

Planning Commission
(Project Appraisal and Management Division)

Subject: Project Appraisal Procedure in the Planning Commission.

In supersession of OM No. O-14015/2/2001-PAMD dated 27th September 2001 on the above subject and in pursuance of 'Guidelines for Formulation, Appraisal and Approval of Government Plan Funded Projects/Schemes to be made effective over the duration of 11th Plan issued by Department of Expenditure vide O.M. O.M. No. 1(3)/PF.II/2001 dated 15th November 2007, consolidated/revised procedure of appraisal of EFC/PIB proposals in the Planning Commission is indicated below for the convenience and adherence of Sectoral Advisers.

2. Planning Commission with a view to cut down delays (in case of EFC/PIB clearance including inadequacies of the project proposal, time taken to obtain various clarifications, time taken to issue the comments from the PAMD, etc.) and ensure **EFC/PIB decision within 6 weeks** of receipt of EFC/PIB Memo from the Departments/Ministries has decided as under:-

- (a) PAMD would act as management adviser to the EFC/PIB after the receipt of EFC/PIB Memo. Based on the information given in the EFC/PIB Memo and other information obtained, appraisal will be done and management advice tendered to EFC/PIB.
- (b) In order to ensure that the appraisal carried out by the PAMD is comprehensive and meaningful project authorities/Administrative Ministries have already been requested to submit only such proposals, which are complete in all respects. However, in case where EFC/PIB Memo does not contain relevant information, PAMD will identify such gaps and call for such information from the Ministries.
- (c) **The outer limit for giving management advice by the PAMD has been fixed at 6 weeks from the date of receipt** of EFC/PIB Memo. In case management advice from PAMD is not given within 6 weeks' time, EFC/PIB meeting could be fixed and their views obtained during the meeting.

3. In order to adhere to the time schedule, the following procedure as decided upon with the approval of the Member-Secretary, Planning Commission is to be followed:

- (i) PAMD will be solely responsible for **appraisal of EFC/PIB projects/schemes costing \geq Rs. 50 crores**. In all other cases (i.e. SFC), proposals (including those coming from the Departments outside the purview of the EFC/PIB) will be processed by the concerned subject Divisions. However, on a specific request of the sponsoring departments in exceptional cases, even such proposals can be appraised in the PAMD.
- (ii) In the normal course, subject division should **send comments to the PAMD and not to the Ministry/Department within two weeks** after receipt of the EFC/PIB Memo from the Ministry/Department.

- (iii) If comments of the subject Division are not received within the prescribed time limit, draft appraisal note will be prepared by the PAMD and a copy thereof (not the file) **would be sent to the subject Division with the request to offer their comments in a day or two, but latest by the 30th day of the receipt of the EFC/PIB Memo**, so that, after incorporation of the comments of the subject Division in the draft appraisal note, approval of the Competent Authority (Member-Secretary, Planning Commission for schemes/projects costing \geq Rs. 50 crores) is obtained and final appraisal note issued within six week.
- (iv) In case draft appraisal note is not sent back to PAMD with the comments of the subject Division, draft appraisal note will be put up to Member-Secretary, Planning Commission (without the comments of the subject Division) for approval and will be issued within six weeks.
- (v) Comments of the subject Division in respect of proposals on social sectors should relate to inclusion of the scheme in the Plan, funding pattern of the scheme over the entire plan period, availability of adequate funds in the current annual plan/Five Year Plan, convergence of various services, inter-linkages with line departments etc. Comments on PIB proposals should inter-alia relate to inclusion of the project in the Plan, funding pattern, budgetary support in the current annual plan/Five Year Plan, demand and supply analysis at global and sectoral levels, choice of technology, financial viability, FOB/CIF prices for calculation of FIRR/EIRR, impact of the project on the economy as a whole, etc.
- (vi) When project/scheme proposals are received by one of the Divisions (PAMD/subject Division) only, the receiving Division will forward a copy of the proposal to the other Division immediately.
- (vii) The representatives of PAMD and subject Division will attend to pre-PIB (proposal costing $>$ Rs. 1000 crores. For power & coal projects requirement of pre-PIB clearance has been dispensed with) or Committee of PIB ($>$ Rs. 50 crores) meetings. The officers attending the meeting should ensure that the comments of the Planning Commission are properly reflected in the minutes of the meeting. If necessary, the representative of the PAMD, on return from the meeting, will write a letter to the Chairman of the Pre-PIB/CPiB indicating the important comments made by him in the meeting.
- (viii) On the receipt of final EFC/PIB Memo in the Planning Commission procedure as indicated above will be followed.
- (ix) Since PAMD is responsible for appraisal of EFC/PIB proposals, subject Divisions should not furnish their comments on EFC/PIB proposals directly to the sponsoring Ministry/Department. Even within the Planning Commission, subject Divisions should not submit such proposals to the higher authorities for orders. Their comments should be sent to PAMD as indicated in para (ii) above which will be taken into consideration in preparation of draft appraisal note and the division will have another opportunity to comment on the draft appraisal note, if necessary, as in para (iii) above.
- (x) Copy of the appraisal note would be marked to the concerned Member, Planning Commission.
- (xi) The Adviser of the subject Division would put up minutes of the EFC/PIB meeting to the concerned Member, Planning Commission.

4. Against some schemes/projects, outlays are provided in the Plan/Annual Plan subject to the approval of projects/revised cost estimates. In such cases, specific communication should be sent by the subject Divisions to the Financial Advisers of the Ministries indicating that these plan outlays should not be operated upon until the projects/Schemes are approved by the competent authority.

5. The procedure for appraisal and approval of Revised Cost Estimates has been changed and is contained in para 10.0 to 10.3 and Annexure-VII of Deptt. of Expenditure (Plan Finance) OM No. 1(3)PF.II/2001 dated 15.11.2007. The time limit of six weeks would also apply to the appraisal of RCE proposals.

6. The above appraisal & approval procedure would apply to proposals for Extended Board of Railways also including RCE proposals in excess of Rs. 150 crores.

S/d
(Nagesh Singh)
Adviser (PAMD)

Principal Advisers/Sr. Advisers/Sr. Consultants/Advisers, Planning Commission.

P.C. U.O. No.O-14015/1/2006-PAMD dated 22nd November 2007

Copy for information to:

1. PS to Deputy Chairman,
2. PS to Member Secretary
3. PAMD Officers
4. Guard file (PAMD).