

MEMORANDUM OF UNDERSTANDING

BETWEEN



**THE ODISHA STATE POLICE HOUSING &
WELFARE CORPORATION LTD.**

AND



**HOME DEPARTMENT
GOVERNMENT OF ODISHA
FOR THE YEAR
(2012-2013)**

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.

OBJECTIVES:

The main objects 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

After implementation of categorization of PSUs by the P.E. Department, OSPH&WC 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 upto 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.

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.

Chief Executive Officer
On behalf of

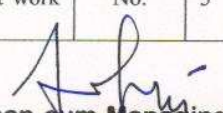
The Orissa State Police Housing &
Welfare Corporation Ltd.
(Incorporated under the Companies Act, 1956)
The Orissa State Police Housing &
Welfare Corporation Ltd.
Bhubaneswar-751 005

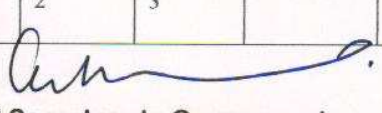
Principal Secretary to Government
Home Department
On behalf of
Government of Orissa
Bhubaneswar-751 005

Shy

PART-III

MOU Performance Evaluation criteria and Targets 2012-13										
1	STATIC PARAMETERS (50%)									
	Financial Performance Indicators									
				Targets - 2012-13					2011-12	2013-14
		Unit	Weight	Excellent	Very Good	Good	Fair	Poor	Unaudited	Planned
				(+ 10%)		(- 5%)	(- 5%)	(- 5%)		
i.	Turnover	Rs. In Crore	20.00	236.50	215.00	204.25	194.04	184.34	195.64	235.00
ii.	Gross Profit	Rs. In Crore	10.00	14.19	12.90	12.26	11.64	11.06	6.51	14.10
iii.	Return on Capital Employed	%	10.00	30.82	28.02	26.62	25.29	24.02	25.74	25.52
iv.	Turnover per employee (Turnover / 327)	Rs. In Crore	5.00	0.72	0.66	0.62	0.59	0.56	0.60	0.72
v.	Admn. Expenditure as a % of Turnover	%	5.00	5.70	6.00	6.30	6.62	6.95	6.54	6.00
2	DYNAMIC PARAMETERS (25%)									
i.	Execution of projects on F2 Contract/ e-tender	%	15.00	45	40	35	30	25	29	45
ii.	Employee Training and Motivation	Training days	5	14	13	12	11	10	12	14
iii.	Configuration and user testing of ERP	Time	5	30.11.12	31.12.12	31.01.13	28.02.13	31.03.13		
3	GENERAL MEASURES (25%)									
I.	Submission of annual report to Admn. Dept. 2011-12	Time	10	30.09.12	30.11.12	31.12.12	31.01.13	31.03.13		
ii.	Timely Submission of MOU (2012-13)	Time	5	31.08.12	30.09.12	31.10.12	30.11.12	31.12.12		
iii.	Infrastructure related Welfare Activities	Rs. In Lakh	5	30.00	25.00	20.00	15.00	10.00		
iv.	Fatal Accidents at work sites.	No.	5	Nil	Nil	1	2	3		


Chairman-cum-Managing Director
On behalf of
The Odisha State Police Housing & Welfare Corporation Ltd.
 Chairman-cum-Managing i
 The Odisha State Police Hou
 Welfare Corporation Ltd.
 Bhubaneswar-22


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

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.

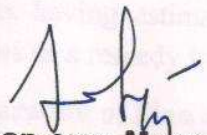
3. Govt. will endeavor to award Rs.160.00 crore of work annually from Police, Home Guards & Fire Services, Prison and Judiciary.
4. Govt. will facilitate timely handing over of land to the Corporation so that projects are not delayed.
5. The User Departments will involve the Corporation while preparing the budget proposal.
6. Govt./Head of the Department shall endeavor to approve the proposal submitted by the Corporation within a time frame of 30 days.
7. The Supervision charge of 10% will be payable to the corporation.

Signature

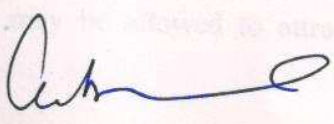
PART-V

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.


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

Chairman-cum-Managing Director
The Odisha State Police Housing & Welfare Corporation Ltd.
Bhubaneswar-22


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

Place : Bhubaneswar
Dated : 07.09. 2012

APPROVED WORKING PROCEDURE OF THE CORPORATION.

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.

1A. 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. Works Department will ensure publication of the Schedule of Rates by end of April of the each year.
- c. In case of preparation of plan and estimates, particularly of specialized projects like big claims, 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. 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.

3A 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.

4A Single Tender

Following delegation of financial power was approved.

- (i) Chief Engineer - Tender value up to Rs.5.00 crore.
- (ii) C.M.D. - Tender value above Rs.5.00 crore and up to 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. Overhead charges in departmentally executed projects.

Since the Corporation does not receive budgetary support for meeting overhead costs, the estimates for projects executed departmentally will be prepared without deducting the overhead charges.

