

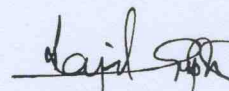
F.No.3A/1/2013-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

New Delhi the 17th December, 2013.

Subject: Record of Discussion of the 50th Meeting of the Empowered Institution for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme).

The undersigned is directed to enclose the Record of Discussion of the 50th Meeting of the Empowered Institution held on November 12, 2013.

Encl: as above.

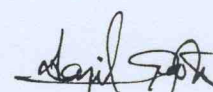


(Rajesh Gupta)
Section Officer (PPP)

1. **Smt. Meena Aggarwal**, OSD(PPD), Department of Expenditure, North Block, New Delhi.
2. **Shri Saurabh Garg**, Joint Secretary, Department of Expenditure, North Block, New Delhi.
3. **Shri Ravi Mittal**, Adviser, Planning Commission, Yojana Bhavan, New Delhi.
4. **Shri R.K. Singh**, Joint Secretary, Ministry of Road Transport and Highways, Transport Bhavan, New Delhi. (Fax 23359477)
5. **Shri Surendra Kumar Rai**, Member (Finance), U.P. State Highways Authority, 4th Floor, Kishan Mandi Bhawan, Vibhuti Khand Gomti Nagar, Lucknow-226010.
6. **Shri P.K. Mohapatra**, Principal Secretary, Department of Health & Family Welfare, Odisha Secretariat, Bhubneshwar.
7. **Shri Shyamalkumar Mukherjee**, Secretary (Works), Public Works Department, Government of Maharashtra, Madam Cama Road, Hutatma Rajguru Chowk, Mantralaya, Mumbai-400032.
8. **Shri Manoj Jalani**, Joint Secretary, Ministry of Health and Family Welfare, Nirman Bhawan, New Delhi.

Copy to:

- a. Sr. PPS to Additional Secretary (EA)
- b. Sr. PS to JS (I&I).
- c. PS to DS (PPP)



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

50th Meeting on November 12, 2013

Record Note of Discussions

The fiftieth meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on November 12, 2013. The list of participants is annexed.

2. The EI noted that there were three proposals for consideration for grant of financial support under the DEA's Viability Gap Funding scheme (VGF), one proposal is for final approval in the road sector from Government of Uttar Pradesh and two proposals are for in-principle approval (one road sector proposal from Governments of Maharashtra and the other a health sector proposal from Government of Odisha). In addition there were two proposals already approved earlier which have been posed for further discussions.

I. Proposal for Final Approval

Agenda Item A: Proposal from the Government of Uttar Pradesh (GoUP) for final approval: Assistance for four-laning of Varanasi-Shaktinagar road of SH-5A in UP under DBFOT basis.

Total length: 117.60 km including 33 km of 6-lane road; Total Project Cost: Rs. 1211.96 crore; Concession Period: 20 years including 2 years of construction period. VGF from Government of India: Rs. 241.92 crore (actual as per L-1), VGF from Government of UP: Nil

Major development works/ structures: Major Bridges: 1; Elevated corridor: 2 (at Ahraura of 1 km and at Robertsgang of 3 km); Minor bridges: 13; ROB: 4; RUB: 1; Toll plazas: 3 (km 3.5, km 65 and km 110), Bypass: 1 at Adalhat of 6 km; Major road junctions: 3, Minor road junctions: 68; Truck Lybyes: 2, Bus Bays: 30, Culverts: 171

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3. Deputy Secretary, Department of Economic Affairs (DEA), at the outset, pointed out that the EI secretariat has been informed that Government of Uttar Pradesh would be unable to be present at the meeting. Accordingly, the EI agreed to defer the project.

