

F. No. 2/5/2020-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
Private Investment Unit

North Block, New Delhi
Dated 22nd December, 2021

OFFICE MEMORANDUM

Subject: Record of Discussions of 107th Meeting of the PPPAC to consider the proposal of Development (Creation, Upgradation, Operation, Maintenance & Utilization) of BharatNet through PPP for revalidating the 'In Principle' and 'Final Approval' granted in 98th and 99th PPPAC meeting – reg.

The undersigned is directed to enclose a copy of the minutes of the 107th Meeting of the PPPAC held on 13th December, 2021 under the Chairmanship of Secretary (EA) for information and necessary action.

2. This issues with the approval of competent authority.

Encl: As above


(Dr. Molishree)

Deputy Secretary to the Government of India

To

1. CEO, NITI Aayog, Yojana Bhawan, New Delhi
2. Secretary, Department of Telecommunications, New Delhi
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi

Copy to:

1. Sr. PPS to Secretary (EA)
2. Sr. PPS to JS (ISD)

Record of Discussion of 107th Meeting of the PPPAC held on 13.12.2021 to consider the revised project proposal of Department of Telecommunication for Development (Creation, Upgradation, Operation & Maintenance and Utilization) of BharatNet through PPP model

The 107th Meeting of the PPPAC chaired by Secretary, DEA was held on 13th December, 2021 at 4.40 PM to consider the revised proposal of Department of Telecommunications (DoT) for Development (Creation, Upgradation, Operation & Maintenance and Utilization) of BharatNet through PPP model. The list of attendees is annexed (**Annexure-I**).

Project: Development (Creation, Upgradation, Operation & Maintenance and Utilization) of BharatNet through PPP.

Project Description: BharatNet is a flagship project under Digital India initiative of the GoI funded by Universal Service Obligation Fund (USOF), Department of Telecommunications, with an objective to provide high speed broadband connectivity to all Gram Panchayats (GP) to be extended to all inhabited villages across India.

The network infrastructure under this project shall be a national asset and accessible on a non-discriminatory basis to all eligible service providers to enable them to provide services in rural areas. The proposed PPP Project covers 18 states in 10 packages.

Estimated Project Cost (EPC): Rs.32,041 Cr

Concession Period: 30 years

Estimated Viability Gap Funding (VGF): Rs.21,650 Cr

1. JS, ISD welcomed the attendees to the 107th Meeting of the PPPAC. It was informed that the "In-Principle and Final Approval for Development (Creation, Upgradation, Operation & Maintenance and Utilization) of BharatNet through PPP model" was given in the 98th PPPAC held on 17.12.2020. Further, on a request made by the DoT, the PPPAC in its 99th Meeting reconsidered the project proposal and revalidated its In-Principle and Final Approval with Estimated Project Cost (EPC) of Rs.29,432 Cr and VGF of Rs.19,041 Cr. It was also informed that as per the Minutes of the aforesaid PPPAC Meetings, the DoT was to obtain prior approval of the PPPAC for any subsequent change in scope of work or project configuration. However, the CCEA vide its decision dated 30.06.2021, while approving the financial implication of Rs. 19,041 crores for implementation of the PPP model for BharatNet in 16 States (bundled into 9 packages), empowered the DCC to make necessary changes, including in the scope of work, technology, architecture, technical specifications, funding

modalities, cost estimates, timelines of the project, packages, VGF estimates etc. and for approving the Request For Proposal (RFP) and Concession Agreement (CA) of the PPP Model, within the approved cost of the project. Since, in the instant project proposal of DoT, there is a change in the overall cost of the project proposal alongwith addition of a new package altogether, hence the DoT has submitted a revised proposal for consideration of the PPPAC.

