F. No. 3B/2/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

New Delhi the, November 12, 2014

OFFICE MEMORANDUM

Subject: Record of Discussions of the 21st Meeting of the Empowered Committee (EC) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme).

Please find enclosed the Record of Discussions of the 21st Meeting of the Empowered Committee (EC) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme), held on **October 29, 2014**. Further necessary action for compliance of the EC's decision may be initiated by the project authorities, where applicable, to enable obtaining the approval of the competent authority.

Encl: as stated

12/11/14

(AbhilashaMahapatra)
Director (PPP)

1. Secretary, Department of Expenditure, North Block, New Delhi.
2. Secretary, Planning Commission, YojanaBhawan, New Delhi.
3. Secretary, Ministry of Road Transport & Highways, Transport Bhavan, New Delhi.
4. Secretary, Ministry of Shipping, Transport Bhavan, New Delhi.
5. Shri. E.K. Bharat Bhushan, Chief Secretary, Government of Kerala, Thiruvananthapuram.
6. Shri R.K. Singh, Joint Secretary (Highways), Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
7. Shri Vivek Aggarwal, Managing Director, Madhya Pradesh Road Development Corporation Limited, 16-A, Arera Hills, Bhopal-462011.
8. Shri Nalini Kanta Pradhan, EIC-cum-Secretary to Government, Works Department, Govt. of Odisha, Bhubaneshwar.

Copy to:

1. PSO to Finance Secretary & Secretary, Economic Affairs
2. Sr. PPS to AS (EA)
3. Sr. PS to JS (Infra.)
4. PS to Director (PPP)

F. No. 3(B)/2/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
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Empowered Committee for the 'Scheme and Guidelines for Financial Support to Public Private Partnerships in Infrastructure'

21st Meeting on October 29, 2014

Record Note of Discussions

The 21st (twenty first) meeting of the Empowered Committee (EC), chaired by Finance Secretary & Secretary, Department of Economic Affairs (DEA) was held on October 29, 2014. The list of participants is attached.

The EC noted that there were four (04) proposals for consideration for viability gap funding (VGF) under the "Scheme and Guidelines for Financial Support to Public Private Partnerships in Infrastructure" (VGF Scheme). Two proposals pertaining to the road sector are for grant of final approval and two proposals, one each in the road and minor port sector are for in-principle approval. The proposals are from the Ministry of Road, Transport and Highways (MoRTH), Government of Madhya Pradesh (GoMP), Government of Odisha (GoO) and from Government of Kerala (GoK), each

The EC noted that the 'VGF Scheme' 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.

A. Proposals for consideration of grant of Final Approval

Agenda Item I: Proposal from Ministry of Road Transport and Highways (MoRT&H) for final approval: Four-laning of Sidhi-Singrauli Section of NH-75E from km 83.4 to km 195.8 in the State of Madhya Pradesh on BOT (Toll) basis

Total length: 102.6 km; Total Project Cost: Rs. 871.15 crore; Cost of pre-construction activities to be financed by MoRTH: Rs. 83.32 crore; Concession Period: 30 years with 2 years of construction period.

VGF: 'Grant' quoted by L-1 bidder was Rs. 339.69 crore is 38.99% of TPC; Maximum VGF under VGF Scheme of MoF may be Rs. 174.23 crore (20% of TPC) and balance and maximum Rs. 165.46 crore (18.99% of TPC) from MoRTH as grant during construction, (condtion: upon confirmation of required equity infusion by Concessionaire from the Banker/Lending Institution) and no O&M support or any other financial support.
Major development works/ structures: Major Bridge: 4; ROB/ RUB: 3/1; Toll Plaza; 2 at Km 118.700 & km 179.900; Service Roads: 10 km; Major/minor Junctions: 2/17; No. of Bypasses: 5 (16.50 km); Minor Bridge: 33; Vehucular/ Pedestrain Underpasses: 14; Culverts: 247; Truck Lay-bay: 10; Bus Bays: 34 nos; All permanent structures are to be four laned.

