

Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

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**Empowered Institution for the Scheme to Support Public Private Partnerships in
Infrastructure**

32nd Meeting on 4 July, 2011

Record Note of Discussions

The Thirty Second meeting of the Empowered Institution (EI), chaired by Additional Secretary and Director General, Department of Economic Affairs (DEA) was held on July 4, 2011. The list of participants is annexed.

Agenda Item I: Eight Proposals from the State Governments of Haryana and Punjab

2. The EI considered eight proposals, one from the State Government of Haryana and seven proposals from the State Government of Punjab for viability gap funding (VGF) support.

A. Proposal from the Government of Haryana: Assistance for Development of Yamunagar-Ladwa section of SH 6 and Ladwa-Karnal section of SH 7 including Ladwa by pass in the State of Haryana on DBFOT basis.

3. Representative of Government of Haryana (GoH) indicated that the subject Project was restructured based on the recommendations of the EI and appraising authorities. Presently, the Project length has been enhanced from 21.8 km to 53.5 km and total project cost increased from Rs. 154.47 crore to Rs. 395.72, for a concession period of 20 years. The expected VGF for the project was indicated as 28% of the

TPC, with 20% being the GoI component at return on equity (ROE) at 16.58%. The State Government have agreed to all the observations and recommendations mentioned in the appraisal notes of the members of EI.

4. Representative of MoRTH indicated that they have no objection in granting approval to the Project subject to compliance to the observations as suggested by the Ministry with respect to the corrections and updation in the Schedules of the project DCA. The same was agreed to by the representative of GoH.

5. Representative of MoRTH further indicated that the proposed project may be a competitive road for the NH projects. Engineer in Chief, PWD, GoH has indicated that the proposed project is not a competitive road for the NH project. Director, DEA stated that this should be as per the State Support Agreement and in accordance with the project's concession agreements. Engineer in Chief, PWD, GoH agreed to abide with the State Support Agreements.

6. Representative of Planning Commission (PC) indicated that the Concession Period may be increased. However, the representative of GoH indicated that as 60,000 PCUs were expected to be exceeded in 20years based on average total traffic, the Concession Period of 20 years is justified. The same was supported by all the other members of the EI.

7. The Chairman indicated concern for timely completion of the project(s) in case approvals and clearances get delayed, thus, leading to cost overruns. The representative of GoH clarified that 90% of the land shall be made available to the Concessionaire by the Appointed Date. Environmental clearances are expected to be obtained by September 2011. It was stated that the project had received 24 bids during the RFQ stage. Presently, the RFP has been floated with September 29, 2011 as the last date for its submission.

8. The Project was granted approval subject to compliance of the following conditions:

- i. Compliance to the observations of the members of EI mentioned in the Appraisal Notes.
- ii. Submission of revised projects documents to the members of EI.
- iii. Adhering to the observations of MoRTH with respect to corrections and updations in the Schedules of the project DCA.

- iv. Obtaining Environmental and other approvals and clearances before the award of the Project.
- v. 90% of the land to be provided to the Concessionaire as per the Model Concession Agreement (MCA) by Appointed Date.

(Action: Government of Haryana)

B. Proposals from the Government of Punjab:

- i. Development of two laning with paved shoulders of Road from Nidampur (NH 64) to Sullar Gharat (NH 71) to Lehra Ghagga (Ghaggar Canal Road) from km 0 to km 49 through PPP on DBFOT basis.
 - ii. Development of two laning with paved shoulders of Road from Manpur Headworks to Barnala-Raikot Road (Bhatinda Canal Road) from km 0.00 to km 47.44 through PPP on DBFOT basis.
 - iii. Development of two laning with paved shoulders of Road from Manpur Headworks to Jagraon-Raikot Road along Abohar Branch from km 0.00 to km 53.50 through PPP on DBFOT basis.
 - iv. Upgradation of Morinda-Kurali-Siswan Road (MDR 31) in the State of Punjab on BOT Toll basis.
 - v. Upgradation of Batala-Mehta-Beas Road (MDR 66) in the State of Punjab on BOT Toll basis.
 - vi. Upgradation of Kotkapura-Mukatsar Road (SH 16) in the State of Punjab on BOT Toll basis.
 - vii. Upgradation of Kapurthala-Nakodar Phillaur Road (MDR 48) in the State of Punjab on BOT Toll basis.
9. Representative of Government of Punjab (GoP) indicated that out of the seven projects, three projects are green field Canal roads over Irrigation land and remaining four proposals are on existing roads.
10. Joint Adviser, Planning Commission informed that the State Government have completed with all the issues related to the MCA and complied with the recommendations of Planning Commission and DEA.

