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Circular No. 30/2016-cum-IMMM Amendment No. 15/2016-cum-BL Amendment No.
01/95 & 03/35

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Sub: Exemption from payment of customs duties on import of specified goods for petroleum operations under nominated blocks (*irrespective of date of issue/renewal of PEL/ML*), Pre-NELP, NELP, MFP and CBM blocks.

Reference is invited to circular No. 16/2016 dated 16.04.2016 wherein administrative guidelines on the subject cited above have been issued.

In accordance with the above guidelines relevant provisions of IMMM and tender/contract conditions for procurement of goods / services against ICB tenders also stand modified as per enclosed **Annexure-1 to 4**. Wherever required similar modifications may be carried out in the tender/contract conditions for charter hire of rigs and LSTK contracts.

Above guidelines should be meticulously followed by all concerned.

(Ashwini Nagia)
ED-Chief MM Services

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3. CVO, ONGC, Jeevan Bharti Building, New Delhi.

Annexure-1**Statement showing existing vis-à-vis modified provisions of Integrated MM Manual.**

Clause No.	Existing Provisions	Modified provisions	Remarks
5.2.1-k	Material required for petroleum operation in <u>PEL/ML area whose license were issued or renewed after 01.04.1999</u> or NELP block and the material required for any other areas may be indicated separately in tender document.	Material required for petroleum operations in PEL/ML in nominated blocks or NELP/other eligible blocks and the material required for any other areas may be indicated separately in tender document.	Underlined portion deleted/modified
16.13.1.1	The purchase of specified goods from domestic supplier/manufacturer for petroleum operations in the <u>area where PEL/ML is issued on or after 01.04.1999</u> or for NELP Block under the procedure of ICB is covered under deemed export under <u>para 8.2(f) of Foreign Trade Policy (FTP) in vogue</u> . Accordingly, the supplier is eligible for exemptions from payment of excise duty under Sl. No. 336 of Central Excise NN 12/2012-CE dated 17th March 2012 subject to condition that ONGC should provide Recommendatory letter to DGH for issuing certificate that goods are essential for petroleum operation.	The purchase of specified goods from domestic supplier/manufacturer for petroleum operations in PEL/ML in nominated blocks or NELP/other eligible blocks under the procedure of ICB is covered under deemed export at para 7.02(f) read with para 7.03 under Foreign Trade Policy (FTP 2015-20) in vogue. Accordingly, the supplier is eligible for exemptions from payment of excise duty under Sl. No. 336 of Central Excise NN <u>12/2012-CE dated 17th March 2012 (as amended)</u> and other deemed export benefits available, subject to condition that ONGC should provide Recommendatory letter to DGH for issuing certificate that goods are essential for petroleum operation.	Underlined portion deleted/modified
16.13.4.1	As per sl No. <u>356, 358, & 359</u> of Custom Notification No. (NN) 12/2012-Cus dated 17th March 2012, import of specified goods (<u>List 13 of notification 12/2012</u>) required for petroleum operation in the area where Petroleum Exploration License (PEL)/Mining lease (ML) issued <u>or renewed after 01.04.1999</u> or NELP block are exempted from custom duty. Each work center shall ensure that materials procured against Essentiality Certificate are	As per sl No. <u>357A</u> of Custom Notification No. 12/2012-Customs dated 17.03.2012 (<u>as amended by N/N 12/2016-Cus dated 01.03.2016</u>), import of specified goods (List 34) required for petroleum operation in PEL/ML in nominated blocks or NELP/other eligible blocks are exempted from custom duty. Each work center shall ensure that materials procured against Essentiality	Underlined portion deleted in existing and modified in proposed.

