



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd Corporate Materials Management

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**Circular No. 30/2015-cum-IMMM Amendment No.07/2015**

No: MAT/PMC/13(13)/2015

Dated: 18.07.2015

**Sub: Methodology for holding negotiation in cases involving purchase preference to eligible bidders.**

EPC, in its meeting (19/2015) held on 22.6.2015 has reviewed the provisions under para 14.2.1 of MM Manual wherein *interalia* guidelines on holding negotiation in cases involving price/purchase preference have been stipulated.

In accordance with the decisions taken in the aforesaid meeting of EPC, provisions under para 14.2.1 of Integrated MM Manual stands modified as per enclosed Annexure-1.

Further, in the aforesaid meeting, EPC also reviewed the provisions for splitting orders among eligible bidders as notified vide circular No. 18/2014 dated 12.11.2014 and 16/2015 dated 24.4.2015 and directed that the decision as to whether the tendered quantity can be divided/split in a tender should be carefully examined by the Indenting Section before conveying the requirement to the concerned MM Section considering the following facts:

- (i) Based on number of tendered items.
- (ii) Based on the need to have a standard product from operational and working view point. i.e. Standardization of items.
- (iii) Based on requirement to ensure Interchangeability of items and their components manufactured by different manufacturers.
- (iv) Based on the need to maintain minimal Inventory of spares because for items manufactured by different manufacturers, separate inventory of spares would have to be maintained.
- (v) Compatibility of one make/model including components of that item with the other.
- (vi) Uniformity of having one make / product.
- (vii) Based on the convenience in having easier after sales service and maintenance in future.
- (viii) Based on need to have one type of tooling for use with one type of item.
- (ix) Based on what methodology was followed in the past.
- (x) Any other working / operational constraint due to which if it is not feasible to split / divide the quantity between the vendors.

If based on above factors, it is felt by the Indenting section that it would not be in ONGC's interest to divide the quantity being purchased, then in that case, Indenting Section after obtaining the approval of the sanctioning authority (L-1 level executive shall have full powers in this regard) will inform MM Department that the quantity to be purchased in the tender is not to be divided amongst the vendors. If it is decided by ONGC not to divide the quantity, order for 100% quantity will be placed on eligible bidder subject to matching their rates with the L-1 bidder as per the Govt. policy.

Above guidelines should be meticulously followed by all concerned.

*C.R. Mohanty*  
*18/07/15*

(C.R. Mohanty)  
ED-Chief MM Services

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3. CVO, ONGC, Jeevan Bharti Building, New Delhi.

Statement Showing existing vis-à-vis modified provisions of Integrated MM Manual.

Para No.	Existing Provisions	Modified provisions
14.2.1	<p>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 bidder only. If price/purchase preference is applicable for the tender, then the bidder enjoying price/purchase preference should be asked to match the L-1 and negotiations should be carried out with such bidder if he agrees to match L-1 prices. If such bidder does not agree to match prices, then negotiations will be carried out with L-1 bidder</p>	<p>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/ bidder(s) eligible for purchase preference only.</p> <p><b>a) For cases where quantity is non splittable/non dividable:</b></p> <p>For the cases where quantity is non splittable/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.</p> <p>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.</p> <p><b>b) For cases where quantity is splittable/dividable:</b></p> <p>For the cases where quantity is splittable/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.</p>