

GUIDELINES ON PUBLIC INVESTMENT/EXPENDITURE

FILE NO 1(3)/PF.II/2001
Ministry Of Finance
Department of Expenditure
PLAN FINANCE II DIVISION

New Delhi; November 15, 2007.

OFFICE MEMORANDUM

SUBJECT: Guidelines for Formulation, Appraisal and Approval of Government Plan Funded Projects/Schemes to be made effective over the duration of XI Plan.

Government have prescribed, from time to time, procedures/mechanisms for taking up public investment/expenditure programmes that are viable from the socio-economic point of view, avoid thin spreading of resources and/or multiplicity of implementation structures and channels and facilitate simple, speedy, efficient and streamlined decision making. With the commencement of the XI Plan period, Guidelines on the subject are being issued afresh, so as to rationalize the Scheme of delegation further, align it more closely with the rapidly changing economic environment, empower Ministries/Departments further for undertaking investment programmes and make the entire procedure more responsive and resilient in ensuring timely and well-informed decision making.

1.1 The Guidelines in this regard, which will be applicable over the duration of XI Plan period are as follows.

PROJECT FORMULATION

2.0 Extant instructions on Project Identification, formulation of Feasibility Reports (FRs), "In principle" approval of Planning Commission, Preparation of DPR (including Generic Structure thereof), Inter-Ministerial Consultations, Applicability, Evaluation, Time and Cost Overruns, as laid down vide OM No 1(2)-PF.II/03 dated May 7, 2003¹ will continue to apply, subject to following clarifications/modifications:

1. The revised instructions on Time frame, Appraisal, Approval and Pre-Investment activity will be as prescribed hereinafter;
2. Procedure to be followed for continuation of Plan Schemes from X Plan to XI Plan will be governed by OM of even number dated May 29, 2007;
3. "In principle" approval from Planning Commission in respect of Power and Coal Projects is not required any longer;
4. All new Schemes/Projects proposed to be included in the Five Year Plan/Annual Plan, irrespective of source of funding (NBS, Internal Resources, Commercial borrowings and so on) would be governed by the general principles laid down in the Guidelines, with the exception as cited in 3 above.

¹ Paras 3(i, ii, iii, iv, vi (part), viii), 5, 6 and 8 of the OM.

INSTITUTIONAL STRUCTURE FOR APPRAISAL OF PLAN SCHEMES/PROJECTS

2.0 The Institutional Structure for appraisal of Plan Schemes/Projects shall be as per the Table in Annex I. The broad functions of the Committees listed therein are as follows:

- 1 To examine, in detail, an Investment Proposal at the Project Formulation stage, with a view to arrive at a conclusion whether investment of Public funds therein is justified on socio-economic considerations;
- 2 To examine whether the objectives sought to be met by the Project/Scheme and/or activities proposed therein can be subsumed in existing Projects/Schemes in a more rational manner and unwanted proliferation/multiplicity of implementation structures and mechanisms avoided;
- 3 To examine whether issues relating to displacement, resettlement and rehabilitation of affected families/persons have been suitably taken care of;
- 4 To examine, in detail whether risk factors in project execution and management are expressly specified and taken note of; and, mitigation strategies fleshed out in detail in respect of the same; and,
- 5 To **recommend the proposal**, to the appropriate forum of approval, if the factors stated above and other factors found to be relevant in the peculiar circumstances in which the Project/Scheme has been formulated, have been addressed to the satisfaction of the appraisal forum.

TIME FRAME FOR APPRAISAL AND APPROVAL OF PLAN SCHEMES/PROJECTS

3.0 The Project Cycle commences with the submission of the Feasibility Report (FR) to the Planning Commission by the Administrative Ministry/Department. The time frame for appraisal and approval is specified as per the Table in Annex II.

APPRAISAL OF PLAN SCHEMES/PROJECTS

4.0 The Revised delegation is as per the Table in Annex III. For Plan Schemes, recurring/operating costs/revenue expenditure as also revenue realization, if any, is to be reckoned over a minimum duration of **five years**.

APPROVAL OF PLAN SCHEMES AND PROJECTS – ORIGINAL COST ESTIMATES

5.0 The Revised delegation is as per the Table in Annex IV.

5.1 The process for seeking approval would be identical both for new Projects as well as those entailing contingent liability on Government.

EXCEPTIONS TO THE GENERAL DELEGATION OF POWERS FOR APPRAISAL AND APPROVAL OF PLAN SCHEMES AND PROJECTS

Appraisal and Approval of Public Private Partnership (PPP) Projects costing less than Rs 100 Crore.

