

INDEG DEPARTMENT

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Ref. No: INDEG/Admin- 01/09/2021

Duliajan: 03.02.2021
& Amendment I dt.28.03.2022
& Amendment II dt. 31.08.2023

DEVELOPMENT ORDER POLICY

In order to roll out the “Atmanirvar Bharat Abhiyan” campaign in OIL and to develop indigenously oilfield specific product/ service Development Order Policy has been formulated which will have no linkage with normal Tender Process. This policy has been formulated to encourage the participation of Indigenous vendors in OIL.

01. Responsibility of Development Order Process:

Development order process will be without linking to a regular tender. In order to have better management, reporting and smooth development order process, INDEG group with the support of User department and C&P group will process the development orders in centralized manner.

As Development order without linking to regular tender will require independent budget, the Budget provision for Development Order shall be kept centrally with INDEG for Capital and non-stock items. Expenditure will be ultimately booked to the USER DEPARTMENT for field trial testing of items supplied against development order (*Amendment No. II*).

INDEG shall be responsible along with USER DEPARTMENT and C&P group for complete process starting from preparation of Purchase requisition to placement of Development Order including post contract issues, if any etc. As per business process followed by OIL, Purchase requisition for stock items will be raised by INDEG and user department will raise the same for non-stock and capital items after availing budget from INDEG pool fund. In case of shortage of budget with INDEG, if an item is required to be developed by user for operational reasons, the budget available with user can be utilized (*Amendment No. II*).

INDEG shall also be responsible for activities that include co-ordination between vendor & USER Department for (i) Inspection of material (ii) Arrangement of QCC reports (iii) Ensuring earliest field trial by concerned user departments.

User department shall be responsible for activities of receipt of material as per normal procedure and field trial testing along with INDEG Department.

The Development Order Policy (DOP) shall be adopted for all items and spares.

Development Order, for the time being, shall not be undertaken for contracts. The development order for services may be processed as per Para 4.0 below.

02. Inspection Function:

The inspection function is required for:

- a) Inspection of facilities of vendor including workshop, type of machines, capacity, load test of machines & capability of vendor.
- b) To decide composition of any proprietary material (except Oilfield Chemicals) being developed by the vendor (*Amendment No. II*).
- c) Stage inspection of a particular item, being developed first time in India.
- d) As Development order involves lot of checks with regard to facilities of the vendor and also other aspects, which are not normally required in case of a developed source, the responsibility of inspection as per scope in case of development orders will be undertaken by:
 - i. A committee comprising of members from Departments: INDEG, F&A & User Department (except for oil field chemicals). Document verification, if required, may be forwarded to Legal department (*Amendment No. II*).

OR

- ii. Through OIL's enlisted TPI agency which should handhold OIL to enable them to subsequently takeover the job independently (*Amendment No. II*).

For the purpose, fixing of rate for TPI agencies, appointment, and payment of TPI Agencies will be done by OIL (*Amendment No. II*).

03. Development order for Goods:

The list of suitable items for development orders shall be identified by INDEG in consultation with C&P and User Departments.

The list and any review/additions/deletions therein shall be carried out by INDEG along with C&P and User Departments.

List of items for development order may be reviewed periodically as per requirement.

The above list of items for seeking request for placement of development order from probable domestic manufacturers will be published on the OIL website <https://oil-india.com> under heading For Vendor & link Expressions Of Interest. Along with the list of items, INDEG will also upload the process of development order and other details including technical specification for information of the vendors.

The interested vendor(S) (Indian manufacturers only) seeking development order will send their request (categorically indicating the item(s) from such list for which vendor is seeking development order) to Head of INDEG at the e-mail id as designated for this purpose on OIL tenders website along with the supporting document in respect of their existing manufacturing facility, capability to manufacture the item for which they are seeking development order (e.g. details of existing manufacturing facilities, including machinery/equipment, Udyog Adhaar Certificate/Udyam Registration Certificate, GST Registration Certificate, , Manufacturing License, if any etc.).

Request of indigenous manufacturers for development order for any other item may also be considered for examination and development order process.

Besides publishing list of items identified by OIL for placement of development orders, vendors may also suggest the items in use by OIL which they can develop and supply.

Development orders can only be placed on original manufacturer, or any Vendor/Supplier authorized by the original manufacturer with proper warranty/guarantee backup from original manufacturer (*Amendment No. II*).

04. Development Order for Services:

Wherever it is feasible to award a development order for smaller quantities/period and low risk is involved in execution of development order, processing of development order for oil field services shall be allowed. In line with development of vendors for procurement of goods, development of vendors for services (especially those services that are required by various departments and services, which are required in the high tech areas) shall also be done by INDEG in association with C&P group.

