

**F. No. 3A/2/2014-PPP**  
**Government of India**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**PPP Cell**  
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North Block, New Delhi  
7<sup>th</sup> May, 2014

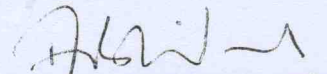
**OFFICE MEMORANDUM**

**Subject: Record of Discussion (RoD) of the 54<sup>th</sup> Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme), held on 02.05.2014, North Block.**

Reference is invited to the 54<sup>th</sup> Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme) held on 02.05.2014 under the Chairmanship of Additional Secretary (Economic Affairs) in North Block, New Delhi. Please find enclosed the Record of Discussion (RoD) of the said meeting.

2. **Due to the Model Code of Conduct, the Election Commission has directed that no publicity shall be made and no new project/work shall be started till the completion of elections.**

Encl: a/a

  
**(Abhilasha Mahapatra)**  
Director (PPP)

1. Dr. Saurabh Garg, Joint Secretary, Department of Expenditure, North Block, New Delhi.
2. Shri Ravi Mittal, Adviser, Planning Commission, Yojana Bhawan, New Delhi.
3. Shri R.K. Singh, Joint Secretary, Department of Road Transport & Highways, Transport Bhawan, New Delhi.
4. Shri Manoj Jhalani, Joint Secretary, Ministry of Health & Family Welfare, Room No. 242 A, Nirman Bhawan, New Delhi.
5. Shri P.K. Mohapatra, Principal Secretary, Health & Family Welfare Department, Government of Odisha, Odisha Secretariat, Bhubaneswar-751001.
6. Ms. Rajbala Verma, Principal Secretary, Department of Road Construction, Government of Jharkhand, Ranchi.

Copy to:

- a. Sr. PPS to Additional Secretary (Economic Affairs)
- b. Sr. PS to Joint Secretary (Infrastructure), DEA.



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**Empowered Institution (EI) for**  
**the Scheme for Financial Support to Public Private Partnerships in Infrastructure**

54<sup>th</sup> Meeting on May 02, 2014

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**Record Note of Discussions**

The fifty-fourth meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on May 02, 2014. The list of participants is attached.

The Empowered Institution (EI) noted that there were three (3) proposals for viability gap funding (VGF) under the Scheme for consideration of grant. Of these proposals, two health sector proposals are for in-principle approval from Government of Odisha and one road sector proposal for in-principle approval from Government of Jharkhand.

The EI noted that the Scheme for Support to PPPs in Infrastructure prescribes that VGF up to Rs. 100 crore for each project may be sanctioned by the EI, proposals for VGF up to Rs. 200 crore may be sanctioned by the EC, and amounts exceeding Rs. 200 crore may be sanctioned by the EC, with the approval of the Finance Minister.

**Agenda Item I: Proposal from Government of Odisha (GoO) for Development of Medical College and an associated Hospital at Gajapati District and Raygada District of Odisha through PPP.**

Total Project Cost: Rs. 327.40 crore; Site Area: 20 Acres; Concession Period: 30 years with option of renewal of additional concession period 35 years and subsequent addition of another 34 years including including 4 years of construction period for minimum 300 beds hospital and 6 years for medical college.

Major development works/ structures: Medical College with intake of 100 MBBS students and an associated Hospital as per Medical Council of India (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

2. Principal Secretary, Department of Health and Family Welfare (DH&FW), Government of Odisha (GoO) presented the proposal. He stated that to improve availability and quality of health care facilities, GoO proposes to establish a Medical College with intake of 100 MBBS students and an associated Hospital (500 beds) each in Gajapati and Raygada districts of the state on Design, Build, Finance, Operate and Transfer (DBFOT)



basis. The Project envisages free treatment for 25% of Out-patient Department (OPD) and 10% of IPD (in-patient Department) cases to the patients belonging to the BPL category. It was confirmed that the project locations are covered under Backward Regions Grant Fund (BRGF) Scheme of Panchayati Raj and there is no existing Medical College in the said districts which is in compliance with DEA circular No. 3C/1/2012-PPP dated November 04, 2013.

