



OIL & NATURAL GAS CORPORATION LTD.

**MATERIALS MANAGEMENT
TECHNICAL BUSINESS GROUP
(PMC SECTION)**

DISPOSAL PROCEDURE
(Corrections incorporated upto 17th May 2010)

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1. INTRODUCTION

- 1.1 For a proper control on inventory, it is essential that an effective system to identify all assets and materials which have ceased to be useful to the organisation, shall operate continuously, so that immediate follow up action is possible for their timely discarding and disposal to recover thereby maximum return from materials which would have been otherwise lost.
- 1.2 The assets and materials which require to be discarded may be broadly classified as under:
 - i) Scrap, unserviceable stores and spares;
 - ii) Packing boxes, empty containers and POL items.
 - iii) Surplus as also serviceable unwanted stores, spares, machinery and equipment;
 - iv) Machinery, equipment and vehicles which are unserviceable or beyond economic repairs;
 - v) Machinery, equipment and vehicles which have become obsolete and whose retention has become uneconomical and
 - vi) Immovable property no longer required for use.
- 1.3 Before disposal action is initiated in respect of items referred at sub paras (i) to (v) above, it is essential to ensure that there is no possibility of any alternate economic use for them elsewhere in ONGC. Once this fact is established, disposal action shall be initiated with all expediency in accordance with the instructions contained thereunder.
- 1.4 Like any other large undertaking the ONGC also has a considerable quantity of stores and spares, equipment, plant and machinery, furniture, etc. ranging from comparatively inexpensive items like Typewriters and Desks to sophisticated machinery costing lakhs of rupees like Rigs and Seismic Units. While every effort is made to prolong their life, they do become unserviceable after a long use and their further retention becomes uneconomical. In addition, changes occur constantly in design and specifications of equipment, their components and materials in a fast moving technology like ours thus rendering such items at time as obsolete. In our day to day activity also we accumulate considerable quantities of scraps for which we have no further use. Prompt and proper disposal of such material is essential and the following paragraphs are

intended to serve as guidelines in the various activities involved in the disposal of such material.

- 1.5 This procedure deals with disposal of only movable property of ONGC referred in such paras (i) to (v) above.

2. GENERAL

- 2.1 This procedure deals separately for the disposal of the following types of stores:

- a) disposal of scrap, unserviceable stores and spares and containers.
- b) disposal of capital items which are unserviceable or beyond economic repairs.
- c) disposal of vehicles.
- d) disposal of serviceable obsolete or unwanted stores and spares and capital items.

- 2.2 General rules as indicated in subsequent sub-paras will apply in case of disposal of all types of stores.

- 2.2.1 A salvage section will be set up in the project store house/scrap yard whose main objective would be :-

- (a) to ensure that all scrap, metals, waste, surplus stores and equipments are properly located, collected and handled.
- (b) to reclaim and salvage maximum amount of materials out of returned and scrap material for economic re-use.
- (c) to sort and prepare scrap, metal and waste in order to obtain maximum sale value.
- (d) to assist in the sale of surplus and salvaged stores and equipments.

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- 2.2.2 The User Deptt. will send for disposal the condemned materials to the Salvage Section alongwith condemnation report in duplicate. Wooden/Steel furniture will be returned as such and not as wood/steel scrap. Census number of the items returned should tally with the census numbers indicated in condemnation report. Condemnation report will not be necessary for waste material such as empty barrels/ empty

cases/thread protectors/SWARF (shavings from lathe), all types of scrap like wooden, auto, electrical, tyres and tubes, batteries, electrical wires and cables glass leather and waste oil barrels with burnt oil, canes, wire ropes etc. which have got specific life period. These can be condemned based on certificate from user department not below E-5 level without formation of condemnation board and can be sent to 'Disposal Yard'

“Certified that Barrel(s)(*) containing burnt oil / wooden scrap of used wooden boxes(*) / empty barrel(s)(*) / empty can(s)(*) / thread protector(s)(*) / SWARF(*) (shaving from lathe) being returned to Salvage Section cannot be used in ONGC any more”.

(* Delete which ever is not applicable)

2.2.3 Rubber, PVC and other dispensable and perishable items which lose their shelf life/deteriorate due to long storage will be periodically reviewed by Survey Board to be formed as per para 2.4. On recommendations of Survey Board, duly approved by Competent Authority, action will be taken to write off such items and disposal action initiated.

2.2.4 The incharge salvage section will send a copy of the condemnation report to the concerned Officer-in-Charge of Stores Ledger or Block Card Section after allotting a control number to it.

2.2.5 Where the entire condemned items cannot be returned before getting replacement and the condemnation is considered necessary for processing the proposal for purchase of replacement items, formal condemnation should not be resorted to in the first instance.

2.2.6 In such cases assessment of the condition of the items may be made by the Survey Board for the purpose of getting replacement. This assessment report should form the basis for processing proposal for replacement. After replacement of the item, the formal condemnation may be done and the entire quantity returned to Salvage Section alongwith condemnation report in duplicate.

2.3 Book Value

2.3.1 When stores and spares are issued to the users, they are written off charge. Therefore, when they are returned to the Salvage Section in unserviceable or beyond economical repair condition, they have no “Book Value”. Scrap and containers also have no “Book Value”. The value of such scrap/unserviceable stores and spares and containers would be assessed by a board of following officers at E-3 level after taking into consideration the prevailing market rate, if any, and the condition of the items:

- (a) A Technical officer from concerned discipline.
- (b) An officer of the section returning the items.
- (c) An officer from MM Deptt.
- (d) An officer from Finance & Accounts Deptt.

2.3.2 For used capital items, the "Book Value" would be the depreciated value of the items. Wherever the depreciated value of the items/equipment is not available, the Board of officers, as indicated above, will assess the book value.

2.3.3 The value estimated by the board of officers for such items would be considered as the "book value" of the item/equipment.

2.3.4 For items which are new and which have never been put to use, the book value will be as maintained by the Accounts in the priced ledger.

2.3.5 The book value assessed by the Survey Board could be different from there serve price which will be fixed as per procedure laid down vide para 3.

2.3.6 The powers delegated to various authorities vide para 2.6 will be exercised with reference to the book value or assessed value when book value is not available.

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2.3.7 Each capital items (other than furniture and fixture) with original value less than Rs. 25000 and fully depreciated may be condemned with approval of Asset Manager/ Basin Manager/Head of Institute as the case may be, without formation of any 'Board'.

2.4 Survey Boards

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2.4.1 (i) Subject to provisions in para 2.2.2, before stores and spares are returned to Salvage Section for disposal, a Survey Board consisting of officers one each from section returning the stores and spares, MM Deptt., F&A Deptt. and technical officer from concerned discipline will be constituted by Asset/Basin Manager/Chief of Services/Head of Institute/Head Regional Office. The Survey Board would declare these stores and spares as unserviceable or beyond economic repairs or unfit for any alternative use. Level of officers of Survey Board will be as under:

Assessed/Book Value	Level of Officers
Upto Rs. 20 lakhs	E-3
Above Rs. 20 lakhs but upto Rs. 50 lakhs	E-4
Above Rs. 50 lakhs but upto Rs. 100 lakhs	E-5
Above Rs. 100 lakhs but upto Rs. 200 lakhs	E-6
Above Rs. 200 lakhs	E-7

- (ii) In case of the condemnation of capital items, the technical officer would not be below E-4 level.
- (iii) For furniture & fixture items which are general in nature requirement of minimum E-4 level technical officer as stipulated in (i) above will not be necessary & provisions of the above table would apply for deciding the level of the officer.

Note:-

- (a) Whenever feasible a representative of the Quality Assurance Deptt. may also be included as a member of the Survey Board.
- (b) In exceptional cases where the disposable material to be surveyed by the Board is meager or where it is not administratively possible to constitute a Board of the prescribed grade of officers, the composition of Board may be changed by the authority competent to constitute the Board. Such a change may be made with the concurrence of attached Finance and by recording reasons therefor. It should however be ensured that Technical member of Survey Board should not be below E-2 level in case of stores & spares and E-4 level in case of capital items.

2.4.2 At least one of the members of the Board would be from outside the Business Group concerned.

Disposal of items which cannot fetch any value:

2.4.3 The Survey Board while condemning items, will recommend if items such as old used rubber, used linen, mattresses, pillows, unserviceable tubelights/bulbs should be disposed of as scrap or should be destroyed, due to their holding being uneconomical.

2.4.4 The proceedings of the Survey Board will be prepared in quadruplicate (five copies). The proceeding will be submitted to Competent Authority for approval as per powers delegated vide para 2.6.

2.5 Copies of the Survey Board will be distributed as under:

No. 1 & 2 copies to the Stores Section.

3rd copy to the attached Finance.

4th copy to the Returning Section.

5th copy to the Project Manager.

2.6 Financial Powers

Stores, spares and capital items before they are declared as fit for disposal, will need the approval of the competent authority on the recommendations of the Survey Board as brought out in para 2.4.4. The extent of financial powers for declaring stores as fit for disposal and for actual disposal would be as under:

2.6.1 The ONGC will have full powers for discarding, declaring fit for disposal, approving reserve price and for disposal of (i) Scrap, unserviceable stores and spares, packing boxes, empty containers and POL drums (ii) serviceable/surplus unwanted stores, spares and equipment (iii) machinery, equipment and vehicle which have become obsolete as per existing guidelines (iv) machinery, equipment and vehicle which are unserviceable or beyond economic repairs and (v) machinery, tools and equipment not covered under (i) to (iv) above.

Powers of C&MD

2.6.2 The C&MD, as Chief Executive of ONGC shall have full powers for discarding, declaring fit for disposal, approving reserve price and for disposal of materials. A report for disposal of materials exceeding Rs. 5.00 crores in each case will be brought to ONGC Board for information.

Powers of Directors for discarding, declaring fit for disposal and disposal of materials.

2.6.3 Concerned Director will have powers for discarding, declaring fit for disposal, approving reserve price and for disposal of materials upto the book value of Rs. 2.00 crores in each case. Director(Tech) will have powers for approving reserve price and for disposal of materials upto the book value of Rs. 2.00 crores in each case.

Powers of Director for conversion of unwanted material into scrap.

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- 2.6.4 The Asset Manager/Basin Manager/ Head of Institute/Chiefs of Services etc. will have full powers to approve conversion of surplus serviceable/used unwanted materials into scrap provided no genuine offers have been received inspite of tender invited twice.

Powers of Executive/Regional Director for discarding, declaring fit for disposal of material.

- 2.6.5 Concerned Executive/Regional Director will have powers for discarding, declaring fit for disposal, approving reserve price and for disposal of materials upto the book value of Rs. 1.00 crores in each case.

Discard, declare fit for disposal and approve reserve price.

- 2.6.6 Various other authorities, at the following levels, excepting CMLO/RCMLO, may exercise following financial powers for declaring stores fit for disposal. However, the CMLO/RCMLO at corresponding level of various authorities indicated below will have powers for actual disposal of stores to the extent indicated against them:

	Nature of power Discard, declare fit for disposal and approve reserve price	Extent of Powers Where the book value in each case is upto (Rs. In lakhs)	Remarks
(a)	Scrap, unserviceable stores and spares, packing boxes, empty containers and POL drums.	E-8 = Rs. 40.0 Lakhs E-7 = Rs. 35.0 Lakhs E-6 = Rs. 20.0 Lakhs E-5 = Rs. 5.0 Lakhs	
(b)	Surplus as also serviceable or unwanted stores, spares, equipment and machinery	E-8 = Rs. 40.0 Lakhs E-7 = Rs. 35.0 Lakhs E-6 = Rs. 20.0 Lakhs E-5 = Rs. 5.0 Lakhs	
(c)	Machinery, equipment and vehicles which are unserviceable or beyond economical repairs.	E-8 = Rs. 40.0 Lakhs E-7 = Rs. 35.0 Lakhs E-6 = Rs. 20.0 Lakhs E-5 = Rs. 5.0 Lakhs	
(d)	Machinery, equipment and vehicles which have become obsolete as per guidelines issued by HQrs.	E-5 and above = Full powers	

(e)	Machinery, tools, equipment not covered under (d) above but which are considered obsolete.	E-8	= Rs. 10.0 Lakhs	
		E-7	= Rs. 5.0 Lakhs	
		E-6	= Rs. 2.0 Lakhs	
		E-5	= Rs. 1.0 Lakhs	

Note:-

- (i) For used stores, spares and containers, each lot of similar items is to be considered as each case. For e.g. (a) Ferrous scraps (b) Non ferrous scraps (c) Rubberised goods (d) Tent equipments, leather goods etc. (e) Auto scraps (f) Tyres and tubes (g) Batteries (h) empty barrels (I) Bearings (j) Drilling Bits (k) Wooden scraps (l) Wire ropes (m) Tubulars and broad categories of lots.
- (ii) For surplus as also serviceable unwanted stores and spares, surplus/serviceable item of same classification/specification in respect of stores items and items of same equipment in respect of spares is to be considered as 'each case'.
- (iii) For the used vehicles, each lot of vehicles is to be considered as 'each case'. For e.g. (a) All Jeeps (b) All cars (c) All type of Cranes (d) All types of Trailers (e) All types of Trucks (f) All pickup and station wagons etc. (g) All shot hold drilling rigs (h) All Seismic and Electrologging Vans (i) All buses (j) All vehicles other than mentioned above, for broad categories of lots.
- (iv) For used equipments, each lot of identical item is to be considered as 'each case'. The lots can be as (a) Diesel engine (b) Slush pumps (c) Rotary tables (d) Masts and derricks (e) Swivels (f) BOPs and X-Mas trees (g) Crown Blocks (h) travelling blocks (i) Air Compressors (j) Mud and Diesel tanks (k) Any lot of equipment on same analogy as above lots.

