

MEMORANDUM OF UNDERSTANDING

BETWEEN



**THE ODISHA STATE POLICE HOUSING &
WELFARE CORPORATION LTD.
[A SILVER RATED PSU]**

AND



**HOME DEPARTMENT
GOVERNMENT OF ODISHA**

**FOR THE YEAR
(2014-15)**

PART-I

VISION

To organize ourselves as a total quality organization, setting standards of excellence in all our professional endeavours and be reckoned as an outstanding construction Corporation among our peers.

MISSION

To deliver quality construction at optimum cost in record time to the satisfaction of our customers while earning reasonable return on investment.

CORE VALUES

Integrity: We must conduct ourselves fairly, with honesty and transparency. Everything we do must stand test of public scrutiny.

Excellence: We must constantly strive to the highest possible standards in the services and goods we provide.

Organizational and professional pride: We must function and conduct ourselves and in such manner so as to have pride in the organization we serve and also the profession we are in.

Customer as our most valued stake-holder: 'Customers are outsider to our business, he is part of it. They are the purpose of our work.'

Economically sustainable: While delivering quality construction at optimum cost, we should ensure that the Corporation makes profit and remains financially viable.

MANDATES:

The main mandates of the Corporation as per the Article of Association are:

1. To undertake construction of buildings for the housing of police personnel
2. To formulate and execute Housing schemes for the benefit of the serving police personnel
3. To undertake construction of building for the residential and non-residential purpose for the Police, Vigilance, Fire service, Prison departments, Judiciary and other government departments
4. To undertake construction of buildings necessary for conducting Schools, Hospitals, Clubs and other welfare measures for the benefit of the police personnel as original works on deposit of cost from Police Relief and Welfare and other equivalent funds
5. To take up construction, repairs, maintenance, modification and renovation of roads, buildings and other civil structures through competitive tender or on the basis of direct placement of works

PART-II

EXERCISE OF AUTONOMY & DELEGATION OF FINANCIAL POWERS

The Odisha State Police Housing & Welfare Corporation Ltd. require the following autonomy and delegation of financial powers.

1. General Working Procedure.

The projects should be executed through tender/e-tender process, as the case may be. However, departmental execution may be taken up where the work is non-responsive in Tender/e-tender or due to exigency or on security reasons.

The Corporation shall take up the work on departmental execution basis after getting no response in first attempt particularly in Maoist areas/SRE districts. In other areas (Non SRE districts) after getting no response in first attempt the work may be taken up on departmental execution basis after adequate justification. Cluster tendering system i.e. combination of 4 to 5 projects having estimated cost of Rs. 20 to 25 crore may be allowed to attract big contractors as a remedy to no response.

2. Preparation of Plan and Estimate

- a. The Corporations will prepare estimates for all Government projects on the basis of the prevailing PWD Schedule of Rates.
- b. In case of preparation of plan and estimates, particularly of specialized projects like composite training centre, big structures, bridges etc., the Corporation may outsource the activity to a competent consultant. If a consultant is engaged, he will be paid from the Corporations supervision charges.

3. Premium of Tender Value

In case of transparent and competitive e-tender process, the cost of project will depend on the lowest bid for the project. In case of tender premium maximum upto 10% of the estimated cost, the Chief Engineer/CGM/MD of the Corporation will have full powers to approve the tender. Beyond 10% and up to 15% of tender premium, the tender will be approved by a Tender Committee constituted by the Board of Directors under the Chairman/CMD of the Corporation with suitable senior Members representing Engineering and Financial sides. All cases of tender premium above 15% shall be placed before the Board of Directors for approval. Once the tender is finalized the Corporation will submit a revised statement to the user agency adding the supervision charges to the revised cost. The user agency or the requisitioning agency will provide the additional funds so that the project can be completed on time without any financial burden on the Corporation.

Premium of Tender Value

Tender premium beyond 10% and up to 15% of the estimated cost will be approved by a Committee. Constitution of the tender approval Committee, shall be as follows

C.M.D. - Chairman of the Committee.

Chief Engineer and Financial Advisor of the Corporation are members of the Committee.

4. Single Tender

When a work is awarded through a transparent e-tender process, the next higher authority on receipt of a proposal with justification from the tender Committee can approve any single tender as provided under the OPWD Code.

Single Tender

Following delegation of financial power shall be made.

- (i) Chief Engineer - Tender value up to Rs.5.00 crore.
- (ii) C.M.D. - Tender value above Rs.5.00 crore and upto Rs.7.00 crore.
- (iii) Board of Directors - Tender value above Rs.7.00 Crore.

5. Mode of Payment to the Contractor

The payment to the contractor will be made by the Corporation directly on the preparation of the bill by their technical staff. The check measurement will be made by the Technical staff of the Corporation. There is no necessity to send the bill to the Administrative Department for check measurement and payment.

6. Technical Sanction

Chief Engineer of the Corporation will accord technical sanction for all projects entrusted to the Corporation for execution.

7. Procedure to deal with deviation

In case of requirement of additional works, deviation in quantity or additional item, the Corporation will prepare a revised estimate as per provisions of OPWD Code, incorporating the additional cost which will be borne by the requisitioning authority. The Corporation/Supervision charges will be calculated basing on the revised estimated cost and additional premium if any and the Corporation will not be asked to meet the additional cost for such deviations from the Corporation/Supervision Charges. The Corporation will follow the policy guideline on reimbursement of additional funds on additional work and cost escalation as per approved proceedings of the Board of Directors.