6.0 For Projects costing more than Rs 100 Crore, the guidelines have been modified recently by Department of Economic Affairs². The alteration of thresholds for approval and appraisal of Plan Schemes and Projects has necessitated a corresponding alteration in the extant guidelines of DoE, for projects costing Rs 100 Crore and less, and the modified dispensation is as per the Table in Annex V.

Specific dispensations granted to Ministries/ Departments and CPSEs

7.0 The delegation of powers does not supersede any specific powers granted to a Ministry/Department/PSU by the Cabinet/CCEA. The special dispensations that have been decided by Cabinet/CCEA in this regard are as follows:

1. Investment proposals of the Ministry of Defence, Department of Atomic Energy and Department of Space are outside the purview of appraisal by EFC/PIB;
2. Appraisal and Approval Fora for National Highway Projects of Ministry of Surface Transport³;
3. Appraisal and Approval Fora for Projects/Schemes of Ministry of Railways⁴;
4. Procedure for Formulation, Appraisal and Approval of Projects under National Rail Vikas Yojana (NRVY) to be executed by Rail Vikas Nigam Limited (RVNL)⁵;
5. A special dispensation is established for appraisal of specified 45 Hydro generation projects and 29 Transmission projects (Annex VI) costing less than Rs 500 Crore. These projects will be appraised by a **Power Projects Investment Committee (PPIC)** the composition of which has been specified in Annex I. The approval authority will be as applicable in other Projects/Schemes;
6. Navratna, Mini-Ratnas, Other Profit making CPSEs and MoU signing PSUs have been delegated enhanced powers⁶;
7. In respect of Scientific Ministries/Departments, the appraisal forum (EFC) is chaired by the Secretary of the administrative Ministry, irrespective of outlay of the Scheme. The approval authorities, however, are as specified in the extant instructions.

Creation of autonomous organizations

8.0 For Schemes/Projects involving setting up of new Autonomous Bodies, Institutes Of National Importance, Central Universities or Deemed to be Universities, Special Purpose Vehicles etc.; appraisal would need to be carried out by EFC chaired

² Notification No 10/32/2006-Infra dated April 2, 2007.

³ MoST OM No RW/NH-11029/1/97-D.I dated January 4, 1999.

⁴ MoR OM No 93/PL/1/11/CCEA dated April 30, 2003 and OM No 99/PL/22/7 dated January 19, 2004.

⁵ MoR OM No 2002/PL/1/7 PMO Pt III dated July 29, 2003.

⁶ OMs of Department of Public Enterprises(DPE) bearing No 1(18)/86-DPE(MoU) dated August 29, 1990; No DPE/11(2)/97-Fin dated July 22, 1997; and Nos 18(24)/2003-GM-GL.65 & 66 dated August 5, 2005.

by Secretary (Expenditure) irrespective of outlay or nature of Ministry/Department; similarly, all such cases would need to be approved at the level of Cabinet/CCEA.

Equity/Loan support by Government/CPSEs in XI Plan including investment by CPSEs in JVs.

9.0 Equity/loan support, being an investment decision by Government, needs to be appraised and approved by the competent authority as per standing guidelines. Accordingly, the following is specified in this regard:

1. No fresh appraisal/approval will be required for providing Equity/Loan support in the XI Plan provided the support is within the overall limit for Equity/Loan support already approved by Competent Authority. Any Equity/Loan support beyond the approved limit by way of participation by Central Government or a CPSE in providing Share Capital to a new or any existing Corporation or Company will require fresh appraisal/approval by Competent authority as per extant powers of delegation in this regard:
 - a). In respect of CPSEs like NHPC, THDC, NHAI and DMRC, where Equity/Loan support is Project related, Equity/Loan support will be linked to the approval of the concerned Project by the Competent Authority;
 - b). In respect of CPSEs like Finance & Development Corporations, where Equity/Loan support is not Project related, Equity/Loan support for the XI Plan as a whole should be appraised/approved by Competent authorities specified in this regard.
2. The above clarifications apply to all cases of Plan Equity/Loan support to CPSEs in the XI Plan, except in respect of Ministry of Railways.

9.1 Cases relating to formation of Joint Venture (JV) Companies by CPSEs are, in general, to be governed by the stipulations laid down in the relevant Circular⁷. Equity Investments in excess of the ceilings laid down therein would need to be appraised and approved at the level of the Competent authorities in this regard.

APPRAISAL AND APPROVAL OF PLAN SCHEMES AND PROJECTS – REVISED COST ESTIMATES (RCEs)

10.0 The Revised delegation is as per the Table in Annex VII. The new dispensation is to be read with the following clarifications:

1. Criterion for appraisal forum and level of authority for approval of RCE will be cost overrun and not time overrun;
2. Revised Cost Estimates (RCEs) which are within the powers delegated to a Ministry/Department/CPSE by a notified decision of Cabinet/CCEA, irrespective of the authority which had initially approved the project, shall be approved at the level of Competent authority as per powers of fresh approval;
3. Where the revised/firmed up cost estimates of schemes/projects exceed the limit of competent authority who approved the original cost of the scheme, the approval of higher competent authority will be obtained;

⁷ DPE OM No 18(24)/2003-GM-GL.65 dated August 5, 2005.

