CHAPTER II

ONGC — A PROFILE
2.1 INTRODUCTION

Oil and Natural Gas Corporation Limited (ONGC) is a Navratna Public Sector Enterprise. The Act of Parliament set it up in 1956 for exploration and exploitation of oil and natural gas in India. This organization was earlier known as Oil and Natural Gas Commission (ONGC), but it was converted to Corporation on 1st February 1994 by shedding 4% of its equity to its employees and financial institutions. The ONGC started its business activities with 110 geo-scientists taken from Geological Survey of India (GSI) on lien. Geographically, for exploration of hydrocarbons, India has been divided into six regions in 1984 for administrative and operational ease namely; Western region (WRBC), Eastern region (ERBC), Northern region (NRBC), Southern region (SRBC), Central region (CRBC) and Mumbai region (MRBC) with regional offices at Baroda, Nazira, Dehradun, Chennai, Kolkatta and Mumbai respectively. For making the business accountable, five main business groups were formed. They were EBG, DBG, OBG, TBG and Coordination Group. Oil (Petroleum) known as black gold is explored and produced in Gujarat, Assam, Tripura, Mumbai High from Western Offshore, Andhra Pradesh, Tamil Nadu and Eastern Offshore. There are 26 sedimentary basins in India. So far, exploration and commercial production from six Basin i.e. Mumbai Offshore basin, Assam-Arakan basin, Cambay basin, Krishna-Godavari basin, Cauvery basin and Assam basin has been established. ONGC has already made a beginning in exploring Deep-Water areas, Coal Bed Methane (CBM) and Gas Hydrates. The CBM operations are continuing in Coal areas of Raniganj (West Bengal), Jharia Coal field (Jharkhand), Bokaro and North Karanpura. Recently, ONGC–IOC combine bagged two prime Coal Bed Methane blocks under the first CBM–NELP round. The two blocks are awarded to ONGC–CIL combine on nomination basis by the Cabinet Committee on Economic Affairs (CCEA). On the global front, its subsidiary ONGC-Videsh Limited (OVL) has opportunities in selected countries. ONGC today is a company with reputation of being a responsible Corporate citizen and highest tax payer to the Government of India. The
company is conscious of its tremendous responsibilities in being an energy provider to the nation and is gearing up to meet the challenges of the changed situation under its able and Visionary Board of Directors.

2.2 MISSION AND VISION OF ONGC

The company has a clear vision to be World-Class Oil and Gas Company integrated in energy business with dominant Indian leadership and global presence. The ONGC Mission and Vision are also clearly defined. The World-Class stands for, Dedicated to excellence by leveraging competitive advantages in R & D and technology with involved people, Imbibe high standards of business ethics and organizational values. Abiding commitment to health, safety and environment to enrich quality of community life. Foster a culture of trust, openness and mutual concern to make working a stimulating and challenging experience for the people, strive for customer delight through quality product and services. Integrated for energy business, which means the focus on domestic and international oil and gas exploration and production business opportunities. Provide value linkage in other sector of energy business. Create growth opportunities and maximums shareholder value. The Dominant Indian Leadership means to retain dominant position in Indian Petroleum Sector and enhance India's energy availability.

2.3 HISTORY OF CHANGE INITIATIVES IN ONGC

Recognizing change in any organization is a dynamic process. ONGC has conducted several studies in the past with regard to organizational restructuring. The change initiatives launched over the past thirty years are briefly given below:

Malviya Committee (1971): The main issue of study was the status of the Board, with regard to decision-making processes for achieving functional efficiency. There was a strengthening of the Board of the Commission as a result of this study.

ASCI Study (1975): The point of issue was restructuring of ONGC along the functional lines, regional lines and opening separate service functions. The major recommendations
included decentralization and regrouping of functions into Exploration, Development and Production.

**In-house Study (1982):** The issues studied were review of the structure to bring about synergy in the operating regions, and role analysis of the Board Members to rationalize their roles and responsibilities. The major recommendations of the study were included:

1. **Re-organization of ONGC in four Business Groups i.e. Exploration, Drilling, Operations and Technical** is expected to be autonomous with its associated support services, like; Administration, Finance and Material Management.
2. **Regrouping of work areas on common basin approach and functional specialization.**

The above were implemented in right earnest in ONGC in 1984.

**Srinivasan Report (1990):** The issue was to suggest measures to improve internal functioning of ONGC.

**Das Gupta Committee (1990):** This Committee was constituted basically to review the reservoir management issues of Bombay High field. Many of the technical corrective measures recommended by the Committee were adopted by ONGC.

