**FEASIBILITY STUDY**

**Why Feasibility Study Needed**

 The selection of a sound project to achieve the given target of economic development in a particular sector is very important for attainment of Plan objectives. Development projects, especially large and complex ones, often meet with difficulties during their execution process. A feasibility study is, therefore, a pre-requisite for preparation of a major development project on sound lines, and is not ruled out even for a minor one. It is basically an in-depth "three-in-one" study consisting of the technical, financial and economic viability of a project. The study arrives at a definite conclusion about the feasibility of a project after considering the various options.

**Dimension of a Feasibility Study**

The feasibility study should provide basic information related to the main scheme on the basis of various surveys/ researches carried out. It should include technical, financial, economic, managerial, social and regional aspects of the project.

**Preparation/Processing of PC-II**

 A PC-II is prepared for undertaking a feasibility study in respect of a major project estimated to cost Rs 50 million or more. This is mandatory. A project-oriented TOR should be prepared and professional consultants should be engaged for the feasibility study, if necessary (Annexure-V). The procedure for processing a PC-II is the same as for the PC-I. The consultancy cost should not exceed 10% of the project cost. The relevant scrutinizing body and the sanctioning authority will also remain the same as for the PC-I. In short, all the rules and procedures in respect of the PC-I will apply mutatis mutandis to the PC-II.

 In the case of large/complicated projects, appointment of local/foreign consultants is desirable. All proposals for consultancy, both local and foreign, for preparation of feasibility studies/ conducting surveys should be drawn up on the PC-II form and got approved from the Competent Authority before undertaking the actual work. The need for utilization and development of local consultancy has been recognized by the Government. Accordingly, ECC in its meeting held on 19-7-1988 decided that 30 per cent of expenditure to be incurred on foreign consultancy should be devoted to the development of local consultancy and that the limit of 30 per cent would be mandatory for foreign consultants, who would be required to engage local consultants.

This decision was, however, modified by the ECC in its meeting held on 10-4-1989 to the effect that aid donors should be assured that the 30 per cent mandatory limit on foreign consultants would not be applied rigidly and that this would be subject to the technical needs and availability of local consultants with the requisite qualifications and experience.

In order to give preference to local consultants, relevant extract of Prime Minister's Order dated 7th November, 1993 is as follow:- "The Pakistani consultants and engineers be given full opportunity and they should be the first to be hired for projects for consultancies in Pakistan before hiring any foreigners. The decision of the ECC for a minimum of 30% award of consultancy contract to local consultants may be strictly enforced".