GOVERNMENT OF INDIA
STATISTICS AND PROGRAMME IMPLEMENTATION
LOK SABHA

UNSTARRED QUESTION NO:497
ANSWERED ON:28.07.2010
REVIEW OF DEPARTMENTALLY EXECUTED PROJECTS
Alagiri Shri S. ;Singh Rajkumari Ratna

Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

(a) whether Empowered Committees in the Ministries/Departments have been set up to review departmentally executed projects;

(b) if so, the details thereof including terms of reference of the Committees;

(c) the Ministries/Departments that have already set up and those yet to set up such Committee; and

(d) the action taken against defaulting Ministries/ Departments for failure to set up the Committees?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE), MINISTRY OF COAL AND STATISTICS & PROGRAMME IMPLEMENTATION (SHRI SRIPRAKASH JAISWAL)

(a) Yes Sir. The Empowered Committees/High Powered Committees/Steering Committees in some of the relevant Ministries/Departments have been set up to review the departmentally executed projects.

(b) The terms of reference of the Empowered Committees set up in the Ministries follow the guidelines issued by the Ministry of Statistics and Programme Implementation in April 28, 1998. A copy of the guidelines issued may be seen in the Annexure I.

(c) As per the available information, Empowered Committees/ High Powered Committees/Steering Committees have been set up in the Ministries/Departments as per the details given in Annexure II.

(d) As the relevant Ministries have already set up Empowered Committee/High Powered Committee/Steering Committee, therefore, no action is contemplated.

Annexure I

Annexure referred to in reply to the Unstarred Lok Sabha Question No. 497 due for 28.7.2010

No. 13013/2/92-PMD
Government of India
Ministry of Planning & Programme Implementation
Project Monitoring Division
Date:April 28, 1998
Office Memorandum
Subject: Introduction of mechanism of Empowered Committee for implementation of projects − Revised Guidelines

Preamble

1.1 The issue of cutting delays in implementation of major projects has been under the consideration of Government of India for quite some time. On the basis of recommendations of Group of Ministers (GOM) fanned in February, 1994, the CCEA in February, 1996 approved several proposals to curtail delays in implementation of projects. One of such measures approved by the Cabinet was to set up an Empowered Committee (EC) in each Ministry, headed by the Secretary, with adequate financial and administrative powers to take decision regarding award of contracts, revision of rates, resolution of disputes, etc. The proposal of Deptt. of Programme Implementation to delegate adequate financial and administrative powers to these committees was approved at the meeting of Committee of Secretaries (COS) held on May 30, 1996.

1.2 At the instance of COS, Member-Secretary, Planning Commission, held further discussions on 13.11.1996 with Secretary (Urban Development), Secretary (Programme Implementation) and Additional Secretary (Expenditure). During these discussions, it was felt that the responsibility of reviewing the implementation of projects should continue to rest with the administrative Ministries with appropriate delegation of authority and clear guidelines on their functioning. Further, it was felt that DPI should continue to monitor implementation of projects costing Rs.20 crores and above as at present. Against this background, the guidelines were formulated/reiterated and circulated to all concerned Ministries/Departments by the Department of Programme Implementation (vide O.M. No.13013/2/92-PMD dated 26.3.97). Subsequently, at the request of Secretary (Expenditure), Member Secretary, Planning

Commission, held further discussions on 1.9.97 with Secretary (Expenditure), Secretary(Programme Implementation) & Additional Secretary (Urban Development) in regard to certain provisions in the Guidelines which contravene GFRs. DFPRs and the various economy measures issued from time to time. Based on the conclusions reached at this meeting, guidelines have been revised/modified to ensure uniformity and effectiveness in the functioning of the EC. In the meeting held on December 29, 1997, the CCEA decided that instead of Core Management team for each project, a nodal officer should be appointed for the project duration, the guidelines have been revised to incorporate this decision also. Certain administrative Ministries/Departments have sought clarification about the types of projects which would fall within the purview of the EC or for which nodal officers will be appointed. The necessary clarifications have also been incorporated in the revised guidelines.

2.1 Constitution of Empowered Committee:

2.1.1 The EC will cover only Government owned projects and is to be set up only by such Ministries/Departments which are executing implementing such projects. Projects implemented by the Port Trusts are to be treated as Government owned Projects. In other Ministries/Department, system of Quarterly Performance Review meetings should be continued /introduced in case it does not exist The Ministries /Departments which are required to constitute ECs and have not yet constituted such ECs should constitute the same forthwith. A copy the order constituting ECs should be endorsed to the Department of Programme implementation.

