

**GOVERNMENT OF PUDUCHERRY  
CHIEF SECRETARIAT  
FINANCE DEPARTMENT  
(WAYS & MEANS)**

No.18-3/FD (W&M)/2021-22

Puducherry, the 18.04.2022

**ORDER**

**Sub: Procedure for availing of Negotiated loan (NLs) from NABARD, SIDBI, HUDCO, PFC, REC, etc., and for External Aided Projects (EAPs) through WB, ADB, AFD, etc.**

1. It has been brought to the notice of the Finance Department (Ways & Means) that the current procedure for availing NL/ EAP financing for project implementation entails the Departments seeking clearance from multiple levels (Planning & Research Department for the feasibility of the project, Budget Section for the funds' availability and the FD(W&M)'s clearance) before submitting a request for the Administrative Approval (A/A) from the Hon'ble Lieutenant Governor. The project is then sent to the concerned Financial Institutions (FIs) for acceptance before it is resubmitted to the HLG again for the Expenditure Sanction (E/S). The invitation of bids follows this. This process involves back and forth movement of the file and takes six months to one year before the project implementation can commence. Often the fund flow gets stalled mid-way during construction/ implementation. This leads to the delayed realization of benefits, cost over-runs, and arbitration disputes, wherein the Department often ends up on the losing side. Hence, there is a need to streamline the procedure for availing of NL/EAP.

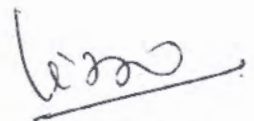
- (i) The Department, before processing the project for availing NL, shall undertake the following steps, wherever required/applicable:
- (a) Prepare a Project Feasibility Report (from a Consultant in complex/sensitive projects such as Irrigation, Bridges, etc., and in-house for routine projects).
  - (b) Prepare a Detailed Project Report (DPR) (from a Consultant, or internally depending on the complexity of the project), in keeping with the norms of the concerned FI.
  - (c) Seek Environmental Clearance from Centre/ UT Government.
  - (d) Seek Puducherry Planning Authority approval for building construction projects.
  - (e) Undertake land acquisition to the extent possible (normally at least 80-90%).
  - (f) Acquire Inter-State approvals.
  - (g) Build Public consensus, if any, objections anticipated, such as for sewerage projects.
  - (h) Assess the need for appointing a competent Project Management Consulted to oversee the end-to-end project completion, including DPR preparation, drafting the tender documents, monitoring the project completion, and overseeing the maintenance phase, if the same is contemplated in the Scope of work.
- (ii) The Department shall prioritize the project under NABARD/ SIDBI funding (SIDBI financing is on the same terms and conditions as those of NABARD) if either of them is willing to finance the project under the RIDF window. Only thereafter, other Financial Institutions (FI), such as HUDCO, PFC, REC, EAP (WB, ADB, AIIB, NDB, JICA, KfW, AFD, etc.) may be approached, to fully understand their terms and conditions of financing.



- (iii) The Departments may, at their level, initiate informal discussion, based on the DPR, with domestic FIs, or they could do so with the support of FD(W&M). However, for EAPs, FD(W&M) shall be mandatorily involved in any discussions since multiple issues, such as choice of currency, tenor of loan, fixed/floating rate options, exchange rate impacts, other terms and conditions, including Technical Assistance and safeguards (standards on environmental, labour, extensive public consultations, etc.), etc. are involved and these could impact the financial viability of the project significantly. The communication with the Department of Economic Affairs, Ministry of Finance, Government of India shall be handled exclusively at the level of the Finance Department, based on a holistic evaluation of all terms and conditions of the loan.
  - (iv) After informal discussions as per (iii) above, the Department shall seek formal in-principle approval of the FI/ EAP partner, by forwarding the DPR to them through FD(W&M) (all documents in (i) above will need to be submitted). The expected start and completion dates would also be mentioned. The approval from the Standing Finance Committee shall be obtained before forwarding the proposal to FI/ EAP partner in cases where the project cost exceeds ₹25 crores.
  - (v) On formal in-principle approval as per (iv) above, the concerned Administrative Secretariat shall at its level submit the proposal, to HLG for seeking A/A and E/S simultaneously. Revised E/S will however be needed if the project cost rises beyond the 10% permitted by the CPWD manual.
  - (vi) After informal in-principle acceptance of the proposal by the financing partner, the Department would float a tender, in parallel to remain ready for project implementation. However, the Work Order shall be issued by Department only after formal A/A and E/S have been obtained and the FD thereafter confirms the funds' availability.
  - (vii) After obtaining the A/A and E/S from the HLG, a copy of the Order shall be forwarded to the FI through FD(W&M), for issuance of detailed sanction letter. Subsequently, based on the Finance Department's indication of funds availability, the work order would be immediately issued by the Department, and expenditure booking may commence.
2. After the issue of the work order, the Departments would approach FI/EAP partner, through FD(W&M) for the release of funds. The Department shall also request for availing mobilization advance from the FI/ EAP partner, if contemplated in the tender document. To minimize the interest burden on the Government, fund disbursal shall be sought just at the right time. The disbursed amount shall be utilized within five working days of its receipt (hence further funds can be claimed only when the bills are due for payment).
  3. The FD(W&M) would endeavour to ensure that there is minimal delay in fund release from the FI/EAP partner and the fund availability to the project (in Vote of Account/BE/RE) continues unhindered, once the project's implementation has commenced.
  4. For the release of State's share, the administrative Department shall directly address the DAT, on submission of the BEAMS Authorisation Slip.

5. At each stage of seeking funds through FD(W&M), the Department/ implementing agency shall indicate the actual date of start of the project and the likely completion date, with detailed justification for the delay, if any, in the expected date of project completion. The Department shall furnish a progress report to FD(W&M), on a quarterly basis, for further forwarding the same to the concerned FI/ EAP partner.
6. The Department shall furnish the Project Completion Report to FD(W&M) within 15 days from the date of completion of the project for onward transmission to FIs/EAP partner.
7. In the case of Autonomous Societies/Bodies availing loans, all proposals must be routed through the administrative Department. The Department shall, in accordance with the GFR provisions, expeditiously release the loan so availed, from a FI/EAP partner to the Autonomous Societies/Bodies, as Grant-in-Aid/loan, as the case may be, towards the Creation of Capital Assets.
8. These guidelines supersede all previous orders issued in the context of NL and EAP financed projects.
9. The Administrative/Implementing Departments shall be responsible for any non-compliance with the guidelines enunciated in this Order.

// By order //



**(U. ILANGO)**

**Deputy Director (Ways & Means)**

1. All Secretaries /Special Secretary to Government.
2. All Heads of Departments.
3. All Joint /Deputy/Under Secretaries to Government.
4. All SAOs/ JAOs
5. PS to Chief Secretary to Government