

No. 14/6/2014-FD
Government of India
Ministry of Water Resources, River Development & Ganga Rejuvenation

Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 26 August, 2016

OFFICE MEMORANDUM

**Subject: Recommendation of Expenditure Management Commission (EMC)-
regarding**

The undersigned is directed to forward herewith a copy of OM No F.16/1/2016-PPD dated 04th August, 2016 received from Department of Expenditure on the subject cited above (Copies enclosed).

2. Expenditure Management Commission (EMC) was constituted by the Government of India in September, 2014 to look into various aspects of Expenditure reforms to be undertaken by Government.

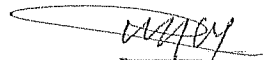
3. In this context, recommendations of EMC and comments from Department of Expenditure as per the aforesaid O.M. are as follows:

Recommendations by Expenditure Management Commission	Comments by Department of Expenditure
<u>(Recommendation no.87 of December,2015)</u> Identification of likely sources-Rule 168 specifies identification of likely sources for consultancy. The provisions of limited tender should be extended for procurement of services through consultancy firms.	In this regard it is noted that Rule 168 of the GFR already permits that when the estimated cost of the consulting services up to Rs.25 lakhs, the preparation of the list of potential consultants may be done on the basis of formal or informal inquires from other Ministries/Departments or involved in similar activities. Chamber of commerce & industry, association of consulting firms etc. Hence, provision of limited tender for buying the consultancy service up to 25 lakhs is already available.
<u>(Recommendation No.79 of December,2015)</u> Interactions with experts from industry and representations from various Ministries /Departments indicated that there is a direct correlation between an empowered project team and the success of the project. This is also borne out by large disparities in execution within the same system. The success stories, some of which have been highlighted above, had the benefit of dedicated and competent project teams. It is recommended that empowered project teams are put in place for all large value projects and that these teams are tasked only with project execution and not given other operational duties.	During the meeting with major procuring Departments, it is noted that this system of nominating empowered project teams is already in place for all large value projects.
<u>(Recommendation No.78 of December,2015)</u> Building Capacity – There is an urgent need to build internal capacities in Government for handling procurement and project	In this context, it may be recalled that Department of Expenditure (DoE) in collaboration with National Institute of Financial Management (NIFM) is already

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<p>management. A critical input for improving the process of public procurement and reducing time/cost overruns is the quality of Manpower handling for process. It is understood that Department of Expenditure has commenced certain training programmes on procurement for administrative personnel. It is recommended that such programmes be scaled up and made mandatory for persons engaged in procurement. The Government may also tie up with professional training institutes for this purpose.</p>	<p>conducting training programs for officers engaged in Public Procurement since January, 2015. The details of this programme has been already been communicated to all Departments vide DoE OM No.F.26/6/2014-PPD dated 23.01.2015 and 22.12.2015. The complete cost of training including boarding/lodging is borne by DoE. Soon than Faridabad in collaboration with other training institutes/ organizations. Ministries/Departments are encouraged to make use of these training programmes initiated by the Department. They are also requested to arrange similar programmes at their own level in their Ministries/ Departments to supplement these efforts.</p>
<p><u>(Recommendation No.77 of December,2015)</u> Variation Clauses—Delays are also often witnessed during post contractual period when a variation is required to be exercised in the contract. It is recommended that a time schedule for critical decisions (such as approval of variations) during the post contractual period should be included in the contract document. This would impart certainly to decision making during project execution.</p>	<p>During the meeting of Department of Expenditure with major procuring Departments, it is noted that the proposed system of fixing time schedule for critical decisions such as approval of variations during post contractual is already in place.</p>
<p><u>(Recommendation No 71 of December, 2016)</u> Qualifying criteria for bidders-while defining qualification criteria for selecting bidders, experience for execution for similar works and total turnover of bidder is generally defined. However, solvency/financial capacity of the bidder and liquidity of the bidder do not generally form a part of criteria for large projects other than PPP projects. EMC is of the view that solvency of the bidder and liquidity are important criteria to determine the capacity of the contractor, especially for large value contracts. It is recommended that the bid document for large value projects should also include the requirement of a viable financial model to explain how the contractor proposes to fund the execution of the project.</p>	<p>In this regard, it is noted that the Rule 160(i)(a) of GFR,2005 already stipulates that bidding document should contain criteria for eligibility and qualifications to be met by the bidders including their financial position.</p>
<p><u>(Recommendation No.48 of September,2015)</u> “Government should also consider going in for arrangements such as use of buy-back facility for standard furniture like tables, chairs, cupboards, compactors and partition cubicles. Items such as photocopiers can be taken on lease basis with payment made on per copy basis. Apart from reduction in initial cash outgo, this also obviates the need for expensive Annual Maintenance Contracts”</p>	<p>In this regard it is stated that Rule 162 of the GFR related to buy-back facility already facilitates buying of items like tables, chairs, cupboards, compactors, partition cubicles etc on buy-back basis. Further Rules 178 to 185 of GFR related to “Outsourcing of Services” also enables taking these items such as photocopiers on lease basis with payment on per copy basis.</p>