Clause No.	Existing Provisions	Modified provisions	Remarks
	not used for the purpose other than exploration purposes /petroleum operations under eligible PEL/ML and NELP block.	Certificate are not used for the purpose other than petroleum operations under nominated or NELP / other eligible blocks.	
16.13.4.2	In case of procurement of Goods for exploration or exploitation activity in offshore where PEL/ML were issued prior to 01 st April 1999 and custom duty exemption is not available and if such goods are manufactured in custom bonded area (section 65 of Custom Act), import of raw material for manufacturing of such goods is exempted from Custom duty under Sl. No. 357 of Custom NN 12/2012-Cus subject to submission of essentiality certificate from DGH. (ONGC needs to confirm in each case).	<u>As per Sl. No. 357 of Custom NN 12/2012-Cus (as amended), the import of parts and raw materials for manufacture of Goods under Customs Bond (section 65 of Customs Act) to be supplied in connection with the purposes of offshore oil exploration or exploitation is exempted from payment of customs duty, subject to submission of essentiality certificate from DGH.</u>	Underlined portion modified
16.13.4.3	In case procurement is for PEL/ML area where license were issued prior to 01 st April 1999 (Custom duty exemption not available) and ONGC provides EPCG License, import of raw material shall be exempted from Custom duty on the strength of Advance License under Deemed Export. However specific confirmation from ONGC is required in each case for providing EPCG License.	Deleted	Not relevant now.
16.13.4.5	Notwithstanding what is stated above, the bidders should also consider the position in regard to import of goods as specified in list <u>No. 13</u> of above notification against zero Customs Duty. ONGC is not liable in whatsoever manner, for the rejection of their claims for zero Customs Duty by any of the authorities including the DGH.	Notwithstanding what is stated above, the bidders should also consider the position in regard to import of goods as specified in list <u>No. 34</u> of above notification against zero Customs Duty. ONGC is not liable in whatsoever manner, for the rejection of their claims for zero Customs Duty by any of the authorities including the DGH.	Underlined portion modified
16.13.4.8 (iii) 2 nd	In view of above clarification, Govt has allowed transfer of goods imported without payment of	In view of above clarification, Govt has allowed transfer of imported goods from one	Underlined portion added

Clause No.	Existing Provisions	Modified provisions	Remarks
paragraph	custom duty under Sl. No 356/358/359 of Notification 12/2012-Cus for petroleum operation from one eligible PEL/ML to another or from One Licensee/ contractor of Licensee to another subject to production of the above documents. In this case, the contractor needs to provide copy of the above documents and also NOC/ undertaking given by ONGC at the time of import duly released by custom to ONGC as a proof of compliance	eligible blocks to another without payment of custom duty under para (d) of Condition No 40A of Sl. No 357A of Notification 12/2012-Cus (<u>as amended vide N/N 12/2016-Customs dated 01.03.2016</u>) for petroleum operation. In this case, the contractor needs to provide documents as specified under para (d) of Condition 40A to the jurisdictional Customs before such transfer where there is change in Licensee or Contractor. Further, Contractor should get the undertaking given by ONGC at the time of initial import duly released from customs and submit to ONGC as a proof of compliance.	
28.1.2	Estimated annual off-take shall need to be indicated in the Invitation to Bid and tender document so as to enable the bidders to get an idea of the volume of expected business at the time of bidding. Estimated initial order quantity, separately for PEL/ML areas and <u>non-PEL/ML areas</u> , shall also be indicated in the tender documents.	Estimated annual off-take shall need to be indicated in the Invitation to Bid and tender document so as to enable the bidders to get an idea of the volume of expected business at the time of bidding. Estimated initial order quantity, separately for <u>nominated blocks or NELP/ other eligible Blocks for petroleum operation</u> , shall also be indicated in the tender documents.	Underlined portion modified/deleted
29.1.1	The procurement of specified goods under Sl.No. 356, 358, 359 of N/N 12/2012-Cus, on payment of Zero Customs duty for PEL/ ML areas can also be availed for the goods which are not imported directly by ONGC but through an Indian Supplier on High Sea sales basis who imports the goods from his Foreign Suppliers provided statutory government guidelines are followed (i.e. condition of customs notification and procedure of High Sea Sale). In High	The procurement of specified goods under <u>Sl.No. 357A of N/N 12/2012-Customs dated 17.03.2012 (as amended by N/N 12/2016-Cus dated 01.03.2016)</u> , on payment of Zero Customs duty for petroleum operation can also be availed for the goods which are not imported directly by ONGC but through an Indian Supplier on High Sea sales basis who imports the goods from his Foreign	Underlined portion modified

Clause No.	Existing Provisions	Modified provisions	Remarks
	Sea sales transactions, the title of goods passes on to ONGC before the goods cross the Indian Customs barrier. The Bill of Lading / Airway Bill are endorsed in the name of ONGC by the Indian Supplier and Bill of Entry is filed in Customs in the name of ONGC.	Suppliers provided statutory government guidelines are followed (i.e. condition of customs notification and procedure of High Sea Sale). In High Sea sales transactions, the title of goods passes on to ONGC before the goods cross the Indian Customs barrier. The Bill of Lading / Airway Bill are endorsed in the name of ONGC by the Indian Supplier and Bill of Entry is filed in Customs in the name of ONGC.	