3. Further, it was stated that the project contours, development parameters and project documentations are based on the earlier approved Hospital project in Bolangir<sup>1</sup> district of Odisha. However, GoO has withdrawn the development of Medical College at Bolangir district vide letter no. 11543 dated April 30, 2014 as Government of India (GoI) has accorded approval for establishment of Government Medical College under the Central Sponsored Scheme (CSS).
4. Director, DEA requested clarification regarding the minimum land required for Medical College cum Hospital which should be 25.0 acres as per Medical Council of India (MCI) norms as the EI Memo indicates 20.0 acres of land. Principal Secretary, DH&FW, GoO responded that the provision of minimum land requirement under MCI has been relaxed to 20 acres vide Gazette Notification of GoI dated February 26, 2010.
5. Director, Ministry of Health and Family Welfare, GoI inquired about the applicable guidelines, regulatory mechanism for fee structure, control on the construction period to safeguard against time and cost overrun etc. for development of Medical College and associated Hospital. Principal Secretary, DH&FW, GoO responded that the development would be governed by the extant norms / guidelines of MCI. The Concessionaire shall plan the facilities, manpower and the service standards to meet the quality standards laid down by extant norms of MCI. The Concessionaire shall be responsible for all the clearances as may be required for the development and operations of the Project, Specialty Treatments etc. The Hospital (100 beds) shall be in operation within a period of 4 (four) years from the appointed date and rest beds in subsequent phases. The Medical College will be in operation from the 5<sup>th</sup> year, i.e. when the Hospital has 300 beds with necessary infrastructural facilities capable of being developed into a teaching institution
6. Joint Advisor, Planning Commission stated that the tuition fee to be charged for the Medical College and user charges for Hospital are required to be fixed upfront in the Concession Agreement and are annexed to the project document. Principal Secretary, DH&FW, Government of Odisha (GoO) stated that all the fees including tuition fees and development fee are to be decided by the Fee Structuring Committee as per Odisha 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 schemes. The hospital fees for non-BPL patients will be market linked. However, the same shall be capped to a maximum of Central Government Health

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<sup>1</sup> granted in-principle approval by the EI in the meeting held on November 12, 2013



Scheme (CGHS) rates for A-1 category cities (Bangalore, Chennai, Hyderabad, Kolkata and Mumbai) as notified vide letter No. S.11011/23/2009/-CGHS D.II/Hospital Cell (Part I) dated August 17, 2010, issued by Ministry of Health and Family Welfare, GoI. The rates as mentioned in this notification shall be treated as base rate for financial year 2010-11 (Base Year) and will be escalated or revised to reflect the increase in Wholesale Price Index (WPI) between the week ending on or immediately after 1<sup>st</sup> day of April of 2010-11 and the week ending on or immediately after 1<sup>st</sup> day of April, for the year in which such escalation or revision is undertaken, throughout the Concession Period. The Concessionaire shall be free to levy any fee equal to or less as calculated through this mechanism. Further the notifications for the fee and user charge as applicable on date would be annexed to the project documents.

7. JS (Infra), DEA sought clarification on the "Development Fee" which forms a major component of tuition fee payable by the students. GoO clarified that this Fee is also been fixed by the Committee to ensure that any additional amount is not charged from the students in the guise of 'Development Fee'. JS (Infra), DEA stated that the Concession Agreement should therefore clearly define the term "Development Fee".
8. The Chair reiterated the importance of predetermination user fee and urged that GoO should follow a transparent mechanism based on the applicable laws and norms so that the private players should not get undue profits.
9. Director, Department of Expenditure stated that in order for the project to be eligible under DEA VGF guidelines, GoO should ensure that no other project is being developed under any other Centrally Sponsored Scheme (CSS) of GoI for un-served areas.  

*(Action: GoO)*
10. All members of the EI were in agreement to grant in-principle approval for VGF support to the Project.
11. **The Empowered Institution granted in-principle approval for VGF support for the Development of Medical College and an associated Hospital at Gajapati and Raygada District of Odisha through PPP with TPC of Rs. 327.40 crore each, as per the provisions under the Scheme, subject to the following:**
  - a. GoO shall confirm in writing that 90 percent of land is available before the Appointed Date as per the DSA.
  - b. GoO shall undertake corrections in the Project DCA in compliance with the observations of DEA and Planning Commission which have been agreed to by GoO in their response to the appraisal note and enclose the fee notification as part of the project document.
  - c. 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.
  - d. GoO shall obtain clearances such as environment and forest clearance, before commencing work on the project site.