1. Joint Secretary, Department of Economic Affairs (DEA) stated that the project had been considered by the EI and recommended to the EC at its 56th meeting held on July 21, 2014 subject to compliance of issues pertaining to issue of project specific Fee Notification, submission of revised Schedule-R by MoRTH and confirmation by the Lending Institution for 'Equity' contribution and infusion by the Concessionaire into the Escrow Account. The EI had decided that only once the clarification is received, the project would be placed before the Empowered Committee.

   1.1. The proposal has now been placed for final approval of the viability gap funding as clarification with regard to the 'Equity' component has been provided by MoRTH and by the Lending Institution. The equity contribution by the promoters has been enhanced to Rs. 170.41 (i.e. 19.51% of the TPC). Equity Support as required per Article 25.2.2 of the executed Concession Agreement (CA).

   1.2. The bidder had quoted an amount of Rs. 339.69 crores which is 38.99 percent of the TPC. The first 20% of the TPC that may be availed as grant under the VGF Scheme of MoF shall be maximum Rs. 174.23 crore. The balance amount of grant upto Rs. 165.46 crore would be paid by MoRTH. The total VGF support to the project shall be maximum Rs. 339.69 crore (i.e. 38.99% of the TPC).

2. Superintending Engineer, MoRTH stated that the Fee Notification is already under process and will be notified shortly.

3. All members of the EC were in support for grant of final approval for VGF support to the project.

4. **The Empowered Committee recommended the project proposal to the Finance Minister for grant of final approval for a TPC of Rs. 871.15 crore with total maximum VGF support as Rs. 339.69 crore, and out of which upto Rs. 174.23 crore shall be granted from MoF under the VGF Scheme, subject to issuance of project specific Fee Notification and submission of revised Schedule-R by MoRTH.**

(Action: DEA and MoRT&H and GoMP/MPRDC)

Agenda Item II: Proposal from Government of Odisha (GoO), for grant of final approval: Four Laning with PSS of Sambalpur-Rourkela Section of SH-10 from Km 4.900 to 167.900 Km (Rourkela) in the State of Odisha on BOT (Toll) basis

Total length: 161.737 km; **Total Project Cost:** Rs. 1292.56 crore; **Cost of pre-construction activities to be financed by GoO:** Rs. 186.35 crore -; **Concession Period:** 22 years including 3 years of construction period.

VGF: VGF quoted by L-1 bidder: Rs. 465.30 crore (36% of TPC); VGF from Government of India as grant during construction: Rs. 258.51 crore (20% of TPC) and balance Rs. 206.79 crore (16% of TPC) from GoO as support for O&M.

Major development works/ structures: Major Bridge-6, Minor Bridge-39, At grade ROB-1, ROB-3, By-passes: 2 of 14.065 km (Rengali-4.60 km & Jharsuguda-9.465km), Flyovers (12m)- 2, Service roads (5.50m)-26.017 km, Toll Plaza (12 lane)-3 at km 17.025, km 71.853 & km 150.075, Bus Bays & Bus shelters-26, Major Road Junctions- 13, Minor Road Junctions- 255, Culverts- 328, Truck Lay byes- 8, Realignments- 1 locations of 1.40 km, Vehicular Underpasses-4, Pedestrian underpasses-12, Reptile/ Elephant underpasses-6

5. Joint Secretary, Department of Economic Affairs (DEA) stated that the project had been considered by the EI in its 58th meeting held on September 16, 2014 and recommended to the EC subject to **confirmation of contribution by Concessionaire of minimum of Rs. 258.51crore as Equity (excluding Mezzanine/ Unsecured debt) and Submission of corrected Escrow and Substitution Agreement.**

6. Secretary (Works), GoO stated that all the conditions laid down by the EI have been complied with and revised documents submitted for record. The clarifications with respect to the equity contribution has been submitted and it is

confirmed that the minimum equity contribution by the Concessionaire is Rs 258.51 crores as is required for the project under the scheme guidelines and Concession Agreement (excluding **Mezzanine/ Unsecured debt**)

