

## **Project Appraisal Cell**

An independent 'Project Appraisal Cell' within the OI DB Secretariat consisting of FA&CAO, OI DB, GGM (In-charge), Ministry Monitoring Cell, EIL and Nominee of DGH & CHT for upstream and downstream projects respectively, has been formed to appraise the loan applications and determine their viability/usefulness in terms of meeting the objectives of OI D Act. This Project Appraisal Cell also does the post project appraisal to enable OI DB as well as project owners to map the actual results against the planned objectives with a view to serve as a feed back mechanism for appraisal of future projects.

Following guidelines for appraisal of the loan applications are kept in view while recommending loans:

- 1) Projects of strategic national importance, which have a direct bearing on the energy security of the country.
- 2) Projects which aim to meet the strategic development needs of the hydrocarbon industry, including energy security, industry competitiveness, improved quality of life for stakeholders, fair market practices and development of pipeline infrastructure, strategic R&D activities and exploration efforts on a large scale may be especially encouraged in this category
- 3) Projects for quality upgradation including compliance with environmental safeguard.
- 4) Projects which benefit special areas viz northeast and J&K and other special category states (Should be given priority).
- 5) Projects, which do not fall under any of the above categories, may also be given loan after proper appraisal by OI DB subject to a limit of 25% of the project cost and 50% of the debt whichever is less and subject to approval by the OI D Board.
- 6) To ensure equitable sharing of loans and to avoid predominant sharing of OI DB loan by any single CPSE, loans to oil CPSEs may be limited to 25% of the net worth of the CPSE concerned.
- 7) All projects irrespective of their nature should be properly appraised to ascertain the economic benefits to the country and the Economic Rate of Return (ERR) of the project.
- 8) The other conditions which exist at present viz., receipt of project application in the prescribed format, total lending being subject to the limit of 50% of total debt and 25% of the total project cost whichever is less may continue.
- 9) In case Oil CPSE's get loan from any bank at better interest rates than OI DB, they may not approach OI DB for any loan assistance for such projects and avail loan from that bank subject to their exposure limit with that bank.