

F.No. 3/35/2015-PPP
Ministry of Finance
Department of Economic Affairs
(PPP Cell)


New Delhi, the February 23, 2016

OFFICE MEMORANDUM

Subject: Record of Discussions of the 76th Meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), held on February 02, 2016

Please find enclosed the **Record of Discussions of the 76th Meeting of the Public Private Partnership Appraisal Committee (PPPAC)** held on **February 02, 2016** chaired by Secretary, Economic Affairs , for information and necessary action.

Encl: As above.


(Abhilasha Mahapatra)
Director (PPP)
Phone No. 2309 4045

1. **Finance Secretary and Secretary, Department of Expenditure**, North Block, New Delhi.
2. **CEO, Niti Aayog**, Yojana Bhawan, New Delhi.
3. **Secretary, Ministry of Road Transport & Highways**, Transport Bhavan, New Delhi.
4. **Secretary, Ministry of Shipping**, Transport Bhavan, New Delhi.
5. **Secretary, Department of Legal Affairs**, Shastri Bhavan, New Delhi
6. **Secretary, Environment, Forest and Climate Change**, Indira Paryavaran Bhawan, JorBagh, New Delhi

Copy to:

1. Sr. PPPs to Secretary, EA, 2. Sr. PPS to Additional Secretary (Investment),
3. PS to JS (Infra),

F. No. 3/35/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

Public Private Partnership Appraisal Committee

76th Meeting held on February 02, 2016

Record Note of Discussion

The 76th meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on February 02, 2016. The list of participants is **annexed**.

2. It was noted that the PPPAC would consider one proposal in the port sector from Ministry of Shipping (MoS) and four proposals in the road sector from Ministry of Road Transport and Highways (MoRTH) for grant of final approval including three proposals on Hybrid Annuity mode as an additional agenda.

Agenda Item 1: Proposal from Ministry of Shipping for grant of final approval: Re-development of Berths 8, 9 and Barge Berths at Port of Mormugao, Goa.

Estimated Project Cost: Rs 1,212.15 Crore; **Concession Period:** 30 years, including construction period of 3 years.

Land status: No land acquisition (LA) is needed

Bidding Parameter: Royalty share as a share of gross revenue; No VGF.

Status of Clearances: Environmental, CRZ Clearances and Security Clearances - to be obtained.

Major Development Works:

- Construction of 3 berths. The Concessionaire is given the flexibility to handle any type of cargo and accordingly decide what kind of berths are to be constructed. The Total length of the berths: with the provision for barge berth: 950 m and without barge berth: 1,050 m.
- Dust separation system and wagon leading system.
- Electronic Data Transfer Facility having interface with Port ERP system.
- Material handling systems.

3. Chairman, Mormugao Port Trust (MPT) presented the proposal and informed the PPPAC that the Mechanical Ore Handling Plant (MOHP) at MPT is more than 35 years old and most of the equipment has outlived its useful life. The POL berth No.8 is underutilized with about 40% occupancy. It is proposed to combine the existing berths No.s 8 & 9 and barge berths and back-up area of about 65 acres so that a variety of cargo such as coal, limestone, bauxite, gypsum, containers and other general cargo can be handled with appropriate modifications and development of infrastructure. The possibility of iron ore handling has also been considered, if there is demand from the trade. The estimated Total Project Cost (TPC) of the project is Rs 1,212.15 Crore, Project IRR is 14.39% and Equity IRR is 14%.

4. The Chair enquired about the stage of bidding of the project and the status of environmental clearance. Chairman, MPT responded that RFQ stage has been completed and 3 bidders short-listed, the environmental clearance is expected by 31st May 2016. The Chair stated that the environmental clearance may be obtained before signing the Concession Agreement to avoid any default by the Authority. This was agreed to.

(Action: MoS / MPT)

5. The Chair enquired about the draft and size of vessels at the proposed terminals. Joint Secretary, Shipping clarified that capital dredging of the project up to -19.80 CD is underway at Mormugao port, considering this, the proposal envisages creation of cape-size berths.

