Tender	Sample	Tender	Sample
		No. Of Tender	Sample	No. Of Tender	Samp les	No. Of tender	Sampl es				
1		2						3		4	

In addition, the Tender Receiving Officer will note down full particulars of each tender / sample received by him every day in a register to be maintained for this purpose. In this register, there will be one or more pages allotted for each tender notice and this will have the format below:-

Tender No..... Due date of Opening.....

Sl. No	Name of the party	No. Of envelopes received		Dt. Of receipt	Source of receipt		Initials
		Tender	Samples		Diary Section	Tender Box	
1	2	3		4	5		6

- 12.21.4 The tenders / samples received from different sources on different dates shall be entered in the above register. On the due date of opening, a line will be drawn at the end indicating thereby the total number of tenders / samples received against the tender notice in question. In the cases where no tender / sample has been received on a particular date, the Tender Receiving Officer will record the fact of non-receipt of any tender on the due date. The late tenders / samples received by Tender Receiving Officer from Tender Box shall also be entered in the above register after the closing entry of the timely received tenders / samples.
- 12.21.5 The Tender Opening Officers will put their signatures with date and time at the end of last entry of timely received tenders / samples in the Tender Receipt Register in token of their having taken over the tenders mentioned therein on the due date of opening. Late tenders / samples will be handed over by Tender Receiving Officer to the concerned Materials Management Officer after obtaining acknowledgement.

12.22 Opening of tenders

- 12.22.1 The tenders can be opened on any working day. If any due date happens to be unscheduled holiday then next working day may be fixed.
- 12.22.2 Tenders are to be opened at 15.00 Hrs. (1700 hrs in Mumbai & Uran) on the day they are due to be opened. Even in board purchase bids should be opened by the member of the board in the presence of interested bidders. (whether bidders turn up or not on specified time and location for price bid opening, is their choice.

(MM/10/2016 dated 23.03.2016)

12.22.3 - Deleted -

- 12.22.4 The Tenders / bids will be opened by a team of two officers as per clause 12.21.

12.23 Numbering of tenders / disclosure of prices / reading out the rates

12.23.1 Numbering of Tenders

- a. The Tender Opening Officers will encircle the rates and terms and conditions and put their initials. If there is any cutting, overwriting or erasing that will also be stated and signed by both the officers. Total number of sheets in the bid will be mentioned on the first sheet of bid and all the sheets should be initialled by both the officers opening the bid and the bid will be given Serial number. As for example, if 7 bids have been received against one particular enquiry, then bids should be numbered as 1/7, 2/7 and so on. The bids which are received by post after due date should be marked 'Late' tender with No. 8/7 and so on. The samples received along with the tenders should also be signed by both the officers. If it is not possible to sign on the samples then those samples should be sealed with the label mentioning the name of the

firm. Name of the firm should invariably be recorded on the sample, if not given already.

- b. All envelopes are also to be retained on the record and these are to be initialled by both the officers authorised to open the tenders.
- c. The Section concerned whose tender is due on that particular date will be present at the time of opening of the tender with the tender register. Both Tender Opening Officers will sign the register against the name of the firms whose bids have been received. The summary/remark in respect of the offers received, as clause 12.17.1 above, shall be recorded by the tender opening officers, immediately following the entries made for the individual offers. Thereafter, the tender opening officers should make sure that no space/pages are left blank between the last entry of particular tender (which has been opening by them) and the starting page of the next tender (appearing in the register), by crossing out the blank space/pages with the remark "space/page cancelled" and should also initial on these pages.

12.23.2 Reading out the rates:

- a. In the public opening, only the total prices or group-wise prices, if sought as per tender should be read out in addition to delivery schedule and major terms and conditions. Offer should not, repeat not, and be circulated amongst the bidders' representatives.

12.23.3 Disclosure of prices

- a. Bids are to be treated as confidential documents and save at the time of public opening of tenders, prices quoted are not to be disclosed.

12.24 Opening of tenders

(MM/01/2015 dated 16.03.2015)

- 12.24.1 Tenders are to be opened at 15.00 Hrs. (1700 hrs in Mumbai & Uran) on the day they are due to be opened. Unless good and sufficient reasons exist (which must be recorded on the file) all bids (both techno-commercial and price bids), including bids for service contracts, estimated to cost Rs.1.00 Lakh and above, except for price bids of tenders with provision for Reverse Auction must as a rule be opened in the presence of bidders / authorized representatives of bidders.

(MM/10/2016 dated 23.03.2016)

- 12.24.2 The matrix for technical / techno-commercial / commercial must be worked out in advance (of opening of techno-commercial bids) by the Tender Committee (in cases exceeding Rs 10 lakhs) and approved by the Competent Purchase authority specified in clause 34.1 along with BEC. The matrix in which the bidders will be required to fill up the bid data will be designed objectively to cover all techno-commercial points of the tender required for evaluation and will be kept as a part of tender documents, for the bidders to fill up the same and submit along with offers. Bidders should be asked to indicate their compliance by clearly mentioning as “Confirmed” or “Not Confirmed”, to avoid any misinterpretation. Format for Bid matrix should also have provisions for indicating the reference/location (page No. / Annexure etc.) of the respective detail(s)/document(s) enclosed in the bid, so as to easily locate the same for tabulation.
- 12.24.3 Price bids are to be opened only for the qualified bidders and signed by the Tender Opening Officers immediately, in presence of the interested bidders. Respective dealing officers/dealing assistants shall tabulating the details in the matrix. It should be clarified in the Matrix relating to the priced bid opening that priced data reflected in the matrix will be as quoted by the bidders and subject to necessary correction based on detailed scrutiny of the priced bids. The Comparative Statement vetted by Finance will be the basis for taking the decision for placement of purchase order / award of contract. In case of QCBS, the comparative statement will include the scores.
- 12.24.4 The officers opening the tenders should verify that only bidders / authorised representatives of bidders who have actually submitted the bids are present. Unauthorised representatives (or representatives of firms who have not submitted the bid) should not be allowed to be present.

12.25 E-mail / fax offers

- 12.25.1 E-mail/ FAX Offers will not be accepted. However, in OEM purchases from single source or where source of supply is pre-fixed, Fax / E-Mail offers may be considered provided such offers are followed by confirmatory copy within 15 days of the date of receipt of offer (The processing of bids can begin after approval by CPA without waiting for the confirmatory copy). However, in case of purchase from OEM or their authorized Dealers/Distributors/ Stockists on single tender basis, if they do not submit confirmatory copies even after persuasion then such E-mail/Fax offers may be considered with the approval of CPA under exceptional circumstances. For EPC level cases Director concerned shall have full power to approve consideration of such E-mail/Fax offers.

(MM/26/2017 dated 21.06.2017)

12.26 Extension of tender closing / opening date and time

Extension of date and time of closing / opening of bids should be avoided as far as possible. However, where it is in-escapable (valid and justified reasons for such extension should be recorded in writing), the competent

purchase authority will be empowered for extension of date of closing / opening of bids, maximum upto two weeks. Officer one level above the competent purchase authority will approve any extension beyond two weeks. However, on the basis of TC recommendations, CPA shall have powers to approve extension of date of closing / opening of bids upto 4 weeks, as a consequence of interactions with prospective bidders during pre-bid conference. For Director/ EPC level cases, concerned Director will have full powers to approve extension of closing / opening date of bids.

However, in case extension in closing/ opening date of bid is required due to any policy guidelines as per clause no. 1.8.8, approval of CPA (L-1 has full powers) shall be obtained.

Requests for extension of tender closing / opening date and time, received on the date specified for the same, shall NOT be considered.

13 Tender Evaluation

13.1 Technical comments/Technical evaluation report on offers

- 13.1.1 In all cases where technical evaluation is involved, the offers shall be referred to the indenter and its comments put up to tender committee. In case of QCBS, scores for all parameters related to technical evaluation will also be sent by the indenter and put up to tender committee.
- 13.1.2 15(fifteen) days for LSTK/ 7 (Seven) days for every other purchases time will be allowed to Indenter / User to furnish the Technical Comments/ Technical evaluation report in case of two bid system. In case of LSTK projects by Offshore & Onshore Engineering Services, preparation of technical evaluation report should be completed within 15 days time and will be approved by Level II officer of design section within 3 days and forwarded to MM section through Head Works for holding the tender committee. It will be ensured by the User Depts. that comments are invariably furnished within specified time. Indenter / User will be fully responsible for the acceptability of the materials recommended for purchase.
- 13.1.3 The Indenter's/Technical representative of Tender Committee shall scrutinize the quotations (already forwarded to the technical section) and in case of QCBS the scores, in advance from the technical angle before attending the Tender Committee meeting.
- 13.1.4 The technical part of the comparative statement will be created along with the technical comments/technical evaluation report by the indenter
- 13.1.5 The role of the indenter will be performed by technical project group in the case of civil works.

13.2 Level for technical comments on offers

- 13.2.1 In case of purchase of general nature of items such as bulbs, tubes and stationery, technical comments will not be necessary. In other cases, technical scrutiny and evaluation of offers will be done and comments thereon made at the level at which the tender committee in the case is to be held. In case the technical comments are provided by external consultants, the same should be endorsed by member of technical/user group at the level at which the tender committee in the case is to be held.

13.3 Comparative statement

- 13.3.1 After all the quotations have been opened, these will be handed over to the Dealing asstt./Dealing officer concerned for making comparative statement.

(MM/04/2015 dated 28.04.2015)

- 13.3.2 All the bids received in respect of an enquiry or advertisement should be tabulated in the comparative statement (in the standard from (Appendix-15) prescribed for this purpose). In QCBS, the comparative statement will contain scores in both stages under 'Two bid' system. All details required will be entered in the statement. For the tenders invited under 'Two bid' system, Comparative Statement should be prepared at each stage (i.e. after opening of techno-commercial bid and price-bid) and the commercial part of the comparative statement at techno-commercial stage and the comparative statement at price bid stage will be duly vetted by Finance as per provisions under clause-13.3.8 and 13.3.10 below.
- 13.3.3 Every section will ensure that the comparative statement is prepared within shortest possible time, not exceeding 04 days of the receipt of the quotations after techno-commercial bid opening and not exceeding 03 days after price bid opening.
- 13.3.4 The commercial part of the comparative statement at techno-commercial stage as well as the comparative statement at price bid stage will be prepared and signed by the concerned Dealing Asstt ./ Dealing Officer of MM department.
- 13.3.5 At the techno-commercial evaluation stage, the comparative statement should be objectively prepared covering all the techno-commercial points of the tender required for evaluation. Compliances and non compliances and scores (in the case of QCBS) against all the requirements of BEC and the deviations / exceptions (if any) should be clearly spelt out in the comparative statement.
- 13.3.6 Documents available in public domain shall not be considered for qualification of bids.
- 13.3.7 At the price-bid evaluation stage, it should be ensured that the rates mentioned in the comparative statement are in one unit so that comparison can be made at a glance. The final evaluation prices and scores (in the case of QCBS) for each bidder should be worked out as per evaluation criteria and to be tabulated in the Comparative Statement, after taking into account all the charges / statutory levies, which are to be paid by ONGC.. While evaluating the bids, the closing B.C. Selling market rates of exchange declared by the State Bank of India on the day prior to the price bid opening will be taken into account for conversion of foreign currency into Indian Rupees.
- 13.3.8 The comparative statement will be checked and signed by the officer of Materials Management/Tender processing group and Finance for vetting(only for tenders exceeding the value of Rs.1,00,000.00) as per monetary limits indicated below before the same is submitted with details / due recommendations to Tender Committee / Competent Purchase Authority:

Monetary Value	Level of Officers
Upto Rs.15 lakhs	E 1 of MM/Finance/Tender Processing group
Above Rs.15 lakhs to Rs.75 lakhs	E 2 of MM/Finance/Tender Processing group
Above Rs.75 lakhs to Rs.150 lakhs	E 3 of MM/Finance/Tender Processing group
Above Rs.150 lakhs	E 4 of MM/Finance/Tender Processing group

- 13.3.9 The above check will be exercised by respective officers as far as possible. In the event an officer of the required level is not available, an Officer immediately next below level would exercise the check.
- 13.3.10 The comparative statement (commercial) will be checked by the associated Finance. The comparative statement (commercial) will invariably be vetted within shortest possible time, not exceeding 04 days of its receipt in Finance. Each page of the comparative statement will be initialled by both the Materials Management Officer and the Finance & Accounts Officer as per above Monetary limits.
- 13.3.11 In the cases where Tender Committee is required to be held, a copy of the Comparative Statement should be made available to the members of the Tender Committee at least 48 hours before the first meeting of the committee.
- 13.3.12 However, for subsequent meetings of Tender Committee, copy of CS and such details are not required to be sent to TC members in advance.

13.4 Clarification from bidders after tender opening

- 13.4.1 As a principle, clarifications from bidders after opening of tenders are to be avoided in single bid system and after price bid opening in two bid system.
- 13.4.2 At the techno-commercial bid evaluation stage (under two bid system) also, post tender clarifications should be avoided, as far as possible. In case implied clarifications / confirmations exist in the bid on the issues involved, work center may consider processing of the bid further on the basis of such implied confirmations.
- 13.4.3 However, in case after opening of un-priced techno-commercial bids, if it is observed that clarifications from the bidders on important techno-commercial aspects are necessary for enhancing competition in the tender, seeking confirmations from the bidders is allowed, on the issues where the bidder confirms compliance in the evaluation matrix and contradiction exists on the same issue due to lack of required supporting document in the bid (i.e. document is deficient or missing) or due to some statement at other place of the bid (i.e. re-confirmation of compliance) or vice-versa. The bid refers to un-priced bid in case of two bid system. Bidders should be asked to indicate their compliance in terms of works "Confirmed/Not Confirmed" to avoid any misinterpretation.

Accordingly, the following guidelines are provided to deal with various situations, irrespective of the number of clear TA/CA bids received against the tenders:

(i) Situation: Bidder has confirmed compliance in the evaluation matrix and given details in the bid, but either failed to enclose the required supporting document or the submitted document is deficient.

Illustration: The bidder has claimed to meet the experience criteria in the evaluation matrix and given the details of experience in the bid, but has not submitted the supporting documents.

Guideline: Bidder can be asked to furnish the supporting documents. However, the supporting documents should not contradict the details already given in the original bid.

(ii) Situation: The bidder confirms compliance in the evaluation matrix, but there exists a contradiction to compliance somewhere in the bid or the catalogue etc. (or vice-versa).

Illustration: The bidder confirms to supply as per specification, in the evaluation matrix, but the detailed bid / catalogue submitted with the bid indicates a deviation to the specification.

Guideline: Bidder can be asked to furnish confirmation on the issue. Documents in support of the clarification can be sought, if necessary, but such document must not contradict the documents already submitted, otherwise the bid should be rejected.

(iii) Situation: Bidder has not indicated any response to a clause of bid document, in the evaluation matrix but there exists a confirmation to the said clause in the detailed bid.

Illustration: Bidder has not responded whether payment terms of ONGC are accepted, in the evaluation matrix. However, the bidder has confirmed acceptance of payment terms elsewhere in the bid.

Guideline: No further confirmation is required from the bidder on the issue, as the bidder has already confirmed his acceptance, notwithstanding his silence in the evaluation matrix.

(iv) Situation: The bidder has taken clear deviation to any of the terms/specification of the bid document.

Illustration: Against requirement of firm rates in a case of domestic bidding, the bidder has linked his rates to foreign currency.

Guideline: Bid should be rejected straightaway, without any reference to the bidder.

(v) Illustration: Bidder who has not submitted POA

(MM/10/2016 dated 23.03.2016)

Guideline: Bidder may be asked to submit original POA as deficient document. However, it should be ensured that POA is submitted in the name of same person who has signed the bid.

In cases of single bid system, similar approach shall be adopted for seeking of confirmations from bidders. However, prior approval of CPA must be obtained in such cases. Concerned L-1 shall have full powers in this regard.

It must be noted that no opportunity is to be given to the bidder if EMD is not submitted along with the original bid and such bid should be rejected straightaway.

(MM/04/2015 dated 28.04.2015)

- 13.4.4 Wherever TC is held, it will deliberate specifically on the issues requiring clarifications/ confirmations/deficient documents from the bidders. The recommendation shall be put up to CPA for approval. *Concerned Key Executive (Level I) will have full powers to approve seeking of clarifications/confirmations/deficient documents from the bidders for cases falling within the powers of Directors and EPC.*

With a view to widen competition in the tender, decision would need to be taken on case to case basis as to whether one more round of clarifications need to be sought from the bidders. In that case, TC will deliberate specifically on the issues requiring second round of clarifications/ confirmations/ deficient documents and submit their recommendations to CPA for approval for asking the bidders to submit clarifications/ confirmations/deficient documents after recording proper justification for the same. Concerned Key Executive shall have full powers to approve seeking the second round of clarification / confirmation / deficient documents, including in cases falling within the powers of Directors and EPC.

(MM/10/2016 dated 23.03.2016)

- 13.4.5 The clarifications (commercial and technical including withdrawal of exception/deviation taken by the OEM/OES) shall be sought by the concerned dealing Officer in MM or tender processing section directly without holding the Tender Committee but based on commercial evaluation by MM (in case tender is being processed by MM) and/or techno-commercial evaluation by Technical Section.
- 13.4.6 It is to be checked that the bidders have confirmed compliance in the un-priced bid as regards meeting of all the important BEC and tender conditions like mobilisation fee, annual turnover and net worth etc. that is those conditions whose actual compliance can be known only after price bid opening. In case any ambiguity is observed during techno-commercial evaluation, specific confirmation should be obtained from the bidder.

13.4.7 Clarifications should be sought from bidders, by specifying a reasonable cut-off time for submission of clarifications/ confirmations/ deficient documents. Sufficient time should be given to the bidders to submit their responses depending upon the nature of clarifications/confirmations/deficient documents which are required to be submitted. However, in the event of an unscheduled holiday falling in the specified day of the 'cut off time', the next working day shall be treated as the 'cut off time'. In all other situations, if an extension for the 'cut off time' is felt necessary based on request received from the bidder(s), approval should be obtained from CPA. For cases falling under the powers of Director/EPC, approval of concerned Director shall be obtained. Such approval for the same should be obtained before the expiry of the specified 'cut off time' and the decision should be communicated to all the bidders from whom the clarifications/conformations/deficient documents have been sought.

(MM/10/2016 dated 23.03.2016)

13.4.8 Clarifications / confirmations / deficient documents received after the stipulated cut-off date against the first round of post-bid clarifications, can be considered through second round of clarifications, in case the same is resorted to. The clarifications / confirmations / deficient documents which are received after the specified cut-off date against the second round and first round (in case second round is not resorted to) should be considered only in exceptional situations depending upon merit of the case, with the approval of the authority next higher to the CPA, after recording detailed justification for considering such offers. For cases falling under the powers of Director / EPC, approval of concerned Director shall be obtained.

13.4.9 The guiding principle in accepting clarifications is that the basic structure of the bid already submitted by the bidder should not be allowed to change after opening of bids.

13.4.10 When clarifications are sought from a bidder, documents which have been submitted by the bidder in response to clarification sought by ONGC and are post Technical bid opening date can be accepted subject to the condition that the basic structure of the bid and the vital techno-commercial BEC parameter on the basis of which the bid has been originally submitted, should not change.

13.4.11 Any technical clarifications/confirmations/deficient documents required by the User/Indenting Department should be routed through concerned Materials Management/Tender processing group.

13.4.12 In the event of non-submission of 'Bid Matrix' by any bidder whose offer is acceptable in all other respects, the 'Bid Matrix' should be obtained before accepting such offer.

13.5 Correspondence with bidders by indentors

- 13.5.1 Before finalisation of the tender, all correspondence with the bidders must be done by concerned Materials Management/Tender processing group. However, after placing supply order / contract, if considered necessary, the indenter(s) may interact with supplier(s) / contractor(s) for any clarification provided the same does not result into modification of any condition of supply order / contract and does not involve financial implications. However, copy of such correspondence must be marked to MM Department for record. In case of LSTK projects, correspondences with suppliers/contractors shall be carried out by Indenter/Project group/Project management consultant directly after award of work in addition to MM.
- 13.5.2 It must be ensured that clarifications asked for by the Indenter(s) did not have any bearing on the price aspect.

13.6 Request for extension in validity of bid

- 13.6.1 Tenders should be finalized within the stipulated original validity of the bids and that cases requiring extension of validity should be rare. However, in the exceptional cases where the concerned executives involved in processing of tenders feel that it would not be possible to finalize the tender within the original validity, extension in bid validity should be sought so as to ensure that a minimum bid validity of 30days for EPC level cases and 21 days for non-EPC cases is available from the date of price bid opening. Accordingly, Bid Security validity should also be available for a further period of 30 days beyond the said bid validity. However, seeking further extensions of bid validity and bid bond validity should be avoided after price bid opening. In exceptional cases, if extension is required in bid validity and bid bond validity, after price bid opening, then the same should be obtained from the clearly established L-1 bidder only. However, in cases where it is required to have more than one source of supply or if the tendered quantity is more than what L-1 bidder can supply, then in those cases bid and bid bond validity should be obtained from all those bidders who are in contention for award of contract.

(MM/26/2017 dated 21.06.2017)

- 13.6.2. Bid and Bid Bond validity shall not be sought for the bids rejected and duly approved by CPA.

14 Rate reasonability and Negotiations

14.1 Reasonability of rates

(MM/04/2015 dated 28.04.2015)

(MM/10/2016 dated 23.03.2016)

(MM/26/2017 dated 21.06.2017)

- 14.1.1 Rate reasonability will be applicable in cost only (other than QCBS) or L-1 selection/evaluation methodology. Tender Committee shall be required to establish and certify the reasonability of rates of L-1 bidder received in a tender Rate reasonability can be established in comparison to cost estimates and / or last purchase rate (if available) and / or price trends prevailing in the market (if the same can be determined depending on either the type of items being purchased or if there is any published documents / data reflecting the price trends or if there is relationship between raw material being used in manufacture of items like steel is used for manufacture of tubular goods). When purchase does not fall under purview of tender committee, dealing officer of MM in consultation with Indentor and Finance shall ascertain the rate reasonability and put up the proposals for approval of CPA. For cases dealt by departments other than MM but MM support is required as per BDP, rate reasonability shall be ascertained by dealing officer in consultation with finance and MM. **In such cases minimum E-2 level of executives shall be consulted.** While ascertaining the reasonability of rates, comparison should be first done with Cost Estimates/LPR (wherever available) without applying any escalation factor. Thereafter, suitable escalation factor, if any, needs to be considered for ascertaining the reasonability of rates.. Accordingly, the case shall be processed for finalisation, if the rates of L-1 bidder are considered to be reasonable on the basis of above analysis. Wherever the rates of L-1 bidder are substantially high as compared to cost estimates / or LPR or not in line with the price trend prevailing in the market, a decision shall be taken as to whether price negotiation need to be conducted.
- 14.1.2 In cases where one single contract is to be awarded but the price format consists of number of line items involving either supply of items or services or both, in addition to working out line item wise variation of rates w.r.t. LPR, a composite variation percentage comparison with the LPR be also worked out considering the estimated quantities indicated in the price format which are being considered for evaluation.
- 14.1.3 While finalizing the consultancy contracts, the reasonability of the quantum of Man-hours that would be required to complete the job should also be examined and certified to be reasonable in addition to certifying the reasonability of Man-hours rates.
- 14.1.4 In case LPR is in foreign currency or a portion of LPR is in foreign currency, then the LPR or portion of it as applicable will be converted to Indian rupees for the purpose of comparison by using the foreign exchange rate prevalent on the date, the rate of which were adopted for converting foreign currency bids for preparation of comparative statement.

