



No.: CHT/ED/06/2672

29.01.2021

**Sub:** Rajya Sabha Unstarred Question No. 277 dated 28.01.2021 to be answered on 03.02.2021 regarding "Import of Components used in Oil and Gas Sector"

**Q (a)** Whether it is a fact that large number of components used in Oil & Gas Sector productions are being imported from various countries leading to loss of lot of foreign exchange, if so details thereof ;

**Reply:** No. Only Proprietary and Original Equipment Manufacturer (OEM) items/components, Specialized items/goods which are technology intensive and critical in nature from operational perspective are being imported in view of non-availability /limited availability of suitable domestic vendors.

As per the recent guidelines from GOI, all the procurement below Rs 200 Cr. is being done from Domestic sources only, except for the items for which no Indian Manufacturer is available. For such items exemption form MoPNG is being sought by Oil & Gas Sector.

The Company-wise details are attached in Annexure-1 in the form of note for supplementary.

**Q (b)** Whether Government is considering to boost the domestic production of a large number of modern components for the use of oil and gas sector under 'Make in India' programme to save foreign exchange and to generate more job opportunity in the country; and

**Q (c)** If so, the details thereof?

**Reply :** Yes. The Government policies on Purchase Preference – Local Content (PP-LC), Micro Small and Medium Enterprises (MSME), Government e Marketplace (GeM), DMI&SP (Domestically Manufactured Iron & Steel Products) and DMEP (Domestically Manufactured Electronic Products) have been adopted by Oil & Gas Sector benefitting domestic vendors in supplying their products.





Organizations under MoP&NG are developing a portal for providing opportunities to domestic manufacturers. The portal will provide the details of past procurement, procurement plan for next five years and fact sheets for major items/equipment/chemicals/ catalysts. EIL is the nodal agency for this initiative. Oil & Gas sector are providing details/ input to EIL from time to time.

The Oil & Gas Companies are organizing interactive sessions with various industries in India for Vendor development.

The Company-wise details are attached in Annexure-2 in the form of note for supplementary.

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## Annexure-1

### Note for Supplementary

#### GAIL

More than 92% of GAIL's procurement of items/ services/ works for pipelines/ plants are sourced from domestic vendors and only less than 8% of specialized items / services / works are sourced from foreign vendors which are very nominal. Details of previous 3 years are given below.

Financial Year	Total value of procurement by GAIL (in Rs./ Crs.)	Procurement from domestic vendors	
		Total value (in Rs./ Cr.)	in %
2018-19	8631	7922	92.00%
2019-20	5097	4788	94.00%
2020-21 (till Dec 2020)	4755	4451	93.61%

#### ONGC

During last two years total procurement of ONGC from Foreign and Indian vendors are as under:

Financial Year	Total Purchase (in Rs. Cr.)	From Indian Vendors (in Rs. Cr.)	From Foreign Vendors (in Rs. Cr.)	% From Indian Vendors	% From Foreign Vendors
2019-2020	13596	11270	2326	83	17
2020-2021 (as on 31 Dec '20)	4134	3680	454	89	11

#### IOCL :

Indian Oil Corporation Limited, imported order value on percentage basis (for purchase of goods) has decreased from 20% in FY 17-18 to less than 16% in FY 19-20. The corresponding figures for the last three Financial Years (FY) are:

FY 17-18: Imported component of Rs. 1633 Cr out of total goods procurement of Rs. 8060 Cr

FY 18-19: Imported component of Rs. 1720 Cr out of total goods procurement of Rs. 8883 Cr

FY 19-20: Imported component of Rs. 1567 Cr out of total goods procurement of Rs. 10074 Cr





Excluding chemicals, catalysts and additives, the imported component is even less and has decreased from 18.4 % in FY 17-18 to 11.9 % in FY 19-20. The corresponding figures for the last three Financial Years (FY) are:

FY 17-18: Imported component of Rs. 1368 Cr out of total goods procurement of Rs. 7442 Cr

FY 18-19: Imported component of Rs. 1238 Cr out of total goods procurement of Rs. 8029 Cr

FY 19-20: Imported component of Rs. 1088. Cr out of total goods procurement of Rs. 9144 Cr

### CPCL

Chennai Petroleum Corporation Limited (CPCL) placed orders in FY 2020-21 for critical components from various countries as furnished below :

MATERIAL DESCRIPTION	COUNTRY ORIGIN	ORDER VALUE	CURRENCY
CATALYST/CHEMICALS/ EQUIPMENT SPARES	FRANCE	29000	EUR
	GERMANY	58035	EUR
	ITALY	9700	EUR
	LUXEMBOURG	71385	EUR
	NETHERLANDS	101704	EUR
	SWITZERLAND	3570	GBP
	AUSTRALIA	15000	USD
	CHINA	769425	USD
	USA	6735528	USD
	UAE	7852	USD

### BPCL

BPCL Mumbai and Kochi Refinery procures majority of items domestically (within India). Only items which are not available in India are procured from foreign countries.

