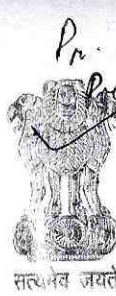


एस. सेल्वकुमार, भा.प्र.से.  
संयुक्त सचिव  
S. SELVAKUMAR, IAS  
Joint Secretary



सत्यमेव जयते

Pr. Secy, Finance  
Pr. Secy, Planning  
FTR 06001/2017  
05 FEB 2017

187

भारत सरकार  
वित्त मंत्रालय  
आर्थिक कार्य विभाग  
नार्थ ब्लॉक, नई दिल्ली-110001  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
North Block, New Delhi-110001  
Tél. : 23093881 Fax : 23092024  
E-mail : jsabc-dea@nic.in

D.O.No.1/1/2017-Japan.I

January 24, 2017

Dy Secy (R&I)  
09/02/17

Dear Sir,

This is regarding invitation of project proposals for Japan International Cooperation Agency (JICA) Official Development Assistance (ODA) loan for the FY 2017-18 ODA loan package from Government of Japan.

2. As you are aware, every year, we invite project proposals for the ODA loans from JICA. The project proposals have to be submitted by the State Governments/ Union Territories in the prescribed PPR format (copy enclosed) with the recommendation of the concerned Central Line Ministry/Department for inclusion in the list of JICA Rolling Plan. The proposals in the JICA Rolling Plan are shortlisted in accordance with the priority accorded by the Central Ministry/Department, the preparedness of the project and the size of ODA portfolio indicated by Government of Japan and posed to the Government of Japan for loan.

3. The projects are to be implemented in accordance with the General Terms and Conditions of JICA is available at [https://www.jica.go.jp/english/our\\_work/types\\_of\\_assistance/oda\\_loans/standard/index.html](https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html). The loan will be denominated in Japanese Yen. The interest rates applicable from April, 2015 are as under:

Terms	Fixed/V ariable	Standard /Option	Rate of interest (% per annum)	Repayment period (No. of years)	Initial moratorium (No. of years)
General Terms	Fixed	Standard	1.40	30	10
		Option 1	0.80	20	6
		Option 2	0.70	15	5
	Variable	Standard	JPY LIBOR+10bp	30	10
		Option 1	JPY LIBOR	20	6
		Option 2	JPY LIBOR-5bp	15	5

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Preferential Terms	Fixed	Standard	0.30	40	10
		Option 1	0.25	30	10
		Option 2	0.20	20	6
		Option 3	0.15	15	5
	Variable	Standard	JPY LIBOR-100bp	40	10
		Option 1	JPY LIBOR-110bp	30	10
		Option 2	JPY LIBOR-120bp	20	6
		Option 3	JPY LIBOR-125bp	15	5

4. The rate of interest for consultancy portion of the project would be @ 0.01% p.a. Also, Government of Japan has introduced Front End Fee @ 0.2% of the loan (one-time payment) in place of the earlier commitment charges. The Front End Fee would be applicable for loans approved by Government of Japan after April, 2013. It may also be noted that the payment of Interest During Construction (IDC) and Front End Fee to JICA will be made in cash instead of the earlier method of capitalization.

5. The new Policy Guidelines on ODA for Development Cooperation with bilateral partners has been circulated vide DEA's letter dated 07.12.2015 and is also available at [http://dea.gov.in/sites/default/files/GuidelineBDC\\_2.pdf](http://dea.gov.in/sites/default/files/GuidelineBDC_2.pdf).

6. The JICA loan for the selected projects will be passed on to the State Government on back-to-back basis. In case of special category States, the loan will be passed in the ratio of 90:10 i.e. 90% of the loan is repaid by the Govt. of India and 10% of the loan repayment liability is borne by the State Government with respect to 80% of the project cost. The balance 20% of the project cost will be the counterpart funding by the State. The proposals in the State Sector should be included in the State's Annual Plan for 2017-18. Department of Expenditure (DoE), vide their OM dated 22.07.2015 (*copy enclosed*), has issued the guidelines for external loan for clearance from debt sustainability angle. The State Govt. may be advised to confirm/self-certify on following aspects, as mentioned in para.4 of DoE's OM dated 22.07.2015, at the time of submitting their proposals to DEA:

- i) Support through EAP loans would generally be utilised in areas within the overall national priorities & harmonize with national objectives and that such proposals do not overlap with an already available source of funding.
- ii) The State's contribution for such projects (i.e. counterpart funding) is clearly indicated by the State at the time of submitting the project proposal to DEA.
- iii) For the EAP loans passed on to the States, the commitment charges, foreign exchange risks, etc are borne by the States concerned.
- iv) In case, requirement of loans tend to breach the overall borrowing ceiling of the State during the loan disbursement period, the State will be required to substitute an otherwise agreed source of borrowing so as to remain within the net borrowing ceilings.

