

F.No.2/34/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

February 23, 2016

OFFICE MEMORANDUM

Subject: Record of Discussions of the 26th Meeting of the Empowered Committee (EC) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) and Conveying Finance Minister's in - principle approval of the VGF Support.

Please find enclosed the Record of Discussions of the 26th Meeting of the Empowered Committee (EC) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme), held on February 2, 2016, under the Chairmanship of the Secretary, Economic Affairs. The in-principle approval of the Finance Minister for the VGF support has also been obtained, where applicable.

Encl: as stated


(Abhilasha Mahapatra)
Director (PPP)
23/2/16

Copy to:

1. **Finance Secretary and Secretary, Department of Expenditure**, North Block, New Delhi.
2. **CEO, Niti Aayog**, Yojana Bhawan, New Delhi.
3. **Secretary, Ministry of Road Transport & Highways**, Transport Bhavan, New Delhi.
4. **C.E.O. Uttar Pradesh State Highways Authority (UPSHA)**, 4th Floor, Kisan Mandi Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226 010. (Shri Navneet Sehgal)

Copy also to:

1. PSO to Secretary, Economic Affairs
2. Sr. PPS to AS (Inv)
3. Sr. PS to JS (Infra.)

F. No. 2/34/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
Empowered Committee

26th Meeting held on February 02, 2016

Record Note of Discussion

The 26th meeting of the Empowered Committee (EC), chaired by Secretary, Economic Affairs, was held on February 02, 2016. The list of participants is **annexed**.

2. The EC noted that Government of Uttar Pradesh (GoUP) has forwarded two Road sector proposals for in-principle approval of viability gap funding (VGF) under the "Scheme for Financial Support to Public Private Partnerships in Infrastructure" (VGF Scheme).

3. 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.

Agenda Item 1: Proposal from Uttar Pradesh State Highways Authority (UPSHA) for VGF: Four laning of Pukhrayan – Ghatampur – Bindaki (Chawdagra) of SH46 from km 0.000 to km 82.220 (existing chainage) i.e. to km 82.530 (design chainage) through PPP in state of Uttar Pradesh.

Length 82.530 km, Total Project Cost (TPC) : Rs 1,293.00 Crore, Concession period: 19 years including construction period of 2.5 years.

Major Development Works:

Major Bridges Widening: 2, Major Bridges Repairs: 2, ROBs: 3 + 1 repair, Bypass: 1 at Ghatampur (4.6 km length) with partial cloverleaf interchange at NH86 Junction, Major Junctions: 4, Minor Junctions: 92, Service / Slip Roads: 40.57 km (3.5 m wide) and 3.30 km (7 m wide), Toll Plaza: 2 at km 21.050 and km 64.800, Minor Bridges: 7, Culverts: 69, Pedestrian Underpasses / Cattle Underpasses: 3, Truck Shelters: 2, Bus Bays / Shelters: 10 (both sides).



4. Chief Executive Officer, Uttar Pradesh State Highways Authority (UPSHA) presented the proposal. The EC was informed that UPSHA had earlier submitted a proposal in August 2015 for Four laning of Pukhrayan – Ghatampur – Bindaki (Chawdagra) of SH46 with a TPC of Rs. 1,509 Crore, however after taking into consideration the comments received from the EI members the proposal was revised and a fresh proposal submitted with TPC of Rs 1,293 Crore.
5. The Chair desired to know the status of land acquisition, environment and forest clearances. CEO, UPSHA informed the EC that land is available for major part of the project and only 90 Hectares are left to be acquired for the Toll Plaza and Truck Lay-Bye locations, no environment clearance is required and forest clearance (Tree Cutting) is in progress and as regards clearances from the Railway Authorities, approval for General Arrangement Drawing (GAD) is in progress. This was agreed to.
6. Director, DEA stated that the per km cost of Rs 15.73 Crore per km is very high even when compared with the cost norms of MoRTH. CEO, UPSHA responded that this is due the major structures included in the project such as 3 ROBs, major bridges, Ghatampur Bypass of 4.6 km with partial cloverleaf interchange at NH86 Junction. It was also highlighted that the length of service / slip roads is 43.87 km and because of these factors, the higher cost may be justified. This was accepted by all.
7. Advisor, Niti Aayog pointed out that the Highway is proposed at with two toll plazas at 21.050 kms and 64.800 kms. As per the NH Fee Rules 2008, toll plazas on the same section and same direction should not be established within a distance of 60 kms. UPSHA clarified that the total length of the project is 82.530 kms and the financial model is to avoid revenue leakage. This was agreed to.
8. Advisor, Niti Aayog also sought clarification for the bypass at Ghatampur and whether this is as per the Manual of Standard Specifications for four laning of Highways. CEO, UPSHA explained that Ghatampur is highly congested stretch with shops all along. The project stretch intersects with NH 86 and elevated bridge was no found viable. Majority of the commercial traffic is generated from NH 86 and the bypass has been proposed in terms of the Manual. This was agreed to.

9. All the members of EC were in agreement for granting in-principle approval of the VGF support to the project.

10. The EC recommended the proposal of GoUP for approval of the Finance Minister for grant of in-principle approval, viz. Four laning of Pukhrayan – Ghatampur – Bindaki (Chawdagra) of SH46 from km 0.000 to km 82.220 (existing chainage) i.e. to km 82.530 (design chainage) for TPC of Rs 1,293 Crore in the state of Uttar Pradesh on BOT (Toll) basis with VGF contribution as per the VGF Scheme subject to fulfilment of the following conditions:

- 10.1. GoUP shall obtain clearances such as forest clearance and GAD, before commencing work on the project site.
- 10.2. GoUP 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 short-listed bidders.
- 10.3. GoUP shall obtain prior approval of the EC on any change in TPC, scope of work or project configuration as noted above.