II. Proposals for in-principle approval

Agenda Item B: Proposal from Government of Odisha (GoO) for grant of in-principle approval for: Establishment of a Medical College with intake of 100 MBBS students and an associated Hospital with 500 beds as per MCI guidelines in Bolangir in the State of Odisha on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

Area: 25 acre; Total Project Cost: Rs. 326.40 crore; Concession Period: 30 years including 4 years of construction period. VGF from Government of India: Rs. 65.28 crore (20% of TPC)

Major development works/ structures: Medical College with intake of 100 MBBS students and an associated Hospital with 500 beds as per MCI guidelines. The Developer may also set up a Nursing College offering B.Sc. Nursing and Paramedics/ Technician training College in order to make the project more feasible.

4. Deputy Secretary, DEA stated that the project was earlier considered by the EI in its 46th Meeting held on April 09, 2013 and the project was deferred for want of clarity whether the project of medical college with hospital facilities is eligible for VGF under the GoI Scheme. The EI was informed that DEA had examined the matter and it was found that the proposal was eligible for VGF, however it was decided after taking approval of the Empowered Committee and Finance Minister that a clarification be issued whereby VGF support is available only for those medical colleges which are located in identified backward districts of the country. Accordingly DEA has issued a Notification No 3C/1/ 2012-PPP dated November 04, 2013 vide which as regards medical colleges, VGF would be admissible only if the proposed medical college is located in one of the backward districts identified under various schemes of GoI, provided there is no medical college in that district as on the date of in-principle approval of VGF by the competent authority.

5. Principal Secretary, Health and Family Welfare Department, Government of Odisha welcomed the issue of the Notification and presented the proposal before the EI once again. He stated that GoO proposes to establish a Medical College with intake of 100 MBBS students and an associated Hospital with 500 beds as per MCI guidelines in Bolangir in Odisha on DBFOT basis. The proposed site for the Medical College is located approx. 0.6 km from the Bolangir – Patnagarh road (SH 42) and 6

km from the town centre. The western region of Odisha is relatively underdeveloped as compared to the northern and coastal belt of the state. The western districts of the state lack access to quality basic rights of any citizen i.e. Education, Health and Communication etc. The existing health facilities in and around the surrounding districts of Bolangir are grossly inadequate to serve the health requirements of the area. The existing District Hospitals and private health facilities are inadequately staffed and do not possess the necessary equipments and infrastructure to cater to super specialty/ high-end procedures. The existing bed-population ratio in Bolangir is approximately 0.2 per 1000, against the national average of 0.8 per 1000 thus indicating a massive need for up-gradation of health facilities and adding of additional beds in the region. This results in people of Western Odisha travelling to Raipur and Vizag to avail better quality health services. Government of Odisha envisaged a hospital-cum-medical college in Bolangir that would endeavour to provide high quality health service to the people of Western Odisha as well as produce high quality doctors, who are in scarcity in the state. Bolangir being a relatively more developed township than the other districts was chosen as the site of the proposed project so as to create an enabling environment for the project to conceive and succeed. The site is spread across approx. 25 acres under the ownership of the Revenue & Disaster Management Department, Government of Odisha through the Tahasildar, Bolangir.

6. The Chair inquired whether the proposed project is covered under the said notification dated 4.11.2013 and hence eligible under the VGF Scheme. Principal Secretary, Health and Family Welfare Department, Government of Odisha responded that the project is located in a backward district identified in the Backward Regions Grant Fund (BRGF) as well as Integrated Action Plan (IAP) as per para (iii) & (iv) of the Notification. Further, no medical college exists in Bolangir district. Thus, the proposed project is eligible under the VGF Scheme.

7. Representative of Planning Commission stated that the student fee to be charged for the medical college and user charges for the hospital are required to be fixed upfront in the DCA. Principal Secretary, Health and Family Welfare Department, GoO responded that all fees including tuition fees and development fee are to be decided by the Fee Structuring Committee as per the Orissa Professional Educational Institutions (Regulations of Admission and Fixation of Fee) Act, 2007. This fee is calculated by the Fee Structuring Committee in a transparent manner which is identical for all medical colleges in the State of Odisha. Further, the BPL category patients will be provided free treatment to be reimbursed by GoO under their applicable scheme. The hospital fees for the non-BPL populace will be market-linked and left to the selected private sector developer to decide. The Chair directed that maximum ceiling or band of users' charges should be indicated in the Bid



Documents by the State Government in order to avoid ambiguity at a later date. This was agreed to.

