



OIL AND NATURAL GAS CORPORATION LTD.

WORKS MANUAL 2007



ENGINEERING SERVICES MUMBAI - JULY 2007

ONGC, a premier Navratna PSU has responsibility not only for setting new heights in E & P sector but has added onus of setting new standards in devising procedures and guidelines. Documentation of procedures based on best industry practices & practical experience at organizational level is considered to be a part of business plan especially for Engineering and Construction Projects.

ONGC Works Procedure-95 was formulated for the first time during 1995 and has been in vogue since then. However, the scope of Works Procedure-95 was limited only to the Civil & Electrical works. Due to sheer magnitude and complexities of projects, inter-relationship between different departments, restructuring of ONGC under CRC and changes brought in by re-defining levels & their empowerment in the new BDP, a need was felt to revisit clauses and guidelines of Works Procedure.

It gives me immense pleasure to release “Works Manual-2007” for implementation. “Works Manual-2007” now covers entire spectrum of Engineering functions in ONGC viz Civil, Electrical, Instrumentation, E&T, Dry Docking, Rigs and Equipment repairs, O&M works, LSTK for Onshore and Offshore works, C&M works etc. I am confident that this manual shall work as a ready reckoner and guide not to new incumbents but also for seasoned professionals.

Efforts put in by Multi-disciplinary team in completing this arduous task are highly appreciated. However, this Works Manual has to be read in conjunction with latest instructions and CVC Guideliness issued from time to time.

The timing of bringing out this updated manual could not be more opportune, when ONGC has embarked upon a mission to renew and revamp its equipment and facilities in a big way for which “Work Manual-2007” would act as a bible for executives responsible for executing these projects.

It would be advisable that the group formed under Chief Offshore Engineering Services keeps continuous track of changes in Organizational needs and update this Manual periodically.



(U N Bose)

Director (T& FS)



OUR VISION

To be a world class Oil & Gas
Company integrated in energy
business with dominant Indian
Leadership



OUR MISSION

World Class

- ◆ Dedicated to excellence by leveraging competitive advantage in R&D and Technology with involved people.
- ◆ Imbibe high standards of business ethics and organizational values.
- ◆ Abiding commitment to health, safety and environment to enrich quality of community life.
- ◆ Foster a culture of trust, openness and mutual concern to make working a stimulating & challenging experience for our people.
- ◆ Strive for customer delight through quality products and services.

Integrated in Energy Business

- ◆ Focus on domestic and international oil & gas exploration and production business opportunities.
- ◆ Provide value linkages in other sectors of energy business.
- ◆ Create growth opportunities and maximize shareholder value.

Dominant Indian Leadership

- ◆ Retain dominant position in Indian Petroleum sector and enhance India's energy security.



ROLE OF ENGINEERING SERVICES

- ◆ To provide specialized service for detailed engineering and management of offshore and onshore construction projects for surface installations.
- ◆ To gradually reduce the dependence on external consultants.
- ◆ To adopt best-in-class practices in design and project management.
- ◆ To track and adopt technological innovations in project implementation to crash time for first oil.



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SECTION - I

GENERAL



1.0 INTRODUCTION

The current Works Procedure has been in vogue since 1995. Several changes have taken place with the implementation of CRC structure in the organization. BDP and MM Manuals are being revised from time to time while Works Procedure remained unchanged since 1995. Therefore, a need was felt to revise the existing Works Procedure to keep it in line with BDP and MM Manual.

In this regard, a professional agency, M/s Construction Industry Development Council (M/s CIDC) was involved with the approval of CMD and a facilitating committee was constituted to assist M/s CIDC to prepare "ONGC Works Manual." Presently the committee consists of the following members:

1. Mr. Y. Bhatnagar, ED-Chief Offshore Logistics, Mumbai
2. Mr. S.Ramachandran, GGM (MM), Chief(BD&JV), Delhi
3. Mr. R.C. Goel, GM (E), Engg. Services, Mumbai
4. Mr. Tulsi Das, GM(P), EA to Director (T&FS)-Coordinator
5. Mr. S. Sainathan, DGM (F&A), Head-Finance-E S
6. Mr. S.C. Agarwal, DGM(C), Ahmedabad
7. Mr. P. Soma Sundaram, DGM(C)-E S, Mumbai

The facilitating committee after interaction with M/s CIDC and after examining the present Works Procedure 1995, MM Manual, Various PMC circulars and instructions on the procedures and Guidelines on "Contract Document for Domestic Bidding" prepared by Ministry of Statistics & Programme implementation and received from Special Secretary MOPNG, prepared the draft of "ONGC Works Manual" which was presented to the Executive Committee (EC) in its meeting held on 17.06.2006 at New Delhi. EC while giving few guidelines/recommendations desired that this manual be further examined by Sh S.Ramachandran, GM (MM) in consultation with Chief MM & be endorsed by Director (Onshore).

For various comparisons, deliberations & final preparation of the manual, the facilitating committee was supported by following officers:

1. Mr. Rajeev Kumar, CE (E)-E S
2. Mr. Ajay Kumar Singh, SE(M)-EA to ED-CES
3. Mr. R. K. Singh, Manager (MM)-ES
4. Mr. Venkatswamy, Manager (F&A)
5. Mr. V. Viswanath Kandarpa, SE(M)-ES

Various deliberations were held under the chairmanship of ED-CES and the draft of "ONGC Works Manual - 2006" was presented again to the EC in its 308th meeting held on 16th May 2007 & the same was approved by the EC as "Works Manual - 2007."

The Works Manual-2007 has reference to the various clauses of BDP and paras of MM Manual and PMC & other circulars being issued from time to time. In case of changes/ amendments of these clauses/paras in the BDP/MM Manual, PMC Circulars the same shall also be automatically applicable in the Works Manual without waiting for the specific notifications.

Director (T&FS) has authorized Chief Engineering Services to put up the EC agenda for the approval and also to establish a cell for the regular maintenance and updating of the "Works Manual - 2007."

Chief Engineering Services shall be the Nodal Agency for incorporating such amendments. Any other changes of existing clause(s)/para(s) or addition of any clauses/ paras shall be allowed with the approval of EC. Chief Engineering Services shall put up the agenda with the approval of functional Director, in this regard.

1.1 Salient Features of "Works Manual - 2007"

- i. Proposed "Works Manual - 2007" shall be applicable for all type of works both or item rate and LSTK basis covering Civil & Electrical, C&M Works, Instrumentation and E&T Works, Offshore Works, Dry Docking Works, O&M Works, Onshore Works, Rigs and Equipments Repair Works (as detailed under para 2.0 of the "Works Manual - 2007").
- ii. The proposed "Works Manual - 2007" is divided into six sections, namely General, Pre-Tendering Activities, Tender Process, Tender Documents & Approvals, Award of Works and Post Contract Issues. The details of Works Manual are laid out in 73 main clauses, each clause having its respective sub-clauses, which have been indexed accordingly. Various sources, which the proposed clauses are derived from or are linked to, or which it intends to modify, elaborate, simplify or amend have been, as far as possible, mentioned in the proposed Manual for the purpose of easy identification, scrutiny, comparison and review.

While attempts were made to provide a common procedure for different types of activities, under Engineering Services, it was necessary to make qualifications for Item Rate and Percentage Rate contracts vis-à-vis Offshore LSTK contracts at some places. Due care has been taken to specify such qualifications, at other places wherever absolutely necessary.

- iii. Due care has been taken with respect to provisions in the existing BDP and MM Procedures, CVC guidelines and subsequent circulars issued on the related subjects and while preparing the "Works Manual - 2007" the clauses have been proposed in line with all such provisions.
- iv. Any future changes / modifications in BDP clauses, MM paras and CVC guidelines issued by PMC or any specific approval issued by Management, referred in the relevant clauses of proposed "Works Manual - 2007" will automatically be applied without waiting for specific notification in case of "Works Manual - 2007."

- v. Chief Engg. Services will establish a specific cell under his control having following role and responsibilities:
- ◆ To interact with PMC and issue the amendments in "Works Manual - 2007" in case of changes in relevant MM paras/BDP clauses or any specific instruction issued by Management, referred in the "Works Manual - 2007."
 - ◆ To interact with the Head Engineering Services in the various Assets and other services using this manual and suggest addition/deletion/ modifications/ changes, if required. Chief Engg. Services shall put up the agenda for the approval of EC, in this regard, in case of any changes from the policy guidelines, or else shall be approved by CES.
 - ◆ To update the "Works Manual - 2007" from time to time as per requirement of the organization.
 - ◆ To put up agenda through Chief Engg. Services for addition/ deletion/changes in the clauses of "Works Manual - 2007" if felt essential, to EC for approval and amendments to be issued accordingly.
 - ◆ In case of any contradiction in clauses of the proposed Works Manual with respect to BDP, CVC guidelines, PMC & Other Circulars on the subject, the later will prevail and necessary amendments shall be issued by the above cell.

2.0 DEFINITION

2.1 Works

"Works" shall mean: any activity / group of activities / turnkey or otherwise such as construction works inclusive of civil, mechanical, electrical, C&M, operation, pipelines and oil field installations for Onshore & Offshore, repair & maintenance, materials and services, related to these installations/works undertaken to achieve the desired objectives of ONGC but not limited to:

2.1.1 Civil works

- ◆ Related to roads, foundations & other works of Drill sites, Work-over rigs and all ancillary works connected with operational requirements.
- ◆ Residential/Non-Residential buildings, RCC/Steel storage tanks, boundary walls, roads, estate / land development including horticulture, landscaping, plantations, interior works, customized furniture / furnishings etc.
- ◆ Estate repairing & maintenance and upkeep in field and plant areas / offices / townships etc. including water supply etc.

2.1.2 Electrical works

- ◆ Sub-stations, power supply, external and internal cabling / Electrification, HVAC
- ◆ Repair & maintenance of electrical installations / facilities in field & plant areas / offices / townships etc. (through one time / annual maintenance contracts etc).

2.1.3 C&M works

- ◆ Construction / installation of new pipelines for well fluid, gas lift, water injection, effluent etc.,
- ◆ Collector / trunk pipe lines, cathodic protection, oil field facilities for production etc.,
- ◆ Steel storage tanks, other field structures / facilities etc, erection of equipment, piping, and
- ◆ Repair and maintenance of above, including re-coating / painting etc.

2.1.4 Instrumentation and E&T works

- ◆ Instrumentation works Oil field instrumentation, SCADA and tele-communication etc. including related cabling, ducting, supply of instruments, fittings, fixtures and ancillaries, control room panels, meters and consoles etc. and repair and maintenance of above.

2.1.5 Offshore works

- ◆ Offshore works such as construction of well platforms, process platforms, laying of Sub-marine Pipelines, Sub-marine cables and related activities like Survey, Engineering, Procurement, Fabrication, Load-out, Tie-down/ sea-fastening, Tow-out/ sail-out, Sea-transportation, Hook-up, commissioning of Process and Well Platforms at new and existing locations. Inspection/ Maintenance/ Repair/ Revamp/ Renewal of facilities in offshore i.e., submarine pipelines, cables, well & process platforms etc.

2.1.6 Dry Docking works

- ◆ Works related to Dry Docking and refits of offshore vessels, rigs and associated works.

2.1.7 O&M of Vessels

- ◆ O&M activities related to Geophysical Vessels, GTVs, MSVs, OSVs and other specialized vessels.

2.1.8 Onshore works

- ◆ Installation & commissioning and revamp of onshore installations such as oil & gas processing complexes, effluent treatment plants, water injection plants, power generation plants, over head transmission lines. Operation, repair & maintenance contract and annual rate contract related to above installations

2.1.9 Rigs and Equipments repair works

- ◆ Repair and maintenance of Rigs, equipments, etc. for drilling, well services, logging services – both for onshore and offshore.

Note: Apart from the works as listed above, all other activities/jobs shall be got executed through MM manual.

2.2 'Works Manual - 2007' shall mean a set of instructions / guidelines / actions to be undertaken to execute any work.

2.3 'Indent' shall mean a requisition for a work / job by the operator / user and will include as a minimum:

- i. The scope of work,
 - ii. Administrative approval of competent authority as per BDP at the work centre for undertaking the work.
 - iii. The Expenditure Sanction and budgetary references etc if available, and the envisaged time schedule. In case of priority / emergency works suitable (indication) reference shall be mentioned in the Indent while obtaining the approval.
- 2.4 'User/Indenter' shall mean the (authority) Group/Department that initiates the requisition of the work, provides sanction and arranges budget for the same.
- 2.5 'Competent Authority' (CA) shall mean the appropriate authority with delegated powers to accord administrative approval and Expenditure sanction as per the 'Book of Delegated Powers (BDP)'.
- 2.6 'Competent Technical Authority' (CTA) shall mean the appropriate technical authority who is delegated with relevant powers to accord technical approvals, in respect of the indented works as per the 'Power of Engineers' in the BDP.
- 2.7 'Competent Tender Accepting Authority' (CTAA) shall mean the appropriate authority who is delegated with relevant powers to accept the tender in respect of the indented works as per the BDP.
- 2.8 Multi Disciplinary Team (MDT)
- MDT is constituted by the Asset / Basin / Work centres / Services . Members of MDT are generally identified from Asset, Offshore/Onshore Design Group, Sub-Surface, IRS , Drilling Services ,Finance, Project Appraisal Section- HQ, Institutes etc. Approval of concerned L-1 level to be obtained. While forming MDT, the team leader shall also be identified by the Asset Manager / Basin Manager / Chief of Services. Based on the input data from reservoir study, the MDT team studies the technical and economical viability of the development of the scheme and is responsible for preparation of "Feasibility Report (FR)" by itself or from out side consultants.
- 2.9 'Project Manager / Engineer-in-Charge' shall mean the person(s) designated to act for and on behalf of ONGC for execution of the work as per requirement of User/Indenter.
- 2.10 'Project Coordinator / Site-in-Charge' shall mean the person(s) nominated by Head Engg. Services / HOW/Head of Services/ L2 level officers/CTAA as first person responsible for total coordination, supervision & execution of work with an objective to complete the work within schedule. The Project Coordinator shall be identified with the approval of HOW/HES/CTAA immediately after the receipt of Indent and shall be reporting to the Project Manager/ Engineer-in-Charge.
- 2.11 'Procurement' shall mean the process of making available all goods, services, constructed/finished products, assets, etc.
- 2.12 'Tender Processing Group' shall mean the nominated representatives from the concerned department (such as Civil, Electrical, Mechanical, Instrumentation, C&M, other services etc.), Finance, MM (for tenders of value above Rs.100 lakhs excluding electrical works for building works and all civil works) or

any other discipline/Services authorized for receipt of the indent, preparation of tender document, issue of NIT, invitation of bids, opening of bids (both technical as well as priced in case of two-bid tendering process), conducting the tender committee (TC) meeting, preparation of tender proceedings and all other activities from receipt of indent to signing of the contract and post contract issues. The Group shall be immediately identified and approval taken from HES/HOW in consultation with Head Finance & Head MM.

Note : All cases (except electrical works pertaining to building construction and all civil works) of the value of Rs. 100 lakhs and above shall be dealt by MM section as per this Works Manual.

- 2.13 'Tender Committee' for finalizing the bid evaluation criteria (BEC), and evaluating the tenders etc., shall be constituted in accordance with the provisions of the BDP (or as prescribed separately) in vogue for each work / tender and shall comprise representatives from the concerned Engineering Services, Materials Management, Finance and the Indenter. (Additional members can be co-opted by the tender processing group with the approval of HES/CES/L-1 Level, as per requirement of the specific work).

3.0 CLASSIFICATION OF WORKS

All works can be primarily classified as Capital or Revenue as hereunder:

- 3.1 'Capital' works will comprise of all works which generate revenue and / or add to the Assets.
- 3.2 'Revenue' works will comprise of all maintenance, repair, refurbishment, revamp works etc. Any work of aforesaid nature which will lead to an increase of equipment / system capacity, working life etc. will not be of revenue nature.

SECTION - II

**PRE-TENDERING
ACTIVITIES**



4.0 STAGES FOR EXECUTION OF WORKS

The under mentioned stages are basic pre-requisites, which are required to be followed before works are taken in hand or liability incurred in connection with it.