7. 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.

8. Technical Sanction

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

9. 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.

10. 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.

11. Advance to the Corporation.

A payment schedule keeping in view the period of completion of the work should be drawn up by the Corporation and communicated to the user agency/department which will form part of the contract. Funds required for execution of the work will be released by the user agency/department in accordance with the payment schedule a advance to the Corporation. The next advance required for execution of the work will be released in favour of the Corporation after the earlier advance is utilized and adjusted upto 75% in the accounts. However, such payment schedule may not be required where the user agency/department releases full amount to the Corporation as advance.

12. Cost escalation because of delay in execution by the Corporation.

The Corporation will meet the cost of 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 Corporations.

GOVERNMENT OF ODISHA
WORKS DEPARTMENT

RESOLUTION

No. 0756650002 2012 9133 /W., Bhubaneswar, dated, the 6th September, 2012

Sub:- Working Procedure for execution of works under different Construction Corporations in the State.

After careful consideration Government have been pleased to adopt the following working procedure in respect of the works to be executed through the Public Sector Undertaking (PSU) Construction Corporations in the State.

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.
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) Works Department will ensure publication of the Schedule of Rates by end of April of each year.
 - c) In case of preparation of plan and estimates including survey and design, particularly for specialized projects like big dams, bridges etc., the Corporation may outsource the activity to a competent Consultant as per their requirement. If a Consultant is engaged, he will be paid from the Corporation's supervision charges.
3. Premium of Tender Value
In case of a transparent and competitive e-tender process, the cost of a project will depend on the lowest bid for the project. In case of a 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 Director 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 Director 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.
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. Each Corporation will codify the level of financial delegations on different authorities in their hierarchy for approval of tenders.

Shy

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. Overhead charges in departmentally executed projects.
Since the Corporation does not receive budgetary support for meeting overhead costs, the estimates for projects executed Departmentally will be prepared without deducting the overhead charges.
7. 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.
8. Technical Sanction
Chief Engineer/C.G.M./M.D. of the Corporation will accord technical sanction for all projects entrusted to the Corporation for execution.
9. 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.
10. Projects executed for organizations other than State Government Departments.
Corporations 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 interests of the Corporations can be protected.
11. Advance to the Corporation.
A payment schedule keeping in view the period of completion of the work should be drawn up by the Corporation and communicated to the user agency/department which will form part of the contract. Funds required for execution of the work will be released by the user agency/department in accordance with the payment schedule as advance to the Corporation. 33% of the project cost should be deposited in advance and the balance 67% should be released in two equal installments. Release of 2nd and 3rd installment will be subject to submission of utilization certificate of at least 75% of the funds released earlier.

Shy

12.

Cost escalation because of delay in execution by the Corporation

The Corporation will meet the cost of any cost overrun of the project 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 Corporations.

This has been concurred in by Finance Department vide U.O.R. No.185/WF-I dated 16.06.2012.

This shall come into force from the date of its Publication in the Extra-Ordinary Gazette.

By order of Governor

(S.K. Ray)

EIC-cum-Secy. to Govt.

Memo No. 9134 /W., Dated. 6.9.12

Copy forwarded to the Director, Printing, Stationary & Publication, Odisha, Cuttack for information.

He is requested to publish the Resolution in the next issue of the Gazette and supply 100 copies to this Department.

P. K. S.
6.9.2012

FA-cum-Addl. Secy. to Govt.

Memo No. 9135 /W., Dated. 6.9.12

Copy forwarded to the A.G. (A&E), Odisha, Bhubaneswar/A.G. (Audit-II), Odisha, Bhubaneswar/Sr.Dy. Accountant General, Odisha, Puri for information.

P. K. S.
6.9.2012

FA-cum-Addl. Secy. to Govt.

Memo No. 9136 /W., Dated. 6.9.12

Copy forwarded to all Departments of Government for information and necessary action.

P. K. S.
6.9.2012

FA-cum-Addl. Secy. to Govt.

Memo No. 9137 /W., Dated. 6.9.12

Copy forwarded to all the Chief Engineers of Works Department/Water Resources Department/R.D. Department/H&UD Department/ All Public Sector Undertakings (PSUs) in the State for information and necessary action.

P. K. S.
6.9.2012

FA-cum-Addl. Secy. to Govt.

9138
Memo No. /W., Dated.

Copy forwarded to all S.Es and Executive Engineers for information and necessary action.

P. K. S. Patra
6.9.2012
FA-cum-Addl. Secy. to Govt.

9139
Memo No. /W., Dated.

Copy forwarded to the State Portal Group, IT Centre, Secretariat, Bhubaneswar for information.

It is requested to hoist in the website of Works Department.

P. K. S. Patra
6.9.2012
FA-cum-Addl. Secy. to Govt.

9140
Memo No. /W., Dated.

Copy forwarded to all Sections/G.F (Ten) Copies for information.

P. K. S. Patra
6.9.2012
FA-cum-Addl. Secy. to Govt.

SH