

Constitution of Public Investment Board (PIB)

C. ORDER BY THE GOVERNMENT OF ASSAM NOTIFICATION

No. PE.48/76 Dated Dispur the 2nd September, 1977

The Government of Assam is pleased to constitute a Public Investment Board with the following members:

1. Chief Secretary to the Government of Assam Chairman
2. Financial Commissioner, Assam Member
3. Planning and Development Commissioner, Assam Member
4. Secretary, Industries Department Member
5. Secretary, Public Enterprises Department Member

1. The Commissioner/Secretary of the Administrative Department concerned with the investment proposal under consideration of the Board will be invited and co-opted as a member of the Board for the particular meeting.
2. All proposal for Public investment in Public Sector Enterprises in the State involving a total amount of Rs.25 lakhs or more, each, shall be referred to this Board by the administrative department concerned for facilitating investment decisions.
3. The Board will examine the broad contours of the investment proposals for the projects or schemes of the different public enterprises for production of goods and services and make recommendations for Government decision on investment.
4. The Secretary of administrative department concerned will, after consideration of the projects or schemes for investment of Rs. 25 lakhs or more by a Public Enterprises under his department prepare an appraisal report and circulate it to the members of the Board along with a copy of the project report or scheme, The appraisal report of the administrative department should cover the following aspects:
 - i. The contribution of the project or scheme to the economic and social objectives and policies laid down by the Government.
 - ii. The desirability of undertaking the project by the Public Sector Enterprise concerned and the mode of management proposed;
 - iii. The scheme for funding, including availability of plan fund and institutional finance and eligibility for subsidy and rebates etc; the anticipated cash flow for the project for a reasonable period should also be indicated;
 - iv. The economics of the proposed plant capacity of targeted output and the phasing of the total investment involved in the light of the market demand and supply and availability of raw materials, etc. The break-even point of the project and the time required to achieve it should also be indicated;
 - v. Technological and constructional bottlenecks apprehended which have to be sorted out for completing the project within target date;

- vi. Crucial assumptions involved in the formulation of the project which may affect the performance or commissioning of the project as scheduled;
 - vii. The anticipated economic benefits of the projects
5. The Member Secretary will arrange for the periodic meetings of the Board as and when necessary. The recommendations of the Board on the proposal will be recorded and submitted for consideration of the Government before investment decisions are taken.

This modifies the Notification No. MI 202/75/1, dated 21st August, 1976

Sd/-K.D.N.
Chief Secretary to the Govt. of Assam

Singh.

**D. ORDER BY THE GOVERNOR OF ASSAM
NOTIFICATION
No.PE.48/76/10 Dated Dispur the 27th January,1978**

In partial modification of this Department's Notification No.PE.48/76 dated 2nd September,1976, the Governor of Assam is pleased to include the Hills Development Commissioner, Assam as a member of the Public Investment Board with immediate effect.

Sd/-A.BHATTACHARYA

Secretary to the Government of Assam

Department of Public enterprises

**E. GOVERNMENT OF ASSAM
DEPARTMENT OF PUBLIC ENTERPRISES
NOTIFICATION
No.PE43/88/155 Dated Dispur the 23rd June,1989**

Sub: Procedures for obtaining Public Investment Board approval.

After carefully reviewing the existing procedures for preparation and approval of investment projects of Public Enterprises by the Public Investment Board, Government consider that in the interest of speedier disposal of cases and proper appraisal of investment proposals, the existing arrangements need to be modified and the duties and responsibilities of the concerned Administrative departments, the Department of Public Enterprises and the Public Investment Board reviewed and clarified. With these objectives in mind, it has been decided to adopt the following procedures:

A. FOR SETTING-UP A NEW PUBLIC ENTERPRISE EITHER AS A COMPLETELY INDEPENDENT ENTERPRISE OR AS A SUBSIDIARY OF AN EXISTING HOLDING BODY

1. Secretary of the concerned Administrative Department is to prepare a self-contained preliminary report covering the following:
 - i. The economic and social benefits that would accrue and the extent

