



PMCCell – MM

## Oil and Natural Gas Corporation Ltd

Corporate Materials Management

2<sup>nd</sup> Floor, Tower-A, Pandit Deendayal Upadhyaya Urja Bhawan,  
5, Nelson Mandela Marg, Vasant Kunj, New Delhi -110 070

Tel – (011)26752004 Fax – (011) 26129091

Circular No. 25/2017-cum- IMMM Amendment No. MM/27/2017-cum-BL Amendment No. 01/99 and 02/77

No: MAT/PMC/13(6)/2017

Dated: 21.06.2017

**Sub:** Engagement of Third Party Inspection agency (TPI) and payment thereof and associating ONGC personnel therewith.

Reference of all concerned is invited to the guidelines notified vide circular Nos. 36/2002, 12/2003, 37/2003, 09/2006, 10/2016 and relevant provisions of Integrated MM Manual on carrying out inspection through TPI agency.

EPC, in its meeting (18/2017) held on 06.06.2017 has reviewed the existing provisions on carrying out inspection through TPI agencies.

In accordance with the decisions taken in the aforesaid meeting of EPC, relevant provisions of Integrated MM Manual and standard conditions for procurement of goods against Indigenous / ICB tenders stand modified as per Annexure-I and II.

In accordance with the modified provisions under para 21.2.2 detailed at Annexure-I, centralized empanelment of TPI agencies shall be done by Corporate MM. Presently following TPI agencies are on the panel of Corporate MM for the items procured by them:

Sl No.	Name of TPI Agency	Vendor Code of TPI Agency	Address of TPI Agency
1	M/s DNV- GL AS	802088	Equinox Business Park, Tower 3, 6th Floor, Off.Bandra Kurla Complex, LBS Marg, Kurla(W), Mumbai- 400070 Tel: 022 61769000 Fax: 022 61769099 Email ID: <a href="mailto:Varadaraj.Salian@dnvgl.com">Varadaraj.Salian@dnvgl.com</a> , <a href="mailto:varadaraja.salian@dnvgl.com">varadaraja.salian@dnvgl.com</a> , <a href="mailto:Nutan.Thakare@dnvgl.com">Nutan.Thakare@dnvgl.com</a>
2	M/s VELOSI / VCS Quality Services Pvt. Ltd	121721	Third Floor ,360 Degree Business Park Next R Mall , L.B.S Marg Mulund West, Mumbai- 400080 Email ID: <a href="mailto:shaker@velosiindia.net">shaker@velosiindia.net</a> , <a href="mailto:info@vcsquality.com">info@vcsquality.com</a> , <a href="mailto:mktg3@vcsquality.com">mktg3@vcsquality.com</a> , <a href="mailto:cbd@vcsquality.com">cbd@vcsquality.com</a>
3	ABS Industrial Verification(India), Pvt. Ltd.	842502	10th Floor, Plot No.27, Lakhani's Centrium, Sector 15, Cbd Belapur (E), Navi Mumbai-400614 George Mathew

			Email ID: <a href="mailto:gmathew@eagle.org">gmathew@eagle.org</a> , <a href="mailto:absiv@absconsulting.com">absiv@absconsulting.com</a> , <a href="mailto:ssahu@absconsulting.com">ssahu@absconsulting.com</a>
4	M/s Lloyd's Register Asia, Mumbai,	805452	International Business Centre, Solitaire Corporate Park, 151. M. VasANJI Road. Bld. No.1. 4th Floor, Chakala, Andheri (E), Mumbai-400093 Ph: 022 43250250 Email ID: <a href="mailto:swaran.sharma@lr.org">swaran.sharma@lr.org</a> , <a href="mailto:Srinidhi.Gopalakrishnan@lr.org">Srinidhi.Gopalakrishnan@lr.org</a>
5	M/s Bureau Veritas (India) Pvt. Ltd	107634	6th Floor, Marwah Centre Krishanlal Marwah Marg, Opp Ansa Ind Est Off: Saki Vihar Road, Andheri (E), Mumbai- 400072 Email ID: <a href="mailto:naresh.gupta@in.bureauveritas.com">naresh.gupta@in.bureauveritas.com</a> , <a href="mailto:industry.mumbai@inbureaveritas.com">industry.mumbai@inbureaveritas.com</a>
6	M/s SICA Asia Pte Ltd	603705	048580, 6 Raffles Quay #11-07 Singapore-730204 Email ID: <a href="mailto:bruno.leuridan@sica-socotec.com">bruno.leuridan@sica-socotec.com</a>

