

F.No.2A/3/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

North Block,
New Delhi the, May 8, 2014

**Subject: 64th Meeting of the Public Private Partnership Appraisal
Committee (PPPAC)**

The Record of Discussions of the 64th meeting of the PPPAC held on April 28, 2014 at North Block, New Delhi, is enclosed.

2. Due to the Model Code of Conduct, the Election Commission of India has directed that no publicity shall be made and no new project/work shall be started till completion of the elections.

V. Srikanth
8/5/2014
(V. Srikanth)
Deputy Director (PPP)

1. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi.
2. Secretary, Planning Commission, Yojana Bhawan, New Delhi.
3. Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
4. Secretary, Department of Legal Affairs, Shastri Bhavan, New Delhi.
5. Secretary, Ministry of Environment and Forests, Paryavaran Bhavan, CGO Complex, New Delhi.

Copy to:

1. PSO to Finance Secretary,
2. Sr. PPS to AS (EA),
3. Sr. PS to JS (Infra),
4. PA to Dir (PPP).

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Public Private Partnership Appraisal Committee

64th Meeting on April 28, 2014

Record Note of Discussion

The 64th meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on April 28, 2014. The list of participants is **annexed**.

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

Agenda Item I: Proposal from Ministry of Road Transport & Highways for grant of final approval: 4-laning of Yadgiri-Warangal section of NH 163 (old NH 202) from km 54 to km 150 in the State of Andhra Pradesh under NHDP – IV on Design Build, Finance, Operate and Transfer (DBFOT) basis

Total length: 99.103 km; Total Project Cost: Rs. 1123.17 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 364.78 crore; Concession Period: 24 years including 2.5 years of construction period.

Land status: Total land required: 582.8 ha, Land available: 150 ha (25.7%), Land to be acquired: 432.80 ha, Govt land: 43.28ha (7.43%), Private land to be acquired: 389.52 ha (66.8%), 3 (A) Published: 389.52 ha (100%), 3 (D) Published: 263.89 ha (45.28%), Land Available + 3(D): 413.89 ha (71%)

Major development works/ structures: 3 Major Bridge; 2 Fly-overs; 21 Minor bridge (new-10 on main carriageway, 2 new on service road, 9 for widening); 3 ROBs (new 2 lane-1, new 4 lane-1, existing 2 lane retained); 4 Bypass (48.610 km); Service roads: 25.120 km; 8 Major road junctions; 31 Minor road junctions; 1 Toll plazas (km 100.55 & km 137.300); Vehicular/pedestrian underpass: 4/3; culverts: 171; busbays/shelters: 50, truck lay byes: 2; Rest Area: 1; Relignments: 2.884 km at 5 locations

3. Deputy Secretary, DEA informed the PPAC 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 150 ha comprising 25.7% of the total land is already available and Notification under section 3 (D) has been issued for 263.89 ha (45.28%). Thus, 71 percent land is available; accordingly project is eligible for consideration of PPPAC. Revised proposal after updation of TPC and land availability has been submitted for consideration of PPPAC.

4. Joint Advisor, Planning Commission sought clarification on the total land required which has been shown as 389.54 in the earlier proposal examined in 2012 while the present revised proposal shows land requirement as 582.8 ha. Joint Advisor, Planning Commission also requested clarification on availability of adequate land for the 4 bypasses of 48.610 km length (49% of total length) along with structures on the existing road. Member, NHAI responded that the land acquisition figure has not changed and Planning Commission is referring only to the 389.54 ha which is private land to be acquired. As regards the by-passes, these are necessary as 4 laning with PSS and service roads in urban areas is not possible with the existing carriageway and heavy demolition in the existing built up area on both sides is not advisable in public interest. A detailed justification has been submitted along with the replies submitted to the Appraisal note of DEA and Planning Commission. Member, NHAI also stated that in case bypasses are not constructed along with the 4 laning of the entire highway, construction in future would be difficult and would create traffic hazard. It was clarified that no structures are proposed on the bypasses except culverts. The adjoining stretch i.e. Hyderabad-Yadgiri is already 4 laned and the project falls in newly declared Telangana State. It was requested to allow the bypasses as proposed. This was agreed to.

5. On the issue raised by Planning Commission in their Appraisal Note with respect to the increase in VGF from 20% to 40% during construction period and construction of bypasses at grade, Member NHAI responded that increase in VGF upto 40% of TPC is based on B.K. Chaturvedi Report approved by the Cabinet and construction of bypasses at grade has been discussed in the 46th meeting of PPPAC held on 14.09.2011 wherein it was decided that at grade underpasses are necessary in Indian context for safety and conveniences of the users like, bullock cart, Cycle Rickshaw, etc. This was agreed to.

