ONGC POLICY FOR PROMOTION OF START-UPS IN PROCUREMENT OF GOODS, WORKS AND SERVICES.

1. PREAMBLE

Government of India and Ministry of Petroleum & Natural Gas (MoPNG) has accords high priority to the development of the Start-up ecosystem with the objective of promoting innovation, encouraging indigenous technology development, reducing import dependency, and strengthening the country's manufacturing and service capabilities.

ONGC recognizes that Start-ups often possess innovative technologies and solutions but face challenges in participating in conventional procurement processes due to stringent turnover, financial, and prior experience requirements. Accordingly, this policy has been formulated to provide a structured mechanism for participation of qualified Start-ups in ONGC procurements while safeguarding ONGC's commercial, operational, and technical interests.

2. OBJECTIVES

The objectives of this policy are:

a) To promote indigenous innovation and technology development.

b) To create market access opportunities for Start-ups.

c) To facilitate commercialization of innovative products and technologies successfully demonstrated through pilots.

d) To encourage development of indigenous manufacturing and service capabilities.

f) To broaden ONGC's vendor base and create competition in categories having limited indigenous participation.

g) To support national initiatives relating to Start-up India, Atmanirbhar Bharat and Make in India.

3. APPLICABILITY

This policy shall apply to the procurement of:

- Goods
- Services
- Works
- Technology solutions
- Software and digital solutions
- Licensing of technology

from eligible Start-ups.

The policy shall be applicable to all ONGC work centres and business units.

The provisions shall apply subject to technical feasibility, operational requirements, safety considerations and statutory requirements.

4. DEFINITIONS

4.1 Start-up

A Start-up means an entity recognized by the Department for Promotion of Industry and Internal Trade (DPIIT), Government of India, as amended from time to time.

4.2 Pilot

Pilot means demonstration, testing, field trial, proof of concept, prototype deployment or commercial trial successfully executed by a Start-up in a relevant technology category meeting the guidelines mentioned at para 5 below

4.3 Qualified Start-up

A Qualified Start-up means a DPIIT-recognized Start-up that has been approved by the Committee constituted under this policy for participation under Pathway-1 and/or Pathway-2.

5. ELIGIBILITY CRITERIA

A Start-up shall be eligible for consideration under this policy only if:

a) It is a DPIIT-recognized Start-up; and

b) It has successfully completed a pilot in the relevant technology/product/service category through any of the following:

i. MC2 Grand Challenge or similar innovation challenge sponsored by an Oil & Gas PSU; or

ii. Any pilot successfully executed with an Oil & Gas PSU or Any Government(Central/State) department or Any other Private Oil and Gas Company having average turnover of Rs.5000 Crore during last 3 years; or

iii. Any pilot subsequently empanelled and approved by ONGC under this policy.

Note: Oil and Gas Company" means any company directly involved in the Upstream, Midstream, or Downstream segments of the oil and gas industry.

c) The start-up must demonstrate that the solution is built on proprietary IP, and is not a resold or white-labelled product.

d) A start-up shall not be eligible where:

i) Any founder/co-founder/director currently holds a Key Managerial Position in any other company offering the same solution or equivalent.
ii) Any corporate entity offering the same solution or equivalent holds more than 10% equity in it.

e) A start-up shall be eligible to participate in an RFP under either pathway only where it does not concurrently hold more than three (3) active orders across all O&G PSUs at any given time. Orders held by any other entity having common founders, promoters, or related parties with the start-up shall be counted together against the cap.

f) A start-up (including related entities) holding two (2) or more active orders, of which at least one (1) has not yet reached 50% physical delivery, shall be ineligible to participate in any new RFP.

6. EMPANELMENT OF PILOTS

6.1 Submission of Proposals by Start-Ups:

Eligible Start-Ups may submit their proposals through the dedicated ONGC portal **"https://vendor.ongc.co.in/".** The date and time of receipt of the proposal on the portal shall be considered for processing and evaluation.

6.2 Start-up Evaluation Committee

An Internal Start-up Evaluation Committee consists:

1. Chief/Head Corporate MIND
2. Chief/Head Corporate Strategy
3. Chief/Head of Concerned NTA / Chief of Material/Service Chief (wherever concerned NTA is not designated)

The "Head" shall be a member in cases where the position of "Chief" is not available or has not been posted. Additional members may be co-opted whenever required.

6.3 Functions of Committee

The Committee shall:

a) Evaluate pilot credentials.
b) Verify technical suitability.
c) Assess applicability of technology to ONGC operations.
d) Shortlist and approve Start-ups for specific categories.
e) Determine the applicability of Pathway-1 or Pathway-2.

6.4 Documents Required for Empanelment

The Start-up shall submit:

- DPIIT Recognition Certificate.
- Details of pilot.
- Details of customer/end user.
- Scope and objectives of pilot.
- Technology/product details.
- Performance reports.
- Quantifiable KPIs and outcomes.
- Completion certificate.
- Performance or satisfaction certificate.
- Undertaking regarding acceptance of all the terms of subject policy along with details of Past Pilot Orders as per para 5(b) above, Existing Orders, Details of founder/co-founder/director currently holding a Key Managerial Position in the startup.
- Any other documentation sought by ONGC.

6.5 Verification

ONGC may:

- Conduct reference checks.
- Seek additional documents.
- Conduct technical presentations.
- Visit pilot locations.
- Evaluate performance records.

6.6 Validity

ONGC may review, modify or revoke approval based on performance or changed circumstances.

