

GOVERNMENT OF ASSAM  
PUBLIC ENTERPRISES DEPARTMENT  
DISPUR: GUWAHATI-6

A project for re-introduction and institutionalization of Memorandum of Understanding between State Level Public Enterprises and the respective Administrative Departments.

1. Background

1.1. The Public Enterprises Department in Government of Assam is the nodal department to consult and liaison on policy matter relating to State Level Public Enterprises (SLPEs) in the state. Within its mandate, the Public Enterprises Department decided to strengthen the State Level Public Enterprises (Public Sector Undertakings) for improved performance through capacity building and by introducing Memorandum of Understanding based performance-rating system by availing the services of competent and reputed management/ training institution / universities of the country.

12. MOU Status in Government of India:

- a. Introduced the MOU system since 1987-88.
- b. Nodal and coordinating Department is Department of Public Enterprises, GOI.
- c. All CPSEs without exception are required to sign MOUs; while the Apex/Holding companies will sign MOUs with their respective Ministries / Departments, the Subsidiary companies will sign MOUs with their respective Apex / Holding Companies on the same lines as MOU is signed between a CPSE and Government of India. Those CPSEs which does not sign MOU will have their MOU performance rated as Poor and not eligible for consideration to awards/ certificates.
- d. Further the MOU rating of CPSEs was linked to Performance Related Pay (PRP) of executive and non-unionised supervisors of CPSEs necessitating finalisation of MOU scores and ratings of CPSEs.
- e. The administrative ministries / departments supervise CPSEs performance including Self evaluation reports of MOU performance on the basis of audited data along with audited accounts, balance sheet and profit and loss accounts.
- f. The details of CPSE MOU based performance rating system are available in the webpages <http://depemou.nic.in>; <http://dpe.nic.in/newsite/MOU.htm> and <http://dpe.nic.in/newgl/gch5index.htm>.
- g. Timelines followed for an illustrative year 2010-11 is as follows

For 2010-11 MOU	Submission of Draft by CPSE (after due discussion of Administration Ministry / Deptt.)	18 <sup>th</sup> December 2009
	Submission of Main MOU through Admin Dept.	29 <sup>th</sup> December 2009
Performance evaluation 2009-10 MOU	Submission of copy of MOU signed between CPSE and Admin. Ministry / Deptt. Subsidiary Company and Apex/Holding Company.	15 <sup>th</sup> March 2010
	Submission of Performance Evaluation Report (Composite score) for the year 2009-10 on the basis of Audited data along with the Audited Accounts, Balance Sheet and Profit and Loss Account of the CPSE for the year 2009-10 to DPE after approval of the Board of CPSE and through their administrative Ministry/Department within the target date of 31 <sup>st</sup> August 2010.  Any delay in submission of Performance Evaluation Report with annual audited data will disentitle a CPSE for MoU Excellence Awards /Certificates and Performance Related Pay (PRP).	31 <sup>st</sup> August 2010

1.2. Status of MOU system in Assam:

The MOU based performance rating of SLPEs was taken up based on the recommendation / suggestion of the Government of India and upon encouraging results of the Central Public Sector Enterprises. The Assam Cabinet approved the application of the concept of Memorandum of Understanding between the Government and

the State Level Public Enterprises in its sitting dated 6-12-2004 in the file PE (D) 19/2002. Accordingly, Government of Assam issued MOU guidelines vide O.M. No. PE. 110/2004/29 Dated 19th January 2005. For its implementation, Government constituted two committees viz. (i) Task Force under the chairmanship of the Commissioner and Secretary, Public Enterprises Deptt. and (ii) High Level Committee under the chairmanship of the Chief Secretary, Assam. Eight number of SLPEs implemented the MOU system during 2006-07. The details of these MOUs are given in the Statistical Report of SLPEs of Assam (2007).