(f) Approve disposal in respect of (a) to (e) above:

	Disposal bid in terms of Reserve Price		Competent Authority to accept bid
(i)	Equal to or more than Reserve Price.		Head of Project/CMLO/RCMLO (not below E-6)
(ii)	Less than 100% and upto 75% of the reserve price.		Head of Project/CMLO/RCMLO (not below E-6) with prior concurrence of attached Finance at Commensurate level. Reasons for accepting of offers below reserve price will be recorded in writing.

(iii)	Less than 75% and upto 50% of the reserve price.		Head of Project/CMLO/RCMLO (not below E-7) with prior concurrence of Finance at Commensurate level. Reasons for accepting of offers below reserve price will be recorded in writing.
(iv)	Less than 50% of reserve price.		Requires review of reserve price by Survey Board for re-tendering. In case where even after review, the bid is still less than 50% of reserve price in tendering, the case will be processed by <u>I/C Disposal Cell</u> , in consultation with concerned <u>user</u> , for decision of <u>Asset Manager/Basin Manager/ Head of Institute/Chiefs of Services etc.</u> as to whether the reserve price should again be fixed keeping in view the usability and serviceability of items or such items should be disposed of as scrap. For disposal of serviceable/ used unwanted materials as scrap, approval of <u>Asset Manager/Basin Manager/ Head of Institute/Chiefs of Services etc.</u> , will be obtained. <u>(Disp/06/2003)</u>
(g)	Enter into running contract with a firm for periodical disposal by sale of waste paper, scraps, empty containers, packing boxes, unserviceable stores and spares.	E-5 and above	Full powers with financial and legal vetting.
(h)	Enter into an agreement with a reputed firm of auctioneers for sale by auction of assets and other material declared fit for disposal.	E-7 and above	Full powers with financial and legal vetting.
(i)	Authorise sale of condemned furniture, packing boxes, empty containers and POL barrels to employees.	E-1	Full powers at the price fixed with concurrence of Finance.
(j)	Approve disposal action in respect of periodicals newspapers etc.	E-0	Full powers.

Note:

- (i) Powers for disposal of serviceable stores, spares, equipment and machinery will be exercised in consultation with appropriate financial authority.
- (ii) Disposal of materials of all Business Groups (excepting disposal of materials by field parties) will be centralized with Regional Corporate Materials and Logistic Organisation (RCMLO)/Corporate Materials and Logistic Organisation (CMLO).
- (iii) All cases beyond disposal powers of the Regions will be referred by RCMLO to Corporate Materials and Logistic Organisation CMLO for obtaining approval of Competent Authority.

3. DISPOSAL OF SCRAP, UNSERVICEABLE STORES & SPARES:

3.0 RESERVE PRICE:

- 3.1 A Survey board would be constituted by Competent Authority as per para 2.4.1 to fix the reserve price for each lot.
- 3.2 The reserve price of various types of scrap will be fixed on the basis of prevailing market price. The reserve price for others will be fixed depending upon its potential utility to the prospective buyer in the market for such items.
- 3.3 The Survey Board will take into account factors like (a) Book Value (b) Last disposal rate of similar items in the Project/Region (c) condition of the materials under disposal (d) market utility in the nearby areas (e) cost involved and (f) space constraints for fixing the reserve price. The team will place on record, duly endorsed by all of them, the basis on which they have fixed the reserve price. A detailed calculation sheet working paper as also the basis/justification regarding the reasonability of the (recommended) Reserve Price Sheet will be placed in sealed cover to be submitted for approval of Competent Authority.
- 3.4 Parallel action will be initiated for fixation of reserve price and for release of NIT in the press. Offers will however be opened after fixing the reserve price.
- 3.5 The envelope of reserve price and all relevant papers, after approval of Competent Authority, duly sealed, will be kept with CMLO/RCMLO. The sealed cover will be kept confidential and will be opened by a team of two

officers not below E-0 level one each from RCMLO/CMLO and F&A deptt. at the time of taking decision on the tender.

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3.6 Reserve price for surplus spares be fixed on %age basis of book value (purchased value) depending upon the condition, utility and market value of the surplus spares.

4. METHODS OF DISPOSAL

- 4.1 The RCMLO will examine economics to decide if the disposal of high value materials through agencies like Metal Scrap Trading Corporation (MSTC) would be of advantage to the organisation or the disposal should be conducted departmentally.
- 4.2 The disposal of all materials approved for disposal should normally be done through tenders. However, as an alternative where considerable advantages accrue, which should be recorded in writing and approved by competent authority with the concurrence of Finance at appropriate level, the alternative methods like sale by auction or by return to suppliers may be adopted.
- 4.3 Stores & spares segregated for disposal must be continuously checked to explore the possibility of their alternative use. If they can be so used there may be saving of the difference between price of the new materials and scrap. Alternative use of the scrap and unserviceable and VER stores and spares may be found by using imagination and ingenuity. The Deptt. Heads in the project will go down to the salvage yard where the material for disposal is stored atleast once in a month. These visits may suggest to them the alternative use of the material waiting disposal. These visits will also indicate to them the sources which have created the disposable material. This may assist in minimising the generation of salvage and scrap.

Once the item(s) has/have been condemned, sent to the salvage yard and tenders for their disposal invited, these will not be withdrawn from disposal without prior approval of Project/Regional Head.

5. DISPOSAL BY RETURNING TO SUPPLIERS:

- 5.1 Often scrap/metals waste or containers are in such a condition that they can be returned to the suppliers either as an out-right sale or as a deposit on future purchases. Non-ferrous metals such as copper or aluminium in some instances may be returned to the suppliers in "TOLL" basis i.e. the suppliers may accept the return of certain quantity of metal to be reprocessed into new metal, the quantity of new metal returned by the

suppliers being slightly less because of the melting and fabricating losses. Such arrangements may be made at the time of initial purchase.

6. **SALE BY CONTRACT WITH DEALERS OF BROKERS:**

- 6.1 Contract to remove scrap/metals waste (for example waste paper) at periodic intervals may be entered into. This contract could be a fixed price contract or a varying price contract linked with the market price at the time of removal. The contract will be finalised by calling tenders, if required.

7. **SALE BY INVITING TENDERS:**

- 7.1 Disposal of materials through limited tenders

Disposal of materials through limited tenders will get third priority after open tenders and auction. Disposal through limited tenders will normally be resorted to where book value of the materials to be disposed of does not exceed Rs. 5.00 lakhs and due to compelling reasons like area is to be released immediately or the scrap is hazardous. In such cases prior approval of Competent Authority, as defined in para 2.6.6 will be obtained. For this, the concerned RCMLO will empanel parties dealing with the purchase of disposable materials. Enquiries, by registered post, will be sent to all the empanelled parties and also to parties known to ONGC.

7.2 **Disposal of materials through open tenders**

- 7.2.1 The stores and spares and scrap intended to be sold by inviting open tenders will be given wide publicity in newspapers both in English and in local language, depending upon the nature of stores, place where they are located and the value of items to be disposed of. Likely purchasers will also be informed through letters. A list of likely purchasers would also be maintained. Tenders fee at the following rates on the basis of "Book Value" would be charged for the tender documents for all advertised tenders:

	Book Value of disposable materials	Tender fee (in Rs.)
(i)	Over Rs. 5,000/- but upto Rs. 50,000/-	10.00
(ii)	Over Rs. 50,000/- but upto Rs. 2.00 lakhs	25.00
(iii)	Over Rs. 2.00 lakhs but upto Rs. 5.00 lakhs	50.00
(iv)	Over Rs. 5.00 lakhs but upto Rs.10.00 lakhs	100.00
(v)	Over Rs. 10.00 lakhs but upto Rs. 50.00 lakhs	200.00
(vi)	Over Rs. 50.00 lakhs but upto Rs. 2.00 crores	500.00
(vii)	Over Rs. 2.00 crores	1000.00

7.2.2 Names of all persons to whom tender forms are issued will be entered in the Register of "Tender for Disposal of Stores".

7.3 Invitation of tenders

7.3.1 In an invitation to tender, definite date and time will be prescribed for receipt of tenders and their opening. All tenderers will be instructed to deliver two copies of tenders in a sealed envelope on or before the specified closing date and time. It will be made clear to the tenderers that tenders or modification to tenders after closing time and date will not be considered. The envelope must show on the outside, the Tender number and due date. If the tenders are sent by post, these should be sent by Registered Post. No tender form will be issued on the date fixed for opening of tenders.

7.3.2 Late tenders

7.3.2.1 Subject to provisions indicated below, late tenders shall not be considered. Late tenders will be recorded with the concerned dealing MM officer and opened by two officers one each from Finance & Materials Management either after finalisation of the case or on completion of five months from the due date of tenders, whichever is earlier. Bank Draft/IPO if any, found after opening of such tenders, will be accounted for immediately.

7.3.2.2 When there is lack of competition i.e. not more than one acceptable bid has been received against a tender, the Competent Authority may recommend for approval of Director(Tech) to open late tender(s) provided such late tender(s) is/have been received within 72 hours beyond the scheduled closing time for receipt of tenders. After approval of Director, the late tender(s) will be opened by a team of two officers of E-1 level one each from concerned MM and F&A depts.

7.3.2.3 It will be ensured that proposal for opening of late tender(s) is submitted for approval of Director(Tech) provided no undue advantage will accrue to the tenderer(s).

7.4 Earnest Money

The tenderer will be asked to send earnest money with their offers with reference to their quoted price in the form of Demand Draft or Deposit at Call receipt of the State Bank/Nationalised Bank/ Scheduled Bank as per following slabs:-

	Quoted Value	Amount of EMD
(i)	Upto Rs. 50,000.00	5% of quoted value.
(ii)	Over Rs. 50,000.00	Rs. 2,500/- + 2.5% of the quoted price in excess of Rs. 50,000.00

Offer not received with full amount of earnest money will be summarily rejected. The earnest money of successful tenderers will be retained as security deposit for due performance of the contract and the earnest money of the remaining tenderers will be refunded within seven days of the issue of the Sale Letter.

7.5 In all 'Invitation to Tenders', it must be specifically stated that the goods are sold on the "as is where is" basis and if the tender is accepted, the buyer will remove the goods with all faults and notwithstanding any error or mis-statement of description, measurement, quantity, weight, enumeration or otherwise and without question on the part of the buyers, that no claim will be made against ONGC, nor shall any allowance be made on account of any such fault, mis-statement or error. Buyer will also be informed that he should satisfy himself thoroughly as to what is offered for sale before submitting his tender. He may at his own cost inspect the goods prior to tender and shall be deemed (whether or not such inspection shall have in fact taken place) to have had notice of all such faults, error and mis-statement, which he might discover on inspection and shall not be entitled for any compensation or damage on account of such defects, faults, errors and mis-statements.

7.6 All tenders will be received by Tender Receiving Officer (not below E-0 level). Tenders received will be handed over to the tender opening officers (one each from MM and F&A deptt. not below E-0 level for opening of the same in public on specified date. Tenders received after due date and time of the opening of tenders will be treated as late tenders.

