

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:346
ANSWERED ON:16.08.2001
NEW SYSTEM OF BIDDING
M.V.V.S MURTHI;RAMSHETH THAKUR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) Whether the Government are planning to replace the model production sharing contract in the oil exploration bidding process with a standard contract;
- (b) if so, the details thereof;
- (c) whether the new system of bidding would avoid the unnecessary delays in finalizing the contract;
- (d) if so, the steps taken by the Government to make the bid evaluation procedure transparent; and
- (e) the other steps taken by the Government to make the process faster?

Answer

Minister of Petroleum & Natural Gas (SHRI RAM NAIK)

(a) to (e):- A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.346 16.08.2001 REGARDING `NEW SYSTEM OF BIDDING`

(a) & (b):- In the Model Production Sharing Contract (MPSC) System, at present being followed under New Exploration Licensing Policy (NELP), contracts are negotiated after the award of the exploration blocks, whereas under Standard Production Sharing Contract (SPSC) System, no contract negotiation is carried out after award of exploration blocks. However, companies may take exceptions to the Standard PSC at the time of bidding and it is for Government to accept or reject such exceptions. MPSC and SPSC Systems have their own relative merits. The revision of bid documents, including MPSC, is an ongoing process; keeping in view various aspects especially the changes taking place internationally and inputs from investors, companies and others. These revisions aim to bring about further clarity, substantive improvements and wider acceptability of the bid documents amongst investors.

(c) to (e):- There were no delays in finalisation of contracts for the second round of NELP. The Contracts with companies were finalised and signed on 17.7.2001; in less than six weeks time from the date of award of blocks . The bid evaluation followed under NELP-II was based on a quantitative system of evaluation and the bid parameter weightages were made public for the first time through Notice Inviting Offers (NIO), making the evaluation process transparent.In the global bidding system followed under NELP-II, the entire process of evaluation of bids, award of blocks and signing of contracts was completed in a period of about three and half months, which is much faster than the earlier bidding rounds.