

By e-mail/Website/Dak  
**THE ODISHA STATE POLICE HOUSING & WELFARE CORPORATION LTD.**  
**BHUBANESWAR-22.**

No. 162/CON /OPHWC  
To

Dated 25.05.2016

All Jt. Managers,  
OSPH&WC,

**Sub: Procedure to be adopted of Contract Management on F2 Contracts.**

You must be aware that as per draft MOU of 2016-17 by this Corporation and Home Department, Govt. of Odisha, this year 70% of works are to be executed on F2 contract. In addition to that at present also we are executing quite a sizeable number of works on the said F2 agreement. Execution of F2 agreement and its effective implementation requires adequate knowledge on contract management failing which the contractors may drag this Corporation to litigation and take shelter in Court of Law to put this Corporation to financial loss. As such it is imperative that all the Divisional Officers i.e. Jt. Managers should be very much vigilant and conversant with the codal rules and exercise utmost care to handle the F2 contracts in a proper way. In this connection the relevant clauses which will be useful to the Jt. Managers in effective discharge of day-to-day activities on Contract Management are enumerated as follows :

**4.4.4. Time Control**

- (b) If the contractor fails to commence work within the stipulated date of commencement as per the work programme the Divisional Manager-in-charge shall without prejudice to any of the right or remedy available in the contract be at liberty to recommend to the Chief Engineer for forfeiture of EMD and ISD after giving due opportunity to the contractor to show cause.
- (c) If at any time it should appear to the Divisional Manager that the actual progress of the work does not conform to the agreed work programme, the contractor shall be given a notice of show cause with a request to submit a revised work programme. If the contractor does not submit the revised work programme the Divisional Manager may withhold 1% of the contract price from the next running bills(s) of the contractor and continue to withhold it till revised work programme is received.

#### 4.4.6 Extension of time

### 3. Compensation for delay in commencement, delay to achieve proportionate progress and delay in completion of work/abandonment of work.

The amount of compensation/liquidated damages leviable on the Contractor shall be determined by the authority competent to grant extension of time. However if the contractor has rendered himself liable for paying compensation/liquidated damages under any clause/clauses of the contract and the amount of compensation/liquidated damages has not been determined, the Divisional Manager may with hold 10% from the next running bill and subsequent bills till the amount is determined by the competent authority. A notice to show cause should be issued to the contractor in Form No.-24 to give an opportunity to explain his position.

#### 4.5.2 Termination of Contract

However, a situation may arise where it is absolutely necessary to terminate a contract before completion of work on account of Fundamental Breach of Contract.

Note: The following actions of any/both parties to the contract shall amount to fundamental breach of contract.

- a. The contractor fails to commence work within 30 days of issue of written order to commence work or suspends work continuously for more than 30 days.
- b. The liquidated damages leviable against the contractor exceeds all his security and other dues in the hands of Corporation.
- c. The Contractor is found guilty of theft and misappropriation of Corporation stores at site.
- d. The contractor resorts to bribes or intimidation and threat to Corporation Engineers and staff.
- e. The contractor indulges in any un-lawful activity cognizable under Indian Penal Code.
- f. The contractor is in connivance with extremists amounting to crime against the State.
- g. The contractor fails to apply for sanction of extension of time within 30 days after the stipulated date of completion in case of incomplete works.

#### 4.6 Management of Quantity Deviation to Contract.

- 4.6.2 a) Immediately after a variation is necessitated its effect on contract price and time of completion should be estimated and orders of competent authority obtained.
- b. Excess/less in quantities of the items already provided in the BOQ should be evaluated at the contract rate.
- c. Rate of new items of work and substituted items of work should be derived from similar items of work in the BOQ as far as possible.
- d. Rates for items of work which cannot be derived from the BOQ items, should be derived by analysis from schedule of rate in force at the time when the variation item is executed.
- e. In case the schedule of Rate of the PWD has not been revised in between the date of estimate and the date of occurrence of variation the rate derived from the schedule of rate should be increased or decreased by such percentage as the contract price bears to the estimated cost.
- 4.6.3 The contractor should not be allowed to execute extra works and extra items as a matter of course unless the deviation is nominal i.e. within 5% of the contract price or Rs. 50,000/- whichever is less subject to approval of competent authority post facto.
- 4.6.5 In all cases, the contractor is entitled to a written order for all variations, otherwise variation can be treated as unauthorized even if measured and billed for by an Engineer-in-Charge.


In addition to the said clauses, the Jt. Managers should bear it in his mind that whenever a letter in respect of claim, deviation, decision or any other query is received from the contractor, the same should be replied forthwith by Regd. Post/e-mail strictly as per the rules envisaged in OAM/OPWD Code so as to avoid any contractual complications.

- However, when the query relates to financial implications, policy matter the Jt. Manager should not make any commitment until a written authorization on the matter is received by him from the Head Office.

- Before submitting any termination/recession proposal to the Head Office, the Jt. Managers must issue a show cause notice as per Form No. 24.
- Moreover the proposal for Termination of Contract should be submitted to the head Office in Form No. 26 and after getting the required approval from the competent authority the notification of Termination of Contract will be issued by the Divisional Manager in Form No. 27.

This is for your information and necessary action. Receipt of this instruction may please be acknowledged. For any future violation/omission, you shall be held personally liable.

This is being issued with the approval of the C.M.D.

  
Chief Engineer(Civil)  
25/5/16