7.7 Preparation of comparative statement and acceptance of offers.

7.7.1 Preparation of comparative statement.

7.7.1.1 A comparative statement will be prepared in which all tenders received in time will be entered. The comparative statement will be checked and signed by the officer of MM deptt. as per limits indicated below:-

	Tender value	Officers
1.	Upto Rs. 7.5 lakhs	MM Officer
2.	Above Rs. 7.5 lakhs to Rs. 35 lakhs	Sr. MM Officer
3.	Above Rs. 35 lakhs to Rs. 75 lakhs	Dy. Manager(MM)
4.	Above Rs. 75 lakhs	Manager(MM)

7.7.1.2 All comparative statements for tender exceeding the value of Rs. 50,000/- will be referred to Finance for scrutiny. The monetary limits of different level of Finance and Accounts Officers for checking the comparative statements will be as under:-

1.	Upto Rs. 7.5 lakhs	F&A Officer
2.	Above Rs. 7.5 lakhs to Rs. 35 lakhs	Sr. F&A Officer
3.	Above Rs. 35 lakhs to Rs. 75 lakhs	Dy. Manager(F&A)
4.	Above Rs. 75 lakhs	Manager(F&A)

7.7.2 **Acceptance of offers**

The comparative statement will be submitted to the Competent Authority referred in para 2.6. Normally the highest tender will be accepted. However, for reasons to be recorded in writing, the Competent Authority, in consultation with Finance, may accept a tender other than the highest. For acceptance of offers below reserve price, provisions vide para 2.6.6 (f) will be referred to.

7.3 **Negotiations**

Normally price negotiations should not be resorted to. However, in exceptional circumstances, where the acceptable offers are lower than the reserve price, negotiations may be conducted with highest bidder for matching his offer with reserve price so as to obtain maximum monetary advantage to ONGC. Prior approval of the authority empowered to discard the materials and declaring it fit for disposal will be obtained for conducting such negotiations. Negotiations will be carried out by a team of officers to be constituted by Head of Region/Project for cases at Regions/Projects and Head CMLO for cases at HQrs, consisting of representative one each from CMLO/RCMLO, Finance & Acctt. Deptt. and Technical discipline.

The team of officers will be of the level next below the authority empowered to discard the material and to declare it fit for disposal or E-6 level, whichever is lower. Proceedings of negotiations will also need approval of Competent Authority empowered to discard the material and to declare it fit for disposal.

7.8 **Sale Letter- depositing the sale value.**

7.8.1 On acceptance of the tender, a registered acknowledgement due "Sale Letter" will be issued to the tenderer conveying acceptance of the offer and requiring the tenderer to deposit the value of the sale within stipulated period, alongwith one copy of the sale letter, duly accepted. It will be made clear that the quantity/weight indicated is approximate and may vary at the time of actual delivery consequent upon actual counting/ measurement/ weighing.

Detailed instructions regarding the method of deposit will be given in the Sale Letter. Normally, the stipulated period within which sale value will be deposited would be as under but the Competent Authority, in exceptional circumstances, may extend the period for reasons to be recorded in writing.

- | | | |
|-----|--|--|
| (a) | Not exceeding Rs. 50,000.00 | Within 15 days of the date of issue of Sale letter. |
| (b) | Exceeding Rs. 50,000.00 but upto Rs. 2,50,000.00 | Within 21 days of the date of issue of Sale letter. |
| (c) | Exceeding Rs. 2,50,000.00 | Within 30 days of the date of issue of Sale letter. |

7.8.2 Following provisions will be made in "Sale Letter":

Sale Value

It should be noted that failure to deposit entire sale value within stipulated period will attract penalty @ 1% of sale value per week subject to a maximum of 5% of sale value by the buyer. The sale letter will be treated as cancelled and earnest money deposit forfeited in case the buyer fails to deposit sale value within five weeks from the date specified for such a period.

Note (Not to be incorporated in tender documents)

The Competent Authority, after imposing penalty as contemplated above, will have discretion to release the material to defaulting party without canceling the Sale Letter provided such party has deposited full sale value of the materials even after five weeks of specified date but within three months of the specified period.

7.8.3 For reasons to be recorded in writing, the Competent Authority, in consultation with associate Finance, will be empowered to waive recovery of penalty imposed on the buyer for delay in depositing sale value.

7.8.4 A copy of the sale order will be endorsed to the attached Finance and the MM officer holding the stores.

7.8.5 A copy of the sale order will also be endorsed to the finance officer incharge stores ledger section alongwith the statement of the material sold. The statement will interalia incorporate the following particulars for condemned capital items sold.

- (i) Description of capital items.
- (ii) Census number.
- (iii) Reference to condemnation report (every condemnation report must bear a particular control number and date for easy links).
- (iv) Deptt./Office/Officer returning the material.
- (v) Return voucher number and date.

7.9 The buyer will also be informed that the earnest money deposited will be adjusted against the security deposit and default in payment of sale value within the stipulated period would be considered as a breach of contract and that Oil & Natural Gas Corporation may forfeit the amount of earnest money and security deposit apart from canceling the contract by serving notice in writing to the buyer and resell the stores as and when the ONGC considers best and recover from the buyer any loss incurred in such a resale. The ONGC will also be entitled to the cost of storage/warehousing, removal of stores which are to be resold and any expenses incurred in the sale of the stores. Any gain on resale will be retained by the ONGC.

7.10 **Delivery order**

7.10.1 After the buyer has deposited the sale value, a "Delivery Order" authorising the buyer to take delivery of stores sold will be issued as per specimen at Annexure 'B'. The 'Delivery Order' would also give the reference of the "Sale Letter" and "Sale Deposit Receipt". The Delivery Order would also lay down a period within which the stores are to be removed. This period would be worked out keeping in view the quantity,

weight, bulkiness of the stores sold and other relevant circumstances such as availability of transport, etc. It must be clarified in Delivery Order that if the stores are not removed within the stipulated time, ground rent @ ½% of the sale value per week subject to a maximum of 5% of sale value will be charged. Thereafter the “Sale Letter” and “Delivery Order” will be treated as cancelled and security deposit of the buyer forfeited.

Note:

The Competent authority, after imposing ground rent as contemplated above, will have discretion to release the material to defaulting party without canceling the Sale Letter.

7.10.2 For reasons to be recorded in writing, the Competent Authority, in consultation with associate Finance, will have powers to waive levy of ground rent.

7.11 Any deposit of the unsuccessful tenderers will be returned within one week of the sale of tendered material/stores. It will not be necessary to inform tenderers that their tenders have not been accepted. No correspondence shall be entertained in this regard.

7.12 Copies of the Delivery Order will be endorsed to the MM Officer holding stores, concerned Finance & Accounts Officer of the Project and concerned Security Officer. The MM officer will issue the stores sold to the buyer and post to stores ledger on the strength of the Delivery Order signed by the contractor in token of having removed the stores.

8. Sale by Auction

8.1 Disposal of auction may be carried out either departmentally or through reputed firm of auctioneers with whom ONGC has entered into agreement. The authority at E-7 level, by inviting tenders may enter into an agreement with an auctioneering firm or repute and financial standing, to handle the sales by auction. When an auctioneer is appointed by the Competent Authority, his duties and responsibilities should be clearly defined in the agreement. Suggested list of duties of an auctioneer which may form a part of the contract are given at Annexure C.

8.2 All materials accumulated for the purpose of sale by auction should be grounded into convenient lots which are likely to suit the bidders at the proposed auction. A “Lot Register” will be maintained by the stock holder in manuscript form in which the following particulars should be shown:

1. Lot number.
2. Description of material.

3. Book Value.
4. Approximate quantity for sale.
5. Reserve price fixed.
6. Rate at which auctioned.
7. Total value at auction rate.
8. Name of purchaser.
9. Remarks.

Columns 1 to 4 will be filled at the time of preparing lots for auction. Columns 5, 6, 7 and 8 will be filled after the auction.

- 8.3 No auction will take place without prior permission of the Competent Authority. Well before the date of auction, the Competent Authority will nominate a Board of three officers not below E-2 level. One of the members will be of E-4 level who will function as Auction Supervising Officer. The Board will include one officer from Finance & Accounts Deptt. It will be made clear to all participants in the auction that the right to accept or reject highest bid is kept reserved. For reasons to be recorded in writing, the representative of Finance or Stores may object to the acceptance or rejection of highest bid. Therefore, Auction Supervisor will consult members of the Auction Board before acceptance/rejection of the bid. In such cases the particular material lot will be kept aside for subsequent auction/disposal. Auction proceedings which are not unanimous will be brought to the notice of Regional/Project Head. Supervising Officer and Accounts representative will be nominated irrespective of the fact whether the auction is to be carried out departmentally or through an approved auctioneers.
- 8.4 The Supervising Officer will ensure that the items to be put up for auction are the same as approved for disposal by the Competent Authority. The officer will ensure that the stores put up for auction are arranged in proper lots keeping in view the types of stores, metal compositions and the capacity and convenience of likely bidders. He will also prepare the "Auction Catalogue" and make arrangements for inspection of lots by likely bidders. However, when an auctioneer has been appointed, the lots will be formed in consultation with the auctioneer with the auctioneer and auctioneer will prepare the auction catalogue.
- 8.5 The Supervising Officer will fix the time and place of auction in consultation with concerned MM Officer and with the approval of the Competent Authority. In the case of departmentally conducted auction without an auctioneer, the Supervising Officer will ensure wide publicity of auction through press, hand bills and other means. He may appoint an employee of ONGC to record bids but the bids will be made and recorded in his presence. All money transactions such as collection of 25% of the sale value on the fall of hammer, collection of balance of sale price,

issuing receipt to the buyer, depositing the auction sale proceedings in cash section would be supervised by the Finance representative. However when the auction is conducted by an approved auctioneer, collection of earnest money and the balance of sale price will be responsibility of the auctioneer.

8.6 From Lot Register and Survey Reports, the stores representative will prepare a manuscript auction catalogue containing the following particulars in triplicate:-

1. Date of auction.
2. Lot number.
3. Description of materials.
4. Approximate quantity.
5. Book Value.
6. Reserve Price.
7. Name of purchaser.
8. Auction bid rate.
9. Value.
10. Delivery order number & date.
11. Quantity delivered.
12. Gate Pass number & date.
13. Remarks.
14. Signature of the concerned MM Officer.

Column 1 to 5 will be filled before the auction starts.

8.7 The Supervising Officer will ensure that the items to be put up for auction are the same as approved for disposal by the Competent Authority. The officer will ensure Reserve Price (column No.6) fixed by the Competent Authority in consultation with the attached Finance, will be entered only on one copy of the auction catalogue. This copy will be marked "Confidential" and will be sealed and handed over to the Officer Supervising auction, on the date of the auction. The sealed envelope will not be opened by any person without the permission of Project Head or the Officer supervising auction. The reserve price will not be revealed to the prospective bidders at any stage. Other columns of the auction catalogue will be filled as the sale proceeds. In cases where the auction sale is through an auctioneer, the entries in the register will be compared by Finance representative with the auctioneer's statement, at the end of the day. The auction catalogue will be signed at the end of the day by the officers comprising the Board.

8.8 Before an auction is carried out either departmentally or through an auctioneer, "General Conditions of Sale" would be brought to the notice of all bidders. A Certificate that this was done, will be included in the completion report of the officer supervising the auction. The General

Condition of Sale would invariably include the condition as given in Annexure-D.

- 8.9 A bid sheet, indicating details of parties participated and bid prices made by them, will be prepared for each lot. It should be made in triplicate and should be signed simultaneously on the spot by the purchaser, the auctioneer (if any), the Supervising Officer and the stock holder. A copy will be retained by the stock holder, Supervising Officer and auctioneer, if any. Bid Sheet will not be given to the purchaser. If at the time of bidding at the auction, formation of a ring is noticed, the Supervising Officer will make efforts of break the ring, failing which he may call off the auction.

If the bid price is lower than 75% of the reserve price, the stores and spares will not be auctioned.

