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GOVERNMENT OF INDIA
MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION
NORTH EASTERN COUNCIL SECRETARIAT
NONGRIM HILLS, SHILLONG.
Dated: 03rd February, 2025.


Office Memorandum

Subject: Standard Operating Procedure (SOP) for Foreclosure of Projects sanctioned under NEC Schemes.

The undersigned is directed to circulate the Standard Operating Procedure (SOP) for Foreclosure of Projects sanctioned under NEC Schemes for necessary information.

This issues with the approval of competent authority.

Encl: As above.


(NG Yirmayai)
Director (E&M)

To,

All Sector Heads, NEC for necessary information.

Copy for kind information to: -

1. Sr. PS to Secretary, North Eastern Council (NEC).
2. PS to Planning Adviser, NEC.
3. PS to Financial Adviser, NEC.
4. PS to Economic Adviser, NEC.
5. PS to Director (NEC), Ministry of Development of North Eastern Region, New Delhi.
6. Principal Secretary/Commissioner/Secretary, Planning Department, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura.
7. Director, Planning Department, Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura.
8. Sr. Technical Director (NIC), NEC for uploading on the NEC website.



भारतसरकार Government of India
पूर्वोत्तरक्षेत्रकाविकासमंत्रालय Ministry of Development of NE Region
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नोंग्रिमहिल्स, शिलांग Nongrim Hills, Shillong -793003
Website: <https://necouncil.gov.in>
EM-15/13/2024-E and M
Dated 31/01/2025

Standard Operating Procedure (SOP) for Foreclosure of Projects Sanctioned under NEC Schemes

The foreclosure of delayed or stalled projects supported by the North Eastern Council (NEC) is an ongoing process. Despite considerable time lapsing and multiple reminders in the form of letters and meetings, several State Governments and Implementing Agencies (IAs) have been unable to complete these projects due to various reasons. The following steps outline the procedure for the foreclosure of such projects.

1. Identification of Delayed Projects

- a. Timeline Review:** NEC, in collaboration with the State Government/Implementing Agencies, conducts periodic reviews of all ongoing projects.
- b. Performance Audit:** Evaluate the project's performance against its approved timeline, deliverables, and expenditure.

2. Issuance of Notice to the Implementing Agency

- a. Preliminary Notice:** Issue an official communication to the implementing agency, highlighting the delay and requesting a detailed status report within 15 working days.
- b. Clarification Meeting:** Organize meetings with the implementing agency to understand challenges and explore possible corrective actions.

3. Evaluation of Delay Reasons

The reasons for the delay should be categorized as follows:

- i. Administrative Issues:** e.g., delays in approvals, disbursement of funds.
- ii. Technical Challenges:** e.g., resource constraints, unforeseen circumstances.

iii. Non-performance by Implementing Agency.

iv. Other Issues.

4. Recommendation for Foreclosure

a. Foreclosure Criteria: The project may be recommended for foreclosure if:

- i. There has been negligible progress for 24 months or more after the target completion date.
- ii. The corrective measures proposed by the implementing agency are not feasible or adequate.
- iii. Additional funding is unjustifiable based on the project's current status.

b. Pre-Foreclosure Compliance:

Before recommending foreclosure, the following points must be ensured:

i. Approval from Relevant Authorities: Obtain formal approval for foreclosure from the State Government's SLEC (for State projects approved by SLEC). For projects implemented by other agencies, obtain the recommendation from the Review Committee and approval from the concerned SEC (State Empowered Committee) or EIMC (Empowered Committee for projects over Rs. 5 Cr).

ii. Submission of Detailed Reports: The concerned Implementing Agency (IA) must submit a detailed project report with proper justifications to the Planning Department. This report should include the current status (both physical and financial progress), the latest inspection report, and the most recent photographs (with latitude and longitude coordinates).

iii. Partial Expenditure Consideration: If a project has incurred partial expenditure and has successfully operationalized certain assets that benefit the intended beneficiaries, it may still be foreclosed after due process, including scope reduction. Refunds will only be required for infructuous expenditures.

iv. NEC's Right to Foreclose: If SLEC approvals are not forthcoming, NEC reserves the right to foreclose the project, with proper justification, subject to approval by the Review Committee and the concerned SEC/EIMC.

5. Financial and Asset Reconciliation

a. Settlement of Funds: The Implementing Agency must submit a Utilization Certificate (UC), geo-tagged photos, and an audited statement of expenditures for the funds utilized. Any unutilized funds should be returned to the CFI. If no productive assets have been created, and no partial operationalization has occurred, the full disbursed amount should be returned, and the project should be foreclosed.

b. Asset Management: The State Government and other Implementing Agencies must ensure that the project is completed and operationalized. The closure memo should outline the plan for managing the asset post-closure.

6. Issuance of Foreclosure Order

a. NEC Notification: NEC will issue a formal foreclosure order, with copies sent to the State Government and other Implementing Agencies. The order will specify the reasons for foreclosure and any other necessary directions.

b. Documentation Submission: A copy of the Utilization Certificate, closure memo, and relevant documents (e.g., proof of remittance of unspent balance/interest) should be submitted to the concerned PAO (Pay and Accounts Office) for record-keeping and updating project status.

7. Intended Procedure for Foreclosure of Projects

Following a review of the foreclosure proposal by the Sector Head and approval from the Review Committee, the proposal will be submitted to the EIMC (Empowered Committee) of NEC/MDoNER for final decision-making. The Sector Head will then process the foreclosure order through Finance for final approval by the Competent Authority.

8. Reporting and Documentation

a. NEC will prepare a detailed report on the foreclosed project, outlining the reasons, financials, and any lessons learned.

b. A repository of foreclosed projects will be maintained for future reference and to inform future policy decisions.

Format-A: Project Status Report

Field	Details
Project Name	
Location & State	
Sanction Date	
Sanctioned Amount (Rs.)	
Funds Released by NEC	
Status of UC Submissions	
Physical Progress (%) & Work Details	
Financial Progress (%)	
Component-wise Physical Progress	
Unspent Balance	
Plan to Address Unfruitful Expenditure	
Pending Court Matters (if any)	
Details of Misutilization or Fund Transfer (if any)	
Return of Unspent Balance to GOI (if applicable)	
Possibility of State/IA Taking Over Project	
Reason for Delay (refer to SOP point 3)	

Action Plan for Completion

Signed by Sherry

Lalthangzo

Date: 31-01-2025 11:00:45