11. The Chairman indicated that land acquisition is imperative prior to award of the project in order for timely completion of the project. In response, representative of GoP indicated that No Objection Certificate (NOC) has been obtained from the Irrigation Department and the land shall be acquired by the Public Works Department (PWD). The Chairman further indicated that even though the NOC had been obtained, the transfer of land ownership in the records of the Revenue Department of the State must be ensured prior to award of the Project.

12. Further, Joint Secretary, DEA, queried about the process of transfer of ownership of land from the Department of Irrigation to the PWD Department. He indicated that this is a long drawn process and may take around one year or more for transfer of ownership of land and mutation thereof and may involve approvals from the Cabinet of the State Government. Thus, he cautioned that due to pending land ownership the project may get delayed. Representative of GoP indicated that approvals for transfer of land may not require approval of the State Cabinet and it may be settled at the Departmental level under the aegis of the Secretary concerned. It was clarified that the same shall be obtained prior to the Appointed Date for the subject projects.

13. The Chairman enquired about the status of environmental and forest clearances. Representative of GoP informed that suitable documents have been submitted to the Departments concerned and the same shall be obtained before award of the project.

14. Representative of MoRTH have raised technical issues to be provided for in the Schedules of the DCA with regard to the three Canal projects and following the IRC-75 ('Guidelines for Design of High Embankments'). The same was agreed to by the Special Secretary, GoP.

15. Director, DEA, indicated that substantial changes have been undertaken with regards to the project structure, thus, revised documents may be sent for consideration by the EI for the above mentioned projects. Special Secretary, GoP sought clarification on the following points before submitting the revised proposals:

- i. Cost of the Projects: It was clarified that cost of projects of was high especially for the 3 Canal road project, due to they being green field projects. The remaining 4 projects, the cost was high on account of

construction related to ROB's, structures, bypass etc. However, it was mentioned that the TPC for all the seven projects has been revised based on restructuring of the projects. With the changes in TPC, the likely amount for VGF has also changed. The Chairman indicated that revised proposals may be sent to the members of EI for reconsideration.

- ii. Toll plazas: It was clarified that two Toll Plazas have been provided even for small length of less than 50 km. It was explained that this facilitated the users to pay lower toll and paying for the distance traversed, curbs leakages more efficiently and is in accordance with the State's Toll Policy. Members of EI were in concurrence with the same as in lay within the purview of the State's Toll Policy.
 - iii. Concession Period: It was informed that Concession Period has been fixed based on the traffic survey conducted independently for a higher growth rate of 6.5% (instead of 5% as recommended in the MCA) including an assessment of traffic diversion and keeping the design capacity of 2-lane with paved side shoulders (PSS) based on average total traffic. Increase in concession period may be a cause of heavy congestion and an event for likely termination; hence, it was not desirable to change the concession period. The same was agreed to by the members of the EI.
 - iv. Justification of the projects: It was clarified that two-lane with PSS have been proposed in case where the average total traffic exceeds 6,000 PCUs. The same was agreed to by the members of the EI.
16. Special Secretary, GoP sought approval for the remaining four projects where all the suggestion of appraisal bodies have been addressed and accepted. Director, DEA informed that since there is a change in the project structure with substantial changes in the Schedules of the DCA, the TPC and resultant change in likely VGF amount, revised documents are required to be resubmitted for consideration by the members of the EI.
17. Accordingly, GoP was advised to submit the revised documents for all the seven Projects for consideration by the members of EI.