Annexure-2**Statement showing existing vis-à-vis modified provisions of Standard Booklet No. ONGC/MM/01 for procurement of goods against ICB tenders**

Clause No.	Existing Provisions	Modified Provisions.	Remarks
14.0 of Annexure-1	CONCESSIONAL RATE OF CUSTOMS DUTY/EXCISE DUTY/ SALES TAX	CONCESSIONAL RATE OF CUSTOMS DUTY/EXCISE DUTY/ SALES TAX	No change
14.1	In terms of Notification <u>No.21/2002-cus dated 01.03.2002</u> (as amended from time to time), imports of the items specified in <u>List 12</u> of the Notification are fully exempted from payment of Customs Duty subject to conditions specified therein. However, this is subject to change as per government guideline and the provisions ruling at the time of bid (price bid in case of 2 bid system) opening will be applicable.	In terms of Notification No. <u>12/2012-Customs dated 17.03.2012</u> , (as amended from time to time), imports of the items specified in <u>List 34</u> of the Notification are fully exempted from payment of Customs Duty subject to conditions specified therein. However, this is subject to change as per government guideline and the provisions ruling at the time of bid (price bid in case of 2 bid system) opening will be applicable.	Underlined portion modified
14.3	Also in terms of Notification No. <u>21/2002-cus dated 01.03.2002</u> (as amended from time to time), imports of raw materials and components, falling under First Schedule to the Customs Tariff Act, 1975 for manufacturing in bond of goods for supplies to offshore oil exploration and offshore oil exploitation, are exempted from payment of whole of the duty of customs leviable thereon. However, this is subject to change as per government guideline and the provisions ruling at the time of opening of bid (price bid in case of 2 bid system) will be applicable.	Also in terms of SI No 357 of Notification No. <u>12/2012-Customs dated 17.03.2012</u> , (as amended from time to time), imports of parts and raw materials , falling under First Schedule to the Customs Tariff Act, 1975 for manufacturing of goods under Customs bond for supplies to offshore oil exploration and offshore oil exploitation, are exempted from payment of whole of the duty of customs leviable thereon. However, this is subject to change as per government guideline and the provisions ruling at the time of opening of bid (price bid in case of 2 bid system) will be applicable.	Underlined portion modified
36 of Annexure-1	DEEMED EXPORT BENEFITS	DEEMED EXPORT BENEFITS	No change

Clause No.	Existing Provisions	Modified Provisions.	Remarks
36.1.1 of Annexure-1	The supply order is placed under Deemed Export Benefits Scheme [Para 10.2(f) and 7.3 (c)] proclaimed by the Govt. as on this date. However, ONGC will not accept any liability on this account for any changes in the policy during the execution of supply order / contract.	The supply order is placed under Deemed Export Benefits Scheme proclaimed by the Govt. at para 7.02(f) read with Para 7.03 of FTP-2015-20. However, ONGC will not accept any liability on this account for any changes in the policy during the execution of supply order / contract.	Underlined portion deleted

Annexure-3

Statement showing existing vis-à-vis modified provisions of Standard conditions for Service Contracts.

