



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd Corporate Materials Management

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**Circular 13/2015-cum-Integrated MM Manual Amendment No. MM/02/2015**

No: MAT/PMC/13( 62)/2015

Dated: 08.04.2015

### **Sub: Processing of cases for putting the erring firms on holiday/banning**

Reference is invited to provisions under para 17.5.2 of Integrated MM Manual, wherein procedure for processing of cases for putting the erring firms on holiday/banning have been notified.

In accordance with decisions taken in the EPC meeting (07/2015) held on 23.02.2015, aforesaid provisions stand modified as per enclosed appendix-1.

Above guidelines shall be applicable for all future cases and where proposals are yet to be submitted for the approval of Competent Authority as per existing guidelines

  
(Anil Kumar Sachan) <sup>08.04.15</sup>  
ED-Chief MM Services

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Copy to:

1. EO to CMD, ONGC, Jeevan Bharti Building, New Delhi.
2. CEA to Director (Finance) / Director (T&FS) / Director (Offshore) / Director (Onshore) / Director (HR) / Director (Exploration), ONGC, Jeevan Bharti Building, New Delhi.
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	Remarks
17.5.2	<p><b>Vendor Banning Process</b></p> <p>The following process shall be followed the purpose of banning any vendor:</p>	<p><b>Vendor Banning Process</b></p> <p><u>The Committee of Directors consisting of concerned Director, Director-I/c MM and Director (F) shall be competent for approving proposals for banning of business dealings with erring vendors. Chief MM shall be the nodal officer to assist this Committee and all the proposals from the Work Centre shall be first scrutinized by Chief MM before they are put up to the committee of Directors. The Committee of Directors can refer the case for banning of business dealings with an erring vendor to EPC after obtaining the approval of CMD only in case if business dealings with a major vendor who is involved in various areas of operations of ONGC is proposed to be banned and if banning of business dealings with that vendor could have a major impact on ONGC's operations.</u></p> <p>Following process shall be followed <u>for</u> the purpose of banning any vendor:</p>	Underlined portion added
a.	<p>In case it is decided to suspend business dealing with the defaulting supplier/contractor, the Key Executive at the Work Center shall submit the case to the concerned Director for approval for initiating banning process against the erring firm. The concerned Key Executive while submitting</p>	<p>In case it is decided to suspend business dealing with the defaulting supplier/contractor, the Key Executive at the Work Center shall submit the case to the concerned Director for approval for initiating banning process against the erring firm. The concerned Key Executive while submitting</p>	No Change

Para No.	Existing Provisions	Modified Provisions	Remarks
	the case to the concerned Director for initiating banning process against the erring firm shall also nominate an Enquiry Officer and obtain approval of the concerned Director. The Enquiry Officer shall not be less than the E-6 level executive (who did not handle the case in any capacity) for conducting the proceedings in a quasi-judicial capacity	the case to the concerned Director for initiating banning process against the erring firm shall also nominate an Enquiry Officer and obtain approval of the concerned Director. The Enquiry Officer shall not be less than an E-6 level executive (who did not handle the case in any capacity) for conducting the proceedings in a quasi-judicial capacity	
b	Consequent to obtaining approval for suspension of business dealings, communication shall be sent to the supplier/contractor conveying suspension of business dealings with him pending completion of inquiry. This communication should clearly indicate the reasons for the same and specify that after completion of inquiry, if it is found that the fault is on the part of the Supplier/Contractor, then they shall be put on holiday [i.e. neither any tender enquiry will be issued to such a Supplier by ONGC against any type of tender nor their offer will be considered by ONGC against any ongoing tender(s) where contract between ONGC and that particular Contractor (as a bidder) has not been concluded] for a period of two years. This communication should be issued by I/c-MM for cases pertaining to MM and concerned Level-II for cases pertaining to other departments, by Registered Post with authenticated acknowledgement	Consequent to obtaining approval for suspension of business dealings, communication shall be sent to the supplier/contractor conveying suspension of business dealings with him pending completion of inquiry. This communication should clearly indicate the reasons for the same and specify that after completion of inquiry, if it is found that the fault is on the part of the Supplier/Contractor, then they shall be put on holiday [i.e. neither any tender enquiry will be issued to such a Supplier by ONGC against any type of tender nor their offer will be considered by ONGC against any ongoing tender(s) where contract between ONGC and that particular Contractor (as a bidder) has not been concluded] for a period of two years. This communication should be issued by I/c-MM for cases pertaining to MM and concerned Level-II for cases pertaining to other departments, by Registered Post with authenticated acknowledgement	No Change
c	Simultaneously, inquiry shall be conducted by ONGC(through the enquiry officer appointed), in	Simultaneously, inquiry shall be conducted by ONGC(through the enquiry officer appointed), in	No Change