(Action: Government of Punjab)

Agenda Item II: Review of viability gap funding (VGF) projects under the Scheme from various State Governments

C. The EI reviewed 30 projects earlier approved by the EI from State Governments of Haryana (2 projects), Rajasthan (12 projects) and Maharashtra (16 projects).

Proposals of Government of Haryana

4 laning with PSS of Rai Malikpur-Narnaul-Dadri-Bhiwani-Kharak corridor on DBFOT (Toll), TPC of Rs. 1201.70 crore, in-principle approval granted on 10.09.10, VGF approved for Rs. 240.30 crore.

18. Engineer-in-Chief, PWD, GoH informed that 24 bidders have been shortlisted, RFP has been issued and the award of the project is expected by September 2011. It was indicated that project may require marginal funding from GoI in the current financial year, expected to raise the requirement by March 2012, to the tune to Rs. 5.0 crore.

HVPNL 400 KV Jhajjar Power Transmission Project in Haryana on DBFOT basis, TPC of Rs. 382 crore, in-principle approval granted on 12.03.10, final approval granted on 16.03.11, VGF approved for Rs. 76.40 crore.

19. Financial Advisor, HPVNL informed that the Government was satisfied with the progress of the work undertaken by the Concessionaire, M/s Kalptaru consortium. It was informed that the Financial Closure was achieved on 9th November 2010 and the Concessionaire has already expended Rs. 76.0 crore of its equity contribution and Rs. 152.0 crore of Debt has been drawn, totalling Rs. 273.0 crore of expenses on the project. It was further informed that the commissioning of 1320 MW (660 MW x 2) plant was expected 31st December 2011 and COD for Transmission lines is expected by 2nd January 2012. The VGF of Rs. 30.0 crore out of Rs. 76.4 has already been disbursed till date. It was further indicated that by

September 2011 VGF requirement of another Rs. 30.0 crore for the project is expected to be raised by the Implementing Agency. The entire VGF is expected to be drawn within the current financial year 2011-12.

Proposals of Government of Rajasthan (GoR)

20. Special Secretary, GoR, informed that 12 projects have been cleared under the VGF Scheme and of this one project is for National Highway (NH) and remaining 11 projects are State Highways (SH). Further, of these, Concession Agreement has been executed for two projects, Jaipur to Bhilwara and Chomu- Mahila, concession agreement signed on 5th June 2011, with 13.41% of TPC as VGF grant. The LOA for Bharatpur-Alwar- Behror-Narnaul project has been issued on 22nd February 2011 to M/S Amtec –DRA with 0% VGF grant. However, concession agreement is yet to be executed.

21. The project-wise status is hereunder:

Up-gradation of Sawai Madhopur to Bharatpur State-Highway, TPC of Rs. 350.0 crore, in-principle approval granted on 16.04.10, VGF approved for Rs. 70.00 crore.

22. RFQ to be re-invited due to change in TPC.

Upgradation of Jaipur to Nagaur State Highway, TPC of Rs. 350.0 crore (revised TPC of Rs. 342.0 crore) , in-principle approval granted on 16.04.10, VGF approved for Rs. 70.0 crore (revised VGF of Rs. 68.40 crore).

23. 22 bidders have been shortlisted and the RFP has been invited with the due date of 21st July 2011.

Upgradation of Jaipur to Bhilwara State Highway, TPC of Rs. 247.0 crore (revised TPC of Rs. 220.0 crore), in-principle approval granted on 2.07.09, VGF approved for Rs. 49.40 (revised VGF of Rs. 44.0 crore).

24. Concession agreement has been executed onwith VGF of 38% of the TPC. However, Financial Closure has been achieved in June 2011. Mariginal VGF requirement of Rs. 15.0 is expected by March 2012.