6. Director (PPP), stated that some issues are pending for clarification from the Ministry of Shipping, such as, revision of Article 8 to facilitate migration to subsequent guidelines by TAMP or migration to deregulated market scenario as applicable by law from time to time and the issue related to adoption of clause related to Minimum Guaranteed Cargo (MGC) or Minimum Assured Royalty in view of flexibility offered to the concessionaire to handle any type of cargo in future. Secretary, MoS responded that the Article has been revised and copy of the same would be provided to the PPPAC members.

(Action: MoS / MPT)

7. On the issue related to MGC, Joint Secretary, MoS stated that the Ministry would prefer to specify the MGC rather than a revenue based assurance which may not be suitable for the bidders in view of vulnerability of cargo and type of cargo.

The Chair enquired whether possible scenarios with different types of cargos have been considered while assessing the feasibility of the project. Joint Secretary, MoS responded that scenario analysis has been carried out and projected revenue has been calculated and accordingly MoS proposes to continue with specifying the MGC. MoS would provide the scenario analysis for the record of the PPPAC.

(Action: MoS/MPT)

8. Advisor, NITI Aayog enquired as to how the investment after COD would be considered as part of the TPC for determination of termination payments, etc. in case Concessionaire desires to change the type of cargo. Joint Secretary, MoS clarified that such investments after COD are not considered as a part of TPC.

9. Advisor, NITI Aayog, stated that as per Article 9, Licence fee would be payable as fixed by TAMP or any Competent Authority from the second year onwards escalated at 2% per annum. It is advisable to fix a specific amount towards Licence Fee instead of uncertain amount fixed by TAMP or any Competent Authority. Joint Secretary, DEA, opined that a nominal License Fee of Rs 1/- per annum is kept in most of the PPP Concessions. The Chair expressed a view that the Licence Fee could be fixed at any amount or escalated, if deemed necessary by the Ministry; however, this should not be discretionary and should be fixed upfront. The Concessionaire should know in advance, the exact amount payable each year as License Fee before submission of bid. This was agreed to.

(Action: MoS / MPT)

10. **The PPPAC recommended the proposal of MoS for re-development of Berths 8, 9 and Barge Berths at Port of Mormugao, Goa for TPC of Rs 1,212.15 Crore for grant of final approval subject to fulfilment of the following conditions:**

- 10.1. MoS shall revise Article 9 to fix Licence Fee and escalation thereof.
- 10.2. MoS shall ensure that investment after COD is not included in the TPC.
- 10.3. MoS shall obtain environment and CRZ Clearance, before signing the Concession Agreement.
- 10.4. MoS shall specify Minimum Guaranteed Cargo in the DCA.
- 10.5. MoS shall provide revised Article 8 to the PPPAC members.
- 10.6. MoS will provide the details of the scenario analysis for the MGC.

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- 10.7. MoS shall incorporate the observations of NITI Aayog, Department of Expenditure, Ministry of Environment & Forest and DEA with respect to the project DCAs as agreed to by MoS in their responses.
- 10.8. MoS shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with short-listed bidders
- 10.9. MoS shall obtain prior approval of the PPPAC on any change in scope of work or project configuration.
- 10.10. MoS shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoS/MPT)

Agenda Item 2: Proposal from Ministry of Road Transport and Highways for grant of final approval: 4-laning of Chikhli to Fagne Section of NH-6 from Km 360.000 to Km 510.000 in the state of Maharashtra on DBFOT under NHDP phase IV.

Total Project Cost: Rs 2,005.02 Crore; Length: 150 kms; Concession Period: 20 years, including construction period of 2.5 years.

Land Status: Total Land Required: 898.931 Ha, Land Available: 456.873 Ha (50.82%), land to be acquired- 442.058 (49.18%); Forest Land: 6.500 Ha (0.72%); Government Land: 41.760 Ha(4.65%); Notified under 3A: 709.98 ha (78.98%); Notified under 3 D: 427.050 Ha (47.51%), Notified under 3 G: 403 Ha (44.83%).

Bidding Parameter: Lowest Grant/ /Highest Premium.

Status of Clearances: Environment Clearance (Stage-I): obtained on 1.4.2013; Forest Clearances Stage-1: Obtained on 13.05.2015; GAD: approved for 6 RoB; Wild life Clearance: Not required as no land is involved.

