



**Department of Revenue
Central Board of Direct Taxes**

MEMORANDUM FOR DELEGATED INVESTMENT BOARD

**(Proposal for construction of office building
“Subhanpura”, at Vadodara)**

**Directorate of Infrastructure
HUDCO Vishala, ‘A’ Wing,
14, Bhikaji Cama Place,
New Delhi - 110066.**

Table of Contents (DIB Memorandum)

S.No	Description	Page No.
1	Project Outline	5
1.1	Title of the project	5
1.2	Sponsoring Agency	5
1.3	Proposed Cost of the project	5
1.4	Proposed Timeline of the Project	5
1.5	Whether Project will be implemented as part of scheme or on stand-alone basis?	5
1.6	Whether financial resources required?	6
1.7	Whether feasibility/detailed project report prepared?	6
1.8	Whether project is an original cost estimate or revised cost estimate?	6
1.9	In case of revised cost estimate, meeting held and recommendation suitably redressed?	6
1.10	Whether any land acquisition or pre-investment activity has been included in the project proposal?	6
2.	Outcomes and deliverables	6
2.1	Stated aim and objective of the project?	6-7
2.2	Indicate year wise outputs/deliverables	7
2.3	Indicate final outcome of the project	7-8
3	Project Cost	8
3.1	Cost Estimate for the project along with scheduled duration	8
3.2	In case land is to be acquired, details of the land cost	8
3.3	In case pre-investment activities are required, details activity wise?	8
3.4	Whether price escalation included, at what rates?	8
3.5	Whether project involves any foreign exchange element?	8
3.6	In case of revised cost estimate a variation analysis to be attached	9
4	Project Finance	9
4.1	Indicate the source of project finance	9
4.2	Indicate the cost components	9
4.3	In case of funding from internal and extra budgetary resources, availability of internal resources	9
4.4	Please indicate funding tie ups for loan components	9
4.5	If government support/loan intended, whether funds have been tied up?	9
4.6	Please provide leveraging details	10
4.7	Mention the legacy arrangement	10
5	Project Viability	10
5.1	For projects which have been identifiable stream of financial returns, the financial rate of return	10
5.2	In case of project with identifiable economic return which are not readily available, the measurable benefits/outcomes	10

5.3	in case proposals where both financial and economic returns are not quantifiable, the measurable benefits/outcomes	10-11
6.	Approval and Clearances	11
7	Human Resources	12
7.1	Indicate the administrative structure for implementing the project	12
7.2	Manpower requirement	12
7.3	In case of outsourcing of services, brief details	12
8	Monitoring and Evaluation	12
8.1	Indicate the project management/implementing agency	12
8.2	Mode of implementation of work	12
8.3	Please indicate the timelines of activities	12
8.4	Please indicate the monitoring framework	
8.5	Please indicate whether arrangements have been made for impact assessment after project is complete	13
9.	Comments of Financial Advisor, NITI Aayog, Department of Expenditure and other ministries/departments	13
	Check list for proposal for construction of office building	14-18
	List of annexure with pagination details	4

List of Annexure

Annexure	Description	Page No.
1.	Sanction order for purchase of land Dated:06.09.2011	19
2.	Letter for allotment of land dated 06.05.2011 and possession of land dated:15.11.2011	20-25
3.	Non- encumbrance certificate	26-27
4.	Preliminary Estimate (Rs.105 crore) for the Project Dated:04.04.2013	28-41
5.	Revised PE (Rs.104.65 crore) for the project Dated: 14.02.2017	42-58
6.	Architectural Drawing for the project	59-73
7.	Details of checklist by CPWD on the proposal	74-76
8.	Details of sanctioned strength, working strength, space requirement and special components for office space	77-81
9.	Summary of required area, available area shortage of space, total built up area and carpet area	82
10.	Training population during F Y 2015-16 & 2016-17	83
11.	Details of floor- wise carpet area	84
12.	Figures of Revenue collection for last three years	85
13.	Cost benefit analysis of construction viz-a-viz renting	86
14.	CPWD letter dated 06.02.2018 regarding projection of rent for 30 years	87-88
15.	Comparison of cost of civil work with approved project	89-90
16.	Receipt of rent paid to hired buildings and sanctioned order dated for CIT(TDS) office	91-95
17.	CPWD letter dated 19.12.20174 regarding budgeting through MoHUA	96-97

DIB MEMORANDUM FOR APPRAISAL OF PROJECT

1. Project Outline

The Project under consideration is construction of office building i.e. Pratyaksha Kar Bhawan at. Shubhanpura, Vadodara. At present Income Tax Department, Vadodara is working from three buildings, out of which one building, Ayakar Bhawan at Race Course, Vadodara is owned by the department and the remaining two buildings are hired building. The total space available including the hired building is 5237 sq. mtr against the requirement of 12559 sq.mtr. Therefore, there the shortage of office space is 7322 sq.mtr. The net shortage of office space excluding the space available in the hired building is 9276 sq. mtr. The project would mitigate the shortage of office space to the larger extent.

