

Planning Commission
(Project Appraisal & Management Division)

Subject: Processing of proposals for issue of 'in-principle approval' for inclusion of new schemes/projects in the Plan and appraisal procedures for the 11th Plan.

With a view to streamlining the procedure for introduction of new schemes in the Plan, Planning Commission had devised and issued guidelines for the 11th Plan vide U.O. No. N-11016/4/2006-PC dated 29.08.2006 (copy enclosed for ready reference) to all Secretaries of Central Ministries/Departments, Pr. Advisers/Sr. Consultants/Advisers in the Planning Commission for guidance and compliance. As per these guidelines, Scheme/project/additional component in an existing scheme, which could not be included in the Five year Plan with adequate provision, would require **'in principle'** approval of the Planning Commission (specific approval of Secretary) before the Ministries/Departments seek sanction of the appropriate authorities for taking up the scheme/project. The schemes/projects of Ministry of Power and Coal are exempted from 'in principle approval mechanism.

Based on these guidelines, PAMD had issued detailed guidelines to the subject Divisions within Planning Commission vide UO O-14015/1/2006-PAMD dated 22nd November 2007 to be followed in processing proposals of 'in principle' approval with due diligence with the increase of financial limits for SFC/EFC/PIB appraisal w.e.f. 17.11.2007. Ministry of Finance vide OM No. 1(3)/PF.II/2001 dated 1.4.2010 has further increased the financial limits for appraisal by SFC/EFC/PIB effective from 1st April 2010. With the enhancement in financial limits for appraisal, a large number of projects are likely to be considered by SFC only. Planning Commission would get an opportunity to scrutinize SFC proposals only at "in principle" stage. It is, therefore, necessary that 'in principle approval' cases are processed with due diligence.

In view of the above, the procedure for examining proposal for 'in principle' approval would be as follows:

- 'In principle' would be necessary for the Central Sector, Centrally Sponsored projects/schemes that are **not included in the Eleventh Plan document**.
- 'In principle' approval of Planning Commission is not required for new schemes/projects of Ministry of Power and Ministry of Coal.
- In principle approval of Planning Commission is required for new schemes/projects irrespective of their cost estimates/outlays.
- The Subject Divisions should consider the possibility of modification of existing schemes and convergence of schemes to achieve the objectives of the proposed schemes before considering 'in principle' approval. In addition, issues such as financial tie-ups, classification of the scheme as Centrally Sponsored/Central Sector and commitment of State Govts for implementation of a new Centrally Sponsored Scheme, should be examined at the 'in principle approval' stage and resolved to avoid embarrassment at appraisal/approval stage.
- The subject division should first examine the proposal received from the Ministry as per guidelines and consult other related subject divisions and PAMD invariably, before the 'in principle' approval of Secretary, Planning Commission is sought.
- It is to be ensured that process of 'in principle' approval is completed within the time frame of **four weeks** from the date of receipt of proposal from Ministry/Department.

- While conveying the 'in-principle' approval to the Ministry/Department, Subject Division may endorse a copy of approval to the PAMD for use and reference at the appraisal stage.

s/d
(Sudha Pillai)
Secretary

**Principal Advisers/Sr. Advisers/Sr. Consultants/Advisers of subject Divisions,
Planning Commission.**

P.C. U.O. No.O-14015/1/2006-PAMD dated 9th April 2010.

Copy to:-

1. PS to Deputy Chairman.
2. PS to Secretary.
3. PAMD Officers.
4. Guard File (PAMD).