- to which State Government objectives would be fulfilled
- ii. The desirability of having an enterprise in the Public sector to provide the stated benefits in physical and financial terms and why the existing arrangements and other possible alternatives are insufficient for their provision and how the proposed alternative will improve the situation
 - iii. Likely sources of funds for the establishment of the enterprise, amount of institutional finance expected on preliminary negotiation
 - iv. Arrangements for management of the enterprise, the availability of skilled manpower, steps proposed to train manpower in required skill
 - v. The possibility of utilization of the existing manpower, equipment etc. of the existing organization in the proposed P.E. keeping in view the need for implementation of a new work-culture
2. The secretary Administrative Department is then to move Secretary, Public Enterprises Department who will place it before the Screening Committee consisting of the Planning & Development Commission/Development Commissioner for Hill Areas, Financial Commissioner, Secretary Public Enterprises Department and Secretary of the Administrative Departments concerned. The Screening Committee will broadly decide in principle on the necessity and advisability of setting up of the new Public Enterprises and proposals not approved by the Screening Committee should not be considered by the P & D and Finance department
 3. In case the proposal is approved by the Screening Committee, then Feasibility Report is to be prepared by the Secretary of the Administrative Department on the basis of the approval given by the Screening Committee. If experts are to be engaged for the preparation of the Feasibility Report for which payment of fund is to be sanctioned, Planning and Development/ Finance Department is to be moved by the Public Enterprises Department on behalf of the Administrative Department for sanction of this payment quoting the approval of the screening Committee on their main proposal. The Feasibility Report should cover the following matters:-
 - i. A general project appraisal involving anticipated cash-flows, costs and estimates of profitability for at least first ten years from commissioning of the projects, availability of human and non-human inputs, gestation period; time phasing of total investment
 - ii. Suitability of the technology proposed to incorporated
 - iii. Details of sources and availability of funds for establishment of the P.E
 - iv. Bottlenecks if any anticipated, and the manner in which these can be overcome with proper coordination with other agencies or bodies etc.
 - v. The major assumptions involved in the formulation of the project which could affect the performance on commissioning of the project
 - vi. Application of PERT/CPM techniques in project implementation. (In case of major investments in terms of both share capital and loan exceeding Rs. 5.00 Crores).

4. The Secretary of the Administrative Department is to submit the Feasibility Report of the Investment Proposal to the Secretary, Public Enterprises Department for placing the matter before the Public Investment Board (PIB). In case the Feasibility Report has been prepared by an external agency, the Secretary of the Administrative Department is to attach Appraisal Note of the Administrative Department on the Feasibility Report.
5. The Secretary, Public Enterprises Department will place before the PIB the Feasibility Report for the investment proposal (and the Appraisal Note, if any as stated above of the Administrative Department) and also the Appraisal Note of the Public Enterprises Department for consideration and decision
6. If any proposal is rejected by the PIB, the Finance Department need not be moved nor any further executive action need be taken by the Administrative Department for the setting up of this Public Enterprises as per their proposal
7. In case the proposal is approved by the PIB, the Secretary of the Administrative Department is to prepare a Draft Cabinet Memorandum and move to the P&D /Finance Department for their formal views to the setting up of the proposed Public Enterprises. It is expected that normally the view of the P&D /Finance Department which had been involved in the PIB taking the decision of approval, will follow the decision of the PIB
8. The Cabinet Memorandum is to be placed before the Cabinet for considering the proposal for setting up of the proposed Public Enterprises
9. After Cabinet approval has been obtained to the proposal on the setting up of the proposed Public Enterprises, the Secretary of the Administrative Department is to prepare Draft Memorandum and Articles of Association in respect of the proposed Public Enterprises and submit the same to the Secretary, Public Enterprises Department for vetting the same. The Secretary, Public Enterprises Department will consult the Secretary, Legislative Department and also if necessary, the Secretary, Judicial Department and send back the vetted draft on the Memorandum and Articles of Association to the Secretary of the concerned Administrative Department. Without the formal Cabinet approval as stated above, no policy pronouncement is to be made on the setting up of a new Public Enterprises.
10. The Secretary of the Administrative Department will then take further necessary action for the registration of the new Public Enterprises as per the Memorandum and Articles of the Association
11. Within the frame work of the approved Feasibility Report, Detailed Project Report (DPR) in case of a Public Enterprises involving investment of Rs.5.00 Crores or more should be prepared by an expert agency. For smaller investment, it is left to the Administrative Department to decide whether a DPR may be prepared by an expert agency or whether do it themselves.
12. The Secretary of Public Enterprises Department is to be kept informed by the Secretary, Administrative Department about the six monthly progress of the implementation of the Project. The Secretary of the Administrative Department will monitor the progress of implementation the project.

