

GOVERNMENT OF ODISHA
HOME DEPARTMENT

No.HOME-F.C-MTNG-0002-2013 38903 /HD

Dt. 21.10.13

From Shri S.K. Dhal,
A.F.A-cum-Under Secretary to Govt.

To

The D.G & I.G of Police, Odisha, Cuttack/
A.D.G - cum - I.G of Police, Fire Service, Odisha, Cuttack/
A.D.G (P) - cum - I.G of Prisons & DCS, Odisha, Bhubaneswar/
Registrar, (Judicial) Orissa High Court, Cuttack/
Registrar, (General) Orissa High Court, Cuttack/
The C.M.D, OSPH&WC, Bhubaneswar/
Additional Secretary to Govt., Home (Civil Defence) Department.

Sub: Guiding Principles for Preparation of Estimates of Works
executed through OSPH & WC Ltd.

Ref: Letter No. 35822, Dt. 13.09.2013 of the D.G.P (O), Cuttack and this
Department Letter No. 1221/ CD, dated 23.09.2013

Sir,

A meeting was held on Dt. 26.09.2013 attended by all stakeholders to
disipitate some conflicting issues involving execution of works by the user agency
through OSPH & WC Ltd. The decisions resolved in the meeting have been duly
approved by the Principal Secretary to Government in Home Department.

I am directed to send herewith a Copy of the Approved Proceedings,
which may be followed and implemented by the User agencies for execution of projects
through OSPH & WC Ltd.

Yours faithfully,

[Signature]
A.F.A-cum-Under Secretary to Govt.

Memo No. 38904 / HD,

Dt. 21.10.13

Copy along-with a copy of the Proceedings forwarded to Fire Service
Section with reference to their Ltr. No. 1221/ CD, Dt. 23.09.13/ Jails Section/ High
Court Section/ M&D Section/ D&A Section/ and Civil Defence Section for information
and necessary follow-up action.

[Signature]
A.F.A-cum-Under Secretary to Govt.

Proceedings of the Meeting to analyze the Correctness of the Estimates towards admissibility of 'Overhead Charges and Supervision Charges simultaneously' in respect of Building Projects executed through OSPH&WC Ltd. & other related issues thereof.

A meeting was held on dated 26.09.2013 in the Conference Hall of Home Department under the Chairmanship of F.A. cum Additional Secretary, Home Department, to ascertain the broad principles adopted in preparation of the Estimates of works by OSPH&WC which are being awarded by the user agency of this department for execution. The meeting was attended by officers representing the user agencies, Administrative Sections of Home Department and representatives of OSPH&WC as in the statement annexed.

The Scope of the meeting was confined to the admissibility of Overhead Charges 10% which are being included in the 'Analysis of Rates' of a work and another 10% added towards "Consultancy Charges" extra and other related issues concerning to estimates of a work, awarded to OSPH&WC for execution by the user agency.

The guidelines regulating Overhead/ Supervision Charges prescribed in F.D Letter No. 5522 dated 11.02.2011 was relied upon & discussed elaborately in the meeting vis - a - vis provisions of OPWD Code to arrive at the decisions resolved below: -

1. Overhead charges forms an integral part of the analysis of rate of a work to become the basis for preparation of estimate of a project. The Schedule of Rate - 2012 & its supporting Analysis of Rates has been issued by Works Department vide No. 6024 dated

12.06.2012 under concurrence of Finance Department prescribing therein that the Analysis of Rate-2006 & supporting revised analysis of rates, shall be the guiding factor to arrive at the rate of a finished item of works.

2. In the Analysis of Rate 2006, overhead charge @ 10% has been factored to arrive the rate of a finished item, basing on the Schedule of Rate for materials and labour. Confirming to the above ratio, the estimates prepared by OSPH&WC which include 10% towards overhead charges in computing the analysis of rate and determining the project estimate shall hold good of being admissible, in respect of projects awarded for execution up to 30.06.2013.
3. Overhead charges @ 7.5% shall be eligible as per the Revised Schedule of Rate-2013 adopted by Government in Works Department O.M No. 8304 dated 01.08.2013 to meet the chargeable work elements, described in the Notes under Para-VIII of the said memorandum.
4. Overhead charges in connection with analysis of rate under OPWD Code is provided for a specific purpose relating to the work components, to form a part of an 'Estimate'; Whereas, supervision/ overhead charges as prescribed in F.D. Letter No. 5522 dated 11.02.2011 is exclusively a provision meant to be provided to the executing agency towards cost establishment in respect of public works, executed through departmental undertakings/ public sector undertakings. Hence, it is held that

the above charges are independent from each other to be borne by the user agency in an estimate.


5. In accordance with Works Department O.M No. 7317 dated 05.07.2013, Contractors Profit @ 7.5% shall be applicable in the Estimate basing on the S.O.R-2013 in respect of projects awarded to OSPH&WC by the user agency. This is applicable to the projects executed by the corporation through successful bidder selected through tender process. The corporation shall downsize the estimate and inform to the user agency where the work has been awarded at less rate against the original estimated project cost.
6. "Contractor Profit" shall not however be permissible in such eventuality, where the corporation will execute a project departmentally.
7. Since budgetary support is not provided to the OSPH&WC to meet the establishment cost separately, it is necessary that Supervision/ Overhead charges being levied by the corporation limiting to 10% shall be borne by the user agency extra over estimated cost of a work as prescribed in F.D. Letter No. 5522 dated 11.02.2011. Supervision / Overhead charge which is otherwise also termed as Consultancy charge however is not to be levied in respect of projects executed out of TFC grant as mandated by GOI.
8. The User Agency will determine the committal liability towards dues of the Corporation against the projects executed through OSPH&WC basing on the criteria discussed in the foregoing paragraph 5, 6 & 7.

9. A reference made by the D.G.P Cuttack in Letter No. 35822 dated 13.09.2013 towards levy of Cess and Contingency charges of a work executed through OSPH&WC were also discussed in the meeting. It is made clear after due discussion that 'Cess' at the rate of 1% of work estimate is a statutory liability to be borne by the user agency in accordance with Odisha Building and Other Construction Workers (Regulations of Employment and Conditions of Service) Rules, 2002 and Resolution No. 12653 dated 15.12.2008 of Government in L & E Department.

The provision towards contingency including survey, investigation and quality control limited to 1% of work proper is an eligible component of a work estimate as defined in Note-7 (Vii) under Rule-13 of Delegation of Financial Power Rules.

The decisions resolved in the meeting, is to be placed before the Principal Secretary to Government, Home Department for kind Orders, before it is circulated to the User Agencies and other respective concerned.

The meeting ended with Thanks to the Chair.


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F.A Cum Addl. Secretary to Government.