Considering the acute shortage of office space department has proposed to hire one more building having carpet area 591.30 sq.mtr. for CIT(TDS), Vadodara charge and the competent authority has granted the approval recently.

1.1 Title Of The Projects

‘Pratyaksha Kar Bhavan’ at. Subhanpura, Vadodara.

1.2 Sponsoring Agency (Ministry/Department/Autonomous Body Or Undertaking)

Ministry of Finance, Income Tax Department. Budget is provided by MoHUA (earlier MoUD).

1.3 Proposed Cost Of The Project.

The total cost of project is Rs.117,89,55,775/-, out of which cost of land is Rs. 13,24,00,000/- which has already been incurred. The construction cost of the project is Rs.104,65,55,775/- for which approval is being sought.

1.4 Proposed Timelines for the Project.

30 months from the date of accord of Administrative Approval and Expenditure Sanction. (06 months for planning and 24 months for execution).

1.5 Whether Project will be implemented as part of a scheme or on stand-alone basis?

Stand-alone basis.

1.6 Whether financial resources required for the project have been tied up? If Yes, details?

Yes, the work has been included in the planned works for FY 2017-18 under MoHUA for flow of fund under MH 4059 (F&R). In the absence of A/A & E/S, only a token provision of Rs. 1 lakh has been in the Pink Book of MoHUA for FY 2017-18. Similar token provision is also proposed for inclusion in the Pink Book of MoHUA for the FY 2018-19.

1.7 Whether feasibility Report and/or Detailed Project Report has been prepared.

Conceptual Architectural Plans for the proposed building have been prepared as per CPWD specification based on DPAR 2012, on the basis of feasibility of construction on the available plot of land as per the applicable local bye laws.

1.8 Whether the proposal is an original Cost Estimate or a Revised Cost Estimate?

Original Cost Estimate with slight change in scope of work.

1.9 In case of revised cost estimates, whether the meeting of Revised Cost Estimate Committee has been held and its recommendations suitably redressed?

Initially, Preliminary Estimate amounting to Rs.10500 lakh was received from CPWD, the executing agency, in April 2013 in response to the requisition for this work. Subsequently, the Preliminary Estimate was modified in February 2017 for the current estimated cost and also slight change in the scope of work with total estimated cost of Rs.10465.56 lakh.

1.10 Whether any land acquisition or pre-investment activity was under-taken or is contemplated for this project? Whether the cost of such intervention has been included in the project proposal?

The department is in possession of a plot land admeasuring 5296 sq.mtr purchased from Vadodara Mahanagar Seva Sadan Vadodara. A/A and F/S was accorded by the Competent Authority for purchase of land for construction of office building at Vadodara vide sanction no. O/38/2011-12 Ad. VIII (DT) dated 06.09.2011 for Rs. 13,24,00,000/- . The possession of land was taken on 16.11.2011 by the Department.

2. Outcomes and Deliverables:

2.1 Stated aims and Objective of the project?

The main aim of the project to mitigate the acute shortage of office space for officers and staff as also to provide better tax payers services. At present the Income Tax Department, Vadodara has hired two building and one proposal has been submitted to hire office space which has also been approved by the competent authority. The project would enable the department to de-hire the hired buildings and to have own building which will be in the interest of department in the longer run.

2.2 Indicate year wise outputs/deliverables for the project in a tabular form.

Activities	Year 1		Year 2		Year 3		Total	
	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial
Building Construction work	30%	25%	70%	70%	0%	5%	100%	100%
Testing of services of completed building.					100%	-	100%	-

2.3 Indicate final outcomes for the project in the form of measurable indicators which can be used for impact assessment/evaluation after the project is complete. Baseline data or survey against which such outcomes would be benchmarked should also be mentioned.

The sole aim of the project is to mitigate the shortage of office space as well as to provide better taxpayer services. The key indicators are produced in the below table for impact assessment:

Objective	Activities	Indicators
To mitigate shortage of office space	Considering the sanctioned strength of officers and staff and entitlement of office space as stipulated by the Govt. of India vide O.M. dated 20.12.1965, net shortage of office space has been calculated which also includes additional and special component for which space has been calculated based on the recommendation of Laroya Committee. The net shortage of office space is calculated at 9276 sq. mtr. Accordingly, building plan and preliminary estimates has been prepared.	The Income Tax Department, Vadodara comprising 01 Chief Commissioner, 04 Principal Commissioners and 05 Commissioners (Appeal) along with their subordinate offices. Apart from this CIT(TDS), Addl.DIT(Inv.), Addl.CIT(Central), Addl.CIT(International Taxation), ITO(I & CI), ITO(Exemption) are also having their office set up at Vadodara station.
To provide better tax payer services	The additional component includes Ayakar Seva Kendra, Waiting Lounge for tax payers at each floor, Public relation unit, Canteen etc.	The department is able to redress the grievances of the tax payers to the greater extent with the help of various means such as Ayakar Seva Kendra.