Major Development Works:

Major Bridge: 7; Flyovers/ Interchange: Nil; ROBs; 6; Bypass: 4 of 29.100 km at Varangaon, Jalgaon, Parola and Mukti; Major road junctions: 15; Service/ slip roads: 92.352 km ; Toll plazas: 2 at km 415.980 & 488.660; Minor bridges : 54+9 on service road; Minor road junctions: 103; Vehicular underpass: 16; Pedestrian/Cattle underpasses: 13+4; Culverts: 279; Truck laybys: 4; Rest Area: Nil; Bus bays and shelters: 44.

11. Member, NHAI presented the proposal and informed the PPPAC that the project is part of an earlier approved stretch from Amravati to Gujarat Maharashtra Border Section of NH-6 (51st PPPAC meeting held on March 09, 2012) bid out as two packages i.e. Four-laning of Amravati to Jalgaon Section of NH-6 with TPC of Rs. 2537.81 crore, length of 275.225 km and Four laning of Jalgaon to Gujarat

Maharashtra Border Section of NH-6 with TPC of Rs. 1968.37 crore, length of 208.844 km. The projects were awarded on 31.03.2012 to M/s L&T Infrastructure with a premium of Rs. 131.04 crore and Rs. 145.08 crore respectively and the Concession Agreements were signed on 06.06.2012. The concession was however terminated on 22.09.2014 due to non-fulfilment of Condition Precedent by NHAI. Subsequently, the project was restructured into three packages which were cleared in the 72nd PPPAC meeting held on April 10, 2015. While, bids were received for Package I (Four laning of Amravati to Chikhli Section) and Package III (Four laning of Fagne-Gujarat-Maharashtra Border Section) having Concession Period of 19 years, no bids were received for Package II (Chikhli to Fagne Section of NH-6) having Concession Period of 15 years with TPC of Rs. 1852.50 crore. This Package II has now been proposed for rebidding after restructuring the project with Concession Period of 20 years including construction period of 2.5 years based on the latest traffic survey with TPC of Rs. 2005.02 crore. The TPC has increased by about 9% from Rs 1,852.50 Crore to Rs 2,005.02 Crore since April 2015. RFQ stage has been completed and 5 bidders have been short-listed.

12. Member, NHAI further stated that environment clearances and forest clearance (Stage-I) were obtained in April, 2013 and May, 2015 respectively and General Arrangement Drawing (GADs) for RoB approved by Railways. As regards the land acquisition status, 95% land is in possession.

13. The Chair desired to know the reasons of cost escalation. CGM, NHAI responded that one ROB at Fulgaon (at km 392.700) has been included in the scope of work with approximate cost of Rs 100 Crore which is to be constructed as a deposit work. This has escalated the cost by 5.50% and balance due to change of Schedule of Rate (SOR) from 2014-15 to 2015-16.

14. Joint Secretary, DEA sought clarification for the plan for the existing toll plazas at Fekri (km 399.950), at Nasirabad (km 418.500). CGM, NHAI responded that a buyback negotiation of toll plaza at Fakri is under consideration with the MoRTH where concession period is due to end in October, 2022. The concession period of toll plaza at Nashirabad is due to expire in November, 2017 i.e. before the COD of the proposed project; hence, buyback may not be required. The Chair advised that the decision for buy-back should be completed before signing of the Concession Agreement and the date of handover of these stretches where tolls are currently being levied should be indicated in the DCA and Schedule 'R' to avoid legal complications. This was agreed to.

