

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Contracting and Outsourcing of Certain Services in Government Departments –
Enhancement of Remuneration – Orders – Issued.

FINANCE (HR-I - Plg. & Policy) DEPARTMENT

G.O. Ms. No.151

Dated:08-08-2016.

Read the following:-

1. G.O. Ms. No. 94 General Administration (Service-A) Department, Dated: 28.3.2003
2. G.O.Rt.No.2501, Finance (SMPC) Department, dated.13.07.2006.
3. G.O.Rt.No.4271, Finance (SMPC) Department, date 01.11.2008.
4. G.O. Ms. No. 03, Finance (SMPC-II) Department, dated.12.01.2011
5. G.O. Ms. No. 54 Finance (HR I Plg. &Policy) Department, dated: 17.04.2016

ORDER:

Government have been outsourcing certain services to effectively cater to the needs of the Departments to supplement the regular employees to discharge their duties more effectively. In the Government Orders 1st and 3rd read above orders were issued laying down guidelines for requisitioning outsourced services .

2. Government have reviewed the existing system and the guidelines issued earlier. After careful examination hereby issue comprehensive guidelines as indicated in the Annexure I.

3. Government also revise the remuneration payable to the outsourced services as indicated in the Annexure II of the GO. The revised rates are with effect from 1st August, 2016 payable in the month of September, 2016.

4. All the Departments which are outsourcing services should strictly adhere to these guidelines.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJEYA KALLAM
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
All Departments of Secretariat.
All District Collectors.
All Heads of Departments.
The A.G. (A&E)/Pr. A.G. (Audit-I)/A.G. (Audit-II), A.P., Hyderabad.
The General Administration (Cabinet) Department for information.
The Registrar, High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh.
SF/SCs.

//FORWARDED :: BY ORDER//

SECTION OFFICER

ANNEXURE-I

G.O. Ms. No.151, Finance (HR-I-Plg. & Policy) Department, Dated:08.08.2016

COMPREHENSIVE GUIDELINES ON OUTSOURCING OF FUNCTIONS AND FUNCTIONARIES

I	REQUISITION OF OUTSOURCED SERVICES	
There are two types of outsourcing of support services. The first one is outsourcing of functions and the second one is outsourcing of functionaries. The outsourcing functionaries should be avoided to the extent possible.		
(a) <u>Outsourcing of Services:</u>		
	(1)	A Department may outsource the function, e.g., Catering, housekeeping security etc. to a service provider agency for a fixed period of time for a mutually negotiated amount. Accordingly, the service provider agency will engage a certain number of personnel and deploy equipment to meet the specific standards prescribed for that function in the contract. In this case, the functionaries continue to be the employees of the service provider agency during and even after their assignment with the Department/Organization. The charges/remuneration for these services will be provided by the service provider/agency.
	(2)	The core functions should not be outsourced and should be carried out by the regular employees.
(b) <u>Outsourcing of Functionaries :</u>		
	(1)	The department may requisition the services of a certain number functionaries, to support its employees to carry out their mandate. The functionaries could be Office Subordinates, Office Assistants at Junior Clerical level with Word Processing skills, Computer Operators, Drivers etc. for a specific period. The service provider/agency selects and employs the functionaries as per the requirements of the job and places their services at the disposal of the Department/Organization for a fixed amount. However, the functionaries continue to be the employees of the service agency during and after their assignment with the Department.
	(2)	The outsourcing of functionaries should be only against the sanctioned post. These should be initial recruitment posts and promotional posts should not be outsourced. The remuneration for these functionaries will be paid by the service provider/agency.
II.	SELECTION OF SERVICE PROVIDERS	
	(1)	The process of the selection of service providers shall be by following due tender process.
	(2)	The selection shall be in a transparent and competitive method.
	(3)	The tender document shall contain the description of the service requisitioned clearly indicating the deliverables, milestones. In case of functionaries it shall contain the requirements such as qualifications and qualities of functionaries to be provided with proficiency requirements clearly specified.

III. TERMS AND CONDITIONS OF OUTSOURCING CONTRACT	
(1)	The contract shall specify the nature and quality standards of the service required from the agency and the number of persons in various categories with their respective qualifications and experience, the equipment and other consumables to be supplied by the agency, the time period of the contract, the rates of payment prescribed for various functions and functionaries and the penalties for various types of likely defaults in satisfactory rendering of the services.
(2)	The concerned Departments/heads of administrative units shall ensure that the prescribed equipment, consumables and number of persons with proper qualifications and training are deployed by the service provider at all times in accordance with the outsourcing contract.
(3)	The Departments shall also reserve the right to demand change of equipment/personnel if their services are not found to be satisfactory, in addition to levying penalties as per the terms and conditions of the contract.
(4)	If the service continues to be unsatisfactory, the Department/competent authority shall exercise its right to not only recover damages but also to terminate the contract and replace the service provider with an agency kept in the reserve from the tender process.
IV. CONSIDERATION FOR SERVICE PROVIDERS FOR FUNCTIONARIES	
(1)	The service providers be paid a commission not more than 5% of the remuneration paid to the functionaries. The remuneration paid to the service provider is exclusive of the remuneration provided to the functionaries. In other words, the service provider shall not charge any fee/commission from the functionaries or deduct any amount other than employees' share of Provident fund.
(2)	The quote by the service provider shall include the commission, the employer's contribution, ESI and Service Tax with a clear breakup of all these items.
(3)	The service provider shall deduct employees' contribution to Provident Fund and remit it along with the employer's share to the EPF fund and remits it to the EPF account of the employee.
V. CONTRACT WITH THE SERVICE PROVIDER	
(1)	The Head of the Department or the head of the Administrative Unit, as the case may be, shall be competent to enter into a written agreement with a registered service provider agency, which holds a valid licence under the Contract Labour Act issued by the competent authority, to provide the contract labour and has sufficient experience to render the relevant services.
(2)	The department shall also keep at least two more service providers in reserve, on the same terms and conditions, to step in at short notice if the selected service provider defaults in providing satisfactory service, and the contract has to be terminated
(3)	No outsourcing contract shall be for a period of more than one year. Subject to the need and justification, and satisfaction of the competent authority, such contracts may be extended on mutually agreed terms for one year at a time, subject to the condition that the total period of the contract shall not exceed three years at a time. At the end of three years, the Department shall

