



PMCell – MM

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Sub: Classification / definition of 'Non-Moving' and 'Slow Moving' inventory.

In accordance with the decisions taken in the 492th EC meeting held on 15.02.2017, provisions under para 41 of Integrated MM Manual stand modified as per Annexure-1.

Above guidelines should be meticulously followed by all concerned.

Ashwini Nagia
21/03/17

(Ashwini Nagia)
ED-Chief MM Services

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Statement showing existing vis-a-modified provisions of Integrated MM Manual

Sl. No	Existing Clause No.	Existing Provision	New/Revised Clause No.	Modified Provision
1	41.1.1	<p>The following definitions will be referred to when detailing about procedures in this section:</p> <p>Non Moving Inventory: Only for the purpose of tracking inventory by MM, non-moving inventory will be identified separately for each work centre. It will be defined as any item lying in inventory for over 2 years (excluding items identified as insurance spares, I which need to be kept in stock for emergency purposes beyond 2 years)</p>	41.1.1 to 41.1.7	<p>41.1.1 <u>Non-Moving Inventories:</u></p> <p><i>The inventories (Stores, Spares & Capital Items On Stock) that have not been consumed at location level (e.g. Mumbai, Ahmedabad, Rajahmundry etc.), for 4 years period or more as on reporting date, will be treated as 'Non-Moving' inventories. The non-moving inventory figures shall be utilized for making provisions in the Balance Sheet.</i></p> <p>41.1.2 <u>Slow Moving Inventories:</u></p> <p><i>The inventories (Stores, Spares & Capital Items on Stock) that have not been consumed at location level, for 2 years period as on reporting date, will be treated as 'Slow Moving' inventories.</i></p> <p>For the purpose of exercising effective control on inventory, concerned work centres shall work on the list of slow-moving inventories, to liquidate with an aim to prevent built-up of surplus and obsolete inventory. Corporate Inventory Management will monitor and advise the work centres on quarterly basis.</p> <p>41.1.3 In cases where the material has not been consumed for more than two years of receipt, the concerned work centre must certify its shelf life and submit the action plan to concerned Functional Director for utilization of material in due course to prevent compounding to non-moving block.</p> <p>41.1.4 Matcodes of Slow Moving items, irrespective of stock value, will be blocked in ICE system for procurement. The authority for removal of flag for procurement shall rest with the Functional Director, on need basis.</p> <p>41.1.5 Where consumption of the material which is part of Non Moving inventory, has taken place during the year, such materials will be taken out from Non Moving Inventory at the end of respective quarter.</p>

				<p>41.1.6 ICE Team will run the flagging program of Non Moving and Slow Moving inventory at the end of each quarter, based on 4 years/ 2 years criteria respectively.</p> <p>41.1.7 For the purpose of tracking & liquidation of unwanted inventory, slow moving inventory will be identified separately for each work centre. It will consist of items lying in inventory for over <u>2 years</u> (excluding items identified as insurance spares, which need to be kept in stock for emergency purposes beyond <u>2 years</u>)</p>
2	41.1.2	At the beginning of each financial year, the Corporate Inventory Management Team will release time norms and cut-off age for disposal of aged inventory. The cut-off age will be brought down to 2 years in line with the definition of non-moving inventory established above in subsequent years.	41.1.8	At the beginning of each financial year, the Corporate Inventory Management Team will release time norms and cut-off age for disposal of aged inventory. The cut-off age will be brought down to <u>2 years</u> in line with the age criteria of slow-moving inventory in subsequent years.
3	41.1.8	Report in business warehouse module will be generated by the Inventory management team on 1st of October each year for each work centre providing details on items which will become non moving inventory if not consumed within the next 6 months. This report will be sent to concerned key executive, Chief MM and Head-Corporate Inventory Management so that they may take appropriate actions for utilization of such material.	41.1.14	Report in business warehouse module will be generated by the respective Inventory Management team in <u>1st week of April</u> each year for each work centre, providing details of slow moving items and appropriate action for utilization of such material to be taken by concerned.