**Kaul Committee (1992):** The issues pertaining to comprehensive restructuring, conversion of Commission into Corporation, flexibility, autonomy in decision-making, partial dis-investment, formation of a regulatory body (Directorate General of Hydrocarbons), oil sector safety & environment management, development, conservation of hydrocarbon resources, acquisition of oil and gas reserves abroad etc. are recommended by the committee. The study highlighted the certain internal weaknesses of the organization with respect to management processes. The recommendation pertaining to conversion of Commission into Corporation was implemented. An independent body, Directorate General of Hydrocarbons (DGH), was set up, disinvestment of ONGC’s equity to the extent of 20 percent of the paid-up capital was agreed to in principle.
ASCI Study (1994): The study addressed the issue of corporate restructuring. It is evident from the above change initiatives that organizational restructuring and corporate renewal have historically been a dynamic feature of the corporate life of ONGC.

OTP, now CRC has been extended to all regions and projects and multi-discipline team (MDT) would continue as an essential component of working. Twenty ‘Virtual Corporates’ have been conceptualized making producing Assets and Basins a self contained enterprise. The Administered Pricing Mechanism (APM) has been dismantled from 1st April 02. ONGC is now free to sell its product at its own will and commercialize its business in a big way. A “Regulatory Board” seems to be in picture for assuming smooth transition to a market economy on a level playing field. But, in the present scenario, transforming a controlled economy to a free one seems to be fraught with hazards as has been seen in Japan’s economy.

ONGC has now become a debt free company (debt-equity ratio of 0.02:1) by paying back the foreign currency loans taken in mid 90’s from the World Bank and Asian Development Bank. The company is now in a stronger position to take up the substantial risky venture in deep-water exploration. It has added a significant amount of reserves base to the tune of 191 MMt from domestic and foreign fields (Sakhalin field in Kazakhstan) for the year 2001-2002. The company has taken a massive programme of investing Rs.12,097 crores in the mega projects and improving recovery factor in the old fields. Due to innovative measures in financial and field management, the net profit of the company touched a new high up to Rs.6198 crores. The company has declared highest dividend of 140%, which is well above 50% of the total dividend declared by major PSU’s in India during the year 2001-2002. ONGC alone has contributed almost Rs.1680 crores to the exchequer. The market capitalization of the company has touched to Rs.50,000 crores as on 3rd April, 2002. The company has evolved as the first national integrated oil and gas corporate in market capitalization and net profits. Over the past 45 years, ONGC has discovered nearly six billion tonnes of oil and gas & oil equivalent reserves in India. The net profit of the company during 2003-04 and 2004-05 is more than ten thousand crores.
2.4 ORGANISATIONAL STRUCTURE IN ONGC

The corporate structure consists of a Chairman-cum-Managing Director CMD), six full time Directors and two part-time Directors as Government of India nominee. Additionally, four Navratna Directors are also nominated by the Government of India, on the board of ONGC. The Head Office of ONGC was Tel Bhawan, Dehradun initially, but with change over to Corporation on 1st February 1994, the registered office of ONGC has been established at New Delhi. However, the Secretariat office still functions from Dehradun.
ORGANISATION STRUCTURE OF ONGC

- Company Secretary
- Corporate Affairs
- Chief Vigilance Off.

Director Offshore
- Mumbai High
- Supply Bases
- Bassein & Satellite
- Offshore PSC - JY
- Tripura
- Regional Geophysical Services
- GEOPIC

Director Onshore
- Ahmedabad
- AnkleShwar
- Mehsana
- Assam
- Assam (Ruamur)
- Karikal (Cauvery)
- IRS
- IRD

Director Exploration
- Western Offshore
- Onshore
- Assam & Assam-Arakan
- Cauvery
- KG-PG
- GVK(Frontier)
- Regional Labs
- CBAMBP
- Exploration Directorate
- EX COM

Director HR
- HR
- HRD
- Functional HR Planning
- Employee Relations
- ONGC Academy
- Security
- Legal
- Medical
- Corporate Comm

Director Tech & Field Services
- Chief Drill. Services
- Functional
- Drilling
- Cementing
- Mud
- IDT
- Internal Audit
- IOGPT
- Commerical
- IEO
- Explor. & Dev. Tech
- Maint. & Benchmarking
- Chief Well Services
- Workover
- Well Completion & Drilling
- Chief Logging
- Well

Director Finance
- Chief Finance
- Corporate Affairs
- Chief
- Corporate
- Commercial
- Performance mgmt.
- Chief
- Frontiers
- Chief

Exco

...To be filled...

