

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

North Block, New Delhi,

Dated: 31<sup>st</sup> March, 2014

**OFFICE MEMORANDUM**

**Subject: Circulation of Revised formats of EFC/PIB Memorandum for Original Cost Estimates (OCE) and Revised Cost Estimates (RCE).**

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The existing EFC/PIB format was circulated vide O.M. of even no. dated 9<sup>th</sup> March, 2012. Since then, a number of suggestions have been received by this Department regarding the provisions to be incorporated in the EFC/PIB memo. After consultations with the Planning Commission and various Ministries / Departments, the format has been revised in order to improve its functionality, incorporate evolving policies and procedures and for better appraisal of proposals. Separate formats have been prescribed for OCE and RCE proposals.

2. Copies of the revised EFC/PIB format of OCE and RCE proposals are circulated herewith for preparation of proposals for appraisal.

3. Ministries / Departments are requested to present the proposals for appraisal in the revised formats with effect from 1<sup>st</sup> April, 2014.

(Saurabh Garg)  
Joint Secretary to the Government of India  
Tel no. 23093052

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

### Checklist for the RCE memo

Particulars	Indicate Y or N
Whether proposal has been prepared in the prescribed RCE format.	
Whether an Executive Summary has been attached.	
Whether comments of Financial Advisor/IFD have been attached with RCE Memo.	
Whether feasibility report, if any, has been appended with the RCE memo.	
Whether report of Standing Committee to fix the responsibility for cost and time overrun has been appended with the RCE memo along with the action taken report.	
Whether a soft copy of the RCE Memo has been attached.	

**Checklist for the EFC/PIB Memo**

Particulars	Indicate Y or N
Whether proposal has been prepared in the prescribed EFC/PIB format.	
Whether an Executive Summary has been attached.	
Whether 'In-principle' approval of the Planning Commission has been taken and funding tied up.	
Whether comments of Financial Advisor/ IFD have been attached with EFC/PIB Memo.	
Whether evaluation report if any has been enclosed with the EFC/PIB memo.	
Whether feasibility report, if any, has been appended with the EFC/PIB memo.	
Whether mandatory clearances / approvals have been obtained.	
Whether a soft copy of the EFC/PIB Memo has been attached.	

No.-----  
Government of India  
Ministry/ Department of -----  
(----- Division)

Date: -----

### **FORMAT FOR RCE MEMORANDUM**

#### **1. Programme/project identification**

- 1.1 Title of the programme/project.
- 1.2 Name of the sponsoring agency (Ministry/ Department/ Autonomous Body/ Central PSE).
- 1.3 Duration of the programme/project.
  - a) Original / latest approved
  - b) Revised duration being proposed now
- 1.4 Total cost of the programme/project
  - a) Original / latest approved
  - b) Revised cost (RCE) being proposed now

#### **2. Programme/project Category**

- 2.1 Please indicate which category the programme/project belongs to and the detailed reasons for the same:
  - (a) Only time overrun.
  - (b) Only cost overrun.
  - (c) Both time and cost overrun.

#### **3. Programme/project Objectives and targets**

- 3.1 The objectives of the programme/project may be mentioned.
- 3.2 The specific targets proposed to be achieved of the programme/project may be mentioned. These targets should be necessary measurable. These should also be monitorable, against baseline data. The baseline may be indicated. The targets should be in tabular form as shown below.

Component	Year				Total	
	Year 1		Year 2 & so on		Physical Total	Financial Total
	Physical	Financial	Physical	Financial		
Component 1						
Component 2 & so on						

- 3.2 The outcomes of the programme/project to be achieved should be indicated. These outcomes should be in the form of measurable indicators which can evaluate programme/project on quarterly/half yearly/annual/plan basis.

#### 4. RCE Details

- 4.1 The details about the initial outlays, subsequently revised outlays (including all previous RCEs sanctioned with amount / date and reasons) and the latest proposed outlays may be provided.
- 4.2 Details of physical progress achieved and expenditure incurred and commitment made so far may be given.
- 4.3 Date of latest approved, revised and proposed completion schedule of the project along with time overrun and reasons thereof may be elaborated.
- 4.4 Item-wise cost variation between approved (latest) cost and revised cost as proposed may be given in the format given below.