7. All members of the EC were in support for grant of final approval for VGF support to the project.

8. **The EC recommended the proposal to the Finance Minister for grant of final approval to the project for a TPC of Rs. 1292.56 crore with total maximum VGF support under the Scheme of Rs. 465.30 crore, out of which a maximum of Rs. 258.51 crore would be from Government of India.**

(Action: DEA & GoO)

B. Proposals for consideration of grant for In-principle Approval

Agenda Item 3: Proposal from Government of Madhya Pradesh (GoMP), for grant of in-principle approval: Development of four-laning of Indore-Ichhapur to MP/Maharashtra Border section (SH-27) from km 2.5 to km 203.740 in the State of Madhya Pradesh on DBFOT (Toll) basis

Total length: 199.43 km; Total Project Cost: Rs. 1718.20 crore; Cost of pre-construction activities to be financed by GoM: Rs. 530.57 crore; Concession Period: 30 years with 3 years of construction period.

Major development works/ structures: Development of four lane portion: 199.43 kms of SH-27, Major Bridge: 5(new)& 3(widening)& 1(reconstruction); Minor Bridge: 36(new), 19 (widening), 19 (re-construction); ROB: 2(1 as 2-lane and 1 as 4-lane); Bypassess: 9 nos (59.05 km in EI Memo & Appendix B-III, 56.709 in Schedule B, Appendix-I); Service road : 4.20 km; Truck layby: 3; bus shelters: 28; Toll plazas: 4 (km 11.8, km 75.67, km 131.80 & km 200.46 design chainage); Rest: 1; HPC: 35 (widening) 129 (reconstruction), 82 (new); VUP:2; Major intersections: 26; Minor intersection: 68

9. Joint Secretary, Department of Economic Affairs (DEA) informed the EC that the project was considered by the EI in its 58th meeting held on September 16, 2014 who recommended it to the EC subject to compliance of the conditions laid down by the EI.

10. Representatives of GoMP/MPRDC submitted clarifications and compliance statement with respect to the conditions laid down by the EI. It was explained that building of rest area in the wide median will be more safe &

convenient for traffic movement as can be shown in the detailed layout drawing of rest area. It was clarified that the Concessionaire will be permitted to utilize spaces in rest area for commercial activities like food plaza, convenience centre, truck and car repair shops, gas station etc. but construction of above facilities will not be part of scope of this project, this cost of Rs. 8 crore has been reduced from the TPC to bring it to Rs. 1718.10 Crore. As regards service lanes, GoMP requested that service lanes be retained in the scope of the project for safety of local public and to segregate local users from highway users as it will reduce accidents in built-up area. GoMP stated that service lanes would ensure that further mobility and speed on highways can be maintained at design speed without any disturbance from local public.

11. The response of GoMP with respect to the conditions laid down by the EI that the concessionaire be allowed to charge toll only after 75% of the construction (punch list) is completed of the entire project length, was discussed. The EC reiterated that the condition laid down by EI must be followed i.e. tolling to begin only after 75% of the construction (punch list) is completed of the entire project length. This is line with provisions of the MCA for National Highways and must be followed.

12. All the members of EC were in agreement to recommend the project to the Finance Minister for grant of in-principle approval.

13. **The Empowered Committee recommended the project proposal to the Finance Minister for grant of final approval for a TPC of Rs. 1718.27 crore and maximum 20% of TPC as grant under the VGF Scheme, subject to compliance of the conditions laid down by EC and EI, as discussed above.**

<u>Agenda Item 4</u>: **Proposal from Government of Kerala (GoK) for grant of in-principle approval, with the Implementing Agency as Vizhinjam International Seaport Limited (VISL): Development of a minor sea Port at Vizhinjam on DBFOT basis to handle upto 18,000 TEU container ships and rated annual capacity of the Port shall be 10 lakh TEUs in the State of Kerala**

Pr

Total berth length: 800m for two berths ; Total Project Cost: Rs. 3930 crore; Concession Period: 40 years and extendable by another 10 years including 4 years of construction period for Phase 1.