4. Increase in cost due to certain related factors such as Interest during Construction (IDC), working capital margin, financing cost and contingencies which are consequential to the changes in the three allowable factor viz., exchange rate variations, statutory levies and price escalation within the approved Project Time Cycle may also be allowed and such increases in cost can be approved by the respective administrative Ministries/Departments within their delegated powers independently/in consultation with Planning Commission, as the case may be;
5. In all cases where Planning Commission has to be consulted for arriving at the increases in the cost of a project, the Project Appraisal Division of the Commission will estimate afresh the viability of the Project on the increased cost, for which necessary data will be furnished by the concerned Ministries/Departments to the Commission. Ministries/Departments will have to take suitable action to ensure the viability of the Project.

10.1 The position with respect to RCEs of NH projects of Ministry of Surface Transport and Ministry of Railways is prescribed as under:

1. **For MoST:** For RCE cases, the dispensation laid down in Table at Annexure VII will be applicable, with the modification that the figure of Rs 150 Crore may be substituted by Rs 500 Crore, wherever it appears;
2. **For MoR:** All RCE cases in excess of Rs 150 Crore, which have suffered a cost overrun in excess of 20% of the last approved cost estimate (for 1st RCE) and 5%(for 2nd and subsequent RCEs) will need to be appraised by Expanded Board of Railways (EBR) headed by Chairman, Railway Board and approved by CCEA.

10.2 RCE cases of Joint Ventures (JVs) of Navratna/Miniratna CPSEs, where the powers of approval do not vest with the Board of Directors of Navratna/Miniratna companies will continue to be appraised and approved by the Competent Authority by following the extant procedure laid down in this regard.

10.3 It is proposed to be clarified that no RCE case will be considered by EFC/PIB unless the report of the Standing Committee and action taken thereupon is appended to the PIB/EFC Memo. It may be made incumbent on project authorities to have a “mandatory review” of cost estimates with a view to determine whether these would require upward revision at the stage when funds to the extent of 50% of the approved costs have been released; it is necessary to draw up a Revised Cost Estimate and have it appraised and approved as per extant procedure, if it is discovered that the cost of the project is likely to exceed the originally approved cost by more than 20% of the same as a consequence of the review.

SANCTIONING PRE-INVESTMENT ACTIVITY

11.0 With a view to introducing a greater degree of selectivity in projects to be taken up for implementation, project approvals are given in two stages – proposals for preparation of Feasibility Reports being cleared in the first stage (by Committee of PIB - CPIB) and investment decisions being taken at the second stage (by the PIB) on the basis

of well prepared Feasibility Reports. The revised Delegation of Powers for sanctioning pre-investment activity is as per the Table in Annex VIII.

11.1 The threshold for holding pre-PIB meetings⁸ at the level of the Financial Advisors is raised to Rs 1,000 Crore. The requirement of pre-PIB clearance is dispensed with for all Power and Coal sector projects.

11.2 The powers for deciding Pre-investment cases of CPSEs are delegated to their Board of Directors in the same manner as powers of fresh approvals. However, this is applicable only with respect to their own projects. The Pre-investment cases of JVs where the powers for approval do not vest with the Board of Directors of such companies will continue to be approved by the Competent Authority/Government by following the procedure laid down as above.

MISCELLANEOUS ISSUES

Completion Cost

12.0 The cost of the proposal will be inclusive of all components under which expenditure is required to be incurred (like revenue, capital and loans etc). It will be obligatory to compute the Project cost on Constant and Completion Cost Basis, so that the FIRR/EIRR can be calculated for both scenarios. Completion Cost is proposed to be worked out as under:

- i. Labor component of the project cost may be updated using the average (of 12 months) of the consumer price index for industrial workers;
- ii. For all other components of cost, except labor, the average (of 12 months) of wholesale price index of the sector to which the particular component belongs may be used;
- iii. For components, in respect of which, sectoral wholesale price index is not available, wholesale price index for all commodities may be used.