In respect of proposals of North Eastern States, the proposals may be routed through the Ministry of Development of North Eastern Region (MoDONER).

MoDONER, being the nodal ministry for the North Eastern States, would seek the concurrence of MHA, MEA and NITI Aayog and others along with the recommendation of Central Line Ministry, before sending the proposals to DEA. The Central Line Ministries are to be requested to forward the proposals within 30 days. (189)

7. I, therefore, request you that the project proposals of your State may be sent to this Department, by end-March, 2017, through the concerned Central line Ministry in the prescribed PPR format.

Yours sincerely,

*With Regards,*

  
(S. Selvakumar)

Shri K.S. Korpha  
Chief Secretary  
Govt. of Meghalaya  
Secretariat  
Shillong  
Email: [cs-meg@nic.in](mailto:cs-meg@nic.in)

**PROFORMA FOR PREPARATION OF PRELIMINARY PROJECT REPORT  
FOR BILATERAL FINANCIAL COOPERATION.**

Part I: Project Summary						
1.	Project Name					
2.	Project Implementing Agency					
3.	Central Sector Project		State Sector Project			
	Sectoral area of the project					
	Central Line Ministry					
	Administrative State Government					
4.	Broad objectives of the project					
5.	Location of the project (specify Districts)					
6.	Project implementation period					
7.	Components of total estimated cost (in Rs. Crore)					
	Source	Loan/Credit	Grant	Equity	Other (specify)	Total
	Total estimated cost					(sum above)
8.	Total bilateral development assistance proposed (specify both in Rupees and in donor currency. Please specify name of agency for assistance. Include additional technical cooperation component, if any, and activities proposed to be implemented through technical cooperation.)					
9.	Details of previous phase(s), if any. Has any impact assessment been made for previous phase?					
Part II: Project Design and Output						
10.	Is any separate institutional arrangement required to be established for the implementation of the project? If yes, specify details with timeline for establishment.					
11.	Has any feasibility study/pre-appraisal/pre-investment study been conducted? If yes, specify details of findings.					
12.	Quantifiable outputs including Target Population and outcomes of the project.					
13.	Does the project require sector adjustment policy formulation? If yes, give details					
14.	Is the project covered under any existing government schemes/programmes/Multilateral/Bilateral Assistance/Other assistance?					
15.	Is any subsidy envisaged from centre/state government for project execution and viability? If yes, mention source					
16.	Linkages with completed or ongoing project(s) of similar nature					
	S. No.	Name of the project	Implementation period	Quantifiable outcome/achieved/targeted	Total cost of the project (in Rs. Crore)	
		Ongoing				
		Proposed				
		Completed				
17.	Details on costs to be funded from the bilateral official development assistance should be provided in Annexure. The component should include Materials/Equipments/Construction, Personnel/Experts from External Agency/ Price escalation, Physical contingency, Consulting services, Land Acquisition, Administration cost, VAT & Other Taxes, Interest Payment on Loan, Front End Fee and Others, if any Specify along with percentage (%) of total cost for each component.					
18.	Detailed year-wise physical and financial target plan with quantifiable and qualitative (verifiable) target indicators, including year-wise utilization of proposed bilateral development assistance.					
19.	Is private sector or NGO participation proposed in the project? If yes, specify nature of the proposed involvement and why work cannot be done by Government agencies.					
20.	Impacts on (i) environment including land, water, air, biodiversity, etc. (ii) women and children (iii) employment (iv) poverty alleviation and (v) productivity and economic growth should be included.					

Part III: Clearances Required	
21.	Details of statutory clearances required for implementation of project. Specify status of obtaining clearances and time frame for clearances
22.	Details of debt sustainability clearance from the Department of Expenditure for State Sector project
23.	Does the project involve land acquisition? If so, indicate: <ul style="list-style-type: none"><li>• Total land to be acquired</li><li>• Actual land acquired so far</li><li>• Target land acquisition completion date</li><li>• Is there any legal issue or any other obstacle being faced by the acquisition authority which could push the target dates mentioned? If so, specify details</li></ul>
24.	Does the project involve resettlement and rehabilitation? If so, indicate its magnitude, cost and present status of plan
25.	Is Environmental Impact Assessment clearance required? If yes, has the proposal to MoE&F been submitted? If not, when is it likely to be submitted?
26.	Is Forest clearance required? If yes, has the proposal to MoE&F been submitted? If not, when is it likely to be submitted?

Signature of the Head of the  
Project Implementation Agency  
with seal and date.