B. IN CASE OF INVESTMENT DECISIONS UNDER AN EXISTING PUBLIC ENTERPRISE

1. If respect of an existing Public Enterprise, the total investment in terms of

- both share capital and loan is below Rs. 15 lakhs, there is no need for the Secretary of the Administrative Department to consult Public Enterprises Department. They may, however, have to consult the Planning and Development Commissioner/Development Commissioner for Hill Areas and Finance Department, if as per the existing instructions and delegation of power, such consultation is necessary and with their concurrence, go ahead with the investment.
2. If respect of existings Public Enterprises the investment in terms of both share capital and loan, exceeds Rs.15 lakhs but is less than Rs. 50 lakhs the Secretary of the Administrative Department must prepare a Feasibility Report incorporating the same points (i) to (vi) as mentioned in para 2.3 above relating to new Public Enterprises.
 3. The Secretary of the Administrative Department is to submit the Feasibility Report with a note highlighting the points mentioned above to the Secretary, Public Enterprises Department for placing it before the Screening Committee, constituted as in para 2.2. above. In case the proposal is approved by the Screening Committee, the proposal as per its approval is to be submitted by the Secretary of the Public Enterprises Department to the Planning and Development/Finance Department on behalf of the Administrative Department for formal concurrence. It is expected that the P&D /Finance Department will be guided by the decision of the Screening Committee on the proposal. On receipt of the approval of Finance Department, the Administrative Department will issue sanction on the investment proposal and take further necessary action
 4. If respect of an existing Public Enterprise the investment in terms of both share capital and loan exceeds Rs. 50 lakhs, the Secretary of the Administrative Department is to prepare a preliminary report incorporating the points (i) to (iv) mentioned in para 2.1. with the phrase "the Project" substituted instead of the phrase "the enterprise"
 5. The Secretary of the Administrative Department is to submit the Project Report to the Secretary of the Public Enterprises Department for placing it before the Screening Committee. In case the proposal is approved by the Screening Committee, the Secretary of the Administrative Department will prepare as per the approval of the Screening Committee, a Feasibility Report or get it prepared by outside expert agency and submit the same to the Secretary, Public Enterprises Department. If, for engaging the outside expert agency, an expenditure is to be sanctioned, the Secretary of the Public Enterprises Department on behalf of the Administrative department is to move P&D /Finance Department for the concurrence to this expenditure, by quoting the approval of the Screening Committee to their main proposal. The Feasibility Report should cover the point (i) to (vi) of para 2.3 above.
 6. Thereafter all the steps required for placing the matter before the PIB mentioned for new PEs at para 2.4. to 2.6. above will be followed. Cabinet approval will be necessary only in case of investment involving over Rs.5 crores.
 7. Secretary Public Enterprises on behalf of the Administrative Department will obtain necessary clearance from P&D/Finance Department once the PIB has approved the project
 8. A D.P.R. must be prepared for projects above Rs.5 crores
 9. Monitoring procedures mentioned for new PEs in para 2.12 must be

followed also in these case in project execution.

C. REVIEW OF COST OVER RUN IN THE IMPLEMENTATION OF AN APPROVED PROJECT

1. For every investment decision, which had been approved by the PIB, if the implementation of the project involves cost overrun by more than 10% of the originally approved estimate or it involves time overrun by more than one year over the originally approved time schedule, then the Secretary of the concerned Administrative Department will submit the matter with a detailed analysis of the factors of the over run and move the Secretary, Public Enterprises Department with the views of the Administrative Department for approval of the Public Investment Board (PIB) to the cost overrun or time overrun or both, as the case may be. As soon as the Secretary of the Administrative Department apprehends that the cost overrun or time over run of an approved project is likely to exceed these limits, he will himself review the matter and move immediately the Secretary of the Public Enterprises Department without waiting for these limits to be exceeded
2. On receipt of the same from the Administrative Department, the Secretary, Public Enterprises Department will prepare its Appraisal Note on the matter and place the whole matter along with their Appraisal note before the PIB for consideration and decision. The decision of the PIB which will be intimated by the Secretary of the Public Enterprises Department to the Administrative department and necessary follow up actions are to be taken by the Secretary of the Administrative department regarding the cost overrun and time overrun.
3. If the over runs involve any sanction of fund from the State Government budget, then in addition to obtaining the approval of the PIB to the same as stated above, Secretary of the Administrative Department is also to obtain the concurrence of the P&D/Finance Department to the same. It is expected that the P&D /Finance Department, which had been involved in the decision of the PIB in approving the over runs, will be following the decision of the PIB. On receipt of this concurrence of the Finance department, the Secretary of the Administrative Department will take follow up actions on the approved time overrun or cost overrun or both, as the case may be.
4. In case of cost overrun of more than 20% of the project cost, and time overrun of 2 years of approved gestation period, approval of the Cabinet will have to be obtained by the administrative Department after clearance from the PIB. A fresh Project Report will be prepared in such cases if the original project cost exceeded R.10.00 crores

D. PROPOSAL FOR AUGMENTATION OF AUTHORISED SHARE CAPITAL LIMIT AND GOVERNMENT GURANTEE FOR LOAN TO BE TAKEN FROM FINANCIAL INSTITUTION FOR SANCTIONED SCHEME PROJECT.

