



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd

Corporate Materials Management

2<sup>nd</sup> Floor, Tower-A, Deendayal Urja Bhawan,  
5, Nelson Mandela Marg, Vasant Kunj, New Delhi -110 070  
Tel – (011)26752004 Fax – (011) 26129091

Circular No. 25/2019

No: MAT/PMC/13(12)/2019

Dated: 24.10.2019

**Sub: Incorporating Customs Duty/ IGST, Delivery Cost and uploading of documents in ICE PO/Contract**

It has been brought to the notice that Customs Duty/ IGST and delivery costs are not being entered by work centres in Purchase Orders leading to incorrect valuation of inventory. The non-receipt of complete PO in T&S office in advance, has also been reported. The same is required so that proper scrutiny for preparation of Bill of Entry can be done by T&S. In this regard O.M. no. DLH/ED-CCF/2019-20 dated 14.05.2019 of ED-CCF (copy enclosed), addressed to all KEs, I/c MMs and Heads of T&S offices may be referred.

In view of above, all concerned should invariably incorporate all components including Customs Duty/IGST and Delivery cost in POs in following type of cases:

- Import of specified goods (list of goods annexed with N/N 50/2017-Cus) required for petroleum operations which attracts concessional rate of Customs Duty (BCD-Nil, IGST-5%) on production of EC issued by DGH.
- Import of non-specified goods for which merit rate of Customs Duty (BCD+IGST) is applicable.

Suitable Tax code for applicable IGST should be invariably entered under Invoice Tab for each line item in import POs.

All concerned are also advised to invariably upload the scanned copies of NOA, PO, Contract Agreement alongwith Technical Specifications, Drawings, Quality Plan, General Terms and Conditions (GCC), Special Terms and Conditions, as applicable under the "Document" Tab of Purchase Order/Contract Outline Agreement in ICE. Subsequent amendments thereto (if any) shall also be uploaded. After Placement of Order / issuance of amendment, the concerned authorities as indicated in IMMM para 20.1.1 should be informed immediately through e-mail preferably with a scanned copy of complete PO/amendment.

Above guidelines should be meticulously followed by all concerned.

  
(Neeraj Kumar)

CGM (MM)- Head PMC  
Officiating ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'reports.ongc.co.in').

All concerned may download the circular from the site. Hard copies are not distributed separately.

Copy by e-mail to:

- EO to CMD, ONGC, New Delhi.
- CEA to Director (T&FS) / Director (Offshore) / Director (HR) / Director (Exploration)/Director (Onshore) / Director (Finance), ONGC, New Delhi.
- CVO, ONGC, New Delhi.



OIL AND NATURAL GAS CORPORATION LIMITED  
OFFICE OF ED-CHIEF CORPORATE FINANCE  
3rd Floor, Tower-A, Deendayal Urja Bhawan  
Plot 5A & 5B, Nelson Mandela Marg, Vasant Kunj,  
New Delhi-110070  
Phone : 91-11-2675 3016/ 2612 9087

No: DLH/ED-CCF/2019-20

Dated: 14.05.2019

From: ED-Chief Corporate Finance, ONGC, New Delhi

To: All Key Execulives/In charge (Finance)/In charge MM of Work Centre  
Head T&S Mumbal, Kolkata & Chennai

CC: ED-Chief MM  
HEAD-ICE  
CEA to Director (Finance)

**Sub: Improper LIV of Delivery Cost**

1. It has come to the notice that the relevant condition type for Custom Duty/IGST payments has not been entered in number of Purchase orders and T&S Finance has been making payment of Customs duty/IGST from the any other delivery cost line item such as freight to ascertain timely payment of custom duties for Imported consignments.

To avoid such situations in future, T&S Finance as well as associate Finance at work centre should review the PO conditions with respect to availability/correct percentage of all delivery cost line items i.e. Customs duty/IGST, Port charges, Overseas freight, Inland Freight and Insurance charges etc. and take up the matter with PO placing authority for making necessary correction in the PO.

2. Further, it has also been observed that in some instances, the T&S Finance has done LIVs for delivery costs like Customs/IGST/Port charges/Inland Freight/Overseas freight and Insurance charges etc. by selecting any single element of delivery cost of the Purchase Order (PO). Further, T&S Finance selects only one/two line items of PO for booking the entire delivery cost, even if the PO has multiple line items. This improper LIV booking results in wrong valuation of inventory/CIOS, as variation between actual delivery cost and estimated delivery cost (mentioned in PO condition) is not properly distributed among all the material line items of the Purchase order. Moreover, various delivery cost clearing line items in the GL remain un-cleared.

T&S Finance should make proper LIVs by selecting appropriate delivery cost conditions and ensure that all the relevant line items in the PO are used so that the delivery cost expenditure is booked proportionately to the inventory and no line item remains un-cleared.

Contd.

3. To dissuade the above practice and for proper valuation of inventory, a validation in SAP through a system check will be introduced, whereby the user will not be allowed to enter amount greater than what is available against the relevant PO line item of delivery cost. This check is scheduled to be introduced w.e.f. 01/06/2019.

All the WorkCentre finance/T&S finance are advised to go through the open Purchase Orders of their respective units and ensure that all the elements of delivery cost are available in the Purchase Order. Further, the delivery cost clearing accounts in the GLs be cleared wherever GRV has been made and all delivery cost payments against the PO has been done by T&S Finance.

  
(Pomila Jaspal) 14/5/19.

ED-CCF