Upgradation of Bhilwara to Bundi State Highway, TPC of Rs. 120 crore (revised TPC of Rs. 111.0 crore), in-principle approval granted on 2.07.09, VGF approved for Rs. 24 crore (revised Rs. 22.20).

25. No financial bid was received at RFP stage and the bidders cited reasons of non viability of the project for no response.

Kotputli to Kuchaman and Daulatpura via Neem ka thana, Sikar, Losal Road, TPC of Rs. 357.75 crore , in-principle approval granted on 16.03.11, VGF approved for Rs. 71.55 crore.

26. 28 Bidders have been shortlisted and RFP is to be invited shortly.

Development of two lane carriageway to Dabadeh to Bhawan Mandi, TPC of Rs. 96.0 crore , in-principle approval granted on 16.04.10, VGF approved for Rs. 19.20 crore.

27. It was informed that Construction of the project has been completed under other schemes of GoR through the Engineering, Procurement and Construction (EPC) mode. Hence, this project may be deleted under the VGF Scheme.

2-laning of Chomu to Mahla via Renwal Jobnet, TPC of Rs. 134.20.0 crore , in-principle approval granted on 16.03.11, VGF approved for Rs. 26.84 crore.

28. Concession agreement has been executed on 5th June 2011, with 13.41% of TPC as VGF grant. It was informed that VGF requirement of around Rs. 5.0 crore is expected to be raised in this financial year by March 2012.

Two lane road of Beawer-Gomti section of NH 8 (MoRTH proposal), TPC of Rs. 195.0 crore, in-principle approval granted on 2.07.09, VGF approved for Rs. 39.0 crore.

29. Construction has been completed and tolling has commenced from August 2011. Entire approved VGF grant has been disbursed.

2 lane with hard shoulder of State Highway 2 between Dausa-Dadu Road on BOT (Toll) basis, TPC of Rs. 155.84 crore (revised TPC of Rs. 164.70 crore), in-principle approval granted on 16.04.10, VGF approved for Rs. 33.16 crore (revised VGF of Rs. 32.93 crore).

30. During 2007 no financial bid was received at RFP stage. Project has been restructured. However, RFQ has not been issued due to reasons of non- viability of the project.

2 laning of Bharatpur-Alwar-Behror-Narnol Road on BOT (Toll), TPC of Rs. 131.92 crore, in-principle approval granted on 10.09.10, VGF approved for Rs. 26.38 crore.

31. The LOA for Bharatpur-Alwar- Behror-Narnaul project has been issued on 22nd February 2011 to M/S Amtec –DRA with 0% VGF grant. However, concession agreement is yet to be executed. It has been informed that notice has been issued for expediting the execution of the concession agreement.

2 laning with hard shoulder of Dadu-Sambar Road on BOT (Toll) basis, TPC of Rs. 40.40 crore, in-principle approval granted on 16.03.11, VGF approved for Rs. 8.10 crore.

32. During 2007 no financial bid was received at RFP stage. Project has been restructured. However, RFQ has not been issued due to reasons of non- viability of the project.

Two lane with paved side shoulders of Rawatsar-Nohar-Bhadra section of MDR 18, TPC of Rs. 291.56 crore, in-principle approval granted on 16.03.11, VGF approved

for Rs. 58.31 crore. 27 Bidders have been shortlisted out of 31 applications received for RFQ. RFP has been issued to the shortlisted bidders with due date of 21 July 2011.

Proposals of Government of Maharashtra (GoM)

33. Representative of PWD, GoM, indicated that of the total 16 projects for review, 15 projects were for roads and one project of MMRDA for Mumbai Metro. The project-wise status with regard to 15 roads projects were as under.

Four Laning of Osmanabad-Latur-Nanded Road, TPC of Rs. 300.19 crore (revised TPC of Rs. 511.0 crore), in-principle approval granted on 17.03.06 and further approval confirmed on 18.6.08, VGF approved for Rs. 60.0 crore. It was indicated that LOA was issued on 23.10.2008, concession agreement executed on 18.09.2009. However, the bidder has not achieved the financial closure within the prescribed time line and the concession was terminated on 20.11.2010. The bidder has moved to the Court and matter is subjudice.

