

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

STARRED QUESTION NO:267
ANSWERED ON:16.03.2015
TENDERING PROCEDURE FOR PROCUREMENT
Singh Deo Shri Kalikesh Narayan

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

- (a) whether Oil Public Sector undertakings/ companies have laid down standard tendering procedure for procurement/ hiring of drilling rigs, equipment etc. and if so, the details thereof;
- (b) whether the Oil and Natural Gas Corporation Limited has reportedly deviated from the standard tendering procedure and hired a rig in Dhirubhai Deep Water Krishna Godavari-I from a private company, without calling for competitive bids for a period of four years;
- (c) if so, the details thereof along with loss, if any, incurred to the exchequer due to the failure in calling for competitive bids;
- (d) whether the Government proposes to take action against the erring companies officials responsible for such irregularities and if so, the details thereof and the action taken in this regard; and
- (e) the other measures taken by the Government to ensure that such types of irregularities are nipped in the bud in future?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (I/C) (SHRI DHARMENDRA PRADHAN)

(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. 267 BY SHRI KALIKESH N. SINGH DEO. MP TO BE ANSWERED ON 16.03.2015 REGARDING TENDERING PROCEDURE FOR PROCUREMENT.

(a) Yes, Madam. The ONGC has Material Management Manual and Book of Delegated powers and OIL has Contract Manual, Purchase Manual and Book of Delegation of powers which has laid down standard tendering procedure for procurement/ hiring of drilling rigs, equipment etc. Drilling rigs are hired after inviting tender under International Competitive Bidding in two bid system with the standard contract conditions. After opening of the bids, techno-commercial evaluation is done as per the laid down procedures. The price bids of techno-commercially acceptable offers are opened. Contracts are awarded to the lowest bidder after ascertaining the rate reasonability. However, in case of operational urgency, as per ONGC Material Management Manual and OIL Contract Manual, Purchase Manual and Book of Delegation of powers, requirement may also be met through limited tender/nomination basis.

(b) & (c) ONGC informed that Rig DDKG-1 was hired on assignment basis as an outcome of shortage of rigs in the market for drilling ultra-deep water acreages, subsequent to approvals in Executive Committee, Executive Purchase Committee and ONGC Board.

ONGC further informed that the decision of hiring of this Rig DDKG-1 was taken in the light of its availability and also on account of pressing need to ensure completion of Minimum Work Programme (MWP) of drilling exploratory wells in the NELP Deep Water blocks as per the respective Production Sharing Contract (PSC) of the blocks signed with the Government of India. Otherwise, ONGC was liable to pay penalty as cost of Unfinished work programme/Liquidated damage as per the provisions of PSC.

ONGC has also stated that rig DDKG-1 was hired on assignment basis on such rates, terms and conditions that there is no loss to ONGC.

(d) The alleged irregularity in hiring of the rig DDKG-1 as observed by C&AG is being examined by the Government and based on the outcome of the examination appropriate action will be taken in the matter.

(e) The new integrated Material Management Manual has been adopted by ONGC w.e.f. 01.02.2015 which has laid down procedures for effective management of tenders and contracts. OIL would also review its Contract Manual and Purchase Manual to ensure effective management of tenders and contracts.