

F.No.1/4/2023-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
Infrastructure Finance Secretariat
Infrastructure Support & Development Division
Private Investment Unit (PIU)

5th Floor, Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi
Dated 4th August 2023

Office Memorandum

Subject: Record of Discussion of the 8th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for multi horticulture produce handling, storage, processing & preservation cluster in) Haveri district.

The undersigned is directed to forward Record of Discussion of the 8th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district, received from Karnataka State Mango Development and Marketing Corporation Limited held on 26th July 2023 for information and necessary action.

2. This issues with the approval of Competent Authority.

(Dr. Molishree)

Deputy Secretary to the Government of India

To,

1. O/o Chief Secretary, Government of Karnataka,
2. Sh. Partha Sarathi Reddy, Adviser, NITI Aayog
3. Dr. C G Nagaraj, Managing Director, KSMDMCL
4. Sr. PPS to JS (ISD)

Subject: Record of Discussion of the 8th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for setting up post-harvest storage for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district.

1. The 8th Meeting of the Approval Committee (AC) chaired by the Joint Secretary, ISD Division, Department of Economic Affairs (DEA) was held on 26th July 2023 at 1130 hours to consider granting approval for support under the IIPDF Scheme to the proposal of hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district, received from Karnataka State Mango Development and Marketing Corporation Limited (KSMDMCL). List of participants (attendees) is placed at **Annexure – I**.
2. The basic details of the proposal as submitted by KSMDMCL is provided in the table below:

Project Description	Common Infrastructure for Industrial Park (for setting up post-harvest storage for Multi Horticulture Produce Handling, Storage, Processing & Preservation Cluster) at Yalavatti, Hangal Taluk, Haveri District, Karnataka		
Purpose of Assistance	Transaction Advisory (TA) services		
Sector	Common Infrastructure for Industrial Parks		
Project Sponsoring Authority	Karnataka State Mango Development and Marketing Corporation Limited (KSMDMCL)		
Payment Milestones Proposed	Sr. No	Deliverables	Proportion of fees (%)
	1	Submission of Project Inception Report	Nil
	2	Submission of Prefeasibility Report	10
	3	Submission of Draft Feasibility Report	10
	4	Submission of Final Feasibility Report (FFR)	5
	5	Submission of Project Information Memorandum & Draft Bid Documents for the selection of private partner (RFP and draft Concession Agreement)	10
	6	Submission of Final Bid Documents	15
	7	Completion of Bidding Process and Submission of Bid Evaluation Report	30

	8	Assisting Authority in Contract signing with private entity	10
	9	On successful completion of financial closure	10
TA Cost	The Transaction Advisor (TA) costs for the project is Rs. 47,92,747/- inclusive of applicable Goods & Services Tax. (Rs. 40,61,650 + Rs. 7,31,097)		
Assistance required under IIPDF	<ul style="list-style-type: none"> 90% contribution for TA charges is requested under the IIPDF Scheme i.e., Rs. 43,13,472. 10% of the fees (Rs. 4,79,275) has already been paid to the TA. 		
Current Status	<ul style="list-style-type: none"> M/s Infrastructure Development Corporation Karnataka Limited (iDeCK), has been appointed as the TA through a competitive transparent procurement process, and the agreement with the TA has been executed on 06th December 2022. The TA has already submitted the first three deliverables for the project. 		

- On behalf of the Chair, Deputy Secretary (DEA) welcomed the attendees to the 8th Meeting of the Approval Committee and informed that a proposal has been received from KSMDMCL seeking funding to the tune of Rs. 43,13,472 for hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district. Further, based on a meeting held on 12th April 2023 & DEA observations (shared via letter dated 19th April 2023) KSMDMCL has revised their proposal. The revised proposal has been circulated to all members of the Approval Committee (AC) and with the permission of the Chair, KSMDMCL was invited to make a presentation on the proposal.
- KSMDMCL stated that Haveri is an economically backwards district in the state of Karnataka, with most of the labour force employed in agriculture & its allied sectors. Despite being an agriculture & horticulture hub there is inadequate infrastructure facilities for primary & secondary processing, resulting in significant post-harvest losses (>10%). Hence, raw materials are being transported to neighbouring states for value addition. For better price realization and local economic development, KSMDMCL is proposing to set up an Integrated Processing cluster on PPP mode in ~28.3 acres of the government land in Haveri district. This project will cater to the agricultural produce within a 150 Km radius of the project site (Project Influence Region). As the raw materials for horticulture processing is often seasonal, a multi-product mix has been proposed.
- KSMDMCL further stated that based on the meeting held on 12th April 2023 & DEA observations, the project is proposed to be implemented on PPP Model (DBFOT), for developing Common Infrastructure for Industrial Parks (Food Parks) on Master Developer Model. Under this model, it is proposed that the concessionaire shall develop Common Infrastructure Facilities that would attract investments (processing units) and provide access to the same on a user fee basis.
- KSMDMCL highlighted that M/s Infrastructure Development Corporation Karnataka

