

Most immediate

No.03/12/2016-Fin.
Government of India
Ministry of Power

Shram Shakti Bhavan, Rafi Marg,
New Delhi, dated the 11th August, 2016

OFFICE MEMORANDUM

Sub: Appraisal and Approval of Public funded Schemes and Projects – Revised Guidelines.

The undersigned is directed to say that the Department of Expenditure vide their OM No. 24(35)/PF-II/2012 dated 05.08.2016 have revised the earlier guidelines on Appraisal and Approval of Public funded Schemes and Projects and stated that earlier guidelines and linked circulars of other Departments including the erstwhile Planning Commission, for appraisal and approval stand superseded. A copy of the same is circulated herewith for strict compliance. The main highlights of the D/o Expenditure's revised guidelines are as under:

- (i) These guidelines will come into effect with immediate effect. **[Para 13]**
- (ii) No new scheme or sub-schemes will be initiated without the prior "in-principle" approval of the D/o Expenditure. **[Para 4(i)]**
- (iii) For all new schemes, a Concept Paper should be prepared while seeking in-principle approval, holding stakeholder consultations, conduct of pilot studies etc. While submitting proposals for continuation of on-going schemes, a careful rationalization must be done through merger and dropping of redundant schemes. **[Para 5]**
- (iv) No new Company, Autonomous Body, Institution/University or other Special Purpose Vehicle should be set up without the approval of the Cabinet/Committee of the Cabinet, irrespective of the outlay, or any delegation that may have been issued in the past. **[Para 7]**
- (v) The proposals involving increase in cost beyond 20 percent of the firmed-up cost estimates due to time overrun, change in scope, under-estimation, etc (excluding increase in costs due to statutory levies, exchange rate variation and price escalation within the approved time cycle) should first be placed before a Revised Cost Committee chaired by Financial Adviser (consisting of Joint Secretary in-charge of the programme Division and representatives of the Chief Adviser Cost as members) to identify the specific reasons behind such increase, identify lapses, if any, and suggest remedial measures for the same. The recommendations of the Revised Cost Committee should be placed before for fresh appraisal and approval before the competent authority as per the extant delegation of powers. **[Para 9]**
- (vi) In line with para-110 of the Budget Speech 2016 which states that every scheme should have a sunset date and an outcome review, the medium term framework for schemes and their sunset dates will become coterminous with the Finance Commission Cycles, the first such one being the remaining Fourteen finance Commission (FFC) period ending March, 2020. Accordingly, at the end of the Twelfth plan period all Ministers/ Departments are required to undertake an outcome review and re-submit their schemes