(Action: MoRTH)

15. The PPPAC recommended the proposal of MoRTH for: 4-laning of Chikhli to Fagne Section of NH-6 from Km 360.000 to Km 510.000 in the state of Maharashtra to be executed on Design, Build, Finance, Operate, Transfer (DBFOT) Toll basis under NHDP phase IV for TPC of Rs 2,005.02 Crore for grant of final approval subject to fulfilment of the following conditions:

MoRTH shall issue Request for Proposal (RFP) only after;

- 15.1. 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"
- 15.2. Obtaining the environment and forest clearances (stage-I) for the project.
- 15.3. MoRTH shall complete the decision on buy-back of Fekri ROB toll plaza before signing the concession agreement and the date of handover of these stretches where tolls are currently being levied should be indicated in the DCA and Schedule 'R'.
- 15.4. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 15.5. MoS shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with short-listed bidders
- 15.6. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration.
- 15.7. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

III. ADDITIONAL AGENDA:

The PPPAC was informed that there were three road sector proposals of the MoRTH for implementation using the new Hybrid Annuity Model. Ministry of Finance had requested MoRTH to obtain approval of the model from the CCEA and reconfirm that they would consider only those projects under the New Hybrid Annuity Model which are not found feasible under BOT (Toll) model, after which the projects would be considered by the PPPAC. MoRTH had placed the new Hybrid Annuity Model for implementation of Highways before the CCEA on 27.01.2016.

16. In view of this, the PPPAC would also consider the following three proposals from the Ministry of Road Transport and Highways on Hybrid Annuity Mode:

- I. **Two-Laning of proposed Shimla Bypass (Kaithalighat to Shimla section) of NH 22 under NHDP Phase III on Hybrid Annuity Mode in the State of Himachal Pradesh**
- II. **8/6 Laning of Delhi-Meerut Expressway from km 8.360 to km 27.740 (UP Border to Dasna) of NH 24 on Hybrid Annuity Mode in the State of Uttar Pradesh (Package II).**
- III. **4 laning of Lucknow-Sultanpur Section of NH 56 in the state of UP on Hybrid Annuity mode**

17. The Chair stated that there are some issues for clarification related to the model that are common for all the three projects and these would be discussed first.

17.1. Implementation Methodology:

- i. **Interests on outstanding Annuity payment, Termination payment, etc.** - Joint Secretary, Department of Expenditure (DoE) stated that DoE supports payment of Annuity with interest rate equal to the applicable Bank Rate plus 3% (three per cent) provided the Bank Rate (which is currently 7.75 percent) is the same rate specified by the Reserve Bank of India. Joint Secretary, MoRTH stated that as per clause 42.1 of the MCA, the Bank Rate would be the rate of interest specified by the Reserve Bank of India in pursuance of section 49 of the Reserve Bank of India Act, 1934 or any replacement of such Bank Rate for the time being in effect.

ii. Selection of Projects on Hybrid Annuity

- a. Concurrence of Financial Advisor - Joint Secretary, DoE further stated that given the volume of projects proposed for implementation on the Hybrid Annuity mode the involved payment of annuities/ interest entails creating liabilities for MoRTH/ NHAI for 15 to 20 years. The Finance Secretary has therefore desired that MoRTH consider the projects on Hybrid Annuity model with the concurrence of the Financial Advisor (FA) of MoRTH after ascertaining the present and future cash flows to check the fiscal space available. The Chair stated that this is justified as consultation with FA would avoid a situation where funds of the NHAI get locked up for payments of annuities/ interest and no funds would be left for taking up new projects and other liabilities. Secretary MoRTH stated that consultation with FA on the financial implications of the projects is part of the due diligence procedure while taking up proposals and this exercise is already being taken up periodically by NHAI/ MoRTH for preparing the Financing Plan and mode of implementation of projects whether on EPC, Hybrid Annuity and Toll. Chairman, NHAI also indicated that this is an on-going exercise and while considering the future projects, financial implications of future cash flows are always ascertained and concurrence of FA taken. The Chair stated that when there is already an existing procedure in the system, taking concurrence of the FA as suggested by the DoE would not be an issue. After deliberations, Secretary, RTH agreed to the proposal for obtaining concurrence from the FA of MoRTH for future projects to be implemented on Hybrid Annuity and agreed to share an implementation methodology on this aspect with the PPPAC.