To de-hire the hired buildings	At present the department has hired two buildings i.e. GEB Building, Vadodara and Yash Kamal building, Vadodara. A proposal for hiring of office space for CIT(TDS), Charge has also been approved by the competent authority.	The department is paying substantial rent for the hired buildings. For GEB Building monthly rent is paid at Rs.2,45,010/- p.m. and for Yash Kamal Building monthly rent is paid at Rs.71,800/- p.m. Further, a proposal for hiring office space for CIT(TDS) charge, Vadodara has been approved by the competent authority for the monthly rent of Rs.2,12,580/- p.m
--------------------------------	--	--

3. Project Cost

3.1 Cost Estimate for the project along with scheduled duration (both year and activity wise). Also the basis for these cost estimates along with the reference dates for normative costing (it should preferably not be more than a year old).

Total estimated cost of the project is Rs.10465.56 lakh as framed by the CPWD as per their laid down norms and procedure. The building is scheduled for completion in 30 months after accord of A/A & E/S.

3.2 In case land is to be acquired, the details of land cost, including cost of rehabilitation/resettlement needs to be provided.

The department is in possession of a plot land admeasuring 5296 sq.mtr purchased from Vadodara Mahanagar Seva Sadan Vadodara. A/A and F/S was accorded by the Competent Authority for purchase of land for construction of office building at Vadodara vide sanction no. O/38/2011-12 Ad. VIII (DT) dated 06.09.2011 for Rs. 13,24,00,000/-. The possession of land was taken on 16.11.2011 by the Department.

3.3 In case pre-investment activities are required, how much is proposed to be spent on these, with details activity wise?

No pre-investment activities are required.

3.4 Whether price escalation during the project time cycle has been included in the cost estimates and at what rates?

Price escalation during the project construction has not been considered in the Preliminary Estimate. The estimate is as per CPWD specification DPAR 2012.

3.5 Whether project involves any foreign exchange element, the provision made or likely impact of exchange rate risks?

No

3.6 In case of Revised Cost Estimates, a variation analysis along with the report of the Revised Cost Estimate needs to be attached?

Preliminary Estimate amounting to Rs.10500 lakh was received from CPWD, the executing agency, in April 2013 in response to the requisition for this work. Subsequently, the Preliminary Estimate was modified in February 2017 for the current estimated cost and also slight change in the scope of work with total estimated cost of Rs.10465.56 lakh.

4. Project Finance

4.1 Indicate the sources of project finance: budgetary support, internal and extra-budgetary sources, external aid etc.

Flow of funds under MH: 4059 (F&R) from Ministry of Finance through Ministry of Housing and Urban Affairs.

4.2 Indicate the cost components, if any, that will be shared by the state governments, local bodies, user beneficiaries or private parties?

No cost shall be shared by the any other beneficiaries or private parties.

4.3 In case of funding from the internal and extra-budgetary resources, availability of internal resources may be supported by projections and their deployment on other parties?

Not Applicable. Budget is provided by MoHUA (earlier MoUD).

4.4 Please indicate funding tie-ups for loan components, if any, both domestic and foreign, along with terms and conditions of loan based on consent/comfort letters.

There is no as such component of loan with regard to the project.

4.5 If government support/loan is intended, it may be indicated whether such funds have been tied up?

Fund will be provided through MoHUA for which presently only token provision has been made in the Pink Book of MoHUA for the FY 2017-18. In the absence of Administrative Approval and Expenditure Sanction for this project, only token provision is also proposed in the Pink Book of MoHUA for FY 2018-19.

4.6 Please provide the leveraging details, including debt equity and interest coverage ratios, along with justification for the same.

Since, the fund will be provided by the government (MoHUA), there is no component of loan or debt.

4.7 Mention the legacy arrangements after the project is complete, in particular, arrangements for the maintenance and upkeep of assets that will be created?

This being government building maintenance and upkeep of assets will be taken care by the CPWD as per availability of funds under 2059 (Other Buildings) or authorization from Income Tax Department. A local infrastructure committee is also formed by the I.Tax Deptt. to look after the issue of maintenance and upkeep of the asset.

5. Project Viability

5.1 For Projects which have identifiable stream of financial returns, the financial internal rate of return may be calculated. *The hurdle rate will be considered at 10 percent.*

NA

5.2 In case of project with identifiable economic return, the economic returns are not readily quantifiable; the measurable benefits/outcomes simply may be indicated.