		necessarily go through the whole process of calling fresh tenders, giving equal opportunity to other service provider agencies.
	(4)	While entering into contract, the Department should ensure that the service provider possess proper licence from the Labour Department and check the antecedents of the Service Provider.
VI	ACCOUNTING OF EXPENDITURE	
	(1)	The expenditure on outsourcing of functions (services) shall be debited to sub-detailed heads '300 – Other Contractual services.
	(2)	Usual Treasury Control shall apply and therefore, all departments shall ensure that adequate provisions are made in their budgets to meet the costs.
	(3)	Further the concerned Treasury Officers shall not pass any bills if they are not verified to be under proper and currently valid government sanction.
VII	GENERAL	
	(1)	The Head of the Department and District Collectors may also prepare rate contract of service providers to facilitate the process of outsourcing by offices.
	(2)	The Head of the Office should ensure that the Rule of Reservation is followed scrupulously requisitioning the functionaries from the outsourced agency as indicated in the departmental website of the Social Welfare Department (http://apsocialwelfare.cgg.gov.in)
	(3)	The service provider shall remit the amount of remuneration directly to the individual Bank account of the functionary.
	(4)	The Departments should check periodically at regular intervals that service provider is remitting the amounts of EPF deducted from the functionaries along with the employer's contribution to the EPF accounts of the employees and paying ESI promptly by duly verifying the challans. They shall also verify the ESI cards of the functionaries obtained by the service provider from ESI Corporation.
	(5)	All the guidelines issued in this regard shall continue to apply unless otherwise modified in this order.
	(6)	The permission accorded in the G.O. fifth read above shall be extended up to 31 st July, 2017.
	(7)	All the Departments shall invariably obtain Government permission to outsource functionaries. The audit officers shall not admit any claim of the remuneration of functionaries without the concurrence of the Finance department
	(8)	Remuneration for all the outsourced functionaries should be supplied by service provider in any category in all Departments shall be governed by this Government Order henceforth

SECTION OFFICER

ANNEXURE II

G.O. Ms. No.151, Finance (HR-I-Plg. & Policy) Department, Dated:08.08.2016

REMUNERATION TO THE FUNCTIONARIES THROUGH OUTSOURCING

Sl. No.	Contract / Outsourced Category	Enhanced Remuneration per month Rs.
1	<p style="text-align: center;"><u>Category –I</u></p> <ol style="list-style-type: none">1. Senior Assistant*2. Senior Steno3. Senior Accountant*4. Translator5. Data Processing Officer6. All other categories of services similar to posts carrying the scale of pay in RPS 2010. <p>Rs.10900 – 31550, Rs.11530 -33200, Rs.11860 – 34050, Rs.12550 – 35800, Rs.12910 – 36700 and Rs.13660 - 38570</p>	17,500
2	<p style="text-align: center;"><u>Category –II</u></p> <ol style="list-style-type: none">1. Driver2. Junior Assistant3. Junior Steno4. Typist5. Telephone Operator6. Storekeeper7. Photographer8. Data Entry Operator9. Data Processing Assistant10. Electrician11. Mechanic12. Fitter13. Librarian14. Lab Assistant15. Cinema/Film/Audio visual Operator16. Supervisor17. Manager*18. All other categories of services similar to posts carrying the scale of pay in RPS 2010. <p>Rs.7960-23650, Rs 8440 – 24950, Rs.9200-27000, Rs.9460 – 27700 and Rs.10020 - 29200</p>	15,000
3	<p style="text-align: center;"><u>Category –III</u></p> <ol style="list-style-type: none">1. Office Subordinate2. Watchman3. Mali	12,000

	4. Kamati 5. Cook 6. Chowkidar 7. Cycle Orderly 8. Lift Operator 9. Lab Attendant 10. Dafedar 11. Jamedar 12. Roneo/Xerox Operator 13. Record Assistant 14. Shroff*/Cashier* 15. All other categories of services similar to posts carrying the scale of pay in RPS 2010. Rs.6700 – 20110, Rs.6900-20680, Rs.7100 – 21250, Rs.7520 – 22430, Rs.7740 – 23040 and Rs.7960 - 23650	
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* To the existing incumbents only. No outsourcing for these categories hereafter,

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