- 4.1 Requisition of Work from the User Group / Indenter.
- 4.2 Basic scope of work and preliminary cost estimates by User Group/Service Group. Pre-Feasibility Report / Feasibility Report in case of LSTK/ Large Projects.
- 4.3 With the above basic scope of work and cost estimates, the Indenter/User Group shall move the case and obtain administrative approval, financial concurrence and expenditure sanction including fund allocations. The Indenter/User Group shall convey the Administrative Approval (AA) and Expenditure Sanction (ES) of the Competent Authority (CA) along with fund allocation to the Service Group.
- 4.4 On receipt of Administrative Approval & Expenditure Sanction with fund allocation, the Tender Processing Group shall be formed and this group shall start preparation of bid document with detailed scope of work, specifications and cost estimates for tendering. The scope of work and cost estimates shall be frozen to the maximum extent / accuracy, as far as possible, in consultation with users group wherever applicable.
- 4.5 It must be ensured that the detailed scope of work to be tendered reflects the indenter's intent and is 'fit for purpose.' Any additions which are extraneous to the scope must be avoided unless duly accompanied with the appropriate administrative authority's approval.
- 4.6 In case of urgency, the Level-1 officer may permit invitation of tender and finalization of offers in anticipation of sanction. In case of EPC cases approval of Director In charge shall be obtained to initiate tender processing pending Expenditure Sanction. However, financial sanction must be obtained before opening of Price Bids.
- 4.7 Emergency works may be resorted to if there is an operational urgency like breakdown or likelihood of breakdown or emergency situation like blowout, pipeline ruptures / failures (including pilferage cases), fire, flood, earthquake, war, civil disturbance, etc. and when it is necessary to restore normalcy (for reasons including those related to environment, safety and security) of equipment, machinery and vessels of oil field installations, gas plants, pipelines, civil, mechanical or other works (including third party property) in the shortest time and normal methods of tendering is not considered feasible. The user/indenter shall record the operational urgency as mentioned above.
- 4.8 In the event of breakdown / capital overhaul of a capital equipment (or major facility revamp works), where it may not be possible to assess the repair action (at bidding stage) and forecast estimates, the expenditure sanction may be obtained post inspection but before start of works. This is applicable only in case of equipment repairs through OEM / authorized workshop. In case of facility repair / revamp such assessments should be carried out by a committee of representatives from User group, Engineering Services and Technical Services (to be nominated by the respective L-1 executive / Chief of Service).
- 4.9 The competent authority shall accord administrative approval and expenditure sanction for emergency works as per BDP. The powers for acceptance of tenders will be governed as per Clauses ME1, EW 2 and EW3 of BDP dated 28.05.2004 or such other revisions / instructions as may be issued from time to time.

4.10 Scope of Work (For LSTK Project)

4.10.1 Finalization of Scope of work (Offshore Projects)

- ◆ Based on the broad scope of work available in Draft Feasibility Report (DFR) prepared for approval of the scheme, Project Group/MDT shall prepare the detailed and firm scope of work, to the extent to facilitate bidders to prepare the cost estimate to reasonable accuracy and bid for it. The detailed scope of work is to be developed and finalized in consultation with technical consultant appointed for the Project and the inputs from the MDT.
- ◆ Geo Technical Investigation and seabed survey, for obtaining Soil and Bathymetry Report, shall be carried out through Marine Survey Group and data analyzed by IEOT / Rig Move & Safety cell and soil/ bathymetry reports so finalized will be part of bidding document for well /process platforms. Advance action for obtaining the soil data shall be initiated since re sampling / shift in location may be necessitated due to reasons such as Punch through, obstruction etc. In case of any location found not suitable due to various reasons including punch through, obstructions etc. Project group shall take up the same with the sub-surface and get a revised location released at the earliest.
- ◆ MDT / sub-surface team of Asset will provide the location co-ordinates for proposed surface facilities, drift & direction of Wells to be drilled (if any). Well slot diagrams for all wells indicating type and size of conductors (vertical / curved / vacant) shall be obtained from drilling services.
- ◆ Information regarding Bathymetry, soil and other surveys e.g. Pipeline route/ corridor, shore approach, platform approach and other relevant environmental data for Pipeline Projects shall be coordinated with Marine Survey Group and put into the Bidding documents for Pipeline/Sub-sea Cable Laying Projects.
- ◆ Estimated number of crossing , Pipeline free span and no. of one-line valve, Laterals & PLEM (if any) may also be indicated in the Bidding documents , in consultation with Consultant / Asset.
- ◆ Area identified for the Project on existing Platforms shall be clearly marked up on a drawing and signed jointly with FPS/Asset representative to avoid the area being utilized for some other purpose.

4.10.2 Finalization of Scope of work (Onshore Projects)

- ◆ Based on the broad scope of work available in the FR (DFR) prepared for the approval of the scheme, Head Engg. Services in the Asset / Basin / Work centres shall prepare the detailed and the firm scope of work, to the extent to facilitate DESIGN DIVISION to provide Basic engineering including order of magnitude estimates and preparation of Technical Bid Packages. The detailed scope of work is to be developed and finalized taking into account the technical inputs from MDT / Asset / Basin / Work centers.
- ◆ Geotechnical investigation for obtaining soil report and topographical survey shall be carried out by the Asset / Basin / Work centres and soil / survey report so finalized will be part of the bidding document for Onshore Surface facilities / Pipe lines.
- ◆ MDT /Asset / Basin / Work centres will provide the location coordinates for proposed surface facilities / pipe lines.
- ◆ Asset / Basin / Work centre will carry out Site survey and soil investigation (for surface facilities) and route, cadastral survey and soil investigation / resistivity surveys (for pipe lines projects) including hydrographic

and bathymetry survey as may be needed and also crossing details i.e. rail / road / river / water bodies etc. along with profile, number, location. All such site related details will be furnished by the Asset / Basin / Work centres and furnished to Design Division for incorporating in the bidding documents.

4.10.3 In case of revamping / modification works envisaged in the scope of work , site survey / physical health check shall be carried out by the respective discipline engineers of Consultant for preparing the related scope of work for the Bid Package.

4.10.4 Approval of Scope of work

- ◆ The approval of scope of work shall be taken from the competent sanctioning authority. Concerned L-1 level officer of the User / Indenter group shall have full powers.
- ◆ Any change in scope of work vis-à-vis scope approved as above shall require the approval of competent authority.
- ◆ Normally Scope of Work should be firmed up before Invitation of Bids; however any specific and essential alterations subsequent to invitation of tender may be done only with the approval of Competent Sanctioning Authority. Concerned L-1 level officer shall have full powers. The addendum / amendment shall be notified in writing to all prospective bidders who have received the bidding documents. In order to provide reasonable time to the prospective bidders, for taking into account such amendment/ addendum in preparing their bids, two weeks time shall be allowed to the bidders for submission of bids after issuance of such amendment/addendum.

4.11 Feasibility Study for Major Projects/ Schemes, the Feasibility Report shall include the contents as per prevailing guidelines issued from the Corporation/Project Appraisal Section from time to time.

5.0 BASIS OF COST ESTIMATES

Cost estimates shall be prepared by adopting any one of the following methodologies, as appropriate. For each type of work, there shall be only one costing methodology approved by respective Chief of Services through their respective VCB.

Civil & Electrical Works:

5.1 Latest CPWD / PWD / ONGC Schedule of Rates (SOR) duly enhanced by appropriate cost index (applicable for the work area) shall be considered. As a policy, CPWD rates will be adopted in the case of Item Rate / Percentage Rate tenders for Civil and Electrical works. If considered relevant, other SORs may be adopted with the prior approval of not less than L-II officer.

N.B. The method for working out the Cost Index (CI) will be on the basis of CPWD and will be approved by not less than L-II officer. This exercise is required to be carried out in the Month of April of every Year. The procedure defined at para 5.3 below, will be followed for the collection of basic rates required to work out the Cost Index. In case the SOR adopted for the preparation of cost estimates is of the current year then there is no need for working out / revising the Cost Index for that SOR.

- 5.2 Where CPWD/PWD Schedule of Rates is not available, LAR (Last Awarded Rates) duly updated by cost index for the current year or derived from the other existing rates by interpolation shall be applicable. If such LAR is not available, then the rates shall be worked out with the help of budgetary quotes and/or market rates obtained by the concerned project executing / service group approved by not lower than Level-II officer. The CPWD/PWD procedures for making detailed estimate based upon the budgetary quotes / market survey, shall be followed.
- 5.3 Market survey shall be done by the Service/Project execution group to collect costs/budgetary quotations as per the existing practices and duly approved by Level-II officer. The prevailing market rates shall be surveyed by a Committee of officers comprising of representatives of level not below E-1 from the attached finance and Service/Project execution group. The committee for collection of market rates will be constituted by not lower than Level-II officer in consultation with local finance. However, the committee should ensure that the budgetary quotations are collected from the reputed parties. The basic market rates and the analysis of rates for the individual items will be approved by not lower than Level-II officer.
- 5.4 The accuracy range of estimates prepared on the basis of Schedule of quantities and schedule of rates as mentioned above shall be considered as +/- 10%.
- 5.5 In case of LSTK/EPC jobs (both offshore and onshore), cost estimation shall be done as per the costing methodology (and its subsequent revisions, if any) approved by the Virtual Corporate Board of concerned Services. The formats and norms adopted shall be strictly in line with the above costing methodology. The accuracy range of the estimates shall always be mentioned in the estimates.
- 5.6 Cost estimates for Plants/Installations, pipelines or other jobs of specialized nature etc. shall be prepared using project cost data obtained on budgetary basis or drawn from execution of similar earlier works, or use of costing software / database or through expert services of experienced project management consultant.
- 5.7 While carrying out market survey / collecting budgetary quotes etc., no commitments and assurances will be held out to prospective vendors / suppliers / contractors by the committee.
- 5.8 No profit margin will be considered where ever LAR or budgetary quotes are adopted for complete item of work.
- 5.9 Revision of Cost Estimates

Many a times there is a need to re-work the cost estimates prepared and/or provided in the FR for various reasons such as:

- i. time lag between the preparation of FR and actual tendering being considerable.
- ii. need to modify the scope of work in line with execution methodology and additional requirements from the Asset.
- iii. cost of individual tenders may not be explicitly contained in the FR etc.
- iv. abrupt fluctuations in the market rates.

Concurrent action shall be taken to interact with the consultant to review the cost estimates as worked out in the proposal / as provided in the FR.

Project Team while deciding on the Execution Methodology will obtain the cost estimates of the project being tendered from the consultants. Normally, this cost estimate shall be incorporated in proposal of execution methodology and shall be used for deciding the financial criteria of the BEC.

The revised cost estimate should be firmed up and got approved from the respective L-II Officer before date of submission of the bids. These revised estimates shall be considered for evaluation of the bids.

6.0 TECHNICAL SANCTION

- 6.1 A proper detailed cost estimate based on specification, essential drawings and preliminary structural and service designs shall be prepared for accord of technical sanction by the competent technical accepting authority. The Technical Sanction (TS) to the estimate must be obtained before the tenders are invited. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound and the estimates are accurately calculated and based on adequate data.
- 6.2 The officers of the concerned Service Group are empowered to accord technical sanction as per EW1 of BDP.
- 6.3 Technical sanction must be accorded by the competent technical accepting authority after satisfying himself regarding basis of estimation, rate, etc.
- 6.4 In case of multi-component projects / sub-heads of works, sanctioned (Exp. Sanction) by the Competent Authority for which a clear and specific provision exists in such expenditure sanction, TS may be accorded for each such component by an authority, as defined under BDP Clause EW1 for TS.

7.0 EXPENDITURE SANCTION

- 7.1 Expenditure Sanction (ES) to a project or part thereof shall be accorded by the competent authority according to BDP.
- 7.2 Expenditure sanction shall be accorded on the basis of cost estimates and the scope of work.
- 7.3 Further to the above, a provision of 3% on the cost estimate may be added to cover the cost of unforeseen contingencies.

8.0 EXCESS OVER EXPENDITURE SANCTION

- 8.1 During Placement of LOI/ Award of work/ Notice of Award (NOA)
 - 8.1.1 In case, any excess over the sanctioned amount is known before tendering or during tendering, the tendering process shall not be held up for want of additional expenditure sanction. However, LOI / Award of work/ Notice of Award (NOA) shall not be placed without obtaining expenditure sanction inclusive of additional sanction, if any.

8.2 During Execution

- 8.2.1 The expenditure sanction upto 10% can be exceeded, if so required at any stage during the execution of the work by an officer upto fiscal limit for which he is empowered to accord technical sanction.
- 8.2.2 Any excess beyond this limit will necessitate revised expenditure sanction for which proposal shall be initiated, as soon as such excess is foreseen after the commencement of execution of work.

9.0 REVISED TECHNICAL SANCTION

- 9.1 A revised estimate must be prepared when the sanction estimate is likely to exceed by more than 10%. The powers of officers to accord technical sanction to the revised estimate are the same as their powers to accord original technical sanction as per BDP in vogue.
- 9.2 A complete deviation statement on completion of the work approved by the authority competent to accord Technical sanction may be treated as revised technical sanction.
- 9.3 During execution of work, in case any change order due to change in scope of work as per requirement of Indenter / User or any major upward / downward variation in quantities is envisaged / felt necessary due to operational / administrative reasons which may result in requirement of additional funds, then such additional Technical Sanction / Expenditure Sanction shall be taken as per the change order procedure defined in this Manual, in stages whenever it is required. However, the execution of work shall not be held up for want of additional expenditure sanction.

10.0 APPOINTMENT OF SPECIALIST SERVICES

10.1 Consultants

As far as possible only in-house design engineering resources shall be availed. The appointment of consultant shall be resorted only in case where in-house facility is not available. The appointment of consultant shall be as per BDP in vogue and the latest instructions on the subject. The need for appointment of consultant shall require concurrence of the Chief of respective Services.

10.2 Specialists

For hiring the services of specialists on man day basis for scientific/ professional jobs, approval of Competent Authority under RC-2 of BDP shall be obtained.

The concerned project execution group shall firm-up the scope of work in consultation with the indenter / user, technical specifications, process data and drawings, schedule etc. for preparation of detailed bidding documents for appointment of consultant. / Specialists

10.3 Third Party Certification Agency

- ◆ Certification Agency would be appointed for the project and are required to issue Certificate of Fitness in respect of quality, safety of life and property of any plant and installations handling Hydrocarbons.

- ◆ Scope of work and estimates for third party certification work for the respective project shall be prepared by Project Group in consultation with and duly vetted by Engineering Consultant.
- ◆ Selection of Certification Agency can be done on the basis of an open tender, limited tender or on nomination basis.

10.4 Third party inspection agency (TPI)

As per latest PMC Circulars on the subject, third party inspection (TPI) is required to be carried out by a reputed third party inspection agency. Bidding documents shall indicate in detail that third party inspection agency, shall be appointed by ONGC for carrying out the fabrication inspection and supervision jobs for works and services. .

10.5 Empanelment of Consultants / Third Party Inspection Agency (TPI) / Certification Agency

- ◆ In case the Engineering Consultants / Certification Agencies / Third Party Inspection Agencies are regularly required, respective projects shall process for empanelment of such agencies in different categories to save on time for tendering etc. in each case as per para 14.0 of works manual.
- ◆ However, for appointment of Consultant /Third Party inspection /Certification Agency for a specific project, administrative approval and expenditure sanction shall be obtained as per the relevant provisions in BDP.

SECTION - III

TENDER PROCESS



11.0 TYPE OF TENDERS

Following are the type of tenders, which are generally invited for execution of works:

11.1 Item rate tender

Item Rate tenders are invited where bidders are required to quote rates for individual items of work and work out total bid amount on the basis of schedule of quantities furnished by the department.

11.2 Percentage rate tenders

Percentage Rate tenders are invited where, bidders are required to quote overall percentage above or below the estimated amount (or rates) put to tender for total scope of work. In this case the schedule of quantities and the rates of items are given in the tender.

11.3 Lump-sum Turnkey/EPC Tenders

Lump-sum Turnkey/EPC Tenders are invited in respect of works for which the bidders are required to quote a lump-sum price for completing the works and services in accordance with the Bid requirements as the case may be.

Lump-sum Turnkey/EPC Tenders can be for executing the works as per the given design, drawings and specifications. Alternatively it may include elements of design engineering and preparation of detailed drawings and specifications as well, which shall be in keeping with the given design criteria/ basic engineering design i.e. functional, structural & performance parameters.

12.0 TENDERING METHODOLOGY

Following methodology for inviting the tenders shall be followed.

12.1 Open Tenders

(in accordance with para 15 of MM Manual)

12.1.1 Open tenders will be advertised through the press for contracts of the value above Rs. 25 lakhs. In case of tenders for Civil/Electrical and other works, open tenders can also be invited for value ranging from One lakh Rupees to Twenty five lakh Rupees, the advertisement will be given in two News papers (One paper should be a regional language paper of the state where the office is located and the other a local English daily).

12.1.2 In all other cases, in addition to the above requirement, advertisement shall also be given in one National News paper.

Directives issued from time to time on the monetary limit for which tenders are to be advertised in newspapers will be followed.

12.1.3 Open tender shall be simultaneously published in ONGC Website as per guidelines issued on the subject from time to time.

12.1.4 Open tender bidding documents are to be issued to the bidders on application against prescribed tender fee. The minimum time limit as specified under para-22 below should be allowed for submission of bids, after the date of publication of advertisement.

12.1.5 In emergency cases, however, it may be curtailed with the approval of Key Executives at L-I level, after recording valid reasons. The reasons for not following the normal tender procedure will be recorded in writing by the Service/Tender Processing Group and approval of the Head of the concerned group to be obtained for dispensing with the advertisement procedure.