Limited (iDeCK), has been appointed as the Transaction Advisor (TA) for this project through a competitive transparent procurement process and the TA has already submitted the first three deliverables. Based on the deliverables the capacity envisaged for the project is 595 TPD, the tentative investment required for setting up the common infrastructure is Rs.37.5 Cr & the overall project return is 17.23% (project IRR).

7. After the presentation, the following issues were deliberated with the permission of the Chair:

i. **Terms of Reference (TOR):** NITI Aayog queried on whether the change in the structure of the project will have any impact on the TOR of the TA. KSMDMCL stated that this revision has been discussed with the Department of Horticulture, Government of Karnataka & they have approved this revision. Further, as per the scope of work mentioned in the TOR, the TA must identify the most optimal PPP structure for undertaking this project.

ii. **Processing Facilities:**

DEA asked the rationale of putting the condition that the concessionaire must operationalise processing units within 12 months of the signing of the concession agreement either on their own or through user agreement? NITI Aayog further queried whether there are any restrictions placed on the concessionaire regarding the setting up of processing units.

KSMDMCL stated that this project is envisaged with the aim of developing processing facilities & cold storage in Haveri. The concessionaire shall ensure that mandatory processing units shall be operational within 12 months from the date of signing of concession agreement either on its own or through user agreement on atleast 20% of the total land area. This is a necessary condition to ensure setting up of processing units in the industrial park as well as skin in the game of the concessionaire. Further, based on market study being undertaken by the TA, this condition may be revised.

8. Considering the above discussions, the AC unanimously decided to approve funding for hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district, subject to following:

i. PSA to ensure that the change in contours of the project structure shall not be in conflict with the ToR of the TA.

ii. Funding for TA expenses under IIPDF Scheme is approved up to Rs.43,13,472 inclusive of taxes and net of payments made.

iii. The funds will be released to the KSMDMCL basis the milestone specified under the IIPDF Scheme.

iv. No retroactive financing is permitted under IIPDF Scheme, and hence, the amount already released by the PSA to the TA shall not be covered under the IIPDF Scheme.

v. All conditions of the IIPDF Scheme will be followed by Government of Karnataka/KSMDMC.

9. The meeting ended with vote of thanks to the Chair.

Annexure – I

List of attendees of the 8th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of hiring Transaction Advisor for developing Common Infrastructure for Industrial Park (for setting up post-harvest storage for multi horticulture produce handling, storage, processing & preservation cluster) in Haveri district, held on 26th July 2023.

1. Department of Economic Affairs, Ministry of Finance

- i. Shri Baldeo Purushartha, JS(ISD) – in Chair
- ii. Dr. Molishree, Deputy Secretary
- iii. Dr. Kartik Agrawal, Deputy Director
- iv. Shri Rohan Nair, OSD

2. NITI Aayog

- i. Shri Partha Sarathi Reddy, Adviser (PPP)

3. Karnataka State Mango Development and Marketing Corporation Limited

- i. Dr. C G Nagaraj, Managing Director
- ii. Shri Babu Nagesh, Director, IDD
- iii. Shri K B Dundi, Additional Director, Horticulture
- iv. Shri P Tejaswi, Transaction Advisor (TA)
- v. Shri Vijay Kumar C, TA
- vi. Ms. Nishita Parmar, TA
- vii. Shri Dayanand Kumar, TA
