

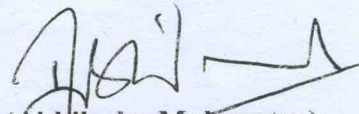
F.No. 2A/1/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

New Delhi, the January 31, 2014

OFFICE MEMORANDUM

Subject: 62nd Meeting of the Public Private Partnership Appraisal Committee (PPPAC)

The undersigned is directed to enclose the Record of Discussion of the 62nd Meeting of the Public Private Partnership Appraisal Committee (PPPAC) held on January 17, 2014.

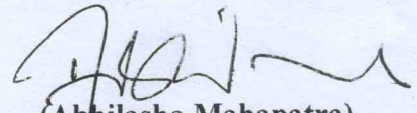

(Abhilasha Mahapatra)
Deputy Secretary (PPP)
21/1/2014

To

1. Secretary, Department of Expenditure, North Block, New Delhi
2. Secretary, Planning Commission, Yojna Bhavan, New Delhi
3. Secretary, RT&H, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
5. Secretary, Ministry of Environment and Forest, Paryavaran Bhawan, CGO Complex, New Delhi
6. Shri Vivek Aggarwal, MD, Madhya Pradesh Road Development

Copy to:

- a. PSO to DEA
- b. PS to JS(Infra)
- c. PA to DS(PPP)


(Abhilasha Mahapatra)
Deputy Secretary (PPP)
21/1/2014

F.No. 2A/1/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

62nd Meeting on January 17, 2014

Record Note of Discussion

The 62nd meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by **Secretary, Economic Affairs**, was held on January 17, 2014. The list of participants is annexed.

2. The Chairman welcomed the participants and noted that the PPPAC would consider five proposals from Ministry of Road Transport & Highways (MoRTH) in road sector for grant of final approval.

Agenda Item I: Proposal from Ministry of Road Transport & Highways for grant of final approval: 2/4 Lane of Tamil Nadu/Karnataka Border to Bangalore Section of NH-209 (Design Chainage from Km 266.530 to Km 458.420) in the State of Karnataka under NHDP-IV on Design Build, Finance, Operate and Transfer (DBFOT) basis

Total length: 191.89 km (2-lane with PSS is 158.39 km and 4-lane is 33.50 km); Total Project Cost: Rs. 693.04 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 453.17 crore; Concession Period: 18 years including 2 years of construction period; Total Land required: 619.80 ha.; Land available: 264.23 ha; Land to be acquired: 355.47 ha. 3(A) published: 354.44 ha; 3(D) published: 209.67

Major development works/ structures: Major Bridge: 5; Minor bridges: 44; Bypass: 7 of 42.14 km; Flyover: Nil; ROB cum VUP: 1; Grade seperated Junction: 1; Major/Minor road junctions: 146; Service/Slip roads: 0.60 km; Toll plazas: 3 (km 298.94, km 359.8, & km 448.9); FOB: Nil; Vehicular underpasses: 1; Pedestrian/cattle underpasses: nil; Culverts: 391; Truck laybys: 6; Bus-bays/shelter: 68/8; Realignment: 10.64 km; Curve improvement: 4.42km

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3. Deputy Secretary, Department of Economic Affairs (DEA) informed that proposal was earlier deferred by PPPAC in its 56th meeting held on December, 21 2012 due to inadequate land availability. Chief General Manager (CGM), NHAI informed that Notification under section 3(A) and 3 (D) has been issued for 99.81 percent 76.46 percent respectively, accordingly eligible for consideration of PPPAC.
4. Chair sought clarification regarding cost of land acquisition and other pre-construction activities which comprise about 58 percent of the TPC and also on the status of environment clearance. CGM, NHAI responded that the cost of land acquisition is very high as about 41 km stretch is near Bangalore where land acquisition cost is between Rs. 70 to Rs. 150 lakhs per ha. On environmental clearances CGM, NHAI stated that the Terms of Reference (TOR) has been finalised by the MoEF in February, 2013 and the clearances are expected soon.
5. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.
6. **The PPPAC recommended grant of final approval to the proposal for two/four-laning with PSS for a section between Tamil Nadu/Karnataka Border to Bangalore Section of NH-209 (Design Chainage from Km 266.530 to Km 458.420) in the State of Karnataka under NHDP-IV on BOT (Toll) basis, for TPC of Rs. 693.04 crore with maximum VGF of Rs. 277.216 crore (40 percent of TPC), subject to fulfilment of the following conditions:**
 - 6.1. MoRTH shall issue Request for Proposal (RFP) only after ;
 - 6.1.1. Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for atleast 60 percent of the land required for the project"*
 - 6.1.2. Obtaining the environment clearances for the project
 - 6.2. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
 - 6.3. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
 - 6.4. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