Upon review, observation of the working of the MOU system were as follows:

- a) MOU was signed in the month of January / February 2007 (at the year end of the MOU period) as a measure of compliance to the ADB reforms.
- b) There was initial enthusiasm and was not followed.
- c) Absence of MOU understanding at SLPE and Admin. Department levels.
- d) No follow up / monitoring from administrative department and task force.
- e) Promise of support stated in the MOU by the Administrative Departments is not honoured.
- f) No proper Annual Self Evaluation Report and No feedback / action taken report from Admin. Deptt.
- g) MOU format was insensitive to the SLPE needs.
- h) No incentive for performance with no risk of disincentive for the status quo.
- i) No regular meeting of Task Force and High Power Committee.
- j) No ownership of the initiative by the Administrative Department and SLPEs.

#### 2. 2010-11 Current year Proposal : for introducing MOU from 2011-12

Considering the past experience and capacity building needs of SLPEs to institutionalise the MOU system the Government of Assam in Public Enterprises Department reviewed the MOU subject and decided the following:

- \* MOU system will be reintroduced in the current year by availing the services of an academic / professional institution to devise proper MOU formats and guidelines and to provide handholding to the SLPEs, Administrative Departments and to the Public Enterprises Department.
- \* The SLPEs will be supported to draft and implement their respective training policies.
- \* MOU and Training Policy system will be taken up under a project approach involving two modules with specific deliverables viz.,
  - Ø Training Needs Analysis, Design of Training, Training Plan and Training Policy of State Level Public Enterprises (SLPEs) and
  - Ø Support and facilitation for introducing and institutionalizing Memorandum of Understanding (MoU) based performance-rating system among SLPEs of Assam State.
- \* Adoption of a transparent and competitive bidding process involving the stages of Expression of Interest, Request for Proposal and Service Agreement with a prescribed time limit.
- \* A token budgetary provision of Rs. 5.32 lakhs was earmarked under Plan head for the consultancy services and later Rs. 50.00 lakh was provided under supplementary demand.
- \* Revisiting the institution of (i) Task Force and (ii) High Level Committee

3. The deliverables of the two modules of the project to be provided by the selected bidden service bidder are provided in below.

#### Module No. 3.1 : Training Needs Analysis, Design of Training, Training Plan and Training Policy

Background : Human Resources play very crucial role in the organization performance. Based on the statistical report of Public Sector Enterprises of Assam (2003-07), there are 42937 employees working in different SLPEs and there appears to be no systematic approach for developing the Human Resources for improved performance of the organization. Thus, Government of Assam decided to harness the manpower through capacity building by assessing their training and non-training needs.

Objective :

1. To identify areas of training for improving the performance of the organization.

2. To recommended strategies for addressing the training needs and there by to improve the performance of the organization.

Scope :

1. Adequate scientific sampling of personnel of each SLPE.
2. Adopting standard TNA methodology including questionnaire preparation, validation, usage and interviews at SLPE.
3. Analysis of each SLPE data.

Deliverables: Time line : 3 months

1. TNA at three levels viz., organization, job/position and individual considering the mandate and performance problem of the organization.
2. Development of job charts for key Functionaries.
3. AS IS status report on the Training - Documentation of present training details viz., budget, institutions, programmes, training areas, target group, content, etc. and different institutions available in the state their training calenders.
4. Workshop with stakeholders on TNA, Job charts and AS IS report & feedback.
5. Draft training design, Draft Training Plan, Draft Training plan and Draft Training Policy and validation with the stakeholders.
6. Final - Training Design for all the Functionaries of SLPE.
7. Final - Institutional Training and Development Plan with recommendations.
8. Final- Training Plan and calendar.
9. Final - Training Plan in time progression of the joining cadres.
10. Final - Training Policy / framework for each SLPE.