The Import details of BPCL MR and KR for the last year is given below

Year	Value of Procurement, Rs Cr	Value of Imports, Rs Cr	%
Apr 19- Mar20	1604	258	16.1
Apr 20-Dec 20	798	127	15.9

### NRL

The details of imports by Numaligarh Refinery during the period Apr-Dec'20 is tabulated below:

Product	Rs. in Crores
Blend Component for Production of Motor Spirit	39.82
Equipment and components	64.00
<b>Total</b>	<b>103.82</b>





**HPCL :**

The imported component in HPCL Refineries largely consists of OEM spares, catalysts, specialty chemicals & additives and engaging services of process Licensors for which there are no Indigenous vendors.

**MRPL**

Proprietary and Original Equipment Manufacturer (OEM) items/components and critical Proprietary catalysts, where there are no Indian manufacturers, which are required for ensuring uninterrupted operation of the plant are being imported.

Parallely MRPL is regularly engaging with domestic Industry to develop such items, so as to curtail foreign exchange remittance.





## Annexure-2

### Note for Supplementary

#### ONGC

Following initiatives are being undertaken as a part of "Make in India" program:

- ONGC has recently introduced the new Development Order Policy, to promote development of E&P sector equipment in India by domestic industry and to make country self-reliant in E&P equipment.
- Development Orders have already been placed for 14 items. Out of which Six (06) items are already developed. Total annual requirement for these six (06) items is Rs 350 Crores. For the remaining items Development order are under execution / field trial & testing.
- In order to expedite the indigenous development of the vendors, ONGC has also organized 4 webinars with various industries available in India.
- ONGC has shortlisted 25 items in consultation with OIL and EIL for indigenous development for which no manufacturer are available in India. An EOI has been invited for these items. More than 50 Indian vendors have shown their interest and submitted their response against EOI which is under evaluation for placement of development order.

#### IOCL :

Initiatives taken by Indian Oil to boost the domestic production of large number of modern components for the use at its Refineries are given below:

- In accordance with Government stipulations w.r.t Global Tender Enquiry (GTE) beyond Rs. 200 cr, the number of GTE floated in 2020-21 (till 15.01.2021) has come down to 203 tenders from 1486 No. in 2019-20.
- **Domestically Manufactured Iron & Steel Products (DMIS&P)** The Government had notified on 8th May, 2017 and subsequently revised in May, 2019 a Policy for providing preference to domestically manufactured Iron & Steel products in Government procurement (DMI&SP Policy notified by Ministry of Steel). The policy mandates to provide preference to Domestically Manufactured iron & Steel Products (DMI&SP) with a minimum of 15%-50% value addition in Government Procurement. Iron & Steel pipes and fittings ordered on foreign vendors in the period 2014-17 was 0.92% of total procurement value for these items. As a result of implementation of this policy, during the period 2017 – 2020 the import component had reduced to 0.45% of the total procurement value for these items.
- Engineers India Limited (EIL) is spearheading an Oil PSU web portal in which all Oil PSUs are involved. The exhaustive web portal will cover the opportunities in Oil & Gas Sector for Indian Manufacturers & Foreign manufacturers interested in setting up manufacturing base





in India. Following item details shall be uploaded on web portal to facilitate Indian Manufacturers to set up Manufacturing Units in India:

- Brief item description
- Standardized description / specification
- Last 5 years consumption pattern
- Future demand for the next 5 years

Indian Oil is hosting its future procurement plan on its website,

[https://iocl.com/pdfs/Project Procurement Website.pdf](https://iocl.com/pdfs/Project_Procurement_Website.pdf) which can be used by prospective suppliers to plan their manufacturing / develop the required products.

**CPCL:**

- The list of import items are displayed in [www.cpcl.co.in](http://www.cpcl.co.in)
- CPCL has conducted two interactive sessions with vendors in FY 2020-21 to develop the vendors.

**BPCL:**

BPCL Mumbai and Kochi Refinery procures majority of items domestically (within India), and thereby encourages domestic manufacturing of items and components which are used in Oil & Gas sector.