(Action: MoRTH)

- b. Delegation of Powers for change in mode of delivery- Joint Secretary, MoRTH informed the PPPAC that MoRTH is fully empowered to decide on the mode of delivery of highway projects as per the delegated powers approved by the CCEA in its meeting held on 27.08.2014. Presently, projects on Hybrid Annuity are selected if found not viable on BOT (Toll) with Viability Gap Funding (VGF) upto 20 percent of the Total Project Cost (TPC). The Chair referred to para 4.6

of the Cabinet Note approved by the CCEA on 27.01.2016 which states that "BOT (Toll) mode still remains the default and the preferred mode of delivery for highway projects. When a project is not found to be feasible in the BOT (Toll) mode with VGF requirement estimated to be higher than the upper ceiling of 40% of the Total Project Cost, two options are available – either to adopt the public funded EPC model or the Hybrid Annuity Model. Adopting the Hybrid Annuity Model shall be more effective in terms of maximizing the quantum of kms implemented within the available financial resources of the Government." The Chair suggested that MoRTH may select the projects on Hybrid Annuity as per delegated powers as per para 4.6 of the approved CCEA Note (reproduced above). This was agreed to.

(Action: MoRTH)

17.2. **Bid Parameter:** To a query regarding the Bid Parameter and how the bids are being evaluated, Joint Secretary, MoRTH clarified that the Bid Parameter is the "Net Present Value (NPV) of the quoted Bid Project Cost + NPV of O&M Cost for the entire Operations period." The Chair suggested that a clear format showing how the bids are evaluated may be provided, with a suitable example, to the PPPAC for record. The format for bid evaluation may also be included in the RfP to avoid any confusion among the bidders. This was agreed to.

(Action: MoRTH)

17.3. **Bidding Process:** Joint Secretary, DEA stated that MoRTH is following a single stage bidding for the Hybrid Annuity model, i.e., Qualification and financial bids are being called simultaneously. In accordance with internationally accepted principles, two-stage bidding may be followed to attract foreign bidders and broaden the concessionaire universe. Joint Secretary, MoRTH responded that bids are being invited using the two envelop system, i.e., Technical and Financial, separately. The Financial bids of only those bidders are opened which are technically qualified. Secretary, RTH further indicated that Single Stage bidding is being followed in the present circumstances when the number of bidders is limited and to avoid the possibility of formation of cartels. The Chair stated that in case of two stage bidding system, bidders know the technical strengths of each bidder and quote accordingly. Secretary, RTH indicated that presently Single Stage

bidding is being followed to save time; however, this may be reviewed subsequently. This was agreed to.

(Action: MoRTH)

- 17.4. **Payment of Annuities:** Joint Secretary, DEA indicated that Para 4.2 (v) of the approved Cabinet Note states that *"The annuity payments have been aligned with typical revenue profile for highway projects as also recommended by the Committees of secretaries (CoS) in its meeting held on 23.09.2015,"* the methodology used for fixing the annuity payments for the proposed projects may be provided. Joint Secretary, MoRTH agreed to provide the details.

(Action: MoRTH)

- 17.5. **Termination Payments:** Advisor, NITI Aayog stated that the provisions for Termination Payments have been modified as compared to the documents finalised by the erstwhile Planning Commission in April 2014. In the proposed documents, the Termination Payment in case of Concessionaire Default has been raised, whereas Termination Payment in case of Authority Default has been lowered. Joint Secretary, MoRTH clarified that the Termination Payment has been rationalized based on the stakeholder consultations which has already been approved by the CCEA.

18. The Chair stated that the issues specific to the three projects would now be discussed.

Agenda Item 3: Proposal from Ministry of Road Transport and Highways for grant of Final Approval: Two-Laning with 4 lane formulation width of proposed Shimla Bypass (Kaithalighat to Shimla section) of NH 22 (now NH 5) from Km 129.050 to km 156.507 under NHDP Phase III on Hybrid Annuity Mode in the State of Himachal Pradesh

Total length: 27.457 km; Estimated Project Cost: Rs. 1160.68 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 422.50 crore; Civil Construction Cost: Rs. 1013.54 Crore; Concession Period: 2.5 years of construction period plus 15 years operation period.

Bidding Parameter: NPV of Bid Project Cost and O&M Cost

Land status: Total land required: 113.60 ha; RoW available: Nil; Forest land – 40.30 ha, land to be acquired- 73.30 ha; Notified under 3A: 73.30 ha (100%); Notified under 3D: 73.30 ha (100%); Notified under 3G: 73.30 ha(100%%)

Status of Clearances: Environment Clearance: obtained on 30.08.2013 (now not required); Forest Clearances Stage-1: to be obtained (Application submitted on 28.01.2015); Wild Life Clearances : Not required ; GAD: Not required as there is no RoB.

