

**F. No. 3/7/2016-PPP**  
**Government of India**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**Infrastructure Section**  
**Empowered Institution**  
**for the**  
**Scheme for Financial Support to Public Private Partnerships in Infrastructure**  
**72<sup>nd</sup> Meeting held on July 8, 2016**

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**Record Note of Discussions**

The 72<sup>nd</sup> meeting of the Empowered Institution (EI), chaired by Additional Secretary (Investment), Department of Economic Affairs (DEA) was held on July 8, 2016. The list of participants is attached.

The EI noted that there was a road sector proposal from Government of Rajasthan for consideration for final approval of viability gap funding (VGF) under the Government of India's Scheme for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme).

The EC 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 Empowered Institution (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.

**A. Road sector proposal from Government of Rajasthan**

**Agenda Item I:** Proposal from Government of Rajasthan (GoR) for grant of final approval for Two-laning of Chomu-Mahla via Renwal, Jobner (SH-8B, SH-19, SH-2C, SHG8A & ODR-02) in the State of Rajasthan through PPP mode on DBFOT basis.

**Project Details: Length: 82.272 Km.; Total Project Cost: Rs. 134.20 Crore; Concession Period: 25 years including 1½ years of construction period**

**Major development works/ structures: Widening of road: Intermediate lane to 2-lane, Construction of an ROB at km 3.455, Bypasses for Chomu and Jobner towns.**

**VGF sought: Rs 18 Crore (13.41% of TPC of Rs. 134.20 Crore) as VGF support from GoI**

*Salve*

2. Director (Infra) informed the EI that Project with TPC of Rs 126.86 Crore and VGF of Rs 25.37 Crore was granted in-principle approval by EI in its 25<sup>th</sup> meeting held on 10.09.2010. Subsequently the TPC had been revised due to inclusion of additional bypass length and 2 minor bridges to Rs 134.20 Crore and VGF of Rs 26.84 Crore. The Project with revised parameters was granted in-principle approval by EI in its 29<sup>th</sup> meeting held on 16.03.2011.
3. Director (Infra) further informed that RfQ for the Project was issued on 07.01.2010. Unity Infraprojects Limited, Mumbai, with VGF (L1) of Rs 18 Crore which is 13.41% of TPC was the selected bidder. Letter of award was issued on 22.02.2011. The Selected Bidder has formed an SPV viz., Chomu Mahla Toll Road Private Limited, which has executed the Concession Agreement with Government of Rajasthan (GoR) on 05.06.2011. Appointed Date of the Project is 15.06.2012. As per the executed Concession Agreement, construction period is 1½ years and accordingly the Scheduled two-laning date is 16.12.2013. As per lenders' Engineer's report, 74.32% work had been completed in March 2016, except ROB portion. Estimated time for completion of ROB is 1½ years. The construction has been significantly delayed.
4. Director (Infra) stated that in view of the status of the Project Government of Rajasthan (GoR) may clarify whether the Project is financially viable with increased cost of Project to Rs 290 Crore from Rs 134.20 Crore, as approved by the EI. This is significant because not only the capital cost of the Project has increased but also number of years for toll collection has reduced because of delayed construction. Director (Infra) further pointed out that Concessionaire has been instructed by GoR to pay damages of Rs 5.86 Crore by GoR on 08.07.2014 on account of delay. GoR has also issued notice to the Concessionaire showing its intention to terminate the Concession Agreement on 15.09.2015. GoR is requested to clarify whether there are any pending disputes with the Concessionaire.
5. Chief Engineer, PWD, Government of Rajasthan stated that the Project is viable with increased cost of Project. Disputes with the Concessionaire have been sorted out.
6. The Chair enquired about the progress of the Project. Chief Engineer, PWD, GoR stated that the physical progress of the Project is 74.32% and Rs 217 Crore have been expended on the Project. Director, Department of Expenditure pointed out that as per Project Documents expended amount is Rs 346.84 Crore and total amount envisaged with cost overrun is Rs 370 Crore. The Chair asked GoR to clarify whether the balance



work of the Project including ROB could be completed in the remaining funds. Chief Engineer, PWD, GoR stated that the expended cost and other financials need to be verified. The Chair asked GoR to reconcile the figures and clarify the position. This was agreed to.

*(Action: GoR)*

7. The Chair desired to know the reasons for significant delay in submission of application for Final Approval by EI and enquired about the relevant provision as per Scheme and Guidelines for Financial Support to Public Private Partnership in Infrastructure (VGF Guidelines). Director (Infra) clarified that as per VGF guidelines the Lead Financial Institution (LFI) should present its appraisal of the Project for consideration and approval of the Empowered Institution within three months from the date of award or such extended period as may be permitted. GoR pointed out that it was up to the LFI to submit the documents. The Chair stated the Authority (GoR) has to keep a tab on the timely progress and the requisite submissions. GoR couldn't explain the delay in submitting the proposal for final approval.

8. The Chair enquired about the time frame for completion of the project. Chief Engineer, PWD, GoR stated that Provisional Completion Certificate would be issued after 75% progress of the Project, except ROB and then the Concessionaire would be in a position to start the toll collection. The Chair asked the representative of MoRTH whether this is acceptable as per the provisions of the Concession Agreement. The representative of MoRTH confirmed that Provisional Certificate may be issued if at least 75% of the total length of the Project highway has been completed and the Concessionaire may start collecting toll however the toll rate would be with the consideration that the ROB has not been constructed. The Chair asked when the permission for ROB was received. Chief Engineer, PWD, GoR stated that ROB permission was received in June 2012. GoR couldn't explain why this work has not been undertaken till now.

9. Member, NITI Aayog stated that the Project with increased cost may not be viable and with delayed construction there are many uncertainties about the sustenance of the Project. Department of Expenditure also stated that the position of GoR regarding damages claimed from the Concessionaire is not clear and approval of VGF while GoR has claim of damages, appears contradictory.



10. The Chair stated that with revised cost of Project i.e. Rs 370 Crore involving huge cost overrun, the VGF amount of Rs 18 Crore is just 4.86% of the Project. In view of the disputes, over-delayed construction and discrepancy about expended cost figures of the Project; EI is not in a position to grant final approval to the Project at this stage. GoR may clarify the discrepancies pointed out during the meeting, re-assess the viability of project, and clearly state the revised cost of the project, expenditure till now and time-frame for completion. These details may be submitted for review and consideration by the EI for a final decision.

The meeting ended with vote of thanks to the Chair.



**Empowered Institution (EI) for the  
Scheme to Support to Public Private Partnerships in infrastructure  
72<sup>nd</sup> Meeting held on 8<sup>th</sup> July 2016  
List of Participants**

I. Department of Economic Affairs

1. Mr. Ajay Tyagi, AS (Investment)
2. Mr. Mrutyunjay Behera, Director (Infra)

II. NITI Aayog

3. Mr. A.K.Muthu V Happen, Director

III. Department of Expenditure

4. Mr. Rajiv Wadhawan, Joint Director

IV. Ministry of Road Transport & Highways

5. Mr. Vivek Panchal, AEE

V. Government of Rajasthan

6. Mr. G.L Rao, Chief Engineer (R) & Additional Secretary

*S. S. S.*