



PMC Cell – MM

Oil and Natural Gas Corporation Ltd

Corporate Materials Management

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Circular No. 42/2021

No: DLI/CORP-MM/POLICY/2021/EC/868846

Dated: 17.12.2021

Sub: Extension of modified Budget/Sanction provision introduced for centralized procurement of Casing Pipe and Tubing at Corporate level, to other items being procured by Corporate MM.

Reference is invited to Circular no. 44/2018 dated 10.08.2018, wherein inter-alia guidelines were issued regarding Budget/Sanction provision at Corporate Level for Centralized Procurement of Casing Pipes and Tubings (Copy attached for ready reference).

EC, in its 562nd meeting held on 22.11.2021, accorded approval for extension of the modified Budget/Sanction provision introduced for centralized procurement of Casing Pipe and Tubing at Corporate level, to other items being procured centrally by Corporate MM. The consolidated list of 33 items including Casing & Tubing is as enumerated below along with the process as under:

S. No.	Item Description
1.	Drill pipes of all grades & sizes
2.	Heavy weight drill pipes of all grades & sizes
3.	Casing pipes of all grades & sizes and Production Tubing of all sizes
4.	Drill collars of all sizes
5.	Line pipes of all grades & sizes
6.	Liner Hanger
7.	Floating Equipment
8.	Oil Well Cement
9.	Conventional Drill Bit
10.	Stabilizers
11.	Drilling Hoses of all rating and sizes
12.	Kelly all types
13.	Resinated Lignite
14.	CLS
15.	Chrome Lignite
16.	Spotting fluid

17.	EP Lube
18.	Sulphonated asphalt
19.	Drilling detergent
20.	Pre Gelatinised Starch (PGS)
21.	Micronized Calcium Carbonate (MCC)
22.	Limestone powder
23.	Clay Hydration Suppressant/ Polyamine
24.	Chrome Free Deffloculent
25.	KCL
26.	CMC
27.	Bentonite
28.	Barytes
29.	XC Polymers
30.	PAC (LV&RG)
31.	PHPA
32.	NIFA
33.	Gas Lift Valves & Mandrels

Further, in addition to process/guidelines issued vide PMC Circular 44/2018 dated 10.08.2018 for Casing Pipe and Tubing, following provisions w.r.t. Budget/sanction provision shall also be followed:

- i) An additional element "Other Stores & Spares – Centralised procurement" in related Activity Template in BPC of the respective work-centres will be created for additional 32 items. After which, the total fund required for Stores & Spares will be bifurcated under two elements i.e. "Other Stores & Spares – Decentralised procurement" & "Other Stores & Spares – Centralised procurement" at respective work centre level. The budget required for additional 32 items will be kept in newly created template i.e. "Other Stores & Spares – Centralised procurement" of respective work centres.

Like casing & tubing budget, Corporate MM will also communicate the total fund requirement for additional 32 items to Corporate Budget Section so that difference between consumption and procurement, if any, may be accounted for in the budget cycle.

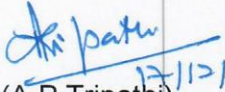
- ii) In order to have adequate budget provision for spill over cases (on account of delay in tenders/delay in delivery) to next year and cases where discovered price is more than PR price resulting into overall shortage of fund in the current year, fund utilization status and future requirement shall be reviewed periodically by P&E Section in consultation with CFSG and accordingly shall be informed to Corp Budget Section on six monthly basis to ascertain better budget utilization/ re-appropriation. The P&E Section shall also inform status of the centralised procurement cases (in consultation with Procurement Section) to work center on monthly basis to ascertain better budget utilization/ re-appropriation.

The requirement of additional fund in such cases shall be met through inventory variation fund. The cumulative shortfall experienced by Corporate MM in previous financial year(s) will be taken as a basis for working out the size of Inventory Variation fund. This fund will take care of both spill-over from previous year as well as shortfall.

- iii) Surrender of surplus funds, will be done by P&E Section based on periodic review of PO status in consultation with Procurement Section of Corporate MM on regular basis and not later than at least 2 months before closure of the relevant financial year in order to ensure gainful utilization of such surrendered funds, if any, at other work centers as per need.
- iv) P&E Section shall communicate LPR detail for budget estimation to work centers well in advance so as to avoid gap between budgeted amount and PR amount for same item by different work centers. While creating the consolidated purchase requisition, the requirement of the items on PAN ONGC basis will also be reviewed by P&E Section in consultation with indenting Work Centers for better inventory management. In order to ensure optimum budget utilization, work center should work out the requirement realistically.