Para No.	Existing Provisions	Modified Provisions	Remarks
	quasi judicial manner but during the period inquiry is being conducted, business dealings with the defaulting supplier/contractor shall remain suspended i.e. ONGC shall neither issue any tender enquiry to him nor shall consider his offer in any ongoing tender	quasi judicial manner but during the period inquiry is being conducted, business dealings with the defaulting supplier/contractor shall remain suspended i.e. ONGC shall neither issue any tender enquiry to him nor shall consider his offer in any ongoing tender.	
d.	The Enquiry Officer shall issue legally vetted show cause notice to the firm by Registered Post with authenticated acknowledgement. Show Cause Notice should bring out allegations and asking why business dealings with the firm should not be banned. The Enquiry Officer shall also monitor receipt of reply in given time and shall submit the inquiry report to the Key Executive of the Work Center. While submitting the inquiry report, Enquiry Officer shall also suggest the period of banning business dealings with the erring firm depending upon the gravity of the offence committed by the firm.	The Enquiry Officer shall issue legally vetted show cause notice to the firm by Registered Post with authenticated acknowledgement. Show Cause Notice should bring out allegations and asking why business dealings with the firm should not be banned. The Enquiry Officer shall also monitor receipt of reply in given time and shall submit the inquiry report to the Key Executive of the Work Center. While submitting the inquiry report, Enquiry Officer shall also suggest the period of banning business dealings with the erring firm depending upon the gravity of the offence committed by the firm.	No Change
e.	Enquiry Officer shall ensure that enquiry process for banning of business dealings with erring vendor is completed within 4 months from the date of his appointment as Enquiry Officer. Further, it would be ensured that final banning order is issued within 2 weeks from completion of enquiry process.	Enquiry Officer shall ensure that enquiry process for banning of business dealings with erring vendor is completed within 4 months from the date of his appointment as Enquiry Officer. Further, it would be ensured that final banning order is issued within 2 weeks from completion of enquiry process.	No Change
f.	The Key Executive shall peruse the inquiry report along with the replies submitted by the firm and all other related documents of the subject case. In case the recommendations of Enquiry Officer	The Key Executive shall peruse the inquiry report along with the replies submitted by the firm and all other related documents of the subject case. In case the recommendations of Enquiry Officer	

Para No.	Existing Provisions	Modified Provisions	Remarks
	<p>are in line with the decision of concerned Director for initiating banning process, recorded earlier, Key Executive shall submit the case through the Legal Section of the concerned Work Centre and Chief- Legal Services for obtaining approval of concerned <u>Director and CMD</u> for issuing the banning order. However, where based on the findings/recommendation of the Enquiry Officer and the replies submitted by the firm and all other related documents of the subject case, a review of the decision is required, then the Key Executive of the work center shall submit the case to concerned <u>Director/CMD</u> for reconsideration with due justification along with recommendations.</p>	<p>are in line with the decision of concerned Director for initiating banning process, recorded earlier, Key Executive shall submit the case through the Legal Section of the concerned Work Centre and Chief- Legal Services to <u>Chief MM Services</u> for obtaining approval of <u>the Committee of Directors</u> for issuing the banning order. However, where based on the findings/recommendation of the Enquiry Officer and the replies submitted by the firm and all other related documents of the subject case, a review of the decision is required, then the Key Executive of the work center shall submit the case to concerned <u>Director</u> for reconsideration with due justification along with recommendations.</p>	
g.	<p>After obtaining approval of <u>concerned Director and CMD</u>, the Key Executive of the Work Centre shall issue the order for banning of the firm. While issuing the banning orders it should be ensured that banning order is a speaking order, highlighting explicitly the vendor code, the reasons for banning and the same should be duly vetted by the Legal Section of the concerned Work Centre. Work Centre should ensure proper service of the banning order by Registered Post with authenticated acknowledgement.</p>	<p>After obtaining approval of <u>the Committee of Directors</u>, the Key Executive of the Work Centre shall issue the order for banning of the firm. While issuing the banning orders it should be ensured that banning order is a speaking order, highlighting explicitly the vendor code, the reasons for banning and the same should be duly vetted by the Legal Section of the concerned Work Centre. Work Centre should ensure proper service of the banning order by Registered Post with authenticated acknowledgement.</p>	Underlined portion modified
h.	<p>Since CMD is the competent authority for banning/putting the firms on holiday, therefore, period of banning/putting on holiday shall be explicitly recommended by Director concerned</p>	Deleted	Deleted as status of competent authority stand modified and also