12.1.6 ICB Tenders

In addition to uploading the complete bidding document on ONGC web site, two sets of complete bidding documents will be sent to the Consulates / Embassies / Trade Representatives of the countries of prospective contractors for circulation amongst likely contractors in their countries

12.2 Limited Tenders

(in accordance with Para 16 of MM Manual)

12.2.1 Limited tenders may be invited under any of the following circumstances:

- i. The work is required to be executed expeditiously and sufficient time is not available for calling open Tenders.
- ii. Where the work is of special nature requiring specialized work / materials / services, which is not likely to be available with all the contractors' and limited vendors / suppliers of items / services are known.
- iii. Reliability of Work / Services
- iv. Operational Urgency:
- v. For contracts of the value of Rs. 25 lakhs or less

Under this enquiries should be sent to as many firms as possible to ensure competition. In cases where the number of known firms dealing with the services / materials is large, enquiries may be limited as given below. In such cases, firms will be sent enquiries in rotation ensuring healthy competition and allowing all firms, an opportunity to compete over a period of time. The list of selected firms to whom enquiries have to be sent, will be approved by the Competent Tender Accepting Authority (CTAA). The minimum number of inquiries to be floated will be as under:-

◆ For tenders upto Rs.1,00,000	5 enquiries
◆ For tenders above Rs.1,00,000 to Rs.5,00,000	7 "
◆ For tenders above Rs. 5,00,000 to Rs.10,00,000	8 "
◆ For tenders above Rs.10,00,000 to Rs.25,00,000	10 "

When the number of firms known is less than the required, the enquiry may be sent to all such firms after obtaining the approval of an officer one step higher than the Competent Tender Accepting Authority.

- vi. Empanelled firms, as per para-14.0.

In specific cases where the empanelment is done through open tender, enquiries may be sent only to

the empanelled agencies.

12.2.2 In case, Limited Tenders are proposed to be invited (as against open tender to be invited based on the value of the tender), then the bidders should be identified and short listed by the indenter / respective Engineering Service Department, who should also determine and certify that short listed bidders meet the pre-qualification criteria (technical) as per the instructions in vogue. Such short listing of the bidders is to be approved by the concerned competent technical accepting authority for short-listing the bidders. Thereafter, pre-qualification criteria (technical) need not be incorporated in the tender but should be published in ONGC tender web-site.

12.2.3 In specific cases where such short listing of bidders is not available for inviting limited tenders, the pre-qualification criteria (both technical & commercial) should be made a part of the limited tender document and tenders can be evaluated accordingly.

12.2.4 All limited tenders of the value above Rs. 5 lakhs are to be posted on the ONGC tender web site along with the prequalification criteria which has been used for selecting those contractors/service providers.

12.2.5 In all cases specific approval to be obtained as per the provisions in BDP.

12.3 Single Tender on Emergency Basis

12.3.1 Invitation of Bid from only one agency to tide over the situation is deemed as single tender on Emergency Basis. Award of work on single tender on emergency basis will be resorted to only when there is operational urgency like breakdown or likelihood of breakdown or emergency situation like blowout, pipeline ruptures / failures (including pilferage cases), fire, flood, earthquake, war, civil disturbance, etc. and when it is necessary to restore normalcy (for reasons including those related to environment, safety and security) of equipment, machinery and vessels of oil field installations, gas plants, pipelines, civil, mechanical or other works (including third party property) in the shortest time and normal methods of tendering is not considered feasible. The user/indenter shall convey the operational urgency as mentioned above from the competent authority.

12.3.2 The competent authority for emergency works on single tender basis in case of operational breakdown will be as defined in BDP Clause ME1, EW2, EW3 or subsequent amendments.

12.4 Single Tender on Nomination Basis

Single tender on nomination basis shall be resorted on fulfillment of any one of the following conditions:-

- ◆ Vendor is OEM / material is PAC item
- ◆ Urgency and or reliability of materials/services
- ◆ Internationally reputed technology expert/consultancy firm with known credentials.
- ◆ Adopting new technology

Note:

- i) All works / services on single tender except PAC, above Rs. 10 lakhs and up to Rs.100 lakhs to be reported to concerned director on monthly basis.
- ii) All works / services on single tender except PAC above Rs. 100 lakhs to be reported to EPC on quarterly basis.

iii) Works/services on single tender on nomination basis other than OEM spares rests with Minimum Level-I only.

iv) Guidelines issued by ONGC from time to time shall be complied with.

12.4.1 Hiring of services of Domain Experts

MM Amendment no. MM/23/2006 dated 28.04.2007

Domain Experts are individuals with established reputation for specified knowledge and experience in specific areas of Science and Technology. It is neither feasible nor desirable to engage such individuals through tenders. Therefore,

- i) Each Director shall constitute a Technical Team to identify Domain Experts in relevant disciplines
- ii) The identified Domain Experts shall be contracted by the Director for acceptance of retainership followed by empanelment, and the concerned Director may request the services of particular Domain Expert for specific studies and tests.

12.5 Works on Hand Quotation Basis

(in accordance with Para 18.2 of MM Manual)

Execution of works/services up to Rs 100,000 may be made by the User Group/ Service Group / Project Execution Group on Work Order basis by obtaining at least three hand quotations. (A list of prominent and reliable local firms will be maintained by all concerned). Hand quotations will be collected on rotation basis whenever there is scope for rotation. A certificate will be given by the tender processing Officer that hand quotations were obtained on rotation basis. The names and addresses of the firms from whom quotations are obtained will be given in the certificate. Where the number of bidders are limited i.e. less than six, rotation system need not apply. EMD and Security Deposit are not required in all such cases.

13.0 RATE CONTRACT

For works of recurring nature defined under Para-2.0 above, where the works/materials/services are required to be carried out through out the specified period, open tenders, shall be followed to finalize Rate Contract. These contracts will be for a firm period, without any provision for extension of contract.

14.0 EMPANELMENT OF CONTRACTORS /OTHER AGENCIES

(Including Consultants, Certification & Third Party Inspection Agencies)

- ◆ For the works/services of repetitive nature, suitably qualified and experienced contractors may be empanelled with the approval of Chief of Services. Bids for Pre-Qualification Registration (PQR) shall be invited on open tender basis. The empanelment of a contractor in ONGC shall only entitle him to be considered for issue of tender papers subject to the conditions laid down in each individual Notice Inviting Tenders. It shall not confer any right on him either to be necessarily issued the tender papers or for award of work.

- ◆ The Pre-Qualification bid shall be evaluated based upon the BEC duly recommended by the Tender Committee and approved by the Tender Accepting Authority/Chief of services for all cases. A score sheet including the experience, qualification, financial criteria etc. may be formulated which will be the part of BEC.
- ◆ Bidders, scoring less than the pre-determined percentage, shall not be qualified for empanelment. Firms shall be empanelled for a period of 3 years subject to the fulfillment of performance evaluation given under para-14.1 below. Whenever work/services is indented, the price bid shall be invited from empanelled firms for the frozen scope of work and the work will be awarded as per procedure defined at paras-56 & 57, below.
- ◆ The price bid/quotation to be invited from the empanelled firms only as defined under para-12.2.2 above, on rotation basis.

14.1 Performance Evaluation

The performance of empanelled contractors shall be evaluated by the concerned Tender Processing Group or any other committee designated for the purpose every year based on below listed criteria and submitted for appraisal of the Chiefs of respective Services.

- ◆ Whether the contractor responded against enquiry invited by the Corporation.
- ◆ Whether Works have been executed successfully.
- ◆ Facilities committed during Registration / Empanelment vis-à-vis those periods / deployed for the contract / actual job and their adequacy.
- ◆ Quality of jobs executed.
- ◆ Delays if any, attributable solely to the contractor in completion of awarded jobs.
- ◆ Post contract response mechanism and performance

14.2 Removal from the approved list

The name of the contractor may be removed from the approved list of contractors, by the enlisting authority, if it:

- i. Has, on more than one occasion, failed to execute a contract or has executed it unsatisfactorily; or
- ii. Is proved to be responsible for constructional defects in two or more works; or
- iii. If persistently violates any important conditions of the contract; or
- iv. Fails to abide by the conditions of empanelment; or
- v. Is found to have given false particulars at the time of empanelment; or
- vi. Has indulged in any type of forgery or falsification of records; or
- vii. Changes constitution of the firm or Individual without prior approval of the empanelment authority; or
- viii. Is declared or is in the process of being declared bankrupt, insolvent, wound up, dissolved or partitioned; or

- ix. Persistently violates the labour regulations and rules; or
- x. Is involved in complaints of serious nature received from other departments which prima facie appear to be true.

A proposal backed up with relevant documentation / justifications to take disciplinary action shall be processed by the concerned group for approval of the concerned Chief of Service.

14.3 Addition to the List of Empanelment

Normally the firms shall be empanelled for a period of 3 years. In case certain firms approaches for empanelment during the currency of this period of 3 years the request of the firm shall be evaluated with respect to the pre-qualification criteria laid down for such empanelment and their names may be empanelled in the list after approval by concerned Chief of Services who has approved the original empanelment.

14.4 Extension of Period of Empanelment

Action should be initiated for fresh empanelment at appropriate time so that the same is finalized before expiry of the existing empanelment period. In case such fresh empanelment has not been finalized for any specific reason, to be recorded, the extension of period of empanelment shall be obtained from the concerned Chief of Services.

15.0 BIDDING SYSTEM

15.1 Single Bid System

15.1.1 For works up to Rs.100 lakhs, single bid system with EQR may be followed. However, for specialized work of any value, two bid system can also be followed. Tender shall be issued against the undertaking by the bidders that they are meeting EQR.

15.1.2 In the single bid system, the bidder shall submit their bid as under:

In the single bid system, the bidder shall submit their bid comprising of two distinct, sealed envelopes, Viz. Envelope 'A' & Envelope 'B.'

Envelope 'A': This envelope shall be super scribed as "EMD and Compliance declaration: Tender No: _____" The envelope A shall contain the following:

- i. Earnest Money in the prescribed form as stipulated.
- ii. A certificate in the following form on bidder's official letter head duly signed by him.

CERTIFICATE

"All the terms and conditions of ONGC's tender document for tender No. _____ are acceptable to us and we have not made any deviations from the same or put forward any additional condition in our offer. It is also confirmed that the supporting documents with regard to Essential Qualifying Requirement laid down in tender documents is duly submitted in Envelope 'B.'"

Envelope 'B' :

This envelope shall be superscripted as "Detailed techno-commercial bid with prices Tender No.: _____"

The bidders shall be required to quote their rates and any other commercial information as specified, within the space(s) provided for the purpose.

Envelope 'A' of the bid will be opened by the officers nominated for tender opening. The Envelope 'B' of those bidders who fulfill the criteria specified in Envelope 'A' of the Bid will be opened on the same day by the officers nominated for tender opening

Note:

- i. Non-submission of certificate or EMD shall straight away lead to rejection of the tender. The Envelope-B of such tenderers will not be opened.*
- ii. Standard EQR conditions for works upto Rs.500 lakhs are as per clause 15.3.1.*
- iii. Works up to Rs. 10 lakhs will not be covered by EQR.*

15.2 TWO BID SYSTEM

15.2.1 Two bid system will be compulsory for the works costing more than Rs. 100 lakhs. However, tenders under two bid system can be invited even in respect of works/services costing less than Rs 100 lakhs in case the requirement so warrants.

15.2.2 In two bid system, tender will be invited in two separate sealed covers, First cover to be distinctly marked on cover as Part 'A' Un-priced Techno – Contractual Bid and second cover as Part 'B' Price Bid.

◆ Part 'A' will contain

The requisite documents from the bidders in compliance to the approved Bid Evaluation Criteria and contract terms and conditions, specifications, Bid Security and copy of allotment letter of EPF number, etc. and a copy of Part (A) Priced Bid with price figures only blanked out.

◆ Part 'B' shall contain

The Price Bid: The bidders shall be required to quote their rates & currencies (in case of ICB) and any other commercial information as specified, within the space(s) provided for the purpose.

15.2.3 In Two Bid System, the bidders will be asked to submit Un-priced Techno Contractual Bid (Part-A) and Price Bid (Part-B) separately in sealed covers duly superscribed and both the covers placed in one single sealed cover. For this purpose, suitable labels in different covers will be provided with the bidding documents.

15.2.4 The Un-priced Techno Contractual bids (Part A) will be opened first. The Part- A shall be scrutinized by Tender Committee through respective Tender Processing Group.

Technical Evaluation Report (TER) shall be prepared by Consultant of the Project /Indentor.

In addition to the TER, parallelly, Commercial Evaluation Report (CER) covering comparative statement of commercial parameters, other terms & conditions shall be prepared by members of Finance & MM/ (Civil or Electrical Engineer for Bldg. works/all civil works as applicable) of Tender Processing group of the Project Team.

Based on the TER, CER, Check list and other related documents, brief for TC shall be prepared & circulated by the MM officer/Indentor(for cases less than Rs. 100 Lakhs). The tender committee shall deliberate on the submitted Brief and accordingly recommend the short listed bidders. Approval of competent approving authority as per BDP will be sought for opening of Priced bids of short listed Bidders.

15.2.5 After the short-listing of Techno-Contractually acceptable bidders, all such bidders will be notified (by fastest mode like fax) of the date of opening of priced bids in public, allowing a period of not exceeding 5 working days, depending upon the urgency of requirement and location of bidders, so as to enable such bidders to participate in tender opening, if they so like. The priced bids will be opened by same Tender Opening Officers who are already detailed for opening of tenders and the Tender Committee members of the case, as per provisions of Para-36.0 below.

15.2.6 Price bids, which remain, unopened with ONGC, are to be returned to the concerned bidders within a period of 5 working days of receipt of Performance Guarantee Bond (s) from the successful bidder(s) on award of work. A clause in this regard should be inserted in the Bidding Documents.

15.3 Essential Qualification Requirements (EQR)

EQR in general should have rejection criteria including experience and financial evaluation methodology, duly deliberated and recommended by tender committee and approved by the CTAA.

15.3.1 A standard EQR for the value of works for more than Rs. 10 lakhs & up to Rupees five crores is as given below:

- a) Average Annual financial turnover as per Audited Annual Reports for the last two accounting years, should be at least 30% of the estimated cost (in case of contract period less than one year) and 30% of annualized value of the estimated cost.
- b) Experience of having successfully completed similar works (parameters of similar works should be clearly spelt out) during last 7 years ending last day of month previous to the one in which applications are invited should be either of the following :-
 - i. Three similar completed works each costing not less than the amount equal to 40% of the estimated cost
 - or
 - ii. Two similar completed works each costing not less than the amount equal to 50% of the estimated cost
 - or
 - iii. One similar completed work costing not less than the amounts equal to 80% of the estimated cost.

15.3.2 Definition of "Similar Work" should be clearly defined.

In addition to above, the criteria regarding satisfactory performance of works, personnel, establishment, plant, equipment etc. may be incorporated according to the requirement of the project.

15.3.3 EQR for LSTK Jobs & Works above Rs. 5 Crores

For the works beyond Rupees five crore and LSTK jobs Bid Evaluation Criteria / EQR shall be prepared in line with clause 18.0.

SECTION - IV

**TENDER DOCUMENTS
&
APPROVALS**



16.0 STAGES OF APPROVAL

(in accordance with Para 23 of MM Manual) Approval of Competent Tender Accepting Authority will be obtained at the following stages:-

- i. Execution methodology
- ii. Finalization of Bid Evaluation Criteria (BEC).
- iii. Prima-facie short listing of bidders for seeking one time confirmation, if required.
- iv. Short listing of bidders for price bid opening.
- v. Award of contract

17.0 EXECUTION METHODOLOGY (EM)

17.1 Execution methodology shall contain the following:

- i. Objective and Scope of the project
- ii. Feasibility / viability of the project (if worked out / available)
- iii. Budget details and Expenditure Sanction.
- iv. Project Schedule(Tendering / Execution)
- v. Tendering methodology - Open / Limited / Single / Nomination / Hand Quotation / ARC
- vi. Type of tender - Percentage rate / Item rate / LSTK

17.2 EM shall be approved by the CTAA and for all EPC cases shall be approved by the functional Director in consultation with concerned L-1 level officer. Any change in project schedule subsequently shall be approved by functional Director as above.

18.0 FINALIZATION OF BEC/EOR & FLOATING OF TENDERS

(in accordance with Para 24 of MM Manual)

18.1 The tendering process should commence with the availability of budget, followed by detailed indent raised by the user/ indenting department giving scope, schedule and the financial sanctions. The specifications and technical BEC along with cost estimates will be framed by the concerned Engineering Services / Technical Services etc in consultation with the in-house / external consultant etc. The CTAA will decide the required type of tender to be issued viz.

- ◆ Open tender
- ◆ Limited tender and
- ◆ Single tender

- 18.2 The CTAA of the tender (on recommendations of the Tender Committee) will also approve the technical and commercial terms and conditions in the following context:
- i. Induction of latest and appropriate technology
 - ii. Competitiveness,
 - iii. Lessons / experiences of the past tenders / contracts.
- 18.3 Before invitation of tenders, the technical as well as commercial BEC will be formulated by the tender committee as per provisions vide Para-18.4 below.
- 18.4 BECs / EQRs should be firmed / standardized. BEC / EQR revision must be done only by exception, based on cogent and transparent justification. BEC in general should have a Rejection (both technical and commercial) criteria, and financial Evaluation Methodology (including Loading criteria). In all cases, the Bid Evaluation Criteria (BEC) along with the Matrix will be brought before the CTAA for approval.
- 18.5 Wherever the last BEC along with mode of tendering, approved by EPC / CTAA is proposed to be used for the next tender, there is no need to obtain repeat approval of the BEC (apart from changes that may be necessary due to fresh guidelines issued by PMC). However, in principle approval, to follow the already approved BEC (without change), to be obtained from CTAA. The Director concerned shall accord in principle approvals, for such cases falling under the power of EPC.
- 18.6 Cases falling under the power of EPC will be brought to it for approval after endorsement of the concerned Director, who will consider the factors as per Para-18.2 above, after due examination and recommendation by the Tender Committee and concerned Level-I Officer.
- 18.7 Concerned Level-1 officer will also have full powers to approve short listing of bidders for price bid opening as per latest guide line issued on the subject. However, while exercising these powers it is to be ensured that in case of deviation, if any, with reference to laid down policies, instructions and/ or PMC circulars, the cases are to be brought to EPC for deliberation and approval.
- 18.8 BEC (excluding the standard provisions and major qualifying criteria), once approved by CTAA for a particular tender can be reviewed / modified as a sequel to pre-bid conference. Wherever departure from BEC (excluding the standard provisions and major qualifying criteria) is considered necessary (as a sequel to pre-bid conference), detailed reasons in tabular form are to be given (in the proposal for approval of competent tender accepting authority) indicating as to why such departure is considered necessary. It will specifically be indicated as to whether ONGC would entail any extra expenditure on account of the proposed changes in BEC and if so, justification, will also need to be given indicating the economic benefit in terms of improved efficiency or otherwise that would accrue to ONGC versus the extra expenditure involved due to modification in BEC. After this no change in BEC will be allowed. Where no pre-bid conference has been convened, BEC in such cases will not be modified under any circumstances.
- 18.9 Powers to approve modification / relaxation / departure from approved BEC (excluding the major qualifying criteria which appeared in NIT), as a sequel to pre-bid conference (and not after opening of bids), will rest with CTAA.