The request of indigenous service provider for development order for Oil field services may be considered for examination and development order processes.

The interested vendor(s) (Indigenous Service provider only) seeking development order may send their request to Head of INDEG at the e-mail id indeg@oilindia.in as designated for this purpose along with the supporting document in respect of capability to provide such services for which they are seeking development order (e.g. existing facility, Udyog Adhaar Certificate/Udyam Registration Certificate, GST Registration Certificate etc.).

05. Expression of Interest (EOI)

INDEG in consultation with C&P group may also periodically publish EOI for Development Order in OIL Tender website for wide publicity & will make efforts in identifying the probable vendors through industry insight reports/contacts.

06. Factory/ Facilities inspection:

Subsequent to examining the request of the vendor for development order, OIL after being prima facie satisfied that such domestic vendor (manufacturer/service provider) has basic capability to develop the item/provide the service, inspection of the factory/facilities will be carried as stipulated earlier. In case, factory /facilities inspection has already been carried out by OIL/ONGCL earlier and also, in case the vendor is a regular /established vendor in OIL for some other items, then inspection of factory/facilities again may be waived off, if satisfied by OIL'S INDEG team (*Amendment No. II*).

In case of other than manufacturer's request is considered for development, inspection of factory in such cases shall be considered on case-to-case basis as per the response of the OEM (*Amendment No. II*).

07. Formal Enquiry:

After satisfactory inspection of their factory/facilities and ascertaining their capability to manufacture the item/provide the service, formal enquiry along with OIL tender conditions shall be issued to such vendor seeking their quotation along with following terms and conditions:

- i. **Quantity (and/or Scope of Services):** As deemed necessary by OIL to carry out field trial testing. (To be decided by INDEG in consultation with user department)
- ii. **EMD:** Not required.
- iii. **Rates for order placement:** Rates quoted by the vendor or the rates at which OIL has placed the latest order for the same item/service of same technical specifications / scope of work, whichever is lower.

If any item/service being offered is not exactly the same as that of LPR, contract may be awarded after ascertaining reasonability of rates.

- iv. **Payment (Goods):** 50% payment will be made after receipt of ordered material at user department after satisfactory inspection and balance 50% will be made against the satisfactory performance certificate issued by OIL after field trial testing (Except for some oilfield chemicals, against which payment will be released as per attached Annexure – YY) (*Amendment No. II*).

Payment (Services): On case-to-case basis. INDEG will decide payment terms on milestone basis.

- v. **Delivery / Completion Period:** As quoted by bidder and mutually agreed between bidder and OIL. The extension may be granted by Head of INDEG in consultation with concerned Department. Any extension beyond 6 (Six) months shall only be considered if there are rational/ compelling reasons for the same. If Development order is not executed even after grant of delivery extension, it shall be cancelled after obtaining approval from Head of INDEG.
- vi. **PBG:** Nil (No Performance Bank Guarantee/Security Deposit shall be required.)
- vii. **Liquidated Damages:** Nil (Liquidated Damages shall not be applicable.)
- viii. **Terms and Conditions:** Except otherwise mentioned above, OIL standard terms and conditions shall apply.
- ix. **Inspection (applicable for Goods) and Field Trial Testing:** Quality Assurance Plan shall be developed by vendor (except for oilfield chemicals), covering inspection & field trial testing both. Quality Assurance plan will be approved by INDEG in consultation with Concerned User Department. Inspection to be carried out by a team consisting of representatives of INDEG, USER DEPARTMENT and TPI (if required). Stage-wise inspection, if required, may be done to ensure overall quality control. Inspection authority to be decided at the time of placement of order. After receipt of materials and satisfactory inspection, the user department will carry out field trial testing (except for those chemicals as per Annexure – YY as applicable). The duration of field trial shall be decided by OIL (*Amendment No. II*).
- x. In case of services also, inspection (wherever required) and Field Trial Testing will be carried out in the same manner.
- xi. A development order shall be considered as executed and Head of INDEG shall consider the respective bidder as developed / proven source only after satisfactory inspection and field trial/ successful QA Lab testing (as the case may be as per Clause – 7 (ix) above) and issuance of a certificate (*Amendment No. II*).
- xii. Development order shall be awarded subject to compliance of technical specification/scope of work, tender conditions including General Terms and Conditions.
- xiii. No. of Development order to be placed for trial of a product will be decided by Head of INDEG in consultation with concerned Department.
- xiv. Vendors (bidders) may be informed that mere applying for development order and subsequent successful inspection of factory/facilities by OIL, does not qualify any vendor for any assured development order from OIL.
- xv. Vendors may get their chemical samples tested at OIL labs on free of cost basis before/during development process and also as a part of inspection or sampling/bonding by OIL (if applicable) (*Amendment No. II*).
- xvi. Notwithstanding the above provisions, successful development and or supply to OIL thereof does not guarantee the vendor any assured order(s) from OIL.