Module No. 3.2 : Facilitation of SLPEs for institutionalizing Memorandum of Understanding (MOU) based performance-rating system

Background : On the lines of Government of India, Government of Assam introduced Memorandum of Understanding (MoU) based performance rating system vide Government of Assam O.M. No. PE. 110/2004/29 Dated 19<sup>th</sup> January 2005. For its implementation, Government constituted two committees viz., (i) Task Force under the chairmanship of the Commissioner and Secretary, Public Enterprises Deptt. and (ii) High Level Committee under the chairmanship of the Chief Secretary, Assam . During 2006-07, 8 SLPEs undertook the MOUs. Government reviewed the present status and noted the need to undertake MOU system with all functional SLPEs and strengthen and harness the MOU intervention to the improve the performance of the SLPEs in the state.

Objective:

1. To develop a time bound and measurable turn around performance plan for each SLPE, involving all stakeholders.
2. To measure and oversee the introduction and institutionalization of MOU based Performance rating system by each SLPE.
3. To improve the performance of the SLPE in agreed direction.

Scope:

1. Review of Performance monitoring of SLPEs in the state - Study of SLPEs of the state including various statistical reports CAG reports and discussion with Administrative Departments Public Enterprise Department, Finance Department and Accountant General, Assam; Identifying areas of strengths and weakness and their impact on their performance. -
2. Developing organizational vision and mandate; and a performance framework for each. SLPE for turn around with in 5 years upon interaction with all concerned stakeholders viz., upon consulting SLPE management, Administrative Department, AG and Public Enterprises Department
3. Developing MOU format for each SLPE together weightages and cross comparison across the SLPEs of different sectors in consultation with the SLPE management and personnel, administrative departments.

Finance Department, Public Enterprises Department and Accountant General. Every format should be accompanied with a vision for turn around, rationale and implications of suggestions.

4. To devise objective and quantitative system of measuring compliance to the MOU system, once the SLPE specific MOU system is approved and submit compliance examination reports by correlating the same with the annual reports, public documents, interview of officials etc.
5. Rating procedure method, Rating and Annual grading of the SLPEs.
6. To devise a system including evaluation for the recognition / award of SLPE in different categories.
7. Suggest a framework for professionalization of SLPE management.
8. Developing criteria for assessing performance based on identified performance indicators.
9. Use of MOUs for recognition of performing SLPEs viz., Awards and Certificates.
10. Suggest various possibilities of linking MOU rating for introducing Performance Related Pay.
11. Suggest methodology for performance based classification of SLPEs.
12. Providing services in short listing the SLPEs for award.
13. Developing MOU guidelines in the context of Assam SLPEs for 2011-12.
14. Capacity building / orientation of SLPEs for introducing MOU system.
15. Consultancy for institutionalising MOU system.
16. Categorisation of SLPEs based on sound and rational principles and implications of such categorization.
17. Handholding of SLPEs for introducing and institutionalizing the MOU based performance system.
18. Final deliverables will be finalized after consultation with the successful bidder.

**Deliverables:**

Project Implementation Phase : Time line: 3 months

1. Development of Organizational Vision and mandate in the current economic - technological - social - scenario.
2. A turnaround performance framework of 5 years, including the definition of performance for each SLPE with measurable (financial and non-financial) parameters.
3. SLPE wise - 5 years Performance matrix - year wise mentioning interventions / strategies and performance targets.
4. Customized MOU format for each SLPE together weightages. Every format should be accompanied with a vision for turn around, rationale and implications of suggestions. The methodology should be scalable and manageable in the context of Assam.
5. An objective and quantitative system measuring compliance to the MOU system (upon approval of SLPE specific MOU system) by correlating the same with the annual reports, public documents.
6. Rating of SLPEs based on the MOU formats and annual grading of the SLPEs.
7. Use of MOUs for recognition of performing SLPEs viz., Awards and Certificates and also for the 2010-11 based on the available data.
8. Linking MOU rating system with performance related pay with transparent and fair methodology.
9. Developing MOU guidelines in the context of Assam SLPEs for 2011-16.
10. Capacity building / orientation of SLPEs for introducing MOU system.
11. Guide and facilitate the National Informatics Centre in developing appropriate software for automated MOU based Performance rating system.
12. Any other final deliverable to be decided after consultation with the successful bidder.

