



PMC Cell – MM

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Circular No. 54/2020

No: MAT/PMC/13(219)/2020

Dated: 19.11.2020

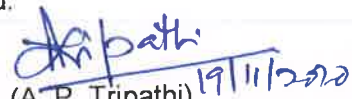
Sub: Category Management Policy

Reference is invited to various provisions of IMM Manual, wherein concept of Category Management along with roles and responsibilities of Category Management Team have been stipulated.

Further, vide PMC Circular 31/2015 dated 18.07.2015, methodology for implementation of Category Management concept in ONGC was issued. Subsequently, guidelines were also issued vide PMC Circular 34/2020 dated 13.08.2020.

EPC in its meeting (14/2020) held on 21.10.2020 reviewed the above methodology for implementation of Category Management policy. In accordance with the decision of EPC in the aforesaid meeting, methodology issued vide PMC Circular 31/2015 stands modified as per enclosed Annexure-1.

Above guidelines should be meticulously followed by all concerned.


(A. P. Tripathi) 19/11/2020

ED-Chief MM Services

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Statement showing existing vis-à-vis modified provision of methodology for implementation of Category Management policy

Para No.	Existing Provisions as per PMC Circular 31/2015	Modified Provisions	Remarks
(i)	<p><u>To start with</u>, Category Management concept shall be adopted for the following category of items, <u>for which category Managers have already been identified</u>:</p> <p>a)Hiring of Rigs b)Hiring of Work Over Rigs c)Hiring Of Vessel d)EPC/LSTK e)Tubular Goods f)Drill bits g)Logging Services</p>	<p>Category Management concept shall be adopted for the following category of items/services:</p> <p>(a) <u>Hiring of Rigs-Offshore.</u> (b) <u>Hiring of Drilling Rigs-Onshore.</u> (c) <u>Hiring of Work-over Rigs-Onshore</u> (d) Hiring of Vessels (e) <u>EPC/LSTK- Western Offshore Projects- Offshore Engineering Services.</u> (f) <u>EPC/LSTK-Onshore Engineering Services.</u> (g) <u>EPC/LSTK-Eastern Offshore Asset</u> (h) Tubular Goods (i) Drill bits (j) <u>Wireline Logging Services</u></p> <p><u>Concerned Director shall have full power to create new Categories and modify the existing Categories.</u></p> <p><u>There shall be a single Category Manager for each category of item / service. The Category Manager shall not be from the tender processing team. He will be like a domain expert/consultant to the tender processing team. Category Manager shall report to the concerned Key Executive for this purpose. Besides being a Category Manager, he will be</u></p>	Provision modified.

Para No.	Existing Provisions as per PMC Circular 31/2015	Modified Provisions	Remarks
		<p><u>closely involved in various pre-NIT activities such as cost estimation, formulation of scope of work and technical specification, Technical BEC, Special Conditions of Contracts and Price Format. Further, if required, TC may seek inputs from Category Manager for establishing the reasonability of rates.</u></p> <p><u>Any changes in the Category Manager will be effected by the concerned work centre with approval of concerned Director.</u></p>	
(ii)	The Category Managers shall either be Domain Experts for the respective category having good exposure to procurement activities or commercial (MM or Finance) experts having reasonable technical knowledge of the respective category.	The Category Managers shall either be Domain Experts for the respective category having good exposure to procurement activities or commercial (MM) experts having reasonable technical knowledge of the respective category. <u>As far as possible Category Manager should be from MM department.</u>	Provision Modified.
(iii)	The Category Managers shall continue to be posted at their present locations for functioning as Category Manager, <u>and shall perform the functions of Category Management exclusively without any other assignment so that they are able to devote full time on this job for making this concept successful in ONGC.</u> Their performance as Category Manager shall be reported as a separate key performance indicator in their Appraisal Report.	The Category Managers shall continue to be posted at their present locations for functioning as Category Manager. Their performance as Category Manager shall be reported as a separate key performance indicator in their Appraisal Report.	Underlined portion in existing provisions deleted.
(iv)	The Category Managers shall keep themselves updated on all aspects of their category such as	<u>The Category Managers shall keep themselves updated on all aspects of their category and carry out following functionalities:</u>	Provision modified.

