

**Subject: Record Note of discussion of the meeting of Public Private Partnership  
Appraisal Committee held on 1.11.2006**

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The fourth meeting of the Public Private Partnership Appraisal Committee (PPPAC) was held on 1.11.2006 at 12.00 Noon in Room No.131-A. The list of participants is annexed.

2. PPPAC considered the nine BOT (Toll) projects forwarded by NHAI and decided as follows on the issues common to these projects:

- (a) **Length of the project:** It was agreed that projects that are taken up should either have a length of more than 100 Km or a project cost greater than Rs. 500 crore. Chairman, NHAI agreed to follow this principle for future projects but in the instant case as bids have already been received in some of the projects and the remaining projects have been finalised for re-bidding, he requested waiver of this condition. PPPAC agreed to waive this requirement.
- (b) **Cost of the project:** Chairman, NHAI stated that a threshold of Rs.4.5 – 5 crore per Km. is generally being followed while firming up the project cost but in the case of some of the projects under consideration, costs are higher on account of topography and project specifications. It was agreed that in future projects submitted to PPPAC a threshold of Rs.5 crore per Km would be adopted for four-laning and in case of any variation, NHAI would give explanation. Similar threshold for six-laning would be suggested by NHAI.
- (c) **Concession period:** NHAI explained that they determine the concession period for a project based on the viability analysis assuming a return of 14% to the investor. Planning Commission suggested that the viability analysis makes a lot of assumptions and the concession period should ideally be determined based on the carrying capacity and projected traffic with respect to each project. It was noted that the Model Concession Agreement (MCA) recommends this formulation and in future projects, the concession period would be determined based on these parameters.
- (d) **Land acquisition:** DORTH and NHAI stated that the requirement of 80% land acquisition as contained in the MCA would defer a lot of projects pending land acquisition of this scale. It was agreed that 80% as contained in the MCA would be reduced to 60%. Approval of PPPAC would be sought on a case-to-case basis for proposals wherein land acquisition was lower than the benchmark level.
- (e) **Bidding process:** It was noted that NHAI would follow a two-stage bidding process from January 1, 2007.
- (f) **Consultants:** It was agreed that NHAI would retain legal consultants for all future projects proposed to PPPAC. In the instant case as bids have already been received in some of the projects and the remaining projects have been finalised for re-bidding, this will not be insisted upon.
- (g) **Justification for capacity augmentation:** Chairman, NHAI clarified that existing and projected traffic may not be the guiding force for deciding capacity

augmentation on specific projects. For the projects covered by the national programme for upgradation of highways like Golden Quadrilateral and North West- East South corridor, the project specifications are determined by the standards of infrastructure development mandated by the Government. However, in other projects, traffic projections would be the determinants for laying down the project specifications.

3. PPPAC approved waiver of the requirement of “in-principle” approval and granted final approval in the case of following projects:

- (i) Construction of Access Controlled Highways from Km. 10/0 to Km. 29/5 of Bangalore section of NH-4 in the state of Karnataka on BOT basis.
- (ii) Four Laning of Nelamangala Junction on NH-4 with NH-48 to Devihalli in the state of Karnataka under NHDP phase III A on BOT basis.
- (iii) Widening of Existing 2 Lane carriageway to 4/6 lane divided carriageway configuration of Bangalore -Hoskote - Mulbagal section of NH-4 in the state of Karnataka under NHDP phase III A on BOT basis.
- (iv) Four Laning of Devihalli Hassan Section of NH- 48 in the state of Karnataka under NHDP phase III A on BOT basis.
- (v) Six / Four Laning of Zirakpur - Parwanoo section of NH-22 including Pinjore -Kalka - Parwanoo bypass in the State of Punjab, Haryana and Himachal Pradesh under NHDP Phase III A on BOT basis

4. In the above projects, NHAI agreed to suitably address the legal issues pointed out by the Planning Commission in the Concession Agreement to the extent possible at this stage.

5. The remaining four projects were approved subject to the following conditions:

**Project: Four Laning from Junction of NH-68 with NH-7 near Salem to Junction of NH-68 with NH-45 near Ulundrupet in the state of Tamil Nadu under NHDP Phase III A on BOT**

- (a) The legal infirmities in the Concession Agreement would be addressed by NHAI.
- (b) The construction of service roads was approved subject to the condition that these were only for habitations falling enroute.
- (c) NHAI would re-examine the issue of constructing six-lane structures and satisfy itself regarding the justification for the same.

**Project: Four Laning of Trichy city Junction with NH-45 to Dindigul**

Before inviting bids, NHAI would:

- (a) Address the legal infirmities in the Concession Agreement
- (b) reconsider increasing the concession period to 30 years.

In case no bids are received again, NHAI would re-examine the specifications and attempt to rationalize costs.

**Project: Four Laning of Pondicherry to Tindivanam on NH-66 in the state of Tamil Nadu under NHDP Phase III A on BOT basis**

Before inviting bids NHAI would:

- (a) Address the legal infirmities in the Concession Agreement
- (b) reconsider increasing the concession period to 30 years
- (a) re-examine the specifications and attempt to rationalize costs

**Project: Four Laning of Trichy city Junction with NH-45 B on NH-67 to Karur on NH-67 in the state of Tamil Nadu under NHDP Phase III A on BOT basis**

Before inviting bids NHAI would:

- (a) Address the legal infirmities in the Concession Agreement
- (b) reconsider increasing the concession period to 30 years
- (c) re-examine the specifications and attempt to rationalize costs

7. The meeting ended with thanks to the Chair.

**List of Participants in the meeting of Public Private Partnership  
Appraisal Committee taken by Secretary (EA) on 11.10.2006 at 12.15 PM in Room No.  
131-A, North Block**

1. Shri Ashok Jha, Secretary, Department of Economic Affairs
2. Shri Vijay Singh, Secretary, Deptt. of Road Transport and Highways
3. Shri Pradeep Kumar, Chairman, NHAI
4. Shri Ashok Chawla, Additional Secretary, Department of Economic Affairs
5. Shri Gajendra Haldea, Advisor to Dy. Chairman, Planning Commission
6. Shri A.P. Aggarwal, Joint Secretary, Ministry of Law
7. Shri Arvind Mayaram, Joint Secretary, Department of Economic Affairs
8. Shri B.S. Bhullar, JS (PF-II), Deptt. of Expenditure
9. Dr. Anuradha Balaram, Director, Deptt. of Expenditure
10. Ms Anna Roy, Joint Director, Deptt. of Economic Affairs
11. Shri K.R. Reddy, Dy. Secretary, Planning Commission
12. Shri Bhanu Mehrotra, Dy. Secretary, Planning Commission
13. Shri M. Josph Eugene Raj, Planning Commission
14. Shri A.V. Sinha, Member, NHAI
15. Shri C. Kandasamy, Member, NHAI
16. Shri Mahesh Kumar, CGM, NHAI
17. Shri S.B. Basu, Chief Engineer, DORTH, MoSRTTH