VGF sought: Maximum VGF as admissible under this scheme from Government of India and Government of Kerala as construction grant, as per the EI Memo sent by GoK.

Article 25 of the project's DCA: Article 25 of the project's DCA states that "Equity Support shall not exceed the sum specified in the Bid and as accepted by the Authority, but shall in no case be greater than 150% (one hundred and fifty per cent) of the Equity, and shall be further restricted to a sum not exceeding 30%.

Major development works/ structures: Proposed capacity is to handle upto 18,000 TEU container ships and rated annual capacity of the Port of 6 lakh at COD and 10 lakh TEUs on or at 10th year from COD, and development in two phases- 1; Construct total 800 m of berthing length; Wharf, 60 m wide, quay length of 800 m & 10 lakh TEU annual rated capacity; Dredging of the access channel (20.8 m of CD), navigational channel and at berths (18.4 m of CD); Reclamation of 53 Ha.; Buildings such administrative buildings, yard operations, port marine operations, crane maintenance and O&M, etc.; Utilities and services including power backup, port navigation aids, Sewage/effluent treatment plant, air conditioning etc.; Road (external roads providing connection to NH-47 bypass & internal roads); Project equipments such as RMGC, RMQC etc.

14. Joint Secretary, Department of Economic Affairs (DEA) informed the EI that the project had been considered by the EI in its 57th meeting held on August 8, 2014. The EI had recommended the project to the EC subject to compliance of certain conditions. The conditions laid down by the EI, inter alia, included modifying the Total Project Cost (TPC) as Rs. 3355.0 crore to exclude full costs to be incurred by the State Government on the activities of dredging and reclamation, modifying cost of 'Funded Works' to Rs. 1793.0 crore (This includes Rs. 583 crore of cost on dredging and reclamation), modifying the Concession Period for the project to 30 years(or provide adequate project specific requirements for increasing this period), pre-determination of tariff or user charge across all the revenue sources and estimated revenue flows from all sources as applicable during the entire project's concession period, simplifying the bid parameter, etc.

15. Government of Kerala has vide letters dated 28/8/2014, 13/10/2014, 27/10/2014 and 28/10/14 submitted responses and clarifications with respect to the compliance and conditions laid down by EI at its meeting held on August 8, 2014.

The main issues discussed were as follows:

16. **Total project cost (TPC):**

16.1. Joint Secretary, DEA pointed out that while the TPC excludes the cost of land reclamation by capital dredging of adjacent sea-bed, this has been revised to Rs. 4044 crore (earlier Rs. 3355 crore as approved by EI). In addition 'Funded Works' to be paid for by GoK /Authority, primarily on account of pre-construction activities, have been revised to Rs. 1176 crore (in the earlier proposal it was Rs. 1210 cr), Breakwater component has now been included in the TPC and termed as creation of permanent asset, though it would be constructed prior to the construction of the berths. GoK have reduced the costs on breakwater from the 'Funded Works'.

16.2. Joint Secretary, DEA stated that with reference to original proposal submitted by GoK in April 2014, certain costs have increased substantially, for which clarifications were required. It was noted that costs on breakwater development have increased from Rs. 952 crore to Rs. 1013 crore, i.e. an increase by Rs. 61 crore from the initial project estimates submitted to the EI. Further, the Interest during Construction (IDC) component has undergone an increase of Rs. 326 crore, up from Rs. 252 crore to Rs. 578 crore. The project's capacity for Phase -1 upon COD has been revised to 6 lakh TEUs from the earlier provisions of 10 lakh TEU. It was unclear why there is substantial increases in certain components of TPC when at the same time the capacity of the project in Phase I has been reduced.

16.3. Joint Secretary, DEA also pointed out that the contingency costs of Rs. 550 crore appear to be very high at the rate of 20% (i.e. 20% of the combined costs on civil items, equipment, utilities and others, ports crafts and aids to navigations, gates complex & road development), though these contingencies costs have decreased from Rs. 586 crore as per initial estimates provided to the EI. These contingencies do not appear to be justified and may be reduced as most items already include an in-built contingency provision.

