

# **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  
(2015-16)**

## **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 not outsider to our business, they are 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 selectively where the work is non-responsive in Tender/e-tender or due to exigency or on security reasons with due justification.

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 Schedule of Rates of Govt. of Odisha with prevalent taxes as applicable during the period.
- 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 up to 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 when the revised estimate is limited to 5% excess. 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. Revised estimate shall be prepared & sent to the concerned authority for approval and provision of additional fund, in case it exceeds 5% of original cost.

**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**

In case a single tender is received 1<sup>st</sup> time, the tender shall be cancelled without opening up the bid & fresh tender is to be called. If a single tender is again received after tendering, approval of higher authority will be obtained, if tender is otherwise in order and acceptable. In all above cases office memorandum no.15 dt. 01.01.15 of Works Dept., Govt. of Odisha shall be followed.

**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.

**11. Action Taken on Audit Reports.**

Corporation shall furnish action taken compliance on the recommendation / findings of the A.G. Inspection Reports, C&AG Reports, Efficiency Audit Reports of Finance Department and other audit reports if any in a time bound manner to the Administrative Department.

**12. Procurement of Equipments / Services.**

Contracts for procurement of Equipments and Services which does not have any relevance with the Schedule of Rate shall be taken up by the Corporation in compliance to usual prescribed procedures.

**13. Guidelines for Management of Projects.**

Corporation shall follow guidelines for management of projects and regulation of payments as prescribed in Home Department letter no.28847 dt.06.08.2013.

**14. Sharing of Information.**

Corporation shall make necessary arrangements for sharing of physical and financial information of projects with the user organizations by end of December. Project wise pending claims are to be supplied to the user organizations for settlement of accounts.

**15. Completion Certificate.**

Corporation shall furnish completion certificate of each project to the user organizations and handing over of the projects to the user organizations in usual manner shall be put on record.

### PART-III

<b>MOU Performance Evaluation criteria and Targets 2015-16</b>										
<b>1</b>	<b>STATIC PARAMETERS (45%)</b>									
				Targets - 2015-16					2014-15	2016-17
		Unit	Weight	Excellent	Very Good	Good	Fair	Poor	Provisional	Planned
	<b>Financial Performance Indicators</b>									
<b>i.</b>	Turnover	Rs. in Crore	15	350.00	335.00	320.00	305.00	290.00	320.00	375.00
<b>ii.</b>	Net Profit (After Tax)	Rs. in Crore	8	13.45	12.80	12.20	11.60	11.00	12.20	13.00
<b>iii.</b>	Return on Capital Employed	%	7	24	23	22	21	20	26	21
<b>iv.</b>	<i>Contribution to State Govt. Exchequer</i>	<i>Rs. in Crore</i>	<b>8</b>	<b>12</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>9.98</b>	<b>14.00</b>
<b>v.</b>	Turnover per employee (304 Nos.)	Rs. in Crore	7	1.15	1.10	1.05	1.00	0.95	1.05	1.23
<b>2</b>	<b>DYNAMIC PARAMETERS (35%)</b>									
<b>i.</b>	Execution of projects on F2 Contract / e-tender	%	10	60	55	50	45	40	55	60
<b>ii.</b>	Completion of Projects	No. of Projects	5	800	750	700	650	600	725	850
<b>iii.</b>	<i>Completion of Projects within scheduled time</i>	%	<b>5</b>	<b>50</b>	<b>45</b>	<b>40</b>	<b>35</b>	<b>30</b>	<b>40</b>	<b>55</b>
<b>iv</b>	<i>Projects completed in LWE affected areas</i>	<i>No. of Projects</i>	<b>5</b>	<b>300</b>	<b>275</b>	<b>250</b>	<b>225</b>	<b>200</b>	<b>278</b>	<b>350</b>
<b>v</b>	<i>Project management system through ERP</i>	%	<b>5</b>	<b>50</b>	<b>45</b>	<b>40</b>	<b>36</b>	<b>32</b>	-	<b>50</b>
<b>vi</b>	Employee Training and Motivation	Training man days	5	250	225	200	175	150	320	250
<b>3</b>	<b>GENERAL MEASURES (20%)</b>									
<b>i.</b>	Authentication of Accounts for 2014-15	Time	7	31.08.15	30.09.15	31.10.15	31.11.15	31.12.15	22.09.14 (13-14)	31.08.16 (15-16)
<b>ii.</b>	Submission of annual report to Admn. Dept. (2014-15)	Time	5	31.12.15	31.01.16	28.02.16	31.03.16	30.04.16	24.04.15 (13-14)	31.12.16 (15-16)
<b>iii.</b>	Fatal Accidents at work sites.	No.	2	Nil	Nil	1	2	3	Nil	Nil
<b>iv.</b>	Corporate Social Responsibility	Rs. in Lakh	3	63.00	58.00	53.00	48.00	43.00	Nil	40.00
<b>v.</b>	Infrastructure Related Welfare Activities	Rs. in Lakh	3	30.00	25.00	20.00	15.00	10.00	27.42	35.00

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**Manoj Kumar Chhabra, IPS**  
 Chairman-cum-Managing Director  
 On behalf of  
 The Odisha State Police Housing &  
 Welfare Corporation Ltd.

-Sd-  
**Asit Kumar Tripathy, 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 but before completion of the project. 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 may 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. Ideally, projects should be approved on encroach free suitable land for the purpose meant for. In case of any contingency, required land need to be ensured and handed over for execution to the Corporation within 30 days of receipt of requisition from this end.
4. 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.
5. Govt. will award a minimum value of Rs.200.00 crore of work annually from Police, Home Guards & Fire Services, Prison and Judiciary.
6. Govt. will facilitate timely handing over of land to the Corporation so that projects are not delayed.
7. The User Departments will involve the Corporation while preparing the budget proposal.
8. Govt./Head of the Department shall endeavor to approve the proposal submitted by the Corporation within a time frame of 30 days.
9. 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.

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**Manoj Kumar Chhabra, IPS**

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

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**Asit Kumar Tripathy, IAS**

Principal Secretary to Government  
Home Department  
On behalf of  
Government of Odisha

**Place : Bhubaneswar**

**Dated : 10.06.2015**