



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. 25/2018

No: MAT/PMC/13(21)PPLC/2018

Dated: 28.05.2018

**Sub: Purchase preference Policy (linked with Local Content) (PP - LC)**

Reference is invited to circular No. 19/2017 dated 18.05.2017, whereby policy on Purchase Preference (linked with Local Content) (PP - LC) has been notified. The provisions of the said policy under the heading "Sanctions" *inter alia* stipulates that a bidder who has been awarded the contract after availing Purchase Preference is found to have violated the LC provision shall be subject to financial penalty over and above the PBG value prescribed in the contract. Accordingly, the successful PP-LC bidder is required to submit an additional Bank Guarantee equivalent to the amount of PBG.

In the above context, issue is being raised by work centers that for a situation when a PP-LC bidder emerges L1 without availing purchase preference, whether the additional Bank Guarantee equivalent to the amount of PBG, should be necessary or not.

It is clarified that the need to submit additional BG for PPLC bidders arises to apply financial penalty for violation of LC provisions in cases where the contractor has bagged award after availing benefits under PPLC policy. Thus, in case a bidder has emerged L1 without availing purchase preference under the policy, then the need to fulfil requirement of additional BG shall not be necessary. Accordingly, in such cases submission of additional BG shall not be applicable.

Above guidelines should be meticulously followed by all concerned.

*Ashwini Nagia*  
28/05/18

(Ashwini Nagia)  
ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'ongcreports.net').

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

Copy by mail:

1. EO to CMD, ONGC, New Delhi.
2. CEA to Director (T&FS) / Director (Offshore) / Director (HR) / Director (Exploration)/Director (Onshore) / Director (Finance), ONGC, New Delhi.
3. CVO, ONGC, New Delhi.