S.no	Component	Originally approved cost	Latest approved cost	RCE	Variation (+/-)

- 4.5 Quantification and Reasons for change 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)

With reference to factors at (a), (b) & (c) above, indicate the consequential increase in IDC, administrative expenses, etc., within the approved project time cycle (PTC) and beyond.

- 4.6 If the change in cost is due to change in factors at 4.5(d) to (g), then provide the relevant information and the justification.
- 4.7 If the programme/project involves more land acquisition then indicate the name of the agency which is providing the land. If such land is to be acquired then resettlement/rehabilitation cost may be provided.
- 4.8 Effect of revision in capital cost estimates on cost of production and profitability / viability with reference to earlier approved capital cost of the project.
- 4.9 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 RCE memo.

## **5. Plan provisions and funding**

- 5.1 Revised phasing of expenditure and source of funding
- 5.2 Details regarding the change in funding pattern, along with justification
- 5.3 Availability of Plan outlay in FYP / Annual Plan may be indicated

## **6. Approvals**

- 6.1 Please indicate the specific points of RCE memo on which approval of EFC / PIB is sought.

(-----)  
**Joint Secretary to the Government of India**  
Tel. No. \_\_\_\_\_  
Fax No. \_\_\_\_\_  
E-mail \_\_\_\_\_

No.-----  
Government of India  
Ministry/ Department of -----  
(----- Division)

Date: -----

### **FORMAT FOR EFC/PIB MEMORANDUM**

#### **1. Proposal identification**

- 1.1 Title of the proposal.
- 1.2 Name of the sponsoring agency (Ministry/ Department/ Autonomous Body/ Central PSE).
- 1.3 Proposed duration of the proposal/Scheme.
- 1.4 Total cost of the proposal over the proposed duration.
- 1.5 Nature of scheme: Central Sector/ Centrally Sponsored/Additional Central Assistance

#### **2. Proposal Category**

- 2.1 Please indicate which category the proposal belongs to:
  - (a) Continuing scheme from past Plan periods and included in current Plan period.
  - (b) New Plan Proposal included in the current Plan period
  - (c) New Plan Proposal not included in the current Plan period
- 2.2 If proposal pertains to category 2.1 (a), then please indicate the benefits already accrued and expenditure already incurred.

- 2.2(a) Also for proposals belonging to category 2.1 (a), an evaluation report by an independent agency with comments of FA/IFD thereon may be provided along with following details as Annexure to EFC/PIB memo:

Commencement of Scheme & Year of Evaluation	Name of Evaluating Agency	Details of Independent Evaluation		
		Methodology	Major Findings	Main Recommendations
❖ Year ❖ Month		❖ Sample size  ❖ Data Source  ❖ % of Coverage  ❖ Parameters of Evaluation		

- 2.2(b) If there are changes proposed in the proposal belonging to category 2.1(a), please provide existing provisions and proposed changes against each component in tabular form along with financial implications due to the proposed changes:

Existing Component	New/ Revised Component	Changes proposed in Existing Components	Reasons for changes in existing components and addition of new components	Financial Implication in the last Plan	Financial implication of addition/change to proposal
Component 1					
Component 2					
Component 3 and so on					

- 2.3 If the proposal pertains to category 2.1 (c), please indicate whether in-principle approval of Planning Commission has been obtained.
- 2.4 Please indicate in case of new Centrally Sponsored Scheme or Major change in ongoing CSS, whether States/UTs have been consulted and their consent obtained to implement the scheme with proposed sharing of funds.



### 3. Justification for the Proposal

- 3.1 The justification for taking up new/ continuing the ongoing proposal may be provided in terms of:
- i) Demand and supply analysis to identify gaps.
  - ii) Conformity with the Plan Priorities and National objectives
  - iii) Problems to be addressed at local/regional/national levels, as the case may be, through scheme/project.
- 3.2 The alternatives that have been considered before firming up the design of the proposal may be stated. (This should also include alternate modes of proposal delivery, e.g. outsourcing, PPP, etc. that have been considered).
- 3.3 Please state whether the 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 proposal needs to be considered as a separate stand alone effort.