Hand holding Phase: Time line: 12 months for a financial year

13. Handholding of Public Enterprises Department, Administrative Departments and SLPEs for introducing and institutionalizing the MOU based performance system and its further improvisation.
14. Guide and facilitate the National Informatics Centre in developing appropriate software for automated MOU based Performance rating system.
15. Revise the MOU guidelines and formats based on experience
16. Any other final deliverable to be decided after consultation with the successful bidder.

**3.3 Bid Evaluation Committee**

The Bids are evaluated by a Committee constituted by the Government of Assam vide Notification No PE 111/ 2010/287 Dated 7-10-2010 with the following composition and terms of reference:

Composition:

Sl.No.	Designation in the Bid Evaluation Committee	Official Designation
1.	Chair person	Addl Chief Secretary, PE Deptt.
2.	Member	Pri. Secretary, Co-operation Deptt./representative
3.	Member	Pri. Secretary, Finance Department / representative
4.	Member	Corn. & Secretary, Industry and Commerce Deptt.
5.	Member	Director of Training AASC
6.	Member Convenor	Secretary / Advisor (F) PE Deptt.

Terms & Reference:

1. To scrutinise the Expression of Interests received as per the screening criterion and shortlists the prospective bidders to supply the draft Request for Proposal (RFP) and Service Agreement(SA).
2. To finalise the Request for Proposal and Service Agreement for issue after considering the commented views of various administrative departments, Finance and Judicial Deptt.
3. To evaluate the technical and financial bids for RFP and Service Agreement.
4. To recommend the final winning bidder.
5. To suggest / submit any recommendation or the transparent and competitive bidding process to achieve the set objective of the project.

3.5 Time lines followed for Bid process:

1.	Floating Expression of Interest.	7.9.10-9-9-10 & 10.9.11
2.	Last date and time for receiving the EOI	7.10.10 at 2.00 PM
3.	Evaluation of Institution applicants on the eligibility criterion and shortlisting of candidates by Bid evaluation Committee.	11.10.10
4.	Supply of Request for Proposal (RFP) comprising technical and commercial bid to all the shortlisted eligible institution applicants/service providers by email.	12.10.10
5.	Site visit of interested parties to SLPEs, Admin. Departments and PE Deptt. (During working hours preferably at 10AM)	19.10.10 & 20.10.10
6.	Meeting with stakeholders	25.10.10 11 AM
7.	Pre-bid conference to clarify the queries	25.10.10 1 PM
8.	Last date for receipt of RFPs from the shortlisted eligible institution applicants/service providers	04.11.10 5 PM
9.	Presentation of the bidders	08.11.2010
10.	Evaluation of Technical and Financial Bid based on evaluation criteria	10.11.2010
11.	Final selection of the Institution applicant	11.11.2010
12.	Execution of Service agreement with the Institution applicant	15.11.2010

4. Restructuring the institutional arrangement for MOU system and Training is under process:  
Committees proposed for MOU system

1. Constitution of Department Performance Management Committee (DPMC) under the chairmanship of Sr. Secretary of the Deptt.
2. Members: CEO/CMD/MD of SLPE, FAO of the Deptt and Public Enterprises Dept. Representative.  
Responsibility:
  - a. To draft 5 year turnaround performance framework/matrix for each SLPE
  - b. To decide year wise MOU terms and targets with SLPE timely and extending all required support considering the 5 year vision framework.
  - c. To review the working of MOU at quarterly intervals.