Agenda Item 2: Proposal from Government of Uttar Pradesh (GoUP)/UPSHA for grant of in-principle approval: 2/4 laning of Moradabad- Chandausi- Badaun from Km. 42 to Km. 201.900 of SH-43 Section in the state of Uttar Pradesh on BOT (Toll) basis.

Length: 159.270 km (including 4 laning of 24.340 km from km 42 to 67.360) Total Project Cost: Rs 955.32 Crore; Concession Period: 23 years, including construction period of 2 years.

Major Development Works:

Major Bridge: 1; ROBs: 1 at km 103.620; Bypass: 1 at km 10.30; Major Junctions: 9; Minor Junctions: 165; Service/ slip roads: 5.890 kms; Toll plazas: 3 at Km 112 for 59.745 km, km 193.400 for 42.825 km & km 50.60 for 56.700 km; Minor bridges : 6; Culverts: 183; Truck laybys: 2; Rest Area: 4; Bus bays and shelters: 28 locations;

11. Chief Executive Officer, Uttar Pradesh State Highways Authority (UPSHA) presented the proposal and explained that while an earlier proposal had been submitted in August 2015 for 2/4 laning of Moradabad- Chandausi- Badaun from km

42 to km 208.500 (167.500 km) of SH 43 with a TPC of Rs. 807.15 crore, following detailed comments from the EI members on the project structure, the project was withdrawn. A revised proposal for 2/4 laning of Moradabad- Chandausi- Badaun from Km. 42 to Km. 201.900 of SH-43 Section (159.270 km) with TPC of Rs. 995.32 crore after incorporating comments/ suggestions of the EI Members has now been submitted. The project is viable with VGF support and the entire VGF is proposed to be disbursed during the construction period.

12. The Chair enquired about the status of land acquisition, environment and forest clearances. CEO, UPSHA responded that 85% land is already available only. UPSHA intend to purchase the additional land required for realignment and toll plaza. All revenue documents have been prepared and land will be purchased and will be handed over to the Concessionaire as per the provisions of the Concession Agreement. Environment clearance is not required and forest clearance is under progress and would be obtained shortly. This was agreed to.

13. Director, DEA indicated that Total Project Cost has been increased from Rs. 807.15 crore in the earlier proposal to Rs. 1021.76 crore in the proposal submitted in December 2015, reasons for increase in TPC by about 27% may be clarified specially when length has been reduced. CEO, UPSHA responded that the TPC of Rs. 807.15 crore was based on SOR 2010-11 which has now been revised considering SOR of 2014-2015. Further, after the appraisal and comments from the EI on the proposal of December 2015, the project cost has been revised and is now Rs. 995.32 crores at an average cost per km of Rs. 6.25 crores. Thus, increase in cost is justified. This was agreed to.

14. As regards the comments from MoRTH and Niti Aayog that the Project Authorities may ensure minimum radius as per IRC Manual to avoid accident prone spots, CEO, UPSHA clarified that the horizontal curves have been designed with a view to get minimum desired radius as per IRC Manual, where radius is less due to site constraints, the same has been specified in Schedule D. This was agreed to.

15. Advisor, Niti Aayog indicated that the concession period has been proposed as 23 years, while, as per designed capacity of the Project highway, the traffic would breach in 17th year. CEO, UPSHA explained that as per the level of Service C, considering designed capacity of the highway as 25,000 PCU, the traffic would not breach during the concession period of 23 years. Further, considering the viability of the project, concession period of 23 years is justified. This was agreed to.

16. All the members of EC were in agreement for granting in-principle approval of the VGF support to the project.

17. The EC recommended the proposal of GoUP for approval of the Finance Minister for grant of in-principle approval: 2/4 laning of Moradabad- Chandausi-Badaun from Km. 42 to Km. 201.900 of SH-43 Section (159.270 km) with TPC of Rs. 995.32 crore in the state of Uttar Pradesh on BOT (Toll) basis with VGF contribution as per the VGF Scheme subject to fulfilment of the following conditions:

17.1. GoUP shall obtain clearances such as environment and forest clearance, before commencing work on the project site.

17.2. GoUP 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 short-listed bidders.

17.3. GoUP shall obtain, prior approval of the EC on any change in TPC, scope of work or project configuration as noted above.

(Action: GoUP/ UPSHA)

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



Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

76th Meeting on February 02, 2016

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Shri Shaktikanta Das, Secretary, Economic Affairs (In Chair)
- ii. Ms. Sharmila Chavaly, Joint Secretary
- iii. Ms. Abhilasha Mahapatra, Director (PPP)
- iv. Shri Rajesh Gupta, SO (PPP)

II. Department of Expenditure, Ministry of Finance

- v. Shri Arunish Chawla, Joint Secretary (PF II)

III. NITI AAYOG

- vi. Shri Praveen Mahto, Advisor

IV. Department of Legal Affairs

- vii. Shri Y.K.Singh, Deputy Legal Advisor

V. Ministry of Environment, Forest & Climate Change

- viii. Shri D.K.Sinha, IG, Forest

VI. Ministry of Road Transport & Highways (MoRTH)

- ix. Shri Rohit K. Singh, Joint Secretary, Highways
- x. Shri Rakesh Kumar, SE (PPP)
- xi. Shri Rajneesh Kapoor, SE (PPP)

VII. Uttar Pradesh State Highways Authority (UPSHA)

- xii. Shri Navneet Sehgal, CEO
- xiii. Shri S.K.Gupta, Member (Finance)