

No. 1(1)2011-PF.II
Government of India
Department of Expenditure
(Plan Finance-II Division)

New Delhi, dated 09.03.2012

Office Memorandum

Sub: Circulation of Revised formats of EFC/PIB Memorandum.

The EFC/PIB format was last revised vide O.M. No. 1(8)/PF-II/98 dated 30th October, 1998. A number of amendments have been carried out since then for incorporating evolving policies and procedures. Need has been felt for consolidating these changes. Opportunity has been taken to recast the format for improving its functionality. A copy of the revised format is circulated herewith with the request that the same may be used for submitting the EFC/PIB proposals.

(Meena Agarwal)
Joint Secretary to the Govt. of India

To

1. Secretaries of all Ministries/Departments
2. Financial Advisors of all Ministries/Departments
3. Advisor (PAMD),
Planning Commission,
New Delhi.

FORMAT FOR EFC/ PIB MEMORANDUM

1. Project identification

1.1 Title of the project/ scheme:

1.2 Name of the sponsoring agency (Ministry/ Department/ Autonomous Body/ Central PSE):

1.3 Proposed duration of the project

1.4 Total cost of the project over the proposed duration

2. Project Status

2.1 Please indicate which category the project belongs to:

- (a) Continuing scheme from past Plan periods and included in current Plan period.
- (b) New Plan Scheme included in the current Plan period
- (c) New Plan scheme not included in the current Plan period
- (d) RCE proposal

2.2 If project pertains to category 2.1 (a), please summarise the benefits already accrued and expenditure already incurred along with an independent evaluation of the past performance of the project scheme.

2.3 If the project pertains to category 2.1 (c), please indicate steps initiated for obtaining approval of Full Planning Commission.

3. Justification for the project

3.1 The justification for taking up/ continuing the project or scheme may be provided.

3.2 The alternatives that have been considered before firming up the design of the project may be stated. (This should also include alternate modes of project delivery, e.g. outsourcing PPP etc. that have been considered).

3.3 Please state whether the project proposal has objectives and coverage which overlap with projects/ schemes being implemented by the same or another agency (Ministry/ Department/ State government). In cases of overlap, please state why the project scheme needs to be considered as a separate stand alone effort.

4. Project Objectives and targets

- 4.1 The objectives of the project may be mentioned. These objectives should flow from the project justification.
- 4.2 The expected date of project/ scheme completion may be stated. This should be realistic and supported with a chart indicating timelines for the important activities, with a critical path analysis, identifying the main constraints.
- 4.3 The specific targets proposed to be achieved of the project/ scheme may be mentioned. These targets should be necessary measurable. These should also be monitor-able, against baseline data. The baseline may be indicated.

5. Project design

- 5.1 Briefly explain the project Design. This should include all components of the project.
- 5.2 In case the project or scheme is location specific, please state the basis for selection of such location.
- 5.3 if the project involves creation/ modification of structural and engineering assets or change in land use plans, disaster management concerns as brought out in OM no. 37(4)/PF-II/2003 dated 19-06-2009 should be assessed. A self-certification in this regard may be enclosed with the EFC memo.
- 5.4 In case of beneficiary oriented project/ scheme, the mechanism for identification of the beneficiary and the linkage of beneficiary identification with UID numbers may be indicated as advised in O.M. No. 1(3)/PF-II/2001 dated 09.08.2010.
- 5.5 Wherever possible, the mode of delivery should involve the Panchayati Raj Institutions and Urban Local Bodies. Where this is

intended, the preparedness and the ability of the panchayats for executing the project may be indicated. If exceptions are to be made, the reasons may be explained.

- 5.6 In case the project involves land acquisition or environmental clearances, the specific requirements and the status in this regard may be indicated.
- 5.7 The legacy arrangements after the scheduled project duration may be mentioned. In case the project creates assets, arrangements for their maintenance and upkeep may be stated. (For example the project assets may be taken over and maintained by the State Government/ PRIs; ULBs).
- 5.8 Whether the guidelines of Bureau of Energy Efficiency and other related guidelines for energy efficient buildings etc. have been considered / complied with.
- 5.9 Whether the project is secured against natural/ man-made disasters like floods, cyclones, earthquakes, tsunamis etc.

6. Project/Scheme cost

- 6.1 Please provide the project cost estimate for its scheduled duration along with a break-up of year-wise, component-wise expenses segregated into non-recurring and recurring expenses. It may also be indicated whether land is needed, if so whether which agency is providing for it, and in case the cost of land is to be booked to the project, whether it has been included in the estimates.
- 6.2 Estimated expenditure on project administration (including expenses on consultants, etc.) may be separately indicated.
- 6.3 The basis of these cost estimates along with the reference dates for normative costing may be provided. The firmness of the estimate may be indicated along with the cost components that can vary, the factors that could cause the variation and the extent of the expected variation.
- 6.4 In case the project/ scheme involves payout of subsidy, the year wise expected outgo, up to the last year of payout, may be indicated.