Viability

13.0 Only those projects with a financial rate of return and an economic internal rate of return both **equal to or exceeding 12%** should be posed to the PIB for its consideration⁹. In those cases where either the financial rate of return or the economic internal rate of return is over 12%, but the other one falls short of the norm, and the administrative ministry still considers it essential that the project should be taken up for implementation, the reasons therefor should be gone into in detail at the pre-PIB meetings and also set out in the memorandum for the PIB. PIB shall consider such cases only in exceptional circumstances and that too only if the projects are in the core sector. Under no circumstances shall projects with both the financial and economic internal rates of return falling below 12% are to be considered by the PIB. In the case of projects, in which institutional financing is contemplated, the appraisal report of the financial institutions should also be submitted along with the PIB proposals so that it is available before the PIB at the time of consideration of the proposal. Project Appraisal and Management

⁸ Detailed objectives behind holding of pre-PIB meeting may be seen in OM No 1(4)/PF.II/84 dated August 25, 1984.

⁹ These rates are being worked afresh by Planning Commission and shall be notified in due course.

Division (PAMD) of Planning Commission shall, in its appraisal, carry out a “Sensitivity Analysis” of the Internal Rate of Return (IRR) for different levels of time and cost overruns. In respect of Undertakings, which have implemented and/or are implementing Projects, one of the points in the Sensitivity Analysis shall be the “average” delay noticed in the implementation of projects by the undertakings.

Procedure for
Capital
Restructuring

14.0 The procedure for Capital Restructuring of CPSEs had been prescribed by DoE in the past¹⁰. This was before the prescribed procedure extant presently involving examination by the Bureau for Restructuring of Public Sector Enterprises (BRPSE) was laid down¹¹. It is clarified that the system prescribed by Department of Public Enterprises (DPE) in this regard will hold valid.

Procedural
requirements for
EFC/PIB

15.0 The instructions regarding Procedural Requirement of EFC/PIB are proposed as under:

- 1) The format for Memoranda for PIB/EFC shall continue to be as laid down¹²;
- 2) Instructions regarding keeping Financial Advisors intimately associated with the formulation of all projects, incorporation of comments of Financial Advisor and response of Administrative Department thereto in the Draft EFC/PIB Memo; and, the need to ensure that all Cabinet/CCEA Notes are shown to FA and comments of FA taken into consideration before circulation of Note for Inter-Ministerial consultations are re-iterated¹³;
- 3) The stipulations governing Project Financing, Project Implementation Schedule, Project Implementation Team, Track Record of PSU, Consultants Resettlement Cost and Project Location, as laid down¹⁴ will continue to apply;
- 4) The Resettlement and Rehabilitation (R&R) shall be as per the notified National Policy in this regard; or, as per specific dispensations allowed to a Ministry/Department by Competent Authority.
- 5) Instructions on Environment Clearance will continue to apply¹⁵; however, for Power and Coal Projects, environmental clearance shall be mandatory prior to CCEA approval (with existing special dispensation for Transmission Projects). Further, if the cost estimates have escalations after/due to E&F clearance, the proposal would need to be referred back to PIB, before it is considered by CCEA, in cases where the overall cost escalation exceeds 10% of the Cost Estimate last recommended by PIB, regardless of reasons for cost escalation;
- 6) Extant instructions on procedure to be followed for seeking EFC/PIB approval for Externally Aided Projects/Schemes are re-iterated¹⁶;

¹⁰ OM No 66(7)PF.II/99 dated August 16, 1999.

¹¹ DPE Resolution No 16(25)2004-Fin dated December 6, 2004.

¹² OM No 1(8)/PF.II/98 dated October 30, 1998 read with Planning Commission DO No O-14014/5/98-PAMD dated September 24, 1998;

¹³ OM No 1(2)/PF.II/97 dated July 28, 1997, OM No 66(14)-PF.II/98 dated August 11, 1998 read with OM No 1(8)/PF.II/98 dated February 17/29, 2000 and OM No 1(1)/PF.II/2002 dated June 25, 2004;

¹⁴ Paras 7,8, 9,10,11,12 of OM No 1(5)/PF.II/96 dated August 6, 1997.

¹⁵ OM No 1(7)/PF.II/80 dated May 22, 1980; 1(2)/PF.II/84 dated April 21, 1981; 1(7)/PF.II/92 dated June 23, 1992.

¹⁶ OM No 1(6)/PF.II/91(Pt) dated January 28, 1993;

- 7) Instructions regarding PIB/EFC procedure in respect of renewals and replacements, zero date of projects, need to refrain from approaching State Governments for provision of land and services free of cost/at concessional rates are re-iterated¹⁷;
- 8) Extant instructions regarding the need to look into sectoral issues, including Track Record of Implementing CPSE/Organization, financing and tie-up of resources are re-iterated¹⁸.

16.0 The delegation of financial powers contained in this OM will be exercised only where necessary/requisite funds are available in the Annual Plan and the Five Year Plan outlay as per the Phasing of the Project/Scheme. The powers will continue to be governed by procedural and other instructions issued by Government from time to time, e.g., General Economy Instructions.

17.0 The OMs of Department of Expenditure/other Ministries/Departments which stand superseded may be seen at Enclosure to the OM.

