

OIL AND NATURAL GAS CORPORATION LIMITED

SECRETARIAT

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Ref No. CS/MSGF/BDP-15/Amendments/2017

Dated: June 1, 2017

Amendment No.-2/2017 (BDP-2015)

Book of Delegated Powers -2015 was implemented from 01st Jan 2015 after approval from Board in its 264th Meeting held on 12th December 2014. ONGC Board in its 293rd meeting held on 26th May 2017 approved the following amendments in BDP-2015. These changes would be applicable from 05th June 2017 if not written specifically with the clause.

Additions have been shown as underlined & bold and deletions have been shown as strikethrough.

BDP-2015 has also been updated with the approved changes and uploaded on Ongcreports.net. While referring to BDP latest version as uploaded on Ongcreports.net needs to be used.

A. Following additions have been made in Part A of the BDP :

III: Schemes

- a) Schemes include activities like survey, exploratory drilling, workover etc. and development projects consisting of development/side track drilling and related facilities.

IV: Rules of Financial Propriety

- (m) The proposals shall be evaluated considering the total cost of an activity or a job or a proposal in its entirety including other related costs i.e Services, Material, Manpower etc. e.g. For a proposal for hiring of any service, for the purpose of analysis of hiring Vs Owning, not only the hire charges but the estimated cost of fuel, logistics and other direct costs to be incurred by ONGC shall also be included. Similarly, for a proposal of repairs or overhaul, for the purpose of analysis of repair Vs replacement, estimated cost of spares shall also be included.

- (n) The financial concurrence shall be provided based on the concurrence manual approved by EC in its 474th meeting dated 23.09.2015 and Project Appraisal Guidelines in vogue, wherever applicable.

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X: Internal Controls

- (f) Once the Scheme is approved, the same will be loaded as WBS in SAP by the Recommending Authority. Primarily, one Scheme would be one WBS element further divided into various WBS as per requirement. There would be controls for their yearly consumption budget. The monitoring will happen at different elements under a particular Scheme.
- (h) Internal Audit shall carryout Audit of the schemes keeping in view whether the schemes have been formulated as per the prescribed guidelines, the same has been executed as per the approvals and objectives of the scheme as projected during scheme formulation have been achieved.

B. Powers to E level executives have been deleted from following clauses of BDP-2015
 5.3(a), 5.5, 7.5, 8.16, 12.1, 12.2 ,12.3 ,12.5, 12.6, 12.9 ,12.10, 12.11, 12.12, 18.10, 23.1, 23.3, 23.4, 23.6, and 24.1(a).

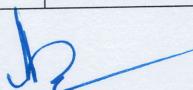
C. Powers for Sanction of Capital Expenditure have been revised in following clauses of BDP-2015

BDP Clause	Description	Level of Executive	Existing Powers	Amended Powers
Sanction of Capital Expenditure			(Rs. In Crore)	
7.5	Capital Items of General nature	L-1	1	2
7.7(a)	Plants, Installations/sites, Pipelines, Equipment, Machinery, Tools, Vessels, Boats, Capital Civil/ Construction/ Fabrication and manufacturing works for operational requirements and schemes including purchase of plants & machinery & drilling of wells, items of fire & safety. (This also includes cases related to up gradation /replacement)	L-1A L-1B L-1C L-1D L-1E L-II L-III	75 50 25 10 5 20% of L-1 5% of L-1	150 100 50 20 10 10% of L-1 2.5% of L-1

7.7(b)	Drill site foundation and ancillary civil Works	L-1	5 Per Case	5 Per drill site
7.8	Capital Works-Non Operational	L-1	1	2