Para No.	Existing Provisions	Modified Provisions	Remarks
	depending upon the gravity of the offence committed by the firm.		provisions already covered under sub-para (d). Subsequent sub-para renumbered
i.	Banning period shall be counted from the date of issue of initial order of suspension of business dealings so that effective period of banning remains same as stipulated period / period approved by Competent Authority	Banning period shall be counted from the date of issue of initial order of suspension of business dealings so that effective period of banning remains same as stipulated period / period approved by Competent Authority	No Change
j.	For effective implementation of the these provisions, the concerned Work Centre shall send a copy of the communication which has been addressed to the vendor suspending business dealings with him/banning them (along with the copy of approval of concerned approving authority) to PMC-Corporate-MM along with the vendor code(s) of the defaulting supplier/Contractor for uploading the same on the MM web-site under "Names of Erring vendors with whom Business dealings have been suspended/Banned" and blocking the vendor code of the concerned vendor in the ICE system.	For effective implementation of the these provisions, the concerned Work Centre shall send a copy of the communication which has been addressed to the vendor suspending business dealings with him/banning them (along with the copy of approval of concerned approving authority) to PMC-Corporate-MM along with the vendor code(s) of the defaulting supplier/Contractor for uploading the same on the MM web-site under "Names of Erring vendors with whom Business dealings have been suspended/Banned" and blocking the vendor code of the concerned vendor in the ICE system.	No Change
k.	On conclusion of inquiry, if it is decided not to ban business dealings with the supplier/contractor, then work centre shall immediately revoke the suspension order and convey this decision to the Supplier by Registered Post with authenticated acknowledgement. This decision should also be conveyed to PMC Section for removing the name	On conclusion of inquiry, if it is decided not to ban business dealings with the supplier/contractor, then work centre shall immediately revoke the suspension order and convey this decision to the Supplier by Registered Post with authenticated acknowledgement. This decision should also be conveyed to PMC Section for removing the name	No Change

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	of the firms from the List of firms with whom business dealings have been suspended, appearing on the website	of the firms from the List of firms with whom business dealings have been suspended, appearing on the website	
l.	<p><b>Initiating banning process where decision has been recorded by <u>competent authority (i.e. CMD)</u> in a file to process the banning action on a firm:</b></p> <p>In such cases, consequent to CMD's decision to initiate proceedings for banning business dealings with a firm, the concerned Key Executive at the Work Center shall process implementation of the decision without any back reference to the field etc. for initiation of a de-novo case and immediately initiate the proceedings for banning of business dealings with the firm as per prescribed methodology mentioned above and shall be completed in maximum 45 days from the date of CMD's orders.</p>	<p><b>Initiating banning process where decision has been recorded by CMD in a file to process the banning action on a firm:</b></p> <p>In such cases, consequent to CMD's decision to initiate proceedings for banning business dealings with a firm, the concerned Key Executive at the Work Center shall process implementation of the decision without any back reference to the field etc. for initiation of a de-novo case and immediately initiate the proceedings for banning of business dealings with the firm as per prescribed methodology mentioned above and shall be completed in maximum 45 days from the date of CMD's orders.</p>	Underlined portion deleted
m.	Wherever forgeries have been established, criminal proceedings should also be initiated by the work centre against those erring firms against whom criminal misconduct has been established besides other action as per terms & conditions of the tender/contract.	Wherever forgeries have been established, criminal proceedings should also be initiated by the work centre against those erring firms against whom criminal misconduct has been established besides other action as per terms & conditions of the tender/contract.	No Change
n.	<u>As per the instructions in vogue,</u> banning order are to be issued for banning of the erring firm	Banning order are to be issued for banning of the erring firm along with its allied concern, partner	Underlined portions deleted

Para No.	Existing Provisions	Modified Provisions	Remarks
	along with its allied concern, partner or associate or director or proprietor involved in any capacity etc. Such entities already operating in ONGC should be identified by Work Centers to the extent possible and their corresponding vendor codes should also be intimated to VM Cell for blocking	or associate or director or proprietor involved in any capacity etc. Such entities already operating in ONGC should be identified by Work Centers to the extent possible and their corresponding vendor codes should also be intimated to VM Cell for blocking	as no separate instructions exist.
o.	The guidelines on suspension of business dealing with a firm as per clause 17.5.2-a above shall be applicable in case of termination of Contract due to unsatisfactory performance, insolvency of the firm, delay in mobilization , and / or annulment of the contract due to non-submission of Performance Security, provided the related provisions have been incorporated in the tender/contract conditions.	The guidelines on suspension of business dealing with a firm as per clause 17.5.2-a above shall be applicable in case of termination of Contract due to unsatisfactory performance, insolvency of the firm, delay in mobilization , and / or annulment of the contract due to non-submission of Performance Security, provided the related provisions have been incorporated in the tender/contract conditions.	No Change