19.0 BIDDING DOCUMENT

19.1 For all works, a proper detailed cost estimate (based on technical specification, scope of work, drawings, and basic engineering) including time schedule of contract and the bidding document including standard terms and conditions shall be prepared.

19.2 BEC, EQR, Price Format and Evaluation matrices shall be recommended by Tender Committee after due examination for approval of CTAA. All the other documents shall be approved by respective Competent Authorities, Level-I Officer has full powers in this regard.

19.2.1 Based on the project time frame indicated by the Indenter, a realistic project schedule shall be finalized by the Tender Processing Group and key milestones identified for incorporation in the bidding document.

19.3 The bidding document shall consist of following parts :

Part A: Un-priced Techno-Contractual Bid

Volume-I: Contractual Section:

- ◆ Notice Inviting Tender(NIT),
- ◆ Instructions to bidders,
- ◆ General Terms & Conditions of Contract (GCC),
- ◆ Special Conditions of Contract (SCC),
- ◆ Bid Evaluation Criteria (BEC) or Essential Qualification Requirement (EQR) as the case may be,
- ◆ Time Schedule for completion of Work.
- ◆ Integrity pact

Volume-II: Technical Section:

- ◆ Technical Specifications of Work,
- ◆ Scope of Work,
- ◆ Drawings,
- ◆ Engineering details.
- ◆ Schedule of quantities of Work etc.

19.3.1 Approval of Volume-I (LSTK Projects)

- ◆ Commercial part (Volume-I applicable for LSTK Projects)

In accordance with the guidelines from PMC Dehradun, Standard Terms & Conditions for various projects is to be formulated and to be followed in future projects. However till such time the Volume-I is standardized, the present practice as detailed below is to be followed:

The designated MM Officer for the project shall coordinate and be responsible for preparation & approval of Volume 1 along with the Tender Processing Group.

Volume-I (Commercial part of bid) is reviewed clause by clause based on the last executed Project to take care of recent circulars / guidelines in the matter and any deviation proposed from the base is deliberated along with the reasons by Committee of Officers of Project-Coordinator and designated MM Officer (for cases above Rs. 100 lakhs only) as well as Finance officer. Joint note is to be moved by these three officers and is put up through Project Manager, Head MM (for cases above Rs. 100 lakhs only), Head Finance and sent for Legal vetting and finally through Head Offshore works/HES/Level-II and shall be approved by Chief of Engineering Services.

◆ Volume-I of Bid Package consists of three parts:

I. Instruction to Bidders

II. General Conditions of Contract

III. Appendices

Part I provides detailed instructions to the bidders for filling up their bids. Part II and part III contains general conditions and standard formats respectively which forms the part of Contract and is signed with the successful bidder.

Part-III of Volume-I of the bidding document has several Appendices as listed below:

Appendix – A

- A-1 Proforma for Tender Letter,
- A-2 Proforma for Proposal
- A-3 Proforma for Schedule of Prices
- A-4 Project Key Dates
- A-5 Proforma for Check List
- A-6 Bid Evaluation Criteria
- A-7 Certificate
- A-8 List of Acceptable Foreign Banks
- A-9 Information / Confirmations / Clarifications to be furnished by the Bidder
- A-10 Milestone Payment Formula
- A-11 Recommended Vendor List
- A-12 Suggested Vendor List

Appendix – B

- B-1 Performa of Acknowledgement Letter
- B-2 Performa for Letter of Authority
- B-3 Performa for Performance Guarantee Letter

- B-4 Performa for Form of Agreement
- B-5 Performa for Work Experience
- B-6 Division of Scope of Work and Work Centre
- B-7 Performa for Bank Guarantee for Bid Security
- B-8 Agreement B-9 Certificate of submission of Techno-contractual compliant Bid
- B-10 Format of agreement between bidder and their parent company
- B-11 Deed of Parent Company Guarantee
- B-12 Integrity Pact

Appendix – C

- C-1 Information to be furnished in a Safety Report
- C-2 Accident Report
- C-3 Information which may be required to be submitted by Contractor for/during Safety Audit
- C-4 Scope of work of Third Party Inspection (TPI) Agency to be appointed by the Contractor
- C-5 Proforma for Certificate of Approval
- C-6 Information to be furnished for Pollution Control
- C-7 Commissioning Plan
- C-8 Proforma for Contractor's Progress Report

Whereas all the formats have their respective importance, however the most important of these is A-3, Proforma for schedule prices, which shall be carefully prepared and scrutinized. Appendix-A-6 (Bid Evaluation Criteria) shall be as per the approved BEC.

- 19.3.2 In the case of LSTK/EPC tenders, where the contractor is responsible for the detailed engineering, the technical bid package and the estimates shall be approved by Head Design Offshore/Onshore and Head institutes for projects to be undertaken with in house consultancy. Wherever external consultants are engaged, such approvals shall be accorded by Level II officer of the project execution group.

19.4 Part B: Price Bid

- 19.4.1 In case of item rate tenders, the schedule of quantities will be furnished without the unit estimated price of individual items. The bidders are required to quote currencies and rates for individual items of work on the basis of the schedule of quantities furnished in Part B and work out the total amount of their offer.
- 19.4.2 In case of percentage tenders, the schedule of quantities along with the rate of individual items and the estimated cost of the whole work put to tender will be furnished in the price bid. The bidders are required to quote their percentage above / below at which they are agreeing to execute the work with reference to the estimated cost put to tender at the appropriate place provided in the price bid as Part B. In Annual Rate Contracts (ARC) based on percentage tenders, it is not necessary to indicate the quantities of items.

- 19.4.3 In the case of LSTK, the total scope of work including the services to be provided by the bidder will be furnished by ONGC without mentioning the total cost as estimated at the time of approval of bid document. The bidders are required to quote a lump-sum figure for completing the works in accordance with the defined scope of work and services to be provided along with the break up of the lump sum cost as per the price format.
- 19.4.4 The Bidder shall complete the appropriate price schedule furnished in the bidding document, indicating the services to be provided.
- 19.4.5 Following notes / instructions shall be incorporated at an appropriate place in the bidding documents:
- Bidder shall quote firm prices
 - Prices quoted by the bidder shall be firm during the bidder's performance of the contract and not subject to variation on any account.
 - Discount: Bidders are to be advised not to indicate any separate discount. Discount, if any, should be merged with the quoted prices. Discount of any type, indicated separately, will not be taken into account for evaluation purpose. However, in the event of such an offer, without considering discount, is found to be lowest, ONGC shall avail such discount at the time of award of contract.

20.0 ENQUIRY REGISTER

- 20.1 Tender Processing Group dealing with tenders will maintain an enquiry register. A separate page for each enquiry will be allotted in that register.
- 20.2 In case of limited enquiries, the name of the firms to whom the enquiries will be addressed, will be entered in that register. This will be signed by the concerned officer sending the enquiry.

21.0 TENDER INTIMATION (To Be Sent To Prospective Bidders)

All concerned sections dealing with open tenders, before sending tender invitation to the press for advertisement, will ensure that:-

- The tender forms are complete in all respects and are ready for sale. About 10 sets in hard copies are to be kept ready and all are to be serially numbered. Soft copies of complete tender documents shall also be kept ready for issuing to the bidder along with these hard copies
- Tender intimations are sent to prospective bidders as soon as the information is received that the tender has been advertised.

22.0 TIME TO BE ALLOWED TO BIDDERS TO QUOTE

(in accordance with Para 29 of MM Manual)

- 22.1 Except in special cases which should be seen and approved by Level-1 Officer, in all cases the following period will be allowed to bidders for submitting their bids:-

Description of Activity	Open Tenders upto Rs.25 lakhs	Limited Tenders	Open Tenders without Pre-bid conference	Open Tenders with pre bid conference	Specialized Services/ Turnkey Projects/Rigs/ Platforms
(i) Sale of Tender documents	12 days	-	21 days	21 days	30 days
(ii) Pre-bid conference	03 days	15 days (above 25 lakhs)	-	10 days	15 days
(iii) Submission of tenders/ opening of bids	-	15 days (upto 25 lakhs) 25 days (above 25 lakhs)	10 days	20 days	25 days
TOTAL	15 days		31 days	51 days	70 days

22.2 The above period is to be reckoned from the date of publication of NIT in the news papers/ONGC Website whichever is earlier.

22.3 Bidding documents should be ready for sale at tender selling centers on the date NIT appears in news papers.

22.4 NIT shall also be displayed on respective notice boards located in the Asset/ Region.

22.5 All open tender/limited tender notices will also be put up in ONGC Website.

23.0 VALIDITY OF OFFER

(in accordance with Para 30 of MM Manual)

23.1 The bidders will be asked to keep their offers valid as under:

i. Normal cases - 90 days

ii. Platforms and Turnkey Projects - 180 days

Specialized services / Rigs / Vessels / Revamping and Dry docks etc.

23.2 The offers with lesser than the required validity will be straightway ignored.

24.0 NOTICE INVITING BIDS / TENDERS (NIT)

(in accordance with Para 31 of MM Manual)

In regard to Notice Inviting Tenders, following points are to be kept in view:-

24.1 The NIT will clearly indicate the bid receiving officer, location, date and time by which tenders will be received and the place, date and the time at which these will be opened.

- 24.2 The Major qualifying criteria in respect of Two bid system and Essential qualifying requirements in respect of Single bid system (which are very essential) must be specified clearly in the NIT and be published in the ONGC tender website so that prospective bidders are aware of this requirement at the time of buying bidding documents.
- 24.3 The time and venue of the pre-bid conference (if any envisaged) also must be clearly specified in the NIT.
- 24.4 Notice Inviting Tender should include an instruction that bids sent by post must be sent under registered cover so as to reach the place well before the closing time and date.
- 24.5 All bids received by the notified closing date and time whether through the post or through the tender box, will be registered under the signature of the Tender Receiving Officer.
- 24.6 Notice Inviting Tenders may be transmitted by fax and e-mail also, wherever required and hard copy be kept in records.

25.0 SALE OF BIDDING DOCUMENTS TO FIRMS WITH WHOM BUSINESS HAS BEEN BANNED / SUSPENDED.

No bidding document shall be sold to the party (parties) who have been banned, black listed or put on holiday or suspended as per corporate approval/decision.

26.0 TENDER FEE

(in accordance with Para 35 to 41 of MM Manual)

- 26.1 The following tender fees will be charged from the bidders for sale of bidding documents - (SP/2/99 dated 14.05.99 & MM/08/03 dated 02.04.03).

Sl. No.	Estimated Value of tender	Local Competitive Bidding (in Rs)	ICB	
			Tender Fee for domestic bidders (Rs.)	Tender fee for Foreign bidders (US\$)
i)	For tender up to Rs. 50 lakhs	200	2250	50
ii)	For tender exceeding Rs. 50 lakhs but not exceeding Rs. 1 crore	500	4500	100
iii)	For tender exceeding Rs. 1 crore but not exceeding Rs. 2 crores	500	9000	200
iv)	For tender exceeding Rs. 2 crores but not exceeding Rs. 5 crores	1000	22500	500
v)	For tender exceeding Rs. 5 crores	1000	45000	1000

- 26.2 In the case of high value tenders, where technical drawings/specifications run into several pages, the cost will be fixed by the concerned Tender Processing Group keeping in view the expenditure incurred thereon and the labour involved.
- 26.3 All open tenders will be issued after making necessary entries in the tender register against payment of prescribed tender fee. The tender fee will be acceptable in the form of crossed "Payee Account only"/IPOs/Bank Draft / Cashier's Cheque / Banker's Cheque drawn by Bank and valid for 90 days beyond the date of closure of the sale of the tender document or in the form of Indian Postal Orders payable to the ONGC at the place from where the tender document is purchased.
- 26.4 Subject to provisions laid down vide Para-26.3 above, the IPOs/Bank Drafts/Cashier's Cheques/Banker's Cheques will be deposited and accounted for at the station where they are received and credited in the accounts there itself. The Tender Processing Group concerned, from where bidding documents have been received for sale, will however, be furnished with full details of parties to whom the bidding documents have been sold and the number of bidding documents not sold, which will be returned.
- 26.5 Purchase of Bidding Documents by Agents in India

In respect of International Competitive Bidding (ICB), the Agents in India, duly authorized by their foreign principals, will be allowed to purchase bidding documents in Indian currency through Bank Draft drawn in favor of ONGC provided such foreign principal/supplier remit the cost of bidding documents in foreign currency equivalent to Indian Rupees through Bank draft / Cashiers Cheque / Banker's cheque in favor of ONGC along with their offer before due date. The Bank Draft in Indian Currency received by tender (selling) agencies from authorized agents in India will be sent to the concerned FAO under intimation to concerned Head, Tender Processing Group.

Demand Drafts received from Indian Agents for the purchase of bidding documents will be deposited by the Finance Section immediately. On receipt of requisite tender fee in foreign currency, the tender fees in Indian currency received from authorized agent in India will be released by concerned FAO under intimation to concerned Head of Tender Processing Group and the tender fees received in foreign currency will be accepted and deposited in the bank.

26.6 Cancellation of Tender - Refund of Tender Fee

In the event, a particular tender is cancelled the tender fee will be refunded to the concerned bidder.

26.7 Exemption from Payment of Tender Fee

The firms registered with NSIC will be exempted from payment of tender fee irrespective of the monetary limit mentioned in their registration certificate provided they furnish evidence that they are registered for the items they intend to quote against ONGC tenders. The Govt. Depts. will also be exempted from the payment of tender fee.

27.0 OFFERS WITHOUT PRESCRIBED BIDDING DOCUMENTS OF ONGC

The condition "Offer sent without having the prescribed bidding document of ONGC and/or without complying with the terms and conditions of bidding document for submitting the offer, will be ignored straightway" should be inserted in all tender notices.

28.0 SALE OF BIDDING DOCUMENT

(in accordance with para 42 of MM Manual)

28.1 On receipt of request, bidding document will be sold against requisite tender fee or issued free of cost to bidders after ensuring the requirement of Para-25.0 above, by Tender Selling Centre. The tender issuing centre will also ensure the requirement of Para-15.1 above, i.e. during the process of sale of documents, the bidders are to be asked to confirm (in writing) compliance of the essential qualifying criteria specified and published in the NIT, and the documents are to be sold only on receipt of such confirmations. The bidding document will be issued by Tender Issuing Centre under a forwarding letter indicating therein the following details:-

- i. Tender No.
- ii. Name of the bidder and address
- iii. Demand Draft / Banker's cheque / cashier's cheque / IPO number, date, Value and payable at
- iv. Whether the bidder is Govt. Depts./registered with NSIC

Signature _____ Name of the Issuing Officer _____

Designation _____ Address of Issuing Centre _____

28.2 The bidder must submit this forwarding letter along with the offer (along with un-priced bid in the case of two bid system). In case the Bidding Document has been received free of cost, bidder must also submit the forwarding letter along with the valid registration certificate containing the following:-

- i. Registration Authority
- ii. Item for which Registered
- iii. Monetary limit up to which Registered.
- iv. Validity of Registration

29.0 ISSUE OF BIDDING DOCUMENT

(in accordance with Para 43-44.2 & 22 of MM Manual)

29.1 The entries of the issue of bidding documents will be made in the register to be maintained by the tender processing group concerned for this purpose. One page should be attached for each tender advertisement. Following columns should be made in the register:-

TENDER DOCUMENTS & APPROVALS

Sl. No.	Name of the firm to whom bidding document issued	Postal Order / Bank Draft/ Banker's/ Cashier's Cheque	Value of Postal order/Bank draft/Bankers Cheque/Cashier's cheque	Date of receipt of application for bidding document	Date of issue	Signature	
						Asstt	Tender issuing officer
1	2	3	4	5	6	7	8

Signature of Firm's representative (if by hand)	Sl. No. Allotted to each tender	Number of samples received along with offer	Signature of Tender Opening Officers		Special Remarks of Tender Opening Officer, if any	Signature of Firm's
			Tender processing Officer	Finance officer		Rep.(s) who attended tender opening
9	10	11	12	13	14	15

i. Total No. of Envelopes received for opening from Tender Receiving Officer

ii. Total No. of:

a. Tenders handed over to the Officer concerned

b. Letter of Authority of the firm(s).

iii. Tender Opening Officers' Signature

iv. Signature of receiving Officer

29.2 This register should be presented by the tender processing group concerned at the time of opening of bid. The Officers opening the tenders will sign in column 12 & 13 of the above register against the names of firms whose bids have been received.