Note: Since the current budget exercise of Corp Budget Section has already been started, Corporate MM to follow the existing practice w.r.t. other items for current budget cycle (i.e. RE21-22 & BE22-23). Corporate Budget Section will take suitable action for updation of BPC templates.

Above guidelines should be meticulously followed by all concerned.


(A P Tripathi)
ED-Chief MM Services

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Circular No. 44/2018

No: MAT/PMC/13(65)/ 2018

Dated: 10.08.2018

Sub: Budget/Sanction provision at Corporate Level for Centralized Procurement of Casing Pipes and Tubings.

Reference is invited to the items identified for centralized procurement by Corporate MM in Integrated MM Manual. It has been experienced that the cost estimation as well as budgeting/sanction in such cases is a repetitive process across work centers and leads to undesirable delays. Moreover, the placement of order(s) also gets delayed several times for want of additional sanction, if any from different work centers. The problem of requisite funds is more predominant in case of centralized procurement of casing pipes and tubings which are usually meant for urgent operational requirement.

In order to streamline and expedite the procurement process, EC, in its meeting 513th held on 21.07.2018 examined the process of budget/sanction in respect of centralized procurement by corporate MM and directed to modify/realign the budgeting/sanction provision with regard to centralized procurements.

It has been decided that the process of budgeting/sanction at corporate level in respect of centralized procurement shall be initially introduced for casing pipes and tubings and after completion of one cycle of procurement of casing pipes and tubings, the process of centralized procurement will be reviewed holistically. Depending upon the suitability it may be implemented for other items being procured by Corporate MM / other centralized procurement agencies defined in Integrated MM Manual.

In accordance, with the decisions taken in the aforesaid meeting of EC, the following process shall be adopted in respect of centralized procurement of tubulars:

1. The Work Centers shall work out and convey quantities of respective casing pipes and tubings required (in physical numbers only) to corporate MM by the cut-off date after concurrence by local finance and approval of concerned key executive. The concurrence of quantity requirement of different casing pipes and tubings, by the associate finance of work-centers, will be done on the basis of Drilling Plan, Material in Stock, Material in Pipeline (Open POs), open PRs and likely consumption as submitted by indenting department as a part of its proposal at the respective work centre. Work center shall convey quantity requirement to Corporate MM along with the approval of the Key Executive duly concurred by finance along with detailed working and justification.
2. Budget Provision for consumption shall be kept in the respective schemes of work centers by the work centres. Corporate Budget will keep lump sum budget for inventory variation at the corporate level based on the pending PRs/ POs in the system and procurement requirement. However, while uploading the budget, Corporate Budget will upload the budget

of the work centres to the fund centre of Corporate MM. The lumpsum budget for inventory variation will also be uploaded in the fund centre of Corporate MM on need basis.

3. Corporate Planning and Evaluation (P&E) Cell will consolidate the requirement received from various work centers and create consolidated purchase requisition (PR) on behalf of all the work centers in the Plant codes of work centres but fund centre of Corporate MM. Such consolidated PR will be created by Corporate P&E and released by MRP Controller of P&E. It will be released at appropriate levels at Corporate P&E, Finance of P&E and final release by Competent Authority as per delegation. The P&E will forward consolidated PR to Corporate MM along with other requisite documents for further procurement action. Concerned executives of Corporate MM shall be provided Cross Company Authorization for creating PR and associated activities.
4. While creating PRs, system validates the proposed quantity with built in logic in the system, in case the proposed quantity exceeds the maximum allowed quantity as per validation. Such approval shall be obtained by P&E from concerned Directors, based on the justifications provided by the work centers in their proposal while seeking approval for the requirement.
5. All future modifications in PR on account of requirement of additional sanction/fund and/or revalidation of PR will be done by P&E. For this purpose, any requirement of additional funds will be arranged/obtained by P&E in consultation/coordination with Corporate Budget.

For all other items under centralized procured by Corporate MM, the existing process of budgeting/sanction shall continue, as of now.

Above guidelines should be meticulously followed by all concerned.

Ashwini Nagia
10/08/2018

(Ashwini Nagia)
ED-Chief MM Services

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