



PMC Cell – MM

# Oil and Natural Gas Corporation Ltd

Corporate Materials Management

2<sup>nd</sup> Floor, Tower-A, Deendayal Urja Bhawan,  
5, Nelson Mandela Marg, Vasant Kunj, New Delhi -110 070  
Tel – (011)26752004 Fax – (011) 26129091

## Circular No. 47/2017- Cum BL Amendment No. 01/102 & 02/79

No: MAT/ MAT/PMC/13(21)/2017

Dated: 24.10.2017

**Sub: Allowing Preference to MSEs when in competition with firm(s) participating under Purchase Preference Policy (linked with local content) (PP - LC)**

Reference is invited to circular No. 18/2014 dated 12.11.2014 & 28/2012 dated 05.10.2012 wherein Public Procurement Policy for MSEs-Order 2012 was implemented in ONGC and circular No. 19/2017 dated 16.05.2017 vide which Purchase Preference Policy (linked with local content) (PP - LC) was introduced in ONGC.

On deliberating the issue as to which preference shall take precedence over the other as both policies have been proclaimed by the Govt., EPC in its meeting (25/2017) held on 03.10.2017 directed to allow eligible MSE bidder (PPP – 2012) preference over PP-LC bidder (PP-LC).

1. Accordingly, for the tenders where tender quantity cannot be divided/split or cannot be procured from multiple sources, following provisions shall be incorporated in the tender conditions where purchase preference to both PP-LC bidders and MSEs is applicable:
  - (i) Where both MSE and PPLC bidder(s) are entitled to Purchase Preference and neither of them is L-1, eligible MSE(s) (in order of ranking among MSEs) shall get preference over eligible PPLC bidder(s) to match its rates with that of L-1 bidder. However, if eligible MSE(s) decline(s) to match down the price, then the eligible PPLC bidder(s) in order of ranking among themselves shall be given the opportunity to match down its price to the price of L-1 bidder.
  - (ii) Where MSE is already L-1 in the tender evaluation, contract shall be straightway awarded to MSE, without considering any Purchase Preference for PPLC bidder.
  - (iii) In case L-1 bidder is a PP-LC bidder, purchase preference shall be resorted to MSE bidder as per 'PPP for MSE-Order 2012'.

**Example of a case where Tender quantity cannot be divided/splitable or cannot be procured from multiple sources is as under:**

- L-1 bidder is non MSE, non PP-LC bidder
- L-2 bidder is eligible PP-LC (within 10%)
- L-3 bidder is eligible PP-LC (within 10%)
- L-4 bidder is eligible MSE bidder (within 15%)
- L-5 bidder is eligible MSE bidder (within 15%)

- The original ranking of the bidders shall be established based on their quoted prices, without applying either MSE or PPLC policy.

The eligible MSE bidder(s) in order of ranking among MSEs [L-4 bidder in the example above and then L-5 bidder, in case L-4 bidder fails to match] shall be given preference to match the L-1 price. If eligible MSE bidder matches the L1 price, order shall be placed on him, otherwise, option for matching the L1 price shall be given to the eligible PP-LC bidder in order of original ranking among themselves [i.e. L-2 bidder in the example above and then L-3 bidder, in case L-2 bidder fails to match].

2. Further, for the tenders where tender quantity can be divided/split, the provisions appearing at note (i) of para no. 38.1.2, 36.1.2 & 29.1.1 in ITB of BL/01, BL/02 and tender/contract conditions for services respectively, shall be applicable for distribution of quantities as per the respective policy among the eligible MSE (PPP-2012), eligible PPLC and non-eligible (non MSE, non PP-LC) L-1 bidder.

The modifications to the existing provisions of BEC and Tender/contract conditions for procurement of goods and services are enclosed at **Annexure 1 to 2**. Suitable modification shall be carried out in other types of tender/contract also.

Above guidelines should be meticulously followed by all concerned.