Till expiry of terms of the contracts with above TPI agencies, work centers may engage TPI agencies from the agencies listed above (already on the panel of Corporate MM) for carrying out inspection of goods against a particular purchase order, on the terms and conditions already finalized by Corporate MM. Copy of Contract conditions shall be uploaded on MM website under Purchase Management.

In respect of empanelment of TPI agencies for LSTK Projects & equipments being hired against service contracts (excluding rigs), detailed guidelines are brought out at para 21.2.2 of Integrated MM Manual. List of TPI agencies so empaneled along with copy of Contract conditions shall be uploaded on MM website under Purchase Management.

Guidelines mentioned at (g) to (q) of the TPI Empanelment Process brought out in the modified provisions under para 21.2.2 detailed at Annexure-I shall be followed by the work centres while selecting the TPI agency (ies) from the list of empanelled firms.

These guidelines supersedes instruction on carrying out inspection through TPI as issued vide aforesaid circulars.

Above guidelines should be meticulously followed by all concerned.

*Ashwini Nagia* 21/6/17  
(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 to:

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

**Annexure-I**

**Statement showing existing vis-à-vis modified provisions of Integrated MM Manual.**

<b>Para No.</b>	<b>Existing Provisions</b>	<b>Modified Provisions</b>	<b>Remarks.</b>
21.2.1	Quality inspection can be carried out by internal agencies (QAD - ONGC) or by external TPI agencies. <u>Typically, in case of ICB tenders, inspection may be got done through TPI agency.</u>	<p>Quality inspection can be carried out by internal agencies (QAD – ONGC/<u>ONGC personnel</u>) or by external TPI agencies.</p> <p>Subject to provisions under para 21.2.10 and 21.2.11, in all contracts/PO awarded against ICB/LICB tenders for procurement of goods, services (including charter hire of rigs) and LSTK contracts inspection may be got done through reputed TPI agency. Reputed TPI agency shall be engaged, paid and nominated by ONGC for carrying out inspection at the premises of the supplier/contractor prior to dispatch of material.</p> <p>Inspection by TPI in all cases pertaining to procurement of services may not be necessary at the premises of the contractor. Only, In specific cases certification / inspection by TPI may be required at the premises of the contractor.</p> <p>Hence, in cases pertaining to hiring of services (including charter hire of rigs and vessels etc.) depending upon the need of the case, prior to invitation of tender, indenter with justifications shall intimate to the tender processing group that inspection of a particular item/activity by TPI shall be necessary at the premises of the contractor. Inspection / certifications agency then shall be engaged by the tender processing group.</p>	Underlines portion modified.