- d. To assess the self evaluation report of the SLPE at the end of the year and forward the same to the PFOC for rating.
- e. To undertake necessary follow up action on the feed back of HPMC and take necessary steps for improved performance of the SLPEs.
3. Constitution of Performance Facilitation and Oversight Committee (PFOC) under the chairmanship of the Sr. Secretary of Public Enterprises Department. Members from CEO/CMD/MD of SLPEs and respective Admin. Dept. representatives.
- Responsibility:
- a. To facilitate the administrative department and SLPEs to undertake MOU based performance rating system and to make it successful with capacity building, consultancy and other policies.
- b. Rating of SLPEs based on MOU system.
- c. Use of MOUs for recognition of performing SLPEs viz., Awards and Certificates.
- d. Developing MOU guidelines in the context of Assam SLPEs every year.
- e. Guide and facilitate the National Informatics Centre in developing appropriate software for submitted MOU based Performance rating system.
- f. To introduce performance related pay based on MOU rating from 2014-15.
- g. To endeavour and enabling the SLPE due autonomy with responsibility.
- h. To service HPMC.
4. Constitution of High Level Performance Management Committee of State Level Public Enterprises (HPMC) under the Chairmanship of the Chief Secretary.
- Members composition: All the Sr. most secretaries of the Administrative Department having SLPEs and the Sr. most secretary of the PE Department (as member secretary).
- Responsibility:
- a. To approve the 5 year turnaround performance framework/matrix of each SLPE.
- b. To approve the year wise MOUs between the administrative departments and the SLPEs.
- c. To review the annual self evaluation reports of SLPEs and their rating and to suggest appropriate measures for improved performance.
- d. To review the follow up action by the administrative departments to improve the performance rating of the SLPEs.
5. Involvement of all stakeholders viz., Administrative Departments and SLPEs for the success of the MOU system. Appearing the involvement of Administrative Departments and SLPEs, they have been involved in all the stages of the initiative viz., the planning and orientation of the initiatives, bidding process including evaluation and capacity building programme as to enable for taking adequate measures. Various measures taken for the involvement and ownership of the Administrative Departments and the SLPEs are as follows:

a)	Orientation meeting of all Sr. Secretaries of Administrative Departments and CEOs of SLPEs under the chairmanship of the Chief Secretary, Assam at Assam Administrative Staff College, Khanapara inviting the Resource Persons of Department of Public Enterprises, Government of India.	Organized on 16.9.2010
b)	Seeking their comments on RFP and Service Agreement in circulation.	Circulated files to all the Departments
c)	Both the Administrative Department and SLPE will designate a Sr. official as a performance manager for coordinating and is responsible for MOU system. Similarly a Training Manager is to be designated of SLPE level. The Performance Manager of Dept. is expected to coordinate both MOU and training matters.	Departments/SLPEs are yet to submit names.
d)	Constitution of Bid Evaluation Committee	As per Govt notification
e)	Project Management Committee as a part of governance Under process plan under Service Agreement for reviewing the performance of the MOU consultancy.	
f)	Department PMC	Under process
g)	Performance Facilitation and Oversight Committee	Under process
h)	High Power PMC	Under process

6. SLPEs selected for the project - year wise are:

For the Year: 2010-11

S.No.	STATE LEVEL PUBLIC ENTERPRISES	Won Bidder	Bid Estimate Approved	2010-11			2011-12	
				25%	25%	Total	50%#	Remarks
1.	Assam Industrial Development Corporation Ltd.	IPE	960000	240000	240000	480000	480000	0
2.	Assam Perochemicals Ltd.	COD	1900000	475000	475000	950000	950000	0
3.	Assam Govt. Marketing Corporation Ltd.	IPE	960000	240000	240000	480000	480000	0
4.	ARTFED	GU	819500	204875	204875	409750	409750	0
5.	Assam Livestock & Poultry Corporation Ltd.	GU	819500	204875	204875	409750	409750	0
6.	Assam State Film (Finance & Dev.) Corporation Ltd.	COD	850000	212500	212500	425000	425000	0
7.	Assam Police Housing Corporation Ltd	IPE	960000	240000	240000	480000	480000	0
8.	Assam Seeds Corporation Ltd.	IPE	960000	240000	240000	480000	480000	0
9.	Assam State Transport Corporation	IPE	960000	240000	240000	480000	480000	0
10.	Assam Financial Corporation	COD	1250000	312500	312500	625000	625000	0
11.	Assam Plains Tribes Development Corporation Ltd.	GU	819500	204875	204875	409750	409750	0
			11258500	2814625	2814625	5629250	5629250	