Chief Planning, Projects & Cap. Budget
- Chief Business
- Projects
- Engineering
- IPSEM
- Chief SHE
- Chief Technical Audit & QA
- Head Regional Off.
2.5 MANPOWER DISTRIBUTION IN ONGC

The manpower rose to more than 48,000 approximately during 1991-92, which at present reckons to thirty six thousand one hundred eighty five as on 1.4.2005 serving at different work centers in India and abroad. The manpower ratio of Technical vs Non Technical is also on rise since 1986 to 1997 (Table 1&2). ONGC has grown today into a full-fledged horizontally integrated upstream petroleum company with in-house service capabilities and infrastructure in the entire range of oil and gas exploration, production and related activities. The man power distribution region wise and business group wise is given in the table 2.1

TABLE-2.1

Manpower Distribution in ONGC

<table>
<thead>
<tr>
<th>Year</th>
<th>Manpower</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>43940</td>
</tr>
<tr>
<td>1987</td>
<td>43349</td>
</tr>
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<td>1988</td>
<td>44000</td>
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<td>1989</td>
<td>45420</td>
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<td>1990</td>
<td>46956</td>
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<td>1991</td>
<td>48198</td>
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<td>1992</td>
<td>48301</td>
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<td>1993</td>
<td>47501</td>
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<td>1994</td>
<td>46847</td>
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<td>1995</td>
<td>45736</td>
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<td>1996</td>
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<td>43267</td>
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<td>1998</td>
<td>43360</td>
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<td>1999</td>
<td>45321</td>
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<td>2000</td>
<td>46980</td>
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<td>2001</td>
<td>40226</td>
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<td>2002</td>
<td>40206</td>
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<tr>
<td>2003</td>
<td>39352</td>
</tr>
<tr>
<td>2004</td>
<td>38033</td>
</tr>
<tr>
<td>2005</td>
<td>36185</td>
</tr>
</tbody>
</table>
2.6 HR PRACTICES IN ONGC

2.6.1 RECRUITMENT AND PROMOTION POLICIES

Prior to 1980, there was no fixed recruitment and promotion policy. It was very ad-hoc and need and vacancy based. ONGC Recruitment & Promotion Regulations, 1980 which were time bound, formulated and implemented with effect from 25th March 1980, The departure from a vacancy-based promotion policy to time-bound promotion have resulted in the shortage of working hands and excess manpower at the senior executive level. This may be clearly seen in the structure organization chart. Consequently, the manpower has got the shape of an inverse pyramid, with a bulge at the E3 and E4 level thereby creating an imbalance. The bulge at the middle and distorted organogram shape has resulted due to ad-hoc/time bound promotion policies. Shortage of working hands is expected to increase further, thus resulting in a large section of executives functioning without clear-cut accountability and responsibility. Inadequate challenge in job assignments lead to frustration and discontent among employees and is not in the organization’s interest. Necessary corrective measures now have been set in motion. The term based employment strategy is being planned to meet the manpower requirement. The main principles of CRC include; accountability, responsibility and empowerment at various levels in operation in managing the operations and business of the organization.

2.6.2 Human Resource Development Policies in ONGC

ONGC gives more emphasis on training and development both for officers and staff. The HR Vision is clearly defined, “to attain organizational excellence by developing and inspiring the true potential of company’s human capital and providing opportunities for growth and well being and enrichment.” HR mission is well established. “to create a value and knowledge based organization by inculcating a culture of learning, innovation and team working and aligning business priorities with inspiration of employees leading to development of an empowered responsive and competent human capital” NGC’s most valuable resource is its inspired, motivated and result deriving people. The company practices a policy of being fair and friendly and constantly strive
towards creating a work environment, where each employees’ potential can be realized optimally and where each employees is valued a source of tremendous competitive advantage.

In pursuance of the above, Institute of Management Development (IMD) was setup at Dehradun in 1982, in the hill range of Mussorie. This is a premier nodal agency for developing human resource. It has now become a “center of excellence” in imparting training in all practice and perspectives linking the oil industry to overall managerial harness. This institute is an ISO 9001 certified training facility creating an environment, inspiring and learning a high priority. The institute was awarded Golden Peacock National Training Award, two times in 1999 and 2000 by the Institute of Directors (IOD). Graduate trainees, new entrants and induction trainees are fully developed here to take challenges of their jobs in the fields. Programs and courses are designed in such a way so that every executive gets at least 1-2 training per year as per requirement for development in his own areas and in management for grooming him for higher assignment. For higher level of management, IIM, Lucknow, Banglore, Delhi, Kolkatta and MDI Gurgaon are authorized to impart training to its executives, middle managers and corporate managers in association with MDI, Dehradun.