OM will be effective from date of issue.

OM issues with approval of Finance Minister.

(BS Bhullar)
Joint Secretary to Government of India.

**Secretaries of all Ministries/Departments;
Financial Advisors (FAs) of all Ministries/Departments;**

Copy to:

1. **Advisor (PAMD), Planning Commission;**
2. **Cabinet Secretariat (Sri Vijay Sharma, Additional Secretary);**
3. **Prime Minister's Office (Ms Vini Mahajan, Joint Secretary).**

¹⁷ OM No 1(3)/PF.II/84 dated August 21, 1984, OM No 1(6)/PF.II/91 dated August 24, 1992, OM No PF.II/End (33)/69 dated July 16, 1969;

¹⁸ OM No 1(7)/PF.II/92 (Pt) dated September 22, 1995;

ENCLOSURE

List of previous OMs superseded

S No	Details of OM/UO			Paras revoked
	No	Date	Subject	
1	1(5)/PF.II/1996	August 6, 1997	Additional Guidelines in respect of PIB/EFC procedures and delegation of financial powers - regarding.	1, 2,3,4,5,6.
2	1(3)/PF.II/2001	February 18, 2002	Public Investment/Expenditure - Guidelines for appraisal and approval.	Full
3	1(3)/PF.II/2001	May 13, 2002	Public Investment/Expenditure - Guidelines for appraisal and approval - clarifications.	Full
4	1(3)/PF.II/1998	September 5, 1998	Composition of EFC.	Full
5	1(6)/PF.II/1982	May 16, 2005	Composition of PIB.	Full
6	1(8)/PF.II/1982	March 29, 1985	Composition of CPIB	Full
7	33(2)/PF.II/1981	October 16, 81	Ministries/Departments exempted from purview of EFC/PIB.	Full
8	66(B)/PF.II/2006	June 25, 06	Guidelines for formulation, appraisal and approval of Public Private Partnership (PPP) Projects	2
9	24(16)/PF.II/2000	July 31, 2002	Exemption to MoST for NH Projects.	Full
10	1(8)/PF.II/1993	October 12, 1993	Revised guidelines for PIB/EFC procedures - clarifications thereof.	Full
11	1(3)/PF.II/2002	October 8, 2002	RCE cases for Navratnas/Miniratnas.	Full
12	1(3)/PF.II/2000	February 26, 2001	Approval of RCE - Submission of cases regarding.	Full
13	1(3)/PF.II/2000	October 12, 2000	Approval of RCE - Submission of cases regarding.	Full
14	1(8)/PF.II/1982	March 29, 1985	Introduction of "two stage" clearance for Projects	Full
15	3(7)/PF.II/1997	September 18, 2000	Proposals for approval of CPIB	Full
16	1(1)/PF.II/2002	September 23, 2002	Expenditure on Pre-investment activities/preparation of DPR.	Full
17	16(10)/PF.II/1988	April 7, 1989	Delegation of Powers to Department of Coal for sanctioning Advance Action Plan (AAP)	Full
18	16(10)/PF.II/1988	December 24, 1996	-do-	Full
19	1(2)/PF.II/2003	May 7, 03	Guidelines for formulation, appraisal and approval of Government funded Plan Schemes/Projects	3(v, vi (part), vii), 4.
20	1(3)/PF.II/2005	August 22, 2005	Guidelines for formulation, appraisal and approval of Government funded Plan Schemes/Projects - Revised for Power and Coal Projects.	Full
21	1(4)/PF.II/1984	August 23, 1984	Public Investment Board Procedure	Full
22	1(4)/PF.II/1984	January 27, 1993	Public Investment Board Procedure	Full