Four laning of Jalna Deoulgaonraja Berala Phata including Deoulgaonraja bypass, TPC of Rs. 118.54 crore (revised TPC of Rs. 125.25 crore), in-principle approval granted on 18.06.2008, final approval on 16.04.2010, VGF approved for Rs. 19.18 crore.

34. The status of the project is as under:

Date of LOA issued	18.08.2008
Date of Concession Agreement executed	10.12.2008
Date of Financial Closure	10.06.2009
Present Status	In progress

35. The progress of work is satisfactory and the entire VGF has been released. The COD is expected by March, 2012.

Nashik Aurangabad road Nashik Nipad Ycola Vaijapur, TPC of Rs. 157.50 crore (revised TPC of Rs. 254.0 crore), in-principle approval granted on 17.03.2006 and final approval on 16.03.11, VGF approved for Rs. 31.50 crore. Date of LOA issued 23.10.2009 Date of Concession Agreement executed 10.12.2009 Date of Financial Closure 20.09.2010 Present Status In progress

36. The status of the project is as under:

Date of LOA issued	23.10.2009
Date of Concession Agreement executed	10.12.2009
Date of Financial Closure	20.09.2010
Present Status	In progress

37. The construction work is in progress. The VGF requirement of Rs. 15.0 crore has already been raised. However, DEA indicated that the Tripartite Agreement is not in order as only VGF share of GoI is to be mentioned in the Tripartite Agreement and not the whole VGF amount. GoM is requested to send the revised Tripartite Agreement.

Four laning of Manjarsumba-Lokhandi Swargaon Latur State Highway, TPC of Rs. 203.0 crore, in-principle approval granted on 22.01.2007, VGF approved for Rs. 40.60 crore.No bids have been received even after repeated calls for four times. The proposal is being restructured and will be submitted for consideration of the EI.

Four laning of Berala Phata-Chikhali Khamgaon, TPC of Rs. 92.89 crore (revised TPC of Rs. 213.50 crore), in-principle approval granted on 22.01.2007 and final approval on 16.03.2011 VGF approved for Rs. 18.58 crore. Date of LOA issued 25.08.2009 Date of Concession Agreement executed 18.01.2010 Date of Financial Closure 20.08.2010 Present Status In progress

38. The status of the project is as under:

Date of LOA issued	25.08.2009
Date of Concession Agreement executed	18.01.2010
Date of Financial Closure	20.08.2010
Present Status	In progress

39. The construction work is in progress. The VGF requirement of Rs. 5.0 crore has already been raised.

Jam-Warora-Chandrapur Ballarpur Bamni Road (part of Warora to Chanderpur), TPC of Rs. 449.25 crore (revised TPC of Rs. 441.49 crore), in-principle approval granted on 02.02.2009, VGF approved for Rs. 89.85 crore. Date of LOA issued

**27.08.2009 Date of Concession Agreement executed 18.03.2010 Date of Financial Closure
03.01.2011 Present Status In progress**

40. The status of the project is as under:

Date of LOA issued	27.08.2009
Date of Concession Agreement executed	18.03.2010
Date of Financial Closure	03.01.2011
Present Status	In progress

41. The construction work is in progress. The VGF requirement of Rs. 10.0 crore may require in the current financial year 2011-12.

Aurangabad-Phaltan Road Project, TPC of Rs. 148.65 crore (revised TPC of rs. 179. 25 crore), in-principle approval granted on 02.02.2009, VGF approved for Rs. 29.73 crore.It was indicated that only single bid was received at the RfP stage, out of 6 bidders short-listed and sought the advised of EI for acceptance of the single bid. It was informed that the EI have no objection in accepting single bid as being followed by NHAI. However, the State Government is advised to take legal opinion on the matter and seek appropriate approval from the State Cabinet as necessary.