8. Projects executed for organizations other than State Government Departments.

Corporation can execute works for organizations other than the State Government Departments through negotiated terms and actual prevailing market rates subject to any condition imposed by the Board of Directors of the Corporation so that the commercial interest of the Corporations can be protected.

9. External electrification works.

The Corporation will submit the revised estimate in case of External Electrification work on case to case basis separately as the final estimates are prepared by the respective Electrical Distribution Companies basing on the actual load required for that location. The estimate for this purpose shall be furnished as early as possible. The additional cost thereof will be borne by the requisitioning authority. The Corporation charges / supervision charges will be calculated basing on the revised estimated cost.

10. Maintenance of Accounts.

The Corporation will maintain separate accounts of advances received from different requisitioning agencies, scheme wise and properly account for the interest and expenditure thereof.

PART-III

MOU Performance Evaluation criteria and Targets 2014-15										
1	STATIC PARAMETERS (40%)									
	Financial Performance Indicators									
				Targets - 2014-15					2013-14	2015-16
		Unit	Weight	Excellent	Very Good	Good	Fair	Poor	Provisional	Planned
i.	Turnover	Rs. In Crore	10	330.00	315.00	303.00	285.00	270.00	303.00	350.00
ii.	Net Margin	Rs. In Crore	10	21.45	20.48	19.50	18.52	17.55	20.00	22.75
iii.	Return on Capital Employed	%	10	30	29	27	26	25	35	26
iv.	Turnover per employee (327Nos,)	Rs. In Crore	5	1.01	0.96	0.92	0.87	0.83	0.95	1.07
v.	Admn. Expenditure as a % of Turnover	%	5	5.45	5.71	5.94	6.32	6.67	4.62	5.45
2	DYNAMIC PARAMETERS (35%)									
i.	Execution of projects on F2 Contract/ e-tender	%	15	55	50	45	40	35	50	50
ii.	Completion of Projects	No. of Projects	10	950	900	860	800	750	860	1000
iii.	Employee Training and Motivation	Training man days	5	250	225	200	175	150	950	250
iv.	Project Monitoring and review meetings	No. of meetings	5	12	10	8	6	4	10	12
3	GENERAL MEASURES (25%)									
i.	Authentication of Accounts for 2013-14	Time	5	31.08.14	30.09.14	31.10.14	31.11.14	31.12.14		
ii.	Submission of annual report to Admn. Dept. (2013-14)	Time	2	31.12.14	31.01.15	28.02.15	31.03.15	30.04.15	-	-
iii.	Timely Submission of MOU (2014-15)	Time	3	15.05.14	31.05.14	30.06.14	31.07.14	31.08.14	-	31.03.15
iv.	Infrastructure related Welfare Activities (For user agencies)	Rs. In Lakh	5	30.00	25.00	20.00	15.00	10.00	20.88	30.00
v.	Fatal Accidents at work sites.	No.	5	Nil	Nil	1	2	3	Nil	Nil
vi.	Corporate Social Responsibility	Rs. In Lakh	5	25.50	20.00	15.00	10.00	8.00	47.27	30.00

Satyajit Mohanty, IPS
Chairman-cum-Managing Director
On behalf of
The Odisha State Police Housing &
Welfare Corporation Ltd.

Vipin Kumar Saxena, IAS
Principal Secretary to Government
Home Department
On behalf of Government of Odisha

PART-IV

COMMITMENT/ASSISTANCE FROM THE STATE GOVERNMENT

1. Departments not to limit estimates while according Administrative Approval.

While according administrative approval, the requisitioning authority should not limit the estimates arbitrarily. In the event of budgetary constraints the administrative approval should be accorded for the full estimated value stipulating that the additional funds will be provided subsequently. While preparing Annual/Supplementary budgets, the Departments should first meet the requirements of ongoing/unfinished projects before embarking on new projects.

2. Cost escalation.

The Corporation will meet any cost overrun of the projects except where such escalation is because of factors beyond the control of the Corporation like delay in alienation of land for the project, delay in finalization of plan by the requisitioning agency, delay in receipt of administrative approval and substantial modification to plans requiring major structural changes and for the reasons not attributable to the Corporation. The requisitioning authority shall also bear differential cost in the event of upward rise of the schedule of rates, increase in price of cement, steel and bitumen as per Government of Odisha, Works Department Letter No. 5608/W, dt. 03.04.2007.

3. Govt. will facilitate timely settlement of claims of the Corporation as per Home Dept. letter no.-28847/M&D dt.06.08.13, relating to management of projects and regulation of payments.
4. Govt. will endeavor to award Rs.200.00 crore of work annually from Police, Home Guards & Fire Services, Prison and Judiciary.
5. Govt. will facilitate timely handing over of land to the Corporation so that projects are not delayed.
6. The User Departments will involve the Corporation while preparing the budget proposal.
7. Govt./Head of the Department shall endeavor to approve the proposal submitted by the Corporation within a time frame of 30 days.
8. The Supervision charge of 10% will be payable to the corporation.

PART-V

ACTION PLAN FOR IMPLEMENTING AND REVIEW OF THE MOU

Evaluation and review of performance will be done half-yearly by the Home Department, Government of Odisha. Information for the purpose of evaluation will be given to the Home Department in the proforma as given in Part-III.

Satyajit Mohanty, IPS
Chairman-cum-Managing Director
On behalf of
The Odisha State Police Housing &
Welfare Corporation Ltd.

Vipin Kumar Saxena, IAS
Principal Secretary to Government
Home Department
On behalf of
Government of Odisha

Place : Bhubaneswar
Dated : 02.05.2014