Para No.	Existing Provisions	Modified Provisions	Remarks.
	<p>However, if it is considered essential to depute ONGC's personnel for inspection, prior approval from concerned Director must be obtained by the concerned work centre before floating the tender giving detailed reasons thereof.</p> <p>In case of domestic tenders, decision whether to go for TPI or QAD should be taken by the indenter/ user in consultation with QAD. In case QAD confirms that they have the requisite capability to undertake inspection, first preference should be given to them. Otherwise, TPI provisions shall be incorporated in domestic tenders.</p>	<p>Bidder shall be provided with copy of standardised format of inspection report. Duly filled in copy of the same shall be submitted by the supplier/contractor along with shipping / dispatch documents.</p> <p>However, if it is considered essential to depute ONGC's personnel for inspection, prior approval from concerned Director must be obtained by the concerned work centre before floating the tender giving detailed reasons thereof.</p> <p>In case of contact / order against Indigenous tender on Domestic bidder, inspection shall be carried out through QAD/in-house agencies as per para 21.1. However, in case QAD conveys that they do not have the requisite capability to undertake inspection, TPI agency shall be engaged with the approval of concerned L-1 executive. Name of agency for sending Inspection call shall be accordingly indicated in the PO.</p>	<p>Provisions modified.</p>
21.2.2	<p>Empanelment of external TPAs can also be carried out. This will be the list of TPA agencies from which ONGC <del>vendors</del> can select which agency should be used (as applicable).</p>	<p>Following procedure shall be followed for empanelment of TPA agency for nominating TPA agency for carrying out inspections:</p> <p>(a) Corporate MM shall engage TPA agencies for TPA of goods being procured through ICB/LICB tenders only.</p> <p>For TPA of LSTK contracts and equipments being hired against service contracts</p>	<p>Provisions modified</p>

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>excluding drilling rigs awarded against ICB/LICB/Domestic tenders, Onshore Engineering Services, shall empanel TPI agencies for tenders being processed by Onshore Work Centres.</p> <p>For TPI of LSTK contracts and equipments being hired against service contracts excluding drilling rigs awarded against ICB/LICB/Domestic tenders, Offshore Engineering Services, shall empanel TPI agencies for tenders processed by Offshore Work Centres including Uran &amp; Hazira Plant.</p> <p>For hiring of Offshore drilling rigs, TPI agencies shall be hired by Drilling Services, MR and for Onshore Drilling and Workover rigs, TPI agencies shall be hired by Corporate MM.</p> <p>(b) TPI agencies shall be empanelled through sending notice of empanelment to all the known TPI agencies and through publication of NIT in newspapers and ONGC tender website. The validity of empanelment of TPI agencies shall be three years, however the NIT for engaging the TPI agencies shall be issued every year so that new TPI agencies could apply for empanelment in ONGC.</p> <p>(c) ONGC's tender document containing commercial terms and conditions including</p>	

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p data-bbox="1104 252 1691 419">Integrity Pact and major scope of work for empanelment and inspection shall be uploaded on ONGC's tender website. The agencies shall be asked to download the same and submit their response accordingly.</p> <p data-bbox="1055 464 1691 528">(d) No EMD shall be required for empanelment of the TPI agencies.</p> <p data-bbox="1055 564 1691 628">(e) Basis for empanelment of agencies shall be the BEC and other tendered conditions.</p> <p data-bbox="1055 676 1691 844">(f) List of empanelled TPI agencies along with detailed contract conditions shall be uploaded on the MM website for information of work centers and inviting limited tender from empanelled agencies.</p> <p data-bbox="1055 887 1691 1126">(g) Scope of work for TPI, specification of item, supplier's QAP, details of supplier, manufacturing schedule, price format and any other tender related relevant information for TPI Job shall be conveyed against specific limited tender enquiry to all empanelled agencies.</p> <p data-bbox="1055 1161 1691 1294">(h) While inviting rates, depending upon the case specific requirement, work centres may convey special technical conditions to empanelled agencies.</p> <p data-bbox="1055 1342 1691 1406">(i) For all items ordered against a tender on a single bidder, only one TPI agency shall be</p>	

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>appointed. Accordingly tenders for TPI inspection shall have group wise evaluation, wherein all TPI jobs for supplies from one supplier against one procurement tender shall form one group.</p> <p>(j) The bid security requirement shall be exempted for all limited tenders to be invited from the panel of empanelled TPI agencies.</p> <p>(k) Scope of work, scope of TPI, Quality Assurance Plan (QAP) and other tender related relevant information for TPI Job will be provided by technical department to tender processing department.</p> <p>(l) Giving reference of the contract entered into by Corporate MM/ Onshore &amp; Offshore Engineering Services, the above information will be sent to empanelled agencies by tender processing department. The empanelled agencies will be given 10 days' time to quote.</p> <p>(m) Since submission of bid security are not involved and other physical documents namely, power of attorney and integrity pact would already be obtained against notification of empanelment, there would be no need of physical documents against e-tender. Since bids shall be invited from empanelled firms, there is no technical qualification documents required to be</p>	