2.1.2 The EC would be chaired by the concerned Secretary, and it would include representatives from other concerned Ministries, such as M/o Finance, Planning Commission, D/o Programme Implementation, and D/o Environment & Forest The Financial Adviser of the concerned Ministry would be invariably represented on the Committee. While participation in the proceedings for the EC should be at the level .of Secretary Government of India as far as possible; no participants at the meeting of the Committee would, in any case, be below the rank of Joint Secretary to the Government of India.

2.1.3 The EC would monitor and review the progress .of implementation of all projects being implemented departmentally by the administrative Ministry. However, EC should bestow special attention to major (costing Rs. 100 crore or more but less than Rs.1000 crores) and mega (costing Rs.1000 crore and more) projects and keep a continuous watch over their implementation in view of their size and varied nature of problems faced by them. If feasible, review of implementation of mega projects should be attempted on a monthly basis.

2.1.4 The administrative Ministry should keep the Project Monitoring Division of the Department of Programme Implementation informed about the issues being referred to the EC and about the decisions taken by the EC on such references.

2.1.5 In the event of any problem not being resolved in the local EC, the Chairman of the Committee would be free to refer the matter to the Cabinet Secretary for final decision.

2.1.6 The DPI would submit a quarterly monitoring report to the Cabinet Secretariat on the performance of the EC.

2.2 Allotment of Funds

2.2.1 At the time of approval of the project, in addition to indicating the phasing of expenditure at constant prices, the project authorities should also indicate requirement of funds at market prices, taking into account likely inflation over the project time cycle.

2.2.2 During the year in which the project is approved, funds should be made available to the project authorities as decided by EF/PIB/CCEA.

2.2.3 During the subsequent years, the concerned Ministry could ensure that the latest anticipated expenditure for each year is adequately reflected in the annual budget.
2.2.4 The procedure for getting approval for Revised Cost Estimates (RCEs) would remain the same except that annual cash flows at the current prices are also to be indicated in the EFC/PIB memorandum as also in the note submitted to CCEA. However, approval of EFC/PIB/CCEA would not imply authorization for administrative Ministry to automatically spend funds in future years to the extent indicated at likely market prices (inclusive of inflation). The Financial Adviser of the Ministry would ensure that funds are released for implementation of the project as per the actual requirements arising from time to time.

2.3 Creation of Posts:

2.3.1 For the new projects, the need for creation of posts either at the field level or for a separate cell for implementation at the Ministry level should be clearly brought out in the note for EEC/IB and Departments/Ministries should ensure that proposal for creation of such posts not only forms part of EFC/PIB proposal but also is submitted to the Ministry of Finance at least two weeks before the submission of EFC/PIB Note. At the EFC/PIB meeting, decisions would be taken on such proposals along with the main proposal and in case differences still persist between the concerned Departments and the EFC/PIB decisions, these differences may be highlighted in the CCEA note and specific decision of the CCEA sought thereon.

2.3.2 Any examination of the proposal for creation of posts by the Ministry of Finance should be done before the project is posed for approval by the EFC/PIB. When subsequently, the project is approved by CCEA, there would be no further need for the administrative Ministry to refer the proposal for posts once again to the Ministry of Finance.

2.3.3 The implementation Cell at the Ministry level should be created by redeploying the available staff within the Ministry or by taking suitable staff from other Ministries on deputation.

2.4 Fiscal Exemptions

2.4.1 In the normal course, in any financially viable project, the need for tax/duty exemptions should not arise. However, in exceptional cases, when any such tax or duty exemption is envisaged in the case of a project, it should get reflected in the original proposal submitted to EFC/PIB along with the views of Department of Revenue and quantification of the likely revenue loss.

2.4.2 When such exemption is recommended by EFC/PIB and approved by CCEA, the Ministry of Finance would take immediate follow-up action to ensure that necessary tax/duty exemption are granted without any delay.

2.4.3 Where the necessary tax/duty such exemptions were not envisaged when the project was originally approved and where such exemptions are considered essential for valid reasons, it would be necessary for the administrative Ministry to formulate a proposal in this regard, circulate the same to the Ministry of Finance for their comments and seek approval of the Cabinet as per the prescribed procedure.