30.0 ISSUE OF BIDDING DOCUMENTS AFTER CLOSING DATE

30.1 After the closing date and time is over, no bidding documents will be issued and the tender processing group will prepare a statement in the prescribed pro-forma showing the following columns:-

Tender No.	Name of the firm to whom bidding document issued	Postal Order/Bank Draft/Bankers Cheque/Cashier's Cheque No. and date & amount	Date on which requisition for bidding document is received	Date of issue	Remarks
1	2	3	4	5	6

30.2 One copy of the above statement is to be sent to the Accounts Section along with the Postal Orders / Bank Drafts / Banker's Cheque / Cashier's Cheque for encashment.

31.0 RECEIPT OF TENDERS

(in accordance with Paras 45 to 53 of MM Manual)

The tenders will be received as under:

- i. Directly being put in Tender Box by bidders.
- ii. Received by ordinary / Regd. dak by Diary Section.
- iii. Handed over personally to Diary Section by bidder(s) it being not possible for them to put in tender box due to volume of the documents.

31.1 Directly being put in the Tender Box by the Bidders

A Tender Box of the following dimension with suitable provision on its top for dropping tenders in it will be placed in reception area.

Length - 92 cms.

Height - 123 cms.

Width - 46 cms.

The Tender Box will always be kept locked and sealed. Keys of tender Box will be under the custody of Tender Receiving Officer.

31.2 Receipt by ordinary/Regd.Dak/Personally handed over to Diary Section

The Receipt and Dispatch (Diary) Section will maintain separate register for the bids received by them through post office/handed over to them personally by tenderers due to their voluminous size.

All Tenders received by Diary Section will be recorded in this register. The Diary Section will put date and time of the receipt on each envelope of tender and hand over the same on day to day basis to the Tender Receiving Officer before 14.00 hrs, after obtaining his initials in acknowledgement of having received the same. In no circumstances the cover of tenders will be opened or destroyed by Diary Section.

All late tenders on receipt will be handed over to the Section concerned, on day to day basis for necessary action as laid down vide Para-33.0 & 54.0 below.

32.0 NOMINATION OF TENDER RECEIVING / OPENING OFFICER(S)

32.1 An Officer of Service group / Tender Processing Group not below E-0 level will be nominated for receipt of tenders each month. In addition, one officer not below E-0 levels each from service group / Tender Processing Group and Finance and Accounts Depts. will also be nominated for opening of tenders each month. Arrangements will also be made for nominating officers not below E-0 level as Leave Reserve for above purpose.

32.2 The names of the officers selected for a particular month for receipt and opening of tenders will be communicated to all concerned along with tender opening programme on the first day of the month, if not earlier.

33.0 ACCOUNTING OF TENDERS

- 33.1 Each tender processing group will have an Almirah. Key of this Almirah will be under the custody of Tender Receiving Officer.
- 33.2 The Tender Receiving Officer will take out at 14.00 hrs, on each working day all tenders from Tender Box and will put dated initials on each envelope. Thereafter, the lock of Tender Box will be sealed. All these envelopes as well as envelopes received from Diary Section containing bidding documents will be placed by him in their respective date bins of the Almirah provided for this purpose.
- 33.3 The Tender Receiving Officer will maintain numerical account of the tenders taken from Tender Box as well as of the tenders received by him from Diary Section on the following format:

Opening Balance	No. of tender received			Issued	Closing balance
No. of Tenders	Through Diary Section	Through Tender Box	Total No. of Tenders	No. of Tenders	No. of Tenders
	No. of Tenders	No. of Tenders			
1	2			3	4

- 33.4 In addition, the Tender Receiving Officer will note-down full particulars of each tender received by him every day in a register to be maintained for this purpose. In this register, there will be one or more pages allotted for each tender notice and this will have the under mentioned columns:-

Tender No.....

Due date of Opening.....

Sl. No	Name of the Party	No. of envelopes received	Date of receipt	Source of receipt		Initials
		Tenders		Diary Section	Tender Box	
1	2	3	4	5		6

- 33.5 The tenders received from different sources on different dates shall be entered in the above register. On the due date of opening, a line will be drawn at the end indicating thereby the total number of tenders received against the tender notice in question. In the cases where no tender has been received on a particular date, the Tender Receiving Officer will record the fact of non-receipt of any tender on the due date. The late tenders received by Tender Receiving Officer from Tender Box shall also be entered in the above register after the closing entry of the timely received tenders.
- 33.6 The Tender Opening Officers will put their signatures with date and time at the end of last entry of timely received tenders in the Tender Receipt Register in token of their having taken over the tenders mentioned therein on the due date of opening. Late tenders will be handed over by Tender Receiving Officer to the concerned Service group / Tender Processing Group Officer after obtaining acknowledgement.

34.0 OPENING OF TENDERS

- 34.1 The tenders should only be opened on limited days to save time. Every section, while issuing enquiry, will ensure that only the following dates of the month are given as Due Dates 3,5,7, 9,11,13,15,17,19, 21,23,25, 27,29 & 31. If any due date happens to be Sunday or Holiday then next due date may be fixed. In case of emergency, if it is not possible to adhere to these due dates, then other dates may be given but such cases should be reduced to minimum. The Head of Service / Tender Processing Group may, however, authorize opening of tenders on all working days, if situation so warrants.
- 34.2 Tenders are to be opened at 15.00 Hrs. on the day they are due to be opened.
- 34.3 The Tenders / bids will be opened by a team of two officers as per Para-32.0, above.

35.0 NUMBERING OF TENDERS / DISCLOSURE OF PRICES / READING OUT RATES

35.1 Numbering of Tenders

The Tender Opening Officers will encircle the rates and terms and conditions and put their initials. If there is any cutting, overwriting or erasing that will also be stated and signed by both the officers. Total number of sheets in the bid will be mentioned on the first sheet of bid and all the sheets should be initialed by both the officers opening the bid and the bid will be given Serial number. For e.g. if 7 bids have been received against one particular enquiry, then bids should be numbered as 1/7, 2/7 and so on. The bids which are received by post after due date should be marked 'Late' tender with No. 8/7 and so on. All envelopes are also to be retained on the record and these are to be initialed by both the officers authorized to open the tenders.

The concerned tender processing group, whose tender is due on that particular date, will be present at the time of opening of the tender with the tender register. Both Tender Opening Officers will sign the register against the name of the firms whose bids have been received.

35.2 Disclosure of Prices

Bids are to be treated as confidential documents and save at the time of public opening of tenders, prices quoted are not to be disclosed to any member of ONGC without permission of the CTAA (Level-I has full power).

35.3 Reading out the Rates

In the public opening, only the total prices or group-wise prices, if sought as per tender should be read out in addition to major terms & conditions. Offer should not, repeat not, be circulated amongst the bidders' representative(s).

36.0 OPENING OF TENDERS IN PUBLIC

- 36.1 Unless good and sufficient reasons exist (which must be recorded on the file) all bids, estimated to cost Rs. 1.00 lakh and above, must as a rule be opened in the presence of bidders / authorized representatives of bidders.

- 36.2 The matrix for technical / techno-contractual / commercial bids must be worked out (as a part of the BEC) in advance of opening of technical bids (in cases exceeding Rs 25 lakhs) by the Tender Committee and approved by the CTAA along with BEC. The matrix in which the bidders will be required to fill up the bid data will be designed and specified in the BEC for the bidders to fill up and submit along with offers (to facilitate ONGC filling up of matrix during bid-opening as otherwise, the opening officers / tender committee will have to search the voluminous offers to locate the relevant bid details for tabulation).
- 36.3 On opening, the data from the technical / techno-commercial / commercial bids are to be immediately tabulated and signed by the Tender Committee members in presence of the interested bidders. The offers will be sent for technical comments, subject to provisions of para-44.0 below. On the basis of these comments, seeking confirmations from bidders is allowed only once in the tender process on the issues where the bidder confirms compliance in the evaluation matrix and contradictions exists on the same issues due to lack of required supporting documents in the un-priced bid (i.e. the document is deficient or missing) or due to some statement at other place of the bid (i.e. reconfirmation of compliance) or vice-versa, after due recommendations of the tender committee with the approval of the TAA. Seeking such confirmations/deficient documents should not alter the basic structure of the bid already submitted by the bidder. (Refer recent MM circular on the subject)
- 36.4 Compliance / deficient document given by bidders against ONGC's queries will be incorporated in the matrix. Based on this filled up matrix, Tender Committee should either qualify or disqualify the bids.
- 36.5 Price bids are to be opened only for such qualified bidders and data are to be tabulated and signed by the Tender Committee members immediately in presence of the interested bidders. It should be clarified in the Matrix relating to the priced bid opening that priced data reflected in the matrix will be as quoted by the bidders and subject to necessary correction based on detailed scrutiny of the priced bids, evaluation for loading criteria etc. The Comparative Statement vetted by finance will be the basis for taking the decision of award of order / contract.
- 36.6 The officers opening the tenders should verify that only bidders / authorized representatives of bidders who have actually submitted the bids are present. Unauthorized representatives (or representatives of firms who have not submitted the bid) should not be allowed to be present.

37.0 E-MAIL / FAX / TELEX / TELEGRAPHIC OFFERS

E-MAIL/TELEX / FAX / Telegraphic Offers will not be accepted. However, in OEM cases from single inquiry or where contractor is pre-fixed, Telex / Fax / Telegraphic / E-Mail offers may be considered provided such offers are followed by confirmatory copy within 15 days of the date of receipt of offer.

38.0 CANCELLATION OF TENDER

(in accordance with para 54 of MM Manual)

A tender shall be deemed to have been cancelled when a demand is withdrawn.

39.0 CANCELLATION & RE-INVITATION OF TENDERS

- 39.1 Cancellation of tenders for any other reason, to be recorded in writing, shall require the approval of the competent authority one step higher than the TAA. However, in all such cases the concerned Director with the concurrence of Director (Finance) will be final authority.
- 39.2 Re-invitation of tenders
- In the event of re-invitation of bids whether on a limited or open tender basis the Competent Tender Accepting Authority will obtain in advance the decision of the Competent Authority one step higher. In respect of proposals falling under the purview of Executive Purchase Committee, the decision for re-tendering will be taken by concerned Director in consultation with Chairman-cum-Managing Director.
- 39.3 Reasons for re-invitation of tenders in all such cases will be recorded.
- 39.4 Such re-invitation of bids, in case of limited tenders, will also be from all the bidders from whom original tenders were invited.
- 39.5 In case of open tenders, intimation regarding re-invitation of tenders will also be sent to all the bidders who quoted against the original tender.

40.0 EXTENSION OF TENDER OPENING DATE

(in accordance with Para 55 of MM Manual)

- 40.1 Extension of date of opening of bids should be avoided as far as possible. However, where it is inescapable (valid and justified reasons for such extension should be recorded in writing), the CTAA will be empowered for extension of date of opening of bids, maximum upto two weeks. Officer one level above the CTAA will approve any extension beyond two weeks, except in case of extension of date of opening of bids upto 25 days as recommended by tender committee in consequence with interactions with prospective bidders during pre-bid conference which shall be approved by the CTAA. However, for EPC level cases, concerned Director will have full powers to approve extension of bid opening date.
- 40.2 No tender document will be sold during the extension period arising out of changes in sequel to pre-bid conference.

41.0 EARNEST MONEY (BID BOND/BID SECURITY) & SECURITY DEPOSIT (PERFORMANCE BOND/CONTRACT SECURITY)

(in accordance with Para 57 of MM Manual)

41.1 Earnest Money / Bid Bond / Bid Security

- 41.1.1 Against each tender, subject to the provision as given in Para-41.1.4 below, the Earnest Money / Bid Bond / Bid Security is to be obtained so that the Bidder does not withdraw his offer within the validity period thereby causing inconvenience to the department. It will be made clear in the Bidding document that earnest money / bid bond / bid security of those bidders who withdraw their bids during validity of offer, will be forfeited.

41.1.2 Fixed amount of earnest money / bid bond / bid security will be worked out on the basis of total estimated cost for complete tender as well as unit-wise group-wise total estimated cost and indicated in bidding document for submission by the bidders.

41.1.3 The amount of EMD / Bid Bond / Bid Security for complete tender and unit(s)/group of items(s)/quantity will be worked out on following slab basis for indicating the same in bidding document of the same in bidding document for obtaining of the same from bidders:

Amount of expenditure sanction (Rs in Lakhs)	Amount of EMD/Bid Bond/Bid Security
<=500	@2% of total estimated cost put to tender.
>500 <=1500	Rs.10 Lakhs + 1.5% on amount exceeding Rs.500 Lakhs.
>1500 <=2500	Rs.25 Lakhs + 1% on amount exceeding Rs.1500 Lakhs.
>2500	Rs.35 Lakhs + 0.5% on amount exceeding Rs.2500 Lakhs.

However, the maximum limit of EMD/Bid Bond/Bid Security for a tender shall be US\$ 0.5 million for foreign bidders and Rs.2 crores for Indian bidders.

41.1.4 Earnest money / Bid Bond / Bid Security will not be necessary for tenders from Central Govt. / Central PSUs, OEMs / Authorized Distributors of OEMs. The firms registered with NSIC will be exempted from furnishing bid bond / bid security / earnest money against open and limited tenders irrespective of monetary limit mentioned in their registration certificate provided they submit evidence that they have a current and valid registration for the item(s) they intend to quote.

41.1.5 EMD / Bid Security can be obtained from bidders in any one of the following modes:

- Bank Draft in favor of ONGC valid for 150 days from the last date of prescribed submission of the bid.
- Bank Guarantee form banks acceptable to ONGC, valid for 30 days beyond the required validity of bid.
- Irrevocable letter of credit (as per prescribed pro-forma) valid for 30 days beyond the required validity of bid, duly confirmed by Indian Nationalized/Scheduled banks will be acceptable only from foreign bidders.
- Cashier's / Banker cheques valid for 150 days from the date of prescribed submission of the bids will be acceptable from foreign bidders only.

41.1.6 Subject to provision in para-41.1.5 above, offers without earnest money / bid bond / bid security will not be considered and summarily rejected. The condition of furnishing earnest money / bid bond / bid security will not be relaxed / waived.

41.2 Security Deposit/Performance Bank Guarantee/Contract Security

41.2.1 Within two weeks of signing of contract the successful bidder shall furnish Security Deposit in the form of a Performance Bank Guarantee as per the monetary limits described in the table below.

(i)	Contracts for Turnkey Project Construction/ Platforms	10% of Contract Value
(ii)	All types of service / hiring Contracts.	10% of contract value. In case of contracts with period of more than one year the performance Bank Guarantee / Contract Security will be obtained on the basis of one year contract value with validity for 60 days beyond the expiry date of contract.
(iii)	In all other cases	10% of order / contract value.

For civil / electrical works upto a value of Rs.1 Crore Security Deposit of 10% of the contract value, out of which 5% shall be obtained as Performance Guarantee and the balance 5% shall be retained from the running bills on prorata basis @ 10%.

No security deposit is required for works up to Rs 1 Lakh.

41.2.2 The Security Deposit/Contract Security or in lieu thereof Performance Bank Guarantee will invariably be obtained even from the Public Sector Undertakings and / or firms registered with ONGC / DGS&D / NSIC.

41.2.3 In case the firms give their security deposit / contract security / Performance Security in the form of Bank Guarantee / fixed deposit, it will be ensured that only Bank Guarantee / Fixed Deposit given by any of the Nationalized Bank or Scheduled Bank or State Bank of India and its wholly owned subsidiaries are accepted. In case of ICB Tenders, Bank Guarantee from a Bank acceptable to ONGC will be required.

41.2.4 The Level-1 officer in association with Finance, will have full powers for cases upto his purchase powers to relax / waive condition relating to Security Deposit / contract security, based on merit of each case and non-incorporation in the tender document prior to inviting tender. The concerned Director shall have full powers in this regard.

41.3 The value of the Performance Bank Guarantee for warranty period shall be limited to 5% of the Contract value.

41.4 Release of Security Deposit / Performance Bond / Contract Security

The case for release of the security deposit / contract security / performance bank guarantee, if any lodged therefore, has to be initiated by Service group / project execution group supported by necessary particulars viz. completion of work and recording of the completion certificate, the prescribed maintenance period / defect liability period / performance guarantee period as stipulated in the contract are over, fact of the final payment and sent to concerned Finance and Accounts Officer for refund of the amount without delay.

The CTAA will have powers to release earnest money/Bid Bond / bid security / security deposit / contract security performance bank guarantee. However, concerned Level-1 officer will have full powers to release Earnest Money / Bid Security / Bid Bond / Security Deposit / contract security/ Performance Bank Guarantee irrespective of value of tender/order/contract.

41.5 Invoking of Bank Guarantee

Prior approval of CTAA, specified in BDP, will be obtained for invoking Bank Guarantee(s) of all types. However, concerned Director will have full powers for invoking Bank Guarantee(s).

