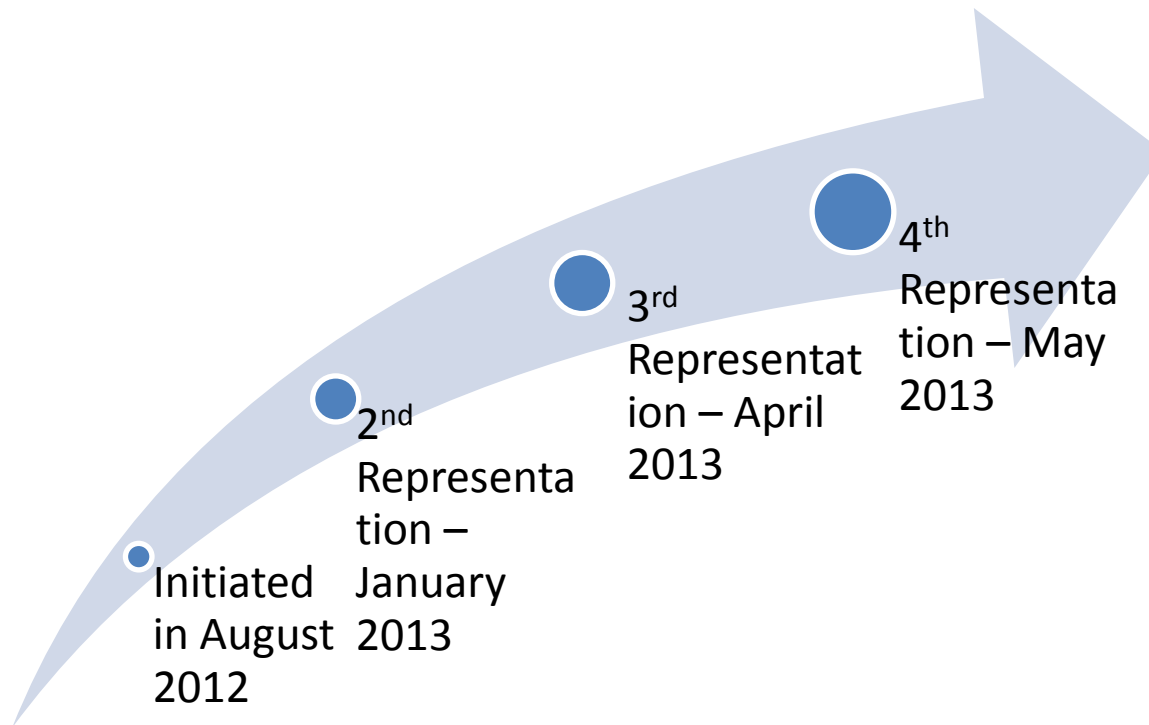




***Interactive Meeting with
Mr Anil Swarup, Additional Secretary,
Cabinet Secretariat
on
“Delayed Projects”***

FICCI Investment Tracking Mechanism

FICCI's Submission on Delayed Projects



FICCI's pre budget Memorandum for 2012-13 urged Government to fast track implementation of large projects

First submission to Ministry of Finance's Tracking Mechanism in August 2012

Subsequently submissions to Cabinet Committee on Investments and relevant Ministries

Total investment of these projects (as on May 2013) comes to around Rs 3.97 lac crore (more than 50% of what the Ministry of Finance has identified)

Number of Projects Represented



Month	Number of Projects
August 2012	26
January 2013	27
April 2013	16
May 2013	57

Key Results - Sector wise Amount of Stalled Projects



Sector	Amount of Investment Involved (Rs Crore)	Number of Projects
Metals	142733	11
Mining	14100	8
Power	157011	19
Oil & Gas	21150	5
Roads, Highways	53237	20
Others (includes Manufacturing)	9500	3
Total	397731	66

* Based on the responses of April and May 2013

Major Reasons for Delays



Percentage of Projects vis-à-vis Procedure



Type of Clearance	Projects facing issues in this Factor (%)
Environment & Forest Clearance	53%
Land Acquisition	33%
Clearances from NHAI/MoRTH	27%
Fuel Linkages (Coal/Gas)	24%
Mining Clearance	24%
Security Clearance (Ministry of Home Affairs and Ministry of Defence)	11%
Clearances from Railways	9%
Clearance for Water (Ground Water)	8%
Clearances related to Power	3%

Major Issues

Fuel Linkages (Coal/Gas):

- **Specific Cases:**
 - Milestone completion review under Letter of Assurance pending with Ministry of Coal for several months
 - Awaiting Coal Linkages because of overdue Statutory Linkage Committee (LT) meeting despite obtaining very high points on the qualification criteria
 - In some cases, huge investments have already been done in land acquisition, water linkage e.t.c. but due to absence of coal linkage ,projects have not started
 - Fuel Supply Agreements are not being signed by the Ministry of late
 - Delays in allocation of tapering linkage of coal for power plants till the time captive mines are operational