- 8.10 Disposal of metal containers should be effected separately as far as possible i.e. independently and not coupled with the disposal of unserviceable stores.
- 8.11 In case of disposal of unserviceable stores in situ by a Geophysical field party Chief under orders of their controlling Directorates, presence of MM and Finance representatives is not necessary.
- 8.12 Besides may be registered by number or weight unit so that a complete check on the quantity delivered can be exercised at any time. However, where the bidding is per lot, the Supervising Officers will be responsible to ensure that nothing more or less the lot sold is delivered to the purchaser.
- 8.13 After realising the value of the sold lot, the Officer supervising the sale, or where the auction is being conducted by an approved auctioneer, the auctioneer will issue a "Delivery Order" to the stock holder to deliver the stores to the buyer. The Delivery Order would show the buyer's name and address, the details of the stores sold e.g. lot number, general description, approximate quantity, the rate at which sold and total value realised. It will also give the receipt number and dates on which the earnest money and balance of price realised from the buyer have been deposited to enable the Finance Officer to link the Delivery Order with the receipt(s). Specimen of a Delivery Order is given at Annexure B to the Procedure.
- 8.14 The Stores holder, would deliver the stores to the buyer only on receipt of the Delivery Order and against the official receipt for the payment of the ground rent, if any. The Stores holder will obtain a clear receipt from the buyer, on his copy of the Delivery Order and prepare a Gate Pass on the authority of the Delivery Order. The Stock holder will amend his store records on the basis of Delivery Order. No separate Issue Voucher need

be made. Any queries regarding stores sold or delivered will be settled by the officer supervising the auction.

- 8.15 After the sale has been completed and stores removed, the officers supervising the auction will submit a "Completion Report" to the Competent Authority. All documents such as Auction Catalogue, Bid Sheet, copies of Delivery Order and Cash Receipt(s) will be attached to the completion report. Completion Report should show the date of auction, lots and their numbers, brief description of stores in each lots, the quantity offered and the quantity actually sold, the rate at which sold and the value for each lot. The report will also show ground rent recovered. If the auction is conducted by an auctioneer, the report will show the commission that has to be paid to the auctioneer. The officer supervising auction will also forward his general remarks on the conduct of auction, performance of the auctioneer and his suggestion for improvement e.g. lotting, advertisement, location etc.

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8.16 E-AUCTION PROCESS (conducted through MSTC)

For e-auction for disposal of materials conducted through MSTC, the following provisions will be applicable, which are in line with the process followed by MSTC:

8.16.1 E-AUCTION DOCUMENTATION:

Lists of different lots for disposal, alongwith details of all items, specifications and terms, will be sent by ONGC to MSTC preferably by E-Mail (followed by hardcopies) for faster preparation of E-Auction Catalogue and posting the 'lot details' by MSTC on the E-Auction Website.

8.16.2 E-AUCTION BIDDING PROCESS:

- (a) Reserve Price: It is required to enter the 'Reserve Price' values of each lot in the system, through password security system, at least two working days prior to the commencement date of e-auction bidding. The system will retain the Reserve Price for comparing the bids internally during Live auction, but it will not be displayed or accessed by anyone. Upon closing of E-Auction, the system will readily ascertain whether H1 bid is equal to or above the RP value and confirm sale order against the particular bid and post it automatically.
- (b) Lower limit for acceptance of H-1 bid, below reserve price: It is also required to feed a lower limit in the system (which is 50% as

per provisions under para 2.6.6(f)(iv) of Disposal procedure), for acceptance of H-1 bid (below reserve price) on 'Subject to Approval' (STA) basis with concurrence of finance, in the event of not receiving any bid value more than the reserve price. However, the bids below the said lower limit will be rejected. Upon closing of the E-Auction, the bids crossing the specified lower limit will be registered as 'bids on STA basis' in the system. These bids will be blocked for a limited specified period, before expiry of which sale order is to be confirmed on highest bid.

- (c) Competent Authority, approving reserve price, will be authorized to post the reserve price and the lower limit for acceptance of bids, in the system. Reserve price and the lower limit are to be posted in the system, at least two working days prior to the commencement of e-Auction.
- (d) All bids will be deemed to be for materials on 'As is where is' basis and subject to prior inspection by the bidders.
- (e) Once the bidding starts, the H-1 bid at any point of time will always be displayed on the screen, without showing the name of the H-1 bidder.
- (f) Any time during e-auction, the bidders as well as the dealing officials of ONGC can see the bid history of the last 10 bids.
- (g) Immediately after closing of e-auction, the bidders can see the result online on the website, which will show details of lots won by them on 'confirmed' or 'STA' basis.

8.16.3 DURATION OF E-BIDDING:

'e-bidding' will be held initially for four hours, with a provision for auto extension of closing time by 8 minutes every time the last H-1 bid is received within 8 minutes of the predetermined or extended Closing Time. This process will continue till the last H-1 bid remains unimproved for a minimum period of 8 (eight) minutes.

8.16.4 MONITORING/WITNESSING OF E-AUCTION, BY ONGC :

The dealing officer shall witness & monitor the 'live e-auction process'. He shall also download 'bid history' of last 10 bids for all lots and the 'complete Bid Sheets' (with names of the H-1 bidders and the status as to whether Sold/STA/Rejected etc.) from the website, on completion of the 'live e-auction process'.

8.16.5 ISSUE OF SALE ORDER, DELIVERY ORDER, DELIVERY, ETC.

- (i) For the cases where H-1 bids are equal to or more than the reserve price, 'Sale Intimation Letter' will be generated automatically in the system and will be issued by MSTC to the H-1 bidders for each lot, requesting to deposit 10% Security Deposit, within 7(seven) days.
- (ii) In cases where H-1 bid is less than the reserve price, MSTC should issue the 'Sale Intimation Letter', only after approval by the Competent Authority of ONGC (as per BDP). Concerned officials will make all efforts to convey the online confirmation of the approval to MSTC at the earliest, the time for which should not exceed more than 7 (seven) working days.
- (iii) Immediately on receipt of the copy of Sale Order/Delivery Order issued by MSTC, concerned dealing officer shall generate a confirmatory Sale Order/Delivery Order in the ICE system for the purpose of regularization and also for facilitating future activities like accounting of sale proceeds, delivery of materials etc.
- (iv) On receipt of Security Deposit from the bidder, sale order is issued by MSTC requesting the Buyer to submit the sale value with applicable duties / taxes within 10 days. (Security Deposit will be retained by MSTC, which will be refunded to the Buyer on completion of the contract and receipt of NOC from ONGC, within 15 days
- (v) After getting the payment of full sale value from the buyer, delivery order will be issued by MSTC. Payments will be forwarded by MSTC to ONGC after deduction of their Service Charges (as per agreement). ONGC will allow delivery of material to the buyer only after receipt of payment, of full sale value, against production of Photo-ID-Card issued by MSTC (containing buyer's photograph and specimen signature). Alternatively, Photo-ID-Card holder can authorize his representative alongwith the Photo-ID-Card (or a Notarized copy of the same) to take delivery of materials.

8.16.6 For various activities related to e-auction, the respective procedure / process of MSTC will be applicable. However, for various internal activities of ONGC (like fixation of Reserve Price, Competent Authority for approval, etc.) the relevant provisions of Disposal procedure, BDP and other Instructions issued from time to time, shall be applicable, as in case of non e-auction cases.

9. DISPOSAL OF CAPITAL ITEMS WHICH ARE UNSERVICEABLE OR BEYOND ECONOMICAL REPAIRS (OTHER THAN VEHICLES)

9.1 Survey Board

9.1.1 Capital items will be disposed off if they have been declared as beyond economical repair or unserviceable by a Survey Board as stated in para 2.4. At least one of the officer of the Survey Board will be an officer from outside the Business Group concerned and will be nominated by the concerned General Manager.

9.1.2 The technical officer would be of the level not below E-4. Whenever feasible, a representative of the Department of Equipment Management may also be included as a member of the Survey Board.

9.1.3 No items would be condemned unless reconciliation with Block cards has been done. It will be the responsibility of Finance representative in the condemnation board to see that a confirmation to this effect has been obtained from the Incharge Stores Ledger Section.

9.1.4 **Condemnation of Capital items without Census Number.**

In order to condemn capital items without census numbers, the broad technical specifications of such capital items should be recorded with the User Deptt. and condemnation action initiated for such items with the approval of Executive/Regional Director in case of Regions and concerned Director in case of HQrs. These broad specifications should form part of the condemnation report, a copy of which should be sent to Assets Master Cell of F&A Deptt. as well as User Deptt. for records and future reconciliation.

9.1.5 For all capital items, before condemnations are to be accounted for in Block Cards, the representative of Finance in the Board has to ensure that this has been done before condemnation of the item.

9.2 The Survey Reports would include the following information in addition to the description and Code number of item:-

- (a) Manufacturer's part number.
- (b) Census number.
- (c) Source of receipt.
- (d) Date of purchase.
- (e) Book value.
- (f) Estimated value.
- (g) No. of years equipment has been in actual use.
- (h) Repair history.
- (i) Reasons for return.
- (j) Present condition.

- (k) Details of the parts that should be retrieved before capital item is disposed of.
- 9.3 The Board will give a certificate that the capital item under survey has become unserviceable and beyond economical repair and that this is due to fair wear and tear. If the Board is of the opinion that the equipment or item has become unserviceable or beyond economic repair due to misuse, no disposal action will be taken until the matter has been investigated and responsibility fixed for the misuse. Further disposal will only be taken after the written order to this effect has been given by the Competent Authority.
- 9.4 The proceedings of the Survey Board will be prepared in quintuplicate. The proceedings will be submitted to the Project/Region Head. The Project Head, in all cases exceeding his condemnation powers, will forward the proceedings with his recommendations to the Regional Head. Where the book value is beyond the powers of Regional Head, the Regional head will forward the Survey Board proceedings to the Head of concerned Business Group at Headquarter for obtaining approval of Competent Authority.
- 9.5 The distribution of the copies of Survey Report will be as under:
- No. 1 & 2 copies to the Stores Section.
 - No. 3 copy to the attached Finance.
 - No. 4 copy to the Returning Section.
 - No. 5 copy as office copy of the Project Manager.
- 9.6 **Book value**
- Procedure specified vide para 2.5 will be followed.
- 9.7 **Financial Powers**
- Procedure specified vide para 2.6 will be followed.
- 9.8 **Reserve Price**
- 9.8.1 In case of plant & equipment, reserve price will be fixed itemwise. Procedure specified vide para 3 will be followed.
- 9.9 **Methods of Disposal**
- 9.9.1 The Capital items/equipments may be disposed of

- (a) by auction.
- (b) By inviting tenders
- (c) Through agencies like MSTC.

9.9.2 With regard to disposal of capital equipment by (a) inviting tenders and (b) by auction, the procedure laid down for such disposal in case of stores and spares will be followed. In this connection paras 7 and 8 and their sub-paras may be seen.

10. Discard/Disposal of Vehicles & Transport equipments

10.1.1 Procedure for condemnation covered under replacement policy

Projects/offices shall identify the vehicles for condemnation as per condemnation policy. The required data will be filled in part "A" and part "B" of the condemnation proforma placed at Annexure "E". These documents shall thereafter be submitted to attached Finance for examination/concurrence of the proposal and verification of depreciated cost before putting up to the Survey Board to be constituted as per guidelines given in para 10.2. The Survey Board shall physically inspect individual vehicle/transport equipment and record its recommendations under Part "C" of Annexure "E". This Survey Board shall not have any representative from Headquarters (Tpt) and shall meet "as and when required". The Survey Board will ensure that all the necessary information/data are filled in before any case is put up for approval to the Competent Authority.

The recommendation of the Survey Board shall be approved as per powers delegated vide para 2.6. After approval by Competent Authority, the concerned Transport Department shall issue the condemnation order. The condemned vehicle should be returned to CMLO/RCMLO with proper documentation including non-use certificate from the concerned Road Transport Authorities. Wherever necessary, the renewal of non-use certificate for un-disposed off condemned vehicle should be obtained from the Road Transport Authority by the Transport Department.

10.1.2 Procedure for condemnation of accidented/pre-mature cases

Whenever an accident takes place, projects/offices should immediately appoint an Enquiry Board. This Board must give its recommendations within 60 days. Simultaneously the accidented vehicle should be sent to workshop for repairs. If it is found that it is beyond economical repair then the necessary data should be filled in part "A" and part "B" of the condemnation proforma and should be put up to the Survey Board after concurrence by attached Finance. Vehicles which have become obsolete because of non-availability of spares, exorbitant cost of repairs and

uneconomical operational cost, shall be identified by the project/office and put to the Survey Board. This Survey Board, to be constituted as per guidelines indicated in para 10.2, shall not have any representative from Headquarters (Tpt) and shall meet “as and when required”. All such cases duly concurred in by Finance and approved by the Head of the concerned Business Group at the Base/Region shall be submitted to the Department of Transport and Transportation at Headquarters for obtaining approval of the competent authority. The Survey Board while recommending the case for condemnation should ensure that all the necessary data/information is complete.