7. PROCUREMENT PATHWAYS

Procurement from Start-ups shall be undertaken through the following pathways:

I) Pathway-1

Direct Procurement through Reserved Quantity

Applicable where:

- Comparable indigenous vendors are limited.
- Indigenous competition is not adequately available.
- Start-up technology has demonstrated successful pilot implementation.

II) Pathway-2

Procurement through Regular Tenders

Applicable where:

- Competitive indigenous market exists.
- Multiple established vendors are available.
- Start-up participation is encouraged through tender relaxations.

8. CRITERIA FOR SELECTION OF PROCUREMENT PATHWAY

I) Pathway-1

a) **Indigenous Vendor Availability**: Where only 0-2 indigenous vendors offer comparable solutions.
b) **Technology Maturity:** The technology is novel/first-of-its-kind for the Indian Oil & Gas sector or offers a significant improvement in cost, efficiency, quality or safety performance vis-à-vis the existing solution(s)

II) Pathway-2

a) **Indigenous Vendor Availability**: Where a reasonably competitive indigenous market of 3 or more players already exists.
b) **Technology Maturity:** Where the technology category is already proven and the field-proven start-up is a new/additional entrant to an existing competitive space.

9. RESERVATION OF PROCUREMENT QUANTITY (Wherever Quantity is splitable)

9.1 Pathway-1

i) Reservation shall be considered only where:

a) Competition in previous procurements was less than three bidders; and
b) One or more Start-ups have been approved by the Committee.
c) Quantities are splitable.

ii) Where the tender quantity is splitable, up to **10% of the tender quantity** may be reserved for procurement through separate RFQs.

iii) Separate RFQs may be issued to approved Start-ups.

iv) Award of contract shall be subject to establishment of reasonability of rates.

9.2 Pathway-2

Cases where quantities are splittable and both MSE and PP-MII Preferences Apply

i) Where (Based on the price quoted by the Bidders):

- MSE preference is applicable; and
- PP-MII preference is applicable,

the quantity earmarked for Start-ups shall be restricted to **10% of the tender quantity**, quoted prices are within L1+20% subject to matching of L-1 rates.

ii) Cases where quantities are splittable and only one Purchase Preference Applies (qualified bidders)

Where either (Based on the price quoted by the Bidders):

- MSE preference; or
- PP-MII preference

is applicable, the quantity earmarked for Start-ups may be up to **15% of the tendered quantity** , quoted prices are within L1+20% subject to matching of L-1 rates.

10. BID SECURITY

Eligible Start-ups are exempted from submission of Bid Security/EMD in both the Pathways.

11. SECURITY DEPOSIT / PERFORMANCE SECURITY

The Security Deposit/PBG requirement for qualified Start-ups shall be 1% of Contract/Purchase order Value for all types of Procurements under pathway-2.

Security Deposit/PBG shall not be required under pathway-1.

12. RELAXATION IN ELIGIBILITY CRITERIA

12.1 Pathway-1

The following relaxations shall apply:

a) Financial Criteria

- Turnover : Not applicable
- Net Worth : Not applicable

b) Experience Criteria

- Prior Experience : Not applicable

Pilot success and Committee approval shall substitute eligibility requirements.

12.2 Pathway-2

I) Financial Criteria

a) Procurement of Goods:

- Turnover : Not applicable
- Net Worth : Not applicable

b) Services/Works/LSTK:

- **Tenders up to Rs. 100 Crore**

  Turn over: Not applicable.
  Net worth: Not applicable

- **Tenders above Rs. 100 Crore**

  Turn over: Minimum turnover equal to 3% of annualized tender value.
  Net Worth: Positive Net Worth.

II) Prior Experience

a) **Goods:** Prior experience requirement shall be 10% of the requirement prescribed for regular bidders.
b) **Services/LSTK or any other Similar tenders**: Successful completion of at least one job through pilot within prescribed time period

13. BID EVALUATION

13.1 Pathway-1 (If more than one qualified Start-Up is available)

Evaluation may be based on:

- L-1 methodology; or
- QCBS methodology,

depending on the nature of procurement.

Single vendor situations may be accepted subject to establishment of rate reasonability.

13.2 Pathway-2

A Start-up shall be evaluated along with other bidders.

Where the Start-up's quoted rate falls within **L-1 + 20%**, it may be offered an opportunity to match L-1 rates.

Upon matching L-1 rates, the reserved quantity may be allocated to the Start-up.

14. PREFERENCE AMONG START-UPS

Where more than one Start-up is found equally suitable, preference shall be given to a Start-up that has not previously received an award under this policy. If more than one Start-up has not received an award under this policy, Start-up registered earlier shall be given preference.

15. INTELLECTUAL PROPERTY RIGHTS

Ownership of Intellectual Property developed by the Start-up shall remain with the Start-up. ONGC shall be granted a non-exclusive, non-transferable, irrevocable licence to use the IP for internal consumption or manufacture. ONGC may exercise this right to manufacture either directly or through a subcontractor.

Where technology licensing is involved, ONGC may obtain suitable usage rights through contractual arrangements.

The detailed commercial terms, royalty, licensing arrangements and step-in rights shall be decided on a case-to-case basis with approval of the competent authority. A licence fee/royalty fee for use of the IP shall be restricted to 1% of contract price.

16. Failure to execute Order either under Pathway-1 or Pathway-2: In case of failure to execute the awarded Order/Contract, such Start-Up will not be eligible for award in subsequent tenders till they qualify the repilot or recertification from the MC^2 Foundation. No banning action shall be initiated against such Start-Ups solely on account of failure to execute the contract. However, appropriate action, including banning/debarment, shall be considered in cases involving violation of the Integrity Pact or any fraudulent activities.

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