08. INDEG will also provide all technical assistance to vendors, wherever required.

09. Priority/initial application of developed products/ services should be in low risk area.

10. In case the bidder has satisfactorily executed development order (i.e., including satisfactory inspection / Lab QA testing / Field Trial Testing) for similar items/services in the past in ONGCL (except oil field chemicals) /OIL, then the bidder does not have to satisfy experience criteria of BEC in OIL provided the specification of item matches to that of OIL. However, depending upon criticality and high-risk operation of an item, OIL will resort to development order first before placement of bulk order even if the same item has been a field proven product in ONGCL. The User department will propose and concerned Functional Director will approve such operationally critical items and incorporate suitable clause accordingly in the PR. However, OIL will reserve the right to change this policy anytime in future (*Amendment No. II*).

11. **Development Order of spares:**

Any vendor (Indian manufacture) who want to develop generalized spares may be given opportunity to develop the generalized spares through development order process. Generalized spares once developed, can be purchased by OIL from the developed source(s).

Such developed vendor will be considered at par with OEM and the provisions applicable for OEM shall apply for Purchase of developed spares directly from such vendor.

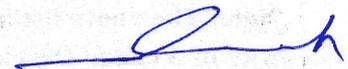
12. **API license/monogram:**

Requirement of API license and/or API monogram is part of Technical Specifications for some items. If domestic vendor (manufacturer) does not have the requisite API license and requests to allow them to develop items without API License/monogram, INDEG in consultation with user Dept. may take a decision to allow the vendor to develop item without API license monogram, except for down-hole equipment, tubulars, critical handling tools and well control equipment etc. Inspection of the items will be done as per API Standards. Due caution and care shall be exercised while allowing the vendor to develop item without API license/monogram. However, while participating in regular tender, such developed vendor should have valid API license as per requirement of the tender.

13. Action like initiating the banning process or putting the vendor on Holiday for regular tenders will not be taken for non- execution of development order, however such vendors will not be considered for any other development order for a period of one year. The list of such vendors shall be maintained by INDEG along with period for which they will not be considered for any other development order.

14. Powers for placement of development order will be as per DOP. For clarity, existing provisions on reporting of nomination cases shall not apply on development order process as this process is meant for development of vendor, which is different from procurement through nomination tender.

15. This Development Order Policy will supersede all earlier Trial / Development Order policy.



(Binita Deka Borah)
General Manager – INDEG (HoD)
For Resident Chief Executive

(Note: Original Policy Ref. INDEG/Admin-01/09/2021 dt. 03/02/2021:

- a. Amendment No. I: Amended on 28/03/2022 as per EC minutes of meeting held on 21/03/2022 to amend Clause No. 10.
- b. Amendment No. II: Amended on 31/08/2023 as per EC minutes of held on 29/08/2023 to amend clauses under 01, 02, 03, 06, 07 and 10).

Sl. no.	Mat. Code	Material Description	First Trial		Second Trial	
			Approval after Field Trial	Approval after QA test in the lab	Approval after Field Trial	Approval after QA test in the lab
1	85055084	OSD: Type II	Applicable	Not applicable	Not applicable	Applicable
2	85055038	OSD: Type I	Applicable	Not applicable	Not applicable	Applicable
3	85055277	Deoiler	-	Applicable	Not applicable	Applicable
4	85054914	Regular Flow Improver	Applicable	Not applicable	Not applicable	Applicable
5	85054560	Scale Inhibitor	Not applicable	Applicable	Not applicable	Not applicable
6	85055619	Bactericide – Type I	Not applicable	Applicable	Not applicable	Not applicable
7	85055621	Bactericide – Type II	Not applicable	Applicable	Not applicable	Not applicable
8	85054920	Liquid Flow Improver (LFI Type I)	Not applicable	Applicable	Not applicable	Applicable
9	85054921	Liquid Flow Improver (LFI Type II)	Not applicable	Applicable	Not applicable	Applicable

Note: The above list is not exhaustive. Any new chemical required field/laboratory trial either by way of Vendor Development or for introduction of new chemical in OIL, may subsequently be added to the above list.

Payment terms:

- 1st order: One-time full (100%) payment only after the material is delivered and all the batch samples drawn from the supplied material passes the QA test in OIL's laboratory in Duliajan. In case Field Trial is applicable for the item, this one-time full payment will be released only after field trial is successfully concluded.
- 2nd Order: One-time full (100%) payment (for all OFCs under the purview of R&D Department) only after the material is delivered and all the batch samples drawn from the supplied material passes the QA test in OIL's laboratory.