Various HR initiatives like identification of core values, HR audit, mentoring, formulation of work culture, guidelines and IR manuals are taken. For the development of staff, regional Staffs Training Institutes (STI’s) are set up at Baroda, Mumbai, Sibsagar and at Rajamundry. The employees are assessed annually for their performances through a system of Performance Appraisal Reports (PAR’s). These PAR’s parameter among as other parameters provides inputs for their suitability for promotions and for further growth. ONGC has established virtual reality centers (VRC’s) at SPIC Panvel and Vasudhara center at Mumbai. Three more such centers are in pipeline. The VRC employ cutting edge 3-D seismic technology used in mapping of oil reservoirs. It is an advanced visualization technology that allows geo-scientists to X-ray underground at depths reaching 5000 meters in stereoscopic imaging of underground layers. It is an aid not only to cuts down time and expenses of finding and producing hydrocarbons but also
minimizes uncertainty and risk, and in hike of well productivity from discovered reservoirs.

2.7 CORPORATE POLICIES IN ONGC

Liberalization, Privatization and Globalization (LPG) of Indian economy since 1991 has created new environment, opportunities and imperatives for various sectors of economy of Petroleum Exploration and Production. This was introduced to learn and manage the new dynamics of transforming economy visibly opening up for competitive business in developing capabilities of designing and implementing dynamics for corporate strategy for future business investment. Various processes of re-engineering, the process and financial systems, designing strategies and business process to increase reserves and production for energy security of the country have been in practice. To cope up with this competition, ONGC has been working in for the two steps. They are; One, designing, developing and implementing dynamic corporate strategies emerged from high-resolution analysis of increasing complex risk-reward matrices of petroleum E & P business. Second, a set of effective business processes, efficient financial management systems and office automation at right situation at right time has been taken up. The business beyond, 2001 seems to be tough and complex in view of the massive capital investment of Rs.100-150 Billion for the next five to seven years. The national oil companies on their own may not be able to arrange for the technology support and may require adequate budgetary support. Most of the capital has to come from external sources. To achieve these objectives, ONGC is rapidly transforming its business into commercialization in a big way after testing success in the pilot project of Neelam Asset and Western Onshore Basin, Baroda. On 14th August 2001" Corporate Rejuvenation Campaign" (CRC) was launched having re-christened the Organization Transformation Project (OTP). CRC is not just a structure; it is a symbolized vision. The soundness of ONGC's corporate health has to be made sustainable through realization of vision. The Business Group model has been changed to Asset - Based model. The two new post of Directors for Offshore and Onshore have been created. One additional post of Director (Corporate services) has been suggested for supervising inter-alia, certain critical activities e.g.
- Information Technology and Communication Services.
- Safety, Occupational Health and Environment.
- Business Development, Joint Ventures and Marketing.

2.8 PRODUCTION POLICIES IN ONGC

ONGC had a fleet of 105 rigs in 1990-91, which is reduced to 85 during 2000-2001. The oil production has also declined from 30.35 MMT to 25.05 MMT in the same time frame. A few Glimpses about ONGC are given below:

<table>
<thead>
<tr>
<th>ONSHORE</th>
<th>OFFSHORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Installations: 211</td>
<td>Well platforms: 126</td>
</tr>
<tr>
<td>Pipeline Network: 7900km</td>
<td>Well-cum-process platforms: 4</td>
</tr>
<tr>
<td>Drilling rigs: 75</td>
<td>Process Platforms: 23</td>
</tr>
<tr>
<td>Work over rigs: 66</td>
<td>Pipeline network: 3200km</td>
</tr>
<tr>
<td>Seismic crews: 33</td>
<td>Drillship &amp; Jackup rigs: 10</td>
</tr>
<tr>
<td>Logging Units: 35</td>
<td>Seismic vessel: 1</td>
</tr>
</tbody>
</table>

Sagar Samrat, the first offshore rig has proved to be a boon and lucky in the Offshore oil industry of ONGC, in the sense that major fields, such as; Mumbai High, Heera, Neelam, Bassein, Tapti, Mukta and Bassien East are discovered by this drilling rig. The rig already has completed drilling of 125 wells as on 11th August 2001 and has become a 27 years-old legend unmatched in the world of Offshore drilling rigs. It has lived up its name – it has become a ‘Samrat’ in the Indian history.