*Ashwini Nagia*  
24/11/17

(Ashwini Nagia)  
ED-Chief MM Services

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3. CVO, ONGC, Deendayal Urja Bhawan, Vasant Kunj, New Delhi.

Statement showing existing vis-à-vis modified provisions of Standard Booklet No. ONGC/MM/01, 02 & Standard tender /contract conditions for Service Contracts

Instructions to Bidders (Annexure-I)

Para No., Booklet	Existing Provision	Proposed modified provisions
38.3, Standard Booklet No. ONGC/MM/01,  36.3, Standard Booklet No. ONGC/MM/02,  29.3, Standard tender /contract conditions for Service Contracts	No provision exists	<p align="center"><u>Allowing Preference to eligible MSE bidder(s) over PP- LC bidder(s)</u></p> <p>(For the tenders where tender quantity cannot be divided/split or cannot be procured from multiple sources, following provisions shall be incorporated in the tender conditions where purchase preference to both PP-LC bidders and MSEs is applicable):</p> <p>(i) Where both MSE and PPLC bidder(s) are entitled to Purchase Preference and neither of them is L-1, eligible MSE(s) (in order of ranking among MSEs) shall get preference over eligible PPLC bidder(s) to match its rates with that of L-1 bidder. However, if eligible MSE(s) decline(s) to match down the price, then the eligible PPLC bidder(s) in order of ranking among themselves shall be given the opportunity to match down its price to the price of L-1 bidder.</p> <p>(ii) Where MSE is already L-1 in the tender evaluation, contract shall be straightway awarded to MSE, without considering any Purchase Preference for PPLC bidder.</p> <p>(iii) In case L1 bidder is a PP-LC bidder, purchase preference shall be resorted to MSE bidder as per 'PPP for MSE-Order 2012'.</p>

Statement showing existing vis-à-vis modified provisions of BEC for procurement of Goods /Hiring of Services

Clause No., BEC	Existing Provision	Proposed modified provisions
<p><b>C. Price Evaluation Criteria</b></p> <p>2.3, Standard BEC for procurement of 'Goods' (under ICB),</p> <p>2.3, Standard BEC for procurement of 'Goods' (under Indigenous Tender),</p> <p>1.4.3, BEC [Services-Indigenous]</p> <p>3.3, BEC [Services-ICB]</p>	No provision exists	<p><b><u>Allowing Preference to eligible MSE bidder(s) over PP-LC bidder(s)</u></b></p> <p>(For the tenders where tender quantity cannot be divided/split or cannot be procured from multiple sources, following provisions shall be incorporated in the tender conditions where purchase preference to both PP-LC bidders and MSEs is applicable):</p> <p>(i) Where both MSE and PPLC bidder(s) are entitled to Purchase Preference and neither of them is L-1, eligible MSE(s) (in order of ranking among MSEs) shall get preference over eligible PPLC bidder(s) to match its rates with that of L-1 bidder. However, if eligible MSE(s) decline(s) to match down the price, then the eligible PPLC bidder(s) in order of ranking among themselves shall be given the opportunity to match down its price to the price of L-1 bidder.</p> <p>(ii) Where MSE is already L-1 in the tender evaluation, contract shall be straightway awarded to MSE, without considering any Purchase Preference for PPLC bidder.</p> <p>(iii) In case L1 bidder is a PP-LC bidder, purchase preference shall be resorted to MSE bidder as per 'PPP for MSE-Order 2012'.</p>
<p>2.3.1, Standard BEC for procurement of 'Goods' (under ICB),</p> <p>2.3.1, Standard BEC for procurement of 'Goods' (under Indigenous Tender),</p> <p>1.4.3.1, BEC [Services-Indigenous]</p> <p>3.3.1, BEC [Services-ICB]</p>	No provision exists	<p>(For the tenders where tender quantity can be divided/split)</p> <p>Distribution of quantities among the eligible MSE(s) and PP-LC bidder(s) shall be as per the quantities of the respective policy and the balance quantity shall be awarded to the non-eligible L-1 bidder.</p>