4. The copy of the aforesaid OM is being forwarded for adherence and compliance.
5. This issues with the approval of JS&FA, Ministry of Water Resources, River Development & Ganga Rejuvenation.


(Vijay Srivastava)
Under Secretary (IFD)
Tel. 23719302

Encl: As stated.
Ministry of Water Resources

1. AS&MD, National Water Mission, C.G.O. Complex, New Delhi-110003
2. Joint Secretary (Admn), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
3. Joint Secretary (PP), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
4. Joint Secretary (RB), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
5. Joint Secretary (Pen River), Ministry of Water Resources, Krishi Bhavan, Room No.236A, New Delhi

6. ADG(Statistics), Ministry of Water Resources, Lok Nayak Bhavan, Room No.6, Khan Market New Delhi-110003.
7. Commissioner(SP), Ministry of Water Resources, Shram Shakti Bhavan, New Delhi
8. Commissioner (Ganga), Ministry of Water Resources, Block 11, 8th Floor, C.G.O. Complex, New Delhi-110003
9. Commissioner(Indus), Ministry of Water Resources, Block 11, 8th Floor, C.G.O. Complex, Lodhi Road, New Delhi-110003
10. Commissioner(B&B), Ministry of Water Resources, Block 3, 2nd Floor, Near ITBP Building, C.G.O. Complex, New Delhi-110003
11. Economic Advisor, Ministry of Water Resources, Shastri Bhavan, New Delhi

Attached/subordinate Offices and Organisations of Ministry of Water Resources

 1. Chairman, Central Water Commission, Sewa Bhavan, R.K. Puram, New Delhi.
 2. Mission Director, National Mission for Clean Ganga (NMCG), Rear Wing,3rd Floor, MDSS Building 9, CGO Complex, Lodi Road, New Delhi-110003
 3. Chairman, CGWB, Jamnagar House, New Delhi.
 4. Director General, National Water Development Agency, Community Centre, Saket, New Delhi-110017.
 5. Director, NIH, Jalvigyan Bhawan, Roorkee – 247667 (Uttaranchal).
 6. Chairman, Brahmaputra Board, Basistha, Guwahati – 781029 (Assam)
 7. Director, CWPRS, P.O. Khadakwasla, Pune – 411024
 8. Director, CSMRS, Hauz Khas, New Delhi
 9. Chairman, GFCC, Sinchai Bhawan, 3rd Floor, Patna – 800015 (Bihar)
 10. Member, Upper Yamuna River Board, Wing No.4, GF, West Block-1, R.K. Puram, New Delhi
 11. Chief Engineer, Betwa River Board, Nandanpura, Jhansi – 284003 (UP).
 12. Member Secretary, Polavaram project Authority, Krishna Godavari Bhawan, H.No. 11-4-648,(1st floor), AC Guards, Hyderabad- 500 004

13. Controller of Accounts, Ministry of Ministry of Water Resources, River Development & Ganga Rejuvenation, Shastri Bhawan, New Delhi

CPSUs:

1. NPCC Limited, Raja House, 30-31, Nehru Place, New Delhi – 110 019.
2. WAPCOS Limited, Kailash, 5th Floor, 26 Kasturba Marg, New Delhi – 110 001

Copy along with enclosures also to:

1. PS to Hon'ble Minister(WR,RD&GR)
2. PS to Hon'ble MOS(WR,RD&GR)
3. Sr. PPS to Secretary (WR,RD&GR)
4. PPS to SS (WR,RD&GR)
5. PPS to JS&FA
6. Under Secretary (E-Gov) – with request to put the orders on web-site of MOWR

✓
Tel (Dir) / r/c
ASO (Bgr)
Asst
30/8/18

✓
(Vijay Srivastava)
Under Secretary (IFD)
Tel. 23719302

F No. 16/1/2016-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

516, Lok Nayak Bhawan, New Delhi.