The condemnation process should be de-linked from the follow up actions of the enquiry report.

After the approval of Competent Authority, the Transport Department at Headquarter shall issue condemnation order.

10.2 Constitution of Survey Board

Procedure specified vide para 2.4 will be followed.

10.3 The approved life of Transport vehicles/equipment is as under:

Sl. No.	Category	No. of years	Kms/Hrs. Run
		(Whichever is earlier)	
1.	Jeep (Petrol)	7	1,20,000 Kms
2.	Jeep (Diesel)	7	1,60,000 Kms
3.	Cars	10	1,30,000 Kms
4.	Ambulance (Petrol) (on Jeep chassis)	7	1,20,000 Kms
5.	Ambulance (Diesel) (on Jeep chassis)	7	1,60,000 Kms
6.	Pickup (Petrol)	7	1,20,000 Kms
7.	Pickup (Diesel)	7	1,60,000 Kms
8.	Mini Bus (Diesel)	7	1,60,000 Kms
9.	Power Wagon (Diesel)	7	1,00,000 Kms
10.	Station Wagon (Diesel)	7	1,20,000 Kms
11.	Ambulance Van (Diesel)	7	1,60,000 Kms
12.	Cash Vans (Diesel)	7	1,60,000 Kms
13.	Buses	7	3,20,000 Kms
14.	Pole Carriers	8	3,20,000 Kms
15.	Trucks	8	3,20,000 Kms
16.	Water Tankers/Oil Tankers (12 Ton)	8	3,20,000 Kms
17.	Prime Movers/Trailer (40/45 T)	10	3,20,000 Kms
18.	Prime Movers/Trailer (25/30 T)	10	3,20,000 Kms
19.	Prime Movers/Trailer (15/20 T)	10	3,20,000 Kms

20.	Dumper	10	3,20,000 Kms
21.	Crawler Tractors	10	12,000 Hrs.
22.	Bull Dozers	10	12,000 Hrs.
23.	Auto Graders	10	12,000 Hrs.
24.	Mobile Cranes (Upto 7 T)	10	10,000 Hrs.
25.	Mobile Cranes (Upto 16 T)	10	10,000 Hrs.
26.	Mobile Cranes (Upto 30 T)	10	10,000 Hrs.
27.	Mobile Cranes (35 to 40 T)	10	10,000 Hrs.
28.	Mobile Cranes (Above 40 T)	10	10,000 Hrs.
29.	Crawler Cranes (Upto 30 T)	10	10,000 Hrs.
30.	Crawler Cranes (Upto 10 T and above)	10	10,000 Hrs.
31.	Pneumatic Tractor	10	10,000 Hrs.
32.	Road Roller	10	10,000 Hrs.
33.	Trailers	10	-
34.	Truck (upto 12 T)	8	3,20,000 Kms.
35.	Water Tankers (upto 12 T)	8	3,20,000 Kms.
36.	Rig Chassis	8	10,000 Hrs.
37.	Labour/Normal Van (on TATA chassis)	8	3,20,000 Kms.
38.	Forklifters	10	10,000 Hrs.
39.	Oil Field Trucks	10	3,20,000 Kms.
40.	Motor Cycle	7	80,000 Kms.
41.	Fire Tenders	8	3,20,000 Kms.
			(Whichever is earlier)

10.4 Maintenance of Log Books/History sheets

Projects/Regions/Offices should properly maintain the log books and History Sheets with respect to daily Kms./Hrs. run for each vehicle/equipment so that condemnation performance is complete in all respects

10.5 Transfer of vehicles/ equipments

At the time of transfer of vehicle/equipment from one Project/Region to another, all the relevant documents/data concerning the vehicle/equipment should also be despatched by the transferer projects/offices. The transferee Department should ensure receipt of these documents.

10.6 Cannibalisation of spare parts

No cannibalisation of spare parts should be done from the vehicles due for condemnation. For cases where cannibalisation is un-avoidable due to valid reasons, this should be allowed under specific written orders of the officer-in-charge of the work ship. A copy of the permission and list of items removed should be enclosed alongwith the condemnation proposal.

10.7 Book Value

The book value would be the depreciated value of the vehicle. Wherever this value is not available, the Survey Board would determine the book value of the vehicle in consultation with associated Finance. The composition of Survey Board would be as stated in para 10.2

10.8 Reserve Price

A Survey Board will be constituted by Competent Authority as per para 2.4 to fix the reserve price.

Following factors will also be taken into account for fixing reserve price of condemned vehicle:-

- (a) Present purchase price of similar new vehicle.
- (b) Present physical condition of the vehicle.
- (c) Total Km.run by the vehicle.
- (d) Depreciated value of the vehicle as prevailing currently

Procedure specified vide paras 3.3 and 3.4 will also be followed.

10.9 METHODS OF DISPOSAL OF VEHICLES

10.9.1 Unserviceable and non-moving vehicles and Transport equipments will be disposed of by the projects on "as is where is basis" at site/project.

10.9.2 Vehicles and other Transport Equipments which fulfil the criteria of Life & Kms/hrs. and which are still in working condition may be disposed of as "going concern".

10.9.3 The RCMLLO/CMLO (not below E-5 level) will dispose of the condemned vehicles (unserviceable or running) by:-

- (a) Inviting Tenders or
- (b) Through DGS&D or
- (c) Through Metal Scrap Trading Corporation

The method selected for disposal would be one most feasible and convenient for quick disposal and advantageous to the Corporation.

10.10 SALE BY INVITING TENDERS

10.10.1 The vehicles intended to be sold by inviting tenders will be given wide publicity in news papers both in English and in vernacular. Likely purchasers would also be informed through letter. Tenders will be invited for each vehicle separately. Each tender would be accompanied by a "Schedule of Vehicle for disposal". A specimen of the "Schedule of vehicle for Disposal" is given at Annexure 'F'.

10.10.2 Instructions with regard to invitation of tender, tender fee, registration of tenders, opening of tenders, acceptance of tenders, issue of sale letter and delivery order as per para 7 and its sub paras would be followed when vehicles are disposed of against tenders

10.11 SALE BY AUCTION

When the vehicles are sold by auction, instructions given in para 8 (Sale by Auction) and its sub-paras would be followed. However the Lot Register, Auction Catalogue and Delivery Order (STR-34) would be suitably amended to include (in the description of material) registration marks, type and model and the chassis and engine particulars of the vehicles to be sold by auction.

11. Disposal of serviceable, Obsolete and Unwanted Capital Items, Stores and Spare

11.1 Surplus and obsolete stocks are usually created by changes in designs and methods of manufacture, changes in the drilling and projection

policies, unforeseen reduction in their requirement or a wrong decision by some part of the management. These dormant stocks must be put to some alternative use or disposed of promptly to enable optimum use of capital and storage space.

- 11.2 Incharge, Physical stocks, will prepare, every year, a list of items which have not moved for two years or more. The list so prepared will be submitted to the Standing survey Board, to be constituted by the Project/Region Head, consisting of representative of E-5 level one each from User, MM and F&A Deptts. The Standing Survey Board will be responsible to physically examine and see the materials and then recommend as to whether or not the materials can be utilised at the Project/Region.
- 11.3 The Standing Survey Board will review items stocked in Project/Regional Stores in respect of which no issues have been made for two years or more and of items which are of a very slow moving nature and when physical stocks held are for more than three years likely requirements. Such review by the survey Board will be made atleast once a year. The Survey Board, keeping in view the future requirements of the projects and in consultation with the sections concerned, would prepare survey reports of those equipments, stores and spares which they considered as surplus to the requirements of the Projects/Regions. The reports of projects will be examined by the project Manager concerned. The Project Managers will forward the reports with their recommendations to the Regional Head. Regional Heads, after ensuring that the surplus items reported by the Projects can not be adjusted in any other Project in the Region would prepare consolidated survey sheet of surplus equipment, stores and spares. Copies of such Survey Reports will be forwarded to the concerned Head of Business Group at Headquarters and to other Regions.
- 11.4 The lists received will be examined to see if any of the item (items) reported as surplus, is/are required by them. If so, they would request the concerned Region to transfer such item(items) to them. In respect of other items on the Survey Reports, the Regions will certify that those items are neither required by them nor is there any likelihood of those items being required in their Region in foreseeable future.
- 11.5 The Materials Management of concerned Business group at Hqrs. In consultation with Technical officers concerned would also check the survey sheets received from Regional Heads to ensure that the surplus reported by the Regions can not be adjusted against the present or future requirements of any projects in corporation. If the surplus material will be an eventual use within the corporation, the decision whether to sell such material at a lower price or to hold it which use at full value will depend on

the period after which it is likely to be put to use, the capital investment involved and the carrying costs.

- 11.6 After it has been got confirmed that surplus equipment, stores and spares are not required by any Project/Region, they shall be declared fit for disposal and sent to concerned RCMLO/CMLO for disposal.
- 11.7 The lotting of surplus equipments will be done as laid down vide Note (ii) under para 2.6.6 (e)
- 11.8 The material will be disposed of under the orders of the Competent Authority as stated in para 2.6
- 11.9 The lot price of surplus serviceable stores and spares will be arrived at after totaling the book value of individual items on the date of lotting multiplied by the respective quantity. Thereafter taking into consideration its utility potential to the buyers and physical condition of the materials, the reserve price will be fixed by the Survey Board.
- 11.10 The Regional Head/Project Head may also direct the Survey Board to examine the lots as to whether these should be disposed of as scrap or otherwise keeping in view physical condition of the item and its potential utility to the buyers.
- 11.11 Proceedings of the Survey Board will be submitted to the authority as laid down vide para 2.6 for approval.
- 11.12 As soon as the capital items, stores and spares are reported as surplus and fit for disposal by the survey Boards at Projects/Regions, the surplus stores would be got segregated. A tag will be put on the capital items. Capital items/stores & spares(which normally should be boxed up) which would show on its face that the items are surplus and cannot be used without the prior permission of the disposing authority. A specimen of the tag is given as under.

Code No.....

Description of Surplus equipment/stores/spare.....

Declared Surplus on (date).....

Authority.....

Do not put back into use or make any Disposal of this item without approval.

11.13 Disposal of stores to the public would be made preferably by tenders. Disposal can also be made by auction through agencies like MSTC . for disposal by auction, instructions laid down in sub paras 8.1 to 8.14 will be followed. The procedure laid down vide para 7 will be followed for disposal by inviting tenders. In addition, efforts should also be made to disposal of material by specific contracts/approaches to Govt. organisations who are the probable users such as Oil India, Defence and Irrigation Deptt. in case of drilling, production and auto(Imported) items and Indian Universities in case of Geo-Service equipments. In case of auto (indigenous) and engineering items, attempts may also be made to see the surplus items to the manufacturers/authorised dealers / stockists of the concerned equipment/spares.

12. Disposal of Packing Cases/Cans and Empty POL Barrels and condemned furniture to employees

Packing cases/cans and empty POL barrels surplus to the requirement of ONGC may be sold to the employees of ONGC provided the price of such materials is fixed in consultation with the attached Finance and proper account of such sales is maintained. In addition, the condemned furniture may also be sold to the employees at price to be fixed in consultation with attached Finance. Proper accounting of such condemned furniture will be ensured by all concerned.

13. Disposal of used/Burnt Oil

The used/burnt oil will be sold either by auction or by direct Sale or by any other mode only to the Re-refiners registered with the Directorate of Industries of the State Government/Union territory Administrations.

14. Disposal of bits

14.1 The disposal of tubulars. Bits, including diamond drill bits and core heads is decentralised at Regional level.

14.2 The bits for disposal will be kept duly cleaned, oiled, greased and arranged in suitable lots as per sizes.

14.3 Preference would be given to the Govt. departments/Govt. of India Undertakings for purchase of these bits. Reserve price of these bits for disposal to Govt. Deptts./Govt. of India Undertakings would be fixed by a team of officers consisting of an officer of E-5 level each from Drilling, Materials Management and Finance and Accounts disciplines taking into account the market price, expected serviceability and condition etc. of the bits. Where officer(s) of E-5 level are not available/posted, the reserve price of used bits may be fixed by a team of officers consisting of officer(s)

available in the Project next below E-5 level. Approval on the reserve price fixed by above team of officer(s) will invariably be obtained as per powers specified in para 2.6 (but not below E-6 level).

