



PMC Cell – MM

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**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 513<sup>th</sup> 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

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ED-Chief MM Services

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