

F. No. 1/15/2023-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 6th October, 2023

Office Memorandum

Subject:- Record of Discussion of the 11th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) for undertaking infrastructure projects on PPP mode.

The undersigned is directed to forward Record of Discussion of the 11th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) for undertaking infrastructure projects on PPP mode, held on 26th September 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. Shri. Partha Sarathi Reddy, Adviser, NITI Aayog
2. Sri CM Saikanth Varma, IAS, Commissioner, GVMC and MD&CEO, GVSCCL
3. Sri G. Ananda Rao, Manager, GVSCCL
4. Sr. PPS to JS (ISD)

Copy for information:

The Chief Secretary, Andhra Pradesh

Record of Discussion of the 11th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) for undertaking infrastructure projects on PPP mode.

1. The 11th Meeting of the Approval Committee (AC) chaired by the Joint Secretary (JS), ISD Division, Department of Economic Affairs (DEA) was held on 26th September 2023 at 1630 hours to consider granting approval for support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) for undertaking infrastructure projects on PPP mode. List of participants (attendees) is placed at **Annexure – I**.

2. The basic details of the projects as submitted by GVSCCL is provided below:

Project Name	Monetisation of prime plot of land at Asilmetta in Visakhapatnam.	Development of Floating Solar Photovoltaic (FSP) on Meghadrigedda and Mudasarlova Reservoirs in Visakhapatnam.	Development of Sewerage System in Madhurawada and Bheemli areas in Visakhapatnam.
Project Details	GVMC land at Asilmetta (of ~2.7 Acres). Considering exhibition cum convention centre/ sports infrastructure/ educational institutions/ hospital projects for the land parcel. However, final decision (regarding which of these will be developed) will be based on the feasibility & viability study.	GVSCCL has identified underutilized water bodies at Megadri Gedda and Mudasarlova and plans to scale up the capacity of floating solar power plant. In this context, a detailed investigation of each reservoir has to be done, and based on the outcome each aspect of the plant will be designed.	GVSCCL has earlier taken up Sewerage System in Pendurthi, Gajuwaka & Malkapuram area and supply of recycled water to Industries in Visakhapatnam through a combination of Project Financing and Equity Contribution. It now proposes to take up similar project in the uncovered areas of underground drainage network and to recycle the sewage to supply the treated water to industries. The identified project

			caters the needs of North part of the city, which is experiencing rapid growth. The project is expected to benefit ~9 lakh citizens and supply recycled water to feasible industries.
Purpose of Assistance	Transaction Advisory (TA) Costs		
Sector	Social & Commercial Infrastructure.	Power	Water & Sanitation
Project Sponsoring Authority	Greater Visakhapatnam Smart City Corporation Limited (GVSCCL)		
Location	Asilmetta, Vishakhapatnam, Andhra Pradesh.	Meghadrigedda and Mudasarlova Reservoirs, Vishakhapatnam, Andhra Pradesh.	Madhurawada (Zone-2) & Bheemunipatnam (Zone-1) in Visakhapatnam, Andhra Pradesh.
PPP mode envisaged	Design Build Finance Operate and Transfer (DBFOT)		
Estimated TA Costs (incl. of taxes)	Rs. 2.828 Cr	Rs. 2.814 Cr	Rs. 4.531 Cr
IIPDF contribution sought (%)	100% of TA Cost.		
Payment Milestone Proposed	As per IIPDF Scheme		
Current status	RFP for engaging TA is yet to be floated.		

3. On behalf of the Chair, Deputy Director (DEA) welcomed the attendees to the 11th Meeting of the Approval Committee and informed that three project proposals have been received from Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) seeking funding for hiring Transaction Advisors (TA) for undertaking infrastructure projects on PPP mode. DD (DEA) further informed that the proposal has been duly circulated to all members of the Appraisal Committee (AC) and with the permission of the Chair, GVSCCL was invited to make a presentation on the proposal.

4. GVSCCL stated that it is a SPV incorporated by Government of Andhra Pradesh and Greater Visakhapatnam Municipal Corporation (GVMC) for speedy implementation of infrastructure projects in Visakhapatnam. GVSCCL is proactively working towards bringing in a conscious change for a well-planned holistic city development. GVSCCL has been entrusted to develop the following on appropriate Public Private Partnership Mode:
 - a. Land Parcel at Asilmetta, Vishakhapatnam.
 - b. Floating Solar Power Plant at Megadri Gedda and Mudasarlova reservoirs.
 - c. Development of Sewerage system in Madhurawada (Zone 02) & Bheemunipatnam (Zone 01) in GVMC.