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(Action: MoRTH)

Agenda Item II: Proposal from Ministry of Road Transport & Highways for grant of final approval: 4-laning with PSS of Kazhakkootam (Thiruvananthapuram) – Mukkola Junction section of NH – 47 from km 0.000 to km 26.500 in the State of Kerala under NHDP Phase III, on BOT (Toll) basis.

Total length: 26.798; Total Project Cost: Rs. 577.95 crore; Cost of pre-construction activities to be financed by MoRTH: Rs. 9.54 crore; Concession Period: 20 years including 2 years of construction period;

Total Land required: 120.49 ha.; Land available: 120 ha; Land to be acquired: 0.49 ha.

Major development works/ structures: Major Bridge: 3; Minor bridges: 4; Bypasses: nil; ROB: 1; Major road junctions: 6; Service roads: 51.14 km; Minor road junctions: 5; Toll plazas: 1 at Km 6.5 (design); Vehicular overpasses: 2; Vehicular underpasses: 2; Pedestrian underpasses/ Cattle underpasses: Nil; Culverts: 76; Truck laybys: Nil; Bus-bays/ Shelters: 24; Realignment: Nil; New alignment: 3.998 km

7. Deputy Secretary, DEA informed that proposal was earlier approved by the PPPAC in its 20th meeting held on December, 31 2008 as a part of "Four Laning of Trivandrum to Kerala/ Tamil Nadu border including Trivandrum by-pass for 43 km" but no response was received due to land issue. Now the proposal is for Trivandrum Bypass of 27 km for which about 99 percent land is available for the project.

8. Joint Secretary, DEA stated that the project is viable only with VGF upto 50.80 percent of TPC however VGF of a maximum of only upto 40 percent of TPC is admissible. Further the maximum concession period based on the total traffic comes to only 12 years which may maximum go up to 20 years if the breach capacity of highway tollable traffic is taken . CGM, NHAI responded that service road has been provided all along the road for the use of local traffic and it is expected that concession period of 20 years may be justified based on tollable traffic of 24,000 PCUs. Further, based on the new amendment for charging toll fee of structures i.e. ten times of the normal rate, the project is viable with VGF of 52.50 percent of TPC with concession period of 20 years.

9. The Chair sought clarification on why the project has been proposed when it does not appear to be viable with maximum VGF of upto 40% of TPC, Joint Secretary(Highways), MoRTH responded that viability of the project has been calculated based on traffic growth of 5% whereas it is expected that traffic may

increase more than 5% and project may be viable on BOT (toll). Joint secretary, DEA indicated that response is not justified as in case of increase in traffic by more than 5%, the concession period would reduce as capacity of the highway would be breached sooner.

10. Representative of Planning Commission indicated that to make the project viable, toll rate of 1.5 times of the normal rate as applicable for the by-pass may be used for the proposed project. CGM, NHAI responded that by-pass rate may not be applicable as existing road is proposed to be widened and not a new by-pass.

11. Secretary, MoRTH requested that NHAI may be allowed to test the market on BOT (toll) with maximum VGF upto 40% of TPC as more than 99% land is available for the project and all clearances including environment and CRZ clearance have been obtained. This was agreed to.

12. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.

13. **The PPPAC recommended for grant of final approval to the proposal for 4-laning with PSS of Kazhakkootam (Thiruvananthapuram) – Mukkola Junction section of NH – 47 from km 0.000 to km 26.500 in the State of Kerala under NHDP Phase III on BOT (Toll) basis, for TPC of Rs. 577.95 crore with maximum VGF of Rs. 231.18 crore (40 percent of TPC), subject to fulfilment of the following conditions:**

- 13.1. MoRTH shall revise the concession period to 20 years.
- 13.2. MoRTH shall issue Request for Proposal (RFP) only after ;
 - 13.2.1. Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *“at least 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for at least 60 percent of the land required for the project”*
 - 13.2.2. Obtaining the environment clearances for the project
- 13.3. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 13.4. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.