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>submitted by bidders. Bidders shall be asked only to confirm acceptance to scope of work for specific jobs and quote their prices accordingly.</p> <p>(n) In view of above, Two Bid System would not be relevant for awarding TPI jobs against limited tenders.</p> <p>(o) Giving reference of the contract entered into by Corporate MM/ Onshore &amp; Offshore Engineering Services, TPI agencies shall be asked to quote their rate and service tax separately as per the sample price format for the specific TPI job against scope of work for the Contract/purchase order.</p> <p>(p) PBG shall be obtained by the respective work centers from the successful TPI agency.</p> <p>(q) The Payment to TPI shall be made by the work center as per empanelment conditions.</p>	
21.2.3	<p>In case any vendor wants to use another TPI agency because of no service availability by the selected TPIs in the region of operation of the vendors, the vendor will need to mention that at the beginning (in the pre-bid conference). In such case, empanelment of TPI agency recommended by vendor can be examined.</p>	<p>Except for the situation under para 21.6.2, TPI provisions shall not be applicable to contract for purchase of chemicals wherein procedure for sampling / bonding and lab testing is continuing.</p>	<p>As the inspection agency shall be engaged, paid by ONGC, existing provisions deleted and new provisions incorporated as per cir 36/2002</p>



Para No.	Existing Provisions	Modified Provisions	Remarks.
21.2.3.1	Wherever departure from the procedure of TPI is considered essential, specific approval of <u>EPC</u> should be obtained prior to floating the tender.	In addition to provisions under 21.2.1 (paragraph-2) wherever departure from the procedure of TPI is considered essential, specific approval of <u>concerned Director</u> should be obtained prior to floating the tender.	Provisions as per 37/2003. Underlined portion modified.
21.2.7	<b>The quality assurance department will not carry out inspection for the following items:</b> a. b. c.	The quality assurance department will not carry out inspection of material after arrival in the warehouse which has already been inspected by TPI. However, ONGC would have the right to inspect/ test the material at destination.	In line with 37/2003
16.16	No provisions exist	<p><b>Deputation of ONGC personnel on foreign tour:</b></p> <p>Where, after having approval of Competent Authority, ONGC's personnel are deputed on foreign tour, a provision is to be made in the supply order/contract that no service/hospitality in any manner whatsoever is to be provided by contactor / supplier and their associates directly or indirectly to ONGC personnel(s) so deputed. The ONGC personnel(s) before, deputation on foreign tour will be required to give an undertaking (as under) to the concerned authority:</p> <p style="text-align: center;"><b><u>Undertaking of officer going abroad on official business/inspection</u></b></p> <p>I, _____, Designation _____  CPF No. _____ working as _____ at _____  _____ am eing deputed to inspect the material  _____ Details of the Company _____</p>	New provisions as per para 4 of cir 36/2002

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>before dispatch.</p> <p>I do hereby give this undertaking to ONGC that I shall not avail any facility / hospitality of the Company _____ during this tour. I shall be personally liable for any violation of this policy on this account.</p> <p style="text-align: right;">Name _____  Designation _____  CPF _____</p>	
21.2.10.1	No Provisions exist	<p>In case of Offshore / Onshore projects where inspection is envisaged through TPI agency, following guidelines should be followed:</p> <ul style="list-style-type: none"> <li>i. TPI at Onshore / CA at Offshore to carry out equipment inspection at vendor works. TPI at Onshore / TPI and CA at offshore shall carry out inspection during site construction and commissioning.</li> <li>ii. The inspection test plan for equipment and QA/QC plan for the project proposed by Contractor to be reviewed by TPI at Onshore / TPI and CA at Offshore. These will be approved by Design Consultant (either in-house or outside DEC) for the project.</li> <li>iii. ONGC representatives may be associated in addition to TPI for Onshore Projects / TPI and CA for Offshore Projects for carrying out inspection of critical</li> </ul>	<p>New Provisions incorporated in line with the recommendations of the committee Constituted to examine the issue of TPI for LSTK contracts, in light of the Industry Practices for TPI and also the aspect of responsibility of the ONGC executives associated / reviewing /supervising TPI at different phases / stages of a LSTK contract</p>

