



PMC Cell – MM

# Oil and Natural Gas Corporation Ltd Corporate Materials Management

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Circular No. 34/2015

No: MAT/PMC/13(29)16/2015

Dated: 28.08.2015

**Sub: Mobilization Advance and preparation of cost estimates.**

Following lapses in processing of tenders have been noticed by the investigating agency (ies):

- (i) In a case pertaining to hiring of Drilling Fluid Services for Onshore involving induction of work over and new technology, unrealistic cost estimates were prepared, which resulted in complications at the evaluation stage.

In this context, various instructions issued from time to time on preparation of realistic estimates may be referred. These guidelines have now been incorporated under para 4 of the Integrated MM Manual, wherein provisions on estimation of costs have been detailed. Further, vide letter No. MSGF/ND/390/2015 dated 09.06.2015 (copy enclosed), additional guidelines detailing procedure/methodology for preparation of cost estimates have also been issued by OSD (Finance). All concerned must ensure to comply with these guidelines while preparing cost estimates.

- (ii) In another case involving Mobilization Advance to the contractor, instruction issued by CVC on Mobilization Advance to contractor against submission of Bank Guarantee have not been complied with by one of the work centers.

In this regard, reference of all concerned is invited to circular No. 13/2011 dated 04.04.2011 (which has been retained on mm website under link "List of Circulars valid for reference issued prior to 31.01.2015"), wherein CVC's guidelines on Mobilization Advance to contractor against submission of Bank Guarantee have notified for compliance by all concerned, wherever applicable.

It is re-iterated that wherever applicable, aforesaid CVC instruction on Mobilization Advance to bidder, should be strictly complied with.

Above guidelines should be meticulously followed by all concerned.

*C.R. Mohanty*  
28/08/15

(C.R.Mohanty)

ED-Chief MM Services

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



7. If the market trends have shown abnormality, the cost estimate may be reviewed before the due date of bid submission by the team which prepared the initial estimate and revised only if necessary. The revised cost estimate will need to be approved by the concerned competent authority with full justification.
8. In case of civil/electrical jobs, the latest applicable Schedule of Rates (SOR) is to be referred for preparation of cost estimates.
9. If there are any additional expenses, those expenses should also be included in the cost estimates. Additional/ incidental costs include:
  - a) Handling charges;
  - b) Delivery costs;
  - c) Taxes and duties;
  - d) Freight
  - e) Overheads etc.
10. Cost estimates prepared by the Indentor/ MDT/ Category Manager should be vetted by the Finance Officer at appropriate level before sanction.
11. Above guidelines may be followed meticulously in all future cases.

  
(A.K. Srinivasan) 9/6/15  
OSD(Finance)

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