- 13.5. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH)

Agenda Item 3: Proposal from Ministry of Road Transport & Highways for grant of final approval: Four-lane with PSS of a section between Ambala-Kaithal of NH-65 from km 0 at Ambala to km 95.383 at Kaithal, including Ambala Bypass in the State of Haryana, on DBFOT (Toll) basis under NHDP-III.

Total length: 95.383 km; Total Project Cost (TPC) : Rs. 878.0 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 298.48 crore; Concession Period: 30 years including 2.5 years of construction period;

Total Land required: 577 ha.: Land available: 140 ha (24%); Land to be acquired: 437 ha (76%).

MoRT&H's certification for 3A Notification completed for 517 ha. (90% of total land required), 3D Notification published for 369.5 ha. (64% of total land required).

Major development works/ structures: Major Bridge: 4 nos.(new) & 2 nos.(widen/repair); Minor bridges: 26 nos.(new) & 10 nos.(widen/repair); Bypass: 5 nos.(Ambala bypass, Matheri Shekan bypass, Ismailabad bypass, Pehowa bypass, Kaithal bypass) of 31.05 km; Flyover: 3 nos; Major road junctions: 15; Service/slip roads: 19.740 km covering both sides; Minor road junctions: 66; Toll plazas: 2 (at km 24 & km 64); Underpasses: 6; Culverts: 140; Truck laybys: 4; Bus-bays: 40; Realignment: 2.7 km, Reconstruction: 11.76 km

14. Deputy Secretary, Department of Economic Affairs (DEA) raised three queries with regards; (a) status of land acquisition, (b) clarification with regard to traffic justification for four-laning, and (c) reasonableness of TPC since cost escalation is double for revised project configuration in the instant proposal. Chief General Manager (CGM), NHAI responded over (a) Land acquisition: that out of 577 ha as the total land required, 140 ha (24%) land is already available and yet to be acquired is 437 ha. However, Notification under 3(A) has been issued for 517 ha (90.0%) and Notification under 3(D) is published for 369.5 ha. (64% of the total land required). With regards to traffic, it was stated that as traffic is expected to breach 15,000 PCU by the year 2016, the expected timeframe for achieving commencement of operation. On the TPC, CGM, NHAI clarified that the cost per km for the instant proposal is within the MoRT&H's norms even with the project's revised configuration from 2-laning to 4-laning. CGM, NHAI also stated that the proposal was unable to receive any bid in the last round of bidding as the applicable toll rates for 2-lane roads is 60% of the toll rates applicable to 4-lane roads. CGM, NHAI stated that the revised project configuration for 4-lane road, the project may receive positive response for

bidding with VGF and it was requested that project may be favourably considered for purposes of bidding.

15. The Chair stated that the project may be considered subject to the condition that Request for Proposal (RfP) shall be issued only after completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012. This was agreed to.

16. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.

17. **The PPPAC recommended for grant of final approval to the project for four-laning with PSS for a section between Ambala-Kaithal of NH-65 from km 0 to km 95.383, including Ambala Bypass, in the State of Haryana under NHDP – III on DBFOT (Toll) basis, for TPC of Rs. 878.0 crore, with maximum 36.69% of the TPC(Rs. 322.13 crore) of viability gap funding (VGF) and subject to fulfilment of the following conditions:**

- 17.1. NHAI/MoRT&H shall issue Request for Proposal (RFP) only after;
 - 17.1.1. Completing land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for atleast 60 percent of the land required for the project"*
 - 17.1.2. Obtaining the environment clearances of the project.
- 17.2. NHAI shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by NHAI/MoRT&H in their responses.
- 17.3. MoRTH shall intimate and obtain prior approval of the PPPAC on any change in VGF requirement as noted above alongwith justification, which is based on competitive bidding, as decided in the 58th meeting of the PPPAC held on May 21, 2013.
- 17.4. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 17.5. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRT&H/NHAI)



Agenda Item IV: Proposal from Ministry of Road Transport and Highways, Government of India for final approval: Two laning with paved shoulder from Km. 477/6 of NH 7 to Km 12/6 of NH 12A Jabalpur Bypass and Km. 12/6 to Km. 192/4 of Jabalpur-Mandla-Chilpi section of NH 12A in the state of Madhya Pradesh (MP) under NHDP-IV on Design, Build, Finance, Operate and Transfer (the "DBFOT") basis.