(MM/10/2016 dated 23.03.2016)

14.1.5 – Deleted -

14.1.6 – Deleted -

14.1.7 Following guidelines are to be followed with regard the reasonability of prices in PAC/nomination cases:

- (i) The price quoted by the bidder may be compared with those at which the bidder has supplied the same item / service to other oil company(ies) in India. For this purpose, the bidder should be asked to provide the copy(ies) of orders executed / currently in hand. In case the bidder has not supplied the same item / service to other oil company in India, the bidder should be asked to provide the copy(ies) of orders placed on him by any other oil company anywhere in the world.
- (ii) In case the price quoted by the bidder is found to be on a higher side, negotiation should be done with the bidder to get best reduction in price.
- (iii) In cases where the negotiation is done, Tender Committee should certify, at the time of submission of final recommendation to Competent Purchase Authority, that TC is convinced that no significant reduction in prices would be achieved by continuing the negotiations further.

(MM/10/2016 dated 23.03.2016) – Part of Sub para (iii) deleted.

- (iv) The urgency, if any, of the safety and operational requirements shall be certified by the indenter, duly approved by the concerned Level-1 officer.

(MM/26/2017 dated 21.06.2017)

14.1.8 **Placement of order when one offer is received**

If after inviting tenders, only one offer is received against the tender, the order may be placed on the bidder provided the rates are considered reasonable or if the requirement is urgent. The urgency of the requirement would be certified and approved, as per provisions under para 14.1.7(iv).

14.2 Negotiations

(MM/07/2015 dated 18.07.2015)

- 14.2.1 There should not be any Price negotiations. Negotiations, if at all, shall be an exception as provided herein below and shall be held with L-1/bidders(s) eligible for purchase preference only.

a) For cases where quantity is non splitable/non dividable:

For the cases where quantity is non splitable/non dividable, the bidder who quoted the lowest among the bidders eligible for purchase preference shall be asked to match his rates with that quoted rate(s) of the bidder who emerged L-1 on quoted basis. Subsequently negotiations shall be carried out with that eligible bidder. In case the bidder refuses to match the rates with L-1, then other bidders who are eligible for purchase preference as per the prescribed guidelines shall be given a chance to match rates with L-1 in the order of their ranking and further negotiations shall be carried out with that bidder who matches the rates with the L-1.

In such situations, while asking the bidder to match the rates with L-1, it shall also be notified that ONGC shall carry out negotiation with the bidder subsequent to matching of rates.

b) For cases where quantity is splitable/dividable:

For the cases where quantity is splitable/dividable, the bidder emerging L-1 on quoted basis shall be called for negotiations. After carrying out the negotiations with such bidder, all the bidders who are eligible for purchase preference shall be asked to match the L-1 prices arrived at after negotiations and quantity shall be divided among them (wherever applicable). However in case none of the bidders matches, order for total quantity shall be placed on the bidder who emerged L-1 on quoted basis.

- 14.2.2 Negotiations shall be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. Price negotiations shall be undertaken by tender committee, only with L-1 bidder, on prior approval by CPA not below Level-I and the concerned Director in EPC cases, in any of the following exceptional situations, where the rates of L-1 bidder are substantially high as compared to cost estimates:

- i. The items are proprietary in nature;
- ii. The bidders have formed cartel;
- iii. Sources are limited

- 14.2.3 Negotiations should not be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the Tender Committee recommending negotiations. Competent Purchase Authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and the time taken for according requisite approvals for the entire process of negotiation and award of order should not exceed 30 days from the date of submission of recommendations. In cases where the proposal is to be approved at EPC level, a maximum of additional 15 days shall be allowed. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period. It is to be ensured that negotiations are resorted to only in cases where reasonability of rates could not be established, above conditions as per clause 14.2.2 are satisfied and bottom up accurate cost estimate ('should cost') is available to support negotiations.
- 14.2.4 In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity, subject to acceptance by the bidder. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process, after due examination to see whether review of specification, scope of work and tender conditions is required in future, to bring more competition.
- 14.2.5 Where it is required to have more than one source of supply (due to critical or vital nature of the item), it is mandatory to pre-disclose the ratio of splitting the supply (in accordance with prevailing instructions, so as to award maximum quantity to the L-1 bidder) in the Bid Evaluation Criteria, after due deliberation in Tender Committee. This must be followed scrupulously.
- 14.2.6 After due processing, if it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying (in tenders where bidders are allowed to quote part quantities) and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable as given below:
- (i) If the requirement of tender quantity cannot be met by L-1 bidder, negotiations will be carried out with the approval of Competent Purchase Authority (CPA). To expedite the process of negotiations, all other acceptable bidders will be advised to submit their confirmations in sealed envelopes, to match their rates with those of evaluated L-1 bidder.

(ii) Sealed covers will be opened in the order of ranking originally established and in the presence of bidders' representatives who choose to be present. Bidders who match their prices with the L-1 bidder would be considered for award on basis of their original ranking and to the extent of quantity / number offered by them. Opening of sealed cover will be stopped when the total quantity requirement is met

14.2.7 Counter-offers to L-1, in order to arrive at an acceptable price, shall tantamount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities (as pre-disclosed in the tender as per para 16.1.1 or due to limited capacity of L-1 bidder as per para 16.1.1 & 16.1.2) shall not be deemed to be a negotiation.

14.2.8 If L-1 bidder backs out, there should be re-tendering in a transparent and fair manner. The Competent Purchase Authority may in such a situation call for Limited or Short Notice tender or nomination basis, if so justified in the interest of work, on the basis of examination and recommendation by Tender Committee.

(MM/10/2016 dated 23.03.2016)

14.2.9 For the cases valuing upto Rs 10 lacs also, convening of tender committee is necessary for recommending and conducting negotiations. The Tender Committee in such cases shall consist of one officer each from MM, Finance and Indentor as per para 10.3.1. Such recommendations for negotiation of said Tender Committee shall require the approval of concerned Level-1 and shall be put up through the Level-2 executive of the indenting department.

14.2.10 In respect of cases where assistance of World Bank and other international funding agencies like IMF, ADB etc. is involved, the procedure specified by the respective agency will be followed.

14.3 Cancellation / re-invitation of tenders

14.3.1 Cancellation of tenders:

- a. A tender shall be deemed to have been cancelled to the extent a demand is withdrawn. Advice regarding the cancellation action shall be conveyed to the indentor. In such case approval of the CPA would be required for the cancellation. However in respect of proposals falling under the purview of Director(s) and EPC, the concerned Director will have final authority.
- b. Cancellation of tenders for any other reason, to be recorded in writing, shall require the approval of the purchase authority one step higher than the competent purchase authority. However in respect of proposals falling under the purview of Director(s) and EPC, the concerned Director will have final authority.
- c. All concerned must ensure that while taking any action of rejection/recall of tenders, clear reasons are recorded on the file, strictly in terms of the

provisions stipulated in Bid Evaluation Criteria, Materials Management Manual and other specific instructions issued from time to time. .If the reasons for cancellations / reinvitations of tender are not adequately justified, the concerned authority may take up the issue with the concerned indenter for taking adequate measures to firm up requirement before placement of purchase indent so that need for cancellation / re-invitation of tenders does not arise in future.

14.3.2 Re-invitation of tenders

- a. In the event of re-invitation of bids whether on a limited or open tender basis, the approval will be obtained (through the CPA) from the Authority one level higher than the CPA. In respect of proposals falling under the purview of Director(s) and EPC, the concerned Director will have final authority. The closed/cancelled tender should in no case be revived.

(MM/10/2016 dated 23.03.2016)

- b. Such re-invitation of bids, on a limited basis, shall also include all the bidders who quoted against the original tender.
- c. Similarly, in the case of open tenders intimation regarding re-invitation of tenders will be sent to all the bidders who quoted against the original tender.
- d. Reasons for re-invitation of tenders in all such cases will be recorded.

15 Acceptance and Award of tender

15.1 Consideration of offers

- 15.1.1 For tenders other than QCBS, lowest price bid may be determined from among those tenders which are technically and commercially acceptable.
- 15.1.2 For QCBS tenders, the following points should be taken into consideration for placement of an order:-
- a. The orders are to be placed on the highest techno-commercial score
 - b. Techno-Commercial Score = $(\text{Quality Score assigned to bidder} \times \text{Technical weight \%}) / 100 + (\text{Lowest bid value of all bids} \times \text{Commercial weight \%}) / \text{Bidder's Price}$
 - c. Bids which do not conform to the specifications are to be ignored straightaway.
 - d. Bids for which technical score is less than the minimum threshold as specified in the tender are not to be shortlisted for Price Bid opening.
 - e. Highest scoring bid may be determined from among those tenders which conform to all mandatory technical and commercial criteria and have a technical score greater than the minimum threshold specified in the tender.

15.2 Acceptance of tender

- 15.2.1 Tender shall be accepted by the officers as per the powers delegated in the BDP. In case the prescribed level officer is not available, then the case shall be put up to the next higher level officer.
- 15.2.2 In case after opening of price bid, bidder has not complied with the required stipulation/conditions of tender like financial criteria etc. then such offers should be rejected.
- 15.2.3 A firm which has been engaged to provide goods or works for a project and any of its affiliates should be disqualified from providing consulting service for the same project. Conversely, a firm hired to provide consulting services for the preparation or implementation of a project, and any of its affiliates, should be disqualified from subsequently providing goods or works or services related to the initial assignment for the same project.

Consultants or any of their affiliates will not be hired for any assignment, which by its nature, may be in conflict with another assignment of the consultants.

15.3 Signing of purchase order / contract

15.3.1 After finalization of tender, award of LOA/NOA should not be withheld without any justified reasons beyond prescribed time norms for the same.

Further, detailed purchase order shall be issued within 10 days from receipt of acceptable PBG/SD and in case of payments through Letter of credit; LC shall be opened within a period of 7 days from issue of formal order, except for cases where Income Tax NOC is to be obtained.

15.3.2 Similarly, detailed contract shall be signed within 15 days from receipt of acceptable PBG/SD. However PBG/SD should be submitted within 15 days from the date of NOA.

15.3.3 It should be ensured that all the documents / conditions existed in the tender document and all conditions mutually agreed between ONGC and the bidder during tender stage, must invariably be incorporated in the supply order/contract. In case of centralized procurement, a copy of complete tender document, including all terms & conditions and amendments (if any) issued thereto, must be circulated to respective consignees along with the supply order. In order to make a contract legally enforceable, all concerned must ensure that the contract is properly signed & stamped by the contractor before it is signed by ONGC's representative.

(MM/26/2017 dated 21.06.2017)

15.3.3.1 Wherever there is a change in technical specifications, scope of work or other financial conditions during the tendering process, the concerned MM officer, if considered necessary, will forward the technical specifications and scope of work to the concerned indenter and financial aspects to the finance team for vetting before incorporating the same in the PO/contract. The specifications/scope of work shall be vetted the Indenter within 3 working days and financial aspects by Finance within 2 working days.

15.3.4 The service contract (including charter hire of rigs) should be for a firm period. However, the provision of automatic extension of service contract for the time required for completion of the job in progress on the date of expiry of the contract on the same rates, terms and conditions should be incorporated.

15.3.5 Use of uniform percentage to fix the delivery cost in Purchase Orders in ICE

Following uniform percentage should be used for the various overhead cost in the purchase orders for imported materials across all locations, the inland freight as given below shall be applicable for indigenous ex-works cases as well:

Sl. NO	Particular	Expenditure	Supply provision in percentage of CIF value of goods
1.	Bulk cargo such as pipes, chemicals etc. for Mumbai Offshore	Port charges	0.25% of CIF value
		Customs clearance charges	0.25% of CIF value
		Loading, unloading and inland transportation upto ultimate consignee	2.50% of CIF value
2.	Bulk cargo such as pipes, chemicals etc. for Onshore projects such as Mehsana, Ankleshwar, Jodhpur etc.	Port charges	0.25% of CIF value
		Customs clearance charges	0.25% of CIF value
		Loading, unloading and inland transportation upto ultimate consignee	4.00% of CIF value
3.	To all items other than 1 & 2 above	Customs clearance charges, Loading, unloading and inland transportation upto ultimate consignee	1% CIF value

Note:

(MM/10/2016 dated 23.03.2016) Note (i) - Deleted -

- (i) contracts for related and dependent works, should not be awarded to same or sister firms
- (ii) in order to avoid errors in calculating various charges involved in a contract, due care should be taken while defining various elements of a formula adopted for calculating various charges in a contract. Further, wherever necessary Finance/Legal departments may also be consulted while formulating a formula and the applicable elements, before finally adopting the same.

15.4 Verification of the authenticity of the documents submitted by the bidders

(MM/26/2017 dated 21.06.2017)

- 15.4.1 Whenever any distinctive complaint has been received regarding submission of the forged documents/certificates/information, a thorough investigation should be conducted for verification of the authenticity of documents submitted by the successful bidder and if it is established that documents have indeed been forged, appropriate action should be taken against defaulting vendor/contractor.

15.5 Change of valuation type in PO against ICB tenders

- 15.5.1 If the PO is to be placed on a foreign vendor, no modification would be required in the 'valuation type' as it will automatically get adopted to in the system to STIM or SPIM.

- 15.5.1.1 If the PO is to be placed on a domestic vendor, the 'valuation type' needs to be changed to STID or SPID. This can be done by concerned P.O. creator without any modification in the PR. However, if the material has not been sourced indigenously, then the PO creator would have to create Material Master record for changing the valuation type to STID or SPID in an ICB tender where order is to be placed on a domestic vendor.

16 Miscellaneous

16.1 Splitting of tenders / purchase orders

- 16.1.1 Tenders are generally finalised on item wise lowest offer basis. Items in a tender may be split up in more than one order depending on the merit of each case. In case of operational needs, tender for part of items may be finalised with the approval of CPA. For finalisation of tender for the remaining items, the case will be submitted to the Competent Purchase Authority for complete tender reflecting therein the facts that tender for part items in this case has already been finalised.
- 16.1.2 Sometimes it becomes essential to place order simultaneously on two firms to safeguard against the chance of one of the firms failing to execute supplies or when material is urgently required and where a single firm cannot supply the required quantity in time. Where the tenders are being called and the volume of the purchase is likely to be very large and where it is important because of this to ensure that no single bidder gets order for more than the quantity he can supply on the ground that he is the lowest bidder. Similarly, in case of tenders for critical items/services depending entirely on one supplier for material could affect operations due to unforeseen failure on the part of supplier. When the tender is floated, bidders are specifically asked to quote (a) for the whole purchase or (b) for a fraction of unit of the purchase and methodology as per provision contained in para 14.2.5 & 14.2.6 for splitting of orders must be followed.

16.2 Purchase of Machinery and Equipment

(MM/10/2016 dated 23.03.2016)

- 16.2.1 When deciding order for the procurement of "Machinery and Equipment" it has to be ensured that order are placed only on the manufacturers.

16.3 Tender Monitoring System

- 16.3.1 Under TMS, on receipt of PR by the respective purchase section, the date of receipt of PR shall be required to be entered in the prescribed field provided in the system. Accordingly, the scheduled date(s) of completion of subsequent activity (ies) and the actual date of completion for the same activity (ies) shall also be required to be entered into by the dealing officers of the respective section on a regular basis in sync with the respective activity. In cases, where seeking clarifications becomes necessary, the date for completion of next activity (ies) shall be re-scheduled. Concerned officials should ensure proper entries in TMS. For the purpose of entering necessary dates/details in the TMS, transaction code ZMMTDR1 or ZMMTMS should be used.

16.4 Guidelines for officials with personal interest in companies/agencies participating in the tender

16.4.1 Any official involved in tender formation, processing, evaluation and / or award and having personal interest in any of the Companies/agencies participating in the tender, shall refrain from participating in the tender process. In such situations, the concerned official shall intimate to his next higher authority his inability to participate in the tender process and obtain approval nominating an alternate official for that particular case.

16.5 Earnest Money Deposit / Bid security

(MM/10/2016 dated 23.03.2016)

16.5.1 No earnest money deposit / bid security in the form of Bank Draft or in lieu thereof Bid Security will be necessary for purchases upto Rs.10.00 lakhs. Earnest money deposit/ bid security in the form of Bank Draft or in lieu thereof Bid security will also not be necessary for purchases from Central Govt. Departments and Central Public Sector Undertakings. No earnest money shall also be necessary for purchase / service contracts on nomination/ PAC/OEM basis. MSEs who are themselves, manufacturer of the items/ provider of services, they intend to quote, registered with District Industry Centers or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation or Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME will be exempted from furnishing bid security / earnest money deposit against open and limited tenders irrespective of monetary limit mentioned in their registration certificate provided they submit evidence that they are registered for the item(s)/services they intend to quote.

EMD / Bid Security can be obtained from bidders in any one of the following modes:

- (i) Bank Draft in favour of ONGC valid for 90 days from the date of issue of the same.
- (ii) Bank Guarantee from banks acceptable to ONGC, valid for 30 days beyond the required validity of bid.
- (iii) Irrevocable letter of credit (as per prescribed proforma) valid for 30 days beyond the required validity of bid, duly confirmed by Indian Nationalised / Scheduled banks will be acceptable only from foreign bidders.
- (iv) Cashier's / Banker cheques valid for 90 days from the date of issue of the same will be acceptable

16.5.2 The following slab based on different amount of expenditure sanction will be used to determine EMD.

Amount of Expenditure Sanction	Amount of EMD / Bid Security
--------------------------------	------------------------------

<= Rs.10 Lakh	Nil
>Rs.10Lakh, <= Rs. 5 Crore	@2% of total estimated cost put to tender
>Rs. 5 Crore, <= Rs. 15 Crore	Rs. 10 Lakhs + 1.5% on amount exceeding Rs.5 Crore
>Rs.15 Crore, <= Rs. 25 Crore	Rs. 25 Lakhs + 1% on amount exceeding Rs.15 Crore
.>Rs. 25 Crore	Rs. 35 Lakhs + 0.5% on amount exceeding Rs. 25 Crore

However, the maximum limit of EMD/Bid Security for a tender shall be US\$ one million for foreign bidders and Rs.5 crores for Indian bidders.

- 16.5.3 While working out the EMD, the closing B.C. Selling market rates of exchange declared by the State Bank of India as applicable on date of approval of BEC by Competent Authority in terms of para 34.1.2 will be taken into account for conversion of Indian Rupees to foreign currency.

(MM/26/2017 dated 21.06.2017)

- 16.5.4 The Bid security of unsuccessful bidders will be returned within 5 days of finalization of the bid/LOA. The Bid Security of successful bidder will be returned within 5 days from the date of acceptance (after legal vetting and confirmation from the bank) of Security Deposit/Performance Security submitted by the bidder.
- a. At the time of seeking purchase approval, Tender Committee should invariably recommend for release of EMDs of unsuccessful bidders. In cases where Tender Committee is not required, while submitting the purchase proposal for approval of CPA, dealing officer/official must also incorporate the recommendations for release of EMDs to unsuccessful bidders.
 - b. The Competent Purchase Authority (who has approved award of contract) will have powers to approve release of earnest money / Bid Bond / bid security. However, concerned Level-1 Executive will have full powers in this regard, irrespective of the type of tender or value of tender / order / contract, including for cases falling within the powers of Directors and EPC.
 - c. After obtaining approval of CPA, the onus and responsibility shall be of dealing officer/official to ensure release of bid bonds/EMD to unsuccessful bidders, within 5 days.
 - d. Invoking/forfeiting of Bid Security / EMD

Approval of Level-1 executive will be obtained for invoking / forfeiting the Bid Security / Bank Guarantee(s) including for EPC level cases.

In charge MM to monitor compliance of release of EMD and security deposits to bidders.

In case of requirement of any extension of Bid Security/ EMD, the same should be taken up at least 10 days prior to expiry of Bank Guarantee.

16.6 Security Deposit/Performance Security

16.6.1 Security deposit shall be furnished as per terms in the contract. The date of submission of SD/PS towards contract security shall be clearly specified in the NOA and the contractor should be asked to submit the contract Security within the specified date and that in case the contractor fails to submit the SD/PS within the stipulated date, ONGC can take action as per conditions specified in the tender.

16.6.2 The monetary limit for security deposit will be as under:

- | | | |
|-------|--|---|
| (i) | <u>Contracts for Turnkey Project Construction / platforms.</u> | <u>10% of Contract Value.</u> |
| | (MM/26/2017 dated 21.06.2017) | |
| (ii) | <u>All type of service / Rig hiring contracts.</u> | <u>10% of one year's contract value. (for rig hiring contracts one year's contract value shall be the Effective Day Rate based on which bids were evaluated x 365 days). In case of contracts with primary term of two or three years, the Performance Bank Guarantee / Contract Security will be obtained with initial validity for two or three years as the case may be. Wherever contract period is less than one year, Security Deposit for 10% of the contract value shall be obtained.</u> |
| (iii) | <u>Supply of goods</u> | <u>10 % of order/contract value.</u> |
| | (MM/17/2016 dated 12.08.2016) | |
| (iv) | <u>Rate Contract (Goods)</u> | <u>10% of estimated annualized contract value</u> |

16.6.3 For purchases upto Rs. 1 lakh, no security deposit shall be taken. Also, for Procurement of Material / Hiring of Services from OEM/OES and procurement of items on PAC basis security deposit shall not be taken.

16.6.4 Relaxation in EMD/SD conditions: The Level-1 officer will have full powers for cases upto his purchase powers to relax / waive condition relating to EMD/ Security Deposit, based on merit of each case and non-incorporation in the tender document prior to inviting tender. The concerned Director shall have full powers in this regard.