Cla use No.	Existing Provisions	Modified Provisions	
13.0 at Annex-I	CONCESSIONAL RATE OF CUSTOMS DUTY/EXCISE DUTY/ SALES TAX	CONCESSIONAL RATE OF CUSTOMS DUTY/EXCISE DUTY/ SALES TAX	No Change
13.1 at Annex-I	<p>(a) In terms of notification <u>No. 21 dated 1.3.2002</u>, goods specified in <u>list 12</u> imported in connection with Petroleum operations will attract zero Custom Duty. ONGC is in possession of valid PEL for the areas in which the work is to be executed. Hence, ONGC will issue recommendatory letter as per Government guidelines for issuance of Essentiality Certificate from Director General of Hydrocarbon (DGH), Ministry of P&NG so as to enable the contractor to import goods against zero Custom Duty provided these are specified in the <u>list 12</u> of said Customs notification.</p> <p>All imports and import clearance under the contract shall be done by the bidder and ONGC will not provide any assistance in this regard.</p> <p>Notwithstanding what is stated above, the bidders should also consider the position in regard to import of goods as specified in <u>list No. 12</u> of above notification against zero Customs Duty. ONGC is not liable in whatsoever manner, for the rejection of their claims for zero Customs Duty by any of the authorities including the DGH.</p>	<p>(a) In terms of SI No 357A of notification <u>No. 12/2012-Customs dated 17.03.2012 (as amended by N/N 12/2016-Cus dated 01.03.2016)</u>, goods specified in <u>list 34</u> imported in connection with Petroleum operations will attract zero Custom Duty, for which, ONGC is eligible for its nominated blocks or NELP/other eligible blocks. Hence, ONGC will issue recommendatory letter as per Government guidelines for issuance of Essentiality Certificate from Director General of Hydrocarbon (DGH), Ministry of P&NG so as to enable the contractor to import goods against zero Custom Duty provided these are specified in the <u>list 34</u> of said Customs notification.</p> <p>All imports and import clearance under the contract shall be done by the bidder and ONGC will not provide any assistance in this regard.</p> <p>Notwithstanding what is stated above, the bidders should also consider the position in regard to import of goods as specified in <u>list No. 34</u> of above notification against zero Customs Duty. ONGC is not liable in whatsoever manner, for the rejection of their claims for zero Customs Duty by any of the authorities including the DGH.</p>	Underlined portion modified/deleted

Clause No.	Existing Provisions	Modified Provisions	
	<p>Note: The recommendatory letter will be given <i>only</i> for those items which are either consumed during the execution of work or <i>for those equipment/tools</i> which are <i>undertaken to be re-exported</i> by the bidder. The recommendatory letter will not be issued when the bidder imports the equipment/tools on acquisition basis and does not <i>undertake to re-export</i> the same after the completion of the contract.</p>	<p>Note: The recommendatory letter will be given <i>only</i> for those items which are either consumed during the execution of work or <i>for those equipment/tools</i> which are <i>undertaken to be re-exported</i> by the bidder. The recommendatory letter will not be issued when the bidder imports the equipment/tools on acquisition basis and does not <i>undertake to re-export</i> the same after the completion of the contract.</p>	
8.4 at Annex-II & 15.6 of Model contract of Rigs.	<p>CUSTOMS DUTY: - (applicable for Charter hire services using CONTRACTOR's capital equipment like rigs/equipments/tools etc and for PEL/ML <u>areas issued or renewed after 1.4.1999</u> and NELP areas, where Customs duty is not payable as per the policy of Govt. of India in vogue).</p>	<p>CUSTOMS DUTY: - (applicable for Charter hire services using CONTRACTOR's capital equipment like rigs/equipments/tools etc and for petroleum operation under nominated blocks or NELP/ other eligible blocks, where Customs duty is not payable as per the policy of Govt. of India in vogue).</p>	Underlined portion deleted/modified
	<p>CUSTOMS DUTY: - (applicable for Charter hire services using Contractor's capital equipment like rigs/equipments/tools etc. and for non-PEL/ML areas where Customs Duty is payable).</p>	No Change	

Annexure-4

Statement showing existing vis-à-vis modified provisions of Standard BEC for procurement of goods against ICB tenders.

Clause No.	Existing Provisions	Modified Provision	Remarks
C.3	Deemed Exports Benefits As per Export-Import Policy in vogue, <u>read with Public Notice NO. 2(FT)/DEA2000 dated 29/8/2000 issued by Department of Economic Affairs, Ministry of Finance,</u> supplies to ONGC shall be entitled for Deemed Export Benefits for PEL/ML areas, <u>issued or renewed after 1.4.99 provided the tendered and offered items are covered in the list 19 of Notification No: 17/2001-Customs dated 1-3-2001 as amended from time to time.</u>	Deemed Exports Benefits Supplies to ONGC shall be entitled for Deemed Export Benefits as per para 7.02(f) read with para 7.03 of <u>FTP 2015-20</u> for petroleum operation, provided the tendered and offered items are covered in the list 34 of Notification <u>No. 12/2012-Customs dated 17.03.2012 (as amended from time to time).</u>	Under lined portion deleted / modified.