14.4 Bits, when either these are not required by Govt.Deptts./Govt.of India Undertakings or when the price assessed by board of officers is not acceptable to them, will be disposed of to private parties by inviting open tenders. For disposal of bits to private parties, the reserve price will be fixed as under:-

(a) Bits from Western sources

(i) Surplus Serviceable le Bits

The latest purchase price of similar type and size of bits be adopted as the reserve price. The Account Formation concerned, on the basis of priced GRVs, will give latest price of the bits. Concerned Import Purchase section may also be contracted in case this data is not available with the Accounts.

(ii) Used Bits

The reserve price worked out for serviceable Bits as indicated in (a) (I) above would be multiplied by the service factor to arrive at the final reserve price of used Bits

(b) Bits from East European Sources

(i) Serviceable Surplus Bits

For surplus serviceable bits procured upto 1971, the price will be increased by 50% over and above the price fixed in the year 1971 and circulated earlier. For bits procured after 1971, it has been decided to add 5% escalation per annum from the year of purchase to the year of disposal.

(ii) Used Bits

The reserve price worked out for serviceable as indicated in (b) (I) above would be multiplied by service factor both in case of bits procured before 1971 and those procured after 1971.

(iii) Where price of serviceable/used bits procured upto or after 1971 is neither available with MM deptt. or with Accounts deptt., the reserve price will be fixed by a team of officers consisting of an officer of E-5 level or above each from Drilling, Materials Management and Finance and Accounts Department taking into account the market price, expected serviceability

and condition etc. of the bits. Where officer(s) of E-5 level are not available/posted, the reserve price of used bits may be fixed by a team of officers consisting of officer(s) available in the project next below E-5 level. Approval on the reserve price fixed by above team of officer(s) will invariably be obtained as per powers specified in para 2.6 (but not below E-7 level).

- 14.5 While sending the bits for disposal, user deptt. Will send condemnation report alongwith the material. Serviceability/service factor of the bits to be disposed of should invariably be indicated in the report so as to facilitate fixation of reserve price.
- 14.6 The used/damaged diamond drill bits will be given to the manufacturer on whom supply orders are placed for new bits. The manufacturers will retrieve good diamonds out of the used/damaged bits for refitting the same in new bits and will give value reduction for diamonds so retrieved by them. A suitable clause will accordingly be incorporated in all future NIT and Supply Orders for the purchase of new bits. Details of used/damaged diamond bits will be intimated to the Purchase Authority so as to enable them to make suitable provisions in NITs and Supply Order(s).

(DISP/08/2010 dated 17.05.2010)

15. Disposal of used 'Lead Acid Batteries'.

15.1 As per 'The Batteries (Management and Handling) Rules, 2001', used lead acid batteries are to be disposed only through depositing with the dealer/ manufacturer/ importer/ assembler/ registered recycler/ re-conditioner of the lead acid batteries or at the designated collection centres of used batteries.

15.2 Disposal through 'buy-back' of the used batteries by the supplier of new batteries.

When new batteries are procured, for replacing the used and unserviceable batteries of similar type and specifications, following procedure shall be adopted for disposal:

- (i) Condemnation of the used and unserviceable batteries shall be done, based on the certificate issued by user department as per para 2.2.2. However, fixing 'Reserve Price' shall not be necessary for disposal of such used unserviceable batteries
- (ii) In tenders for procurement of new batteries, suitable provisions should be incorporated for insisting the bidder to quote for 'buy-back' of the used batteries of similar type and specifications. In such cases, evaluation of offers for new batteries should be carried out based on

“Net cost’ for each battery (arrived at after deducting the value offered for each used battery from the total cost quoted for new battery). Even for the order placed against DGS&D rate contracts (which do not have provision related to ‘buy-back’ of used batteries), the concerned vendor should be insisted to submit his offer for buy-back of used batteries before placement of Purchase Order.

(iii) Accordingly, the Purchase Order placed for new batteries shall indicate the ‘Net Amount’ payable after deducting the value offered for used batteries. Further, for the purpose of accounting and discharging Tax liabilities, a separate ‘Sale Letter’ should be issued for the used batteries (by the same authority who issued Purchase Order for new batteries), by keeping provisions for adjusting the deducted amount against the supplies (of new batteries) as the value for the used batteries.

(iv) On receipt of new batteries and adjustment of value for used batteries (in the payment), concerned Purchase Officer shall issue a ‘Delivery Order’ (addressed to indentor, with copies endorsed to Vendor and the concerned sections - viz. Finance, Disposal and Security), so that vendor can collect the used batteries from the locations.

(v) Accordingly, indentor shall hand over the used batteries to the vendor against proper receipt and Gate Pass (issued on the authority of the Delivery Order).

(vi) Indentor shall forward copies of receipt obtained from the vendor to Finance and Disposal sections for regularization of the sales proceeds and also for inclusion in the returns to be filed with Sales Tax authorities.

15.3 In all other cases, where disposal of used and unserviceable batteries can not be done through the ‘buy-back’ arrangement as mentioned in above para, disposal as per normal procedure should be done through registered recyclers only. A copy of valid registration certificate, issued by Ministry of Environment and Forest, or any officer/agency designated by the Ministry, should be obtained from the participants for such tender/auction.

Both copies to
be returned.

Tender No.
Closing date of tender _____ at _____ Hrs.
Opening date of tender _____ at _____ Hrs.
Offer to remain open till _____

TENDER FOR THE PURCHASE OF

To,

The Oil & Natural Gas Corporation.
_____, Project,

1. The undersigned hereby tenders for purchase from you the goods specified in Col.1 of the first schedule hereto at the prices quoted in Col.2 of the said schedule and subject to the conditions set out in the “Instructions to Tenderers” and “General and Special Conditions of Contract” set out in 2nd and 3rd schedule hereto and also agree to hold this tender open upto _____ for your acceptance.
2. Bank Draft/Bank Deposit at Call Receipt No. _____ dated _____ for Rs. _____ of the State Bank of India/Nationalised Bank/Scheduled Bank in your favour is enclosed as Earnest Money.

Signature of tenderer.
Address

Dated this _____ day of 200 .

Witness:

Witness

THE FIRST SCHEDULE REFERRED TO

1st Column	2 nd Column	3 rd Column
Goods for which tender is made and the place where situated.	Price tendered	No. of days guaranteed for removal of goods.

Signature of the tenderer

Witness

Witness

The above tender is hereby accepted by me on behalf of ONGC for whole of the said goods/for the following portion of the said goods:-

Dated _____ day of __ 200

Project Manager/CMLO/RCMLO

Project

Please note that the quantity/weight indicated herein is approximate and may vary for which the payment as per your quoted rates accepted by us will have to be adjusted/calculated on actual basis at the time of delivery.

Dated _____

Project Manager/CMLO/RCMLO

Project

THE SECOND SCHEDULE REFERRED TO (INSTRUCTIONS TO TENDERERS)

1. Highest tender not necessarily to be accepted:

The Oil & Natural Gas Corporation is not bound to accept the highest or any tender or to assign any reason for non acceptance.

2. Power to accept portion of tender

The tenderer is at liberty to tender either for the whole or any portion of the goods offered, or for one or more or all lots. Price of each lot must be quoted separately. Oil & Natural Gas Corporation shall have the right to accept any portion of the tender made unless the tender expressly stipulates to the contrary.

3. Delivery of tender

This tender is to be delivered in a sealed envelope before closing date and time of tender duly marked on the envelope the tender number and due date of tender. Offer received after closing date and time will be summarily rejected.

4. Price

Price must be quoted in words and figures and per UNIT shown in the first schedule.

5. Alteration to tender and schedules

Any modification which the tenderer wishes to put forward may be stipulated for as qualifying condition.

6. Earnest money and security deposit

6.1 The tender must be accompanied with the earnest money in the form of Demand Draft or Deposit at Call Receipt of the State Bank/Nationalised Bank/Scheduled Bank, in favour of ONGC, as per following slabs with reference to the quoted price:-

Quoted value	Amount of EMD
(i) Upto Rs.50,000/-	5% of quoted value
(ii) Over Rs.50,000/-	Rs.2500+2.5% of the quoted price in excess of Rs.50,000/-

6.2 Offers not accompanied with full value of earnest money will be summarily rejected.

6.3 The tenderer shall hold the offer open till such date as may be specified in the tender.

6.4 It is understood that the tenderer will not resile from this offer or modify the terms and conditions in a manner not acceptable to Oil & Natural Gas Corporation. If the tenderer fails to do so, the amount deposited as earnest money will be forfeited. If the tender is accepted, the amount deposited as earnest money will be treated as Security Deposit for the performance of contract. The earnest money of unsuccessful parties will be returned but Oil & Natural Gas Corporation shall neither be responsible for any loss or depreciation that may happen nor is the Corporation liable to pay interest thereon. If the tenderer whose tender has been accepted, fails in the due performance of the contract, the Security Deposit will be forfeited.

7. Particulars

Further particulars, if any, in respect of this tender will be furnished on application.

8. Signatures

The tender must be signed and witnessed so also the First Schedule. In case of partnership all partners should sign. All corrections made in the price quoted should be attested by the tenderer under his full signatures.

GENERAL CONDITIONS OF CONTRACT

1. Definition

The ``Corporation/ONGC`` mean the Oil & Natural Gas Corporation. ``The Buyer`` means the person, firm or company with whom the Corporation concludes the contract for purchase of all or any of the articles specified in the 1st Schedule and includes his or their personal representatives.

2. Condition of goods

The goods are sold as they lie. They shall be removed by the buyer with all faults and notwithstanding any errors or misstatement of description, measurement, quantity, weight, enumeration or otherwise and without question on the part of buyer and no claim shall lie against ONGC for compensation, n or shall allowance be made on account of any such faults, mis-statements or errors although the same may be of a considerable nature. In particular the description of goods may be identical with or similar to description of goods in some previous

sale by tender but no reliance must be placed on any such description. The buyer should satisfy himself thoroughly as to what is offered for sale before submitting his tender and may inspect the goods prior to tendering and shall be deemed (whether or not inspection shall have in fact taken place) to have had noticed all defects and faults and any errors and any mis-statements as aforesaid which he might have discovered on inspection and shall not be entitled to any compensation on account thereof. Nor shall any party to this contract be entitled to claim or recover from the other any compensation by way of damages or otherwise if the goods sold are not available by reason of not being at the specified place and the contract shall stand cancelled.

3. Risk

The goods shall be and remain in every respect at the risk of the Buyer from the date of acceptance of his offer by the Oil & Natural Gas Corporation and the Corporation shall not be under any liability for the safe custody or preservation thereof from that date

4. Payment

The Buyer shall made payment for the goods purchased to the Oil & Natural Gas Corporation at such place as the Corporation shall specify and by the date fixed. Permission to remove or take delivery of the goods will only be given after payment has been made by the Buyer as per his accepted offer. Sales Tax, if payable, will be the liability of the buyer.

5. Delivery

5.1 The goods sold will be removed by the Buyer from the position where they lie as shown in the First Schedule and without packing unless this is specifically provided for in the Special Conditions of Contract.

5.2 Should the original Buyer wish to take delivery of the goods purchased through the medium of representative, then he will give the later a letter authorising him to take delivery of same. That letter must contain details of the goods together with reference to the number and date of ONGC's letter accepting his offer.

5.3 Unless these instructions are complied with, the officer holding the stores will not give delivery.

6. Failure to pay price

Payment is to be made before delivery. If the Buyer makes default in payment for any goods in accordance with this contract, the ONGC shall be at liberty to resell the same as and when the ONGC thinks best and recover any loss from the

Buyer without affecting the contract regarding delivery of other goods at some later date or the ONGC may treat any such default as a breach of the contract and in that case cancel the contract by notice in writing to the Buyer any costs of storage, ware housing or removal of the goods and any expenses incurred in or in connection with a sale or attempted sale thereof. Any gain on any resale as aforesaid shall belong to the ONGC. This is without prejudice to ONGC right under clause-7 hereof or otherwise.

7. Failure to take delivery after payment

7.1 If the Buyer having paid the full amount of his purchase money shall fail to remove the goods by the date or dates to be specified in ``Sale Letter'' to be issued upon payment of the price, ONGC may keep the goods at the buyers risk and charge the Buyer in respect of ground rent @ $\frac{1}{2}\%$ of the sale value per week subject to a maximum of 5% of sale value during which failure to take delivery of such goods continues. Such charges are to be paid before the goods or any part thereof are removed. Thereafter the ``Sale Letter'' and ``Delivery Order'' will be treated as cancelled and security deposit of the Buyer forfeited and action, as deemed fit by ONGC, will be taken.