(MM/04/2015 dated 28.04.2015)

16.6.4.1. Offer received with shortfall in EMD should not be accepted.

16.6.5 Security Deposit should be released in accordance with the terms of the GCC / SCC

a. All concerned authorities shall ensure that details of all claims which are to be recovered from the supplier / contractor are promptly intimated to the respective payment authority, without any loss of time, so that the claim can be recovered before releasing the pending payment(s).

b. Details of such claims should also be forwarded to the authority who has concluded the respective purchase order / contract / rate contract and has obtained the Security Deposit. After completion of the supplies / execution of the contract, the respective authorities as mentioned below should take prompt actions in respect of the following:

(i) In case of purchase of goods, for recovery of any claims other than discrepancies / recoveries indicated in the GRV, the respective consignee(s) [including port consignee / C&F section etc.] should forward the details of claims which are to be recovered from the supplier, to the respective purchase officer, immediately after completion of supplies against the purchase order, i.e. within 15 days after receipt of last lot of material. Even if there is no claim against a particular purchase order, the consignee(s) should forward a 'No Demand Certificate' to the respective purchase officer within the stipulated time as above. Further, in procurement of spares from foreign OEMs and also in cases where payments are made through L/C or Advance, concerned Stores formations should be more vigilant to take immediate actions for notifying such discrepancies/short supplies to the respective purchase formations, enabling them to take up the matter with the suppliers for making good the same without any loss of time.

In case of import, no demand certificate should also be obtained from T&S Office.

(ii) Wherever installation and commissioning is also involved along with supply of the equipments, Indentor should ensure installation and commissioning within the stipulated time for the same (by keeping the site

ready well before arrival of the equipment, by drawing the equipment immediately after arrival at stores and by coordinating with supplier for timely completion) and forward a copy of satisfactory installation and commissioning report along with details of outstanding claims (if any) or a 'No Demand Certificate', to the authority who has concluded the respective purchase order / contract, within 15 days after completion of installation and commissioning of the equipment satisfactorily.

(iii) In case of centrally finalized rate contracts, for which the Contract Security is obtained centrally for the entire contract, In- charge MM of each work center should forward details of Purchase Orders placed against each of such rate contracts to the authority which has concluded the rate contract. Further, in respect of each such order which has been placed against the rate contract, In- charge MM of the work center shall send the details of outstanding claims (if any) or a 'No Demand Certificate', to the authority who has concluded the rate contract within 15 days after receipt of the last lot of material.

(iv) In case of Service Contracts, Indentor should forward details of outstanding claims (if any, which could not be recovered from the regular payments) or a 'No Demand Certificate', to the authority who has concluded the respective contract, within 15 days after expiry of the contract period.

(v) In case of LSTK contracts, in which Contract Security is obtained to cover the warranty period also, Indentor should forward details of outstanding claims (if any) or a 'No Demand Certificate', to the authority who has concluded the respective contract, within 15 days after expiry of the warranty period.

c. In all cases, wherever the claims are to be recovered from the Security Deposit, it should be ensured that the claims with complete details are forwarded to the concerned authority(ies) well before the expiry of the validity of Performance Bond.

Under exceptional circumstances, in case where above details cannot be furnished within the stipulated time, approval of concerned Level-1 executive should be obtained by the respective authority (ies) (i.e. Consignee/In-charge MM / Indentor, as the case may be) giving full reasons necessitating additional time for furnishing 'No Demand Certificate'. Such approval should be forwarded to the concerned purchase officer / contract concluding authority for obtaining suitable extension for the validity of Performance Bond.

d. On receipt of intimation regarding claims for recovery (if any) / 'No Demand Certificate', the concerned purchase officer / contract concluding authority shall verify whether the claims have already been recovered from the payments. After release of final payments, if any

claims are outstanding for recovery, necessary action should be initiated to recover the same from the Security Deposit.

Thereafter, for the release of Contract Security (after recovering the claims if any as mentioned above), the approval shall be obtained as per provisions mentioned for release of PS in the contract.

The Competent Purchase Authority (who has approved award of contract) will have powers to approve release of PS. However, concerned Level-1 Executive will have full powers in this regard, irrespective of the type of tender or value of tender / order / contract, including for cases falling within the powers of Directors and EPC. Accordingly, necessary advice shall be issued to the concerned Finance section for releasing the Security Deposit / PS.

- e. Virtual Corporate Boards across the organization should monitor the issue of release of EMD's and Security Deposit's regularly during the review meetings.

(MM/26/2017 dated 21.06.2017)

f. Invoking of Bank Guarantee / reversal of invocation of PBG or refunding the amount of forfeited PBG:

Prior approval of Level-1 executive will be obtained for invoking / forfeiting the PBG) including EPC level cases. The head of associate finance will be informed to invoke the bank guarantee. For Reversal of invocation of PBG or refund of the forfeited PBG/SD approval of the L-1 Executive shall be required.

The original bank guarantee will be forwarded to concerned Finance section and only photocopies will be kept for reference with Materials Management.

The invocation/forfeiture of Performance Security/Security Deposit into be issued before 10 days of expiry of Bank Guarantee (BG). A proforma notice of invocation of BG is at Appendix-13.

FILING OF CAVEATS

The caveat(s) should be filed immediately when the decision has been taken by the competent authority to invoke the BG in the courts of CONCURRENT JURISDICTION in case there is concurrent jurisdiction in terms of Sec. 20 of C.P.C. ONGC must also ensure that the notice to the Bank for encashment of BG be delivered by authorized representative of ONGC to . the Bank who had issued the relevant Bank Guarantee.

It is imperative to take pre-emptive steps by lodging of "CAVEAT" under Section 148 A of Civil Procedure Code in the court(s) of concurrent

jurisdiction where it is apprehended that contractor is likely to move an application for staying invocation of Bank Guarantee.

The filing of caveats will be done by Legal Department of ONGC. All information related to filing of caveats will be provided by concerned dealing officer.

g. Acceptance of SD/PS received after contractually allowed period

In cases where cancellation/termination of PO/contract on account of delayed submission of the SD/PS is not in the interest of organization, concerned L-1 executive shall have powers to accept SD/PS received after the contractually allowed period, irrespective of extent of delay. However, for EPC level cases, SD/PS received after 4 weeks of the stipulated period shall be accepted with the approval of the Director concerned.

16.6.6 Verification and acceptance of bank guarantee towards Security deposit

16.6.6.1 Excepting the bid bond bank guarantees, all bank guarantees are to be received from the bank directly through post, preferably addressed to concerned officer. However, the contractor may, if he so chooses, bring a bank guarantee under sealed cover of the bank.

16.6.6.2 All received bank guarantees will be checked as under:

a. The bank guarantee will be compared verbatim by concerned dealing officer with standard format of the bank guarantee. If the bank guarantee is verbatim with standard format, there will be no need for legal vetting. In case of difference in language, opinion of legal department will be obtained to see if such a bank guarantee is legally enforceable without any problem.

b. Whether the name and designation of the officer executing the bank guarantee and his power of attorney/signing power no. with date are duly shown signed/initialled by the executants and the last page is signed with full particulars under the seal of the bank.

c. Whether the bank guarantee is on non-judicial stamp paper of appropriate value as prescribed under the stamp act. The date of sale of the non-judicial stamp paper shown therein should be a date earlier than the date of execution of the bank guarantee. Further, bank guarantee from foreign parties need to be adjudicated in India in consultation with legal department at the cost of ONGC as per item requirement of Stamp Act.

d. Whether the factual details such as contract no., value of the contract, amount of advance/value of contract, validity of the guarantee etc. have been correctly indicated and over-writings/cuttings, if any, have been properly authenticated under signature and seal of the executants.

e. In case there are errors in the bank guarantee, the same should be notified to the contractor an amendment to the bank guarantee should be obtained on non-judicial stamp paper of the equivalent amount as that of the bank guarantee itself. Such amendment should also be received from bank either through post or through contractor under sealed cover.

f. Authenticity of all bank guarantees will be got confirmed from concerned bank through registered letters or depending upon necessity, through personal contacts by MM. In no case, the concerned contractor/supplier should be allowed to bring such details from Bank.

g. In case of bank guarantees received on behalf of central public sector undertakings, the verification of bank guarantees need not be resorted to.

16.7 Secured Advances (For Works)

(Only for Item Rate / Percentage Rate Contracts)

- 16.7.1 Secured Advances on the security of materials brought to site may be made to the contractors for items which are to be used on work.
- 16.7.2 The Engineer-in-charge can release the secured advance up to an amount not exceeding 75% of the value of the materials as assessed by the site-in-charge or an amount not exceeding 75% of the material element cost in the tendered rate of the finished item of work whichever is lower.
- 16.7.3 A formal undertaking should be submitted by the contractor under which ONGC secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the materials, and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on the certificate of the site-in- charge that:
- (i) The quantities of materials upto which the advances are made have actually been brought to site.
 - (ii) Full quantities of the materials, for which advance is to be made, are required by the contractor for use on items of work for which rates for finished work have been agreed upon.
 - (iii) The quality of materials is as per desired specifications.
- 16.7.4 Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be made from his bills for work done as the materials are used, the necessary deductions being made whenever the item of work in which they are used are billed for.

- 16.7.5 Secured advance shall be granted only for non-perishable items. It can however, be granted for perishable items after the contractor indemnifies ONGC through an insurance cover (Insurance period shall be based on likely time gap in arrival and usage of material but minimum of three months). The Engineer-in-charge shall identify whether an item is perishable or not.

In line with the above, suitable provision may be incorporated in tender documents to facilitate milestone payments as above.

16.8 Fall Clause

(Applicable in case of Rate Contracts for indigenous purchases & its non-acceptance will be a rejection criteria)

- 16.8.1 The price charged for the items shall be in line with the standard price lists for the contractor / supplier. In case standard price lists are not available, the contractor / supplier will match the prices for any Department of the Central Govt. or any Dept. of a State Govt. or any Statutory Undertaking of the Central or State Govt., as the case may be
- 16.8.2 If any time, during the contract execution period, the contractor / supplier or his agent / principal / dealer, as the case may be, reduces the sale price, sells or offers to sell such materials to any persons / organisations including the purchaser or any Dept. of Central Govt. or any Dept. of a State Govt. or any Statutory Undertaking of the Central or State Govt. as the case may be, at a price lower than the price chargeable under the contract / supply order, he shall forthwith notify such reduction or sale or offer of sale to the Purchase Authority who has issued this Purchase Order and the price payable under the Purchase Order / Contract for the materials supplied after the date of coming into force of such reduction or sale or offer of sale shall stand correspondingly reduced. The above stipulation will however not apply to :
- a. Exports by the Contractor / Supplier or
 - b. Sale of goods as original equipment at prices lower than the prices charged for nominal replacement.
 - c. Sale of goods such as drugs which have expiry dates.

The Contractor / Supplier shall furnish a certificate guaranteeing that the price at which item / service was provided to ONGC was the best price & not higher than the price charged to other customer under similar terms and conditions.

16.9 Posting of summary of details of supply orders/contracts on website

- 16.9.1 Details of all contracts/purchase orders, as per Appendix 6 & 7, valued at more than Rs. 10 lakhs, awarded during a month, shall be posted on the website <http://tenders.ongc.co.in> by 5th of subsequent month by all work centers.

16.9.2 The information as per Appendix 6 is to be posted on the website, separately for the following categories:

- (a) Purchase of Capital items
- (b) Purchase of Stores items
- (c) Purchase of Spares
- (d) Charter Hire/Rate contracts
- (e) Turnkey contracts
- (f) Other contracts (including civil and electrical works etc.)

16.9.3 The following details shall also be furnished in the format at Appendix 7(a & b) for all contracts/purchase orders, valued at more than Rs. 10 lakhs, completed during the month:

- (a) Actual date of start of work (applicable for contracts only. For charter hire contracts, it is the date of mobilization / commencement of work)
- (b) Actual date of completion (for supplies as well as works)
- (c) Reasons for delay, if any (applicable for all cases).

16.9.4 Respective In charges-MM of all work centers shall coordinate and ensure that all the fields required for the report in the ICE System will be filled up by the departments concerned, in respect of all tenders.

16.9.5 With the data thus updated, Chief MM will execute a centralized report for the entire organization before 5th of every month which will be downloaded in HTML format and thereafter forwarded to Corporate Communication for publishing on the website <http://tenders.ongc.co.in>.

16.9.6 Further, while placing PO/Contract in the system, correct tender process should be selected from the available options so that all cases including single tender-nomination cases, posted on tender website, are appropriately highlighted in the report.

16.10 Reporting of nomination cases

(MM/25/2017 dated 08.06.2017)

16.10.1 All Works including Purchases, Services and Sales awarded on nomination basis above Rs. one crore should be reported to the Board for information. The cases shall include those approved by the Level-I Executive under the Key Executives or respective Key Executive or concerned Director or Executive Purchase Committee. Details on all such cases are to be furnished to ED-Chief MM, Delhi for compilation and submission of agenda to the EPC for appraisal. After appraising EPC, then the cases shall be reported to the ONGC Board by Chief MM for information on Quarterly basis. The information on the cases pertaining to each Quarter should be furnished latest by 7th day after completion of the Quarter, for timely submission to the Board.

All Works including Purchases, services and Sales awarded on nomination basis above Rs. 10 lakhs and up to Rs. 1 crore shall be reported to the Executive Purchase Committee for information. The concerned key Executive shall ensure that all such nomination cases approved by them or routed through them to the concerned Director shall be reported to the Executive Purchase Committee, with his due endorsement and it should contain all the details and justifications for award on 'nomination basis', on Quarterly basis in proper agenda. The quarter-wise details of these cases shall be consolidated by ED-Chief MM and put up for consideration of EPC.

16.10.2 All Works including Purchases, Services and Sales awarded on nomination basis up to Rs.10 lakhs shall be reported to the concerned Director. The respective Key Executive shall ensure to report any such nomination cases to the concerned Director on Quarterly basis. The Quarter-wise details of these cases reported to concerned Director shall also be furnished to ED-Chief MM: Delhi for record.

16.10.3 The concerned Key Executive should also send a copy of the report to Director (Finance), Internal Audit Heads and CVO. Even for the quarters during which no nomination case has been carried out, all Key Executives should invariably send a 'NIL' report to Director (Finance) and CVO.

Further for cases above Rs 1 crore, a copy of the Board Agenda prepared by ED-Chief-MM Services should be sent to CVO.

16.10.4 The following additional information should also be furnished while reporting the nomination cases:

(i) Whether the requirement is of regular/continuous type or is for a specific purpose.

(ii) If the requirement is of regular/continuous type, then the status of processing of the fresh tender for regular requirement.

(iii) Whether reasonability of the price was ascertained for the respective contract awarded on nomination basis.

(iv) Further, photocopy of the relevant note sheets containing detailed justification and the administrative approval of the competent authority for award of contract on nomination basis should also be invariably appended while reporting the cases awarded on nomination basis.

16.10.5 The format available at Appendix 8 shall be utilised for reporting purpose.

(MM/04/2015 dated 28.04.2015)

16.10.6 Purchase of spares / repairs through OEM / OES and Purchase on PAC basis will not be treated as purchase on nomination basis for reporting purpose.

16.11 Change in Name/Address of the firms in ICE System

- 16.11.1 Requests for change in Name/Address of any firm should be forwarded to Centralized Vendor Cell at Dehradun along with a certificate to the effect that the change in name and address has been proposed on the request of the concerned firm and all the related documents provided by the firm have been carefully examined and found in order. As regards the request for change in name of the firm is concerned, the same should be got vetted from the Legal Depts. of the Work Centre
- 16.11.2 In case the request is forwarded by MM Sections aforesaid certificate should be issued by concerned I/c-MM. For cases pertaining to other sections, the said certificate should be issued by the concerned L-3 level officer.

16.12 Training/visits of ONGC executives against purchase of equipments/services

- 16.12.1 The provisions for training in the premises of the manufacturer should normally not be incorporated in the tender/contracts. The training, if any should be provided by the Contractor/manufacturer at ONGC's Work Centre during installation and commissioning or as a part of the technical support

(MM/29/2017 dated 21.11.2017)

- 16.12.2 Only in cases where new equipment are being procured for the first time in ONGC and ONGC officials are not conversant with the operation/maintenance of such new equipment, training to ONGC officials may be incorporated in the tender while purchasing such equipment, with the approval of the concerned Director.
- 16.12.3 In all cases where BEC so approved stipulates provisions for training of executives, the bidders will be asked to indicate separately the cost of training to executives at abroad/in India and same shall be considered for evaluation purpose.
- 16.12.4 The proposal, with full justification, during finalisation of the tender, will be submitted by concerned key executive for approval of the Chairman for training to our executives abroad with following details:-
- (i) Value of the new equipment/services, number of officers to be deputed and cost of training of officer(s).
 - (ii) Number of years the officer(s) have been in the previous assignment and their likely deployment in the next assignment.
 - (iii) Qualifications, age, date of joining ONGC and any medical disability

(MM/29/2017 dated 21.11.2017)

16.12.5 Necessary provisions relating to training of executives as per 16.12.3 above will accordingly be made in the tender/contract conditions.

16.12.5.1 Issuance of Form-C

In order to avoid unnecessary hardship to the vendors, all concerned should ensure that Central Sales Tax C-Forms are issued expeditiously to the suppliers as per the terms of PO/contract.

16.13 Customs/Excise Duty related issues

16.13.1 Deemed Export

(MM/15/2016 dated 05.07.2016)

16.13.1.1 The purchase of specified goods from domestic supplier/manufacturer for petroleum operations in PEL/ML in nominated blocks or NELP/other eligible blocks under the procedure of ICB is covered under deemed export at para 7.02(f) read with para 7.03 under Foreign Trade Policy (FTP 2015-20) in vogue. Accordingly, the supplier is eligible for exemptions from payment of excise duty under Sl. No. 336 of Central Excise NN 12/2012-CE dated 17th March 2012 (as amended) and other deemed export benefits available, subject to condition that ONGC should provide Recommendatory letter to DGH for issuing certificate that goods are essential for petroleum operation.

16.13.1.2 The supplier/manufacturer is also eligible for import of raw material for manufacturing of such specified goods subject to condition that ONGC issues Project Authority Certificate (PAC) which should indicate value of such material as per contract and its import component as declared by supplier/manufacturer in PAC (Appendix-27 of FTP).

16.13.1.3 PAC can also be issued to contractor with the name of subcontractor (s) . In such case the name of sub contractor (s) (manufacturer) and the item to be supplied by him along with import content should also be mentioned in the contract

16.13.1.4 In order to avoid misuse of items imported by domestic manufacturers against our Project Authority Certificate, all concerned will ensure that details of items to be imported by successful domestic bidder for manufacturing equipment for supply to ONGC are invariably incorporated in supply order/contracts).It will further be ensured that the value of such imported items does not exceed the foreign exchange component indicated by the domestic bidder in his bid.

16.13.1.5 Further, In the interest of avoiding hardship to the concerned party, 'Project Authority Certificate' will be sent along with detailed supply order

16.13.2 Availing 'CENVAT credit' by plants, assets and services

16.13.2.1 TC must deliberate on admissibility of 'CENVAT Credit' in every case and wherever admissible, 'CENVAT Credit' should be availed by ONGC.

16.13.2.2 ONGC is engaged in producing both exempted and dutiable goods. Crude Oil and Natural Gas produced by ONGC are exempted from payment of Excise Duty. Whereas, Excise Duty is leviable on some of the other Value Added Products (VAPs) produced (from the condensate) at various plants (viz. Uran/Hazira/Ankleshwar etc.) On these dutiable goods, ONGC can avail 'CENVAT credit' in terms of following provisions of CENVAT Credit Rules:

- i. As per Rule-6(3A), manufacturer engaged in production of both exempted and dutiable goods and opting not to maintain separate books of accounts, credit of tax on inputs shall be availed proportionately based on turnover of dutiable goods to total turnover of goods (exempted plus dutiable). Accordingly, the plants (viz. Uran/Hazira/Ankleshwar etc.) which produce both exempted and dutiable products can avail CENVAT credit of duty/ tax paid on input and/or input service received in the plant in proportion to turnover of dutiable goods to total turnover of goods(exempted plus dutiable). As regards Western Offshore, the Assets and Services can avail 'CENVAT credit' and distribute the same to the plants (viz. Uran/Hazira), for utilization against payment of Excise Duty.
- ii. According to Rule-9, the manufacturer can avail 'CENVAT credit' of Service Tax on the basis of invoice issued by Service Provider (Contractor) under Rule-4A of Service Tax Rules-1994.

(MM/10/2016 dated 23.03.2016)

16.13.2.3 – Deleted -

16.13.3 Availing of zero customs duty benefit

16.13.3.1 The instructions listed hereunder should be meticulously followed to avail Zero Customs duty benefit:

- (i) The Sections responsible for issue / renewal of PELs / MLs should intimate all concerned indentors as and when the PELs / MLs are issued / renewed.
- (ii) The indentors should furnish relevant information regarding availing of Zero Customs duty in case of eligible PEL/ML areas while forwarding the indents to concerned MM Sections.
- (iii) The MM Sections must clearly indicate eligibility for availing Nil Customs duty in all relevant tenders and Supply orders so that the aforesaid benefits are availed by the T&S office.

16.13.4 Monitoring of goods imported against zero customs duty

(MM/04/2015 dated 28.04.2015)
(MM/15/2016 dated 05.07.2016)

16.13.4.1 As per SI No. 357A of Custom Notification No. 12/2012-Cus dated 17.03.2012 (as amended by N/N 12/2016-Cus dated 01.03.2016), import of specified goods (List 34) required for petroleum operation in PEL/ML in nominated blocks or NELP/other eligible blocks are exempted from customs duty. Each work center shall ensure that materials procured against Essentiality Certificate are not used for the purpose other than petroleum operations under nominated or NELP/ other eligible blocks.

16.13.4.2 As per SI. No. 357 of Custom NN 12/2012-Cus (as amended) the import of parts and raw materials for manufacture of Goods under Customs Bond (section 65 of Customs Act) to be supplied in connection with the purposes of offshore oil exploration or exploitation is exempted from payment of customs duty, subject to submission of essentiality certificate from DGH.

16.13.4.3 – Deleted -

16.13.4.4 All imports and import clearance under the contract shall be done by the bidder and ONGC will not provide any assistance in this regard.

(MM/15/2016 dated 05.07.2016)

16.13.4.5 Notwithstanding what is stated above, the bidders should also consider the position in regard to import of goods as specified in list No. 34 of above notification against zero Customs Duty. ONGC is not liable in whatsoever manner, for the rejection of their claims for zero Customs Duty by any of the authorities including the DGH.

16.13.4.6 The recommendatory letter will be given only for those items which are either consumed during the execution of work or for those equipment/tools which are undertaken to be re-exported by the bidder. The recommendatory letter will not be issued when the bidder imports the equipment/tools on acquisition basis and does not undertake to re-export the same after the completion of the contract

16.13.4.7 Central Excise Act: The Exemption/refund of central Excise duty is available under para 8.3 (c) read with para 8.2(c) on the strength of EPCG License provided by ONGC. However specific confirmation from ONGC is required in each case.