Institutional Structure for appraisal of Plan Schemes/Projects

Standing Finance Committee (SFC)	
Secretary of the Administrative Ministry/Department	Chairperson
Financial Advisor of the Administrative Ministry/Department	Member
Joint Secretary in Charge of the Subject Division	Member
Representative of the Planning Commission, Department of Expenditure and any other Ministry/Department that the Secretary/Financial Advisor may suggest can also be invited, as per requirement.	
Expenditure Finance Committee (EFC)	
For proposals costing less than Rs 150 Crore	
Secretary of the Administrative Ministry/Department	Chairman
Secretary (Planning Commission) or his representative	Member
Secretary (Department of Expenditure) or his representative	Member
Financial Advisor of the administrative Ministry/Department	Member - Secretary
For proposals costing Rs 150 Crore and above	
Secretary (Department of Expenditure)	Chairman
Secretary (Planning Commission) or his representative	Member
Secretary of the Administrative Ministry	Member
Financial Advisor of the administrative Ministry/Department	Member - Secretary
Public Investment Board (PIB)	
Secretary (Department of Expenditure)	Chairman
Secretary (Department of Economic Affairs)	Member
Secretary (Planning Commission)	Member
Secretary (Ministry of Statistics and Programme Implementation)	Member
Secretary (Ministry of Environment and Forests)	Member
Secretary of the Administrative Ministry concerned with the Public Investment proposal	Member
Joint Secretary (PF.II), Department of Expenditure	Member - Secretary
Meetings of PIB shall be attended, in normal course, by the nominated Member personally. The next senior most officer representing the Ministry/Department may be nominated only in most extraordinary circumstances when the nominated principal Member is unable to participate personally.	
Power Projects Investment Committee (DPIC)	
Secretary (Ministry of Power)	Chairman
Secretary (Department of Expenditure)	Member
Secretary (Department of Economic Affairs)	Member
Secretary (Planning Commission)	Member
Secretary (Ministry of Statistics and Programme Implementation)	Member
Secretary (Ministry of Environment and Forests)	Member
Financial Advisor, Ministry of Power	Member - Secretary
Chairman, Central Electricity Authority	Special Invitee
Chairman, Central Water Commission	Special Invitee
Committee of Public Investment Board (CPIB)	
Secretary (Department of Expenditure)	Chairman
Secretary (Planning Commission)	Member

GUIDELINES ON PUBLIC INVESTMENT/EXPENDITURE

Secretary of the Administrative Ministry/Department concerned with the Public Investment proposal	Member
Joint Secretary (PF.II), Department of Expenditure	Member - Secretary

ANNEX II

Detailed time frame for appraisal and approval

Stage	Description	Time frame in weeks	
		For Projects Ministries of Coal and Power requiring appraisal by PIB	For other proposals, including non-PIB cases of Ministries of Power and Coal
i	Decision on "in principle" approval based on Feasibility Report (FR)	Dispensed with vide Planning Commission DO No M 12043/10/2005-PC dated September 5, 2007.	4
ii	Preparation of DPR by Administrative Ministry/Department and circulating the same alongwith Draft EFC/PIB Memo	The time limit will vary from project to project. The time limit for preparation of DPR should be stipulated by the competent authority while according approval for preparation of DPR.	
iii	Comments to be offered on DPR and Draft EFC/PIB Memo by Planning Commission and concerned Ministries/Departments/Agencies.	5	6
iv	Preparation of final EFC/PIB based on DPR and comments received, and circulating the same to Planning Commission, Department of Expenditure and other concerned Ministries/Departments/Agencies.	2	1
v	Convening of EFC/PIB meeting after receiving final EFC/PIB Memo.	4	4
vi	Issue of minutes after EFC/PIB meeting	2	2
vii	Submission of proposal for approval of Administrative Minister and Finance Minister	na	2
viii	Circulation of Draft CCEA Note	4	4
ix	Issue of comments by different Ministries/Departments on draft CCEA Note with approval of Minister-in-Charge.	2	To be governed by guidelines of Cabinet Secretariat bearing No 1/16/1/2000 dated April 15, 2002.
x	Forwarding the proposal finalized by Administrative Ministry to Cabinet Secretariat for consideration by CCEA	3	
xi	Meeting of CCEA and issue of minutes of CCEA.	2	

Appraisal limits

Limit	Appraisal forum
< 15.0	Ministry in normal course
≥ ¹⁹ 15.0 & < 50.0	Standing Finance Committee (SFC)
≥ 50.0 & < 150.0	Expenditure Finance Committee (EFC) chaired by Secretary of Administrative Ministry/Department.
≥ 150.0	Public Investment Board (PIB)/Expenditure Finance Committee (EFC) chaired by Secretary (Expenditure); projects/schemes where financial returns are quantifiable will be considered by PIB and others by EFC.

Note: The financial limits as above are with reference to the **total** size of the Project/Scheme, which may include Budgetary support, Internal Resources, External aid, Loans and so on.

¹⁹ Greater than or equal to.

Approval limits

Limit	Approval forum
< 15.0	Secretary of Administrative Ministry/Department.
≥ 15.0 & < 75.0	Minister - in - Charge of Ministry/Department.
≥ 75.0 & < 150.0	Minister - in - Charge of Ministry/Department and Minister of Finance.
≥ 150.0	Cabinet/Cabinet Committee on Economic Affairs (CCEA).

Note: The financial limits as above are with reference to the **total** size of the Project/Scheme, which may include Budgetary support, Internal Resources, External aid, Loans and so on.