41.6 Secured Advances (Only for Item Rate / Percentage Rate Contracts)

- 41.6.1 Secured Advances on the security of materials brought to site may be made to the contractors for items which are to be used on work
- 41.6.2 The Engineer-in-charge can release the secured advance up to an amount not exceeding 75% of the value of the materials as assessed by the site-in-charge or an amount not exceeding 75% of the material element cost in the tendered rate of the finished item of work whichever is lower.
- 41.6.3 A formal undertaking should be submitted by the contractor under which ONGC secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the materials, and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on the certificate of the site-in-charge that:
- The quantities of materials upto which the advances are made have actually been brought to site.
 - Full quantities of the materials, for which advance is to be made, are required by the contractor for use on items of work for which rates for finished work have been agreed upon.
 - The quality of materials is as per desired specifications.
- 41.6.4 Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be made from his bills for work done as the materials are used, the necessary deductions being made whenever the item of work in which they are used are billed for.
- 41.6.5 Secured advance shall be granted only for non-perishable items. It can however, be granted for perishable items after the contractor indemnifies ONGC through an insurance cover (Insurance period shall be based on likely time gap in arrival and usage of material but minimum of three months). The Engineer-in-charge shall identify whether an item is perishable or not.

42.0 PRICE / PURCHASE PREFERENCE

(in accordance with Para 58 of MM Manual)

42.1 Purchase Preference to Central PSUs

Purchase preference shall be granted to the Public Enterprises of Central Govt. / Central PSUs, as per GOI instructions in vogue from time to time.

42.2 Price preference in International Competitive Bidding (ICB)

Price preference shall be granted as per GOI instructions in vogue from time to time.

42.3 Purchase preference to the products of Small Scale Sector (SSS).

Purchase preference shall be granted as per instructions in vogue from time to time.

43.0 COMPARATIVE STATEMENT

(in accordance with Para 59 & 62 of MM Manual)

43.1 Commercial

- 43.1.1 After all the quotations have been opened, these will be handed over to the tender processing group, for making comparative statement.
- 43.1.2 Comparative statement of all bids received in respect of an enquiry or advertisement should be tabulated. All details required will be entered in the statement. Late tenders shall not be presented in the comparative statement. Ranking shall be done only for technical/contractually acceptable bids
- 43.1.3 Tender Processing Group will ensure that the comparative statement is prepared within 48 hours of the receipt of the quotations.
- 43.1.4 The comparative statement will be prepared and signed by the concerned Dealing Officer of tender processing group.
- 43.1.5 The comparative statement will be checked and signed by the officer of Service Group / Tender Processing Group, as per monetary limits indicated below before the same is submitted with details / due recommendations to Tender Committee / CTAA:

Sl.No.	Monetary Value	Officers
1	Upto Rs. 7.5 lakhs	E1 level Officer. In case, Comparative Statement is prepared by E1 Officer, it should be checked by E2 level Officer or above rank.
2	Above Rs. 7.5 lakhs upto Rs. 35 lakhs	E2 level Officer
3	Above Rs. 35 lakhs upto Rs. 75 lakhs	E3 level Officer
4	Above Rs. 75 lakhs	E4 level Officer

- 43.1.6 The above check will be exercised by respective officers as far as possible. In the event an officer of the required level is not available, an Officer immediately next below or above level or as authorized by Head of Tender Processing Group would exercise the checks.
- 43.1.7 All comparative statements for tenders exceeding the value of Rs.50, 000/- will be referred to Finance for scrutiny. The monetary limits of different levels of Finance and Accounts Officers for checking the comparative statement will be as under:

Sl.No.	Monetary Value	Officers
1	Upto Rs. 7.5 lakhs	Finance & Accounts Officer
2	Above Rs. 7.5 lakhs upto Rs. 35 lakhs	Sr. F&A Officer
3	Above Rs. 35 lakhs upto Rs. 75 lakhs	Dy. Manager (F&A)
4	Above Rs. 75 lakhs	Manager (F&A)

43.1.8 The above checks will be exercised by respective officers as far as possible. In the event of an officer at the required level is not available, an officer immediately next below or above level or as authorized by Head of Finance.

43.1.9 The comparative statement will be checked by the associated Finance. The comparative statement will invariably be vetted within three working days time of its receipt in Finance. Each page of the comparative statement will be initialed by the Service group / Tender Processing Officer and the Finance & Accounts Officer as per above Monetary limits.

43.1.10 The vetting of the comparative statement by Finance will, however, not absolve the Department originally preparing the comparative statement from the responsibility.

43.1.11 The copy with the representative of Service Group/Tender Processing Group, will form the office copy. The comparative statement should be made available to the members of the tender committee at least 48 hours before the meeting of the committee along with a covering docket containing the following information:

- Name of the indenting department.
- Estimated expenditure.
- Whether expenditure sanction by the Competent Authority has been accorded.
- Have open tenders been dispensed with? If yes, brief reasons thereof.
- Has normal time been allowed to the bidders for quoting their rates? If not, reasons therefore.

43.2 Technical

43.2.1 In all cases where technical evaluation is involved, the offers shall be referred to the indenter/user group and its comments put up to tender committee.

Ten working days time (15 working days time for EPC cases) will be allowed to Indenter / User to furnish the Technical Comments. It will be ensured by the User Deptt. that comments are invariably furnished within specified time.

43.2.2 The Indenter's/user's representative will be supplied the duplicate copy of the quotations to enable them to scrutinize the quotations in advance from the technical angle before attending the tender committee meeting. They will be fully responsible for the acceptability of the works recommended for award.

43.2.3 Level for technical comments on offers

Technical scrutiny & evaluation of offers will be done and comments thereon made at the level at which

the tender committee in the case is to be held.

44.0 SEEKING COMPLIANCE FROM BIDDERS AFTER TENDER OPENING

No clarification should be sought from the bidders, under any circumstances, once the bids are opened. However, with a view to widen competition, seeking confirmations from the bidders is allowed, on the issues where the bidder confirms compliance in the evaluation matrix and contradiction exists on the same issue due to lack of required supporting document in the bid (i.e. document is deficient or missing) or due to some statement at other place of the bid (i.e. re-confirmation of compliance) or vice-versa. The bid refers to un-priced bid in case of two bid system. The guiding principle in all the above situations is that the basic structure of the bid already submitted by the bidder should not be allowed to change after opening of bids.

45.0 CORRESPONDENCE WITH BIDDERS BY INDENTORS/USERS

All correspondence with the bidders must be done by Tender Processing Group only. However, after award of contract, Project Manager has to interact with the contractor for execution of contract, provided the same does not result into modification of any condition of contract and does not involve financial implications.

SECTION - V

AWARD OF WORK



46.0 FORMATION OF TENDER COMMITTEE & ITS MONETARY LIMITS

(in accordance with Para 63 to 68.2 of MM Manual)

No Tender Committee will be held up to Rs 5.00 Lakhs. All contract / service cases above Rs. 5.00 Lakhs will be referred to Tender Committee

47.0 CONVENING OF TENDER COMMITTEE

The concerned Service group / Tender Processing Group will convene the tender committee.

48.0 BRIEF FOR AND LEVEL OF TENDER COMMITTEE

48.1 Constitution of Tender Committee The following level of officers from Tender Processing Group, Indenter/User Group and Finance, shall form part of the tender committee.

Sl.No	Accepting authority (CTAA)	TC Level
1	Level-1 or above	Level-II Tender Processing Group / in-charge Finance and Indenting/User Group
2	Level-II	Level-III Tender Processing Group / in-charge Finance or his authorized rep. and Indenting/User Group
3	Level-III	Tender Processing Group / Finance and Indenting/ User Group of E-4 / E-3 level
4	E-4	Tender Processing Group / Finance and Indenting/ User Group of E-3 / E-2 level

- ◆ No TC is required for works awarded to OEM under Rate Contract
- ◆ No TC is required for tenders upto value Rs 5.00 lakhs
- ◆ If the required level of TC members is not available at a work centre then the TC members will be of the next lower level or as nominated by the Level-1 / CTAA available at the work centre.

48.2 Tender Committee meeting should not be postponed due to absence of concerned officers, suitable alternate officers should take part in the Tender Committees. Once the Tender Committee members are nominated, if any member is not available for any special reason, the designated member should authorize one of his colleagues/ junior officers from the same discipline for the specific meetings and he will ratify the proceedings immediately on return to the station. However, if the alternate member is of the same grade or higher and from the same department / function then ratification will not be required.

48.3 The concerned dealing officer will prepare brief for perusal of all members of Tender Committee wherein complete details of case will be brought out. Such a brief, duly signed, will be given to members of Tender Committee well in advance of the meeting. This will, however, in no way, dilute the responsibilities of the tender committee

49.0 EVALUATION OF BIDS BY TENDER COMMITTEE AND PREPERATION OF TENDER COMMITTEE PROCEEDINGS

- 49.1 Tender Committee will examine the bids to prepare its recommendations for submission to the authority competent to accept the tender.
- 49.2 It will be ensured that tender committee proceedings are signed within 2 working days.

50.0 ACCEPTANCE OF RECOMMENDATIONS OF TENDER COMMITTEE

- 50.1 CTAA can either approve or disapprove the recommendations of Tender Committee or give written directives for reconsideration of its recommendations.
- 50.2 The CTAA will be empowered to accept unanimous / majority / divided equally (in case of even number of members) recommendations of Tender Committee. When the unanimous / majority recommendations of the Tender Committee are not acceptable, the CTAA may refer the case to one step higher but with his recommendations. The authority next higher to the CTAA with the concurrence of Finance Officer at commensurate level/ I/C Finance, will be empowered to take decision.

51.0 PROPOSALS TO EXECUTIVE PURCHASE COMMITTEE (EPC)

(in accordance with Para 69 of MM Manual)

- 51.1 Issue relating to any major modification or clarification in ONGC Policy related to works, may be referred to the Executive Purchase Committee (EPC) [consisting of full time Directors as members and CMD as Chairman of the Committee] for its advice / decision. However, before reference to EPC is made, endorsement of Director In-charge will be obtained.
- 51.2 In all cases exceeding powers of Director, after price evaluation of short-listed bidders, approval of Executive Purchase Committee (EPC) will be obtained, after endorsement by Director In-charge.
- 51.3 The EPC will meet regularly depending upon number of cases to be considered. For EPC meetings, while all functional Directors are envisaged to participate, due to exigencies of work if some Director(s) is / are not present, minimum quorum consisting of CMD, concerned Director, Director In-charge (MM) and Director (Finance) may consider and approve the proposal(s). For EPC meeting, self explanatory brief, duly signed by the Tender Committee members (Chief of Materials, in case of Policy issues) along with relevant documents will be sent to EPC Cell for examination through concerned Asset Manager / Basin Manager / Chief of Services / Head of Institutes / Regions for cases at Assets / Basins, etc [Director In-charge (MM) for policy matters].

The concerned Asset Managers / Basin Managers / Chiefs of Services / Head of Institutes / Regions for cases at Assets / Basins / Services / Institutes should obtain the concurrence of the respective Head of Finance (if the Head is already not a member of the tender committee) and endorsement of the concerned Director before sending the agenda brief to EPC. The brief should be sent well in advance before the expiry of validities keeping in view that sufficient time is available to the EPC Cell for examination of case. EPC Cell will examine the proposal(s) and seek clarification(s) from the concerned work centre(s) wherever considered necessary. A copy of brief will be circulated by EPC Cell to all members of EPC as well as to C& MD, ONGC for perusal. The EPC Cell will take action as indicated in para-52.0, below.

51.4 It will be ensured by concerned work centre that all procedural aspects have been taken care of before submitting cases to Executive Purchase Committee.

52.0 MINUTES OF DISCUSSION OF EXECUTIVE PURCHASE COMMITTEE

52.1 The Executive Purchase Committee Cell will circulate amongst EPC members a copy of agenda brief and after discussions of the case in the meeting, will prepare draft record note of the Executive Purchase Committee meeting (within 3 working days if summary is not to be prepared and 5 working days if summary is to be prepared) and circulate the same through Chief-CP to all the EPC members for their comments. Comments if any, are to be given by EPC Members on the draft Record Note to the EPC Cell within two working days. The draft Record Note will be modified by EPC cell based on the comments received from EPC members and thereafter, the final draft will be submitted to CMD for approval through the concerned Director. Upon approval of the Record Note by CMD, EPC cell will forward the approved Record Note to all the EPC members and also to the concerned work centre for taking further action. However, the present practice of issue of the summary of EPC decision with the approval of concerned Director will remain unaltered, but summary would be issued in respect of urgent cases only based on the discussions in EPC meeting.

52.2 In case of urgency, EPC meeting can be held in the absence of CMD who would authorize the senior most Director (other than the Director concerned whose proposal is under consideration) to Chair the meeting in his absence. The Draft Record notes will be put up to the Director who chaired the EPC meeting for his consideration and approval. However, the Record Note of discussion of such EPC meeting(s) will be put up to CMD for information. Similarly, in case Director concerned is unable to attend the EPC meeting, he may request another functional Director to represent him in the EPC meeting for the case.

53.0 CONSIDERATION OF OFFERS

53.1 Bids which do not conform to the BEC are to be ignored straightaway. Lowest bid may be determined from among those tenders which are in full conformity with the tender documents.

53.2 The following points should be taken into consideration for placement of an order:-

- i. The orders are to be placed on the lowest acceptable Bidder.
- ii. If the lowest Bidder does not comply with the tender stipulation, his bid should be rejected.

54.0 LATE TENDERS

(in accordance with Para 74 of MM Manual)

54.1 All bids received after the notified time and date of closing of tenders will be treated as late tenders.

54.2 Unsolicited alterations or modifications of tenders received after the notified time and date of closing of the tenders shall not be entertained.

54.3 Late tenders shall not be considered. Such late tenders, after recording with the concerned Tender

processing officer, will be returned un-opened to the concerned bidder(s) within a period of seven days from the due date of opening of tenders.

55.0 PRE-BID CONFERENCE

(in accordance with Para 9.2 of MM Manual)

- 55.1 Subject to para-55.2 below, Pre-bid conference should be held as a practice rather than exception for all cases of Materials/Works/Services/ Turnkey project above Rs. 25 lakhs.
- 55.2 Proposal to take exception to para-55.1 above, i.e. to either not hold pre-bid conference in a tender valuing over Rs 25 lakhs, or to hold pre-bid conference in a tender valuing upto than Rs 25 lakhs, should be initiated by the user / indenter who should record the reasons for such an action and convey approval of the CTAA to Tender Processing Group. While deciding whether or not to hold pre-bid conference in a particular case, the following factors on merit, inter-alia, are to be kept in view:
 - i. Complexity of that case,
 - ii. Historical experience in respect of bidders' taking exceptions/ deviations in previous tenders for such contracts / services
- 55.3 Holding pre bid conference can be dispensed with, in cases where pre-bid conference has been held in the past by the concerned work centre for the works/materials/services of the same item and where no change has been made in the BEC which was adopted in the previous tender.
- 55.4 In NIT, date for closure of sale of bidding documents should be specified, providing sufficient time for response. It should also be indicated in NIT/bidding documents that all bidders who buy bidding documents are invited to attend the pre-bid conference. As soon as the sale of documents is closed, pre-bid conference is to be convened (the date and venue of pre-bid conference should be clearly indicated in the NIT and the bidding document). In the NIT and bidding document as well as during the pre-bid conference, bidders should be advised that ONGC expects the bidders to comply with the tender specifications / conditions which have been frozen after pre-bid conference, and hence non-conforming bids will be rejected straightaway.

The indenting officer from the User department (who has framed/signed the specifications) is to chair pre-bid conference(s) with competent representative from concerned technical department, Design Group (if required), Tender Processing Group and Finance. It should be impressed upon the bidders to depute (for attending the pre-bid conference) representatives of status equivalent to the authority chairing the conference. Service / Tender Processing Group in association with the concerned technical department will prepare minutes of the pre-bid conference and obtain approval of the officer who chaired the pre-bid conference. Thereafter, in case, no modifications are required in the BEC/ specifications/tender conditions, the bidder would be asked to submit their bids on due date and time and sufficient time would be given to the bidders to submit their bids. However, if, as a sequel to the pre-bid conference, modifications are required in the BEC/specifications/tender conditions (excluding commercial conditions standardized by PMC and excluding the major qualifying criteria), prior approval of the CTAA would have to be obtained by the work centre by providing detailed justification for agreeing to such modification(s). After obtaining approval of CTAA, these modifications should be made and communicated (through fastest mode of communication like fax) prior to submission of bids with sufficient time to all the bidders to submit their bids; no change will be allowed thereafter. In other words, pre-bid conference(s) will be used

to freeze various specifications, terms and conditions of the tender before opening of bids.

55.4.1 In case of tender for procurement of goods, services and turnkey project valuing more than Rs. 50 crores, the issues raised by the prospective bidders during the pre-bid conference will be examined in detail by the Tender Committee. If due to the points/doubts raised by the prospective bidders, tender specifications or any specific term(s), condition(s) which is not a part of "Standard Terms and Conditions of the Tender" needs to be modified, then the same will be considered for modification. However, if there are any points/issues, which have been raised by prospective bidders during the pre-bid conference but have not been resolved, then a second pre-bid conference will be held which will be attended by all the Tender Committee Members. In this pre-bid conference, Tender Committee Members would again try to clarify the doubts raised by the prospective bidders, with a view to ensure adequate participation.

55.4.2 However, for EPC level cases, second pre-bid conference can also be held, if any point/issue remains unresolved during the first pre-bid conference.