16.13.4.8 As per clarification, Govt has allowed the transfer of imported goods from one eligible project to another project, subject to certain safeguards to prevent any misuse of this facility. In this regard, notification No. 28/2013-Customs, dated 16th May, 2013 provides as under for the transfer of equipment/goods for petroleum operation from one eligible PEL/ML to another:

(i) A certificate from Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the said goods may be transferred in the name of another sub-contractor of the licensee or another licensee or a sub-contractor of such licensee (hereinafter referred to as the 'transferee') and that the said goods are required for petroleum operations to be undertaken under eligible petroleum exploration or mining leases;

(ii) Undertaking from the transferee to comply with all the conditions of the notification, including that he shall pay duty, fine or penalty that may become payable, if any of the conditions of the notification are not complied with by himself, where he is the licensee or by the licensee of the transferee, where such transferee is a sub-contractor;

(iii) a certificate, in the case of eligible PEL/ML, that no foreign exchange remittance is made for the transfer of such goods undertaken by the transferee on behalf of the licensee or lessee, as the case may be: Provided that nothing contained in this sub-clause shall apply if such transferee is an Indian Company or Companies.

(MM/15/2016 dated 05.07.2016)

In view of above clarification, Govt has allowed transfer of imported good from one eligible blocks to another without payment of custom duty under para (d) of Conditions No. 40A of Sl. No 357A of Notification 12/2012-Cus (as amended vide N/N 12/2016-Customs dated 01.03.2016) for petroleum operation. In this case, the contractor needs to provide documents as specified under para (d) of Condition 40A to the jurisdictional Customs before such transfer where there is change in Licensee or Contractor. Further, Contractor should get the undertaking given by ONGC at the time of initial import duly released from customs and submit to ONGC as a proof of compliance.

Non compliance of these provisions will be treated as breach of contract. Further, ONGC shall intimate Custom, DGH regarding completion of the subject contract and non export of the equipments and also forfeit their performance bond..

16.13.4.9 Central Sale Tax (CST) Act : Under section 8 of CST Act, concessional rate of sale tax on interstate sale of goods required for use in mining or for use in manufacturing is available subject to ONGC provide 'Form C' to the contractor. Bidder to provide value of material to be procured on interstate sale basis in Bid , However, detail list of such material (limited to the value of interstate purchase provided in the bid) can be provided subsequently which shall form part of contract..

In case Indian supplier is not a manufacturer and purchasing goods from a registered dealer located outside the state of use, ONGC can avail the benefit of E1-E2 transaction by issuing Form C to the contractor.

16.13.4.10 Compliance of Section 6A of CST Act 1956.

In accordance with the provisions under Section 6A of CST Act, 1956, in case of interstate transfer to goods, if the transferor claims that he is not liable to pay CST on an interstate movement of goods due to the reason that it is not sale and the goods have been transferred inter-state to any other place of his business, then he has to produce Form F to his assessing authority duly signed by an officer of his other place of business failing which movement of such goods shall be deemed for all purposes as sale leviable to CST.

Hence, following guidelines in case of interstate movement of goods from one installation of ONGC to other or for job work or repair at third party's premises / workshop, should be followed:

- (i) The blank form-F shall be obtained by the transferee (i.e. goods receiving party) from sales tax authority in which the transferee is situated.
- (ii) Complete details of the material that have been received by the transferee of goods shall be indicated in the appropriate column of the Form-F. If space in F form is not adequate, a separate list may be firmly attached as annexure to form F giving details.
- (iii) The transferee of goods may issue a single consolidated declaration for the transfer of goods made by the concerned transferor work center during one calendar month.
- (iv) The declaration may also be given by way of annexure where there are many transfers made during the month.
- (v) The declaration in the aforesaid Form-F shall be got certified by the transferee from their jurisdictional sales tax authority and shall be forwarded to the transferor work centre after receipt of goods.
- (vi) The declaration in Form-F must be submitted to the jurisdictional sales tax department of the transferor work centre within three months after the end of the period to which the declaration pertains to.
- (vii) In cases where interstate transfer of goods are for purely job work where material are not used, and the service provider is not in position to issue "Form-F", the transferor work center should substantiate to the sales tax authorities by providing them transport documents (outward and inward delivery challans) that the movement of goods were not by way of sale.

16.14 Submission of integrity pact and other documents by bidders

- 16.14.1.1 IP will be applicable for all tenders valuing above Rs 1 crore only. In a case of procurement of goods from OEM decided that, in respect of cases pertaining to procurement of material/hiring of goods and services from OEM/OES/PAC basis, in case bidder does not agree to submit the Integrity Pact inspite of making all out efforts, then dispensation from the requirement of submission of Integrity Pact in such cases can be considered with the approval of the concerned Director.
- 16.14.1.2 IP will be executed on plain paper, irrespective of whether it is from foreign or Indian bidders.
- 16.14.1.3 Submission of incomplete IP documents with the tender should not lead to disqualification of the bidder. Such vendors should be asked to comply to all IP guidelines subsequently.
- 16.14.1.4 In cases of submission of IP without being properly signed by the authorized signatory or non-submission of IP in either manual tender or in e-procurement (where scanned copy is to be uploaded along with Techno-commercial bid and physical documents are to be submitted separately) bidder(s) may be asked to submit original copy of IP in physical form as deficient documents as per provisions of the MM Manual regarding seeking clarifications/submission of deficient documents by bidder(s). However, in case bidder(s) do not submit these documents, then such bids should be rejected.
- 16.14.1.5 Offers violating any of the provisions of the Integrity Pact should be rejected, without considering them for any relaxation/dispensation from the provisions of Integrity Pact. In exceptional circumstances, if it is considered essential to grant any relaxation/dispensation to the provisions of IP to any bidder, the issue should be referred to IEMs for their expert opinion on whether such relaxation/deviation can be accepted or not.

Note:

- (a) Curriculum Vitae of Independent External Monitors (IEMs) shall be placed permanently on the home page of ONGC's website www.tenders.ongc.co.in
- (b) The proforma of Integrity Pact shall be incorporated in the tender documents. The Integrity Pact shall be initially signed by an officer at the appropriate level (same as the level at which the contract for execution of supply order/work is to be signed, based on the estimated value of the tender). The same shall have to be returned by the bidder (along with technical bid), duly signed by the same signatory who signs the bid, i.e. who is duly authorized to sign the bid as per the Instructions to Bidders stipulated in the tender documents. All the pages of the Integrity Pact shall be duly signed by the ONGC's and Bidder's signatories.

- (c) The process for appointment of External Independent Monitor(s) shall be similar to Outside Expert Committee (OEC) and the C&MD of ONGC shall be the appointing authority.

(MM/03/2015 dated 15.04.2015)

(MM/11/2016 dated 05.04.2016)

- 16.14.1.6 Work Centers should not themselves ignore the advice of IEMs that are recorded and submitted by the IEMs to the work centre on various issues. In the event any of the advice of IEMs cannot be accepted, the case should be put up to EPC for its approval by the Work Center with full justification for the same.

In the interest of transparency, opinion of IEMs should be shared with the complainant. After receipt of the opinion of IEMs, Chief MM shall share the operative part of the IEMs opinion alongwith the conclusion part with the complainant. It may also be informed to the complainant that opinion of IEMs is non-binding in nature.

- 16.14.1.7 Bidders who have not submitted the POA should not be outrightly rejected. In such scenario, bidders may be asked to submit original POA as deficient document as a clarification as per laid down MM procedure. Further, non submission of POA after the final round of clarifications should lead to rejection of the bid. However, it should be ensured that the POA is given in the name of same person who signed the bid.

- 16.14.1.8 Purchase through full-fledged purchase formations

The officers of MM discipline who are attached to indenting section(s) to look after their stock functions should not carry out the purchase themselves.

- 16.14.1.9 Record and distribution of the communications /files received in MM Department through Dak system.

Utmost care should be taken to properly record and account for the communications received from various sources during tender processing. Further, in all e-procurement cases, clarification to be sought from the bidders or any other correspondence with bidders related to e-tenders should be uploaded on e-procurement portal and it should be insisted that bidders should submit their responses through e-procurement portal only avoiding submission of physical documents, unless the response necessitates submission of documents in physical form.

(MM/04/2015 dated 28.04.2015)

16.15 Accounting of Capital items.

16.15.1 Normally the officer to be declared as indenting officer for capital items should be Sectional Heads not below E-4 level. In case officer of E-4 level is not available, next junior officer will be declared as authorised indenter for assets control.

16.15.2 The authorised indenter will ensure maintenance of proper records for capital items received and distributed to actual users. In the event of transfer or retirement from service of ONGC of any officer/official, it must be recorded in 'No Objection Certificate by the concerned authorised Indenter that such officer has handed over the charge of the assets in his name and entry has **been** made accordingly in the records. Before issuing Clearance of dues of such officer(s) it shall be ensured that above requirement has been fulfilled by the concerned authorised Indenter.

(MM/27/2017 dated 21.06.2017)

16.16 Deputation of ONGC personnel on foreign tour:

Where, after having approval of Competent Authority, ONGC's personnel are deputed on foreign tour, a provision is to be made in the supply order/contract that no service/hospitality in any manner whatsoever is to be provided by contactor / supplier and their associates directly or indirectly to ONGC personnel(s) so deputed. The ONGC personnel(s) before, deputation on foreign tour will be required to give an undertaking (as under) to the concerned authority:

Undertaking of officer going abroad on official business/inspection

I, _____, Designation _____ CPF No. _____ working as _____ at _____ am being deputed to inspect the material _____ Details of the Company _____ before dispatch.

I do hereby give this undertaking to ONGC that I shall not avail any facility / hospitality of the Company _____ during this tour. I shall be personally liable for any violation of this policy on this account.

Name _____
Designation _____
CPF _____

17 Vendor Management

17.1 Registration

- 17.1.1 Suppliers / Contractors should be given the opportunity to register as an ONGC vendor. They will be provided with a login id and password on an ONGC document portal.
- 17.1.2 Each vendor can select from a list of items / services which it wants to supply and also a list of locations where they are going to deliver those items/ provide those service.
- 17.1.3 The document portal will include provisions to upload standard documents. Standard financial documents (e.g. income statement, cash flow statement) can be uploaded by the vendor once a year or whenever they are changed (financial year / other time period of change) and are used as an input to any tenders throughout the year.
- 17.1.4 In addition, the document portal will also include provisions to include technical documents (PO's etc.) of a specific category / item /service. This will also be updated by the vendor as and when required depending on the specific tender they want to apply to and also depending on the validity of the document. For the same item category, the documents can be taken from the document portal rather than asking from the vendor on each occasion.
- 17.1.5 In addition, each document should have a provision for verification- if a specific document (financial, commercial or technical) has been verified once by a TC team and the respective Level-1 authority, the MM representative of the specific TC can put an online verification for the document making it usable for all other subsequent tenders for the same category / item / service under the same category team in the future by other users (for as long as the document is valid and can be used). These verified documents, whenever they are still valid (based on timeline) should be used across ONGC for evaluating of tenders.
- 17.1.6 If a particular document has been evaluated by any work center, same can be downloaded from vendor's submitted bids for other tenders at work center, he has to indicate the same in the bid .In such cases the documents may not be asked again from the vendor.
- 17.1.7 In case a document has not been deemed approved, provision should be present in the system to remove the document from the portal and notify the vendor accordingly.

17.2 New vendor development

- 17.2.1 ONGC may give out development order at its discretion for any category / item / service needed for oil field services that need new vendors.

- 17.2.2 The development order will need to meet the same requirement on delivery quality as other orders.
- 17.2.3 No preference on price should be given for development order. New development order player would be required to quote its price. In case its prices are lower than the L1 player, it will be required to supply at its quoted prices. If its quote is more than L1 player, it will be required to match the L1 price.
- 17.2.4 Development order shall be issued for a smaller quantity upto a maximum of 20% of quantity being tendered, as necessary to carry out field trial testing.
- 17.2.5 In case the bidder has satisfactorily completed development order for similar items in the past then the bidder does not have to satisfy experience criteria in the BEC.

17.3 Vendor Empanelment

- 17.3.1 Vendor empanelment should be carried out as a practice for defined categories, items and services. Vendor empanelment can work along with other best practices including category management as well as best practices of tender execution such as quality and cost based selection (QCBS) or lowest cost based selection (L1).
- 17.3.2 The empanelment always occurs for a combination of vendor along with category, item or service. For items other than type A and type B , the provision to include the location of delivery of items / service should also be considered.
- 17.3.3 The empanelment of new vendors will be carried out by the category manager / MM team member and approved by the concerned Director .
- 17.3.4 Vendor empanelment will be for a period of 3 years and can be subsequently renewed in case the vendor performance is above the threshold set for de-empanelment.

De-empanelment of empanelment vendors may become necessary on account of various factors including poor vendor rating, bankruptcy, discontinuation of requisite certification like API certificate, etc. Approval of concerned Director shall be obtained for de-empanelment.

17.3.5 Empanelment Process

- a. Specific requirement in the particular category / item / service is identified.
 - i. In case item / services are covered under category management, this shall be executed by category manager. For items and services not covered under category management this is done by the MM team.

- ii. In case this item / service is covered under centralized procurement (A or B type), the centralized team will be responsible for carrying out empanelment of vendors based on requirement of respective work centre; Decision on empanelment for certain category to be approved by Director concerned
 - iii. In case, the item / service is not covered under centralized procurement (A or B type), the empanelment process will be done in decentralized manner. However, decision to go for empanelment for a certain category, upon request from any work center, to be approved by Director concerned; On approval, it is advisable that other work centers follow empanelment process for such categories unless work center specific reasons with respect to frequency of procurement or number of suppliers make it undesirable. The work centre empanelling vendors should post the details regarding empanelled vendors on the central website for the information of all other work centres.
 - iv. Inputs from the end user groups should be taken before finalizing requirement for vendor empanelment (by MM / category manager).
 - v. The empanelment of a vendor / contractor in ONGC shall only entitle him to be considered for issue of tender documents subject to the conditions laid down in the respective notice for invitation for empanelment. It shall not confer any right on him for award of work.
- b. Knowledge base for the specific category / item / service is built up using the following steps.
- i. Information from internal sources (SAP, in-charge MM's etc.)
 - ii. Information from external sources (Information available in public domain, market surveys etc.)
- c. Criteria for empanelment process
- i. Criteria for short-listing of vendors should include financial capability, technical capability, and quality and delivery performance criteria.
 - ii. Technical criteria for order fulfilment to be specified by the end user group / (s) - may include parameters like delivery quality, execution experience, and no. of projects of similar value range executed availability of the right employees and skills for execution of order, presence of facilities etc.
- d. Financial criteria: The net worth of the bidders should be positive at the time of empanelment. Others financial parameters in line with the criteria adopted in normal tender process shall be followed while

inviting tenders among the empanelled vendors. Empanelment shall not be done for a consortium / unincorporated JV / any other group of companies not existing as a separate legal entity. After finalization of empanelment criteria, the process open ICB tendering shall be followed for empanelment. Subsequent to empanelment limited tender shall invited among the empanelment bidders. The tender for empanelment as well as subsequent limited tenders shall be proceed through e-portal. Such limited tenders need not to be published again in tender website with PQC, since the original empanelment process has gone through ICB.

- e. The empanelment window for fresh empanelment shall be opened every year, say in the month of January and kept open for a 1 month period within which entries from potential new vendors should be obtained. Empanelment shall be completed within a 3 month period.
- f. The requests received from vendors for empanelment shall be evaluated by the respective groups namely Technical, MM or Category manager (wherever applicable)&Finance and recommendations for empanelment shall be put up to concerned Director through a TC consisting of I/c MM, I/c Finance & L-2 of indenting section.
- g. Relationship management with the vendor (for future involvement during delivery etc. or for activities like co-development) will be handled by the category manager in case item / services are covered under category management or by the same MM team member responsible for empanelment of items / services not covered under category management.

17.4 Vendor Appraisal

- 17.4.1 Vendor appraisal should be conducted for all vendors
- 17.4.2 Vendor appraisal will be carried out at two stages – tendering and order/contract execution. Thus the vendor who is awarded the contract will get two separate ratings, one for performance during tendering phase and second for performance during order/contract execution stage. All the other vendors who participate in the tender but are not awarded the contract or withdraw from the process midway will be given one rating only for performance during tendering phase.
- 17.4.3 Vendor appraisal will be used for the purpose of vendor selection for subsequent steps and also for the purpose of determining if empanelled vendors need to be de-empanelled.
- 17.4.4 All vendors will have two types of ratings (tendering and contract execution) which will be recorded. These Vendor ratings shall be included as technical criteria for evaluation of the bid in the next tender in the same category / item / service.

- 17.4.5 In addition, in QCBS bids, appropriate weights can also be assigned to vendor ratings to make the selection criteria more stringent. Separate weights shall be assigned to tendering rating and execution rating.
- 17.4.6 For first time new vendors, a rating of 7 will be allocated to them for both bidding and execution. This original rating will be used till the vendor has at least 3 ratings from which average can be taken.
- 17.4.7 Subsequent to their first tender participation, newer tendering rating will be compiled as $(2/3) * 7 + (1/3) * \text{rating 1}$. Similarly after their first delivery / project completion, newer execution ratings will be compiled as $(2/3) * 7 + (1/3) * \text{rating 1}$
- 17.4.8 After the completion of the second tender/ project / delivery, newer ratings are compiled as $(7 + \text{rating 1} + \text{rating 2}) / 3$.
- 17.4.9 For vendors who are returning after holiday/ banning, the last vendor rating for the vendor in the system will be used.
- 17.4.10 For vendors who have not been selected for any project in the last 2 - 3 delivery cycle for the item, there last rating in any bid will be used as a rating any subsequent bids
- 17.4.11 Vendor Rating process
- a. For each activity after the notification period, adequate times should be defined.
 - b. After award of contract, timelines for all the project milestones along with net value impact (value preferably in terms of Net Present Value or any other proxy to incorporate milestone criticality along with milestone payment) are defined. Subsequent measurement of vendor performance happens on the basis of delivery in full against these timelines.
 - c. Vendor rating needs to be performed at 3 levels
 - i. For each milestone of a tender/project, performance of vendor is measured against delivery milestone
 - ii. For each tender/project, performance across all milestones are measured and combined using a measure of impact (NPV impact or criticality to overall project) to get an overall score for the entire tender/project
 - iii. For getting a final vendor rating which is a combination across multiple tenders/projects, average of all vendor ratings across different tenders/projects is taken for a time period which is equal to 3 times the standard delivery time for a contract in the specific category, item or service or 5 years whichever is lower
 - e. For the tendering phase, following milestones can be utilized

- i. Bid submission – Correct submission of all documents as stipulated in the tender document. Any request for extension for bid submission deadline will result in negative impact on vendor rating as explained below:

Score: Request for extension of TBO

11: No request for extension

9: Extension for 1 to 7 days

8: Extension for 8 to 15 days

5: Extension for more than 15 days

- ii. Bid validity, Bid withdrawal and unsolicited communication

Score of 11 if no there is not Bid Withdrawal, Correct Bid validity and No unsolicited communication from Bidder

Score of 0 if Bid is withdrawn or ONGC decides to cancel their bid due to non-compliance to tender conditions

Else, score will be affected negatively by 1 point for each transgression

For eg, if bid validity was incorrect but bidder changes it when ONGC asks them, their score will be reduced by 1 point.

For every unsolicited communication, their score will be reduced by 1 point.

- iii. Timely response to queries

Score: Delivery Timeline

11: No requirement of any clarifications

10: Acceptable response before the day of deadline

9: Acceptable response on the day of deadline

8: 1 day delay in Acceptable response

7: 2 day delay in Acceptable response

6: 3 day delay in Acceptable response

5: 4 day delay in Acceptable response

4: 5 day delay in Acceptable response

3: 6 day delay in Acceptable response

2: 7 day delay in Acceptable response

1: 8 day delay in Acceptable response

0: More than 8 day delay in Acceptable response

d. For each milestone in a project, clear timelines are defined. As far as possible, individual activities in a milestone for the vendor / contractor should have as few overlaps from external agencies and ONGC as possible.

i. Against each milestone timeline, date of final delivery of items / services are identified and scored according to the criteria mentioned below.

Score: Delivery Timeline

11: Better than on time delivery / execution

10: Delivery on time (upto 1% more or 1 day (whichever is more) than time allocated for the milestone

9: 1 - 10% delay (rounded to the nearest day) compared to milestone timeline

8: 10 - 20% delay (rounded to the nearest day) compared to milestone timeline

7: 20 - 30% delay (rounded to the nearest day) compared to milestone timeline

6: 30 - 50% delay (rounded to the nearest day) compared to milestone timeline

5: 50 - 70% delay (rounded to the nearest day) compared to milestone timeline

4: 70 - 100% delay (rounded to the nearest day) compared to milestone timeline

3: 100 - 150% delay (rounded to the nearest day) compared to milestone timeline

2: 150 - 200% delay (rounded to the nearest day) compared to milestone timeline

1: 200 - 300% delay (rounded to the nearest day) compared to milestone timeline

0: More than 300% delay (rounded to the nearest day) compared to milestone timeline

- ii. Quality of vendor output is incorporated in the overall criteria for vendor appraisal by ensuring that final delivery completion certificate should be handed only after the delivered item / service has been tested for quality and has passed the prescribed inspection norms.
- iii. Quality and inspection process needs to move from one time check at the time of delivery / milestone completion to a system of continuous quality check and inputs from continuous quality management should be used with empanelled vendors to work on methods to improve delivery and performance.

f. Overall Tender/Project Rating

Combination of different milestones to be carried out on the basis of value impact of the specific milestone step.

Only in cases where impact value of all milestones cannot be calculated, each step will be given scores in terms of criticality towards project deliverable (least critical step will be given a score of 1, most critical step will be given the maximum score - equal to the total number of milestones in the requirement) and the total project score will be calculated as a weighted average of all these milestone scores.

For the tender rating, the three milestones as defined in sub-clause(d) above can be accorded equal weights.

- g. Vendor response time for post contract issues will also be measured. Rating scale for post contract issues will be shared at the time of the closing delivery milestone.

17.4.12 All criteria for vendor rating will be shared upfront with the vendor at the time of tendering. No modification of vendor rating for a project will be allowed for a project which is already under execution.

17.4.13 The vendor rating formats for respective categories shall be developed by the respective MM team / Category manager dealing with the category / item / service and shall be approved by the concerned Director. The respective MM team / Category manager dealing with the category / item / service will be responsible for executing the vendor rating.

17.4.14 The vendor rating can also be linked to the IT system in case it is completely objective and can be mapped to the system.

17.4.15 Vendor Feedback and Co-Development

- a. In addition, to the formal rating process, a vendor feedback process will be carried out to facilitate execution / delivery without delays and actively

work with quality vendors to further improve on project / item / service metrics (cost, time, quality etc.)

- b. Each milestone step is divided into multiple checkpoints.

Checkpoints in any delivery / milestone will be after every 2 months (from the start of contract) or in case the milestone timeline is less than 6 months, the entire milestone will be divided into 3 equally timed checkpoints.