D. Powers for sanction of Revenue Expenditure have been amended as follows :

BDP Clause	Description	Level of Executive	Existing Powers	Amended Powers
Sanction of Revenue Expenditure		(Rs. In Crore)		
8.1	Hiring of Oil field Services <u>Additional Note : For the activities covered under chapter 6, sanction shall be provided based on the schemes/activities approved thereunder. Since the services are hired on a period basis, sanction for the shortfall can be provided to cover the future requirement during the period of hiring. Such requirement shall be got approved under chapter 6 in due course</u>	L-1A L-1B L-1C L-1D L-1E L-II L-III	75	150
			50	100
			25	50
			10	20
			5	10
			20% of L-	10% of L-1
			1	2.5% of L-1
8.5(a)	Hiring of security Services	L-1A L-1B L-1C/D/E	25	75
			10	75
			5	25
8.5(b)	Hiring of Catering/housekeeping Services	L-1A L-1B L-1C/D/E	25	25
			10	10
			5	5



8.11	Purchase of stores and spares	L-1	Full power	<u>Sanction for Purchase of Raw Material is added and full power delegated to Plant Manager.</u>
8.12(a)	Hiring of goods & passenger transport	L-1A L-1B L-1C L-1D/E	10 6 2 1	50 50 10 10
8.19 New Clause	Sanction for facility Charges for LNG	PM- Dahej	NIL	50
10.1	R&M- Non OEM cases	L-1A L-1B L-1C L-1D/E L-II L-III L-IV	15 10 5 5 20% of L- 1 5% of L-1 1% of L-1	75 50 25 10 5% of L-1 1% of L-1 0.25% of L- 1
10.2	R&M- OEM cases	L-1A L-1B L-1C L-1D/E L-II L-III	20 15 10 10 20% of L-1 5% of L-1	75 50 25 10 5% of L-1 1% of L-1

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		L-IV	1% of L-1	0.25% of L-1
10.3	R&M of Building in installations/plants, Drill sites and approach roads	L-1	10 per annum	10 Per case
13.1	Exp. for Market Survey	Chief Marketing	0.25	1
20.1	Acquisition of new technologies like seismic imaging technologies - 3D, 4D, EOR/IOR etc.	L-1	2	10
8.6	Hiring of general services	L-1	0.5	1
9.1	Engagement of Engineering/Technical Consultant	L-1A L-1B L-1C/D/E	10 5 2	20 10 4
9.4	Certification jobs by Auditors /Engineer	L-1	0.05	0.10
12.1	Stores and spares other than operational requirement	L-1	0.50	1
12.9	Expenditure of contingent /miscellaneous nature	L-1	0.20	0.40
14.2	For engaging HSE consultants/expert agencies and conducting workshops / training / awareness programs by calling domestic/international experts for HSE trainings	L-1	0.20	0.40
14.3	hiring of auditing agencies and EIA studies with respect to HSE management	L-1	1	2

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18.21	Design and printing of brochures /diaries/ house journals / calendars / publicity materials including displays/ banners/ posters/ insignia/ photography/ videography and all types of multimedia productions	L-1/Chief CC/Head CC	1	2
12.7	Tea Coffee etc during Official Meetings	E-1	NIL	Rs.6000 per annum
8.2	<p>Additional Expenditure sanction for hiring of oil field services</p> <ul style="list-style-type: none"> Additional note has been introduced for forex fluctuation and changes in statutory levies : <u>For increase solely due to forex fluctuations and changes in taxes and duties covered under change in law clause of the contract, additional Expenditure Sanction will be provided by the "Decide"ing authority for the budgeted activity, provided revised estimate is within his/her sanctioning powers.</u> <u>For the purpose of deciding the powers for additional sanction under this clause, increase due to forex fluctuation and changes in taxes and duties covered under change in law clause shall not be included.</u> 			
19.13	<p>Power to accept arbitration awards, court Judgments, orders of statutory authorities or to decide for appeal, review etc or to settle or accept disputed claims and withdrawal of the case from the court / arbitration/ authority based on legal advice/court judgment/arbitration award</p> <p>Add : <u>Appeals can be filed with the approval of concerned Director in consultation with Chief Legal. Such cases are required to be brought to EC whose decision would be final. For cases related to dispute with Tax authorities, Director (Finance) shall have full power.</u></p>			
14.5	<p><u>Approval of specification</u> Expenditure sanction for safety critical equipment/element/kits & liveries/personal protective equipment.</p> <p><u>Additional note have been introduced : Expenditure sanction would be obtained under Clause 7.7(a) or 8.11 of BDP</u></p>			