8. Recovery of sums due

Whenever any claim for the payment of sum of money arises out of or under this contract against the buyer, the ONGC shall without prejudice to any other remedy be entitled to deduct it from the proceeds of such re-sale or to appropriate the said Security Deposit in whole or part to sell or cancel any Government Promissory Notes forming the whole or part of such security and in the event of the security being insufficient, the balance may be deducted from any sum of the Buyer under this or any other contract with the ONGC and if this is not insufficient, the Buyer shall pay any balance to ONGC on demand.

9. Withholding and lien in respect of sums claimed

9.1 Whenever any claim or claims for payment of a sum of money arises out of or under this contract against the Buyer, the seller shall be entitled to withhold and also have a lien to retain such sum or sums in whole or in part from the security, if any, deposited by the Buyer and for the purpose aforesaid, the seller shall be entitled to withhold the said cash security deposit or the security if any furnished as the case may be and also have a lien over the same pending finalisation or adjudication of any such claim. In the even of the security being insufficient to cover the claimed amount or amounts or if no security has been taken from the Buyer, seller shall be entitled to withhold and ha e a lien to retain the extent of the such claimed amount or amounts referred to supra, from any sum or sums found payable to the Buyer under the same contract or any other contract with the seller or Government or any person contracting through the seller pending finalisation or adjudication of any such claim.

9.2 It is an agreed term of the contract that the sum of money or monies so withheld or retained under the lien referred to above, by the seller will be kept withheld or retained as such by the seller till the claim arising out of or under the contract is determined by the arbitrator (if the contract is governed by the Arbitration clause) or by the competent court, as the case may be and that the Buyer will have not claim for interest or damages whatsoever or any account in respect of such withholding or retention under the lien referred to supra and duly notified as such to the Buyer. For the purpose of this clause, where the Buyer is a partnership firm or a limited company, the seller shall be entitled to withhold and also have a lien to retain towards such claimed amount or amounts in whole or in part from any sum found payable to any partner/limited company, as the case may be whether in his individual capacity or otherwise.

10. Lien in respect of claims in other contracts

10.1 Any sum of money due and payable to the Buyer (including the security deposit returnable to him) under the contract may be withheld or retained by way of lien by the seller or Government or any other person or persons contracting through the seller against any claim of the seller or Government or such other person or persons in respect of payment of a sum of money arising out of or under any other contract made by the Buyer with the seller or Government or with such other person or persons.

10.2 It is an agreed term of the contract that the sum of money so withheld or retained under his clause by the seller or Government will be kept withheld or retained as such by seller or Government till his claim arising out of in the same contract or any other contract is either mutually settled or determined by the arbitrator, if contract is governed by Arbitration clause or by the competent court, as the case may be, and that the Buyer shall have no claim for interest or damage whatsoever on this account or on any other ground in respect of any sum of money withheld or retained under this clause and duly notified as such to the Buyer.

11. Damage

The Buyer shall make good all damage which may be caused to any property of the ONGC or of any other person by any act or default of the Buyer, his agents or servants, in connection with the removal of any of the goods, provided that the ONGC may at their option make good such damage and charge the Buyer with the expense thereof.

12. Insolvency

The ONGC may at any time terminate this contract if the Buyer is adjudicated insolvent or enters into any arrangement with creditors or being a company is

wound up voluntarily or otherwise, unless it be for the purpose of reconstruction and recover from the Buyer any loss resulting therefrom.

13. Assignment or subletting of contract

The Buyer shall not assign or sub-let this contract or any part thereof without the written permission of the ONGC and even if permitted to do so shall remain liable for fulfillment of the contract.

**THIRD SCHEDULE REFERRED TO
(Special Conditions of Contract)**

1. Earnest Money.....
2.
3.
4.
5.

Delivery Order

Project.....

No

Delivery Order

To,

(Stock Holder)

Reference: 1. Auction sale held on.....Lot no.....
Sale Vide Tender No.....Dated.....

2. Sale Order No.....Dated.....

1. Stores detailed in para 2 below have been sold by Auction/through tender to.....

(Buyer)

2. Details of the stores sold to the aforesaid buyer are:-

(a) Lot No. _____

(b) Description of the material _____

(c) Approximate quantity _____

(d) Rate at which sold _____

3. The stores have been sold for Rs.....full amount has been received from the buyer vide cash receipt No.....Datedfor Rs.....total Rs.....

4. The Buyer will remove the material withindays of issue of sale order failing which he will be liable to pay ground rent @ ½% of sale value per week subject to a maximum of 5% of sale value of goods so remaining for full week or a part of a week during which the material is not removed. Thereafter the ``Sale Letter`` and ``Delivery Order`` will stand cancelled and security deposit of the buyer forfeited.

5. The Buyer will remove stores under his own arrangement. In case the stores are loaded by the staff/crane/other mechanical means of ONGC the buyer will pay loading charges to be determined by ONGC in consultation with Finance before actual loading starts.
6. Stores will be delivered only after the loading charges and ground rent, if any, has been paid by the Buyer.

Place
Dated

Officer Supervising Auction
Auctioneer

1. Copy to Shri(Buyer)
2. Copy to the Finance & Account Officer.....
3. Copy to the incharge, Security

Note:-

It will be ensured that a copy of the delivery order is handed over to the Incharge, Security, by the office of the RCMLO well before the material is taken out by the buyer from the ONGC's premises.

1. Stores detailed in para 2 of the Delivery Order may be delivered on _____
2. Ground Rent Charges Rs.....Deposited vide Receipt No. _____ dated _____
3. Loading charges Rs.....

Finance & Accounts Officer

Dated.....

Stores Received on:

Rs.....paid as loading charges
Rs.....paid as Ground Rent

Total

Rs.....amount paid to.....

Place.....

Date.....

Buyer

ANNEXURE "C"

Duties of the Auctioneer

1. The auctioneer shall not either by himself or through any person, bid for or purchase any lot or have or acquire any interest in any auction sale held by him except with the prior permission in writing of the Project Manager.
2. The auctioneer shall, at his own expense, prepare lot Catalogue in consultation with the Supervising Officer. He will be responsible to advertise the time and place of auction sale entrusted to him, by all such methods as hand bill, advertisement in the press or beat of drum, to ensure wide publicity.
3. The auctioneer shall conduct sales in all respects in such a manner as shall be beneficial to the interest of the ONGC. The sales will be conducted subject to the conditions of sale laid down and to such additional conditions which may be prescribed by the Project Manager.
4. At the close of auction or at the close of each day's sale, when auction is not completed in one day, the auctioneer shall furnish the Project Manager, or his representative, with a list of accepted bids and with any information concerning the sale and buyers as may be required. The auctioneer will deposit the entire sum collected by him with the Project Manager the same day or if this is not possible, the next day at the latest.
5. The auctioneer shall, on the fall of hammer, collect from bidder for each accepted bid or bids kept open for approval, a sum not less than 25% of the amount of the bid either in cash or in the form of Demand Draft/ Deposit at Call Receipt in favour of the Oil & Natural Gas Corporation, as earnest money. If the bidder fails to confirm his bid by the payment of earnest money, the bid shall be forthwith cancelled and the lot re-auctioned. Should the auctioneer finally accept a bid without taking earnest money, he shall be liable to pay an equivalent amount to the ONGC.
6. The auctioneer shall be responsible for collection of Sales Tax from the bidders and payment thereof in the prescribed manner to the Sales Tax Authorities concerned. The auctioneer shall be personally responsible for payment of such Sales Tax if he fails to collect the same.
7. The auctioneer will be responsible to collect the balance of sale value which shall be paid by the buyer within three days of the sale. The payment can be made by cash or a Demand Draft in favour of the Oil & Natural Gas Corporation. Cash collection made by the auctioneer during the sale against the balance amount due will be deposited by him in full with the Project Manager with the earnest money as stated in para 5

- above. In case of lots where bids have to be kept open for decision by the Project Manager or his representative, the auctioneer will collect the earnest money on receipt of acceptance and balance of sale value within three days of acceptance.
8. In all cases moneys recovered by the auctioneer whether by way of earnest money or in full payment of the price or otherwise shall be held by him in trust on behalf of the Oil & Natural Gas Corporation.
 9. The auctioneer's commission will be determined by Oil & Natural Gas Corporation and will be payable separately after the auction has been completed and sale value of sold lots has been deposited in the accounts of Oil & Natural Gas Corporation.
 10. The auctioneer will submit his claim for commission on the money realised to the Oil & Natural Gas Corporation. The auctioneer will be only entitled to commission on proceeds of the sale when the bid is accepted and earnest money paid. As a result on non-completion of payment, the auctioneer will be entitled to commission only on total amount of earnest money credited to Oil & Natural Gas Corporation. He will not be entitled to any commission on sale which is subsequently cancelled due to any reasons. In case cancellation of sale, any commission paid to him in this respect can be recovered from him.

CONDITIONS OF SALE BY AUCTION

1. Goods are to be sold in “as is where is” condition. The whole of the lot or lots are to be taken at the site with all faults and errors in description or otherwise. Quantities, qualities, sizes, measurements, number and weight as stated in the auction notice, are approximate and no warranty or guarantee is implied. The stores are sold on the assumption that the bidders have first inspected them, whether they have done so or not, and the principle of “CAVEAT EMPTOR” would apply.
2. The highest bidder for each lot shall be the purchaser thereof but in the event of any dispute arising as to any bidding, the dispute shall be decided by the officer supervising the auction and the lot or lots re- auctioned at his discretion at the last undisputed bidding.
3. The officer supervising the auction may direct the auctioneer not to accept the bidding of any person without assigning any reason.
4. Where goods are sold subject to the reserve price, no final bid shall be accepted which has not reached that price and where the sale of any particular lot/lots is subject to acceptance by the Project Manager, no property or goods shall be deemed to pass unless such an acceptance has been received.
5. Delivery of all lots bought by any one Buyer must be taken at the same time and considered forming one lot of Buyer.
6. The buyer must take charge of his purchased lot within the time stipulated from the date of issue of delivery order after which ground rent at the rate of ½% per week subject to a maximum of 5% of the purchase price will be charged for the period during which material is not lifted.
7. Cash payment or deposit at call receipt in favour of ONGC of not less than 25% of the amount of bid shall be made as earnest money on the fall of the hammer. The auctioneer may, however, without assigning any reason demand as earnest money at higher percentage upto the full amount of the bid immediately after a lot is knocked down. In doing so, he may act in accordance with the directions given by the officer supervising the auction.
8. If on fall of the hammer, the bidder fails to pay the earnest money required, the bid shall forthwith be cancelled and the lots re-auctioned. If upon such a re-sale, the lower price is obtained for any such lot than what was obtained in the first sale, the difference in price may be charged from the first bidder for default upon the first sale.

9. The balance of the value of the bids accepted on the spot will be paid to the Project Manager within three working days from the date of the sale.
10. If the highest bidder fails to pay the balance of the price within the period stipulated, the earnest money paid by him shall be forfeited to the Oil & Natural Gas Corporation and the lot or lots in respect of which forfeiture has been made will be deemed to have been abandoned by the purchaser for all intents and purposes and will be re-auctioned at the discretion of the Project Manager at any subsequent sale without reference to the buyer concerned and without incurring any liability whatsoever, in respect thereunder. Any gain on re-sale would belong to ONGC and not to the buyer concerned.
11. All taxes due under provision of local law shall be payable by the buyer exclusive of the sale value and the buyer shall produce receipts in token of payment of such taxes at the time of collection of the material.