- c. At each checkpoint, stock of the progress of the current milestone will be taken, root causes or roadblocks for specific issues will be identified and plan for the next checkpoint stages, milestones, projects will be updated.
- d. Further, In charge MMs should fix one-day in a month for suppliers' complaints and resolution of issues. MM Depts. at Work Centre under the guidance of the Key Executive are also advised to hold "Interactive Meets" with the local vendors at least once in every year) to be used as a platform for interacting with the vendors for resolution of their issues/complaints and redressal of their grievances and to have better participation from local prospective bidders in tenders for incidental requirement., besides educating them about ONGC's tendering procedure. The expectations from the vendors against vital tender requirements and the common errors and lapses committed by the vendors should be highlighted during such "Interactive Meets with Vendors". Senior officers from all disciplines should participate in the meet. The issues requiring resolution at the local level should be addressed by taking suitable actions. However, any policy issues should be referred to PMC with the recommendations of the Work Centre duly endorsed by the Key Executive. Work Centres are advised to invite MSEs (including those owned by SC/ST entrepreneurs) of their locations for participating in such Periodical Interactive Meets with Vendors, for resolution of their issues, besides educating them about ONGC's tendering procedure.

17.5 Vendor Banning

- 17.5.1 Removal from the approved list: The name of the contractor may be removed from the approved list of contractors, by the enlisting authority, if it:
 - a. has a rating below the cut-off rating of 4
 - b. has, on more than one occasion, failed to execute a contract or has executed it unsatisfactorily; or
 - c. is proved to be responsible for constructional in two or more separate instances; or
 - c. If persistently violates any important conditions of the contract; or

- d. Fails to abide by the conditions of empanelment; or
- e. Is found to have given false particulars at the time of empanelment; or
- f. Has indulged in any type of forgery or falsification of records; or
- g. Changes constitution of the firm or Individual without prior approval of the empanelment authority; or
- h. Is declared or is in the process of being declared bankrupt, insolvent, wound up, dissolved or partitioned; or
- i. Persistently violates the labour regulations and rules; or
- j. Is involved in complaints of serious nature received from other departments which prima facie appear to be true.
- k. transgresses relevant provisions of Integrity Pact
- l. Fraudulent activity, wilful mis-conduct, mis-representation, mis-declaration, security considerations including loyalty to state, adverse vigilance or CBI report, Govt. instructions, etc
- m. If proprietor of the firm, its employee(s), partner(s) or representative(s) is/are convicted by a court of law following prosecution by the CBI or under normal process of law for offences involving moral turpitude in relation to business dealings
- n. If there is strong justification for believing proprietor or employees or representatives of firm have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolation, misrepresentation, evasion or default in payment of any tax levied by law.
- o. If the firm contumaciously refuses to return Govt./ONGC's dues without showing adequate cause and Govt./ONGC are satisfied that this is not due to a reasonable dispute which would attract proceeding in arbitration or court of law.
- p. If the firm employs a Govt./ONGC employee, dismissed/removed on account of corruption, or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt Govt./ONGC employees.

17.5.2 Vendor Banning Process

(MM/02/2015 dated 08.04.2015)

The Committee of Directors consisting of concerned Director, Director-I/c MM and Director (F) shall be competent for approving proposals for banning of business dealings with erring vendors. Chief MM shall be the nodal officer to assist this Committee and all the proposals from the Work Centre shall be first

scrutinized by Chief MM before they are put up to the committee of Directors. The Committee of Directors can refer the case for banning of business dealings with an erring vendor to EPC after obtaining the approval of CMD only in case if business dealings with a major vendor who is involved in various areas of operations of ONGC is proposed to be banned and if banning of business dealings with that vendor could have a major impact on ONGC's operations.

Following process shall be followed for the purpose of banning any vendor:

(MM/26/2017 dated 21.06.2017)

- a. In case it is decided to suspend business dealing with the defaulting supplier/contractor, the Key Executive at the Work Center shall submit the case to the concerned Director for approval for initiating banning process against the erring firm. The concerned Key Executive while submitting the case to the concerned Director for initiating banning process against the erring firm shall also nominate an Enquiry Officer and obtain approval of the concerned Director. The Enquiry Officer shall not be less than the E-6 level executive (who did not handle the case in any capacity) for conducting the proceedings.
- b. Consequent to obtaining approval for suspension of business dealings, communication shall be sent to the supplier/contractor conveying suspension of business dealings with him pending completion of inquiry. This communication should clearly indicate the reasons for the same and specify that after completion of inquiry, if it is found that the fault is on the part of the Supplier/Contractor, then they shall be put on holiday [i.e. neither any tender enquiry will be issued to such a Supplier by ONGC against any type of tender nor their offer will be considered by ONGC against any ongoing tender(s) where contract between ONGC and that particular Contractor (as a bidder) has not been concluded] for a period of two years. This communication should be issued by I/c-MM for cases pertaining to MM and concerned Level-II for cases pertaining to other departments, by Registered Post with authenticated acknowledgement
- c. Simultaneously, inquiry shall be conducted by ONGC(through the enquiry officer appointed), in quasi judicial manner but during the period inquiry is being conducted, business dealings with the defaulting supplier/contractor shall remain suspended i.e. ONGC shall neither issue any tender enquiry to him nor shall consider his offer in any ongoing tender
- d. The Enquiry Officer shall issue legally vetted show cause notice to the firm by Registered Post with authenticated acknowledgement. Show Cause Notice should bring out allegations and asking why business dealings with the firm should not be banned. The Enquiry Officer shall also monitor receipt of reply in given time and shall submit the inquiry report to the Key Executive of the Work Center. While submitting the

inquiry report, Enquiry Officer shall also suggest the period of banning business dealings with the erring firm depending upon the gravity of the offence committed by the firm.

- e. Enquiry Officer shall ensure that enquiry process for banning of business dealings with erring vendor is completed within 4 months from the date of his appointment as Enquiry Officer. Further, it would be ensured that final banning order is issued within 2 weeks from completion of enquiry process.
- f. The Key Executive shall peruse the inquiry report along with the replies submitted by the firm and all other related documents of the subject case. In case the recommendations of Enquiry Officer are in line with the decision of concerned Director for initiating banning process, recorded earlier, Key Executive shall submit the case through the Legal Section of the concerned Work Centre and Chief- Legal Services to Chief MM Services for obtaining approval of the Committee of Directors for issuing the banning order. However, where based on the findings/recommendation of the Enquiry Officer and the replies submitted by the firm and all other related documents of the subject case, a review of the decision is required, then the Key Executive of the work center shall submit the case to concerned Director for reconsideration with due justification along with recommendations.
- g. After obtaining approval of the committee of Directors, the Key Executive of the Work Centre shall issue the order for banning of the firm. While issuing the banning orders it should be ensured that banning order is a speaking order, highlighting explicitly the vendor code, the reasons for banning and the same should be duly vetted by the Legal Section of the concerned Work Centre. Work Centre should ensure proper service of the banning order by Registered Post with authenticated acknowledgement.
- h. Banning period shall be counted from the date of issue of initial order of suspension of business dealings so that effective period of banning remains same as stipulated period / period approved by Competent Authority
- i. For effective implementation of the these provisions, the concerned Work Centre shall send a copy of the communication which has been addressed to the vendor suspending business dealings with him/banning them (along with the copy of approval of concerned approving authority) to PMC-Corporate-MM along with the vendor code(s) of the defaulting supplier/Contractor for uploading the same on the MM web-site under "Names of Erring vendors with whom Business dealings have been suspended/Banned" and blocking the vendor code of the concerned vendor in the ICE system.
- j. On conclusion of inquiry, if it is decided not to ban business dealings with the supplier/contractor, then work centre shall immediately revoke the

suspension order and convey this decision to the Supplier by Registered Post with authenticated acknowledgement. This decision should also be conveyed to PMC Section for removing the name of the firms from the List of firms with whom business dealings have been suspended, appearing on the website

- k. Initiating banning process where decision has been recorded by CMD in a file to process the banning action on a firm: In such cases, consequent to CMD's decision to initiate proceedings for banning business dealings with a firm, the concerned Key Executive at the Work Center shall process implementation of the decision without any back reference to the field etc. for initiation of a de-novo case and immediately initiate the proceedings for banning of business dealings with the firm as per prescribed methodology mentioned above and shall be completed in maximum 45 days from the date of CMD's orders.
- l. Wherever forgeries have been established, criminal proceedings should also be initiated by the work centre against those erring firms against whom criminal misconduct has been established besides other action as per terms & conditions of the tender/contract.
- m. Banning order are to be issued for banning of the erring firm along with its allied concern, partner or associate or director or proprietor involved in any capacity etc. Such entities already operating in ONGC should be identified by Work Centers to the extent possible and their corresponding vendor codes should also be intimated to VM Cell for blocking
- n. The guidelines on suspension of business dealing with a firm as per clause 17.5.2-a above shall be applicable in case of termination of Contract due to unsatisfactory performance, insolvency of the firm, delay in mobilization , and / or annulment of the contract due to non-submission of Performance Security, provided the related provisions have been incorporated in the tender/contract conditions.

18 Claims and Warranties

18.1 Warranty and Guarantee

- 18.1.1 Warranty and Guarantee for equipments and LSTK / Projects will be as per provisions mentioned in Tender Document.
- 18.1.2 The details for Bank Guarantee for warranty in case of equipment and LSTK / Projects will also be as mentioned in the Tender Document.
- 18.1.3 All software may be procured without any warranty. The tenders for procurement of software should be invited along with its AMC wherever required. It should be clearly stipulated in the BEC that value of the AMC shall also be taken into account for evaluation along with that of the software. Annual Maintenance Contract (on base price) should be entered into from the next day of successful installation, commissioning and acceptance of the software. In addition, a provision should also be made in the tender and the contract that AMC can be terminated by ONGC at its discretion by serving an advance notice of 30 days.
- 18.1.4 After placement of order/contract, simultaneous action should be initiated for completing "Site Readiness" for installation and commissioning (including civil work, electrical connections, and consumables etc., which are to be arranged by ONGC as per contract terms) well in time. The indentor / project coordinator should ensure timely installation and commissioning of the equipments so that warranty period of minimum 12 months is fully availed after the date of installation and commissioning.
- 18.1.5 In individual cases, wherever it is anticipated that longer period would be required for completing installation and commissioning job, suitable provisions in respect of the same should be incorporated separately in the special conditions of tender/contract so that warranty period of minimum 12 months is available after the date of installation and commissioning of the equipment.
- 18.1.6 In case the installation and commissioning is delayed on account of the supplier/contractor, necessary extension in warranty period (so as to ensure availability of warranty for a minimum period of 12 months from the date of installation and commissioning) should be obtained from the supplier/contractor at no extra cost, before final acceptance of the goods/equipment/project after installation and commissioning

18.2 Liquidated Damages / Cancellation Clause

- 18.2.1 No liquidated damages clause will be inserted in contracts / supply orders for purchases upto Rs.1 lakh. For other contracts LD should be used.
- 18.2.2 For OEM spares, OEM services, Proprietary chemicals and other articles of proprietary, LD should not be used. However, in case of AMCs, LD shall be imposed.

18.2.3 Liquidated Damages / Failure and Termination Clause will be as per terms mentioned in the general conditions of the contract and special conditions of the contract.

18.2.4 LD will be imposed on the total value of the order unless 75% of the value ordered is supplied within the stipulated delivery period. Where 75% of the value ordered has been supplied within stipulated delivery period, LD will be imposed on the order value of delayed supply(ies). However, where in judgment of ONGC, the supply of partial quantity does not fulfil the operating need, LD will be imposed on full value of the supply order. However, in cases involving supply to multiple consignees/port consignees, Work Centre to frame a suitable clause for levy of L/D on consignee/port consignee wise basis. The due dates for supply of each item/quantities on consignee/ port consignee wise should be specified and LD should be levied for delay in supplies beyond the dates specified for respective items/ quantities on consignee/port wise value. For calculation of LD, Service will be deemed to have been delivered only when all components and parts are also delivered so that the entire work unit / service unit can be operated or executed as a whole. If certain components are not delivered in time, the services, will be considered as delayed until such time all the missing parts are also delivered.

Any change in deadline of delivery / mobilization / completion, copies of letter authorizing extension of delivery/ mobilization/ completion date should be endorsed to the following (i) Indenting Officer

(ii) Quality Assurance Department

(iii) Consignee

(iv) Finance and Accounts Officer

18.2.5 Following procedure shall be followed for grant of extension of Delivery / Mobilization / Completion date

a. In cases where the delivery/ work is not likely to be completed as per original schedule, and cancellation/ termination of contract is not contemplated, the time of delivery/ completion should be suitably extended as per instructions given here under, before the expiry date of mobilization/ delivery/ completion, in order that the contract shall continue to be in force and the contractor remains liable to execute the contract.

b. Any extension due to entire delay being solely on account of contractor / supplier will be decided by Competent Purchase Authority, on recommendation by the indenter (& MM, if tender was processed by MM-dept.). This extension will be with levy of LD as per the terms of contract, provided the indenter confirms continued existence of the requirement. No tender committee is required in this case. No financial concurrence is required. Normally, such extension will be communicated to the contractor in the format given in Appendix 4. For cases falling under the

powers of EPC such extension shall be granted with the approval of concerned Director.

Provisions for penalization including vendor ratings should be exercised if delay or extension is required due to faults attributable to the contractor.

- c. Any extension, where delay in part may be on account of ONGC, will be granted by the Competent Purchase Authority, on recommendation by the indenter (& MM, if tender was processed by MM-dept.) with ONGC reserving right to levy LD, provided the indenter confirms continued existence of the requirement. No tender committee is required for such decision. No financial concurrence is required. Normally, such extension will be communicated to the contractor in the format given at Appendix 5. For cases falling under the powers of EPC, such extension shall be granted with approval of concerned Director.

The amount of LD shall be withheld on the proportionate basis, by finance, from the bills of supplier/contractor, while releasing payments for delays.

(MM/04/2015 dated 28.04.2015)

In case of LSTK contracts, on completion of delivery /work, the delay would be examined by TC (based on the joint statement duly signed by both ONGC and Contractor which will be prepared by User at the level of TC. Concerned Level-II Officer of indenting department shall have full powers in this respect) and the quantum of LD will be approved by the CPA on recommendation of TC.

In case of material and services quantum of LD shall be recommended by TC considering the extent of delay attributable to contractor.

Proposal for time extensions shall then be considered by the Competent Purchase Authority for approval on recommendation by the Tender Committee regarding quantum of LD for the delay attributable to the contractor. For cases falling under the powers of EPC, time extensions can be granted with the approval of concerned Director, if (i) the LD rate is as per provisions of Supply Order/Contract and (ii) delay attributed to the contractor is not condoned either in part or full.

(MM/10/2016 dated 23.03.2016)

d. – Deleted -

- e. Notwithstanding anything stated in the foregoing paras, as a rule, no extension should be given for a period of more than one year beyond the originally scheduled date of delivery/mobilization/completion date. The delivery date extensions for more than one year beyond the original schedule shall require approval of CPA not below L-1. In cases where EPC is CPA, Director concerned shall approve such proposal. However,

in respect of OEM cases irrespective of Value L-1 executive shall have full powers to approve extension of delivery date.

(MM/04/2015 dated 28.04.2015)

- f. Seeking approval for extension in delivery/mobilization/completion period on ex-post facto basis should be avoided, as far as possible and that extension, if any, in delivery/mobilization/completion period should be given to the contractor before the expiry date of mobilization/delivery/completion after obtaining approval of the competent authority. However, in exceptional circumstances, if extension in delivery/mobilization/completion period is not given before the expiry of the delivery/mobilization/completion period, in such cases, ex-post facto approval for extension of delivery/mobilization/completion period can be accorded by the authority as per delegation already provided in the MM Manual. In such cases, detailed reasons and justification should be brought out while obtaining the approval of the competent authority
- g. Normally the cases involving extension due to delay on account of contractor/supplier shall be considered with levy of LD at the rate as per contract terms and without condoning any delay attributed to the contractor. However, in compelling circumstances beyond the control of supplier/vendor, a holistic view may be taken for considering waiver of Liquidated Damages. Any proposal, with full justifications, for waiver of LD rate in such cases, and/or condonation of delays attributed to contractor shall require the approval of Competent Purchase Authority not below L1 (Concerned Director, for EPC level cases), on the recommendations of Tender Committee.
- h. The aforesaid provisions shall be applicable even if the contract has a provision for automatic termination on account of delay in delivery.

(MM/04/2015 dated 28.04.2015)

- i. In LSTK projects, material and services where delay is solely attributable to ONGC, the reasons for delay should be adequately brought out in the TC minutes. Under such circumstances, Competent Purchase Authority (CPA) may grant extension of completion period to the extent of such delay is attributable to ONGC, without imposing liquidated damages. In cases where EPC is CPA, Director concerned may approve such proposal.

18.2.6 Review of decision to impose LD

In case Competent Purchase Authority finds it necessary to revise his own earlier decision imposing LD and to waive recovery thereof, he should obtain the approval of the next higher authority for doing so. The cases falling under powers of EPC will be approved by EPC.

(MM/10/2016 dated 23.03.2016)

18.2.7 If in a contract containing provisions for releasing the withheld amount of LD against submission of Bank Guarantee, it is decided to release the amount of withheld LD against BG, then it is to be ensured that the Bank Guarantee submitted by the contractor remains valid till the final settlement of the issue regarding levy of LD. As regards ensuring the validity of BG till final settlement of the issue, though primarily it is the responsibility of the dealing MM officer, but the Head of the MM department should also regularly monitor the validity of BG to ensure that it remains valid till final settlement of the issue regarding levy of LD.

18.2.8 Liquidated damages will be calculated on the basis of supply order price of materials excluding duties and taxes, where such duties/taxes have been shown separately in contract/supply order. In case of service contracts LD will be calculated on the basis of annual contract value excluding duties and taxes, where such duties/taxes have been shown separately in the contract

19 Change Orders

19.1 Definition

19.1.1 Change order will be applicable in all the LSTK/EPC contracts for Offshore/Onshore Projects, repair and revamp projects and other works including the dry docking and major overhauling of vessel/equipments. A change order will be initiated only in case

(i) the Company directs in writing the Contractor to include any addition or deletion to the scope of work

(ii) Contractor requests to delete any part of the Work which will not adversely affect the operational capabilities of the facilities and if the deletions proposed are agreed to by the Company

(iii) the Company directs in writing the Contractor to incorporate changes or additions to the Design Criteria requirements covered in the Contract.

(iv) Any other contractual change leading to cost benefit as per contract terms (negative change order)

19.2 Change order process

19.2.1 Any change/extra work not covered under current contract is identified. This requirement can be in terms of points (i) to (iv) in para 19.1.

19.2.2 Once such requirement has been identified, in case the supplier / contractor is in a position to deliver the additional items / execute the additional works, the detailed technical assessment related to the requirement is carried out by the supplier / contractor and is finalized between the ONGC representative and the supplier / contractor.

In case of additional goods, the finalization may involve indicative timelines for delivery.

In case of change in scope of work, the finalization may involve detailed technical requirements / design needed for executing the work.

19.2.3 In case of reduction in requirement, the detailed technical assessment indicating why the work can be removed is carried out by the supplier contractor and is finalized between ONGC representative and the supplier /contractor.

19.2.4 The supplier / contractor provide initial cost estimation (addition / reduction) for executing the change order.

(MM/26/2017 dated 21.06.2017)

19.2.5 The Competent Authority for approval of this change order is decided on the basis of para 19.2.9 below.

- 19.2.6 No approval to go ahead with the extra work/change order shall be given without approval from Competent Authority(including that of initial cost estimate). After the approval has been obtained from the relevant Competent Authority, the go - ahead can be given to the supplier / contractor for initiating execution on the new requirement.
- 19.2.7 The detailed change order proposal with cost and time impact shall be obtained from the contractor and put up by the Project Manager/ Project Coordinator along with the consultant's views for deliberation and recommendation of TC for final approval of the competent authority mentioned at 19.2.9 below.. After the approval of the appropriate authority as at 19.2.9 below, all such change orders shall then be issued by the Contract signing authority. Such approval shall be conveyed to the contractor based on the recommendations of TC duly approved by appropriate Authority as mentioned above. Adequate justification for the quote provided in case of purchase of material should also be taken from the contractor.
- 19.2.8 The final cost will not exceed the initial estimated cost. Initial estimated time/COST impact indicated by Contractor shall be considered as a ceiling limit and shall be provisionally considered for taking a decision to implement change order. However, in case of negative change order/cost benefit, the initial cost benefit so indicated shall be considered as the datum & final cost shall not be lower than the same.
- 19.2.9 Administrative/ Technical and Financial Powers for Approval of Change Orders will be as per BDP

Notes:

- a. Approval of the competent authority as mentioned above needs to be obtained before authorizing the contractor to go ahead with execution of the Change Order. However, in exceptional situations where there is an urgency or emergency, authorization to go ahead for executing the change order should be obtained with the approval of the concerned Director for all cases including EPC level cases. However, even in this case, an interim cost estimate has to be provided. The final cost estimate cannot be more than of this initial cost estimate. At the same time, action should be initiated concurrently to prepare cost estimates for finalizing the value of the Change Order.
- b. The formal amendment to the contract can be issued only after obtaining due financial expenditure sanction for the revised estimate in case change order results in increase in cost.
- c. These powers shall be exercised within the overall sanction accorded.
- d. In case of increase in total cost, additional expenditure sanction shall be obtained from the Competent Authority. If increase is more than 10% of the contract value, Expenditure Sanction of the Competent Authority shall be obtained as per BDP

- e. Shifting of contractual completion date due to change order and change orders having impact on overall project completion schedule shall also need approval of Competent Purchase Authority (who has approved the original contract award), not below the authorities mentioned above.
- f. TC to be held
- g. In case of variation of quantities during the execution of the contract for executing the contracted scope of work and if unit rates for such items are available in the contract, then such variation in quantity shall not be considered as change order. In case the sum of the cumulative absolute value of all positive variation of quantities and cumulative absolute value of all negative variation of quantities is upto 10% of the total contract value, then level-1 executive is authorized to accord approval of all cases including EPC level cases. For such cases exceeding 10% of the original contract value, concerned Director shall have full powers.
- h. These powers under change order procedure are applicable only in LSTK contract including dry-docking for rigs/vessels and contracts involving revamping and refurbishing of equipments/facilities. Variation in quantities where items rates are available are applicable in other cases.
- i. All new / fresh works or any additional work not appearing in the scope of work define in the contract shall be considered as positive change orders.
- j. In case during the project execution stage, it is established that a negative change order is required due to deletion of scope of work/change in design criterion/specification etc acceptable to company, Change order procedure shall be followed. Payment schedule for change orders shall be progressive and milestone based, which will be decided mutually during the change order finalization However, for negative change order, the cost benefit shall be recovered from the first available invoice after finalization of the change order and the same being conveyed to the contractor. In case of delay in the finalization of negative change order after tentative cost estimate was agreed, company may withhold the tentative cost estimate or the estimated cost by company, whichever is higher, pending finalization.
- k. In case proposed change order involves purchase of material (other than OEM spares) then prior to finalizing purchase, the contractor should provide at least 3 offers in respect of the material proposed to be procured, for approval of ONGC. Such approval shall be conveyed to the contractor based on the recommendations of TC duly approved by Competent Authority as per BDP. If less than 3 offers are provided, adequate justification shall be given as to what are the reasons for the same.