## Appendix – 4

DOE's OM No. 1(2)-PEII/03 dated 7<sup>th</sup> May, 2003

### Generic structure of DPR

- i. **Context/background:** This section should provide a brief description of the sector/sub-sector, the national priority, strategy and policy framework as well as a brief description of the existing situation.
- ii. **Problems to be addressed:** This section should elaborate the problems to be addressed through the project/scheme at the local/regional/national level, as the case may be. Evidence regarding the nature and magnitude of the problems should be presented, supported by baseline data/surveys/reports. Clear evidence should be available regarding the nature and magnitude of the problems to be addressed.
- iii. **Project Objectives:** This section should indicate the Development Objectives proposed to be achieved, ranked in order of importance. The deliverables/output for each Development Objective should be spelt out clearly. This section should also provide a general description of the project.
- iv. **Target beneficiaries:** There should be clear identification of target beneficiaries. Stakeholder analysis should be undertaken, including consultation with stakeholders at the time of project formulation. Options regarding cost sharing and beneficiary participation should be explored and incorporated in the project. Impact of the project on weaker section of society, positive or negative, should be assessed and remedial steps suggested in case of adverse impact.
- v. **Project strategy:** This section should present an analysis of alternative strategies available to achieve the Development Objectives. Reasons for selecting the proposed strategy should be brought out. Involvement of NGOs should be considered. Basis for prioritization of locations should be indicated (where relevant). Options and opportunity for leveraging government funds through public-private partnership must be given priority and explored in depth.
- vi. **Legal Framework:** This section should present the legal framework within which the project will be implemented and strength and weakness of the legal framework in so far as it impacts on achievement of project objectives.
- vii. **Environmental Impact assessment:** Environmental impact assessment should be undertaken, wherever required and measures identified to mitigate adverse impact, if any. Issues relating to land acquisition diversion of forest land, rehabilitation and resettlement should be addressed in this section.
- viii. **On-going initiatives:** This section should provide a description of ongoing initiatives and the manner in which duplication will be avoided and synergy created through the proposed project.
- ix. **Technology issues:** This section should elaborate on technology choices, if any, evaluation of options, as well as the basis for choice of technology for the proposed project.
- x. **Management arrangements:** Responsibility of different agencies for project management and implementation should be elaborated. The organization structure at various levels as well as monitoring and coordination arrangements should be spelt out.

- xii. **Means of Finance and Project Budget:** This section should focus on means of finance, evaluation of options, project budget, cost estimates and phasing of expenditure. Options for cost sharing and cost recovery (user charges) should be considered and built into the total project cost. Infrastructure projects may be assessed on the basis of the cost of debt finance and the tenor of debt. Options for raising funds through private sector participation should also be considered and built into the project cost.
- xiii. **Time frame:** This section should indicate the proposed 'Zero' date for commencement and also provide a PERT/CPM chart, wherever relevant.
- xiv. **Risk analysis:** This section should focus on identification and assessment of project risks and how these are proposed to be mitigated. Risk analysis could include legal/contractual risks, environmental risks, revenue risks, project management risks, regulatory risks, etc.
- xv. **Evaluation:** This section should focus on lessons learnt from evaluation of similar projects implemented in the past. Evaluation arrangements for the project, whether concurrent and mid-term or post-project should be spelt out. It may be noted that continuation of projects/schemes from one Plan period to another will not be permissible without an independent, in depth evaluation being undertaken.
- xvi. **Success criteria:** Success criteria to assess whether the Development Objectives have been achieved should be spelt out in measurable terms. Base-line data should be available against which success of the project will be assessed at the end of the project (Impact assessment). In this regard, it is essential that the base-line surveys be undertaken in case of large, beneficiary-oriented projects.  
  
Success criteria for each Deliverable/Output of the project should also be specified in measurable terms to assess achievement against proximate goals.
- xvii. **Financial and economic analysis:** Financial and economic analysis of the project may be undertaken where the financial returns are quantifiable. This analysis would generally be required for investment and infrastructure projects, but may not always be feasible for social sector projects where the benefits cannot be easily quantified.
- xviii. **Sustainability:** Issues relating to sustainability, including stakeholder commitment, operation and maintenance of assets after project completion, and other related issues should be addressed in this section.