Appendix M

Clause 19	<p>Verify/certify invoices from external business partners by indenting/user department</p> <p>Certification requires joint signature of the deciding authority and one officer not below <u>E2-E1</u></p>
Clause 90	<p>Transportation (air/surface) for patients referred outstation for treatment and for mortal remains requested by family</p> <p>Additional note to be inserted : Approval of CMD would be required for Air Ambulance under clause 24.2 of BDP</p>

E. Procurement powers have been amended as follows :

BDP Clause	Description	Level of Executive	Existing Powers	Amended Powers
Procurement Powers			(Rs. In Crore)	
24.1	Procurement of materials/equipment, hiring of facilities/equipment/services including consultancy and award of LSTK/works contract/maintenance contracts /Rate Contract			
24.1(a)	Against open and limited tender	Functional Director L-1A L-1B L-1C L-1D L-1E L-II L-III L-IV	150 75 50 25 10 5 20% of L-1 5% of L-1 1% of L-1	250 150 100 50 20 10 10% of L-1 2.5% of L-1 0.50% of L-1

24.1(b)	Procurement against single tender from OEM/OES/PAC	Functional Director	30	100
		L-1A	15	50
		L-1B	10	50
		L-1C	5	10
		L-1D	2	10
		L-1E	1	10
13.10	Purchase of raw material / feed stock such as LNG/VAP, etc through term sheet /agreement or direct spot purchase from market	Functional Director	30	100
		Marketing	150	Full Power for trading
Appendix-II – D (a)	Procurement by User department without support of MM	Director-I/c Marketing	NIL	Full Power for feed stock
		Director-I/c Plant	0.01	0.05

F. Chapter 6 has been made applicable for Exploration (Survey and Exploratory Drilling), Development (Facilities, Development/Sidetrack Drilling), Workover Activities, Replacement/Revamp of Facilities, Value Added and Integration Projects. Powers under clause 6.1 of the BDP has also been increased. The approvals for the activities to be undertaken under above categories from 01.07.2017 should be obtained under this clause.

G. Additional sanction due to forex fluctuation and change in statutory levies covered under change in law clause of the contract has been amended in chapter 6 and chapter 7 of the BDP

The amended clauses of chapter 6, and 7 are as follows:



Chapter 6: Schemes

Note:

- i. The individual(s) granted authority to make decisions will be accountable for the decision. Hence, in addition to taking decisions, the authority shall establish clear direction for execution of the decision, clarify responsibilities for that, set delivery milestones, follow through and deliver on promises made in the proposal. The authority by being accountable also owns up the responsibility for successful achievement of objectives of the proposal. The authorities' performance will be reviewed periodically
- ii. This chapter is applicable for Exploration (Survey and Exploratory Drilling), Development (Installations/Pipelines/Facilities, Development/ Sidetrack Drilling), Workover Activities, Replacement/ Revamp of Plant/ Installations/ pipelines/ Facilities, Value Added and Integration Projects. would be in force once the Projectised schemes and AFE system are introduced on firm wide basis
- iii. Project Completion report for each project/scheme, to be submitted to the sanctioning authority of the project within 90 days of completion of the project. Completion report of project/scheme completed after 01.04.2015 to be submitted to competent sanctioning authority within 90 days of this amendment if not submitted earlier.
- iv. The sanctions for schemes/projects shall be provided considering the total cost of scheme/activity in its entirety including other related costs i.e Services, Material, Manpower etc. based on :-
 - a. Para III of Part A of BDP 2015;
 - b. Scheme Manual approved by EC in its 474th meeting held on 23rd September 2015. (Uploaded on "ongcreports") and;
 - c. Project Appraisal Guidelines in vogue and template of economic model circulated by Project Appraisal Section from time to time
The probability of success shall also be factored wherever necessary. In case of non- economic activities, concept of SMART as per para 2.7 of Scheme Manual shall be applied.
- v. The cost of hiring of Production facilities for the project life to be included as part of the project cost for the purpose of obtaining sanction.

