

No. NH-14019/5/08-P&M

Dated, the 15th July, 2008**ORDER**

Subject : Constitution of Internal Committee for Revised Cost Estimate to fix responsibility for time/cost overruns including increase in cost due to arbitration award

The undersigned is directed to say that as per the instructions contained in Department of Expenditure's OM No. 1(3)/PF-II/2001, dated 15.11.2007, no case of Revised Cost Estimate (RCE) will be considered by EFC/PIB (including Departmental EFC cases) unless the report of the Standing Committee and action taken thereupon is appended to the PIB/EFC memo. A clarification has subsequently been issued by the Department of Expenditure, vide their OM no. 24(7)/PF.II/2008, dated 15.05.2008, wherein it has been clarified that the mechanism of Standing Committee would be applicable only with respect to RCE cases being posed to the CCEA for approval. RCE cases, no exceeding Rs. 500 crores can be decided by an Internal Committee comprising of AS&FA as Chairman and technical officers of the concerned zone and State Government.

2. In pursuance of the above clarification, the revised composition of the Standing Committee for fixing the responsibility in cases of time and cost overrun in respect to RCE cases of Rs. 500 crores or more being posed to the CCEA, would comprise of the following members:

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| (a) Additional Secretary & Financial Advisor of M/o Shipping, Road Transport & Highways | — | Chairman |
| (b) Representative of Planning Commission | — | Member |
| (c) Representative of Deptt. of Expenditure | — | Member |
| (d) Representative of M/o Statistics and Programme Implementation | — | Member |
| (e) Technical representative of State Government concerned | — | Member |
| (f) Chief Engineer of the concerned Project Zone, D/o RT&H | — | Member-Secretary |

The revised composition of the Internal Committee for projects less than Rs. 500 crores and coming under the purview of the Expenditure Finance would comprise the following members:

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| Additional Secretary & Financial Advisor of M/o Shipping, Road Transport & Highways | — | Chairman |
| Technical representative of state Government concerned | — | Member |
| Chief Engineer of the Project Zone concerned D/o RT&H | — | Member Secretary |

The above Committees will examine all aspects of cost escalation including arbitration awards and fix responsibility for cost and time overrun.

This order will be effective from the date of issue. All the Project Zones are to take necessary action in individual areas of revised cost estimates pertaining to their zones as per position indicated above.