8. Representative of Planning Commission further stated that the land for the project is proposed to be given for 99 years period whereas the initial concession period is only 30 years. Principal Secretary, Health and Family Welfare Department, GoO responded that the 99 years lease has been proposed based on the MCI conditions for setting up a medical college. Joint Secretary, DEA stated that MCI might have posed the condition for a private medical college which may not be applicable for Government or Medical College on PPP basis. Hence, the initial lease period should be 30 years to coincide with the concession period. The lease period may be extended in accordance with extension of the concession period. Joint Secretary, DEA stated that the conditions on which concession period is to be renewed should be clearly indicated in the DCA with first right of refusal by the Concessionaire. This was agreed to.

9. Joint Secretary, Ministry of Health and Family Welfare, stated that as per the MCI guidelines, Medical Colleges should be either Private or Government. There is no provision of medical college on PPP basis. Principal Secretary, Health and Family Welfare Department, GoO responded that the proposed project has been prepared as per the guidelines of MCI and qualify as a government asset. The Chair indicated that medical colleges on PPP may have not been envisaged in the MCI guidelines till date; however if required, Ministry of Health and DEA may facilitate Government of Odisha for getting clearance from MCI under the proposed structuring.

10. In recognition of the above, all the members of EI were in agreement to grant an in-principle approval to the project.

11. The EI granted in-principle approval to the project for TPC of Rs. 326.40 crore with maximum GoI contribution towards VGF as Rs. 65.28 crore (20 percent of TPC), subject to fulfillment of the following conditions:

- a. GoO shall incorporate in the DCA, the maximum ceiling or band of user' charges for hospital facilities.
- b. GoO shall revise the initial lease period to 30 years to coincide with the concession period. The lease period may be extended in accordance with extension of the concession period. GoO shall incorporate this provision in the DCA.
- c. GoO shall incorporate in the DCA, the conditions in which concession period is to be renewed with first right of refusal by the Concessionaire.

- d. GoO shall undertake corrections in the project DCA in compliance with the observations of DEA, Planning Commission and MoH&FW which have been agreed to by GoO in their response to the appraisal notes.
- e. GoO shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with the short listed bidders.
- f. GoO shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- g. GoO shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- h. GoO shall circulate the final documents to the members of the EI for the record.

(Action: GoO)

Agenda Item C: Proposal from Government of Maharashtra for two/four laning to WaturPhata-Jintur-Aundha-Basmath Road (MSH-2) and Hingoli-Aundha Road (SH-249) on DBFOT basis.

Total length: 144.408 km; Total Project Cost: Rs. 752.98 crore; Concession Period: 30 years including 3 years of construction period.

VGF sought from Government of India: Rs. 150.60 crore (20% of TPC), VGF from Government of Maharashtra: Rs. 82.8278 crore (11% of TPC) as per EI memo Article 25 of project's DCA: indicates equity support of maximum 40% of the TPC.

Major development works/ structures: Lane development: (4-Lanes: 67.164 km, and 2-lane with PSS: 77.244 km; Flyover: 1, in-between km 22 to km 24 of SH 249; Major Bridges: 5, Minor bridge: 34 (28 for widening and 6 for new construction); Toll plazas: 3 at km 23.1, km 70.1 and km 117.1 of MSH-2; Culverts: 28 Slab drains and 63 C.D. Works; Bus-bays: 32, Junctions: 22 for improvements; Retaining wall: 0.75 km, from km 58.9 to km 59.0; Built up gutters: 4.380 km of length (varies in EI memo, is 5.95 km); Gantries: 6; Underpasses: Vehicular: 3; Parking lots: 2, each of 1700 sqm

12. Deputy Secretary, DEA presented the project proposal and stated that it was considered by the EI in its 47th meeting held on July 23, 2013. Further, it was informed that its approval was deferred on account of compliance requirements to be met by GoM and resubmission of documentation. GoM submitted compliance with the observations of EI, and that the project be considered.