Fuel Linkages (Coal/Gas):



- All Letter of Assurance milestones achieved & documents submitted but Fuel supply agreement is not signed due to newly imposed condition of tying up with long term PPA with Discoms
- Land acquisition for coal blocks incomplete due to pending transfer of land from PSUs as a result mining license can not be granted
- Awaiting long term fuel supply linkage for final environment clearance

Major Issues

Security Clearance (Ministry of Home Affairs and Ministry of Defence):

- Specific Cases:
 - Delays in getting security clearances in border states in the security zones
 - No time bound mechanism

Major Issues

Environment & Forest Clearance:

- Specific Cases:
 - Process of diversion of forest land is prescribed to be completed within 90 days at State Government level but in some cases it has taken more than 9 months to identify degraded forest land
 - Delay in land inspection for compensatory Afforestation (Integral part of Forest Clearance)
 - Delays in Forest vegetation survey by Forest Department
 - In some cases clearance has been obtained but delay is due to submission of Compensatory Afforestation Fund Management & Planning Authority (CAMPA) charges and money by NHAI to transfer Forest land

Environment & Forest Clearance:



- Delays in issuance of DGPS (Differential Global Positioning System) maps & shape file by space Authorities as a result project approval is pending
- Expert Appraisal Committee (EAC) recommended revalidation of plant Environment Clearance in as-it-is form but revalidation pending in the MOEF for many months
- New Studies submitted after submission of Environmental management framework but EC pending even after twelve months

Major Issues

Clearance for Water:

- Specific Cases:
 - Permission of the State Government for drawing water from river/reservoir is a long drawn process
 - Permission for Water withdrawal from River has been recommended by District level committee but issue is pending at Water resource Dept. at State level for several months
 - In some cases, Water Resource Department has expressed its inability to supply required water for plants

Major Issues



Land Acquisition:

- Specific Cases:
 - No transparent mechanism for land allotment
 - All allotments/ acquisition process needs to be e-based
 - Long time taken for land use conversion to non-agriculture land – matters pending with Assistant Commissioner
 - Delays in permission for purchase of land
 - Delay in removal of encroachments and in demarcation of Right of Way due to public protest in some stretches/ bypasses
 - New land acquisition act is awaited; hence delays in acquisition

Land Acquisition:

- Delays in land acquisition because of incorrect measurements and valuation by evaluators engaged by authorities
- Delay in estimation preparation, approval of estimates and disbursement of funds by the State Governments
- Physical possession of land by State Government is pending since long
- Unavailability of land records is a major hurdle in acquisitions

Major Issues

Clearances from Railways:

- Specific Cases
 - Delay in transfer of abandoned land by railways, proposals pending with regional Railway authorities for years
 - Delay due to prolonged correspondence between NHAI and Railways regarding transfer of balance abandoned Railway Land

Major Issues

Clearances from MoRTH/NHAI/BRO:

- Specific Cases:
 - DPRs cleared by the High Powered Committee but the proposal awaiting administrative approval from MoRTH
 - Delays in grant of vacant access & right of way to concessionaire
 - Location of toll plaza is not according to the toll notification Gazette 2008. Needs to be resolved by the authority (pending since 2011)
 - Slow pace of construction /upgradation of Bridges by BRO over Rivers to provide connectivity to projects- *in some cases the bridge was sanctioned in 2003 (only 30% complete)*

Major Issues

Mining Clearance:

- Specific Cases:
 - Delays in Public Hearing
 - Delays in getting mining plan approvals from IBM
 - Approval for relaxation u/s 6(1)(b) of MMDR Act, 1957 (Relaxation of maximum area required RP, ML or PL) – All the requisite information furnished by Indian Bureau of Mines. Pending for a long time with Ministry of Mines, GOI
 - Grant of Prospecting License: Recommendation for grant of Prospecting license sent by the State Govt. to Ministry of Mines, Govt. of India; matter pending with Ministry of Mines
 - All required compliance for signing of Mining lease i.e. Forest clearance etc. completed in 2011 but matter is pending with the State Government. Grant order to be given by the State Government for signing of Mining Lease

Major Issues

Clearances related to Power:

- Specific Cases:
 - Project has got provisional mega status and has tied up 85% plus power on long term basis ; Ministry of Power is not agreeing to consider the power tied up under MOU route as valid for notifying Mega power status to project
 - Right of Way for Laying the Transmission line- pending with State Electricity Board
 - Inadequate allocation of Gas for power projects

Queries...

- Does the private sector project needs to be recommended by concerned Ministry/Department also, besides industry chamber?
- Are the processes and procedures of Department going to be reviewed and rationalized and systematized?
- While for projects above Rs 1000 crores clearance is provided but what about the similar issue faced by projects less than Rs 1000 crores?
- Most of the issues were related to States – Are states involved in an effective manner in this mechanism?
- Issue of Completeness – What after the clearance from Project Monitoring Group (PMG); Banks are still not being approached by project promoters for funds