Guidelines for PPP Projects

Rs Cr			
Type of Proposal	Financial Limits	Appraisal forum	Approval forum
All Public Private Partnership Projects of Central Ministries or Central CPSEs, statutory authorities or other entities under their administrative control	< 15.0	Ministry in normal course	Secretary of Ministry/Department
	≥ 15.0 and < 50.0	SFC	Minister-in-Charge
	≥50.0 and < 75.0	EFC headed by Secretary of Ministry/Department	Minister-in-Charge
	≥ 75.0 and ≤ ²⁰ 100.0	EFC headed by Secretary of Ministry/Department	Minister-in-Charge and Finance Minister
	>100.0	As per the Notification No 10/32/2006-Infra dated April 2, 2007 issued by Department of Economic Affairs and guidelines framed thereunder.	As per normal delegation of powers for approval of Plan Schemes and Projects.

Composition of SFC/EFC will be as applicable in other cases with the additional representation of Department of Legal Affairs for vetting of concession agreements etc.

Note: The financial limits as above are with reference to the **total** size of the Project/Scheme, which may include Budgetary support, Internal Resources, External aid, Loans, contribution from private sources and so on.

²⁰ Less than and equal to.

50,000 MW HE. INITIATIVE
Selected low tariff schemes
List of projects below 300 MW

S No	Scheme	State	IC(MW)	Allotted to
1	Kapak leyak	Arunachal Pradesh	160	NEEPCO
2	Badao	Arunachal Pradesh	120	NEEPCO
3	Dibbin	Arunachal Pradesh	100	NEEPCO
4	Panan	Sikkim	200	IPP
5	Dikchu	Sikkim	105	IPP
6	Lachen	Sikkim	210	NHPC
7	Khoksar	HP	90	HPSEB
8	Gharopa	HP	114	HPSEB
9	Gondhala	HP	144	HPSEB
10	Chamba	HP	126	HPSEB
11	Bajoli Holi	HP	180	HPSEB
12	Yangthang	HP	261	HPSEB
13	Tidong-II	HP	70	IPP
14	Sela Urthing	Uttaranchal	230	UJVNL
15	Bogudiyar-Sirkari Bhyal	Uttaranchal	170	IPP
16	Karmoli	Uttaranchal	140	THDC
17	Bhaironghati	Uttaranchal	65	UJVNL
18	Nand Prayag	Uttaranchal	141	UJVNL
19	Tamak lata	Uttaranchal	280	UJVNL
20	Harsil	Uttaranchal	210	UJVNL
21	Sirkari Bhyol Rupsiabagar	Uttaranchal	210	UJVNL
22	Gangotri	Uttaranchal	55	UJVNL
23	Badrinath	Uttaranchal	140	IPP
24	Mapang-Bogidiyar	Uttaranchal	200	IPP
25	Arakot Tiuni	Uttaranchal	72	UJVNL
26	Rupsiabagar Khasiyabara	Uttaranchal	260	NTPC
27	Taluka Sankri	Uttaranchal	140	UJVNL
28	Jelam Tamak	Uttaranchal	60	THDC
29	MaleriJelam	Uttaranchal	55	THDC
30	Chhunger-Chal	Uttaranchal	240	NHPC
31	Jakhol Sankri	Uttaranchal	33	SJVNL
32	Naitwar-Mori	Uttaranchal	33	SJVNL
33	Jadh Ganga	Uttaranchal	50	THDC
34	Gohana Tal	Uttaranchal	60	THDC
35	Maphu	Meghalaya	120	NEEPCO
36	Nongkolait	Meghalaya	120	MeSEB
37	Nongnaw	Meghalaya	50	MeSEB
38	Rangmaw	Meghalaya	65	MeSEB
39	Umduna	Meghalaya	57	CWC
40	Selim	Meghalaya	170	CWC
41	Bichlari	J&K	35	WAPCOS
42	Tidong-1	HP	60	IPP
43	Deodi	Uttaranchal	60	IPP

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44	Kalika Dantu	Uttaranchal	230	IPP
45	Karmoli Lumti Talli	Uttaranchal	55	NHPC
		Grand Total	5746	

ANNEX VI (CONTINUED)