Para No.	Existing Provisions	Modified Provisions	Remarks
	<ul style="list-style-type: none"> b. Market trends c. Activities of other international users of the same category item d. Potential vendors/ contractors, major jobs being executed by them, terms and conditions e. Concerns of the vendors/ contractors f. Feedback on the performance of these vendors/ contractors from other companies as well as within ONGC 	<ul style="list-style-type: none"> (a) <u>Suggest induction of latest technology/ variants/ models after study & analysis of market trend of national/international user/buyer.</u> (b) <u>Find out potential & quality vendors/ contractors based on their performance in jobs executed by them.</u> (c) <u>Formulate procurement strategy & address the major concerns of the potential vendors to encourage their participation in the tendering process.</u> (d) <u>Collect feedback on the performance of these vendors/ contractors from other companies as well as within ONGC.</u> 	
(v)	For keeping themselves updated, the Category Managers shall use publicly available information through interned newspapers/ journals etc, and also meet the vendors/contractors or other user companies by participating in seminars/ exhibitions as well as through direct interaction. Each Category Manager must participate in at least two such interactions every year.	For keeping themselves updated, the Category Managers shall use publicly available information through interned newspapers/journals etc., and also meet the vendors/contractors or other user companies by participating in seminars/ exhibitions as well as through direct interaction. Each Category Manager must participate in at least two such interactions every year.	No Change.
(vi)	Category Manager may also identify suitable specialized trainings for himself or other Category Managers.	Category Manager may also identify suitable specialized trainings for himself or other Category Managers.	No Change.
(vii)	<p>The Category Manager shall develop item specific systems for:</p> <ul style="list-style-type: none"> a. Vendor Registration/ <u>Empanelment</u> b. Vendor Rating c. QCBS d. Lifecycle costing 	<p>The Category Manager shall develop item specific systems for:</p> <ul style="list-style-type: none"> a. Vendor Empanelment b. Vendor Rating c. QCBS d. Lifecycle costing 	Underlined portion in the existing provision deleted.

Para No.	Existing Provisions	Modified Provisions	Remarks
	<p>All the above systems may not be necessary or even suitable for all the items. Category Manager shall have to take a decision on which of these systems need to be developed and followed. <u>Further all Category Managers are advised to develop a preliminary proposal for implementation of these systems within the next one month.</u></p>	<p>All the above systems may not be necessary or even suitable for all the items. Category Manager shall decide on which of these systems need to be developed and followed.</p>	
(viii)	<p>As soon as the need for procurement of an item falling under the aforementioned categorized items is felt, the user department shall convey full details to the Category Manager. The Category Manager, based on his expertise, would give his opinion on</p> <ul style="list-style-type: none"> a. Procurement Strategy viz. Through open/limited tender/ nomination/Board Purchase b. Suitable vendors/contractors c. Major concerns of the vendors for which suitable provisions can be included in the tender documents to ensure healthy competition d. Ways to ward off undesirable vendors/contractors e. Specifications which may not be easily available or better options which may be available f. Suitable timing for entering the market g. Reasonable delivery/completion schedules h. Indication of price. <p>It is acknowledged that the Category Managers will take time to reach a level of competence</p>	Deleted.	Deleted.

Para No.	Existing Provisions	Modified Provisions	Remarks
	where they may be able to effectively give specialist advice on all these matters, but the process shall be put in place with immediate effect so that competence is gained through actual hands on work.		
(ix)	The Category Managers shall also develop a knowledge management system under which records of the following shall be maintained in a catalogued form: a. Record notes of all meetings with other companies/ vendors/ contractors b. Brochures/catalogues of various companies c. Reports/papers presented in seminars/symposiums or published in journals d. Recommendations given by the Category Manager in any case along with detailed reasons/background.	The Category Managers shall also develop a knowledge management system under which records of the following shall be maintained in a catalogued form: a. Record notes of all meetings with other companies/ vendors/ contractors b. Brochures/catalogues of various companies c. Reports/papers presented in seminars/symposiums or published in journals d. Recommendations given by the Category Manager in any case along with detailed reasons/background.	No Change.
(x)	Category Manager shall be part of Tender Committee for their respective category (ies) right from the stage of formulation of BEC and till finalization of the tender.	Deleted.	Deleted.
(xi)	At least two new persons shall be identified every year to be groomed as Category Manager.	<u>Concerned Key Executive shall undertake succession planning of Category Manager in advance.</u>	Provision modified.
(xii)	After completion of 6 months, PMC Cell shall prepare a report on implementation of Category Management concept, lessons learnt, new items to be included in Category Management concept and the way forward in Category Management	Deleted.	Deleted.

Para No.	Existing Provisions	Modified Provisions	Remarks
	concept including feedback from Category Managers and present the same to EC in Jan-2016.		
	Above guidelines comes into force with immediate effect and shall be meticulously followed by all concerned. To the extent of any difference between the provisions of these guidelines vis-a-vis provisions of Integrated MM provisions under these guidelines shall prevail till further orders.	Above guidelines comes into force with immediate effect and shall be meticulously followed by all concerned. To the extent of any difference between the provisions of these guidelines vis-a-vis provisions of Integrated MM provisions under these guidelines shall prevail till further orders.	No Change.