



PMC Cell – MM

Oil and Natural Gas Corporation Ltd

Corporate Materials Management

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Circular No. 26/2023 - cum - Integrated MM Manual Amendment No. 87

No: DLI/CORP-MM/PMC/2022/13(49)/1038050

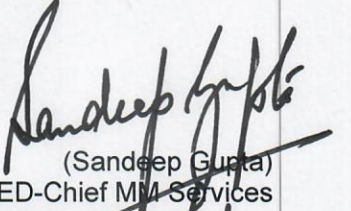
Dated: 05.04.2023

Sub: Review of monetary limits of Security Deposit/Performance Security.

Reference is invited to the Circular No. 45/2022 dated 10.10.2022, wherein inter-alia it is stipulated that the encashment of EMD/SD/PBG/BG would be treated as merely a transaction in money and the same would not attract GST. Further, the forfeiture of such amount by ONGC due to non-fulfilment/violation of contractual obligation by the Contractor would also not attract GST

Therefore, the monetary limit of Performance Security (Security Deposit/PBG) which was modified from 10% to 12.2% vide Circular No. 37/2017 dated 24.08.2017, has now been restored to 10%. Accordingly, relevant provisions of Integrated MM Manual stands modified as per Annexure-1.

Above guidelines should be meticulously followed by all concerned.


(Sandeep Gupta)
ED-Chief MM Services
5/4/23

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.

Existing vis-à-vis modified provisions of Integrated MM Manual

Para No.	Existing Provisions		Modified Provisions		Remarks		
16.6.2	The monetary limit for security deposit will be as under:		The monetary limit for security deposit will be as under:		Underlined portion modified.		
	i	Contracts for Turnkey Project Construction / platforms.	<u>12.2%</u> of Contract Value	i		Contracts for Turnkey Project Construction / platforms.	<u>10%</u> of Contract Value
	ii	All type of service / Rig hiring contracts.	<u>12.2%</u> of one year's contract value. (for rig hiring contracts one year's contract value shall be the Effective Day Rate based on which bids were evaluated x 365 days). In case of contracts with primary term of two or three years, the Performance Bank Guarantee / Contract Security will be obtained with initial validity for two or three years as the case may be. Wherever contract period is less than one year, Security Deposit for <u>12.2%</u> of the contract value shall be obtained.	ii		All type of service / Rig hiring contracts.	<u>10%</u> of one year's contract value. (for rig hiring contracts one year's contract value shall be the Effective Day Rate based on which bids were evaluated x 365 days). In case of contracts with primary term of two or three years, the Performance Bank Guarantee / Contract Security will be obtained with initial validity for two or three years as the case may be. Wherever contract period is less than one year, Security Deposit for <u>10%</u> of the contract value shall be obtained.
	iii	Supply of goods	<u>12.2%</u> of order/contract value.	iii		Supply of goods	<u>10%</u> of order/contract value.
	iv	Rate Contract (Goods)	<u>12.2%</u> of estimated annualized contract value	iv		Rate Contract (Goods)	<u>10%</u> of estimated annualized contract value