- 6.5 In case the project/ scheme intends to create capital assets, employ specialised manpower or involves other activities that necessitate a Recurring Cost of Capital Expenditure (RCCE) (e.g., maintenance and upkeep costs of assets, salary costs of manpower, etc.) over the lifetime of the asset, such expenditures, on an annual basis, may be indicated in the project proposal.
- 6.6 It may also be stated whether the agency which would be assigned this legacy responsibility has been consulted and has agreed to bear the continuing recurring expenditure. (e.g., the State governments may need to incur the maintenance and upkeep costs of assets created under Plan schemes.
- 6.7 The cost towards salary/ fees/ emoluments of the project human resources as being proposed should be indicated (procedure for seeking approval of the human resource requirements is however detailed at para-7 below).
- 6.8 The component of the costs mentioned at 6.1-6.7, that will be shared by the state governments may be indicated.
- 6.9 In the event of fund transfer being made to State Govts/ local bodies or other organisations, “grants for creation of capital assets” may be indicated separately.

7. Project Human Resources

- 7.1 Please indicate whether the nodal officer directly in charge of the project has been identified. Details about his status, past experience in executing similar projects and balance tenure left for steering the project may also be mentioned.
- 7.2 In case posts (permanent or temporary) are intended to be created, such proposal may be sent on file to Personnel Division of Department of Expenditure separately. Such proposals may be sent only after the overall project proposal is recommended by the appropriate appraisal body (SFC, EFC, etc.).
- 7.3 In case outsourcing of services or hiring of consultants is intended, brief details of the same may be indicated. It may also be certified that the relevant GFR provisions will be followed which engaging the agency/ consultant.

7.4 In case additional manpower requirement, please indicate the phased requirement over the project timeline (i.e. year-wise break-up of the manpower requirement)

8. Project financing

8.1 The source of financing for the project may be indicated. In case of project already included in the FYP, the specific earmarking may be mentioned. In case of any deviations from this quantum, the sponsoring agency may indicate how the gap will be addressed.

8.2 The availability of funds in the budget of the present year and the requirements projected may be mentioned. In case of any deviations, please indicate how the gap will be addressed.

8.3 If external sources are intended, the sponsoring agency may indicate whether such funds have been tied up. In case firm commitment is not available, alternate plans for arranging funds may be indicated.

8.4 Whether the funding requirements have been fully tied up with Planning Commission may be indicated.

9. Project viability

9.1 In case of projects which have identified stream of financial returns, the financial internal rate of return may be calculated. The hurdle rate is considered at 12%.

9.2 In case of projects where financial returns are not readily quantifiable (typically social development projects), the economic rate of return may be estimated.

10. Project implementation and monitoring

10.1 The administrative structure for implementing the project may be stated. In case new structures/ entities etc. is by and large to be avoided. In case new structures are intended to be created for administering the scheme, the details of such structures and specific justification for the same may be provided. Such new structure should be proposed only if it has been established after

due analysis, that existing structures cannot be levered for the proposed/additional work.

10.2 A flow chart for the intended fund flow mechanism may be indicated. Funds flows for all schemes/ projects in states should ordinarily be through the State Government.

10.3 The monitoring framework for the project/ scheme may be indicated. The arrangements for audit of the project may also be stated.

11. Project/Scheme sensitivities

11.1 Any foreseeable constraints/ uncertainties which can affect the technical design, costing and implementation of the project may be indicated.

11.2 The likely impact of these constraints/ uncertainties on the project parameters may be stated. In particular, the sensitivity of the project cost, project schedule and project viability towards the possible constraints/ uncertainties may be mentioned.

12. Project period

12.1 The expected date of project completion may be stated. This should be realistic and supported with PERT chart of the important activities, with a critical path analysis, identifying the main constraints.

12.2 The project closure date should be also indicated beyond which further government support/ disbursement of funds will not be required.

12.3 A time line for the project deliverables (i.e. measurable deliverables phased year-wise) may be included.

13. RCE proposals

13.1 Details of physical progress achieved and expenditure incurred and commitment made so far may be given.

13.2 Date of latest approved, revised and proposed completion schedule of the project along with time overrun and reasons thereof may be elaborated.

- 13.3 Item-wise cost variance between approved (latest) cost and revised cost as propose may be given.
- 13.4 Reasons of increase in cost may be given in the following manner
- (a) Price Escalation
 - (b) Foreign Exchange variation
 - (c) Statutory levies
 - (d) Change in Scope
 - (e) Addition/ deletion
 - (f) Under-estimation
 - (g) Others (to be specified)
- 13.5 The underlying justification for increases in cost due to various factors may be explained.
- 13.6 Effect of revision in capital cost estimates on cost of production and profitability / viability with reference to earlier approved capital cost of the project
- 13.7 Report of Standing Committee to fix the responsibility for cost and time overrun along with action taken report on its recommendations may be appended with the EFC/PIB memo.