(Action: GoK/VISL)

16.4. The representative of GoK explained with respect to the TPC that costs for the breakwater component were increased by building in an escalation factor. Since this cost has now been made the responsibility of the bidders, GoK pointed out the need to update costs as the expected technical close may be in the next year. The inclusion of the breakwater component to the TPC has also resulted in an increase in IDC based on an interest rate of 12%. With respect to contingency, GoK stated that as the project was perceived as unviable with high risk factors, they have provided for a high contingency.

16.5. The Chair stated that it may be more suitable to provide a reasonable escalation factor based on a benchmark adopted by the Administrative Ministry, i.e. Ministry of Shipping (MoS) for its projects or as provided by Tariff Authority for Major Ports (TAMP). The Chair stated that normally the base costs are increased based on the latest available Schedule of Rates (SOR) and market rates for the all the items of bill of quantities (BOQ). In the instant project, an itemized block cost escalation is proposed; the Chair stated that escalation may be applied generally over the project's base cost or civil cost. It was explained that in road sector projects an escalation factor of 5% is generally applied over the civil costs or base costs, the same principle may be considered for the instant project. This would also result in change in the TPC, and the related adjustments on costs would take care of investors' concerns.

(Action: GoK/VISL)

16.6. Representatives from Planning Commission pointed out with respect to PPP projects, Planning Commission takes an estimation of 25% increase over base or civil costs of a project, which may be considered for this project as well. This would take care of aspects related to IDC, financing charges, contingencies, etc. The Chair stated that for the instant project the same may be adopted and project cost may be revised. All the members of the EC were in agreement.

(Action: GoK/VISL)

17. Tariff: Joint Secretary, DEA stated that pre-determination of tariff is a requisite as per the VGF Scheme. Pre-determined tariffs are essential, as is an assessment of all revenue streams. This cannot be left open ended or by referencing a decision by an adjoining port. Government of Kerala is required to fix a ceiling for tariff with annual escalation. This is necessary to ensure that the cash flows are correctly assessed by the bidder to seek the least VGF and prevent any possibility of windfall profits in the future on account of higher-than-accounted for tariff-fixation in any given year during the concession period. As per the document submitted on 27/10/2014, which pertains to the revised Schedule Q, Fee Schedule, ceiling tariffs have been provided for container-related charges. GoK have benchmarked the tariffs to Cochin Port & IGTPL (Vallarpadam) Tariff, using an escalation of 8.59 percent over the base year 2013 with a further increase by 25% to arrive at the ceiling tariffs. It was also noted, however, that Bulk cargo and vessel related charges have not been provided. JS (DEA) stated that all charges are required to be indicated in the Schedule as per the VGF Scheme.

17.1. Representative of GoK stated that Bulk cargo charges have not been included in Fee Schedule as facilities related to bulk cargo are not envisaged presently and also not included in the project cost. The provision in the Fee Schedule has been provided to take care of the future whenever bulk cargo facilities are to be provided.

17.2. The Chair stated that in case of provision of bulk cargo facilities at the instant port is required in the future, it should be a separate project with separate tariffs and not a part of this project. GoK agreed to the same.

(Action: GoK/VISL)

18. **Revision of Fee**: Joint Secretary, DEA stated that the project documents provide that the Concessionaire shall, revise the Fee annually on April 1, to reflect the variation in Price Index. Further, Tariff has been proposed to be annually enhanced by Price Index (70% of WPI and 30% of CPI(IW). Joint Secretary, DEA stated that the TAMP recommends indexation to inflation to the extent of 60% of the variation in WPI.

18.1. The Chair stated that the formulation suggested by GoK with respect to indexation to inflation may be accepted. This was in view of the fact that it takes in account the variable factor of WPI at 70 percent and fixed parameters of CPI at 30 percent. All members of EC were in agreement.