Transmission Projects in the Pipeline

			Rs Cr
S No	Project	Estimated Cost	
1	Parbati-II Tr. System	374.18	
2	Koldam Tr. System	478.37	
3	East-West Tr. Corridor Strengthening Scheme	690.05	
4	North-West Tr. Corridor Strengthening Scheme	476.27	
5	Western Region System Strengthening Scheme-1	4987.89	
6	Barh Transmission System	3779.46	
7	Gandhar-II Tr. System	539.44	
8	Kawas-II Tr. System	776.24	
9	Parbati-III Tr. System	515	
10	Northern Region System Strengthening Scheme-V and RAPP 5&6 Suppl.	976.59	
11	Tehri PSP-II Tr. System	900	
12	RAPP- 7&8 Tr. System	450	
13	Chamera-III Tr. System	400	
14	Maithon Right Bank Tr. System	1700	
15	Eastern Region System Strengthening Scheme-I	500	
16	Eastern Region System Strengthening Scheme-II	1200	
17	Eastern Region System Strengthening Scheme-III	800	
18	North Karanpura Trans System	2500	
19	Nabinagar Tr. System	1600	
20	Lower Subnsari Strengthening Tr. System	6300	
21	Kameng Transmission System	1200	
22	Tipaimukh Tr. System	1300	
23	Lohari Nagpal Tr. System	400	
24	Tapovan Vishnugadh Tr. System	400	
25	Kayamkulam-II Tr. System	500	
26	Tuticorin tr. System	400	
27	Tr. System for ILFS Gas Project in Tripura (system beyond Bongaigaon)	1000	
28	Palamaneri Tr. System	400	
29	Srinagar Tr. System	325	

ANNEX VII

Procedure for RCEs

Rs Cr

S No	Limit	Appraisal and Approval forum
1	Increase in costs where such increases are due to increase in price escalations, <u>within the originally approved time cycle</u> irrespective of cost of project/scheme	Appraisal by Planning Commission; Approval by Administrative Minister-in-Charge.
2	Increase in costs where such increases are due to increase in statutory levies ²¹ and exchange rate variations <u>within the originally approved time cycle</u> irrespective of cost of project/scheme	No appraisal; Approval by Administrative Minister-in-Charge.
3	<p style="text-align: right;">< 150</p> 1. Increase in costs upto 20% of the last approved cost estimate, beyond changes due to three factors as above ²² ; 2. Increase beyond 20% of the last approved cost estimate, resulting in an absolute cost escalation of less than or equal to Rs 50 Crore; 3. Increase beyond 20% of the last approved cost estimate, resulting in an absolute cost escalation of greater than Rs 50 Crore.	<p>No appraisal; approval by concerned Ministry/Department with approval of Minister concerned.</p> <p>Appraisal by EFC under Secretary of the Ministry/Department; Approval of Minister concerned. Composition of EFC as per standard guidelines.</p> <p>Appraisal by EFC under Secretary of the Ministry/Department; Approval as per extant powers of delegation. Composition of EFC as per standard guidelines.</p>
4	<p style="text-align: right;">≥ 150</p> 1. Increase in costs upto 20% (first RCE) and 5% (second RCE) of the last approved cost estimates beyond changes due to three factors as mentioned above; 2. Increase in costs beyond 20% (first RCE) and 5% (second RCE) of the last approved cost estimates beyond changes due to three factors as mentioned above.	<p>Appraisal by EFC under Secretary of the Ministry/Department; Approval of the Minister and Finance Minister. Composition of EFC as per standard guidelines.</p> <p>Appraisal by EFC/PIB under Secretary (Expenditure) and approval of CCEA. Composition of EFC/PIB as per standard guidelines.</p>

Note: 1. The financial threshold of Rs 150 Crore in the revised formulation refers to the final RCE.

²¹ Statutory levies include State/Central taxes, including import and export duties as notified by GoI and paid by the Project authorities, but excludes water, electricity charges and POL price increases.

²² Three factors being: price escalations, statutory levies and exchange rate variations – however, price escalations would have to separately follow prescribed at SI No 1.

ANNEX VIII

Proposals for limits in respect of Pre-Investment activity

Rs Cr		
SI No	Limit	Appraisal forum
1	< 10.0, if budgetary support is being sought, <u>subject to availability of budget/plan funds and requisite regulatory/ environment clearances as prescribed.</u>	Administrative Secretary
2	< 50.0, subject to <u>requisite regulatory/ environment clearances as prescribed, establishment of viability through a preliminary feasibility report</u> and conditions (i) the project will not be financed through budgetary support; (ii) the enterprise concerned is profit making entity in the last 3 years; and, (iii) project being included in the Five Year Plan projections.	Administrative Ministry/ Department
3	All Other cases	Appraisal by Committee of PIB and approval by Competent Authority as per extant delegation of powers.

Pre-investment activities to include the following:

1. Preparation of PFRs/FRs /DPRs;
2. Undertaking surveys/investigations of all types required for the project;
3. Land acquisition for project site and right of way subject to ceilings as under:
 - a. Rs 5 Crore for SI No 1 in Table;
 - b. Rs 25 Crore for SI No 2 in Table;
 - c. Rs 50 Crore for SI No 3 in Table.
4. Collection of environmental data, preparation and approval of Environment Management Plans, Forestry and Wild Life clearances;
5. Construction of access roads, minor bridges, culverts, power lines, water lines, site offices, temporary accommodation and so on;
6. Compensatory afforestation as per MoEF guidelines;
7. Payment of NPV towards conversion of forest land for non-forest purposes.