Exploration work in remaining basins is also continuing from the beginning but the commercial viability is yet to be established. A twenty-five years of exploration strategy in these basins has been chalked out in the name of Exploration of Frontier
Basins. Hydrocarbon Vision, 2025 has been worked out by the eminent experts in the petroleum industry. The estimated reserves of all the four blocks would be around 146.5 to 156.5 billion cubic meters. Further emphasis is given in the Xth Plan document (2002-2007).

At the time of formation of ONGC, the petroleum production in India was of the order of 0.25 MMt approximately and that too was only through foreign operators. The Commission started its business from scratch. Within two to three years, it started producing encouraging results under the leadership of Late Shri Keshva Dev Malaviya (The Oil Man of India), the then Minister of Petroleum and Natural Gas and Late Pandit Jawahar Lal Nehru, the first Prime Minister of India and the architect of modern India. K.D. Malaviya was one of the few leaders who not only had the vision but also successfully translated that vision into reality.

The production of oil and gas through ONGC’s efforts touched to 31.0 MMt approximately during 1988-89 meeting about 70% demand of the country at that time. Production of natural gas has been increasing year after year touching around 19 BCM during the year (1999-2000). During the last 7-8 years, the production has declined from a peak of 31.00 MMt and has stagnated around 24-26 MMt, meeting about 30% of the demand for the country. The demand of petroleum and its products is increasing every year @ 6-7%. For acceleration of oil and gas in our country, Government of India, in 1993 decided to invite foreign companies to bring Foreign Direct Investment (FDI) for exploration and production of oil and natural gas on a massive scale including deep-water basins and tough terrain on Production Sharing Contract (PSC). Time to time, Government of India had also announced several policies for providing level playing field to foreign operators as well as domestic companies namely; New Exploration Licensing Policy (NELP-I, NELP-II, NELP-III, NELP-IV and NELP-V). ONGC has got more than 50% of the blocks from international competitors for exploration and production, thus has retain dominant position in the petroleum sector.
2.9 FINANCIAL POLICIES IN ONGC

In Finance Department various measures like; prudent financial management, retiring of high-interest rate loans, reduction in operating cost through cost reduction in new era (CRINE), zero base budgeting etc. have been taken. All these measures have added advantage in the form of high returns, profits year after year to a tune of 12% to 18%. The net profits during the year 2000-2001 and 2001-2002 have recorded 5,325 and 6,198 Crores respectively. The net profit during the years 2002-03, 2003-04 and 2004-05 has crossed more than 10,000/- crores. Implementation of ICE in ONGC has revolution the finance and material management system in ONGC.

2.10.1 INFORMATION TECHNOLOGY AND COMMUNICATION NETWORK IN ONGC

The Government of India is still the sole owner of the Corporation. ONGC is aligning its business functions differently through strategic initiatives and structural changes within the organization, namely: Organizational Transformation Project (OTP) and now on 14.08.2001 Corporate Rejuvenation Campaign (CRC). ONGC has one of the state-of-art communication net work. The company has taken up various IT interventions. Some of them are; upgradation of Financial Systems of ONGC Operation (UFSO), Integrated Material Management System (IMMS), System of Human Resource Automated Management Information for Kaizen (SHRAMIK), Exploration and Production Information Network (EPINET), Corporate Management Network (CMN), Library Information Services Network (LIBNET), Integrated Communication Network (ICNET). These are all in various stages of implementation. A number of new projects – Project PROMISE (Professional Review of major infocon Systems & Equipments), Project ICE (Information consolidation for Efficiency), project IMPETUS (Implementing Maintenance & Procurement Efforts through upgraded Systems) are launched. Preliminary analysis shows encouraging results. In this transformation phase, human compatibility's and human relations are in the process of being redefined and reestablished keeping in view the global change in Industrial Relations.
SHRAMIK is an outline enterprise-wide integrated SAP R/3 based HR information system. It would streamline the systems and procedures to minimize processing time and administrative cost, improve the level of employee’s satisfaction and enhance decision-making for career planning as well as successive planning.

EPINET has been created for exploration and production database on company wide scale. It will be useful to create cross-functional E & P application portfolio, which would ultimately enhance the quality of E & P decision making and optimal utilization. The first phase has been completed successfully and the work on second phase is in progress and is expected at the earliest.

UFSO has been set up with the object to reorient financial control procedures, online financial information, and standardization in the procedure and adoption of international best practices in finances.

IMMS has incorporated all activities related to the material management.