18.2. The Chair stated on the revision of fee by the Concessionaire, that while it can be undertaken by the Concessionaire on its own, this may be confined to stay within the ceiling tariffs. The documents may be modified to reflect the same. All members of EC were in agreement.

(Action: GoK/VISL)

19. **Concession Period:** Joint Secretary, DEA stated that the GoK had estimated that the project requires minimum 40 years of Concession Period (CP) with maximum 40 percent VGF at equity IRR of 15 percent. Joint Secretary, DEA stated that usually an EIRR of 16 percent is taken in the ports sector and the Concession Period therefore may be reduced. Representative of GoK responded that based on their estimation, an Equity IRR of 15 percent was considered as with an increase of one percent, the VGF requirement would increase.

19.1. Chief Secretary, GoK stated that the investor perception is that the project shall not be viable with only 30 years and an extendable period of 10 years. He stated that the Concession Period may be examined in the context of the project being unviable with maximum VGF, that the project is of national importance and a high risk project in the green field sector. The conditions may therefore, be relaxed and a 40 years Concession Period extendable by 10 years may be considered. This may be required to sustain the financial viability of the project and enable the bidding process.

19.2. The Chair agreed to consider this proposal and stated that this relaxation is specific to this project based on its parameters and should not be cited for future reference and as a precedence for this sector or any other sector. The Secretariat to the EC and EI were also requested to note the same for compliance. All members of the EC agreed that the concession period shall be 40 years extendable by 10 years subject to meeting the project conditions and concession agreement requirements.

(Action: DEA & GoK/VISL)

20. <u>Capacity Augmentation:</u> Joint Secretary, DEA stated that the EI has suggested that the augmentation of facilities may be reviewed at 75% breach of traffic instead of 90%. The GoK has revised the trigger milestone to 75% capacity breach for 3 consecutive years with the Concessionaire required to undertake this capacity augmentation within 5 years after the year in which this trigger occurs. The EC agreed to the provision made by GoK.

21. **<u>Bid parameter and additional concession fee: Joint Secretary, DEA stated that</u>** GoK proposes that along with grant under VGF Scheme, the Concessionaire shall pay a ''premium'' of 1% of the total realizable fee from the 15th anniversary of COD and has been capped to 40% of the realizable fee. It was stated that under the VGF Scheme, the bid parameter maybe either be the "Grant" or Premium. GoK was requested to clarify why this "Premium" of 1 percent to 40 percent was being adopted.

21.1. Representative of GoK clarified that 1 percent was adopted based on the financial estimations of the revenue earnings as per the financial model. After the 15th year, 1 percent profit after tax was expected with the increase in traffic growth.

21.2. Chief Secretary, GoK stated that premium has been built as after the 15th year when the facility is expected to be debt free. As per estimations, the project may earn profit on earnings, hence, the revenue share arrangement has been built into the project. Precedence of the Hyderabad Metro model was cited.

21.3. The Chair gave a reference of the road sector principle, wherein once the revenue earning exceeds the target traffic, then the concession period is reduced. The grant provided under the VGF Scheme is not be treated as an extension of budgetary support to the State Government but is financial support provided to PPP Projects to make it commercially viable. The Chair also stated that VGF Scheme does not envisage earning of revenue share by the project authorities where grant is being administered by the Central Government. It was also stated that globally, no Metro project is commercially viable based on fare box collections alone and to draw a parallel with a completely different sector and different project structure is inadvisable. The Chair explained that PPP Projects are based on life cycle costs. Adding an element of revenue share to a project that seeks VGF grant would only increase the grant requirements instead of enhancing the commercial viability. The Chair further stated that financial estimations by the sponsoring authority may vary from the Concessionaire's model and are at best approximations. However, in view of the request of GoK, a flat rate of 1% of Total Realizable Fee as premium in addition to the VGF was accepted as an exception by the EC. The Chair also stated that this requirement of an additional concession fee in addition to the VGF should not be cited for future reference as precedence for this sector or any other sector. The Secretariat to the EC and EI were also requested to note the same for compliance. This was agreed to by GoK.