2.5 Legislative Measures

2.5.1 If the implementation of the project requires certain legislative amendments, the same should be explicitly brought out in the memorandum for EFC/PIB.

2.5.2 After the legislative amendments have been approved by the Cabinet, the concerned Ministry will intimate action for getting the necessary amendments introduced at the earliest.

2.6 Contract Management and Resolution of Disputes

2.6.1 The EC will monitor any question of delay in award of contracts, decisions on changes in terms and conditions of already awarded contracts in the public interest including change in rate, induction of new technology/equipment etc. and of disputes between the project authorities and the contractors on account of contractual obligations, disputes arising out of differences of opinion, determination of whether a particular item is an additional work or not etc. The EC will take decisions in these regard and put up for approval to competent authorities.

2.6.2 It is necessary that greater attention is paid to contract management, right from the inception of the project, particularly when the terms and conditions of each contract pertaining to a project are finalized.

2.6.3 The EC could advise the concerned agencies to award works of urgent nature on single tender or limited tender enquiry in relaxation of the prescribed procedures, if it helps in timely completion of the project.

2.6.4 Since contract management is a highly specialised area, the project authorities and the concerned Ministry should secure competent legal advice while drafting contracts at the time of awarding the works to ensure that their rights are fully protected and there is no ambiguity in the contractual provisions. Suitable incentives and penalities may form part of the project contract to ensure timely completion of the projects.

2.7 Core Management Team

2.7.1 Instead of core management team for each project costing Rs. 50 crore and above, a nodal officer (Chief Executive for the Project) responsible for project implementation should be appointed for the project duration. He should have at least 5 years of service to ensure his involvement in the project upto its completion stage so that he could be made fully responsible for the implementation of project. The tenure of the nodal officer should be for the duration of the project or for 5 years, whichever is earlier. In only rare and exceptional circumstances if his transfer becomes inevitable, this should be effected only with the approval of the concerned Secretary or Chairman of the Railway Board, as the case may be. The nodal officer so appointed should be made fully responsible for time and cost overruns while implementing the project and his future promotions/career should be linked with his performance in implementing the project. The institution of Nodal Officer is meant for all Central Sector projects/schemes, be it Government owned or owned by PSUs including Navratanas and mini-Navratnas and Central Sector Schemes costing Rs. 50 crore and above.

2.8 Miscellaneous:

2.8.1 The EC will assist the project executing agency in land acquisition including taking over physical possession of the land and getting environmental and other clearances for the project.

2.8.2 If the progress of implementation of a project is not satisfactory, EC may refer the same for review by the Central Empowered Committee constituted by the Cabinet Secretariat under the Chairmanship of Member-Secretary, Planning Commission for taking decision for its dropping/shelving or transfer to the private/joint sector or for its reprioritisation in the Ninth Plan.

3. Compliance with the guidelines suggested above is expected to minimize the scope for disputes and the consequently delays during implementation of projects, particularly major and mega projects. This should reduce time and cost overruns.

Sd/-
(DEVENDRA NARAIN)
Additional Secretary
To
The Secretaries of the Government of India
The Financial Advisers of the Ministries/Departments

Copy to :

1. Prof. S.R. Hashim,
Member-Secretary, Planning Commission,
Yojana Bhawan, New Delhi.

2. Shri C. Ramachandran,
Secretary (Expenditure),
Deptt. Of Expenditure, North Block
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3. Dr. Ahmed Masood,
Adviser (PAMD),
Planning Commission, Yojana Bhawan,
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4. Shri J.P. Prakash,
Director, Cabinet Secretariat,
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Sd/-
(DEVENDRA NARAIN)

Annexure II

Annexure referred to in reply to the Unstarred Lok Sabha Question No. 497 due for 28.7.2010

Status of Empowered Committee/High Powered Committee/Steering Committee in Ministries/Departments

Ministry/Department	Status of Empowered Committee/ High Powered Committee/Steering Committee set up
1. Atomic Energy	Not applicable
2 Civil Aviation	Not applicable
3. Coal	Yes
4. Health & Family Welfare	Not applicable
5. Information & Broadcasting	Yes
6. Information Technology	Yes
7 Mines	Yes
8. Petroleum & Natural Gas	Yes
9. Power	Yes
10. Railways	Yes
11. Road Transport & Highways	Yes
12. Shipping & Ports	Yes
13. Steel	Yes
14 Telecommunication	Not applicable
15. Urban Development (CPWD)	Not applicable
16. Water Resources	Yes