Total length: 177.750 km; Total Project Cost: Rs. 913.06 crore; Concession Period: 30 years including 2 years of construction period;

Total land Required: 710.555 Ha., Land available: 451.54 Ha. (64%), land to be acquired: 220.133 Ha. (31%), Diversion: 38.482 Ha. (5%)

Major development works/ structures:, Major Bridges: 07, Minor Bridges: 42, Culverts: 405, Flyovers: 01 at km 7.500, RoB: 01, Vehicular Underpass: 01, Pedestrian underpass: 04, Subways for Wild animals: 11, No. of Bypass: 05 of 31.40 Km, Bus Bays: 65, Trucks lay bays: 05, Major/Minor Junctions: 14/92, No. of Toll Plazas: 03 at km 23.24, km 81.15 & km 146.3

18. MD, Madhya Pradesh Road Development Corporation (MPRDC) presented the proposal. It was informed that MPRDC is the implementing agency for the project under an MoU with the MoRTH. Project cost has been approved by the Standing Cost Committee in its meeting held on September 30, 2013. Out of total length of 177.50 Km, about 25.577 Km. of the Project Highway is passing through forest land (including outer most periphery of buffer zone of Kanha Wild life sanctuary, Reserve/ Protected Forest.

19. The Chair sought clarification regarding land acquisition and status of environmental/ forest clearances of the project. MD, MPRDC responded that 451.540 Ha land (64%) is already available and Notification under Section 3(D) has been published for 22 km. Further, environmental clearance for Jabalpur bypass has been obtained in March, 2013 and ToR for balance section has been submitted for which public hearing is under progress. However, as per the latest MoEF notification dated 22.08.2013, environment clearance for the project is not required. Wild Life Clearance for 6.80 km has been obtained for Kanha Tiger Reserve by National Wild Life Board (NWBL) in May, 2011. State Government has agreed to provide diverted land for 38.482 Ha of Forest/ Reserve forest land for the project. The application for NoC in affected 12.517 Km length passing through forest has been submitted. MD, MPRDC assured that land acquisition and all the clearances would be obtained before the Appointed Date.

20. Representative of Planning Commission indicated that environment mitigation cost of Rs. 7.30 crore should not be included in the TPC and issue of Fee Notification should be included in clause 4.1.2 (b) as conditions precedent. MD, MPRDC responded that TPC has been revised to Rs. 913.06 crore after deducting the environment mitigation cost of Rs. 7.30 crore. Further, issue of Fee Notification shall be included in clause 4.1.2 (b) as Conditions Precedent. Chief Engineer, MoRTH has also agreed to the above.

21. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.

22. **The PPPAC recommended for grant of final approval to the proposal for Two laning with paved shoulder from Km. 477/6 of NH 7 to Km 12/6 of NH 12A Jabalpur Bypass and Km. 12/6 to Km. 192/4 of Jabalpur-Mandla-Chilpi section of NH 12A in the state of Madhya Pradesh (MP) under NHDP-IV on BOT (Toll) basis, for TPC of Rs. 913.06 crore with maximum VGF of Rs. 365.224 crore (40 percent of TPC), subject to fulfilment of the following conditions:**

- 22.1. TPC of the project shall be Rs. 913.06 crore.
- 22.2. MoRTH shall incorporate issue of Fee Notification in clause 4.1.2 (b) as conditions precedent.
- 22.3. NHAI/MoRT&H shall issue Request for Proposal (RFP) only after;
 - 22.3.1. Completing land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for atleast 60 percent of the land required for the project"*
 - 22.3.2. Obtaining the environment clearances of the project.
- 22.4. NHAI shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by NHAI/MoRT&H in their responses.
- 22.5. MoRTH shall intimate and obtain prior approval of the PPPAC on any change in VGF requirement as noted above alongwith justification, which is based on competitive bidding, as decided in the 58th meeting of the PPPAC held on May 21, 2013.
- 22.6. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 22.7. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

Agenda Item V: Development of Eastern Peripheral Expressway of NH- NE-II from km 0 to km 135, starting from km 36.083 on NH-1 and ending at km 64.330 on NH2 in the states of Haryana and Uttar Pradesh under Other Projects on BOT (Toll) basis

Total length: 134.946; Total Project Cost: Rs. 4489 crore; Cost of pre-construction activities: Rs. 1795.26 crore to be financed by States of Delhi (50%), Haryana (25%) & Uttar Pradesh (25%); Concession Period: 26 years including 3.5 years of construction period; Total Land required: 1631.42 ha.: Land available: 1401 ha(85.88%); Land to be acquired: 230.42 ha (3A & 3 D completed-230.42 ha, 3 G completed-207 ha).