### 4. Proposal Objectives and targets

- 4.1 The objectives of the proposal may be mentioned. These objectives should flow from the proposal justification.
- 4.2 The specific targets proposed to be achieved of the proposal may be mentioned. These targets should be necessarily measurable. These should also be monitorable, against baseline data. The baseline may be indicated. The targets should be in tabular form as shown below.

Component	Year				Total	
	Year 1		Year 2 & so on		Physical Total	Financial Total
	Physical	Financial	Physical	Financial		
Components 1,2,3 & so on						

- 4.3 The outcomes of the proposal to be achieved should be indicated. These outcomes should be in the form of measurable indicators which can evaluate the proposal on quarterly/half yearly/annual/plan basis.
- 4.4 Briefly explain the objectives of the other programmes/projects undertaken by Ministry/Dept which are in convergence with the objectives of proposed proposal.
- 4.5 Please indicate whether the proposal is for current Plan only or will continue in next Plan also.

## **5. Gender Analysis of the Proposal**

- 5.1 Briefly explain the specific objectives of the proposal relating only to women.
- 5.2 In case the proposal has gender components, please provide the following information in tabular form as shown below.

Gender Component	% of total expenditure on this component
Component 1, 2,3 & so on	

## **6. Proposal design**

- 6.1 Briefly explain the proposal Design. This should include all components of the proposal including:
- Scope of the project
  - Assumptions used
  - Technology
  - Size/ Specifications/ Layout Plan
  - Plant & Machinery
  - Others (Please specify)

The components of the project should be carved out from the Feasibility Report/Project report. The study/ investigations on which project parameters are based should be clearly indicated.

- 6.2 In case the proposal is specific to any location, area and segment of population please state the basis for selection. Details regarding special physical features, technology, etc., may be given.
- 6.3 Please indicate whether the proposal is secured against natural/ man-made disasters like floods, cyclones, earthquakes, tsunamis, etc. If the proposal involves creation/ modification of structural and engineering assets or change in land use plans, disaster management concerns should be assessed.
- 6.4 In case of beneficiary oriented proposal, the mechanism for identification of the beneficiary and the linkage of beneficiary identification with UID numbers, on a voluntary / non-mandatory basis, may be indicated.

- 6.5 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 proposal may be indicated. If exceptions are to be made, the reasons may be explained.
- 6.6 Whether the land required for the proposal is in possession of the agency. In case the proposal involves land acquisition or environmental clearances, the specific requirements and the status in this regard may be indicated.
- 6.7 The legacy arrangements after the scheduled proposal duration may be mentioned. In case the proposal creates assets, arrangements for their maintenance and upkeep may be stated. (For example the proposal assets may be taken over and maintained by the State Government/ PRIs, ULBs).
- 6.8 Please indicate:
- Inter-linkages with other schemes mainly in terms of coverage, impact, outcomes, etc.
  - Steps taken towards convergence with other schemes to achieve the intended outcomes may also be stated.
  - Steps taken towards convergence in flow of funds from other schemes.

## **7. Proposal cost**

- 7.1 Please provide the proposal cost estimate for its scheduled duration along with a break-up of year-wise, component-wise expenses segregated into non-recurring and recurring expenses.
- 7.2 In case the land is to be acquired, the details of cost of land and cost of rehabilitation/resettlement may be provided.
- 7.3 Estimated expenditure on proposal administration (including expenses on consultants, monitoring, evaluation, IEC, etc.) may be separately indicated.
- 7.4 The basis of these cost estimates along with the reference dates (it should not be more than six months old) for normative costing may be provided. Please indicate the firmness of the estimates, component wise, with the extent (+ / -) of the expected variation.
- 7.5 In case the proposal involves payout of subsidy, the year wise and component wise expected outgo, up to the last year of payout, may be indicated.
- 7.6 In case the proposal 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 proposal.

- 7.7 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).
- 7.8 The cost towards salary/ fees/ emoluments of the proposal human resources as being proposed should be indicated (procedure for seeking approval for human resource requirements is detailed at para-9 below).
- 7.9 The component of the costs mentioned at 7.1-7.8, that will be shared by the state governments/PRI/User Beneficiaries may be indicated.
- 7.10 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.