# = for SLPEs for which the project is undertaken in the financial year 2010-11.

For the Year: 2010-11 subject to budgetary provisions and government decision:

STATE LEVEL PUBLIC ENTERPRISES	Won Bidder	Approved Estimate Rs.
1. Assam Small Industries Development Corporation Ltd.	IPE	960000
2. Assam Tea Corporation Ltd.	GU	1560500
3. Assam State Fertilizer & Chemicals Ltd.	COD	850000
4. Assam Electronics Development Corporation Ltd.	COD	1125000
5. Assam Mineral Development Corporation Ltd.	GU	1228700
6. Assam State Development Corporation for Schedule Castes Ltd.	IPE	960000
7. Assam State Dev. Corporation for Other Backward Classes Ltd.	IPE	960000
8. Assam State Textbook Production & Publication Corpn Ltd.	IPE	960000
9. Assam Plantation Crop Development Corporation Ltd.	GU	1228700
10. Assam Tourism Development Corporation Ltd.	COD	925000
11. Assam Fisheries Development Corporation Ltd.	GU	1228700
12. Assam Minorities Dev. & Finance Corporation Ltd.	GU	1283700
13. Assam Electricity Distribution Company Ltd. (AEDCL)	GU*	1164900
14. Assam Power Generation Company Ltd. (APGCL)	IPE*	480000
15. Assam Electricity Grid Corporation Ltd. (AEGCL)	IPE*	480000
16. Assam Co-operative Jute Mills Ltd.	TU***	1228700
17. Assam Polyester Co-operative Society Ltd.	GU	1228700
18. Assam State Warehousing Corporation.	IPE	960000
19. Assam Urban Water Supply & Sewerage Board.	GU	1228700
20. Assam State Housing Board	IPE	960000
21.		21001300

5. Tentative schedule for introducing in MOU 2011-2012 in the state:

For 2011-12 MOU	Preparation of draft MOU by the SLPE (in consultation with the Administrative Department, Finance Department, Public Enterprises Department and AG concerns with the assistance of consultancy agency).	15th February 2011
	Submission of MOU to Admin. Dept. with a copy of PE Dept	20th February 2010
	Submission of Main MOU through Admin. Dept.	30th February 2011
	Examination of MOU by the PMC of the respective Administrative Department	10th March 2011
	Presentation of MOUs by the SLPEs and Examination of MOUs by the PMC in PE Department involving Admin. Departments and SLPEs.	15th March 2011
	Final presentation of MOUs by the SLPEs before the High Level Committee.	20th March 2010
	Signature of MOUs between Administrative Deptt. & SLPEs.	25th March 2010
	Submission of copy of MOU signed between CPSE and Admin. Ministry/Deptt; Subsidiary Company and Apex/Holding Company.	30th March 2010
	Performance evaluation 2011-12 (MOU)	Submission of Performance Evaluation Report (composite score) for the year 2011-12 on the basis of Audited data along with the Audited Accounts, Balance Sheet and Profit and Loss Account of the CPSE for the year 2011-12 to PE Dept. after approval of the Board of CPSE and through their administrative Ministry/Department within the target date of 31st August 2012. Any delay in submission of Performance Evaluation Report with annual audited data will disentitle a CPSE for MOU Excellence Awards / Certificate and Performance Related Pay (PRP).