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>equipment at vendor works/fabrication yards and critical site activities for the purpose of project monitoring and control.</p> <p>iv. During Factory acceptance test (FAT) of critical equipment, ONGC representative may be associated in addition to TPI at Onshore / CA at Offshore for witnessing the test.</p> <p>v. Quality Audit shall be performed for all Onshore Projects as per practice being followed by Offshore Engineering Services. Quality Audit Team consisting of personnel from Offshore / Onshore Works, Design Consultant and respective Assets may be constituted by Chief of Onshore / Offshore Engineering Services. Periodicity of such Audit shall be once in three months.</p> <p>vi. In case of major observation on deficiency in quality, business dealings with concerned TPI agency shall be suspended pending enquiry into the matter. In case after completion of enquiry it is established that the concerned agency, performed inspection in deficient manner and not in accordance with the ONGC requirement, business dealings with that TPI agency shall be banned for a period of two years from the date of issuance of suspension orders. The suspension/banning process against the TPI agency shall be initiated as</p>	

Para No.	Existing Provisions	Modified Provisions	Remarks.
		<p>per existing provisions.</p> <p>vii. For incorporating contract conditions for associating ONGC representative as per (iii) and / or (iv) above involving activities by ONGC representative within India/abroad, approval of concerned L-1/concerned Director shall be obtained before floating the tender.</p>	
21.2.11	For works / projects costing below Rs. 1 crore, the inspection may be carried out either by user group / Indentor or TPI.	For works / projects costing below Rs. 1 crore, the inspection may be carried out either by user group / Indentor. <u>However, in such cases, if it is essential to carry out inspection through TPI, before floating tender approval of concerned Director shall be obtained giving valid and justified reasons.</u>	Authority for approving engagement of TPI in lower value LSTK contracts defined.
21.2.12	No provisions exist	<p>In case of manufacture of critical items ordered against ICB/LICB tender, if required, condition may be incorporated in the purchase order that TPI agency may be engaged for inspection during or after completion of each pre-specified stage. In case of Domestic tenders, similar condition may be incorporated in the PO that QAD may carry out inspection during or after completion of each pre-specified stage.</p> <p>For cases involving deputation of ONGC representative abroad along with TPI for joint inspection, approval of concerned Director shall be obtained before floating the tender.</p>	New Provisions

**Annexure-II**

**Statement showing existing vis-à-vis modified provisions of standard booklets ONGC/MM/01 and 02**

Clause No.	Existing Provision	Modified Provisions
38 of BL/01 and 29 of BL 02 at Annexure-II	<p><b>PROGRESS ON MANUFACTURING OF ITEMS:</b></p> <p>From the date of receipt of order, the manufacturer will send report on monthly basis to the Purchase Authority about the progress on manufacturing of item (s) ordered on him. The monthly progress report will be sent on regular basis till completion of entire supply as per delivery date indicated in supply order.</p>	<p><b>PROGRESS ON MANUFACTURING OF ITEMS:</b></p> <p>From the date of receipt of order, the manufacturer will send report on monthly basis to the Purchase Authority about the progress on manufacturing of item (s) ordered on him. The monthly progress report will be sent on regular basis till completion of entire supply as per delivery date indicated in supply order.</p> <p><i>(Work centre to include following provisions in the tender documents as per para 21.2.12 of Integrated MM Manual)</i></p> <p><u>For ascertaining that items under manufacturing are as per the PO/contractual terms and specifications/Scope, ONGC, at its cost may depute its representative(s) / TPI agency after completion of each pre-specified stage of fabrication/manufacturing of item(s).</u></p>