6. Deputy Secretary, DEA indicated that in the Schedule 'R', total tollable length has been shown as 102.258 km against the total length of highway as 99.103 km this needs to be reconciled. CGM, NHAI agreed to rectify the discrepancies if any.

(Action: MoRTH/NHAI)



7. Chair desired to know status of Environment Clearance and other clearances. CGM, NHAI responded that as per new guidelines issued on 22.08.2013 by MoEF, environment clearance is not required for the project lengths of less than 100 km. Further, no Forest / Wild life Clearances is required for the project.

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

9. The PPPAC recommended the proposal for 4-laning of Yadgiri-Warangal section of NH 163 (old NH 202) from km 54 to km 150 in the State of Andhra Pradesh under NHDP-IV on BOT (Toll) basis, for TPC of Rs. 1123.17 crore with maximum VGF of Rs. 449.27 crore (40 percent of TPC), for grant of final approval to the subject to fulfilment of the following conditions:

- 9.1. MoRTH shall issue Request for Proposal (RFP) only after ;
 - 9.1.1. 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"*
 - 9.1.2. Obtaining the environment clearances for the project
- 9.2. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 9.3. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 9.4. MoRTH shall circulate the revised documents to the members of the PPPAC for record.



(Action: MoRTH)

Additional Discussions: Status of Policy Decision taken by the Government:

10. Chair desired to know the status of various policy issues taken in the road sector recently:

Policy Issues:

10.1 **Infrastructure Development Fund (IDF):** Joint Secretary, DEA mentioned the fact that take out of debt in NHAI PPP projects by IDFs has been slow- there was an earlier reluctance to extend Termination Payment coverage by NHAI for the drawn out debt period. She requested MoRTH to ensure that the benefits of take-out are fully understood by the Concessioneing Authority, including in view of the need to free up headroom for fresh bank financing of new projects. Joint Secretary, MoRTH sated that two cases had been received from the Concessionaires for IDF take out and in no cases IDF request was denied by the MoRTH/ NHAI. Further, in case of any issues, MoRTH would be happy to resolve them.. Joint Secretray, DEA suggested that if required DEA could arrange for a half-day awareness building interaction for the General Manager level officers of NHAI with the IDFs so that they could fully understand the process and the benefits. This was agreed to and JS, MoRTH would follow up as required.

10.2 **Rescheduling of Premium:** On the recent recommendations, Member, NHAI informed that about 13 cases have been received from the Concessionaires for rescheduling of premium. These would be considered in the next Board Meeting of NHAI. Joint Secretary, DEA indicated that details of these cases and progress thereof may be intimated to DEA. This was agreed to.

10.3 **Verification of Toll Revenue:** Chair desired to know the methodology adopted by the NHAI to safeguard government revenue received from tolls and measures taken to account for and avoid any loss of toll revenue to the Government as this was an issue raised in one of the meetings with the CAG. Member, NHAI informed the traffic and revenue verification is done through the Independent Engineer that NHAI has appointed a consultant to study and verify the traffic figures; however for a specific case, the Delhi- Gurgaon project, a separate consultant, M/s KPMG, has been appointed. It was explained that for new projects, provision of electronic toll plazas are being made, for old projects where manual toll plazas exist, these are being considered for replacement with electronic toll plaza. Joint Secretary, DEA suggested that NHAI may take necessary measures to ensure



that there would not be any loss of toll revenue to the Government by installing electronic collection systems. Chair also asked for 3rd party verification. This was agreed to.

10.4 **Substitution of Concessionaire:** Joint Secretary, DEA requested MoRTH to provide an update on the progress and response of the Concessionaires on the Exit Policy: Substitution Scheme approved by the Government. MoRTH stated that they would send a report soon.

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



Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

64th Meeting on April 28, 2014

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Dr. Arvind Mayaram, Secretary (In Chair)
- ii. Ms. Sharmila Chavaly, Joint Secretary
- iii. Smt. Abhilasha Mahapatra, Director (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

IV. Ministry of Road Transport & Highways (MoRTH)

- vii. Shri Rohit K. Singh, Joint Secretary
- viii. Shri Pawan Kumar, SE

V. Department of Legal Affairs

- ix. Smt Poonam Suri, D.L.A

VI. National Highway Authority of India

- x. Shri B.N.Singh, Member (Projects)
- xi. Shri S.C. Jindal, CGM
- xii. Shri Narendra Sharma, GM