19.3 Variation in Quantity

19.3.1 Variation in quantity of items / services

(MM/10/2016 dated 23.03.2016)

- a. If the contract has been closed/executed, no change in quantity / requirement is allowed.
- b. – Deleted -
- c. If item rates are available quantity variation upto 10% (increase or decrease) is allowed without approvals. For any additional variation, approval from the CPA (under whose powers the modified amount in the contract will fall) will be needed.
- d. If rates for the items are not available, no quantity variation will be allowed and the change order procedure will be followed.

19.3.2 Variation in requirement due to change in scope / additional requirement, or non availability of rates for quantity variation needs to follow the change order process of cost estimation

19.3.3 Item Rate/Percentage Rate Contracts.

In the case of Item Rate/Percentage Rate tenders, the following procedures will be adopted in the finalization of rates for change in item quantity in case item rate are available

19.3.3.1 Variation in quantities of items, i.e. where there is increase or decrease in the quantities of items in the contract.

- a. Variation beyond $\pm 10\%$ of the stipulated quantities of individual items in the contract shall require the approval of CA.
- b. The rates payable for the variations up to 25% in respect of individual items in the contract shall be as per the contract rates.
- c. The rates payable for variations in quantities in excess of 25% in respect of individual items shall be worked out at market rates prevailing at the time of commencement of execution of these items.

19.3.3.2 Extra /Substituted Items

- a. Extra items of work are items, which are completely new and in addition to the items in the contract. Substituted items are items which are taken up in lieu of those already provided in the contract.
- b. The powers to accord Technical sanction for extra and substituted items shall be as per BDP. The officers while exercising these powers shall obtain the Administrative approval from the authority who accorded Technical sanction for the project. Where the excess is due to substituted

items, the algebraic difference between the contract and substituted item shall only be considered for the excess amount (for accord of TS).

- c. The rates for the extra items shall be worked out at market rates prevailing at the time of commencement of execution of these items. For each additional item, multiple BQs can be used as a means to identify going rate in case no rate for the item is available in the existing contract.
- d. For substituted items, the contract rate of the original item will be adjusted for the difference in market rates (prevailing at the time of commencement of execution of these items) of original and substituted items.

19.4 Payment Schedule

- 19.4.1 The payment schedule for change orders will be linked to individual milestones similar to the manner in which payments are made for normal contracts.
- 19.4.2 The payment schedule can only be made after the complete change order has been approved and the negotiations on price for the change order have been completed with the suppliers / contractors.
- 19.4.3 In case cumulative change orders cause the final value to increase by more than 15% of initial tender value, then PS should be obtained for higher amount. However, if the change in final value is less than 15%, then further PS is not required to be taken.

20 Purchase Order Tracking Process

20.1 Purchase Order

20.1.1 Distribution of copies of purchase orders

The distribution of purchase order copies will be made as under:-

- a. Firm (two copies - one copy has to be received back duly acknowledged by the firm). These will be sent under registered forwarding letter. Scanned copy of PO/contract shall be uploaded in SAP under documents link of the PO/contract and the following offices shall be informed:
 - i) Ultimate Consignee (s)- For being ready to receive the material
 - ii) Port Consignee / T&S (for imported materials only).
 - iii) Materials Management (Stock) of ultimate consignee along with approved samples, if any.
 - iv) Finance & Accounts Officer concerned
 - v) Indentor (Tech. Dept. concerned as well as Head when requirements are consolidated at Headquarters) -For information and for obtaining Essentiality Certificate and also to provide nexus documents to EPCG Cell wherever applicable
 - vi) Quality Assurance Department
 - vii) EPCG cell, in case benefits under EPCG scheme are to be availed.
 - viii) Standardization Group (in case of PO for Capital item)

20.2 Follow up of purchase orders

- 20.2.1 After the purchase order is issued, the MM department will follow up the order so that supply is received in time to ultimate consignee.

(MM/04/2015 dated 28.04.2015)

20.2.2 - Para Deleted -

20.3 Other clauses for delivery

- 20.3.1 On completion of delivery/work, vendor rating will be assigned on the basis of delivery performance for the contract, by the concerned Level-II Officer of indenting department. This will be communicated to the vendor relationship manager (category manager or MM person in charge).

- 20.3.2 Wherever the contract is concluded on the basis of approved sample either for quality or for shade or for makeup, the approved sample, duly signed and stamped by concerned purchase officer, will be sent to concerned QA Department along with relevant supply order. On the approved sample, supply order number and date of firm's name will be indicated by concerned purchase department before sending the same to QA department. Date of sending sample(s) to QA dept. will also be noted by Purchase dept.
- 20.3.3 The QA department will maintain record of samples indicating order number and date, date of receipt of sample, party from whom the sample was received, description of item, quality of sample, date of inspection and date of completion of supplies.
- 20.3.4 Samples of unsuccessful bidders shall be returned after finalisation of the tender provided the same is not consumed during testing.

20.4 Shipping order placement

(MM/132/2016 dated 13.04.2016)

- 20.4.1 For ICB/ LICB tenders, MM Department will directly place the orders on CFR basis. In case the order is to be placed on CIF basis due to any reason, insurance cover should be on warehouse to warehouse basis and should be valid up to 90 days from the date of discharge of the cargo at port/airport. For orders not on CIF basis, marine insurance of imported cargo and insurance during the transit upto warehouse of ultimate consignee shall be arranged by concerned T&S office of ONGC.
- In case of Import of goods against single tenders from OEM/OES, PAC, nomination basis, freight rates along with complete contact details of the authorised freight forwarder of M/s SCI for shipment from the respective port of shipment shall be obtained from the authorised persons nominated by M/s Shipping Corporation of India, as per Appendix-3 of Circular No. 20 dated 13.04.2016 as amended from time to time. In case freight charges quoted by SCI are lower than the quoted freight by the vendor, then order will be placed on FOB basis. Otherwise, order will be placed on CFR basis. However approval on nomination basis shall be required for arranging shipment through SCI.
- 20.4.2 When freight is finalised with SCI, the amount of freight payable with break up, if any, may be indicated separately in PO along with SCI Ref. No. for correct and timely payment of freight by T&S. Copy of correspondence made with SCI will be sent to T&S along with the PO.
- 20.4.3 In case of containerized cargo, 14 days detention free period by Shipping company should be obtained and the same got endorsed on the Bill of Lading.

- 20.4.4 Upon receipt of Purchase Order and delivery schedule of material, Indentor shall proactively arrange for documents like invoice etc. for application of Essentiality Certificate and arrange to despatch the EC and import license(for restricted items) to T&S office at least 3 days before arrival of shipment at port of discharge.
- 20.4.5 Upon receipt of Purchase Order and related documents from Indentor, EPCG cell shall promptly apply and obtain EPCG Licence and forward the same to T&S at least 3 days before arrival of shipment at port of discharge.
- a. Application to DGFT for issue of EPCG authorization shall be made for capital goods where the value of the POs/Contracts is more than Rs. 25.00 lakhs and for spares if the value is more than Rs. 50 lakhs subject to receipt of required documentations. Such benefits are applicable for both Non PEL/ML areas and PEL/ML areas.
 - b. DFCE/Target plus certificate may be utilized for customs clearance of POs/Contracts valued above Rs. 2.00 lakhs subject to required documents till the Duty free Credit Certificate are available. However, POs/LSTK contracts below Rs. 2.00 lakhs may be cleared under merit rate of Customs Duty.
- 20.4.6 Delivery of the cargo is possible on presentation of original Negotiable Bill of Lading. After shipment of goods, Purchase section shall co-ordinate with supplier and Finance Wing for timely release of negotiable documents through Bank and forwarding the same to T&S for obtaining delivery of the cargo.
- 20.4.7 PO must reflect all line items for delivery cost of material such as Material Cost, Freight, Insurance, Custom duty, Port Charges and Handling charges. In addition PO will contain contact details of indentor and port consignee.

20.5 Air freight

- 20.5.1 The item of import is delicate in nature and ocean transportation may cause damage to item in transport.
- 20.5.2 There is extreme urgency in the imports of items in question and the exigencies of the situation warrant air freighting.
- 20.5.3 Air freighting charges are cheaper than ocean freighting charges.
- 20.5.4 The volumes / size of import are so small or the nature of the item is so sensitive that air freighting would be more expedient or appropriate than ocean freighting.
- 20.5.5 Sanction for Air freighting indicating the estimated amount of freight payable will be taken by the user department from the concerned key executive in consultation with attached Finance at the time of PR creation, except in case of 20.5.3 where the MM can take the decision at the time of tendering.

20.5.6 In case of Air Freightage following actions should be taken to expedite clearance of material from customs to minimize demurrage

- i. Indentor to expedite Essentiality Certificate at least three days before arrival of materials.
- ii. To expedite a set of shipping documents comprising copy Airway Bill, invoice, Packing List to port consignee by the supplier or their Indian Agent at least three days before arrival of materials. The necessary provision to be made in supply order accordingly.
- iii. MM dept. to send copy of purchase order to Port Consignee immediately on its placement.
- iv. MM dept. & Finance dept. to expedite Bank- Release Order to Port Consignee on or before arrival of the material at airport for taking immediately the delivery of consignment to avoid accumulation of demurrage for want of it even after completion of all other customs formalities.
- v. Indentor to arrange and provide import license for restricted item before arrival of the material.
- vi. MM / indentor to convey approval for clearance of short shipped or warranty replacement items before arrival at airport and advise the suppliers to send advance set of documents like Airway bill, invoice & packing list, three days before arrival to Port Consignee to facilitate clearance of material. Essentiality Certificate or duty on merit approval is also to be forwarded or intimated to T&S office in advance i.e. before arrival of cargo to avoid delay & demurrage.
- vii. The material air freighted from abroad should further be air lifted to ultimate consignee / nearby air base. Therefore, all concerned will ensure that in case of air freightage of material from abroad, approval of CA is invariably obtained and necessary provisions made in supply order in future for air freightage of material from port consignee to ultimate consignee/nearby air base of ultimate consignee.

Note common for 20.4 and 20.5

- (i) All purchase orders should invariably contain address(es) and fax number(s) of the port consignee(s)-T&S, ONGC with condition on main body of PO that "The supplier must ensure incorporation of the address(es) and fax number(s) of the port consignee(s)-T&S, ONGC in the Air Way Bill itself.
- (ii) Unless the hazardous / dangerous goods are declared and packed separately, higher freight rate is charged treating the whole materials as Hazardous / Dangerous. Hence, to avoid payment of excess freight and resultant excess customs duty on this excess freight rate, clear instructions should be inserted in the main body of the supply order advising the supplier to pack DGR goods and general cargo separately and declare them accordingly.

- (iii) It should be ensure by incorporating PO conditions that the consignment(s) requiring air-freighting are invariably moved through the Air Consolidation Agent.

21 Inspection Process

21.1 Inspection

- 21.1.1 Quality / Inspection will be carried out whenever a request is raised.
- 21.1.2 In case of goods, this may be raised by the vendor / supplier, once the delivery batch has been manufactured / assembled.
- 21.1.3 In case of LSTK, this may be raised as per the quality assurance plan which is detailed in the technical bid.

21.2 Inspection Agency

(MM/27/2017 dated 21.06.2017)

- 21.2.1 Quality inspection can be carried out by internal agencies (QAD – ONGC/ONGC personnel) or by external TPI agencies.

Subject to provisions under para 21.2.10 and 21.2.11, in all contracts/PO awarded against ICB/LICB tenders for procurement of goods, services (including charter hire of rigs) and LSTK contracts inspection may be got done through reputed TPI agency. Reputed TPI agency shall be engaged, paid and nominated by ONGC for carrying out inspection at the premises of the supplier/contractor prior to dispatch of material.

Inspection by TPI in all cases pertaining to procurement of services may not be necessary at the premises of the contractor. Only, In specific cases certification / inspection by TPI may be required at the premises of the contractor.

Hence, in cases pertaining to hiring of services (including charter hire of rigs and vessels etc.) depending upon the need of the case, prior to invitation of tender, indenter with justifications shall intimate to the tender processing group that inspection of a particular item/activity by TPI shall be necessary at the premises of the contractor. Inspection / certifications agency then shall be engaged by the tender processing group.

Bidder shall be provided with copy of standardised format of inspection report. Duly filled in copy of the same shall be submitted by the supplier/contractor along with shipping / dispatch documents.

However, if it is considered essential to depute ONGC's personnel for inspection, prior approval from concerned Director must be obtained by the concerned work centre before floating the tender giving detailed reasons thereof.

In case of contract / order against Indigenous tender on Domestic bidder, inspection shall be carried out through QAD/in-house agencies as per para 21.1. However, in case QAD conveys that they do not have the requisite

capability to undertake inspection, TPI agency shall be engaged with the approval of concerned L-1 executive. Name of agency for sending Inspection call shall be accordingly indicated in the PO.

21.2.2 Following procedure shall be followed for empanelment of TPI agency for nominating TPI agency for carrying out inspections:

(a) Corporate MM shall engage TPI agencies for TPI of goods being procured through ICB/LICB tenders only.

For TPI of LSTK contracts and equipments being hired against service contracts excluding drilling rigs awarded against ICB/LICB/Domestic tenders, Onshore Engineering Services, shall empanel TPI agencies for tenders being processed by Onshore Work Centres.

For TPI of LSTK contracts and equipments being hired against service contracts excluding drilling rigs awarded against ICB/LICB/Domestic tenders, Offshore Engineering Services, shall empanel TPI agencies for tenders processed by Offshore Work Centres including Uran & Hazira Plant.

For hiring of Offshore drilling rigs, TPI agencies shall be hired by Drilling Services, MR and for Onshore Drilling and Workover rigs, TPI agencies shall be hired by Corporate MM.

(b) TPI agencies shall be empanelled through sending notice of empanelment to all the known TPI agencies and through publication of NIT in newspapers and ONGC tender website. The validity of empanelment of TPI agencies shall be three years, however the NIT for engaging the TPI agencies shall be issued every year so that new TPI agencies could apply for empanelment in ONGC.

(c) ONGC's tender document containing commercial terms and conditions including Integrity Pact and major scope of work for empanelment and inspection shall be uploaded on ONGC's tender website. The agencies shall be asked to download the same and submit their response accordingly.

(d) No EMD shall be required for empanelment of the TPI agencies.

(e) Basis for empanelment of agencies shall be the BEC and other tendered conditions.

(f) List of empanelled TPI agencies along with detailed contract conditions shall be uploaded on the MM website for information of work centers and inviting limited tender from empanelled agencies.

(g) Scope of work for TPI, specification of item, supplier's QAP, details of supplier, manufacturing schedule, price format and any other tender related

relevant information for TPI Job shall be conveyed against specific limited tender enquiry to all empanelled agencies.

- (h) While inviting rates, depending upon the case specific requirement, work centres may convey special technical conditions to empanelled agencies.
- (i) For all items ordered against a tender on a single bidder, only one TPI agency shall be appointed. Accordingly tenders for TPI inspection shall have group wise evaluation, wherein all TPI jobs for supplies from one supplier against one procurement tender shall form one group.
- (j) The bid security requirement shall be exempted for all limited tenders to be invited from the panel of empanelled TPI agencies.
- (k) Scope of work, scope of TPI, Quality Assurance Plan (QAP) and other tender related relevant information for TPI Job will be provided by technical department to tender processing department.
- (l) Giving reference of the contract entered into by Corporate MM/ Onshore & Offshore Engineering Services, the above information will be sent to empanelled agencies by tender processing department. The empanelled agencies will be given 10 days' time to quote.
- (m) Since submission of bid security are not involved and other physical documents namely, power of attorney and integrity pact would already be obtained against notification of empanelment, there would be no need of physical documents against e-tender. Since bids shall be invited from empanelled firms, there is no technical qualification documents required to be submitted by bidders. Bidders shall be asked only to confirm acceptance to scope of work for specific jobs and quote their prices accordingly.
- (n) In view of above, Two Bid System would not be relevant for awarding TPI jobs against limited tenders.
- (o) Giving reference of the contract entered into by Corporate MM/ Onshore & Offshore Engineering Services, TPI agencies shall be asked to quote their rate and service tax separately as per the sample price format for the specific TPI job against scope of work for the Contract/purchase order.
- (p) PBG shall be obtained by the respective work centers from the successful TPI agency.
- (q) The Payment to TPI shall be made by the work center as per empanelment conditions.

21.2.3 Except for the situation under para 21.6.2, TPI provisions shall not be applicable to contract for purchase of chemicals wherein procedure for sampling / bonding and lab testing is continuing.

21.2.3.1. In addition to provisions under 21.2.1 (paragraph-2) wherever departure from the procedure of TPI is considered essential, specific approval of concerned Director should be obtained prior to floating the tender.

21.2.4 The scope of inspection should be elaborated & relevant standard of testing should also mentioned as applicable. This will help the vendors plan for the inspection / quality processes and build the cost of quality or inspection in their bid.

21.2.5 The responsibility for the overall quality management will be with the project manager in case of LSTK projects, which shall be ensured by the TPI agency (or as detailed in the bid).

21.2.6 For inspection of fire fighting equipment and other specialized, joint inspection by user group and inspection department will be conducted.

(MM/27/2017 dated 21.06.2017)

21.2.7 The quality assurance department will not carry out inspection of material after arrival in the warehouse which has already been inspected by TPI. However, ONGC would have the right to inspect/ test the material at destination.

The quality assurance department will not carry out inspection for the following items

- a. All chemicals including mud chemicals, oil well cement, paints and gases.
- b. P.O.L.
- c. Building materials including cement and timber.
- d. Seismic explosives and detonators.
- e. Cleaning agents, hand gloves, cotton waste.
- f. Printed stationery.
- g. Wooden planks and coal.

21.2.8 The above items (a) to (g) except (d) shall be inspected by concerned Indentor.

21.2.9 Item at Sl. No. (d) shall be inspected by an official of Indenting department, who is authorized / licensed to handle explosives, by visually checking the items w.r.t verification of quantity (nos.), weight, visual defects, batch nos. etc., and also subject to obtaining an undertaking from supplier to the effect that in case the field performance of such visually inspected items is not satisfactory, the same shall be replaced by the manufacturer at his cost.

21.2.10 For LSTK projects, all works costing above Rs. 1 crore should be subject to TPI so as to ensure compliance with specifications. TPI may be empanelled and should be used for this purpose.

(MM/27/2017 dated 21.06.2017)

21.2.10.1. In case of Offshore / Onshore projects where inspection is envisaged through TPI agency, following guidelines should be followed:

- i. TPI at Onshore / CA at Offshore to carry out equipment inspection at vendor works. TPI at Onshore / TPI and CA at offshore shall carry out inspection during site construction and commissioning.
- ii. The inspection test plan for equipment and QA/QC plan for the project proposed by Contractor to be reviewed by TPI at Onshore / TPI and CA at Offshore. These will be approved by Design Consultant (either in-house or outside DEC) for the project.
- iii. ONGC representatives may be associated in addition to TPI for Onshore Projects / TPI and CA for Offshore Projects for carrying out inspection of critical equipment at vendor works/fabrication yards and critical site activities for the purpose of project monitoring and control.
- iv. During Factory acceptance test (FAT) of critical equipment, ONGC representative may be associated in addition to TPI at Onshore / CA at Offshore for witnessing the test.
- v. Quality Audit shall be performed for all Onshore Projects as per practice being followed by Offshore Engineering Services. Quality Audit Team consisting of personnel from Offshore / Onshore Works, Design Consultant and respective Assets may be constituted by Chief of Onshore / Offshore Engineering Services. Periodicity of such Audit shall be once in three months.
- vi. In case of major observation on deficiency in quality, business dealings with concerned TPI agency shall be suspended pending enquiry into the matter. In case after completion of enquiry it is established that the concerned agency, performed inspection in deficient manner and not in accordance with the ONGC requirement, business dealings with that TPI agency shall be banned for a period of two years from the date of issuance of suspension orders. The suspension/banning process against the TPI agency shall be initiated as per existing provisions.
- vii. For incorporating contract conditions for associating ONGC representative as per (iii) and / or (iv) above involving activities by ONGC representative within India/abroad, approval of concerned L-1/concerned Director shall be obtained before floating the tender.

21.2.11 For works / projects costing below Rs. 1 crore, the inspection may be carried out either by user group / Indentor. However, in such cases, if it is essential to carry out inspection through TPI, before floating tender approval of concerned Director shall be obtained giving valid and justified reasons.

21.2.12 In case of manufacture of critical items ordered against ICB/LICB tender, if required, condition may be incorporated in the purchase order that TPI agency may be engaged for inspection during or after completion of each pre-specified stage. In case of Domestic tenders, similar condition may be incorporated in the PO that QAD may carry out inspection during or after completion of each pre-specified stage.

For cases involving deputation of ONGC representative abroad along with TPI for joint inspection, approval of concerned Director shall be obtained before floating the tender.

21.3 Inspection of materials

21.3.1 Petty purchases costing upto Rs.25,000 will be accepted after inspection by end user / indentor.

21.3.2 For chemicals / spares, inspection for orders of all values should be carried out as per the requirement mentioned in their chapters.

21.3.3 For inspection of items costing above Rs.25,000, the QAD / TPI will be responsible (as mentioned in the order / contract)

21.4 Inspection Process

21.4.1 All steps must be taken to commence inspection within 3 working days after the receipt of the intimation from the Materials Section/supplier for items to be inspected locally and within 10 working days if the materials to be inspected are located out of station. Reasons for delay in the inspection beyond this period should invariably be reported to the Head of concerned Materials Management, Head of Quality Assurance Department and concerned key executive. Inspection report (or, Intimation in respect of rejection of material) should be sent to supplier by the inspecting authority within 4 working days after completion of inspection / receipt of relevant test reports (if any), under intimation to concerned sections (including purchaser, Indentor, consignee and payment authority).

21.4.2 In the case of imported stores and spares manufactured abroad by reputed manufacturers and accompanied by the manufacturer's warranty, stores may be accepted after random sampling / visual inspection by QAD after inspecting physical condition and quality.

21.4.3 In case where cost of inspection is not commensurate with the value of the stores, inspection may be carried out at destination with the approval of competent purchase authority.

21.4.4 All the cases / packages are to be opened in the presence of Inspecting Officer.

21.5 Inspection and rejection of Materials by Consignee(s)

21.5.1 When materials are rejected by the consignee, the Materials Management Officer concerned will intimate to the contractor the details of such rejected stores, as well as the reasons for their rejection and that the materials are lying in the consignee's premises at the risk and cost of the contractor. He will also call upon him either to remove the materials or to give instructions as to their disposal within 14 days and in the case of dangerous, infested and perishable stores within 48 hours, failing which the consignee will either return the materials to the contractor freight to pay or otherwise dispose them of at the contractor's risk and cost. The Materials Management Officer will also intimate to the Finance and Accounts Officer concerned the quantity of the materials rejected to enable him to recover the freight due at the full public tariff rates from the contractor. The purchaser shall also be entitled to recover handling and storage charges for the period, during which the rejected stores are not removed @ 5% of the value of materials for each month or part of a month till the rejected materials are finally disposed off.