1. Any proposal under an existing Public Enterprises for-
 - a. Augmentation of authorized share capital limit
 - b. Providing State Government guarantee for loan to be taken from a financial institution for sanctioned scheme/project is to be submitted by the Secretary of the Administrative Department to the secretary of the P.E Department with a self containing note seeking the approval of the Screening Committee, consisting of the Planning and Development Commissioner/Development Commissioner for Hill Areas, Financial Commissioner, Secretary Public Enterprises Department and Secretary of the

Administrative department

2. In case the proposal is approved by the Screening Committee, the Secretary of the P.E. department on behalf of the Administrative Department is to move the P&D/Finance Department for their formal views on the proposal. It is expected that normally the views of the P&D/Finance department which had been involved in the Screening Committee taking the decision of approval will be guided by the decision of the Screening Committee
3. The Secretary of the Administrative Department will then move the Cabinet for approval of the same with a Cabinet Memorandum, based on the proposal approved by the Screening Committee and incorporating the views of the Finance/P&D Department. On receipt of the approval of the Cabinet to the proposal, the Secretary of the Administrative Department will issue the Govt. sanction to the augmentation of authorized share capital limit or provide the State Government guarantee for loan to be taken from a financial institution for a sanctioned scheme/project

These instructions modify para 3-5 of the Government Notification No.PE.48/76 dated 2nd september,1977

Sd/-

Chief Secretary to the Govt. of Assam Dispur

Memo No.PE 43/88/155-A Dated Dispur the 23rd June, 1989

Copy for information to:

1. P.S to the Chief Minister/other Ministers
2. All Commissioners/Spl. Secretaries/ Secretaries
3. All Directorates
4. All Chairman & Chief Executive Officer of P.E.s
5. Secretary to the Committee on Public Undertakings, Assam Legislative Assembly
6. Supdt. Government Press for publication in the Gazette
7. Guard file

By order etc.

Sd/-

Secretary to the Govt. of Assam

P.E. Department

GOVERNMENT OF ASOM
DEPARTMENT OF PUBLIC ENTERPRISES
DISPUR : GUWAHATI - 781 006

No. PE.60/2005/5 Dated Dispur the 2nd April 2005

From:

Shri P.K.Nath ACS
Deputy Secretary to the Government of Asom

To:

The Deputy Secretary to the Government of Asom
..... Department

Sub : CLEARANCE OF SCREENING COMMITTEE / PIB

Sir,

I am directed to say that as per the existing Rules laid down in No. PE.43/88/155 Dated 23-06-1989, any Government investment in the undertakings falling under Co-operative sector is not subjected to any scrutiny. This has resulted in huge investment in Government money in the Co-operative Sector Undertakings without ascertaining the possibility of returns on such investments.

In view of above, I am to request you to kindly issue necessary direction to all concerned to the effect that all State undertakings whether under Co-operative sector or otherwise in the matter of investment above Rs.15 Lakh shall require clearance in the Screening Committee/PIB etc. before it is sent to Finance Department for sanction.

Yours faithfully,
Sd/- P.K.Nath

02-04-2005

Deputy Secretary to the Government of Asom
Public Enterprises Department

Memo No. PE.60/2005/5 -A

Dated Dispur the 2nd April 2005

Copy to:

1. The Under Secretary to the Government of Asom, Finance (EA) Department
for information with reference to their letter no. FEC(I)43/2004/8 Dated 21-03-2005.

By Order etc.,
Sd/- P.K.Nath

02-04-2005

Deputy Secretary to the Government of Asom
Public Enterprises Department

GOVERNMENT OF ASOM
FINANCE (EC-I) DEPARTMENT

No. FEC.(I)43/2004/8

Dated Dispur the 21st March 2005

From:

Shri Vijayendra IAS
Secretary to the Government of Asom
Finance Department

To:

The Commissioner & Secretary to the Government of Asom
Public Enterprises Department, Dispur

Sub : CLEARANCE OF PIB IN RESPECT OF INVESTMENT IN STATE
UNDERTAKINGS

Sir,

I am directed to say that under existing Rules laid down in No. PE.43/88/155 Dated 23-06-1989, any investment above Rs.15 Lakh (Rupees fifteen lakh) in State Govt. PSUs require clearance from Screening Committee/PIB. However, it is observed that Govt. investment in the undertakings falling under Co-operative sector is not subjected to any scrutiny. As a result, huge amount of money is being invested in these Undertakings without ascertaining the possibility of returns on such investments.

In view of above, I am therefore to request you to kindly issue necessary direction to all concerned to the effect that all State undertakings whether under Co-operative sector or otherwise in the matter of investment above Rs.15.00 Lakh shall require clearance in the Screening Committee/PIB etc. before it is sent to Finance Department for sanction.

Yours faithfully,
Sd/- Vijayendra
Secretary to the Government of Asom
Finance Department