Major development works/ structures: Major river bridges: 4 (two at Yamuna river, one at Hindon river & one at Agra Canal); Fly-Over: 5; ROBs: 6; Minor Bridges- 44; Interchanges: 9 at crossings with NH-58, NH-24, NH-91, NH-2, Taj Expressway, SH-57 , Greater Noida, Kasna & Atali road; Vehicular Underpass: 55; Pedestrian Underpass: 144; Culverts: 113; Toll Plazas: 2 on main highway at km 5.1 & km 132.500 and 7 on every entry/exit interchanges; Wayside Amenities: 2 at km 40 & km 96

23. Member, NHAI presented the proposal and informed that the proposal had been first approved by the PPPAC in November 2007 with TPC of Rs. 2,333 crore with Concession Period of 20 years. Single bid was received in Dec, 2008 which was rejected by NHAI. The project was again approved by the PPPAC in its 40th meeting held on 06.01.2011 for TPC of Rs. 2699 crore with Concession Period of 23.5 years. NHAI had invited bids on July 07, 2012 with last date of submission of bids in October, 2012 but no bid was received. The Total Project Cost, after updation to current price levels, is Rs. 4524 crore. The Eastern Peripheral Expressway (EPE) being developed by NHAI, and the Western Peripheral Expressway (WPE) developed by Government of Haryana, would connect NH-1 and NH-2 from the Western and Eastern sides of Delhi respectively and the start and the end points of both WPE and EPE are proposed to be at the same locations, a Ring-Road completely outside NCT Delhi would be formed. It was also informed that due to revision of Fee Rules for charging toll on structures, which is ten times of the normal highway, the TPC has been reduced to Rs. 4489 crore.

24. Representative of Planning Commission raised the the following six main issues as indicated in their appraisal note:

- i. The TPC of the project has gone up from Rs. 2,699 crores (as approved in 2012) to Rs. 4,524 crores, an increase of about 68% in a time span of about 2 years. The average cost, excluding the land cost, has increased from Rs.19.99 crore per km. to Rs.33.51 crore per km. When the cost of land (Rs.1795 crore) is added, the project cost increases to Rs. 46.81 crore per km. Planning Commission is of the view that the TPC should be examined by a technical committee consisting of external experts so as to avoid undue loss to the public exchequer.
- ii. NHAI has structured the project as a 6-lane facility with 8-lane bridges and structures. The grade separator interchanges are proposed to be built as 12-lane structures with 8-lane loops. The number of structures on this highway, with 144 PUPs and 55 VUPs seems to be very high and needs to be re-examined. Thus there are 259 structures over 135 km of highway i.e. 2 structures for every km. This project structure needs to be re-examined.
- iii. It is proposed to build the highway on a raised embankment of 5 mts. height on an average. This involves borrowing of 447 lakh cu. m (including 94 lakh cu. m of fly ash) of earth from elsewhere and being close to Delhi, it would be impractical to borrow earth to this magnitude. The land required for obtaining such a large amount of borrowed earth, close to the highway, does not seem to have been identified. Absence of the source of borrowed earth would make the project work impracticable and could delay the project work indefinitely. This is likely to increase the lead distance and cost. This raising of embankment would add Rs. 944 cr. to the TPC and this cost may go up significantly if the leads get increased on account of non-availability or environmental considerations.
- iv. Expressways and motorways are normally built at grade while cross roads go below or above the expressways. This universal practice is proposed to be abandoned in this case as the expressway is proposed to be raised by 4 mts. while cross roads would remain at grade. This is contrary to universal practice and adds significantly to costs. This issue should be referred to a high level expert committee for advice.
- v. MORTH has proposed to reduce the toll rates for this project from 1.5 times the normal rates, as applicable for bypass, to 1.25 times. The project is in the nature of a bypass and toll rates for bypass should be used. The toll rates have been fixed /approved by the Cabinet for uniform application throughout India. Lowering them in one case will not only cause loss of revenue to NHAI, it will also lead to similar demands from other areas. Moreover the extant toll rates are actually quite low by international standards and as a result the burden of VGF and annuity payments has already become unsustainable. Any further reduction in potential revenues would seriously jeopardize the roads programme. In any case, it is not logical to increase the toll rates by 0.25 times when the project costs are over three times compared



to normal costs. Therefore, Planning Commission does not agree with the proposal for reduction in notified toll rates, as approved by the Cabinet.