(Action: DEA & GoK/VISL)

22. <u>**Port Estate Development:**</u> Joint Secretary, DEA stated that in the instant Port project, commercial estate development is proposed to be used as a revenue stream. Residential and social infrastructure land use is also included in the proposal, while GoK has referred to the case of Hyderabad Metro, which specifically provides for commercial development as needed for commuters in the form of shops/kiosks. Further, Major ports have been bid out on basis of Royalty to Government and no other major/minor port project has needed VGF till date due to robust port traffic.

22.1. The Chair stated that only commercial development (port related activities) should be permitted in addition to port development. Commercial development components may be restricted to commercial land use related to the port. Schedule B describes the Port Estate Development, it is observed that it includes residential facilities, educational, medical/hospital, storage, hazardous, industrial, etc. EC stated that these should be removed as these are not directly related to port activities . For example, no residential land use should be allowed as a part of the instant project and no sale of land should be permitted. It was explained that if the project authorities clearly state that the land identified for Port Estate Development is for commercial activities of the port, this will reduce the estimation of VGF by the bidders and at the same time facilitate smooth return of the leased land back to the authorities on expiry of the lease/termination of the project. This is specially required in a state like Kerala where land is scarce.

22.2. The Chair stated that commercial development rights should be made pari passu and co-terminus with the concession period for the port and enable return of this development created to the Government.

22.3. All revised documents including Schedule Q (Fee schedule), Schedule B (port estate development) needs to be updated, with list of indicative commercial land use related to port along with maximum permissible area and percentage of area allotted for such development. The relevant laws and local by laws should be appended with the project documents.

(Action: DEA & GoK/VISL)

23. Since the estimated VGF amount is greater than Rs. 200 crore, the proposal requires sanction by the EC and approval of FM. All members of the EC, were in support of granting in-principle approval and recommending the project to the Finance Minister.

24. **The EC granted in-principle approval to the proposal with a Total Project cost as Rs. 3930.00 crore (based on the estimations sent by GoK vide their mail dated November 10, 2014) and recommended the project/proposal, subject to GoK submitting the revised documents including Schedules and compliance of the directions given by the EC with respect to the project, after compliance of which the approval of Finance Minister will be sought.**

(Action: GoK/VISL and DEA)

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

Annex-1

F. No. 3(B)/2/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

Empowered Committee for the 'Scheme and Guidelines for Financial Support to Public Private Partnerships in Infrastructure'

21st Meeting on October 29, 2014

List of Participants

I. Department of Economic Affairs
1. Dr. Arvind Mayaram, Finance Secretary & Secretary (EA) (In Chair)
2. Kum. Sharmila Chavaly, Joint Secretary
3. Smt. Abhilasha Mahapatra, Director
4. Shri V. Srikanth, Deputy Director

II. Department of Expenditure
5. Shri Arunish Chawla, Joint Secretary

III. Planning Commission
6. Shri Praveen Mahto, Advisor (Infra)
7. Kum. Gayatri Nair, Deputy Adviser (Infra)
8. Shri K. Reddy, Planning Commission

IV. Ministry of Shipping
9. Shri Anant K. Saran, Deputy Secretary, (Port Development)

V. Ministry of Ministry of Road Transport & Highways
10. Smt.Debjani Chakraborthy, Deputy Secretary (H)
11. Shri Sanjeev Kumar, Supdt. Engineer

VI. Government of Kerala
12. Shri E. K. Bharat Bhushan, Chief Secretary
13. Shri James Varghese, Principal Secretary, LSGD & Ports
14. Shri Suresh Babu A.S., Managing Director, VISL
15. Shri Ajit, EE & Head (E&N), VISL
16. Shri Sunil Kumar A, Project Manager, VISL

VII. **Government of Madhya Pradesh**

17. Shri Anil Chansoria, Chief Engineer, MPRDC
18. Shri Arun Paliwal, GM (Finance), MPRDC
19. Shri Brajesh Jhariya, AGM, MPRDC

VIII. **Government of Odisha**

20. Shri N.K.Pradhan, Secretary Works