2. DoT informed the PPPAC that post approval of the CCEA, the RFP was floated on PPP model of BharatNet for 9 packages on 20th July, 2021 as per approval of PPPAC and subsequent changes approved by the DCC. However, more clarifications were received from prospective bidders and some changes were suggested in the floated RFP and DCA.
3. DoT informed that the instant proposal is submitted to the PPPAC for considering the following: -
 - i. Changes in the RFP and DCA proposed as response to bid queries and/or issues raised. These have been incorporated in order to alleviate the concerns raised by the prospective bidders as raised during the pre-bid queries.
 - ii. Taking up Goa and Uttarakhand under BharatNet PPP model as Package 10 in the already approved BharatNet project proposal on the same lines as for earlier 9 packages.
 - iii. Since, Uttarakhand is hilly region state with a difficult terrain and international borders, it is proposed to be treated at par with the Package No. 7 of NER in terms of VGF cap. Further, since EPC for Goa is only a minor amount as compared to that of Uttarakhand, the VGF for package No.10 is capped at 100% of the EPC being Rs.2,609 Crore.
4. DoT also informed that the changes proposed in the RFP and DCA of the erstwhile 9 packages shall apply for the 10th package also.
5. DoT also informed that the appraisal of DEA and NITI Aayog have been received and all comments have been duly answered.
6. The Chair then enquired whether DoE, DoLA, DEA and NITI Aayog have any further substantial comments? DoE, DoLA, DEA and NITI Aayog informed that their queries have been addressed by the DoT in its replies.
7. The Chair then enquired the following:
 - i. Whether the selected bidders compete with existing service providers in the areas?
 - ii. How the tariff for the services will be determined?
8. DoT submitted the following responses:
 - i. In addition to limited internet penetration in the rural area, existing service providers also require fiberized towers for providing quality internet and

data services. The BharatNet project seeks to bridge this gap by providing high speed internet services at affordable rates and to complement the existing service providers as well as competing with them. Further, the revenue streams of the project include revenues from providing internet services to citizens, leasing of dark fibre as well as fiberization of towers, etc.

- ii. The concessionaire will be free to price the services. However, TRAI is empowered to regulate the Tariffs in case of unreasonable pricing of the tariffs by the concessionaire.

9. After deliberations, PPPAC decided to:

- i. Revalidate its 'In Principle and Final Approval' and recommend to the competent authority the project proposal for Development (Creation, Upgradation, Operation & Maintenance and Utilization) of BharatNet through Public Private Partnership (PPP) with the modifications in the existing RFP DCA as proposed by the DoT/USOF.
- ii. Recommend addition of package no. 10 comprising Uttarkhand and Goa with the EPC of Rs.2,609 Crore and the VGF capped at 100% of the EPC.
- iii. All other decisions / observations (as applicable) made by the 98th and 99th PPPAC along with the currently approved changes in the RFP and DCA shall apply to all the ten packages.
- iv. With addition of an additional package, the DoT may decide maximum number of packages to be allotted to one successful bidder.
- v. While taking approval of the CCEA, the DoT will clearly bring out this provision of 100% VGF support for package 10 to the CCEA.

10. The meeting ended with vote of thanks to the chair.

Annexure - I

List of participants of 107th Meeting of PPPAC held on 13.12.2021 to consider the project proposal of D/o Telecommunication for BharatNet proejct through PPP:

1. **Department of Economic Affairs (DEA), Ministry of Finance**
 - a. Shri Ajay Seth, Secretary, Department of Economic Affairs (In Chair)
 - b. Shri Baldeo Purushartha, Joint Secretary (ISD)
 - c. Dr. Molishree, Deputy Secretary to the Government of India, (PIU)
 - d. Dr. Kartik Agrawal, Deputy Director
2. **Department of Expenditure (DoE), Ministry of Finance**
 - a. Sh. Sanjay Prasad, Additional Secretary (PFC-II), Department of Expenditure
3. **NITI Aayog**
 - a. Sh. Partha Sarthi Reddy, Adviser (PPP)
 - b. Ms. Nidhi Arora, Consultant (Legal)
4. **Department of Legal Affairs (DoLA)**
 - a. Dr. R.J.R. Kasibhatla, Deputy Legal Advisor
5. **Department of Telecommunications (DoT)**
 - a. Shri K. Rajaramanh, Secretary, Department of Telecommunication
 - b. Shri. Hari Ranjan Rao, Administrator, Universal Service Obligation Fund
 - c. Shri R.K.Singh Director(Planning),BBNL
 - d. Shri B.P. Vishwakarma, Director, Universal Service Obligation Fund
