

No.30-2(67)/2015-IFD

09 February 2015

OFFICE MEMORANDUM

Sub: Project Cost Estimates and mid-term review of cost estimates.

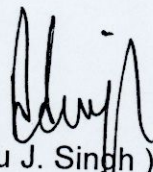
In order to streamline and standardize the work processes and to ensure that decision making is process driven so as to bring about absolute objectivity and transparency in the system, proposal complete in all respect with adequate justification should be formulated in line with the following principles:

- (i) Laboratories/Institutes should take due care and ensure that the formulation of the project has been done after due diligence with regard to its objectives, specifications, execution strategy, resources and pros and cons of the proposal as well as the output/outcome of the project work proposed to be undertaken in clear and measureable form.
- (ii) The proposal should be supported by a suitable Detailed Project Report (DPR) containing adequate justification, specification, execution strategy, cost benefit analysis, preliminary/detailed estimates based on appropriate standard market cost factors and correctly estimated BOQ, drawing/designs, availability of land/space, as may be required, free from all encumbrances, environment impact assessment, other related reports as may be applicable in the case of the proposed work/project.
- (iii) Timeline to execute the project with its completion date should be indicated after critical and careful consideration. Benefits of its early completion and consequences on delayed completion of the project should also be brought out distinctly in the proposal.
- (iv) The proposal should also spell out a system of project monitoring for the project with appropriate periodicity and timely review to take care of any mid-course corrections that may be required.

2. Finance Division of CSIR has been receiving proposals for re-appropriation and revision of cost estimates (RCE) in respect of various works/projects. Files get delayed for want of appropriate justification in support of the proposed deviations. These proposals are difficult to be supported from the financial angle if they are not in sync with original proposals in terms of project goals, strategies and specifications. Therefore, proposal for re-appropriation and RCE should be supported with reasons for inclusions and exclusions, variations and delays with reference to the original proposals approved. The RCE must explain the changed circumstances resulting into variations.

3. As the projects/schemes undertaken by CSIR during current five year plan are in the mid way of implementation, kind attention is drawn to the instructions of Ministry of Finance which mandate review of the progress of projects and cost estimates whether they require any mid-course correction, modification, revision or otherwise.

Adherence to basic principles would certainly help smooth clearance of proposals during the process of appraisal and approval, minimize deviations during the execution of the work/project and would avoid audit criticism.


(Anu J. Singh)
Financial Adviser

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