



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

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### **Sub: Incentive Bonus Clause in LSTK Contracts**

Reference of all concerned is invited to Circular No. 31/2009 dtd. 02.07.2009 pertaining to Incentive Bonus clause for early completion of LSTK projects.

EPC in its meeting (05/2018) held on 31.01.2018 reviewed the subject provisions and directed that following Incentive Bonus Clause shall be applicable for all LSTK Projects (both offshore as well as onshore projects) where there is a financial / production gain of oil and gas due to early completion or which are safety critical:

#### **“Incentive Bonus Clause**

If the CONTRACTOR advances the completion of entire work before the SCHEDULED COMPLETION DATE as per clause ..... of the contract, the CONTRACTOR will be entitled for a bonus equal to a sum of 0.25% of the total Contract Price for each week of advancement, or pro-rata for part thereof, before the schedule completion date subject to maximum of 5% of the total contract price.

No bonus shall be payable in case of delay beyond scheduled completion date irrespective of the reasons for such delay. The Incentive Bonus clause shall be operated by considering the original time schedule and not on extended time due to any reason whatsoever. ONGC's decision on applicability of bonus will be final and binding on the Contractor."

For incorporating above clause in LSTK contracts, prior approval of concerned L-1 shall be required.

Above guidelines should be meticulously followed by all concerned.

  
(Ashwini Nagia)  
ED-Chief MM Services

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