21.6 Bulk Inspection (wherever applicable) The bulk items (e.g. chemicals) shall be accepted in accordance with the samples approved. The Inspector shall be given sufficient notice which shall not be less than 21 working days to plan out the bulk inspection. Percentage would be arranged by the vendor on the same lines as in case of the pilot samples and the test charges would be dealt with accordingly.

21.6.1 Sampling procedure will be as per the requirement of the Inspection Authority. This should however be shared upfront at the time of tendering.

21.6.2 In case of bulk supplies of oil field chemicals from abroad, if situation so warrants, TPI may be resorted to with the approval of Director concerned

21.7 Sampling, bonding and de-bonding of bulk materials (chemicals)

21.7.1 Before despatch of material, sampling / bonding of each lot of oil field chemicals will be done at firm's premises by a Chemist; the chemist will be accountable for proper quality check as well as bonding. The Chemist will ensure that supply of chemicals is in manufacturer's original packing as specified in the supply order. Each bag / drum of the product should bear mark of the manufacturer, name of the chemical, Lot No, Batch No., date of manufacture and Supply order No. Testing of the samples will be carried out in the ONGC laboratories / ONGC approved laboratories.. It should be ensured by purchaser that the chemist for the required purposes is deputed within 15 days of receiving notification from supplier. All delays must be brought to the notice of L-1 for expediting the same.

- 21.7.2 Total four bulk samples will be drawn during sampling / bonding. The bulk samples taken at supplier's premises will have the seal of both, the party and ONGC.
- 21.7.3 Two samples will be sent to lab. for test, one sample will be given to supplier and the fourth one is to be retained with Chemistry Dept. Chemistry Dept. Shall forward the sample directly to the laboratory and only send the intimation to the Purchase Dept. regarding forwarding of samples to the laboratory for testing.
- 21.7.4 In all cases where sample has passed the test and there is no dispute, the sample will be destroyed after one month from the date of receipt of corresponding bulk consignment at the Project. In case of any dispute, these samples shall be retained till resolution of said dispute. Destruction / non-destruction of such samples shall not override the supplier's obligations under warranty / shelf life or any other supply order conditions.

21.8 Rejection of sample

- 21.8.1 The materials rejected by the Inspection Officer during this inspection will be replaced by the vendor immediately, latest within two weeks of such rejection. Any rejection by Inspecting Officer shall be considered final and binding on the vendor and such terms should be included in the contract.
- 21.8.2 In the event of bulk sample getting rejected, the supplier will be asked to reprocess it and offer again. However if the product fails even second time, the supplier will have the option to get it tested on payment basis in his presence from the same laboratory where it was tested earlier on following conditions:-
- a. ONGC will refund the testing fee if the earlier results are found faulty.
 - b. The supplier on his part will be debarred from participating in ONGC tenders for a period of one year if earlier results are confirmed. If supplier does not resort to testing on payment basis, sample shall be rejected and the supplier on his part will be debarred from participating in ONGC tenders for a period of one year.
 - c. Failure of two consecutive lots may result into cancellation of purchase order and forfeiture of PS

21.9 De-bonding and despatch of bulk materials (chemicals)

- 21.9.1 Debonding of materials at supplier's premises will be done by a Chemist; the chemist will be accountable for proper debonding.
- 21.9.2 Despatch of mud chemicals to consuming points will be handled by ONGC personnel or through some contractor and priority accorded so as ensure regular uninterrupted supplies.

21.10 Random Sampling

- 21.10.1 No random sampling will be done at the destination. However in case random sampling becomes necessary due to complaint from the user about substandard supply then sampling will be done on the basis of specific approval of the concerned key executive/ CPA / Director concerned. Retesting in such cases will be got done from the same laboratory where sample of bulk supply was tested earlier. For this, suitable provision for right of rejection at destination and replacement of rejected materials free of cost will be made in supply order.
- 21.10.2 It will be a condition of the contract that supplies not found as per requirement at destination will be replaced free of cost by the supplier.

21.11 Sub-standard Delivery of Items and Services

21.11.1 Substandard quality of supply

(MM/04/2015 dated 28.04.2015)

- a. For normal procurement of items, substandard items should not be accepted. However, in exceptional circumstances, materials under deviation in specification may be accepted on the recommendations of a committee consisting of one representative each from Materials Management, Finance and Indentor (Chemistry in case of chemicals) at the level next below the level who is empowered to approve the rates for sub-standard materials. The rates for sub-standard supplies will be approved in each individual case by Authority one level above CPA in whose powers the purchase falls & for EPC cases CA will be Concerned Director. In all such cases, the quantum of price reduction will be determined after taking into account the loss in utility as assessed by the indentor. Such material shall be accepted only after ensuring of cost benefits to ONGC
- b. However in case of substandard supplies of chemicals penalty should be appropriately levied. Also, in case there are instances of repeatedly supplying substandard stock of chemicals, the vendor should be banned

21.11.2 Avoidance of sub-standard work / service

- a. The contractors are required to execute all works according to the specifications laid down, and in a proper workmanlike manner. There shall be no compromise on the quality of work.
- b. If certain items of work are done below specifications, and/or if they have not been done in a proper workmanlike manner, the contractor should be immediately asked to rectify or re-do them according to the specifications and according to sound engineering practice. All such defects/deficiencies in the items of works are to be noted in time and notified to the contractor.

21.11.3 Acceptance of sub-standard work

- a. It will be duty of the project in charge / TPI agencies to check that the work done is as per specifications laid down in the contract. Normally below specification/ defective/ below acceptable levels of workmanship shall not be accepted and shall be rectified/ re-done during the progress of the work itself. Only in exceptional circumstances should the work be accepted and reduced rate should be worked out.
- b. Exceptional circumstances for acceptance of work below specifications and/or below acceptable levels of workmanship, and the resulting payment at reduced rates for such defective/deficient works should be resorted to only for those items where materials conforming to the required specifications are not available, or where it is structurally impossible to get the work re-done or where in opinion of Engineer in charge it is expedient to do so.
- c. While accepting such sub-standard work, it shall be ensured that the structural integrity and functional and aesthetic requirements are not compromised.
- d. The competent authority to approve reduced rate in above circumstances shall be one level above CPA & for EPC cases CPA will be EPC.
- e. Amount of compensation recoverable in case of default shall be determined by the conditions of the contract governing the supply.

21.11.4 Full rates, as per contract/supply order should be allowed only if the work or supply has been accepted as of required quality and specification.

21.11.5 If the contract is determined, or an on account payment is to be made when the contract is to run, a part rate as considered reasonable shall be allowed with due regard to the work remaining to be done and general terms of the contract, and after getting the part rate statement approved from the bill passing authority.

21.12 Third party inspection for accepting bulk supplies of oil field chemicals from abroad

A Chemist shall be deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals at supplier's end only if the lot value in a PO exceeds US\$ 1 million; the chemist will be accountable for proper quality check as well as bonding.

For despatch of material by the supplier in the presence of team of officers deputed abroad for inspection, testing and bonding, each case will be decided on merit after taking into consideration the position of availability of ships etc.

In order to ensure despatch of material by the supplier in the presence of ONGC's representative deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals, suitable provisions will be made in supply order reserving ONGC's right to ask the supplier to despatch material in the presence of the representative of ONGC deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals and the supplier should ensure availability of containers before sending inspection call to ONGC, enabling sealing of containers for dispatch in the presence of ONGC's representative(s).

For the supplies where the lot value in a PO less than US\$ 1 million, supplier shall be asked to provide satisfactory manufacturer test certificate. However, the supplies will be tested and inspected on receipt before taking the material on charge. This process will not take a period of more than 30 days. No Chemist for sampling and bonding in these cases will be detailed. Each packing will bear mark of the manufacturer as well as name of the Chemical, Lot No. / Batch No., Date of manufacture and supply order number.

22 Payment Procedure

22.1 Payment Process

22.1.1 The payment process for any contract should be linked to the delivery / milestone schedule and should be aligned upfront with the vendor / contractor.

(MM/10/2016 dated 23.03.2016)

22.1.2 Save as otherwise provided in the tender/contract conditions, no payments shall become due and payable to the Vendor / Contractor until contract is signed.

22.1.3 In the interest of expeditious release of payment, an indicative list of various documents, which would be required to be submitted along with the original invoice has been incorporated in the standard tender conditions for procurement of goods and services. However, against each tender, TC should deliberate on the said indicative list of documents and select the appropriate documents as applicable for the respective case and incorporate the same suitably in the Bid document / Purchase Order, after making necessary additions/deletions. At a later stage, if any change in documentation is required during execution of the contract, TC of the same level should deliberate and incorporate such changes in the contract, with the approval of CPA (for which, concerned L-1 Executive shall have full powers). For the cases valuing below Rs 10 lakhs, where no tender committee is held, CPA in consultation with associated Finance shall decide such list of documents to be submitted along with the original invoice.

22.2 Milestone Payment

22.2.1 Milestone payments can be made after taking into account for any financial penalties if any.

22.2.2 The amount of LD shall however be withheld / deducted (as the case may be), by finance, from the bills of supplier / contractor, while releasing payments as per terms mentioned in the contract.

22.2.3 Adjustment to Contract Price, if any, shall be made in accordance with provisions of Contract.

22.2.4 Milestone payment formula is built in for all procurement.

- a. In case of goods, this should be done when control of handling / storing of goods passes to ONGC. When items are being directly shipped to the warehouse by the supplier themselves, this can happen after acknowledgement of receipt of goods has been provided by ONGC. Suitable remedies can be taken by the supplier to ensure goods are of adequate quality. In the case of ICB items, this can happen once control of goods passes to ONGC (at port / ex works).

No payment should be made when the control of goods is still with the supplier.

- b. For service (hiring of rigs, hiring vessels), this can be linked to passing of certain number of days / period of operations.
 - c. For LSTK projects or works, progressive payments for the part executed by the Contractor shall be made on the basis of said work completed and certified by the Project Manager/Project Coordinator as per the milestone payment formula / detailed measurements of items executed taken jointly by the contractor and the Project Coordinator or their authorized representative.
- 22.2.5 All the relevant documentation should be completed within 15 days of receipt of application for certification with all required supporting documents.
- 22.2.6 Within 21 working days of the receipt of the invoice, the undisputed amount of each invoice so approved / certified, will be released for payment to the vendor / contractor.
- 22.2.7 Any amount under dispute can be made when the objection has been removed / settled and the vendor / contractor submits fresh invoice for the same.
- 22.2.8 After due vetting of the documents for change in duties/Taxes under change in law by ONGC, Invoice on account of change in duties/taxes under change in law, shall be submitted by the vendor / contractor after payment of all duties/taxes along with necessary supporting documents in a single invoice.
- 22.2.9 All the payments shall be remitted to the vendor's / contractor's bank account as per the initial details specified in the bids. The payment shall be made in currencies stated in the Contract. ONGC shall be deemed to have arranged payment of instruction to the vendor's / contractor's bank in the country where the money is required to be paid.
- 22.2.10 ONGC shall also inform in writing to the vendor / contractor the details of remittance i.e. amount and date.
- a. In case of foreign vendors, bank charges of bank(s) in India shall be borne by ONGC whereas bank charges of bank(s) in vendor' contractor's designated locations, if any, shall be borne by vendor / contractor.
 - b. For goods supplied by foreign vendors, payment will be made through LC

22.2.11 In the event of ONGC noticing at any time that any amount has been disbursed wrongly to the vendor / contractor or any other amount is due from the vendor / contractor to ONGC, ONGC may without prejudice to its rights recover such amounts by other means after notifying the vendor / contractor or deduct such amount from any payment falling due to the vendor / contractor. Details of such recovery if any will be intimated in advance. The vendor / contractor shall receive payment of undisputed amount under subsequent invoice for any amount that has been omitted in previous invoice by mistake on the part of ONGC or the vendor / contractor.

(MM/26/2017 dated 21.06.2017)

22.2.12. After receipt of “No Demand Certificate” as per the provisions, extension of Performance Security should not be sought for release of payment to the contractor/supplier.

22.3 Price escalation and adjustment

22.3.1 Price escalation and adjustment for items and services will be as per terms and conditions mentioned in the respective contract. However, against the Rate Contract for calculating escalation and de-escalation of freight charges on account of variation in the diesel prices or for calculating various charges involved in a contract, due care should be taken while defining various elements of a formula adopted for calculating various charges in a contract. Further, wherever necessary Finance/Legal departments may also be consulted while formulating a formula and the applicable elements, before finally adopting the same.

22.4 Change in taxes and duties and other statutory changes

22.4.1 Any changes in taxes, duties or other statutory changes shall be governed as per terms and conditions mentioned in the PO/Contract and BDP provisions vide chapter no. 22.4 regarding enhancement in contract/target value.

22.5 Time Norms for processing of invoices by various sections

22.5.1 Invoice for Procurement of Materials, where payment is against receipt of Materials

Section	Time Norm
Inward Section	02 Calendar Days
Receipt & Inspection Section	05 Calendar Days
GR Section	05 Calendar Days
Pre-Audit Section	06 Calendar Days
Cash & Bank Section	03 Calendar Days

22.5.2 Invoices for Services, LSTK Contracts and Invoice for cases relating to “Direct FI entry”

Section	Time Norm
----------------	------------------

Technical / Indenting Section	12 Calendar Days
Pre-Audit Section	06 Calendar Days
Cash & Bank Section	03 Calendar Days

22.5.3 Invoice Monitoring System (IMS).

22.5.3.1 Key executives of the respective location shall ensure that the Invoice Monitoring System is properly in place at their locations. As per the IMS, vendors are to submit their invoices at respective IMS desks in sealed envelope citing the PO/Contract number, invoice No., value and currency, emailed etc. The deskman is to receive the invoice and generate tracking number in system before forwarding it to the concerned section/persons. For better functioning of the system, the following aspects shall be kept in view:

- i. IMS desk should function as the first point of invoice receipt
- ii. One IMS Desks should be set up in a single building complex.
- iii. IMS desk should be at a prominent location to facilitate easy, convenient and immediate access to the contractors.
- iv. Working hours of the IMS desk should be uniform.
- v. Invoices should not be accepted by the concerned authorities by hand from the vendors.
- vi. Deskman should ensure that vendor has indicated full details on the envelope containing invoice as required.
- vii. Deskman should not hand over the invoices to the vendors after allotment of tracking number in the IMS for submission to the respective user/finance department for processing payment.

22.5.4 Vendor Master in respect of particulars of suppliers/vendors (as received in their bids) should be got updated regularly in the ICE system by the concerned dealing officer/payment authority, through the respective officials at each work center who are authorized to update the master data, so that all the payments and refunds are made smoothly through electronic payment mechanism. Bank particulars of bidders / vendors / suppliers / contractors can be entered in the ICE system through the Transaction code – “zmm_vms”.

22.6 Intimation to suppliers/ contractors regarding deduction of payments

22.6.1 Wherever any deduction has been effected from the bill of the contractor, on account of various reasons such as LD, any loss suffered by ONGC, on receipt of defective/substandard material, detailed description and amount of deduction may be formally informed to the supplier/ contractor by the concerned Finance Section clearing the bill.

23 Contract closing

23.1 Contract closing process

- 23.1.1 Once all the delivery has been made after adequate inspections and quality checks, and the payments have been made, and no further disputes remain, the contract/PO shall be deemed closed. To ensure compliance, I/C MM and L-2 (in case of user department) shall monitor and ensure timely closure of POs/ contracts before or at the time of release of security deposit (SD). In case, item wise undelivered quantity is less than 1 (one) percent of total ordered quantity due to allowance required in manufacturing process, transportation conditions including packing, shipping, loading/unloading etc. and the delivery period is already over and GR raised. Authority who has signed the order shall immediately close such POs in consultation with the Indentor. Such closure shall be without initiating any punitive action against the supplier. However, it must be ensured that payment, if any made, for such undelivered quantity is recovered before closing the PO.

(MM/10/2016 dated 23.03.2016) – (New Provision)

- 23.1.1.1 In order to complete the contract closing process, the field meant for delivery completion shall be invariably “ticked” by concerned dealing officer and field meant for final invoice at item level shall be ticked by Finance officers while doing LIV marking invoice as final invoice.
- 23.1.2 For LSTK/Projects, the Indentor / User should be informed by the concerned project execution group / service group for being associated with the pre-commissioning, commissioning and handing over acceptance tests from the Contractor. A formal handing over of the Project should thereafter be done in writing after drawing up a list of 'punches points', if any. The list of punch points shall be jointly signed by the Contractor, Project Manager (or his representative) and Indentor. Schedule for the liquidation of punch points should also be made in the handing over format.
- 23.1.3 In case of LSTK/ Projects, a completion report of actual expenditure of the project should be prepared and submitted along with the completion report by the Project Manager.

23.2 Termination of contract / supply order

- 23.2.1 Competent Purchase Authority for cases upto their purchase powers and Director Concerned for Executive Procurement Committee cases will have full powers to cancel the contract / supply order in the event(s) indicated in sub- paras a to f below. Provisions of Liquidated Damages / Failure and Termination and acceptance of materials in deviation to specified specifications respectively will be kept in view while exercising powers in respect of sub- paras a and f below:-
- a. Poor vendor rating (as defined in the section on vendor rating)
 - b. Misrepresentation of facts leading to poor vendor performance
 - c. Specified delivery schedule is not adhered to

- d. Laid down specifications are not adhered to or when the performance of the contract is un-satisfactory.
- e. Major contractual terms and conditions are violated
- f. Insolvency.

23.2.2 Provisions relating to 'Automatic Termination' of contracts, on account of delay in mobilization shall not be incorporated tenders even in tenders for charter hire of rigs.

24 Other Issues

24.1 Subletting and Assignment:

- 24.1.1 The contractor shall not save with the previous consent in writing of the Purchase Authority sublet, transfer or assign the contract or any part thereof or interest therein or benefit or advantage thereof in any manner whatsoever provided nevertheless that any such consent shall not relieve the contractor from any obligation, duty or responsibility under the contract.

24.2 Arbitration

- 24.2.1 Arbitration will be as per terms and conditions of general and special conditions of the contract. For appointment of Arbitrators and the panel of arbitrators, the work centres shall follow the guidelines issued by Chief -Legal Services.

24.3 Post contract issues

(MM/04/2015 dated 28.04.2015)

- 24.3.1 Post contract issues (Post LOA/ NOA issues, wherever LOA/NOA is placed in line with the agreed tender / bid conditions) will require to be deliberated by the tender committee (for cases exceeding Rs 10 lakh) and submitted for approval of the Competent Purchase Authority. However, for cases approved by EPC, Concerned Director will approve post contract issues. When purchase does not fall under purview of tender committee, dealing officer of MM in consultation with Indentor and Finance shall put up the proposals for approval of CPA. For cases dealt by departments other than MM, proposal shall be put up by dealing officer in consultation with finance and MM (wherever required) to CPA for approval. However, for enhancement of contract/target value provisions of BDP item no. 22.4 shall apply.
- 24.3.2 Post contract issues, during the execution of contract, which are dealt as per the provisions of contract and approving authority for any / all such issues are clearly spelt out in this matter elsewhere, as per ONGC guidelines, will be dealt accordingly.
- 24.3.3 Levy of LD should be carried out as per provisions of contract and not treated as a post contract issue.
- 24.3.4 Availing of services should be strictly as per contract provisions only. Even in extreme operational urgency, before availing services not covered in the contract, prior approval of the competent authority (who has approved award of the contract in the first place) should invariably be obtained, so that no fait-accompli cases need be submitted to management later on.

- 24.3.5 Before approval of amendments in respect of supply orders/contracts, an analysis should be made in terms of the direct/indirect financial implications of the proposed amendment and amendments, if any, should be made only in full cognizance of its various repercussions. All amendments to POs are to be invariably generated through SAP system.

(MM/10/2016 dated 23.03.2016)

- 24.3.6 Change in bank details of the contractor do not constitute a post contract issue and hence change in bank details of the contractor should be approved by CPA with the concurrence of associated Finance. However, concerned Level-1 Executive shall have full powers to approve such cases with the concurrence of the associated Finance.

Similarly, change in name/address of the firm also do not constitute a post contract issue. Such request of the firm should be dealt as provisions under Para 16.11 of this Manual.

24.4 Complaints / representations - consideration of

- 24.4.1 Anonymous representations received in respect of current cases should be ignored. In case a proposal is under consideration of the Tender Committee, then the proper representation received, if any, should be commented upon by the Tender Committee.
- 24.4.2 Any complaint or representation received after finalisation of the case should be examined carefully so that corrective action, if any, could be taken in future.
- 24.4.3 Wherever request of a bidder for issuance of tender document is not entertained or offer of bidder has been rejected, reasons for the same should be disclosed, where enquiries are made by the bidder.
- 24.4.4 Due to representation(s) of bidders to various VIPs, the processing of tender should not be stopped and such representations should be addressed in the normal course and processing of the tender should be continued. However, competent purchase authority of the tender should take note of such representations to VIPs made by prospective bidders before approving award of contract.

24.5 Delays in insurance policy

- 24.5.1 Delayed receipt of insurance policy in case of services and projects will be avoided. Wherever the contractor is required to take various insurance policies before commencement of works, it should be ensured that the required insurance policies are taken in time and are in full force and effective, as per the requirement of contract.
- 24.5.2 In case due to the delay in taking insurance policy, safety of the operations can be affected, the operation should be stopped.

24.5.3 At the start of the project as per contract terms, wherever the responsibility of taking specific insurance policy is from the contractor, the contractor should take the same and provide an undertaking that the appropriate insurance policy meets all the contract requirements. Payment for the insurance policy should be as per terms mentioned in the contract.

24.5.5 Acceptance of various insurance policies by ONGC:

(MM/04/2015 dated 28.04.2015)

For enabling the contractors to cover all the bid requirements for submission of insurance policies, to ensure speedy approval of the policies by ONGC and to reduce the time taken in releasing the payment of premium of such insurance policies, the following checklist shall be incorporated in all bid documents of LSTK contracts:

Checklist for Insurance Policies.

(Caution: Checklist is not exhaustive one and hence contractors need to peruse the entire insurance clause for its compliance)

1. List of Policies to be taken:
 - (a) Contractor's All Risk Insurance (including Offshore and Onshore Terrorism cover).
 - (b) Cargo Transit Insurance.
 - (c) Third Party Liability Insurance.
 - (d) Automobile and Transportation Liability Insurance.
 - (e) Workmen's Compensation Insurance / Employer's Liability Insurance.
 - (f) Insurance Policy for Contractor's Constructional Plant and Equipment and such policy to include removal of Wreck / debris.
 - (g) Any other policy not mentioned above but required to be taken on the basis of specific nature of contract, as mentioned in the contract.

Note: In cases where Contractors content that their Corporate Policies with worldwide coverage meets the insurance requirements of the contract in respect of Policies from (b) to (g), Contractor needs to ensure that all the conditions mentioned in the contract in respect of insurance are complied with.