CMN has been established with the objective to provide a corporate decision support system to the Board.

ICNET has been conceived with an objective to provide inter-region voice and data communication facilities for meeting the requirement of inter-office connectivity for various upcoming/commissioned IT projects.

LIBNET was established by connecting all the seven libraries in the regions and projects with the objective to evolve an integrated ‘knowledge base’ on petroleum sector. This has become possible due to library automation and networking of all the libraries within the organization.

ONGC is not in the knowledge business, but the business of ONGC is knowledge. With knowledge it finds oil and gas, generates wealth for the nation and creates satisfaction among its people. In pursuit of the above, ONGC has introduced a Virtual Learning System (VLS) – IHRDC’s (International Petroleum Industry Multimedia
System) at 12 selected sites on a company wide rollout after the successful completion of one year pilot project. In today's revolution, there is a flurry of activity for leveraging knowledge assets in the companies and knowledge management (KM) has become the norm for most success-oriented enterprises. Imparting knowledge through traditional systems has become inadequate, the need is felt for a faster pace in the field. VLS has addressed the shortcomings faced in the classroom paradigm satisfactorily.

2.10.2 INTEGRATED TECHNOLOGY IN ONGC

Oil and Natural Gas exploration is a sort of gamble – a gamble, which is capital intensive, high technology oriented, high risk, high exit and entry points, long operating cycle and a high return business. To cater to such type of business, research and development network, human resource development, communication as well as information technology network of world class is required. In pursuit of the above, ONGC, has so far established ‘eight’ research and development centers at various locations in the country. Most of the institutes have accredited ISO certification. All the institutes are covered under ONGC Institutes of Integrated Services (OIIS), which has the common platform that offers R & D need and consultancy support in all areas of hydrocarbon sector. The OIIS has been developed into a multidimensional expertise over the years and offers services that are some of the best in the world in terms of quality, reliability and cost effectiveness. The first such type of institute was set up at Dehradun under United States Development Programme, (UNDP), which is now named as keshava Dev Malaviya Institute of Petroleum Exploration (KDMIPE). It is known a “Center of Excellence for Integrated Exploration and Research”. The Geodata Processing and Interpretation Center (GEOMIC) at Dehradun is also a ‘Fore Runner in Providing Exploration Solutions’. The Institute of Drilling Technology (IDT) situated in the picturesque Doon Valley in the Himalayan foot hills at Dehradun is the “Foremost Center of Excellence” in South East Asia. Another innovative R & D center for Reservoir Management is Institute of Reservoir Management (IRS) located at Ahmedabad. This is a “Center of Excellence in Research for Integrated Reservoir Management” for Enhanced Oil Recovery (EOR) and Improved Oil Recovery (IOR). The Institute of Oil & Gas Production Technology (IOGPT) at Mumbai is a world class institute imparting advanced
technology through assimilation, upgradation and development of technology. The Institute of Engineering and Ocean Technology (IEOT) at Mumbai has been providing world class “Cutting Edge Integrated Solutions” through innovative and radical technologies. The Institute of Petroleum Safety and Environment Management (IPSEM) at Goa is a “Custodian of Environment and Safety” in the operations. Keeping pace in technology, ONGC had also leaped into the field of Geo-tectonics and Biotechnology by establishing an Institute of Bio-technology and Geo-tectonics (INBIGS) at Jorhat, Assam.

2.11 ENVIRONMENT SAFETY AND SOCIO-ECONOMIC SCHEMES IN ONGC

At women development and socio-economic front, ONGC’s contribution is well known. For the uplift of weaker sections of the society i.e. SC and ST, ‘Component plan’ are drawn in the surrounded areas of its operation. The amount of Rupees one crore in the form of component plan for the year 2001-2002 has been year marked to spend for drinking water, school books, furniture, provision of small community places, help for development of small business, computer education and providing sewing machines to the needy girls. As a part of socio-economic development activities like, grant in aid to govt. agencies, education institutions and voluntary and social welfare organizations. ONGC has launched a community mobile dispensary by joint venture of ONGC Ankleshwar Project and Smt. Jayaben Modi Charitable Hospital, Ankleshwar for the needy people residing in Ankleshwar field area covering nearly forty thousands population. ONGC day is celebrated on 14th August across twenty work centers of ONGC to reaffirm its commitment to the cause of the nation. On ONGC day, the pledge are taken by all workers, officers and executives all together at all work centers from the last year i. e. 2001. Several measures have been taken to make quality of life of its employees better.