6.1 Pre-budget Approval for Schemes - Assets/Plants/Basins/Services/Institutes/Others

- i. For Pre-budget Approval of Schemes, steps involved and procedures to be followed are explained in manual separately
- ii. Investment proposals above ₹ 500 crore shall be appraised by established Merchant Bankers / Financial Institutions
- iii. Evaluation of projects as per PAC/PAS guidelines

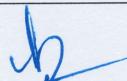
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- iv. Scheme proposals are to be taken to the Board after consideration of the concerned sub-committee of the Board
- v. Wherever deemed necessary, the proposals shall also be appraised by independent technical experts

	Input	Recommend	Concur	Decide	Inform
Full Powers	L-I	Functional Director	Director (Finance)	Board	-
Up to ₹ <u>500</u> -250 crore	L-II	L-I	Incharge Finance	Functional Director	EC
Up to ₹ <u>250</u> 150 crore	L-III	L-II	Incharge Finance	L-IA	Functional Director
Up to ₹ <u>200</u> 100 crore	L-III	L-II	Incharge Finance	L-IB	Functional Director
Up to ₹ <u>150</u> 75 crore	L-III	L-II	Incharge Finance	L-IC	Functional Director
Up to ₹ 50 crore	L-III	L-II	Incharge Finance	L-ID	Functional Director
Up to ₹ 25 crore	L-III	L-II	Incharge Finance	L-IE	Functional Director

6.2 Approval for additional expenditure in excess of Expenditure Sanction for a Scheme

- i. For increase solely due to forex fluctuations and changes in taxes and duties covered under change in law clause of the contract, no additional Expenditure Sanction will be provided needed up to 10% of the sanctioned amount. Such cases to be approved by the "Decide"ing authority for the budgeted activity, provided revised estimate is within his/her sanctioning power. Concerned Director shall have full power for approval for additional sanction in such cases including Board approved cases. However such Board approved cases shall be reported to PAC along with impact on Project Economics.



- ii. For the purpose of deciding powers for additional sanction under this clause, increase due to forex fluctuation and changes in taxes and duties covered under change in law clause shall not be included*
- iii. Sanction of additional funds for already Expenditure Sanctioned cases which are spilled over to next year is also covered under this clause*
- iv. Financial appraisal by established Merchant Bankers/Financial Institutions as per the policy approved by the board*

Chapter 7 : Capital Expenditure

7.3 Sanction for additional expenditure (In excess of the sanctioned budget for a project/scheme)

- i. This sanction power is only for capital expenditure. For revenue expenditure please refer Chapter 8*
- For increase solely due to forex fluctuations and changes in taxes and duties covered under change in law clause of the contract, no additional expenditure sanction will be provided needed up to 10% of the budgeted sanction. Such cases to be approved by the "Decide"ing authority for the budgeted activity, provided revised estimate is within his/her power of sanctioning capital expenditure. Concerned Director shall have full power for approval in such cases including Board approved cases. However such Board approved cases shall be reported to PAC along with impact on Project Economics.*
- ii. For the purpose of deciding the powers for additional sanction under this clause, increase due to forex fluctuation and changes in taxes and duties covered under change in law clause shall not be included.*
- iii. Sanction of additional funds for already sanctioned cases which are spilled over to next year is also covered under this clause.*

MV 01/06/17
 (MEV SELVAMM)
 Company Secretary

Distribution: To all concerned through ongcreports.net