13. Deputy Secretary , DEA pointed out that there was another issue that is required to be considered by the EI related to issuance of provisional certificate on completion of atleast 75% of construction . The EI was informed that GoM had changed the minimum requirement to 98% which is a deviation from the MCA.

14. Chief Engineer, GoM indicated that the proposal on issuance of completion certificate only upon 98% of actual works be completed was taken by the State infrastructure committee after many round of discussions. This decision was primarily taken based on numerous public interest litigations (PIL) and general complaints raised by users. Users sought reasons for toll charges being imposed even though the construction works are incomplete and causing inconvenience. Further, it was informed that while the GoM, had considered the suggestion of the EI in the 47th meeting acceptable if adopting MoRTH's toll policy for tariff, this may be made applicable for future projects and may require suitable notifications. For the instant project, it was requested that the GoM toll policy as presented in the initial proposal may be accepted. This was agreed to by all the members of EI.

15. Chair enquired whether the aforementioned decision of GoM would be a policy decision of the state government for all projects or whether it would be applicable on case-to-case basis. Chief Engineer, GoM informed that the same is proposed to be adopted for all projects being planned and developed in future.

16. Representative of Planning Commission stated that raising the bar for issuance of completion certificate from atleast 75% to 98% may impact the escrow receivables. Toll collections may not be available as project's cash flow. Further, the Chair stated that while this proposition may be acceptable from the users' point of view, GoM may send a separate and self contained note on the reasons for increasing the bar to 98%. This note may be sent to all the members of EI for analysis and views thereon. DEA may thereafter take a policy decision in this regard. Till such time, the extant provisions of MCA may prevail for the said projects, i.e. atleast 75% for issuance of construction completion certificate. This was agreed to by the representative of GoM.

(Action: GoM)

17. Deputy Secretary, DEA further sought clarifications on three matters (a) on the land availability and acquisition status, (b) reasons for reduction in toll collections over the years supported by submission of written clarification and (c) justification for four laning as presently inadequate for the purposes of four-laning. Chief Engineer, GoM responded that though most of the land was already in possession with the State Government, land for toll plaza development was required. A complete status including details on land area available, yet to be

acquired and time frame for acquisition shall be submitted shortly; (b) the reasons for toll reduction was indicated as diversion in traffic due to poor connectivity on the instant stretch; and (c) it was stated that in the year 2017 the project is likely to achieve the construction completion and within 3 years the traffic is likely to exceed the 15,000 PCUs mark, thus making four-laning necessary. Hence, it was stated that the State Government has proposed to restrict the VGF requirement to 31% of the TPC, and in view of likely robust traffic increase and diversion of traffic on this road, the project may be approved.

(Action: GoM)

18. All the members of EI were in agreement for grant of in-principle approval for the project.

19. The EI granted in-principle approval to the project for TPC of Rs. 752.98 crore with maximum GoI contribution towards VGF as Rs. 150.60 crore (20 percent of TPC) and overall VGF at 31% of the TPC, subject to fulfillment of the following conditions:

- a. GoM shall confirm in writing that 90 percent of land is available along with the details of total land required, available land and balance land to be acquired.
- b. GoM shall undertake corrections in the project DCA in compliance with the observations of DEA, Planning Commission and MoRTH which have been agreed to by GoM in their response to the appraisal note.
- c. GoM shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with the short listed bidders.
- d. GoM shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- e. GoM shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- f. GoM shall circulate the final documents to the members of the EI for record.

(Action: GoM)



III. Additional Agenda Item

Agenda Item D-1: Proposal for development of Four-laning of Aurangabad-Paithan road (SH-30) & 2-lane paved side shoulders (PSS) of Walmi-Waluj pipe line road km 0.00 to km 5.20 road on BOT (Toll).