At environment and safety front, ONGC has always remained a winner among the Public Sector establishments. ONGC follows the world class safety and risk management standards and conducts operations within the permissible limits of the same. An institute of Environment and Safety Management (IPSEM) has been set up at Goa, to look into all
The Company always values its people as a “company that cares”. It generously extends several welfare benefits to its employees and their families in the area of medical care, education, housing etc. For various welfare schemes like, social security for its employees, PRBS (Post-Retirement and Death in Service Superannuation Benefits Scheme), CSSS (Composite Social Security Scheme), the implementing centers have been set up at almost all the work centers. For rest and recreation, Holiday Home Facility for a period of ten days and ‘officers club’ at a nominal monthly fee have been established in most of the work centers for informal get together. ONGC performs welfare activities in the area, where operations are going on by construction of roads in the villages, provision of drinking water by drilling wells and organizing medical camps for needy poor and old aged persons.

ONGC is also a socially responsible corporate citizen. It believes in the philosophy that Corporation should not only give back to the society what they have taken from it, but also look beyond and make positive contributions towards betterment of community. Various schemes of infrastructure development, community development, environment protection, promotion of sports, Art, Culture and significant contributions in the time of natural calamities have been taken up in the operational areas as well as at national level as and when required. These schemes include, such as, assistance to the school for village children by providing books to the poor children, providing furniture in the schools, where adequate funds for procurement of the same are not there. ONGC also provides streetlights and road lights in small towns. It also gives financial help to the educational trusts and hospitals in their areas of operation. ONGC also provide all the welfare amenities to the villages, which are SC/ST populated. The amount of component plan is
spend on for drinking water, school books, furniture, provision of toilet, small business and providing sewing machines to the needy girls.

2.12 STRATEGIC MOVES IN ONGC

The grant of marketing rights and acquisition of MRPI, are the major strategic moves that follow the direction in the India Hydrocarbon Vision 2025 to “implement proposals for mergers and alliances with the objective of enhancing shareholders value”. With opening up of the economy and removal of the traditional geographical barriers to the market place the oil sector in India is facing greater challenge. The market driven price mechanism came into effect from April 2002. The post Administrative Price Mechanism (APM) scenario has become far more challenging to ONGC. With the entry of private players under New Exploration Licensing Policy (NELP) and the level playing field, the monopoly of this public sector giant has been challenged. The need is felt to improve the core competency i.e. exploration and production for which OTP and now CRC has been in implementation stage. The company has been taking up these challenges in a big way on all fronts. It has started a massive program to develop a talented pool and nurture them into brilliant performers for the corporation’s success. Since, it is the brilliant performing employees who develop great technologies, who thinks up of great products and develop them into great brands.

Salient features of Enhanced Autonomy and Increased delegation of Power to ONGC

- To enter into technology joint ventures or strategic alliance.
- To incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling
- To obtain by purchase or other arrangements, technology and know-how.
- To effect organizational restructuring including establishment of profit centers, opening of offices in India and abroad, creating new activity centers, etc.
- Creation and winding of all posts including and up to those on non-Board level Directors i.e. Functional Directors who may have the pay scales that of Board
level Directors, but who would not be members of the Board. All appointments up to this level would also be in powers of the Board and would include the power to effect internal transfers and re-designation of posts.

- To structure and implement schemes relating to personnel and human resource management, training, voluntary or compulsory retirement schemes, etc.
- To raise debt from the domestic capital markets and for borrowings from the international market, which would be subject to the approval of RBI/ Department of Economic Affairs as may be obtained through the administrative ministry.
- To establish financial joint ventures and wholly owned subsidiaries in India or abroad, with the stipulation that the equity investment of ONGC should be limited to the following:

  a) Rs. 2000 million in any one project
  b) 5% of the net worth of ONGC in any one project
  c) 15% of the net worth of ONGC in all joint ventures / subsidiaries put together