- vi. The proposed RFP states that any bidder who has three projects where financial closure has not been achieved is not eligible. This will unduly restrict competition, especially when several projects are under construction or awaiting cancellation /rescheduling. Finance Ministry has objected to this clause. Planning Commission also does not favour this restrictive clause. The same may be omitted.

25. Member, NHAI responded as follows:

- i. Earlier TPC of Rs. 2699 crore was based on 2009 SOR of UP/Haryana which has been updated to Rs. 3800 crore considering the increase in rates from 2009 to 2012. Further, increase in TPC from 2012 onwards is due to increase in roadway width from 3.5m to 3.75m, width of paved shoulders from 2.5m to 3m, Increase in width of structures, adoption of rates as per SOR 2012 escalated to 2013, enhancing the lead for earthwork from 2 km to 10 km, providing for safety related items/protective works as per Expressway Manual. The cost per km is high as there is entirely new alignment and expressway consists of four major bridges on the river, five flyovers and six Rail Over Bridges besides. Further, cost estimates have been approved by the Standing Cost Committee (SCC) in its meeting held on 20th November, 2013 after detailed scrutiny (copy of Minutes of Meeting is attached). Hence, cost is justified. Planning Commission is a member of the SCC which cleared the proposal.
- ii. The scope of work is as per the earlier PPPAC approval and as per present site requirement. The structures as provided in the project have again been reviewed as per site conditions, Expressway Manual guidelines and after conducting public hearings where the representatives of the State Government were also present. The width of interchange structures is 12-lane because of merging and demerging loops and loop width is only 2-lane as per expressway manual and not 8-lane.
- iii. The minimum height of the embankment is about 3.50 m which is governed by the size of PUPs (7X3.0m). Lowering of embankment height may not be possible because of structures which have been provided as per the site requirements of the Expressway. The total involvement of earth work is 3.14 crore m³ including flyash. The lead of earth has now been increased from 2 km provided earlier to 10 km for calculating the cost estimates. The detailed justification of structures has also been provided in the reply to the appraisal note. All design decisions have been taken by the engineering/technical experts of NHAI.

- iv. In case cross roads go below or above the expressways, structure of about 100m will have to be constructed and land acquisition on cross road would be needed. This may not be justified and require additional cost.
- v. Toll rates for expressway as 1.25 times of the normal highway are proposed as per the toll policy notified vide Gazette Notification dated 16.12.2013.
- vi. The proposed RFP stating that any bidder who has three projects where financial closure has not been achieved is not eligible is based on the decisions taken by the MoRTH vide OM dated 09.04.2010 which has been uniformly applied to all projects approved by the PPPAC.

26. Joint Secretary, DEA indicated that the proposed project does not fall under any of the phases of NHDP and MoRTH proposed to implement in other project category, hence, no VGF may be admissible under cess funds available with NHAI. PPPAC has approved the project in its 40th meeting held on 06.01.2011 with zero VGF. However, in the proposed DCA, VGF upto 40% of TPC is sought during construction period. Accordingly, MoRTH may confirm availability of fund along with budgetary provisions for meeting out the VGF liability upto 40% of TPC. CGM, NHAI informed that project is viable with VGF upto 15% of TPC and accordingly, approval of the project on zero VGF may not be feasible. Secretary, RTH responded that necessary fund out of the budgetary provisions of MoRTH shall be provided for meeting the VGF requirement upto 40% of TPC. This was agreed to.

