

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

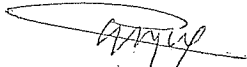
Shram Shakti Bhawan, Rafi Marg,
New Delhi, dated 09th May, 2016

OFFICE MEMORANDUM

Subject: Guidelines regarding fixing responsibility for Cost and Time Overrun in the Projects/schemes.

The undersigned is directed to forward herewith a copy of OM No O-14015/02/2015-PAMD dated 29th March, 2016 received from NITI Aayog on the subject cited above (Copy enclosed).

2. NITI Aayog has issued guidelines regarding fixing responsibility for Cost and Time Overrun in the Projects/schemes.
3. It is accordingly requested that compliance of the revised guidelines/instructions contained in the said OM may kindly be ensured.
4. 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

- 14/6/2014 (e-100)
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

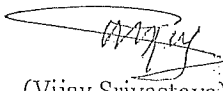
1. Chairman, Central Water Commission, Sewa Bhavan, R.K. Puram, New Delhi.
2. Mission Director, National Mission for Clean Ganga (NMCG), Rear Wing, 3rd Floor, MDSS Building 9, CGO Complex, Lodi Road, New Delhi-110003
3. Chairman, CGWB, Jamnagar House, New Delhi.
4. Director General, National Water Development 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

Copy along with enclosures also to:

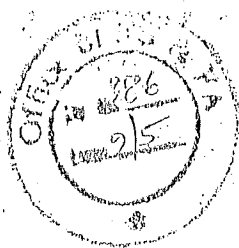
1. PS to Hon'ble Minister (WR, RD & GR)
2. PS to Hon'ble MOS (WR, RD & GR)
3. Sr. PPS to Secretary (WR, RD & GR)
4. PPS to SS (WR, RD & GR)
5. PPS to JS & FA
6. Under Secretary (E-Gov) - with request to put the orders on web-site of MOWR

ASO (ID) / Tech (Director IC)

As
10/5/16


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

As
102/US(E-Gov)



No. O-14015/02/2015-PAMD

भारत सरकार / Government of India

नीति आयोग / NITI Aayog

(Project Appraisal & Management Division)

संसद मार्ग, नई दिल्ली-110001

Dated 29th March, 2016

Office Memorandum

Subject: Guidelines regarding fixing responsibility for Cost and Time Overrun in the Projects/ Schemes.

In pursuance of decision of the CCEA meeting held on 25.6.1998 and as per directions of the CCEA, the Project Appraisal & Management Division of erstwhile Planning Commission had devised mechanism for fixing responsibility for Cost and Time Overrun in the projects /programmes and issued guidelines vide DO No. O-14-15/2/98-PAMD dated August 19, 1998 to Secretaries/Financial Advisers of all Departments/Ministries. In view of replacement of the Planning Commission by NITI Aayog with a changed mandate, it has been considered necessary to issue revised guidelines.

2. In supersession of earlier guidelines, the following mechanism for fixing responsibility of cost and time overrun has been devised:

- a) Each Ministry/Department would set up a Standing Committee to be headed by Additional Secretary or Joint Secretary and with representatives from Department of Expenditure and Ministry of Statistics and Programme Implementation to examine cost and time overrun for fixing responsibility. The Administrative Ministry /Department would act as Secretariat and would be responsible for providing documents/ information as may be required by the Committee.
- b) In case of PIB/EFC cases, Report of Standing Committee to fix the responsibility for cost and time overrun, duly signed by all members, along with action taken report on its recommendations would be appended with the RCE memo. Recommendations made by the Committee and action taken thereon by the concerned Ministry/ Department would be placed before the Cabinet/ CCEA.
- c) In case of non-PIB/EFC cases in respect of projects costing above Rs. 1000 crore, the recommendations made by the Standing Committee and action taken thereon would be submitted by the Ministry/Department directly to the Cabinet/ CCEA.
- d) The background note circulated for the Standing Committee should, inter-alia, include (i) a comprehensive and self-explanatory note on the reasons for cost and time overrun, (ii) a detailed chronology of events, starting from the date of approval, and (iii) the dully filed in check list (appended with guidelines).

3. The above mechanism for fixation of responsibility would be applicable to all revised cost estimate proposals being posed to the Cabinet/ CCEA (presently >Rs. 1000 crore).

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Where Administrative Ministries/Departments are competent to sanction increase in expenditure within the delegated powers, it would be for them to fix the responsibility for cost and time overruns.

5. It is requested that Ministry/ Department may set up the Standing Committee as mentioned above and ensure that revised cost estimate proposals, which require fixing responsibility, are brought before the Standing Committee invariably.