2. **Principal Assured**
The following are to be included as Principal Assureds in the Insurance Policies (except in case of Workmen's Compensation / Employer's Liability Insurance):

- (a) Oil & Natural Gas Corporation Limited, and Contractor's name (as appearing in the bid document / NOA)
- (b) Parent and/or Subsidiaries and/or Affiliated and/or Associated and/or inter-related Companies of the above as they are now or may hereafter be constituted and their Directors, Officers and Employees, while acting in their capacities as such.

3. **Additional Insured**

The following are to be included as Additional Insured in the Insurance Policies (except in case of Workmen's Compensation / Employer's Liability Insurance):

- (a) Any other company, firm, person or party (including Contractors and/or Sub-contractors and/or manufacturers and/or suppliers) with whom the below mentioned persons have entered into written contract(s) directly in connection with the Project:
 - (i) Oil & Natural Gas Corporation Limited,
 - (ii) Parent and/or Subsidiaries and/or Affiliated and/or Associated and/or inter-related Companies of the above as they are now or may hereafter be constituted and their Directors, Officers and Employees, while acting in their capacities as such.
 - (iii) Project Managers
 - (iv) Contractor

4. **Waiver or Subrogation**

Policy should have Waiver of Subrogation against Principal Assureds (as mentioned in point 2 above) and Additional Insured (as mentioned in point 3 above) and Contractor.

5. **Location of the Proposed Project** (in Contractors All Risk Policy).

6. **Project Description (Name)**(in Contractors All Risk Policy).

7. **Sum Insured**(Physical Damage portion of Contractors All Risk Policy).

Not less than Estimated Final Contract Value as per NOA/Contract distributed in all currencies as mentioned in NOA/Contract.

8. **Period of Insurance**(Contractors All Risk Policy)

To be valid upto scheduled completion date of contract, with provision for an extended maintenance coverage for

Contractor's liability in respect of any loss / damage occurring during the warranty period.

9. **Deductibles**
The aggregate amount of Deductibles shall not exceed 1.5% of the Sum Insured for any one accident or occurrence in case of Contractors All Risk Insurance and Cargo Transit Insurance Policies.
 10. **Loss Payee Clause**
The Insurance Policies should mention the following in Loss Payee Clause:
"In respect of Insurance claims in which ONGC's interest is involved, written consent of OGNC will be required."
 11. **Compliance with Sec 25(1) of 'The General Insurance Business (Nationalization) Act, 1972'**
Section 25(1) of 'The General Insurance Business (Nationalization) Act, 1972' is reproduced below:
"No person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Central Government"
- The above requirement of aforesaid Act needs to be complied with by the Contractor wherever the aforesaid provisions of Act apply, and compliance confirmation submitted.
12. **Written Notice**
All Insurance Policies should provide that not less than 21 days written notice shall be given to the ONGC by the Insurance Company prior to any cancellation or material modification of the Policy (ies)
 13. All insurance policies should mention the following:

"Notwithstanding anything to the contrary elsewhere in the Policy, it is understood and agreed that Insurance cover shall apply even when the loss or damages might have occurred due to the negligence of the ONGC, its authorized representative or its employees or its workmen or any consultancy inspection or Certificate Agency working for the company"

(II) Taking out various Insurance policies and payment thereof:

After the award of the contract, the contractor will be required to take insurance policy as per the provisions of the contract and the insurance should come into force from the date of commencement of works.

The contractor will be also required to submit a declaration along with cover note that Insurance Policies have been taken as per contractual terms. The milestone payment against insurance shall be restricted to 3% of contract value for Offshore Projects and 1.5% for Onshore Projects or the amount quoted towards milestone payment against the head 'Insurance' whichever is lower. On verification of cover note with the checklist, milestone payment of 85% of insurance amount of 3% (for Offshore Projects) / 1.5% (for Onshore Projects) of contract value or 85% of the amount quoted towards milestone payments against the head 'Insurance' whichever is lower, as the case may be will be released. Balance 15% shall be released on acceptance of policies in all respects by ONGC. In case the bidder quotes for insurance charges more than 3% (for Offshore Projects) or 1.5% (for Onshore Projects) of the contract value, then the amount in excess of 3% (for Offshore Projects) or 1.5% (for Onshore Projects) will be payable after completion of the project in all respects and acceptable by ONGC.

- 24.5.6 The exact insurance policy applicable for a specific part of the service delivery / project execution phase shall be vetted by the project in charge before the start of the phase for which the insurance has been taken.

24.6 Specific issues for construction / turnkey projects

- 24.6.1 In case where company (ONGC) takes over certain facilities for the envisaged objectives, which can be commissioned and can function independently irrespective of the availability of balance work of the project, ONGC may issue part completion certificate by taking over such facilities. LD on such taken over facilities, if any, shall be calculated till the date of taking over those facilities.
- 24.6.2 Where such facilities cannot be commissioned and cannot function independently, LD in that event will be levied on full value of the project.
- 24.6.3 In the case of LSTK/EPC contracts, where the contractor is responsible for the insurance policy, the insurance policy shall be approved by Level I officer of the work centre.
- 24.6.4 In the case of LSTK/EPC contracts, where a change of vendor is needed, such approvals shall be accorded by Level I officer of the work centre.
- 24.6.5 In the case of LSTK/EPC contracts, planning package which includes DCI/MCI/billing breakup/S-curve etc. will be approved by concerned Level 1 officer of the work centre.

24.7 Management of Hazardous Chemicals/Materials

24.7.1 The following clause will be incorporated in all future tenders for procurement of hazardous chemicals:

"The bidder will specify material storage data system (MSDS) Standard specification like size, colour, and letters of the packing will also be specified."

24.7.2 Personnel, handling such chemicals should be trained for identifying colour codes and symbols and other safe handling practices

24.7.3 Separate areas should be designated for storage of hazardous chemicals and clear instructions regarding storage practices should be given

24.7.4 All personnel handling hazardous-chemicals should be provided with Personnel Protective Equipment (PPE). Provisions should be made in the contract for providing PPE by the contractor to the people working with hazardous chemicals In case, contractor is not able to provide PPE of ONGC specification, ONGC should provide it at the contractor's cost.

24.7.5 All the personnel handling hazardous chemicals will be given First aid training.

24.8 Dispute Resolution through Outside Expert Committee

(MM/21/2016 dated 29.12.2016)

24.8.1 The cases for Resolution of disputes through conciliation by OEC shall be processed as per the guidelines issued vide circular No. (54/2016 dated 29.12.2016), as may be amended from time to time.

24.9 Optimum drawl of Barytes to meet operational exigencies

24.9.1 Work Centers should plan their requirement and convey the same to MM Department at Chennai who coordinate the despatch of Barytes from the suppliers well in advance so as to avoid a stock out situation. It is further emphasised that all the Work Centers may please ensure that enough stock is maintained to cover the lead time requirement also to .meet the emergencies of operation and safety

24.10 Determination of CPA for extension of existing contract awarded on nomination basis

24.10.1 In cases awarded on nomination basis, where the services are required to be continued from the same contractor, after expiry of the contract, then the following guidelines should be adhered to meticulously:

(i) The fresh award of contract on the existing contractor shall be treated as a separate contract on nomination basis and the instruction prevailing w.r.t. award of contracts on nomination basis shall be followed.

(ii) The CPA for approval of any such cases would be determined as per the BDP based on value of individual contract.

(iii) However, if the contract which is due to expire was awarded on nomination basis and further contract is also to be awarded on the same agency on nomination basis, the value of such contract should be added to determine the CPA. This provision is applicable only to cases pertaining to service contracts except cases pertaining to AMC/Services from OEM/OES. In cases pertaining to procurement of goods each supply order which is placed on even on nomination basis should not be clubbed with other past orders placed on nomination basis for determining the CPA

(iv) In cases where contract for hiring of more than one unit (vessels/rigs/vehicles/equipment, excluding vehicles/equipment of general nature) of same category from one bidder have been awarded by entering into multiple contracts on nomination basis any one of these multiple contracts is also to be awarded on the same agency on nomination basis, the value of such contract should be added to the cumulative value of contracts awarded on nomination basis to determine the CPA.

24.11 Deployment of manpower by the contractor

Wherever deployment of manpower is involved, it should be ensured that the contractors deploy the manpower having requisite qualification as per the terms of the contracts. Further, the actual deployment of the personnel for the job should not be less than the contractual requirement. All concerned should closely monitor these aspects for compliance with the contractual requirements during the execution of the contract.

25 Pre-tendering and tendering process for Proprietary articles

25.1 Definition of proprietary articles

- 25.1.1 This process should be used for OEM spares, OEM services, OEM standby capital items (where proprietary article certificate for the specific item has been made and the item is to be used as an alternate / backup to existing systems / items), proprietary chemicals and other items and services of proprietary nature. However, no Proprietary Article Certificate (PAC) is required for OEM Spares, Standby equipment and accessories which form part of the main equipment.
- 25.1.2 Articles / Services which are given PAC should be on the basis of their functional requirement. Declaration of an item as proprietary will be done with the approval of competent authority as per BDP. Accordingly, for such purchases of proprietary items from single source, Indenter shall provide copy of approval for procurement of an item as 'Proprietary item' along with indent.
- 25.1.3 Features of the model / version of the products are regularly upgraded by the manufacturers. Similarly, new products and new technologies are being introduced very frequently and the market conditions are likely to vary at different point of time. Therefore, the approval for purchasing an item as proprietary article should be obtained separately on each occasion of its purchase.

Accordingly, for such purchases of proprietary items from single source, Indenter shall provide a 'Proprietary Article Certificate' (PAC) along with indent, as per following format:

PROPRIETARY ARTICLE CERTIFICATE (PAC)

- (i) The required item(s) (i.e.....*) is/are manufactured only by M/s..... and no other make is acceptable as substitute for technical reasons. (**Wherever specific model / brand is required, the same should also be specified*).
- (ii) Approval of competent authority, as per item** of BDP-2015 (as amended from time to time) has been obtained for purchasing the required item(s) as a proprietary article. (*** indicate relevant BDP item*).

(Signature)

Name and Designation.....

Date:
Place:

25.2 Procurement Process

(MM/10/2016 dated 23.03.2016)

- 25.2.1 Tender opening date for procurement of OEM Spares/ OEM Services/PAC items and tender on nomination basis should be fixed and opened immediately by the tender opening officer from MM and Finance. However, in case bids are received before or after closing date of tender, the same should be opened as and when received without any approval.
- 25.2.2 Quantity requirement for specific item required will be made once requirement is identified by concerned work centre.
- 25.2.3 Approval on the quantity to be ordered is obtained from the competent authority in individual assets (wherever the request is being generated)

(MM/26/2017 dated 21.06.2017)

- 25.2.4 The unit cost estimation will be done as per para 4.4.
- 25.2.5 Indentor shall ask the OEMs (can be done over email) to intimate details of their nominated dealer/ distributor/ supplier(for supply), authorized agency /service center/ service provider(for services) as the case may be (authorisation to be valid at least for a period of one year from the date of intimation), for supply to India. The OEM will also be requested to notify to ONGC (through an undertaking) of any change occurring in Authorised Distributors during the period of one year.
- 25.2.6 MM will then send the enquiries to all the nominated dealer/ distributor /supplier (for supply), authorized agency/service center/ service provider(for services) as the case maybe so intimated by OEM, including the OEM.

Besides OEM and their nominated dealer/distributor/supplier (for supply), authorized agency/service center/ service provider (for services), OES (Original Equipment Supplier), can also be considered as an authorized source of supply, if they supply directly and not through any other agency.
- 25.2.6.1 When the OEM confirms of not having any nominated dealer/distributor/supplier(for supply), authorized agency/service center/ service provider(for services) as the case may be or do not respond to our request for sending us details of its nominated dealer/ distributor/ supplier(for supply), authorized agency/service center/ service provider (for services), enquiry may be sent to OEM only.
- 25.2.7 The original PR is modified with the price quote and administrative approvals and sanctions need to be taken for this modified PR.
- 25.2.8 TC shall be formed on the basis of value of price quote received against the single tender enquiry.

(MM/10/2016 dated 23.03.2016)

- 25.2.9 – Deleted –

25.2.10 Reasonability:

Wherever OEM / OES / nomination cases are allowed to be processed without formal cost estimation (but placement of order after obtaining proper expenditure sanction), reasonability of quoted prices will be ascertained with respect to LPR / international published price (if available). The age of LPR along with suitable adjustment (upward or downward) shall be as per provisions of para no.4.2.4 & 14.1.4 and shall be considered for comparison. For items whose LPR / international published prices are not available, trend of quoting such rates compared to rates quoted for items where LPR is available may be considered in determining reasonability quoted prices. Further, justification from bidder may be sought for quoting such price, if required.

25.2.11 Negotiation: TC shall conduct negotiation with prior approval of CPA. The L-1 officer shall have full powers to approve negotiation for cases upto his powers or cases falling under the delegated powers of Director or EPC.

(MM/26/2017 dated 21.06.2017)

25.2.12 Post Contract Modifications: All post contract modifications shall be approved by CPA on the recommendation of TC. However, concerned Director shall be empowered to approve post contract modifications for all the cases upto his powers or EPC cases.

For the cases valuing below Rs. 10 lakhs not falling under purview of tender committee, a committee of minimum E2 level executives consisting of Indentor, MM (wherever MM support is required as per BDP) and Finance members shall examine the post contract issue and put up its recommendations for approval of CPA. .

25.3 Standard Terms and Conditions

25.3.1 Standard terms and conditions as defined in model tender document for OEM spares should be used.

25.3.2 In case an OEM insists on inclusion / deletion of a specific clause, the terms and conditions can be modified. However, any exception/ modification should be approved by concerned L-1. Best Price clause shall be included in the terms and conditions.

25.3.3 Best Price clause is a guarantee from the OEM that the price for the specific part number is the best among the prices it offers to its other customers for that specific part number. In case the OEM provides the item to a different customer at a lower price, the appropriate discount should be passed on to ONGC at a later stage (either at the time when the item is being sold to the other customer or adjusted against the price for the next purchase of an item by ONGC from the same OEM).

25.4 Other conditions

- 25.4.1 Updated list of spares prices from OEMs shall be maintained within internal IT system. This list should be updated whenever the OEM updates their prices (may require updation every 6 months - 2 year period). Having this updated list will prevent the need to use LPRs and also ensure that cost estimates (when not using OEM BQs) are accurate

(MM/26/2017 dated 21.06.2017)

- 25.4.2 Irrespective of the type of tender whether single or limited, procurement from OEM shall be treated as procurement on single tender nomination basis from OEM/OES and CPA will be decided accordingly.
- 25.4.3 – Deleted -
- 25.5 In all cases pertaining to procurement of OEM spares, standby equipment from OEMs and the procurement carried out on 'PAC' and 'Nomination' basis, following confirmations shall be obtained prior to award of contract/order:
- (i) The prices quoted by them for the items of same specifications are not more than what they charge to other customers. In the cases where OEM certifies that they do not market their products directly, but only through authorized distributor and have only one authorized distributor worldwide, ONGC should accept the required confirmation given by the sole global authorized distributor of OEM to the effect that the prices quoted by them for the items of same specifications are not more than what they charge to other customers.
 - (ii) Wherever OEM/OEM's authorized distributor does not accept ONGC tender terms and conditions or takes any exception / deviation, a certificate should also be obtained from them that the terms and conditions offered to ONGC are at par with those offered to other customers worldwide.

26 Procurement of oil field chemicals

26.1 Procurement process

- 26.1.1 Indents for chemicals should be accompanied with the standardized specifications of chemical(s) including packing and marking details which have been duly approved by Director (E) and issued by Chief Labs.
- 26.1.2 In the case of low quantity and low value chemicals, proprietary chemicals and new chemicals for which standardized specifications have not been formulated, the User/Indentor at the concerned work centre (Asset/Basin/Plant/Institute/ Services) can formulate the specifications including the modalities of testing and also the packing and marking details in consultation with Chief Labs and get the same approved by the concerned Level-I executive of the work centre (Asset/Basin/Plant /Institute/ Services) before forwarding it to Material Management Dept. along with the indent for taking procurement action.
- 26.1.3 Procurement method to be followed for chemicals will be the same. The only difference will come in the quality testing of the chemicals and the additional test report that should be provided along with the chemicals. The laboratory test reports should be from ONGC approved labs and should not be older than 18 months from date of tender opening.
- 26.1.4 Laboratories of repute in the country for testing of chemicals required by ONGC will be inspected and those found upto the mark approved by the authority (ies) so decided from time to time for this purpose by Director (Drilling) in consultation with Director (Exploration) for different chemical(s) / group(s) of chemicals. Capacity and capability of laboratories before empanelment will invariably be verified. Test reports of the samples not found up to the mark will be notified to the concerned manufacturer / their authorised dealers so as to enable them to improve their products.
- 26.1.5 Payment and Delivery and Tracking process will be the same as indicated in the section on payment procedure
- 26.1.6 Offers from suppliers not falling under the above criteria will not be considered.
- 26.1.7 A Chemist shall be deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals at supplier's end only if the lot value in a PO exceeds US\$ 1 million; the chemist will be accountable for proper quality check as well as bonding.

For despatch of material by the supplier in the presence of team of officers deputed abroad for inspection, testing and bonding, each case will be decided on merit after taking into consideration the position of availability of ships etc.

In order to ensure despatch of material by the supplier in the presence of ONGC's representative deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals, suitable provisions will be made in supply order reserving ONGC's right to ask the supplier to despatch material in the presence of the representative of ONGC deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals and the supplier should ensure availability of containers before sending inspection call to ONGC, enabling sealing of containers for dispatch in the presence of ONGC's representative(s).

- 26.2 For the supplies where the lot value in a PO less than US\$ 1 million, supplier shall be asked to provide satisfactory manufacturer test certificate. However, the supplies will be tested and inspected on receipt before taking the material on charge. This process will not take a period of more than 30 days. No Chemist for sampling and bonding in these cases will be detailed. However, the supplier will be asked to give a certificate to the effect that the product in question has been tested by the ONGC approved laboratory. Each packing will bear mark of the manufacturer as well as name of the Chemical, Lot No. / Batch No., Date of manufacture and supply order number.
- 26.1.8 In cases where ONGC Chemist is required to be deputed abroad for sampling, bonding, testing, de-bonding and dispatch of chemicals, all necessary formalities such selection of Chemist to be deputed, obtaining necessary approvals etc. should be completed well in advance, so that the chemists are deputed within 21 days from the date of receipt of inspection call from the foreign suppliers.

27 e-procurement

- 27.1** The Purchase Requisitions (Indent) for e-Procurement tenders will flow automatically from SAP-R/3 system. The process for approval of BECs, Evaluation matrix etc. will take place as per existing process. After due approval, all related documents will be up-loaded in the system by the dealing officer. Thereafter the dealing officer will prepare the RFx and upload the same after affixing digital signature as per the IT Act, 2000.
- 27.2** The Invitation to Bid in respect of all tenders of value more than Rs 10 lakhs shall be published on the ONGC tender website (www.ongctenders.net). The tender website shall have a link to e-procurement server. Prospective bidders who intend to participate in the e-tenders can logon to e-procurement server with Guest user ID and view the documents and may request for access through the portal by providing basic information about them. Thereafter, user ID and password will be issued to them. The vendors will also be given necessary online help for understanding the system.
- (MM/26/2017 dated 21.06.2017)
- 27.3** – Deleted -
- 27.4** – Deleted -
- 27.5** – Deleted -
- 27.6** – Deleted -
- 27.7** – Deleted -
- 27.8** In the Invitation to Bid published on the website, the name, designation and e-mail address of the designated Administrator who is to be contacted by bidders, as nominated by concerned In-Charge (MM) for the particular tender, should be indicated.

(MM/26/2017 dated 21.06.2017)

- 27.9** It shall be insisted that all bidders participating in e-tenders should submit bids only in e-form. Work Centre shall prepare Price Format in excel sheet in protected form. Bidders shall necessarily use the same excel sheet and only Unit rates and applicable taxes shall be filled in by the bidder. Mathematical calculations of multiplications and additions shall be computed by the system itself and cannot be manually entered by the bidders. Compliance to this effect shall be sought in the bid matrix. Compliance/confirmation for pre-qualification criteria and technical / commercial BEC should be insisted in e-form only. Only Bid Bond, IP (if applicable), Power of attorney of signatory and any specific third party document insisted in Originals as per tender condition received through DAK or Tender Box or tender receiving officer along shall be accepted in physical form in sealed covers. On due date and time, e-tenders along with physical documents shall be opened by designated opening officers from MM and Finance. The opening of e-tender shall be facilitated by the dealing officer. For submitting the bids, the vendors will also require digital signature. The system shall assist in evaluation of bids by providing price comparisons and other relevant reports. All such reports, TC recommendations and approvals which will be outside system will be subsequently uploaded in the system by the dealing officer within 3 days of the approval of CPA.
- 27.10** After finalization of tender, the purchase orders will be issued through SAP – R3 system.
- 27.11** Other provisions of MM Manual and Instructions issued from time to time shall be followed by all concerned, as in case of non e-procurement tenders.
- 27.12** Implementation of e-procurement
- (MM/19/2016 dated 23.09.2016)—(MM/26/2017 dated 21.06.2017)
- 27.12.1 e-procurement is to be used across ONGC for all cases of procurement of materials, services and turnkey contract exceeding tender value Rs. 5 lakhs.
- 27.12.2 However, in case it is felt by a work center not to resort to e-procurement method of tendering for cases exceeding Rs. 5 Lakhs, approval of concerned Director would be required. However, such exemption should be bare minimum and exemptions should be sought only in those cases wherein it is extremely difficult to go for e-procurement.
- 27.12.3 In case it is felt by a work center to resort to e-procurement method of tendering for cases below Rs. 5 Lakhs, approval of L-1 would be required.
- 27.12.4 However, if it becomes necessary to dispense from thee-procurement mode after invitation of tender, then tender would have to be re-invited by following the provision for re-invitation of tenders as per Clause 14.3 of MM Manual, because the process of tenders being invited in the e-procurement mode is different from tenders being invited under normal tendering procedure

(MM/10/2016 dated 23.03.2016)

- 27.12.5 All cases for procurement of materials / services on single tender nomination, Board purchases and purchases against ONGC/DGS&D/NICSI Rate Contracts shall be exempted from e-procurement.

27.13 Bid Return Procedure

- 27.13.1 The duly completed bid with no system error message can be 'submitted' in e-procurement portal any time before the submission deadline is reached. The bidder shall also be permitted to make changes in his bid and re-submit the same in e-procurement portal till the submission dead line. The final submitted version of bid only shall be considered by ONGC.

27.14 Familiarization/training of vendors

All the bidders have access to online help document which is available on e-portal. This help document should be used by them for participating in e-procurement tenders.

- 27.15 The due date and time for price bid opening should be intimated well in advance to the bidders, through the System.