4 laning of Baramati-Phaltan-Lonand-Shirwal Highway, TPC of Rs. 357.90 crore, in-principle approval granted by the Empowered Institution on 02.02.2009 for a VGF of Rs. 71.58 crore. Final Approval granted on 16.03.2011 for a VGF amount of Rs. 67.80 crore. Date of LOA issued 24.08.2009 Date of Concession Agreement executed 03.10.2009 Date of Financial Closure 27.02.2010 Present Status 4 laning of 18 km completed

42. The status of the project is as under:

Date of LOA issued	24.08.2009
Date of Concession Agreement executed	03.10.2009
Date of Financial Closure	27.02.2010
Present Status	4 laning of 18 km completed

43. The construction work is in progress. VGF of Rs 15.0 crore has already been disbursed, Rs 25. 0 crore, which is indicated as required by December 2011, and Rs. 10 crore may be required by March 2012.

2/4 laning of Nanded-Narsi Road section of SH-6, TPC of Rs. 238.79 crore, in-principle approval granted on 12.08.09, VGF approved for Rs. 47.76 crore.It was indicated that LOA was issued on 14.01.2011, concession agreement executed on 16.06.2011; however, Financial Closure is awaited.

2 laning of Shirur Tajband-Mukhed-Narsi and 2 laning with paved shoulder of Narsi-Biloli to State Border, TPC of Rs. 190.18 crore, in-principle approval granted on 12.08.09, VGF approved for Rs. 38.04 crore.It was indicated that LOA was issued on 14.01.2011, concession agreement executed on 16.06.2011; however, Financial Closure is awaited.

4 laning of Akola Washim Hingoli Waranga Phata section of SH 204, TPC of Rs. 686.79 crore, in-principle approval granted on 12.08.09, VGF approved for Rs. 137.36 crore.Project has been bid twice. In the first round of bid, no bids were received. It has been indicated that project is financially viable. In the second round of bidding, 3 bidders have been shortlisted in the RFQ stage and the RFP is under approval.

4 laning of SH 77 - Tembhurni to Hedshi Road, TPC of Rs. 321.16 crore, in-principle approval granted on 12.08.09, VGF approved for Rs. 64.23 crore.It was indicated that no response has been received even after 4 times extensions of bid due date. The scope of work is to be restructured and revised documents to be submitted to EI.

4 laning of Jam-Warora-Chadrapur Road (km 0.00 to km 40.0), TPC of Rs. 224.0 crore, in-principle approval granted on 14.12.09, VGF approved for Rs. 44.72 crore. LOA for the project has been issued on 26.10.2010, concession agreement executed on 24.02.2011; however, Financial Closure is awaited. It has been indicated that VGF requirement of Rs. 5.0 crore may be raised by March 2012.

4 laning of Karanji-Wani-Ghuggus-Chandrapur Road, TPC of Rs. 498.77 crore, in-principle approval granted on 14.12.09, VGF approved for Rs. 99.75 crore. LOA for the project has been issued and concession agreement executed on December 1, 2010; however, Financial Closure is awaited. It has been indicated that VGF requirement of Rs. 5.0 crore may be raised by March 2012.

4 laning of Hadapsar-Saswad-Belsar-Phata to Belha-Pabal-Uralikanchan-Jejuri-Nira Road on BOT (Toll) basis, TPC of Rs. 238.60 crore, in-principle approval granted on 27.09.10, VGF approved for Rs. 47.72 crore.

44. VGF quoted by the L-1 bidder was 42% of the TPC. GoM is in the process of negotiating with the L-1 bidder to maximum 40% of the TPC, and the negotiation process is a requirement indicated by the State's Finance Department.

Mumbai Metro Rail Project-Charkop Bandra Mankhud 2nd Corridor, TPC of Rs. crore, in-principle approval granted on 16.03.11, VGF approved for Rs. 58.31 crore.

45. Representative of MMRDA, GoM were not present in the meeting.

46. The meeting ended with a vote of thanks to the chair.