The new leadership of Visionary Board seems to have been acting in the form of transformational leadership in grooming managers into thinking visionaries, inspiring and taking employees along. The HR role is clearly defined to make ONGC a progressively learning organization and to implement the knowledge management system (KMS). A slogan is given “Learn to unlearn and relearn”. Involving people at all levels in the organization brings the transformation changes. A cross-functional approach is being established in the form of Multi-Disciplinary Teams (MDT) to make this organization a dynamic and flexible one. As the business strategy in a changing environment demands flexibility of structure, ONGC is also in the exercise of flat hierarchical structures. A team of young talented managers is in the developing and fire igniting stage to bring in a performing and self sustaining culture of continuous learning, nurturing creativity and shared goals. The challenge before ONGC is opening of the category-III and IV type basins for exploration by infusing new technology on case to case basis. The slogans like; “Well flowing wells”, “Making tomorrow brighter, ”The Company that cares” etc. making its manpower full of zeal and motivation.
A Comprehensive Enterprise Resource Planning (ERP) development is taken up and all systems are audited, obsolete/redundant items being phased out, control systems are being modernized, data archival and security systems are being enhanced. Three Virtual Reality Centers are conceptualized and established at SPIC and Bandra Office, Mumbai and GEOPIC at Dehradun. The three are more in pipeline. The company has chalked out a massive program of improving the recovery factor from the existing old fields through state-of-art technology and innovative ideas as well as exploring the unconventional hydrocarbon resources like Coal Bed Methane, Gas hydrates through multi-departmental and collaborative arrangements.

In the Global Market, sustained growth of any major oil and gas company can be ensured only through vertical integration along the Hydrocarbon Value Chain. The emerging opportunities in India are of great interest to ONGC to gain competitive advantage for success, human resource in the organization, a culture of learning, innovation, team building and aligning business priorities with aspiration of employees. ONGC believes that success is imminent due to its inspired, self- motivated and result driving people. HR has been included as a parameter in the MOU @ 2% weightage. To remain focus on HR activities, HR agenda is formulated annually. The HR initiatives like: identification of core values, HR audit, mentoring, formulation of work culture guidelines, formulation of IR manual etc. have been initiated.

In the last four years under the able guidance of the present CMD, Shri Subir Raha, ONGC has been put on the right track. Major initiative in field related activities have been taken up. After extending OTP to roll out in all regions, CRC was conceptualized and implemented at a fast rate. He has laid emphasis on cost consciousness and synergy, because without synergy in old and new business, ONGC may be bound to collapse. A lot has been done for improvement in systems and procedures – especially in tendering, contracting, design, settlement of disputes and IR policies. A comprehensive enterprise resource planning for IT and communication has been conceptualized at a cost of Rs.600 crores that has been put into operation in a record time. Stress on better reservoir management and correction of the past lapses in reservoir management to the extent possible has been given. In addition to IOR and EOR, a new
culture of own oil recovery (OOR) is being developed at work centers for correcting the inefficiencies.

2.13 ONGC-VIDESH Ltd. – A Subsidiary Of ONGC

ONGC-Videsh Limited (OVL) a wholly owned subsidiary of ONGC came into existence in 1989 after conversion of Hydrocarbons India Ltd. that was created by the Government of India to take overseas contracts for petroleum exploration. OVL has been making significant strides in acquisition of equity of oil and gas abroad. It has paced up the efforts to accommodate the challenge of supplementing the national oil security through overseas supply of equity and security of oil e.g. gas property in Vietnam and oil & gas property in Sakhalin, Iraq, Venezuela and Algeria etc. It has aimed to invest in improving the human resource through development and knowledge management providing enhanced learning. With prudent financial management, it has been able to reverse the trend that of a loss making company to earning a record profit in the year 2000-2001 and has become a trend setter now. It is progressively working towards anchoring international oil & gas acreage to supplement the demand shortfall of the nation and to fulfill its aim of becoming “India’s world-class E & P Company”. The company is on the path of acquiring the competitive strength to abreast the vision and has set the following objectives towards this endeavour.

- Focusing on oil-rich countries such as Russia, Iraq, Iran, the North African countries, Venezuela, Vietnam offshores, Kazakhistan, Algeria etc.
- Formulating joint ventures for the oil and gas portfolios in these countries.
- Achieving 20 MMTPA production level of equity oil by 2010 from the international oil and gas ventures.
- Focusing on farm-in and production sharing agreements for few years so as to fully understand the international arena and based on the procured learning, take Operatorship in the near future.
- Assured rate of returns commensurate to the risk exposure of the opportunities.
- Building investment confidence and leveraging it to raise capital in the domestic & international markets.
• Promoting and maintaining cordial relations with the national oil companies and oil majors.
• Associating technology partnership with the technology leaders in the fields of exploration and production.

Thus OVL has emerged to be the Lead Company under the dynamic leadership of CMD in the international exploration and production business, through well-sculpted and managed change in unison with the dynamic international petroleum industry. The company which has become the second largest E & P company in a very short span of time, aims to reach production of equity oil equal to that of ONGC. All this has become possible due to meticulous transformation of its focused strategy and suitable strings of support extended by the Government of India, ONGC and other Associates.

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