56.0 PRESCRIBED LIMITS FOR ACCEPTANCE OF TENDERS

Discounts / rebates offered by any tenderer shall not be considered for evaluation of tenders. However, if the lowest bidder happens to be the final acceptable tenderer for award of contract and if he had offered any discount/rebate, the contract shall be awarded after taking into consideration such discount / rebate. These provisions shall be incorporated in the tender document.

56.1 Offer quoted by L-1 bidder within the accuracy range (+/-) indicated in the estimated cost prepared as per the approved procedure shall be the normal limits for acceptance of tenders. In case of 3 or more acceptable bids, and the quote of L-1 bidder within the normal limits of acceptance, then the work may be awarded to L1 bidder without resorting to negotiations.

56.2 In case where the estimates have been prepared on the basis of budgetary quotations and the accuracy range of these estimates cannot be determined and 3 or more acceptable bids have been received against such a tender, this will be processed for finalization without resorting to negotiations.

56.3 A. i. There shall not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiation.

ii. Negotiations can be recommended in exceptional circumstances only after due application of mind and recoding valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the committee who recommended the negotiations. The committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.

B. The model time frame for according such approval to completion of the entire process of award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of tender/contract.

C. In case of L-1 backing out there should be re-tendering as per existing instructions. (Reference: CVC Office order no. 68/10/05 dated 25/10/2005)

- 56.4 If the negotiated offer of L-1 bidder is still not within the normal limits of acceptance, the offer may be examined on the merit of the case and put up the recommendations for the approval of CTAA.
- 56.5 Negotiations with L-1 bidder, if required, will be carried out with the approval of Level-I officer for non EPC cases and Director concerned in EPC level cases. Approval should be obtained prior to call of L-1 bidder for negotiation.
- 56.6 When the tendered amount of L1 bidder is lower than the accuracy range of the estimated cost, the offer be examined w.r.t. the workability of rates as compared with the estimated cost as per scope of work and recommendations shall be submitted as per merit of the case for the approval of CTAA. 56.7 In case, the contractor fails to execute the contract satisfactorily in terms of the contract provisions, the contractor shall be put on holiday for a period of Two Years from the scheduled date of completion of the work for further business with ONGC as per prevailing ONGC procedures, without any further reference to Contractor.

57.0 ACCEPTANCE OF TENDER

Tender shall be accepted by the officers as per the powers delegated in the BDP. In case the prescribed level officer is not available, then the case shall be put up to the next higher level officer.

58.0 SIGNING OF WORK ORDER / CONTRACT

The detailed contract shall be signed with in 30 days of notification of award of Contract.

59.0 RELAXATION IN STANDARD TERMS & CONDITIONS OF CONTRACTS FOR WORKS FROM OEM.

In case of OEM Services / proprietary Services, the CTAA not below Level-II in consultation with Finance, will be empowered to relax standard terms and conditions of work orders / contracts provided the OEM / manufacturer of proprietary items/ Services does not accept such terms and conditions.

SECTION - VI

**POST
CONTRACT ISSUES**



60.0 POST CONTRACT ISSUES

- 60.1 Post contract issues (Post LOI issues where ever unconditional LOI is placed in line with the agreed tender / bid conditions) will require to be deliberated by the tender committee (for cases exceeding Rs 5 lakh) and submitted for approval of the CTAA ; however, for cases approved by EPC, Concerned Director, Director(Finance) and CMD will approve post contract issues.
- 60.2 The post contract issues will be governed by the individual actual order / contract value and not on the basis of original tender value. Thus, in other words CTAA in whose powers the individual actual order value falls would be empowered to decide on the post contract issues. This will apply to EPC cases as well. However, it shall be ensured that the decision of the authority with whose approval the original contract was awarded is not undone.

61.0 PLACING/TERMINATION OF WORK ORDERS / CONTRACTS

61.1 Placing of Work Orders / Contracts

After the decision has been taken to place order/contract on a particular firm, necessary LOI/NOA will be placed on the firm immediately. In non-EPC cases, tender processing groups should place LOIs /orders within 30 days from bid (techno-commercial in case of two-bid system) opening and within 5 days from priced bid opening (in two-bid cases); in EPC cases, LOIs/orders should be placed within 45 days from un-priced bid opening. In EPC level cases, LOI will be placed within 15 days time from the date of priced bid opening. LOI is to be issued on the same day or latest the next day of the EPC meeting.

- 61.2 Termination of Work Order / Contract CTAA for cases upto their purchase powers and CMD for Executive Purchase Committee cases will have full powers to cancel the work order / contract in the event(s) indicated in sub-paras (i) to (iv) below. Provisions of Paras-63.0 and 64.0 below, on Liquidated Damages / Failure & Termination and acceptance of contracts in deviation to specified specifications respectively will be kept in view while exercising powers in respect of sub-paras (i) and (ii) below:

- i. Specified completion schedule is not adhered to by the contractor.
- ii. Laid down specifications are not adhered to by the contractor or when the performance of the contractor is un-satisfactory.
- iii. Major contractual terms and conditions are violated by the contractor
- iv. Insolvency by the contractor.

62.0 BACKING OUT BY L-1 BIDDER

In case LOI/NOA placed is not accepted by the L1 bidder or the Performance Bond is not submitted as per the terms of the contract within the time specified in the bid document, the bid bond shall then be forfeited and the firm shall be put on holiday for two years depending on the merit of the case and the case shall be processed as per guidelines in vogue. In such an eventuality, CTAA may decide with the recommendation of TC for re-tendering in a fair and transparent manner in the interest of work.

63.0 EXTENSION IN TIME & LEVY / WAIVER OF LD

(in accordance with Para 94 & 56 of MM schedule)

63.1 Extension in mobilisation/Completion Period 63.1.1 While granting extension in date, the following points should be taken into consideration:

- i. Has user / indenter specifically stated that no extension of time should be allowed or that he should be consulted before such an extension is allowed?
- ii. If the contract has been entered into at higher prices because of the assurance of earlier completion, but the contractor has failed to complete the work within the agreed schedule, in such cases the amount paid by way of such price preference should be recovered from the contractor.
- iii. Whether contract / services can be arranged easily at cheaper rates from an alternative source and in this case whether the user / indenter can reasonably wait to take advantage of this or of any downward trend in prices generally.
- iv. All extensions are to be granted subject to the right of ONGC to claim a reduction in prices on account of reduction in statutory duties/taxes etc. which may take place during the extended period of delivery. However, increase in prices during extended delivery period on account of increase in statutory duties/taxes etc. admissible under change in law clause shall be granted, only if extension is due to delay on the part of ONGC.

63.1.2 When it is decided to extend the completion period subject to the recovery of liquidated damages for delay in contract, the contractor must be warned in writing. Merely stating that extension is granted without prejudice to the rights of ONGC under the terms and conditions of contract, is not enough. Normally, extension in delivery period will be communicated to the firms in the forms given at Annexures.

Following procedure shall be followed for grant of extension of Delivery / Mobilization / Completion date

- i. In cases where the delivery/work is not likely to be completed within the contracted schedule and cancellation/termination of contract is not contemplated, the time of delivery/completion should be suitably extended as per instructions given hereunder, before the expiry date of mobilization/delivery/completion, in order that the contract shall continue to be in force and the contractor remains liable to execute the contract.
- ii. Any extension due to entire delay being solely on account of contractor / supplier will be decided by CTAA, on recommendation by the indenter (& MM, if tender was processed by MM-dept.). This extension will be with levy of LD as per the terms of contract, provided the indenter confirms continued existence of the requirement. No tender committee is required in this case. No financial concurrence is required. Normally, such extension will be communicated to the contractor in the format given at Annexure- I. For cases falling under the powers of EPC such extension can be granted with the approval of concerned Director.
- iii. Any extension, where delay either in part or full may be on account of ONGC, will be granted by the Competent Tender Accepting Authority, on recommendation by the indenter (& MM, if tender was processed by MM-dept.) with ONGC reserving right to levy LD, provided the indenter confirms continued existence of the requirement. No tender committee is required for such decision. No financial concurrence is required. Normally, such extension will be communicated to the contractor in

the format given at Annexure- II. For cases falling under the powers of EPC, such extension can be granted with prior approval of concerned Director.

The amount of LD shall be withheld on the proportionate basis, by finance, from the bills of supplier/contractor, while releasing payments.

On completion of delivery/work, a joint statement duly signed by both ONGC and Contractor will be prepared (User at one level below CTAA shall be competent to sign such statement). However, the concerned Level-II Officer of indenting/executing department shall have full powers and shall be competent to sign such statement for all cases where CTAA is L1 and above), clearly indicating the extent of delay, the reasons therefor and the party accountable for the delay. Proposal for time extensions shall then be considered by the Competent Tender Accepting Authority for approval on recommendation by the Tender Committee regarding quantum of LD for the delay attributable to the contractor. For cases falling under the powers of EPC, time extensions can be granted with the approval of concerned Director, if (i) the LD rate is as per provisions of Work order/Contract and (ii) delay attributed to the contractor is not condoned either in part or full.

- iv. Notwithstanding anything stated in the foregoing paras, as a rule, no extension should be given for a period of more than one year beyond the originally scheduled date of delivery/mobilization/completion date. In case the extension of more than one year is unavoidable, the approval of concerned Director must be obtained.
- v. Normally the cases involving extension due to delay on account of contractor/supplier shall be considered with levy of LD at the rate as per contract terms and without condoning any delay attributed to the contractor. However, in compelling circumstances beyond the control of supplier/contractor or where the past record of contractor/supplier is excellent in terms of meeting their commitments, a holistic view may be taken for considering waiver of Liquidated Damages. Any proposal, with full justifications, for waiver of LD rate in such cases, and/or condone the delays attributed to contractor shall require the approval of Competent Tender Accepting Authority (EPC, for EPC level cases), on the recommendations of Tender Committee.

63.2 Construction / Turnkey Project

In case where company (ONGC) takes over certain facilities for the envisaged objectives, which can be commissioned and can function independently irrespective of the availability of balance work of the project, ONGC may issue part completion certificate by taking over such facilities without imposing LD. Where such facilities can not be commissioned and can not function independently, LD in that event will be levied on full value of the project.

63.3 Review of earlier decision

In case any Tender Accepting Authority finds it necessary to revise his own earlier decision of imposing liquidated damages and to waive recovery thereof, he should obtain the approval of the next higher Authority for doing so.

64.0 LIQUIDATED DAMAGES / CANCELLATION

- 64.1 No liquidated damages clause will be inserted in the contracts upto Rs. 1.00 lakh and in the contracts dealing with Engg. Consultancy Services and such contract should provide for cancellation clause.
- 64.2 In case of works/materials/service contracts exceeding Rs. 1.00 lakh, liquidated damages will be applicable @ 0.5% of the contract order value per week or part thereof, for delay in contract completion date subject to a maximum ceiling of 10% of contract order value.
- 64.3 In case of ARC for a period of more than one year, the liquidated damages will be levied on one year's contract period value.

65.0 LIQUIDATED DAMAGES / FAILURE AND TERMINATION

- 65.1 Time and date of completion shall be essence of the contract. If the contractor fails to complete the contract or any part thereof within the period fixed for such completion in the schedule or at any time repudiates the contract before the expiry of such period, ONGC may, without prejudice to any other right or remedy available to him, recover damages for breach of the contract.
- 65.2 Recover from the Contractor / Supplier as agreed liquidated damages and not by way of penalty, a sum equivalent to:-
- 65.2.1 In case of works/materials/service contracts exceeding Rs. 1.00 lakh, liquidated damages @ ½% of the contract per week or part thereof for delay in completion subject to a maximum ceiling of 10% of contract value.
- 65.2.2 In case of ARC for a period of more than one year, the liquidated damages will be levied on one year's contract period value.
- 65.2.3 ONGC may cancel the contract / order or a portion thereof, by serving prior notice of 14 days to the contractor, unless during these 14 days notice period the contractor initiates remedial actions acceptable to ONGC and recover LD and forfeit security deposit made by contractor besides getting the work completed by other means at the cost and risk of the contractor.
- 65.3 It may further be noted that clause above provides for recovery of liquidated damages (and not by way of penalty) on the contract price of delayed completion (whole unit). Liquidated damages for delay in contract thus accrued will be recovered by the paying authorities of the contractor specified in the contract order, from the bill for payment of the cost of contract / milestone payments submitted by the contractor or his foreign principal in accordance with the terms of contract or otherwise.
- 65.4 The Company may without prejudice to its right to effect recovery by any other method, deduct the amount of liquidated damages from any money belonging to the Contract in its hands (which includes the company's right to claim such amount against Contractor's Bank Guarantee) or which may become due to the Contractor. Any such recovery of liquidated damages shall not in any way relieve the Contractor from any of its obligations to complete the works or from any other obligations and liabilities under the Contract.
- 65.5 Notwithstanding anything stated above, works will be deemed to have been completed only when all its components and parts are also completed. If certain components of works are not completed in time, the works will be considered as delayed until such time all the balance jobs are also completed.

66.0 CHANGE ORDERS

66.1 LSTK/EPC Contracts etc.

The change orders shall be governed by Change Order Procedure-2006 issued vide PMC circular no. 23/2006 dated 21.12.2006 and is applicable to all LSTK/EPC contracts for Offshore/Onshore Projects, Repair and Revamp Projects and other works including Dry Docking & Major overhauling of vessels /equipments.

66.2 Item Rate/Percentage Rate Contracts.

In the case of Item Rate/Percentage Rate tenders, the following procedures will be adopted in the finalization of rates for Variation, Extra and Substituted items.

66.2.1 Variation

66.2.1.1 Variation means variation in quantities of items, i.e. where there is increase or decrease in the quantities of items of work in the agreement. In other words, the nomenclature remains the same but the quantities vary with those provided in the agreement.

66.2.1.2 Variation beyond $\pm 10\%$ of the stipulated quantities of individual items in the contract shall require the approval of CTA.

66.2.1.3 The rates payable for the variations up to 25% in respect of individual items in the contract shall be as per the contract rates.

66.2.1.4 The rates payable for variations in quantities in excess of 25% in respect of individual items shall be worked out at market rates prevailing at the time of commencement of execution of these items.

66.2.2 Extra /Substituted Items

66.2.2.1 Extra items of work are items, which are completely new and in addition to the items in the contract.

66.2.2.2 Substituted items are items which are taken up in lieu of those already provided in the contract.

66.2.2.3 The powers to accord Technical sanction for extra and substituted items shall be as per clause EW6 of BDP. The officers while exercising these powers shall obtain the Administrative approval from the CTA who accorded Technical sanction for the project. Where the excess is due to substituted items, the algebraic difference between the agreement and substituted item shall only be considered for the excess amount (for accord of TS).

66.2.2.4 The rates for the extra items shall be worked out at market rates prevailing at the time of commencement of execution of these items.

66.2.2.5 For substituted items, the agreement rate of the original item will be adjusted for the difference in market rates (prevailing at the time of commencement of execution of these items) of original and substituted items.

67.0 ESCALATION (FOR ITEM RATE /PERCENTAGE RATE CONTRACTS)

A. i. All short duration contracts up to 24 months and of value Rs.500 lakhs shall be awarded on fixed price basis and are not subject to any escalation what so ever. However, only statutory variation limited to

duties and taxes are considered for adjustment in contract price.

- A. ii. For calculating escalation, base prices should be taken as on the date of opening of the Bids.
- B. The Contract document should specify the suitable percentage of input for labor, materials like cement, steel, bitumen, POL and other materials and equipment usage for the purposes of calculating escalation.
- C. Escalation should be calculated, based on
 - ◆ Notified fair wages and in the absence of which consumer price index for labour would be applicable,
 - ◆ Market rate for cement and steel
 - ◆ Average official retail price of bitumen & POL, and
 - ◆ Whole sale price index for other materials
 - ◆ Published Government Documents should be used for calculation of escalation amount.
- D. Escalation Reimbursement should be calculated for to the extent of 85% of the escalation so calculated.

67.1 Price Adjustment

Contract price shall be adjusted for increase or decrease in rates and prices of labour, materials, fuels and lubricants in accordance with the following principles and procedures.

- i. The price adjustment shall apply for the work done from the start date given in the contract up to end of the initial intended completion date or extensions granted by the Engineer-in-charge or his representative. Increase in price shall not apply to the work carried beyond the stipulated time for reasons attributable to the contractor.
- ii. The price adjustment shall be determined during each quarter from the mutually agreed formula given in the contract on the following premises. $E = K \times R \times (I_1 - I_0) / I_0$
- iii. Following expressions and meanings are assigned to the work done during each quarter:

E = Amount of Escalation

K= A constant decided by the employer, depicting the variable component of the cost (shall not be lower than 0.85 and not higher than 0.90)

R= Total value of work done during the quarter.

I₁= Average Construction Cost Indices during the guarantee of incident.

I₀= Average Base Construction Cost Index.

- iv. For calculating escalation, base (Construction Cost Index) should be taken as on the date of opening of the bids.
- v. The Construction Cost Indices shall be those determined and published by the recognized bodies in the relevant Sector or CIDC

- vi. The methodology to work out the price escalation shall be deliberated by the TC and incorporated in the tender document.