6. This issues with approval of competent authority.

Praveen Mahto

(Praveen Mahto)

Adviser (PAMD)

Tel: 23096538

Encl.: As above

Secretaries/Financial Advisers
All Ministries / Departments

Copy to:

1. Cabinet Secretariat, Rashtrapati Bhavan, New Delhi.
2. Joint Secretary (PF-II) Department of Expenditure, North Block, New Delhi.
3. PS to VCH/ Member (BD)/ Member (VKS)/Member (RC)/ CEO, NITI Aayog

**CHECK LIST FOR DETERMINING THE RESOPNSIBILITY
FOR TIME AND COST OVER-RUNS.**

(OM No.O-14015/02/2015-PAMD dt. 29th March, 2016)

A-ADMINISTRATIVE AND PROCEDURAL DELAYS

Failures	Agency/person responsible
Sanction letter > Delayed issue > Not defining PTC, cost, accountability etc. > Others (Specify)	> > >
Processing of RCE:- > Delay in submission > Delay in Pre-PIB meeting > Delay in circulation > Delay in appraisal > Delay in PIB/EFC meeting > Others (Specify)	> > > > > >

B - LAND ACQUISITION

Failures	Agency/person responsible
Assessment of requirement/suitability > Not assessed > Area of land not indicated > Site location not surveyed > Inspection/soil testing not done > Inspection/testing not professional > Others (Specify)	> > > > > >
Acquisition process: > Advance action not taken > Action taken not no possession > Possession not on time > Possessed but with encroachment > Forest land clearance not obtained > Rehabilitation of displaced not done > Others (Specify)	> > > > > > >

C - FUND CONSTRAINTS

Failures	Agency/person responsible
General > Requirement not properly assessed > Sanctioned without adequate funds > Late request for release > Delayed release of funds > Additional projects taken up affecting fund availability for this project > Other (Specify)	> > > > > >
Foreign loan/grant > Not tied up on time > Tied up but delay at DEA > Alternative funding not identified	> > >

➤ Others (Specify)	➤
Internal Resources	
➤ Inadequately assessed	➤
➤ New projects taken up affecting funding of the project	➤
➤ Others (Specify)	➤
Domestic borrowing	
➤ Over-estimation of ability to borrow	➤
➤ Advance action not taken	➤
➤ Others (Specify)	➤
Matching resources from States etc.	
➤ Due consent of contributors not obtained	➤
➤ Funds not released on time	➤
➤ Released but partly	➤
➤ Others (Specify)	➤

D - TECHNICAL/DESIGN PROBLEMS

Failures	Agency/person responsible
Faulty Technical Parameters	
➤ 1 st stage clearance required but not obtained	➤
➤ Poor quality of DFR	➤
➤ Short-listing of Consultants not done	➤
➤ Alternatives not adequately defined	➤
➤ Lay out Plans/designs not got approved from Competent authorities	➤
➤ Others (Specify)	➤
Change in Scope/Quantity/Technology	
➤ Inadequacy of investigations/surveys	➤
➤ Change in size/scale	➤
➤ Additions foreseeable but not foreseen	➤
➤ Additions not foreseeable (new regulations environmental etc.)	➤
➤ Under-estimation	➤
➤ Wrong choice of technology	➤
➤ Non identification of alternative technologies in advance	➤
➤ Non identification of suitable vendors	➤
➤ Others (Specify)	➤
State of preparedness of the PSU/Project Authority	
➤ Project team not appointed on time	➤
➤ Statutory clearance not obtained in advance	➤
➤ Lay-out plans/design not prepared on time	➤
➤ Basic engineering not done on time	➤
➤ Delay in technical clearance	➤
➤ Others (Specify)	➤

E - TENDERING/CONTRACTING

Failures	Agency/person responsible
Advance action	
➤ Size/specifications etc. not finalized	➤
➤ Contractors/suppliers not identified	➤

<ul style="list-style-type: none"> ➤ Contract terms not formulated properly ➤ Job packages unprofessionally made ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤
Time schedule for tendering <ul style="list-style-type: none"> ➤ Not drawn up ➤ Delay: preparation of tender documents ➤ Delay in issuing tender notice ➤ Delay in opening and evaluation of tenders ➤ Delay in awarding the contract ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤ ➤
Ineffectiveness of contractual clauses: <ul style="list-style-type: none"> ➤ Liquidity Damages Clause not included ➤ Liquidity Damages Clause not invoked ➤ Liquidity Damage Clause not adequate ➤ Poor performance of the contractor ➤ Contractors' failure due to missing Linkages ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤ ➤

F – IMPLEMENTATION PLAN AND MONITORING MECHANISM

Failures	Agency/person responsible
Commissioning Schedule: <ul style="list-style-type: none"> ➤ Commissioning schedule not realistic ➤ Sequencing and scheduling of activities not professional ➤ No Bar Chart/PERT diagram prepared ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤
Implementation Plan: <ul style="list-style-type: none"> ➤ Key personnel not placed on time ➤ Delay in finalization of modalities for execution ➤ Linkages not properly assessed ➤ Risk/uncertainties not identified ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤
Monitoring Mechanism at Project Level <ul style="list-style-type: none"> ➤ Nodal Officer (Chief Executive) for the project not designated ➤ Periodical review was not done ➤ Progress reviewed but no corrective Actions taken ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤
Monitoring Mechanism at Ministry level <ul style="list-style-type: none"> ➤ Not set-up ➤ Progress not monitored periodically ➤ Progress reviewed but no action taken ➤ Problems not brought before EC/QPR ➤ Brought before EC/QPR but not resolved ➤ Others (Specify) 	<ul style="list-style-type: none"> ➤ ➤ ➤ ➤ ➤ ➤