NA

5.3 In case of proposals where both financial and economic returns are not readily quantifiable, the measurable benefits/outcomes simply may be indicated.

At present Income tax Department, Vadodara has one its own office building and two premises have been hired. The existing building i.e. Ayakar Bhavan at Vadodara came into existence in the year 1984. Since then no other building has been constructed or owned by the department. After the year 1984, department has undergone restructuring four times which resulted in substantial increase in the strength of officers and staff at all the level. Considering the shortage of office space, department has hired two buildings i.e. GEB Building and Yash Kamal Building at Vadodara for which a total rent of Rs. 3,16,810/- is paid per month. Besides, a proposal sent by the CCIT, Vadodara charge to hire office space for CIT(TDS), Vadodara charge for monthly rent of Rs.2,12,580/- has also been

approved by the competent authority. Thus, department will have to pay a total rent of Rs.5,29,390/- per month. The same is again subject matter of increase upon revision of rent after every three years.

This office has called for rent analysis of the similar office space nearby the proposed building area with projection of rent of 30 years. The CPWD has assessed the rent at Rs. 93.23 lacs p.m. (Rs.11.18 crores p.a.) and the projection of rent for 30 years for the similar office space with an escalation 24% compounded every three year has been assessed at Rs.1171.11 crores.

Considering the fact that the department has to pay a substantial rent towards the hired building, the department proposes to construct its own building. Further, it has been realized time and again that in the hired premises various essential components have to be compromised as also better tax payer services could not be provided. It is also pertinent that the department has to face various difficulties in organizing awareness programme such as during the IDS, 2016 & PMGKY etc. Due to shortage of office space there are impediments in providing better tax payer services.

Hence, in view of the above facts it is apparent that it is more economical to have the department's own building which will not only save the rent but will also facilitate the taxpayers with better amenities. A detailed cost benefit analysis shows the viability of the project.

6. Approvals and Clearances

Requirements of mandatory approvals/clearances of various local, state and national bodies and their availability may be indicated in a tabular form (land acquisition, environment, forestry, wildlife etc.). In case land is required, it may be clearly mentioned whether the land is in the possession of the agency free from encumbrances or encroached or stuck in legal processes?

S.No.	Approvals/Clearances	Agency Name	Availability (Y/N)
1.	Approval of Building Plans i/c Fire Safety approval	Vadodara Municipal Corporation	Will be applied after receipt of A/A & E/S to the proposal.
2.	Aviation Clearance regarding height of building.	Airport Authority of India	
3.	Non Encumbrance Certificate	Vadodara Mahanagar Seva Sadan	Yes VMSS Letter dated 16/07/2013

7. Human Resources:

7.1 Indicate the administrative structure for implementing the Project. Usually creation of new structures, entities etc. should be avoided.

Project will be implemented by CPWD with their available set up and creation of new structure would not be required.

7.2 Manpower requirement, if any. In case posts (permanent or temporary) are intended to be created, a separate proposal may be sent on file to Pers. Division of Department of Expenditure. Such proposals may be sent only after the main proposal is recommended by the appraisal body.

There is no requirement of manpower for the project as the CPWD is the executing agency.

7.3 In case of outsourcing of services or hiring of consultants is intended, brief details of the same may be provided.

There is no such requirement.

8. Monitoring and Evaluation

8.1 Indicate the Project Management/Implementing Agency(s). What agency charges are payable, if any?

CPWD, Gandhinagar is the implementing agency. There are no agency charges involved.

8.2 Mode of implementation of individual works, Departmental/Item-rate/Turnkey/EPC/Public Private Partnership etc.

Through call of open competitive bidding on Percentage Rate tender by CPWD as per its Works Manual & CVC Guidelines for procurement of works.

8.3 Please indicate the timelines of activities in PERT/Bar Chart along with critical milestones.

1. Detailed Planning and Designing, obtaining statutory clearance / approvals from local bodies, call of tenders. : 6 Months.
2. Construction : 24 Months.
3. **Critical Activity:**
 1. Obtaining statutory clearance / approval from local bodies. : -

8.4 Please indicate the monitoring framework, including MIS, and the arrangements for internal/statutory audit.

Accounts of CPWD are audited by Internal Audit as well as CAG as per the laid down frequency.

8.5 Please indicate what arrangements have been made for impact assessment after project is complete?

A local infrastructure committee is formed headed by the Principal Commissioners of Income tax at Vadodara to look after the progress and impact assessment of the project.

9. Comments of Financial Advisor, NITI Aayog, Department of Expenditure and other Ministries/Departments may be summarized in tabular form along with how they have been internalized and used to improve this proposal.

(-----)

Joint Secretary to the Government of India

Tel. No._____

Fax No._____

E-mail_____

Please attach an Executive Summary along with the Feasibility Report/Detailed Project Report prepared for the Project.