67.2 Subsequent Legislation(applicable for all contracts)

- 67.2.1 In the event of introduction of new legislation or any change or amendment or enforcement of any Act or Law, rules or regulations of Government of India or Public Body or any change in the interpretation by the Supreme Court of India of any said Act or law, rules or regulations which becomes effective after the date of submission of Price Bid or revised price bid, if any, which results in increased cost of the Works under the Contract through increased liability of taxes (other than personnel taxes), duties, fees the Contractor shall be indemnified for any such increased cost by the Company subject to production of documentary proof to, the satisfaction of the Company, to the extent which is directly attributable to such introduction of new legislation or change or amendment as mentioned above.
- 67.2.2 Similarly, if introduction of new legislation or any change or amendment or enforcement of any Act or Law, Rules or Regulations of Government of India or Public Body or any change in the interpretation by the Supreme Court of India of any said Act or Law, rules or regulations which becomes effective after the date of submission of Price Bid or revised price bid, if any, which results in decreased cost of works through reduced liability of taxes (other than personnel taxes), duties fees, the Contractor shall pass on the benefits of such reduced taxes, duties or fees to the Company to the extent, which is directly attributable to such introduction of new legislation or change or amendment as mentioned above.
- 67.2.3 All duties, taxes, fees, charges, expenses, etc. (except where otherwise expressly provided in the Contract) as may be levied/ imposed in consequence of execution of the Works or in relation thereto or in connection therewith as per the Acts, Laws, Rules, Regulations in force on the date of submission of Price Bid or revised price bid, if any, for the Contract shall be to Contractor's account. Any increase/decrease in such duties, taxes, fees, charges, expenses etc. after the date of submission of price bid or revised price bid, if any, but within the Scheduled Completion Date or the extended date of completion of Works (for reasons not attributable to the contractor) will be to the account of the Company.
- 67.2.4 Any increase in the duties, taxes, fees after the aforesaid Scheduled Completion Date or the extended date of completion of Works will be to Contractor's account. However, any decrease of duties, taxes, fees after the date of completion of Works will be to Company's account.
- 67.2.5 In case of introduction of new legislation or change or amendment in any act or law after the Scheduled/extended Completion Date (extended in accordance with the provisions of the Contract), but which comes into force or becomes effect retrospectively from a date on or before the Scheduled/extended Completion Date and which results in any increase/decrease in the duties, taxes and fees under the Contract, then such increase/decrease, subject to the conditions stipulated in clause 67.2.1, 67.2.2 and 7.2.3 shall be to the Company's account.
- 67.2.6 The Contract Price and other prices given in the Schedule of Prices are based on the applicable tariff as indicated by the Contractor in the Schedule of Prices. In case this information subsequently proves to be wrong, incorrect or misleading, the Company will have no liability to reimburse/pay to the Contractor the excess duties, taxes, fees, if any finally levied/imposed by the concerned authorities.
- 67.2.7 Notwithstanding the provision contained in Cl.67.2.1 to 67.2.5 above, the Company shall not bear any liability in respect of:

- i. Personal taxes on the personnel deployed by Contractor, his sub-contractors/sub-subcontractors and Agents etc.
- ii. Corporate taxes in respect of contractors and all of their sub-contractors, agents etc.

68.0 PAYMENT OF BILLS

68.1 Contract Price

The ONGC shall pay to the Contractor in consideration of satisfactory completion of all the works covered by the Scope of Work under the Contract the Contract Price as per the details and break-up of prices given in schedule of prices given in the contract. Payment shall be made in the currency or currencies given in the schedule of prices for the work executed as per the procedure. Adjustment to Contract Price, if any, shall be made in accordance with provisions of Contract.

68.2 Payment Procedure

- 68.2.1 Pending completion of the whole Works, provisional progressive payments for the part of the Works executed by the Contractor shall be made on the basis of said work completed and certified by the Project Manager/Project Coordinator as per the milestone payment formula / detailed measurements of items executed taken jointly by the contractor and the Project Coordinator or their authorized representative. Such certification of the Work completed shall be made by the Project Coordinator within 15 days of receipt of Contractor's Application for Certification with all required supporting documents. No payments shall become due and payable to the Contractor until Contract is signed by the two parties and Contractor furnishes to the ONGC Performance Guarantee.
- 68.2.2 The Contractor shall submit invoice(s) once in each month along with four copies, with all required supporting documents and details of the said work to ONGC Representative for certification of the said invoice, for approval of the amount payable and payment thereafter. Contractor shall submit separately a monthly invoice for Extra Work approved by ONGC. The existing practice of following Measurement Book (MB) Procedure is dispensed with.
- 68.2.3 Full rates, as per agreement / supply order should be allowed only if the quality of work done or supplies made conforms to the specification of that standard and under the agreement it is permissible to make a final payment. If the contract is determined, or an on account payment, if the contract is to run, on a part rate considered reasonable should be allowed with due regard to the work remaining to be done and general terms of the agreement, after getting the part rate statement approved from Project Manager.
- 68.2.4 In case of supplies, the payment is not permissible until the stores have been received, examined and accepted. In case payment has been permitted on production of dispatch document etc. the payment should be treated as advance against the final settlement on receipt, examination and acceptance of the stores.
- 68.2.5 If the contract is for a completed item of work and the contractor is required to obtain materials of any description from ONGC, necessary recoveries on account of the cost of materials supplied to him from ONGC should be affected from each invoice at the recovery rates fixed for the purpose.

POST CONTRACT ISSUES

- 68.2.6 The ONGC shall arrange approval of the invoice (undisputed amount) and payments within 15 (fifteen) working days of receipt thereof after certification by the Project Coordinator in the event of the ONGC objecting to any portion of Work covered by the said invoice, such objection shall be communicated to the Contractor within 10 (ten) working days from the date of receipt of certified invoice by the ONGC. (Verification and certification of the invoices shall be done by the authorities as per Clause FM8 of BDP). The Contractor shall have the right to claim the payment of such amounts objected by ONGC in subsequent invoice after removal of cause of such objection.
- 68.2.7 Within 15 working days of the receipt of the invoice, the undisputed amount of each invoice so approved / certified, will be released for payment and remittance to the contractor.
- 68.2.8 Payment for amount objected to by ONGC as referred to in para-68.2.6 above, shall be made in accordance with provision when the objection has been removed/settled and the Contractor submits fresh invoice for the same.
- 68.2.9 Invoice for Extra Work / Change order: No invoice for extra work / change order on account of change order will be submitted by the Contractor unless the said extra work / change order has been authorized/ approved by ONGC in writing. Payment against all these Change Orders / Extra Works shall be made by ONGC after approval of Change Order, as per Standard payments terms & conditions.
- 68.2.10 After due vetting of the documents for change in duties/Taxes under change in law by ONGC, Invoice on account of change in duties/taxes under change in law, shall be submitted by the Contractor after payment of all duties/taxes along with necessary supporting documents in a single invoice.
- 68.2.11 All the payments by ONGC shall be remitted to the Contractor's bank account to be specified by the Contractor in writing to ONGC before submission of the first invoice. The payment shall be made in currencies stated in the Contract. ONGC shall be deemed to have arranged payment to the Contractor on the date of transmission of instruction to the Contractor's Bank in the country where the money is required to be paid to the Contractor.
- 68.2.12 ONGC shall also inform in writing to the Contractor the details of remittance i.e. amount and date. Bank charges of bank(s) in India shall be borne by ONGC whereas bank charges of bank(s) in Contractor's designated locations, if any, shall be borne by Contractor.
- 68.2.13 In the event of ONGC noticing at any time that any amount has been disbursed wrongly to the Contractor or any other amount is due from the Contractor to ONGC, ONGC may without prejudice to its rights recover such amounts by other means after notifying the Contractor or deduct such amount from any payment falling due to the Contractor. Details of such recovery if any will be intimated to the Contractor. The Contractor shall receive payment of undisputed amount under subsequent invoice for any amount that has been omitted in previous invoice by mistake on the part of ONGC or the Contractor.

69.0 QUALITY CONTROL

- 69.1 In the Quality Control system, the Project Manager shall adopt the relevant quality control measures to ensure the desired results.
- 69.2 The direct responsibility for ensuring proper quality of work as per approved specifications and correctness of the measurements taken jointly by the contractor or his authorized representative rests with the Project Coordinator.
- 69.3 The Project Manager shall be overall responsible for management of quality system and procedures for works under his charge.
- 69.4 The contractor shall take the approval of quality plan from project coordinator in accordance with the Contract and shall comply in totality.
- 69.5 Third Party Inspection

All important and critical works costing above Rs. 100 lakhs should be subject to Third party Inspection so as to ensure compliance with specifications. The concerned Asset / Work centre will empanel a list of such third party consultants with the approval of Competent Authority as per Para 10.5.

70.0 ARBITRATION AND CONCILIATION

- 70.1 (BL/01/05 dated 24.7.2000) Major of those at present are:

Except as otherwise provided elsewhere in the contract if any dispute, difference, question or disagreement arises between the parties hereto or their respective representatives or assignees, at any time in connection with construction, meaning, operation, effect, interpretation or out of the contract or breach thereof the same shall be decided by an Arbitral Tribunal consisting of three Arbitrators. Each party shall appoint one Arbitrator and the Arbitrators so appointed shall appoint the third Arbitrator who will act as Presiding Arbitrator.

In case a party fails to appoint an arbitrator within 30 days from the receipt of the request to do so by the other party or the two Arbitrators so appointed fail to agree on the appointment of third Arbitrator within 30 days from the date of their appointment, upon request of a party, the Chief Justice of India or any person or institution designated by him (in case of International Commercial Arbitration) shall appoint the Arbitrators/ Presiding Arbitrator. In case of domestic contracts, the Chief Justice of the High Court or any person or institution designated by him within whose jurisdiction the subject purchase order/contract has been placed/made, shall appoint the arbitrator/Presiding Arbitrator upon request of one of the parties.

If any of the Arbitrators so appointed dies, resigns, incapacitated or withdraws for any reason from the proceedings, it shall be lawful for the concerned party/arbitrators to appoint another person in his place in the same manner as aforesaid. Such person shall proceed with the reference from the stage where his predecessor had left if both parties consent for the same; otherwise, he shall proceed de novo.

It is a term of the contract that the party invoking arbitration shall specify all disputes to be referred to arbitration at the time of invocation of arbitration and not thereafter.

It is also a term of the CONTRACT that neither party to the CONTRACT shall be entitled for any ante-lite (pre-reference) or pendente-lite interest on the amount of the award. (BL/01/27 dated 27.01.04)

The Arbitral Tribunal shall give reasoned award and the same shall be final, conclusive and binding on the parties.

The venue of the arbitration shall be the place from where the purchase order/contract has been placed/made.

The fees of the arbitrators shall be borne by the parties nominating them and the fee of the Presiding Arbitrator, costs and other expenses incidental to the arbitration proceedings shall be borne equally by the parties.

Subject to as aforesaid the provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment in lieu thereof shall apply to the arbitration proceedings under this clause.

70.2 Arbitration Clause (Applicable In Case Of Supply Orders/ Contracts On Public Sector Enterprises)

In the event of any dispute or difference relating to, arising from or connected with the contract, such dispute or difference shall be referred by either party to the arbitration of one of the Arbitrators in the Department of Public Enterprises to be nominated by the Secretary to the Government of India, In charge of Bureau of Public Enterprises. The Arbitration and conciliation Act 1996 shall not be applicable to the arbitration under this clause. The award of the arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside on revision of award to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference, the dispute shall be decided by the Law Secretary or the Special Secretary/ Additional Secretary, when so authorized by Law Secretary, whose decision shall bind the parties finally and conclusively. The parties in the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

70.3 Outside Expert Committee (OEC)

Provision for settlement of disputed claims through Outside Expert Committee shall be in accordance with Corporate Guidelines on the subject, issued from time to time. Major of those at present are:

- i. For the past cases involving disputes of more than Rs.1 Crore the work center with the approval of functional director and CMD would refer the case to OEC.
- ii. However the cases in respect of which arbitration notice is given or actual arbitration proceedings has been held may continue under arbitration and only on the request from contractor such cases may be referred to OEC. (Ref. circular no.25/98 dated 21.09.98)
- iii. The cases for constitution of OEC should be sent by the concerned work centre to the Chief (Legal Services), New Delhi who will put up the same directly to CMD along with the list of OEC members (with full particulars of background and empanelment) and current workload for each panelist for selection.
- iv. The cost of proceeding such as fees for expert, air fare, local transport, accommodation, cost towards conference facility etc. shall be borne by ONGC & contractor in equal shares.
- v. Proceeding of OEC will be in accordance with part III, conciliation of the arbitration and conciliation act 1996.
- vi. The party shall freeze the claim of interest, if any and shall not claim the same for the period the proceedings are pending before OEC.

- vii. The OEC recommendations shall be submitted to CMD, ONGC for consideration.
- viii. That recommendation of OEC shall be brought to the ONGC Board through PAC of the board, where OEC members will make a presentation to elaborate on their recommendations and also to clarify queries.
- x. After the approval a contract will be signed between the parties for dispute resolution and the OEC will automatically stand terminated after 30 days from the date of settlement.

71.0 PERFORMANCE APPRAISAL OF CONTRACTORS

- 71.1 A system of performance appraisal of contractors should be started at each work centre. Monitoring of the same should be entrusted to some centralized cell like technical cum tender cell.
- 71.2 A file for each contractor will be opened to keep record of his performance.
- 71.3 At the time of preparation of final bill / completion of work, Project Manager should forward a copy of the performance report to the Head of Tender Processing Group.
- 71.4 Action for issue of warning, black listing, banning or put on holiday or suspension as per the corporate policy / decision, will be processed by the Tender Processing Group on the basis of adverse performance report submitted by the Project Manager.
- 71.5 The Project Manager shall submit a Close Report on conclusion of the contract stating his exerts/experience on contract with his recommendation.

72.0 COMPLETION OF WORKS

- 72.1 On completion of the Works, the Indenter / User should be informed by the concerned project execution group / service group for being associated with the pre-commissioning, commissioning and handing over acceptance tests from the Contractor. A formal handing over of the Project should thereafter be done in writing after drawing up a list of 'punches points', if any. The list of punch points shall be jointly signed by the Contractor, Project Manager and Indenter. Schedule for the liquidation of punch points should also be made in the handing over format.
- 72.2 As built plan along with actual expenditure of the project should be prepared and submitted along with the completion report.

73.0 AMENDMENT OF WORK PROCEDURES

Necessary Amendments / Additions to the Works Manual, is permissible with the approval of EC. Chief Engineering Services shall put up the Agenda with full justification and endorsement by Director (T&FS). Such approvals by EC will be brought to the notice of the Board as per the instructions vide Circular No. _____

Clarifications/interpretations required, if any, on the Works Manual shall be provided by Chief Engineering Services. However, the clarifications resulting into addition/deletion/ modifications/ changes in the manual, with in the existing policy guidelines, shall be approved by Chief Engg. Services (CES).

ANNEXURES

ANNEXURE 'I'

(Form for extension of completion date, required due to entire delay being solely on account of contractor/supplier)

OIL & NATURAL GAS CORPORATION LTD.

No. _____

Date _____

Sub: Work/Contract No. _____ dated _____ for _____.

Ref: Your letter No. _____ dated _____.

Dear Sirs,

You failed to complete the entire work within the contract completion period. In your letter under reference, you have asked for extension of time for completion. In view of the circumstances stated in your above referred letter, the time for completion is extended from _____ to _____. Please note that an amount equal to the liquidated damages for delay in the completion of work after the expiry of the contract completion period shall be recovered from you as mentioned in clause _____ for the extended period, notwithstanding the grant of this extension.

2. The above extension of completion date shall also be subject to the following further conditions:

- a) that no increase in price on account of any statutory increase in or fresh imposition of Customs Duty, Excise Duty, sales Tax or on account of any other tax or duty leviable in respect of the materials specified in the said work order which takes place after _____ shall be admissible on such of the said works as are completed after the said date; and
- b) that notwithstanding any stipulation in the contract for increase in price on any other ground, no such increase which takes place after _____ shall be admissible on such works as are completed after the said date;
- c) but, nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of Customs Duty, Excise Duty, Sales Tax or on account of any other tax or duty, which takes place after the expiry of the above mentioned date namely _____.

Yours sincerely,

ANNEXURE 'II'

(Form for extension of completion date, where delay, in part or full, is on account of ONGC)

OIL & NATURAL GAS CORPORATION LTD.

No. _____

Date _____

Sub: Work/Contract No. _____ dated _____ for _____.

Ref: Your letter No. _____ dated _____.

Dear Sirs,

You failed to complete the entire work within the contract completion period. In your letter under reference, you have asked for extension of time for completion. In view of the circumstances stated in your above referred letter, the time for completion is extended from _____ to _____, reserving our right to levy liquidated damages from you for delay in the completion of work after the expiry of the contract completion period as mentioned in clause _____ for the extended period, notwithstanding the grant of this extension.

2. The above extension of completion date shall also be subject to the right of ONGC to claim a reduction in prices on account of reduction in statutory duties / taxes etc. which may take place during the extended period of completion. However, increase in prices during extended completion period on account of increase in statutory duties/taxes etc. admissible under Change in Law clause of this work order/contract shall be granted, only if extension is due to delay on the part of ONGC.

Yours sincerely,



OIL AND NATURAL GAS CORPORATION LTD.

Registered Office : Jeevan Bharti, Tower-II, 124-Indira Chowk, Connaught, New Delhi - 110 001.