## **8. Proposal: Financing**

- 8.1 The source of financing for the proposal may be indicated. In case of proposal already included in the FYP, the specific earmarking may be mentioned.
- 8.2 Whether the funding requirements have been fully tied up with Planning Commission may be indicated. The quantum of the Plan allocation may be indicated.
- 8.3 If there are gaps in the financing of the proposal, the sponsoring agency may indicate how such gaps in FYP as well as the Annual Plans will be addressed.
- 8.4 If external sources are intended, the sponsoring agency may indicate whether such funds have been tied up. In case firm commitment is not available, alternative plans for arranging funds may be indicated.
- 8.5 In case of partial allocation of funds for the proposal, then the components which may be removed/reduced may be indicated.
- 8.6 Please provide the following details in respect of project proposal:
  - Debt-equity ratio along with justification.
  - In case of, funding from internal resources (IR), availability of IR may be supported by projections and their deployment on various projects.
  - Please indicate funding tie-ups for loans components both domestic and foreign, along-with terms and conditions of loan based on consent/ comfort letters.

## **9. Proposal: Human Resources**

- 9.1 In case posts (permanent or temporary) are intended to be created, a separate proposal may be sent on file to Personnel Division of Department of Expenditure. Such proposals may be sent only after the main proposal is recommended by the appropriate appraisal body (SFC, EFC, etc.).
- 9.2 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 while engaging the agency/ consultant.
- 9.3 In case additional manpower requirement, please indicate the phased requirement over the proposal timeline (i.e. year-wise break-up of the manpower requirement)

## **10. Proposal viability**

- 10.1 In case of proposals which have identified stream of financial returns, the financial internal rate of return may be calculated. The hurdle rate is considered at 12%.
- 10.2 In case of proposals where financial returns are not readily quantifiable (typically social development proposals), the measurable benefits/ outcomes may be indicated.

## **11. Proposal implementation and monitoring**

- 11.1 Implementing agency (s) may be indicated.
- 11.2 The administrative structure for implementing the proposal may be stated. Usually new structures/ entities, etc. Are, 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.
- 11.3 The completion schedule of the proposal indicating timelines of activities should be provided in PERT/Bar Chart along with critical milestones.
- 11.4 **Mode of implementation:** Departmental/ Contract/ Turnkey contract/ EPC/ PPP, etc. with justification may be given.
- 11.5 Nodal officer identified / appointed for being directly in charge and overseeing progress of the proposal may be indicated. Details about his status, past experience in executing similar proposals and balance tenure left for steering the

proposal may also be mentioned. He/ She should normally be appointed for entire duration of the proposal.

- 11.6 The monitoring framework preferably on MIS for the proposal may be indicated. The arrangements for audit/social audit of the proposal may also be stated.

## **12. Proposal sensitivities/uncertainties**

- 12.1 Any foreseeable constraints/ uncertainties which can affect the technical design, costing and implementation of the proposal may be indicated.
- 12.2 The likely impact of these constraints/uncertainties on the proposal parameters may be stated. In particular, the sensitivity of the proposal cost, proposal schedule and proposal viability towards the possible constraints/ uncertainties may be mentioned.

## **13. Mandatory approvals / clearances:**

The details regarding the requirement of mandatory approvals / clearances of various local, state and national bodies and their availability may be indicated in a tabular form

S.No	Approvals / Clearances	Agency concerned	Availability (Y/N)

## **14. Consultations with the Public, State Governments, External Research Agencies, Think Tanks, etc.**

- 14.1 To the extent possible and practicable, such consultations may be done by the Administrative Ministries. The draft Proposals may be placed on the web site of the sponsoring Ministries and comments invited from the general public. The draft proposals may be formulated / finalized taking into account such comments. Details in this regard may be indicated in the EFC / PIB memo.

## **15. Concurrence of Financial Advisor**

- 15.1 Comments/Concurrence of Financial Adviser may be indicated along with reply of the Administrative Ministry.

## **16. Approvals:**

- 16.1 Please indicate the specific points on which approval of EFC / PIB is sought.

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**Joint Secretary to the Government of India**

Tel. No. \_\_\_\_\_

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