



PM Cell – MM

Oil and Natural Gas Corporation Ltd

Corporate Materials Management
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Circular No. 38/2021

No: DLI/CORP-MM/2021/PMC/GFR

Dated: 11.10.2021

Sub: Clarification regarding Eligibility of Bidders from a Country sharing a land border with India

A clarification was sought on applicability of Public Procurement Order No. 1 issued vide O.M. No. F. No. 6/18/2019-PPD dated 23.07.2020 of Department of Expenditure (DoE), on hiring of services of equipment such as Drilling Rigs/offshore supply vessels etc.

In this regard, vide O.M. No. F.7/30/2021-PPD dated 01.10.2021, Department of Expenditure (DoE) has clarified the applicability of Public Procurement Order No. 1 issued vide F. No. 6/18/2019-PPD dated 23.07.2020, on hiring of services of equipment such as Drilling Rigs/offshore supply vessels etc. The copy of aforesaid O.M is enclosed herewith for ready reference.



(A. P. Tripathi)

ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'reports.ongc.co.in').

All concerned may download the circular from the site. Hard copies are not distributed separately.

No.F.7/30/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi.
1st October, 2021.

Shri A P Tripathi,
ED-Chief MM Services,
Oil and Natural Gas Corporation Ltd.(ONGC)
2nd Floor, Tower – A, Deendayal Urja Bhawan,
5, Nelson Mandela Marg,
Vasant Kunj, New Delhi-110070

Subject: Clarification regarding Restriction under Rule 144(xi) of the General Financial Rules (GFRs).

Sir,

The undersigned is directed to refer to Ministry of Commerce and Industry (MoCI) OM F.No. 45021/171/2020-BE-II (E-45442) dated 31.08.2021 forwarding a communication from Oil and Natural Gas Corporation Ltd. (ONGC) No. MAT/PMC/13 (7) /2021 dated 04.08.2021 seeking clarifications on applicability of Department of Expenditure (DoE) Public Procurement Order No. 1 issued vide F.No. 6/18/2019-PPD dated 23.07.2020, on hiring of service of equipments such as Drilling Rigs/ offshore supply vessels etc.

2. ONGC has sought clarification on three possible conditions, which are tabulated below alongwith clarification of DoE:-

SN	Query	DoE clarification
	Hiring of Services: Bidder (Indian/ Foreign), who is not from a country sharing land border with India, offers services to ONGC by arranging equipment (such as Drilling Rigs, Offshore Supply vessels etc.) from another company.	
	In case, Bidder offers Rig/ Vessel for Charter hire by ONGC in any of the following manner:	
(i)	The Rig/Vessel has been purchased or will be purchased from company (manufacturer) from country which shares a land border with India	In this case, bidder has procured certain goods to offer the requisite services to ONGC. In such a case the bidder does not fall within the definition of term "bidder from a country sharing land borders with India" (as defined in Para 8 of DoE Public Procurement Order No. 1 issued vide F. No. 6/18/2019-PPD dated 23.07.2020). Hence, the provisions of Rule 144 (xi) of General Financial Rules, 2017 and orders

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		issued thereof do not apply to this case.
(ii)	By entering into a MoU/ lease agreement with the company (who owns Rig/ Vessel) from country which shares a land border with India.	The vendor bidding to offer only services of Rig/ Vessel proposes to hire the Rig/ Vessel from a company from a country sharing land border with India. This, prima facie, appears to be the case of indirect supply of services by a company (owning the Rig/ Vessel) by introducing an intermediary, who merely acts as an agent to the company providing services of the equipment. In such a case registration of company owning the equipment and actually supplying the services to ONGC shall require to be registered with the competent authority, in compliance with the provisions of DoE's OM dated 23.07.2020.
(iii)	By entering into a MoU/ lease agreement with the company (say 'X' who is present owner of the equipment) from country which does not share a land border with India. The equipment has been purchased from the manufacturer of the company (say 'Y') which is from country that shares a land border with India.	In this case, as in case (ii) above, the actual supplier of services, prima facie, shall be 'X'. Status of 'X' in this case does not attract the provisions of the DoE's OM dated 23.07.2020.

3. This issue with the approval of Finance Secretary.

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 01/10/21
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Copy to: Shri Rajesh Gupta, Director, Ministry of Commerce and Industry (MoCI),
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