**Note:** Requirement of the EFC/PIB format may also be kept in view while preparing the DPR.

OM. No. 1(2)-PF II/03, dated 7<sup>th</sup> May, 2003

1967

## Appendix – 5

## An outline of Matrix

Strategy	Indicators	Sources/Mean of verification	Assumptions/Risks
<p>Goal</p> <p>(Linked up with a government priority/ programme/policy).</p>			
<p>Objectives</p> <p>(Purpose/expected benefits).</p>			
<p>Output/Results</p> <p>(Goods/services/materials/expected changes, the target population will get, which they cannot achieve on their own without intervention of the project).</p>			
<p>Activities</p> <p>(Tasks/actions to be carried out by utilizing resources, viz. human, financial, equipment, etc.).</p>	<p>Input/Costs</p>		





F.No. 3 (37)/FRU/2015  
Government of India  
Ministry of Finance  
Department of Expenditure  
Finance Commission Division  
\*\*\*\*\*

195

Block No.11, 5<sup>th</sup> Floor,  
C.G.O. Complex, Lodhi Road,  
New Delhi – 110 003.  
Dated, the 22<sup>nd</sup> July, 2015.

Office Memorandum

Sub: Guidelines for examining proposals of States availing Structural Adjustment Loan & other external loan for clearance from debt sustainability angle.

Attention is drawn to the O.M. No. 4(5)/FRU/2004 dated October 24, 2005 on the subject mentioned above.

2. Department of Expenditure has been examining proposals of state governments for availing structural adjustment loans and external loan assistance for projects, taking into account States' Fiscal Correction path. Consequent upon acceptance of the recommendations of the Fourteenth Finance Commission (FC-XIV), it has become necessary to revisit the above guidelines for assessment of debt sustainability of States for availing structural adjustment loans and external loan assistance for projects.
3. Annual net borrowing limits to States is determined by Department of Expenditure, Ministry of Finance, based on the recommendations of Finance Commissions which limits the net borrowings to fiscal deficit norms prescribed for each State and in line with Fiscal Responsibility and Budget Management Acts in place in all the States. The States are required to remain within the borrowing ceiling fixed by the Ministry of Finance each year and also the fiscal deficit limits & debt to GSDP norms prescribed by Finance Commissions as incorporated in the FRBMA of States.
4. In view of the above and to further streamline the process of accessing external loans, it has now been decided that there may not be any need to examine the proposals of State governments for external loan assistance from the debt sustainability angle. However, loans under EAPs would be considered by Department of Economic Affairs (DEA) subject to States confirming/self certifying on following aspects at the time of submitting their proposals to DEA:
  - i) Support through EAP loans would generally be utilised in areas within the overall national priorities & harmonize with national objectives and that such proposals do not overlap with an already available source of funding.
  - ii) The State's contribution for such projects (i.e. counterpart funding) is clearly indicated by the State at the time of submitting the project proposal to DEA.
  - iii) For the EAP loans passed on to the States, the commitment charges, foreign exchange risks, etc are borne by the States concerned.

196

iv) In case, requirement of loans tend to breach the overall borrowing ceiling of the State during the loan disbursal period, the State will be required to substitute an otherwise agreed source of borrowing so as to remain within the net borrowing ceilings.

5. In order to monitor the States' liabilities arising on account of EAP loans effectively, the following revised process is prescribed:

- i) After conclusion of loan negotiations for EAP, DEA would indicate to DoE the nature of projects, size of loan, tenure of loan, phasing of loan disbursal, interest charges and commitment charges, etc as negotiated with the lenders.
- ii) CAAA would indicate the schedule of loan disbursal, extent of loans falling due for repayment, and overdue liability, Commitment charges, if any, to be borne by the States.
- iii) Based on the details/inputs received from DEA and CAAA, PF - I Division in Department of Expenditure would effectively monitor the debt sustainability position of the States.

6. Borrowings made by a State in excess of entitlement of a State upto the end of 3<sup>rd</sup> quarter of a financial year, if any, would be adjusted against the borrowing space of the State for 4<sup>th</sup> quarter. In any case, the excess borrowings made during the financial year will need to be adjusted against the net eligibility of borrowing ceiling for next financial year.

7. The above decision will be reviewed periodically after every two years to ensure that the overall liabilities on account of external loans remain sustainable.

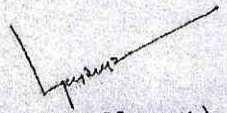
Sd.

( G.C. Murmu )  
Joint Secretary to Government of India

To  
Finance Secretaries of all the States.

Copy to:

- 1. PPS to Finance Secretary & Secretary (EA), North Block.
- 2. PPS to Secretary (Exp), North Block.
- 3. PPS to Addl. Secretary (Exp), North Block.
- 4. Addl. Secretary (EA), DEA, North Block.
- ✓ 5. Joint Secretary (BC), DEA, MoF, North Block.
- 6. Joint Secretary (MI), DEA, MoF, North Block.
- 7. Joint Secretary (Budget), DEA, MoF, North Block.
- 8. CAAA, DEA, MoF, Janpath Bhawan, New Delhi.

  
( G.C. Murmu )

Joint Secretary to Government of India