5. GVSCCL stated to take up these projects on PPP mode, services of a DEA empanelled TA will be required. The composition of the TA will be as suggested by DEA in their manual and they will be selected via competitive bidding. They will assist GVSCCL in asset monetization study, development of business plan, commercialization strategy, pre-feasibility study, economic & technical viability analysis of potential projects, financial modelling, support in bid management process etc. As the TA cost cannot be met via the limited budget of GVSCCL, assistance under the IIPDF Scheme is being sought. The State Government of Andhra Pradesh has already given their approval to seek funding under IIPDF Scheme.

6. After the presentation, the following points were discussed with the permission of the Chair:
 - (i) DEA highlighted that land is a non-core asset and not infrastructure per se. GVSCCL proposal is not for getting TA for creating some infrastructure asset on this land but a broader feasibility assessment of monetization of land which may be even done through developing a non-infra-asset. The IIPDF funding is available only for infrastructure development. Hence, funding support under the IIPDF regarding project proposal for monetisation of prime plot of land at Asilmetta may not be accepted in the present form. GVSCCL may identify an infrastructure project to be undertaken on the piece of land first, before seeking funding under the IIPDF Scheme.
 - (ii) It was highlighted that composition of TA should be in sync with project size and requirements. Therefore, it is suggested that broad contours of the TA Team may be provided and actual deployment of experts may be undertaken on need basis so as to keep costs reasonable.
 - (iii) It was suggested that some kind of mechanism may be adopted to enforce utilisation of TT water for industrial purposes to ensure demand for TT water.
 - (iv) It was informed that as per the IIPDF Scheme, if TA is hired on nomination basis only 50% of TA expenses will be financed by DEA, remaining 50% must be borne by the concerned authority.



- (v) It was observed that the term proposed for the TA is one year extendable by two terms of six months each. In this regard it was suggested that the term for the TA be fixed upfront.
- (vi) It was suggested that the TA payment milestones as provided in the IIPDF Scheme be adopted.

7. GVSCCL submitted that:

- (i) Asilmetta is a valuable piece of land in the heart of Visakhapatnam for which commercial development is envisaged and viability of the same is being assessed. As suggested, GVSCCL will reconsider the proposal and resubmit the proposal for undertaking specific infrastructure project on the land parcel.
- (ii) The TA team composition and deployment would be calibrated according to the on-ground requirement.
- (iii) Steps would be taken to ensure demand of TT water, although, at present demand is more than supply.
- (iv) With regard to hiring of TAs, compliance with the provisions of the IIPDF Scheme would be ensured.
- (v) The term of TAs would be defined upfront in the RFP.
- (vi) Payment milestones as per the IIPDF Scheme shall be followed.

8. In light of the above, AC unanimously decided to approve funding for hiring of TAs for undertaking infrastructure development of two projects of GVSCCL on PPP mode, subject to following:

- (i) Funding for TA expenses under the IIPDF Scheme for the following two projects is approved as follows:
 - a. For Development of Floating Solar Photovoltaic (FSP) on Meghadrigedda and Mudasarlova Reservoirs, Vishakhapatnam - up to Rs. Rs. 2.814 Cr inclusive of taxes.
 - b. Development of Sewerage System in Madhurawada and Bheemli areas in Visakhapatnam - up to Rs. 4.531 Cr inclusive of taxes.
- (ii) Actual disbursement under the IIPDF Scheme shall be upto maximum of project-wise funding approved or actual cost quoted by the TA, whichever is less, subject to accomplishment of milestones and fulfilment of other conditions under the IIPDF Scheme.
- (iii) The payment milestones specified under the IIPDF Scheme shall be followed.
- (iv) All conditions of the IIPDF Scheme shall be complied to by the GVSCCL and Government of Andhra Pradesh.

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



Annexure – I

List of attendees of the 11th Meeting of the Approval Committee to consider granting approval for support under the IIPDF Scheme to the proposal of Greater Visakhapatnam Smart City Corporation Limited (GVSCCL), Government of Andhra Pradesh, for hiring Transaction Advisor (TA) for undertaking infrastructure projects on PPP mode, held on 26th September 2023.

1. Department of Economic Affairs, Ministry of Finance

1. Shri Baldeo Purushartha, JS(ISD) – in Chair
2. Dr. Molishree, Deputy Secretary, ISD
3. Dr. Kartik Agrawal, DD
4. Shri Dhruv Rohatgi, OSD

2. NITI Aayog

1. Shri Partha Sarathi Reddy, Adviser (PPP)

3. Greater Visakhapatnam Smart City Corporation Limited (GVSCCL)

1. Shri CM Saikanth Varma, IAS, Commissioner, GVMC and MD&CEO, GVSCCL
2. Shri P. Ravi Krishnam Raju, Chief Engineer
3. Shri. M. Vinay Kumar, Superintending Engineer
4. Shri. KVN Ravi, Superintending Engineer
5. Shri G. Ananda Rao, Manager