- e. GoO shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- f. GoO shall intimate and obtain prior approval of the EI on any change in VGF requirements as per the Scheme and Guidelines for financial support to PPP in infrastructure along with justification, which is based on competitive bidding as per the VGF Scheme.
- g. GoO shall circulate the final documents to the members of the EI for record purposes.

*(Action: GoO)*

**Agenda Item II: Proposal from Government of Jharkhand (GoJ) for in-principle approval: Upgradation, Operation and Maintenance of Hatgamharia-Jagarnathpur-Noamundi-Baraiburu (upto Karo crossing) section of SH 4 Road through PPP**

**Project Details:**

**Total length: 45.40 km; Total Project Cost (TPC): Rs. 94.20 crore; Concession Period: 20 years including 2 years of construction period.**

**Major development works/ structures:** Major Bridges: Nil; Minor bridges: 02; Flyover: Nil; ROB/RUB/Level Crossing: 02/01/01; Major junctions: 02; Minor junctions: 05; Cross drainage works: 13; Truck lay by: 01; Bus-bays and Passenger Shelters: 15; By-pass: 03. Toll plazas: 2 (at Km 14.400 and Km. 41.900)

12. Member (Technical), State Highway Authority of Jharkhand (SHAJ) made a presentation on the salient features of the Project Highway.
13. Director (DEA) informed the EI that the existing carriageway of the Project Highway is two lane with paved shoulder and as per Schedule B, the proposed highway is also of two lane with paved shoulder. Accordingly, the proposal appears to be mainly maintenance of the project road and no major upgradation proposed which creates ambiguity and needs to be clarified.
14. JS (Infra), DEA inquired about the status of land acquisition of the Project Highway and also the clearances including Forest, Environment and Railways and requested SHAJ to submit the timelines for getting these clearances. Member (Technical), SHAJ informed that the studies related to forest and environment clearances is in progress; application for clearances from Railway Authorities is being forwarded and all such pre requisite clearances will be obtained before start of work at the site.
15. Jt. Advisor, Planning Commission asked about the justification of two toll plazas proposed for the design length of 45.40 Km. and three bye-passes. He stated that it also appeared that the Total Project Cost (TPC) appears to have gone up considerably due to the presence of these connectors, which also impacts upon the viability of the Project.

16. Superintendent Engineer (SE), Ministry of Road Transport and Highways (MoRT&H) informed the EI that as per the Toll Policy of Government of Jharkhand as per the prevailing norms for BOT Road projects, the development cost involved should be above Rs 2.50 crore per Km for the project to be eligible for tolling. In the present case, the development cost of the Project Highway is Rs 2.12 crore per Km. hence, justification is required from GoJ for tolling of the proposed Project Highway under BOT. In addition, it was pointed out that Schedule B and Schedule D of the Draft Concession Agreement (DCA) are not in compliance with each other.
17. EI recommended that the proposal be returned and requested GoJ to submit the proposal afresh after taking into consideration the comments given by DEA, Planning Commission and MoRTH and also examining the eligibility of the project to be taken up under BOT as per the guidelines of GoJ . The project may be resubmitted after restructuring as per the recommendations made in the appraisals.

*(Action: GoJ)*

18. The meeting ended with a Vote of Thanks to the Chair.



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

Empowered Institution for the  
Scheme to Support Public Private Partnerships in Infrastructure  
54<sup>th</sup> Meeting on May 02, 2014

List of Participants

**I. Department of Economic Affairs**

1. Shri Dinesh Sharma, Additional Secretary (In Chair)
2. Ms. Sharmila Chavaly, Joint Secretary, Infrastructure
3. Smt. Abhilasha Mahapatra, Director (PPP)

**II. Planning Commission**

4. Dr. A. Manohar, Joint Advisor

**III. Department of Expenditure**

5. Shri Saurabh Garg, Joint Secretary
6. Smt. Saheli Ghosh Ray, Director, PF II

**IV. Ministry of Health and Family Welfare**

7. Smt. Preeti Pant, Director

**V. Ministry of Road Transport and Highways**

8. Shri Amarendra Kumar, SE

**VI. Government of Odisha**

9. Shri P.K.Mohapatra, Pr. Secretary, Health and Family Welfare
10. Dr. T. Pradhan, Addl. Resident Commissioner

**VII. Government of Jharkhand**

11. Shri S.K.Sinha, Member (Technical), State Highway Authority of Jharkhand
12. Shri Shashi Shankar, Managing Director, JINFRA

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