27. Deputy Secretary, DEA sought clarification on the status of recovery of Rs. 1795.20 towards cost of land acquisition and other pre-construction activities from States of Delhi, Haryana & UP in the ratio of 50:25:25. CGM, NHAI informed that Government of Delhi, UP & Haryana have deposited Rs. 326.75 crore, Rs. 363.15 crore and Nil respectively towards EPE project. The share of Government of Delhi, Govt. of UP and Govt. of Haryana for an amount of Rs. 570.645 crore, Rs. 85.40 crore and Rs. 448.7 crore respectively are yet to be deposited. DS, DEA also stated that the Schedule 'R' ought to be revised in accordance with the Fee Notification amendment issued by the MoRTH on 16.12.2013. CGM, NHAI clarified that Schedule 'R' shall be revised in accordance with the Fee Notification amendment dated 16.12.2013. Secretary, RTH indicated that in the interest of the project, MoRTH/ NHAI decided to incur the expenses pending recovery from the State Governments.

28. With reference to the Planning Commissions's suggestion that the cost needs to be re-examined, and for an expert committee advise on the proposed design, Chair, observed that in light of the confirmation by MoRTH and NHAI, both of which have the technical expertise on design, that the project is warranted with the

proposed structures , approvals of the cost by the Standing Cost Committee and the confirmation by Secretary, RTH for providing budgetary provisions upto 40% of TPC for VGF , the proposal does not appear to require any further review/expert advise and can be considered for approval as the project appears viable on BOT (toll) basis. Further, whereas Planning Commission has stated that Finance Ministry has objected to the "restructuring clauses" on the number of bidders, this was prior to the acceptance of the B.K. Chaturvedi Report which recommended that MoRTH has powers to take a decision on this aspect.

29. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.

30. The PPPAC recommended for grant of final approval to the proposal for Development of Eastern Peripheral Expressway of NH- NE-II from km 0 to km 135, starting from km 36.083 on NH-1 and ending at km 64.330 on NH2 in the states of Haryana and Uttar Pradesh under Other Projects on BOT (Toll) basis, for TPC of Rs. 4489 crore with maximum VGF of Rs. 1795.60 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- 30.1. MoRTH shall confirm availability of budgetary provisions for meeting the VGF requirement upto 40% of TPC amounting to Rs. 1795.60 crore.
- 30.2. MoRTH shall revised Schedule 'R' in accordance with the Fee Notification amendment dated 16.12.2013.
- 30.3. MoRTH shall issue Request for Proposal (RFP) only after ;
 - 30.3.1. Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for atleast 60 percent of the land required for the project"*
 - 30.3.2. Obtaining the environment clearances for the project
- 30.4. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 30.5. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 30.6. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: NHAI/MoRTH)



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

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**Ministry of Finance
Department of Economic Affairs**

Public Private Partnership Appraisal Committee

62nd Meeting on January 17, 2014

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Dr. (Shri) Arvind Mayaram, Secretary (**In Chair**)
- ii. Ms. Sharmila Chavaly, Joint Secretary (Infra)
- iii. Ms. Abhilasha Mahapatra, Deputy Secretary (PPP)
- iv. Shri V. Srikanth, Deputy Director (PPP)

II. Department of Expenditure, Ministry of Finance

- v. Smt. Saheli Ghosh Roy, Director

III. Planning Commission

- vi. Shri Amitabha Ray, Joint Advisor
- vii. Shri K. R. Reddy, Consultant

IV. Ministry of Road Transport & Highways (MoRTH)

- viii. Shri Vijay Chibber, Secretary
- ix. Shri Rohit Kumar Singh, Joint Secretary (H)
- x. Shri Rohit Kumar, Director
- xi. Shri A.K.Nagpal, Chief Engineer
- xii. Shri Amrendra Kumar, SE
- xiii. Shri Atul Kumar, SE
- xiv. Shri Pawan Kumar, SE

V. National Highway Authority of India

- xv. Shri Satish Chandra, Member-Finance
- xvi. Shri B.S. Singhla, CGM
- xvii. Shri S.C. Jindal, CGM
- xviii. Shri Shashank Kumar, GM
- xix. Shri Narendra Kumar, GM

- xx. Shri S.K. Sultania, GM
- xxi. Shri M.K. Jain, GM

VI. Department of Legal Affairs

- xxii. Shri R.K. Shrivastava, D.L.A

VII. Government of Madhya Pradesh (GoMP)

- xxiii. Shri Vivek Aggarwal, MD, Madhya Pradesh Road Development Corporation (MPRDC)
- xxiv. Shri Anil Chansoria, CE, MPRDC

RS