Dated the 4th August, 2016.

OFFICE MEMORANDUM

Subject: - Recommendation of Expenditure Management Commission (EMC) –
regarding

The Government of India had constituted EMC in September, 2014 to look into various aspects of Expenditure Reforms to be undertaken by the Government. The Committee was headed by Dr. Bimal Jalan, eminent economist and public policy experts.

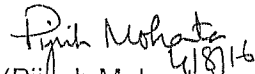
2. In this context it is noted that EMC has recommended following related to Public Procurement.

Recommendation No.79 (December 2015)

Interactions with experts from industry and representatives from various Ministries/Departments indicated that there is a direct correlation between an empowered project team and the success of the project. This is also borne out by large disparities in execution within the same system. The success stories, some of which have been highlighted above, had the benefit of dedicated and competent project teams. It is recommended that empowered project teams are put in place for all large value projects and that these teams are tasked only with project execution and not given other operational duties.

3. During the meeting with major procuring Departments, it is noted that this system of nominating empowered project teams is already in place for all large value projects.

4. All Ministries/ Departments are requested to consider and implement the EMC recommendation.


(Pijush Mohanta)

Under Secretary to Govt of India
Tele/Fax No.24621305

To,

1. Secretaries/ All Ministries & Departments.
2. Financial Advisors/ All Ministries & Departments.

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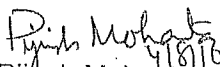
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3. In this context, it may be recalled that Department of Expenditure (DoE) in collaboration with National Institute of Financial Management (NIFM) is already conducting training programs for officers engaged in Public Procurement since January, 2015. The details of this programme has been already communicated to all Departments vide DoE O.M. No.F.26/6/2014-PPD dated 23.1.2015 and 22.12.2015. The complete cost of training including boarding/lodging is borne by DoE. Soon NIFM will also be starting to conduct these training programmes at locations other than Faridabad in collaboration with other training institutes/ organisations. Ministries/Departments are encouraged to make use of these training programs initiated by this Department. They are also requested to arrange similar programmes at their own level in their Ministries/ Departments to supplement these efforts.


(Pijush Mohanta)

Under Secretary to Govt of India
Tele/Fax No.24621305

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2. Financial Advisors/ All Ministries & Departments.

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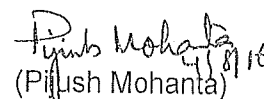
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Variation Clauses – Delays are also often witnessed during the post-contractual period when a variation is required to be exercised in the contract. It is recommended that a time schedule for critical decisions (such as approval of variations) during the post contractual period should be included in the contract document. This would impart certainty to decision making during project execution.

3. During the meeting of Department of Expenditure with major procuring Departments, it is noted that the proposed system of fixing time schedule for critical decisions such as approval of variations during post contractual period is already in place.

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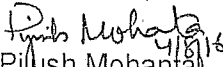
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Qualifying criteria for bidders – While defining qualification criteria for selecting bidders, experience for execution for similar works and total turnover of bidder is generally defined. However solvency/ financial capacity of the bidder and liquidity of the bidder do not generally form a part of the criteria for large projects other than PPP projects. EMC is of the view that solvency of the bidder and liquidity are important criteria to determine the capacity of the contractor, especially for large value contracts. It is recommended that the bid document for large value projects should also include the requirement of a viable financial model to explain how the contractor proposes to fund the execution of the project.

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Recommendation No.48 (September, 2015)

"Government should also consider going in for arrangements such as use of buy-back facility for standard furniture like tables, chairs, cupboards, compactors and partition cubicles. Items such as photocopiers can be taken on lease basis with payment made on per copy basis. Apart from reduction in initial cash outgo, this also obviates the need for expensive Annual Maintenance Contracts.

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4/8/16

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2. Financial Advisors/ All Ministries & Departments.