Total length: 51.055 km (4-lane: 45.855 km and 2-lane: 5.2 km); Total Project Cost: Rs. 289.87 crore; Concession Period: 25 years including 2 years of construction period.

VGF from Government of India: maximum Rs. 57.97 crore (20% of the TPC), VGF from Government of GoM: Rs. 5.90 crore (2% of TPC)

Major development works/ structures: Main paved carriage-way is 18 meter (4-lane with PS, excluding 2 m median) and carriageway for 2-lane road shall be 10 m); Major Bridge: 4 (reconstruction); Minor bridge for reconstruction/widenining: 32; Flyover: in between km 22 to km 24 of SH 249; Culverts: 47; Toll plazas: 1 (at km 336.8); Bus-bays: 33, with passenger shelters , Major road junctions: 34, Underpasses for cattle: 2 at Bidkin & Chitegaon

Agenda Item D-2: Proposal for development of Four-laning of Ahmednagar-Karmala road (SH-141) km 0.00 to km 80.6 road on DBFOT (Toll).

Total length: 80 km; Total Project Cost: Rs. 703.05 crore; Concession Period: 25 years including 2 years of construction period.

VGF from Government of India: maximum Rs. 140.61 crore (20% of TPC), VGF from Government of GoM: Rs. 21.09 crore (3% of TPC)

Major development works/ structures: Major Bridge: 2 (new); Minor bridge for reconstruction/widenining: 20; Flyover: 1 at km 0.0 of SH 141; Culverts: 68; Toll plazas: 2 (at km 19 and km 55 on SH 141 having 16 lanes); Bus-bays: 10, with passenger shelters; Major road junctions: 26; Underpasses for cattle: 14; Retaining wall: 500 r.m; Gantries: 2; Parking lots: 2; Gutters: 8 km on each side; Utility crossing ducts: 50

20. Deputy Secretary, DEA stated that the EI secretariat was in receipt of a letter from Planning Commission seeking fresh consideration of the subject projects after it has examined the revised projects documents. The said correspondence pertained to two projects namely, (i) Four-laning of Aurangabad-Paithan and (ii) Four-laning of Ahmednagar -Karmala.

21. Chief Engineer, GoM indicated that comments received from Planning Commission and MoRTH have been taken into account and they have revised the project documentation. The revised documents have been submitted to the members of EI for the purposes of record in line with the approval granted. Representatives of Planning Commission and MoRTH accepted the modifications undertaken by GoM in response to their revised appraisal notes.

22. The EI reiterated the in-principle approval granted earlier to the projects at its 48th meeting held on September 4, 2013, subject to the same terms and conditions.

(Action: GoM)

23. The meeting ended with a vote of thanks to the Chair.

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

50th Meeting held on November 12, 2013

List of Participants

- I. **Department of Economic Affairs, Ministry of Finance**
1. Shri Shaktikanta Das, Additional Secretary (In Chair)
 2. Ms. Sharmila Chavaly, Joint Secretary
 3. Smt. Abhilasha Mahapatra, Deputy Secretary
- II. **Planning Commission**
4. Shri A. Manohar, Deputy Advisor, PPPA
 5. Shri K.R. Reddy, Consultant
- III. **Ministry of Health and Family Welfare**
6. Shri Manoj Jalani, Joint Secretary
- IV. **Ministry of Road Transport and Highways**
7. Shri Amarendra Kumar, SE (PPP)
 8. Shri Varun Aggarwal, EE
- V. **Government of Odisha**
9. Shri P.K. Mohapatra, Principal Secretary, Health & Family welfare
- VI. **Government of Maharashtra**
10. Shri C.P. Joshi, Chief Engineer (CE), Mumbai
 11. Shri Avinash T. Dhondge, Ex. Engg, PWD, Hingole
 12. Shri Kolalwar Sandiyo A., A.E.-I, Aundha
 13. Shri R.A. Gupta, Sec Engineer, Maharashtra Sadan, New Delhi