

No. 7/2/2004-DBA-I  
Government of India  
Ministry of Commerce and Industry  
Department of Industrial Policy and Promotion  
(DBA-I Section)

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Udyog Bhawan, New Delhi  
Dated 27<sup>TH</sup> Dec., 2004

**OFFICE MEMORANDUM**

Subject: Meeting to review the progress achieved in the projects for upgradation of infrastructure under Industrial Infrastructure Upgradation Scheme of Department of Industrial Policy & Promotion under the Chairmanship of AS & FA on 9.12.2004

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The undersigned is directed to refer to the subject mentioned above and to forward herewith the approved minutes of the aforesaid meeting.



(S.K. Nayyar)  
Under Secretary to the Govt. of India  
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**MINUTES OF THE MEETING HELD UNDER THE CHAIRMANSHIP OF SHRI NARESH CHATURVEDI, AS&FA TO REVIEW THE PROGRESS OF THE IMPLEMENTATION OF THE PROJECTS SANCTIONED FOR THE DEVELOPMENT OF THE INDUSTRIAL CLUSTERS UNDER INDUSTRIAL INFRASTRUCTURE UPGRADATION SCHEME ON 9.12.2004.**

A meeting was held under the Chairmanship of Shri Naresh Chaturvedi, AS&FA on 9.12.2004 to review the progress of implementation of the projects approved under the Industrial Infrastructure Upgradation Scheme.

A list of participants is enclosed.

Welcoming the participants, JS(SJ) clarified that basic aim of the meeting was to find out whether all the SPVs have got themselves registered and have fulfilled the other procedural formalities for becoming entitled for receiving the grant already sanctioned or to be sanctioned in their favour and to enquire from them whether they are having any clarifications on any of the provisions of the guidelines before implementation of the projects. He informed the participants on the reason why the Government had decided to have two of its representatives on the Board of Directors of SPVs instead of one representative proposed earlier. He stated that this would give leverage to the SPVs for management of the financial matters in a better way and to implement the project smoothly. One of the representatives of the Government would be from Technical side and would assist the SPVs in

implementing the technology related components of the project. Moreover, this would also ensure attendance of at least one representative of the Government in all important meetings of the SPVs. He, further, added that the presence of one of the Government's representative will be necessary in all such meetings where financial proposals were to be discussed and finalized before incurring of any expenditure. Further, in view of the references already received from the SPVs/State Governments on the implementation of the scheme, he suggested following measures for facilitating smooth implementation of the projects sanctioned under the Scheme:-

- i) Since the basic and primary pre-requisite for release of funds was to have a registered SPV in place before the implementation of the Projects starts, all the participants were advised to get their SPVs registered.
- ii) As a next step in all those cases where the SPVs had been registered, they should submit pre-receipt and bond for claiming the amount of grant.
- iii) A full time qualified professional should be appointed for overseeing the implementation of project and may be designated by any name. The expenditure on such administrative establishment may be booked under 2% of total project cost estimated for administrative expenses.

- iv) There should be proper mechanism for keeping account of expenditure as periodical reports will have to be sent to this Department and the expenditure will also be got audited by the Office of the CAG or by any other independent agency. SPVs will, however, have the discretion to utilize the services of either full time Accountant or part time Accountant for maintenance of the accounts or could also get it done through outside sources.
  
- v) Before incurring expenditure on any component of the scheme detailed estimates of expenditure will have to be got approved from the Board of Directors of the SPVs. While according its approval to the detailed estimates, Board of Directors of the SPVs will ensure that the cost estimates for roads and construction ;of building are as per Schedule of Rates (SOR) of the State Government and in such cases where SOR of State Governments are not available then these are as per SOR of the Central Government. For all other components of the project the cost estimates should be as approved by the DIPP or any other agency designated by it.
  
- vi) The approval of the State Government shall have to be obtained either at the level of Secretary (Industries) or Commissioner of Industries. In case approval is also required from DIPP, then the approval by this Department shall be given after examining the estimates by a Multi-Disciplinary Committee to be constituted for the purpose. He assured the participants that

such an approval from this Department shall be made available within 15 days in case there are no points requiring clarification from SPVs. In case, there are certain points requiring clarification from SPV, an integrated reference will be made by DIPP.

- vii) In such cases where the SOR of the State Governments/Central Government are not available, all procurement of goods, equipments and services shall be made through a transparent and competitive procurement process as per the State Government/Central Government norms.
- viii) While implementing components of the schemes which have any bearing upon the environment, it will be necessary that the SPVs also seek clearance either from the Ministry of Environment and Forests or from respective State Pollution Control Board.
- ix) There shall be transparency in the incurring of expenditure by the SPVs and information about obtaining tenders and awarding contracts for various works will have to be made available on the website of the SPV. The SPVs shall, therefore, as a first step, create their own website.

Some of the representatives of the SPVs pointed out that creation of website, giving advertisement in the newspaper for awarding contracts, appointment of full-fledged functionaries for overseeing the project,

maintenance of office of SPVs, procurement of vehicles and TA, DA to be paid to the staff for attending meetings of the SPVs will entail a lot of expenditure and it may not be possible to meet it out of the 3% funds earmarked for 'Administrative Expenses' under the scheme. JS(SJ) intervened to clarify that not the entire 3% funds under the head Administrative Expenses are meant for SPVs, but at least 1% of these funds had to be retained by this department i.e. DIPP for pre-appraisal of these projects and for getting these evaluated by an independent agency. As such only 2% of these funds shall be available for incurring expenditure by SPVs. However, he stated that it was expected of the SPVs to have their own infrastructure and to meet additional expenditure on most of the items referred to above from their own funds. The items of expenditure mentioned above are, however, only illustrative in nature and SPVs could take decision to incur similar types of expenditure out of allocation meant for administrative expenses. However, any shortfall will have to be met with by them from their own sources or from members' contribution.

After consideration of the general aspects explained above, progress with regard to implementation of each project sanctioned under the scheme was taken up. It was observed that not much progress had been made in the implementation of these projects so far and in some cases even the basic requirement of forming SPVs was not completed and in respect of others, required documents for claiming financial assistance were yet to be submitted.

AS&FA expressed his concern on the slow progress of implementation and advised the representatives of the SPVs for early

completion of the pre-requisite formalities for availing release of fund. Further, in his concluding remarks, he stated that given the budgetary constraints the release of funds would be entirely based on capacity and preparedness of the SPVs to implement the project and on fulfillment of the prescribed requirements. Priority for release of funds would be entirely governed by the principle first come first served basis.

The meeting ended with a vote of thanks of the Chair.

# LIST OF PARTICIPANTS

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