ANNEXURE "E"

**OIL & NATURAL GAS CORPORATION
PROPOSAL PROFORMA FOR CONDEMNATION OF VEHICLES
CRANES, TRACTORS AND OTHER TRANSPORT EQUIPMENTS**

PROJECT/OFFICE

PART –A

(TO BE FILLED IN BY TRANSPORT SECTION OF PROJECT/OFFICE CONCERNED)

1. Make & type of vehicle _____
2. Registration No. _____
3. Engine No. _____
4. Chassis No. _____
5. Date of commissioning _____
6. Total Kms/Hrs. run _____
7. Capital cost _____
8. Book value _____
9. Census No. _____
10. Whether on road/off road
(indicate date of off road) _____
12. Has the vehicle met with
an accident? If yes, inquiry
report to be enclosed. _____

T.O./Sr. TPT Officer/Manager(TPT)

**PART – B
TECHNICAL REPORT
(TO BE FILLED IN BY AUTO ENGR./INCHARGE OF REPAIRS)**

Sl. No.	Major Assembly	Condition	Estimated cost of repairs (Rs.)
1.	Engine		
2.	Chassis frame		
3.	Front Axle		
4.	Rear Axle		
5.	Transmission		
6.	Body and cabin		
7.	Suspension		
8.	Electrical system		
9.	Brakes		
10.	Steering system		
11.	Auxillary gear box (if fitted)		

12.	Under carriage (in case of Tractor)		
13.	Other misc. items		
14.	Crane portion (applicable for cranes) (a) Engine (No. of overhauls done) (b) Boom (c) Operator's cabin/body (d) Generator/Motor (e) Hydraulic system (f) Other misc.		
15.	General Condition of vehicle/ equipment		
16.	Total estimated cost of repairs		

Dy. SE(Auto)/EE(Auto)

PART – C

(Report/Recommendations of the Survey Board)

The Survey Board after physical inspection/examination of the vehicle on _____ at _____ makes the following Report/Recommendations for the purpose of considering its condemnation.

Chairman
Survey Board

Member
Survey Board

Member
Survey Board

Member
Survey Board

N.B.: Vehicle/equipment recommended to be considered for condemnation on premature basis should be supported with full justification in a separate sheet and attached with the proposal/proforma.

ANNEXURE "F"

SCHEDULE OF VEHICLES FOR DISPOSAL VIDE TENDER NOTICE NO. _____

Sl. No.	Make & type	Model/ Colour	Mileage done	Extra fitting if any	Engine No.	Chassis No.	Remarks
1	2	3	4	5	6	7	8

ANNEXURE "G"

KPL STATEMENT OF VEHICLE OF CONTROL ROOM (TPT) FOR THE MONTH OF _____.

Sl. No.	Vehicle No.	Type	Meter		Distance covered	Petrol/ HSD consumed	KPL	Engine oil consumed	Remarks
			Opening	Closing					
1	2	3	4	5	6	7	8	9	

Copy of Office Memo No. DSP/C&P/10(2)68 dated 23rd April 1968 as amended vide office Memo No. DSP/C&P/10(4)/65 dated 11th April 1969.

Sub: Procedure regarding storage of Scrap/Repairable equipment/repairable items from which serviceable parts can be reclaimed.

The following procedure regarding the storage of scrap arising from unserviceable stores and spares will be following in the Commission with immediate effect:

SALVAGE/SCRAP

Salvage or waste equipment is categorised under two headings as follows:

(a) Items categorised as unserviceable (beyond economical repairs) for disposal in the whole state (original state form).

(b) Scrap metal and other scrap materials arising from the unserviceable articles, from the breaking down of the condemned articles or from the various mechanical processes employed in the Project/Workshops.

2. Any equipment, which has been certified and categorised by Technical Officer beyond economical repairs and has become unserviceable due to fair, wear and tear and not fit for further use in the Commission, should be declared as salvage. However, an assembly should not be assessed in this category until serviceable repairable components, if any, have been retrieved.

3. Such unserviceable equipment should be broken down to its basic materials and the arising disposed of as scrap salvage by weight*. Items of Stores & Spares, which can fetch better prices in their whole state should not be reduced to salvage such as Battery containers, assorted drums, bottles, furniture, tyres, tubes, condemned fixture etc. However, wherever it can be anticipated that the Stores and Spares (particularly auto spares) in their whole state could be reconditioned by the buyers, the same would be destroyed in such a way so as to make them unfit for reclamation.

*This exercise should be completed by the Users Deptt. before returning yard.

*unserviceable material to salvage/scrap.

4. Items which have no market value such as Electric Bulbs (caps should be salvaged), window panes etc. should be destroyed in the presence of an Officer. The list should be endorsed "certified destroyed in my presence", and signed by the Officer responsible for the destruction.
5. Materials will be received in the Salvage Section only on the Return Voucher STR-4 (or STR-19 old form I) or Conversion Voucher STR-21.
6. Whenever any material is to be withdrawn from Salvage Section for use, normal demanding procedure should be followed. The indent should clearly indicate the purpose for which required and the withdrawal should be approved by Directors/Managers/Joint Directors/Jt. Managers/Deputy Managers/Incharges of Projects/Offices.
7. A Stores & Purchase Officer in a Project/Workshop should be appointed as Salvage Officer in addition to his normal duties, who should be made responsible for ensuring that the salvage materials are brought-on-charge on salvage stock cards under standard nomenclature in accordance with the classifications and stock numbering of the materials given in Appendix-I, either by count, measure or weight depending upon the materials. Wherever a S.P.O. is not available, Chief Store Keeper may be made Incharge of the Salvage Section.
8. A salvage compound should be allocated, which preferably should be partially covered to afford protection for salvage, which quickly deteriorates. The compound should be enclosed by barbed wire and various bays should be made to keep the major arising segregated.

The instructions for the disposal of salvage as scrap would be issued separately.

DISPOSAL OF REPAIRABLE STORES

9. It is the responsibility of the Projects/Offices to maintain in good condition all the equipment which they held on charge whether in stock in the main stores section or in use at the drill site or section/offices.
10. Repairable equipment should be disposed of the appropriate Commission's Repair Workshop or by sale to others under the Disposal Procedure as soon as there is an economical load available for dispatch. However, if any separate instructions have been issued for repairs, repairable equipment should be despatched in the normal manner. Particular attention should be given to correct labeling of equipment before dispatch. The inspecting Officer should invariably sign the label giving brief particulars of the repairs needed. The following detail identification labels when completed should show the following details:-

- (a) Code numbers, including part numbers (where applicable).
- (b) Description.
- (c) Type & mark (where applicable).
- (d) Serial number (where applicable)
- (e) Chassis or Engine numbers (where applicable)
- (f) Brief notes of the repairs needed.

11. Such repairable equipment is to be accounted for on separate stock cards by the Stores Section. The stock cards should be prominently marked in Red Ink "Repairable".

12. Assemblies of stores and spares, which are beyond economic repair should be dismantled by the appropriate Technical Officer/Workshop and all the serviceable or repairable components should be received and the residual parts should be disposed of to the Salvage Section on Return Voucher STR-4 or on Conversion Voucher. Conversion Voucher STR-21 is to be raised for striking off the major assemblies and to bring-on-charge the recovered components in the main Stores Section and scrap by the Salvage Section.

13. The repairable equipment is to be kept segregated from the unserviceable/ serviceable stocks and the repairable items under no circumstances, should be kept alongwith serviceable stores.

14. The accounting procedure to be followed both for quantity and for value is detailed on next page.

i) **Basic principles**

Capital items are those which are treated as such at the time of purchase or issue and do not include components.

ii) In the following cases only quantity accounting should be kept and no value accounting is priced stores ledgers or block registers will be made.

(1) Assemblies removed from a capital item either for repair or condemnation.

(2) Stores and spares returned to the stores formation in a serviceable or repairable or unserviceable condition.

(3) Movements inside a project of a capital item for repairs or for any other purpose.

iii) The following value accounting should be made:

- (1) When an item treated as a capital, or spare (unused), is issued to another project for repairs, it should be processed through the normal accounting by raising MTNs and GRVs.
- (2) Cost of repairs is to be borne by the Project which receives or retains the material after repair.
- (3) Stores/spares include components or assemblies issued as replacement of a part of a capital item and will be treated in the accounts as stores/spares transactions.
- (4) At the end of every quarter the Competent Authority who is empowered to declare any item as unserviceable or scrap should furnish to the accounts formation intimation regarding only the new and unused spares which were lying with the stores formation and which have been declared as unserviceable/scrap. The information to the accounts should be supported by extracts of Competent Authority's sanction and should clearly indicate the census code number, Kardex No. among other items.

The Accounts formation on receipt of information regarding the above take action as detailed below:

(a) Unused items of Stores/Spares and unused capital items:

1. To debit the head of account "Other shortages & Losses pending investigation" and to credit the "Stores/Spares Control Account" or "Fixed Assets Head" or the "Capital Items on Stock" as the case may be. Wherever necessary, notings should be made in the Block Registers. The entries will be made on the basis of original book values or the written down values as the case may be.
2. All the same time, itemwise list of these unserviceable Stores/Spares/Capital items should be kept in a register which should show the voucher reference, gross value/Book accumulated depreciation, Net written-down value, amount realised, Loss/gain.
3. If any parts of an item are retrieved from the above before deciding final disposal, debit should be given only to the stores Spares Control, account even if it be a part of a previous capital item by credit to the "Other shortages & Losses" pending investigations.
4. When the final disposal action is taken an intimation to the Accounts should be sent stating the distinct Capital identity number in the case of Capital items, Stores/Spares code numbers in the case of other items with quantities and reference to the original decision. The Accounts Formation will, on receipt of this intimation credit the head of accounts "Other Shortages & Losses pending investigations" with the amount realised and pass on the balance which is finally

to be written off to HQrs through "IUT-Others" with details of Gross Value/Book Value, depreciation net value, realisation loss/gain. The Headquarters will take the net loss to the head of accounts. "Loss on sale/ disposal of Fixed Assets" or "Misc. Loss and write off" to be ultimately closed to P&L Account.

(b) Used Stores/Spares

The debit should be given to "Unserviceable Stores/Scrap Control account" by credit to "Misc. Receipts" with the assigned value as per para (ii) above which should be intimated to accounts. The sub-ledgers for the above control account are:-

- i) Ferrous group.
- ii) Non-Ferrous group.
- iii) Empty drums.
- iv) Other items.

There need not be any quantity accounting. The sub ledger entries will have however reference to the decision of the Board against each entry. Any item retrieved will be given credit to the above Control Account, and other action as for retrieved unused stores/spares should be taken.

When the final disposal action is taken, the amount realised and reference to the original decision should be intimated to the Accounts formation. The Accounts formation will adjust any difference between the value assigned and realisation for a particular lot in the book of the project itself to the head of account "Misc. Receipts or prior period Expenses/Receipts".

These instructions are issued with the approval of Director of Finance & Accounts.

APPENDIX – I

CLASSIFICATION AND STOCK NUMBERING OF MATERIALS IN SALVAGE SECTION

Class : SS.1	Ferrous Materials	Code: SF
Steel	Sheet Scrap	SF.1
	Tubings, Bars, Rods etc.	SF.2
	Angles, Channels & other Misc. Fabricated parts	SF.3
	Shavings	SF.4
Class: SS.2	Non-Ferrous Materials	Code : SF
Aluminium	Scrap sheets-soft	SNF.1
	Scrap sheets-hard	SNF.2
	Bars, extrusions	SNF.3
	Scrap Tubing	SNF.4
	Fabricated parts & castings	SNF.5
	Shavings	SNF.6
Bras	Misc. Scrap	SNF.7
	Shavings	SNF.8
Bronze (Gun Metal)	Misc. Scrap	SNF.9
	Shavings	SNF.10
Copper	Misc. Scrap	SNF.11
	Tubing	SNF.12
	Shavings	SNF.13
Lead	Scrap	SNF.14
Tin	Scrap	SNF.15
Class: SS.3	Empty Drums	Code: SD
	Empty drums-containers 150-205 litres (30-45 Gallons) capacity	SD.1
	Empty drums-containers 50-125 litres (10-25 Gallons) capacity	SD.2
	Empty drums-containers 20-25 litres (4-5 Gallons) capacity	SD.3
	Empty drums-containers 1-5 litres (1/4 to 1 Gallons) capacity	SD.4
	Empty containers assorted	SD.5
	Empty glass curbuoys with or without metal or non-ferrous metal crates.	SD.6
	Empty bottles-assorted	SD.7

Class: SS.4	Miscellaneous Items	Code : SM
	Automobile Scrap	SM.1
	Automobile Tyres	SM.2
	Automobile Tubes	SM.3
	Cycle Parts Scrap	SM.4
	Electrical Scrap (including Electronics)	SM.5
	Electrical Wires, Cables etc.	SM.6
	Condemned Batteries (complete with wooden separators and lead battery plates).	SM.7
	Condemned Battery containers	SM.8
	Glass Scrap	SM.9
	Leather Scrap	SM.10
	Empty Wooden Boxes	SM.11
	Wood Scrap	SM.12
	Wood Shavings	SM.13
	Wooden Saw Dust	SM.14
	Fibre Scrap	SM.15
	Rubber Scrap	SM.16
	Felt Scrap	SM.17
	Paper Scrap	SM.18
	Waste Oil	SM.19