Major development works/ structures: Major Bridge: 9; Tunnel: 3 (2.02 km) Flyovers/ Interchange: Nil; ROBs; Nil; Bypass: 1 of 27.457 km at Shimla; Major road junctions: 2; Service/ slip roads: Nil : Toll plazas: Nil: Minor bridges : 4: Minor road junctions: Nil:

19. Director, DEA indicated that project has been proposed for two-Laning with formation for four laning in future whereas as per the IRC code, the project requires immediate 4 laning based on the traffic of 22,421 PCUs in June, 2014 as per the traffic survey estimates given by NHAI. Further, the present traffic may be more than 24,000 PCUs as against the breach capacity of 2 laning in mountainous area which is only 8,000 PCUs. Member, NHAI stated that being a bypass, traffic projections may not be accurate as it is based on the traffic on the adjoining roads which also includes induced and diverted traffic. The project has been structured for immediate two-lane with paved shoulders with overall carriageway width of 10m and formation for four laning in future i.e. land has been acquired for 4 lane, all structures are 4 lane and in case of any requirement, the project can be converted to 4 lane at a very low additional cost.

20. The Chair sought clarification on what would happen if this conversion is required during the concession period of the Concessionaire for the proposed project. Member, NHAI responded that since the project is proposed on Hybrid Annuity, conversion if required during the concession period of the proposed Concessionaire can be carried out without affecting the contract of the existing Concessionaire. JS (MoRTH) stated that there would be problem in implementation when the conversion to 4 lane is required as the structures and the land requirement has been done keeping in mind the need for 4 laning in future.

21. The Chair desired to know the reasons for high cost of the project with per km cost of Rs. 42.27 crore. Chief General Manager, NHAI responded that the cost is high since it is in the mountainous area, and the cost has earlier approved by the Standing Cost Committee in March, 2015 with Civil Cost of Rs. 1013.54 crore. The same cost has been considered in the proposed project with escalation of one year.

22. The PPPAC recommended the proposal for grant of final approval viz; Two-Laning with 4 lane formulation width of proposed Shimla Bypass (Kaithalighat to Shimla section) of NH 22 (now NH 5) from Km 129.050 to km 156.507 under NHDP Phase III on Hybrid Annuity Mode in the State of Himachal Pradesh, for Estimated Project Cost of Rs. 1160.68 crore subject to fulfilment of the following conditions:

MoRTH shall issue Request for Proposal (RFP) only after;

- 22.1. 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".
- 22.2. Obtaining the environment and forest clearances (stage-I) for the project.
- 22.3. MoRTH shall comply with the observations of the PPPAC as listed at para 17 above.
- 22.4. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 22.5. MoRTH shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with short-listed bidders.
- 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.

(Action: MoRTH/ NHAI) 

Agenda Item 4: Proposal from Ministry of Road Transport and Highways for grant of Final Approval: Development (8/6 Laning) of existing km 8.360 to km 27.740 (UP Border to Dasna section) of NH – 24 - Package - II in the State of Uttar Pradesh on Hybrid Annuity (Part of development of Delhi – Meerut Expressway from Km. 0.000 (Delhi) to Km. 49.346 (Hapur Bypass) of NH – 24)

Total length: 19.284 km; Estimated Project Cost: Rs 1,376.51 Crore, Cost of pre-construction activities to be financed by NHAI: Rs 607.00 Crore; Civil Construction Cost: Rs. 1262.10 Crore; Concession Period: 2.5 years of construction period plus 15 years operation period.

Bidding Parameter : NPV of Bid Project Cost and O&M Cost

Land Acquisition Status: Total land required: 173.556 ha, Land available (RoW): 173.556 ha (100%).

Status of Clearances: Environment clearances–Not required, Wildlife clearance - under process, Forest clearance -under process (only tree cutting permission is required), GAD for proposed ROB – to be obtained (application submitted to railways).

Major development works/ structures: Major Bridges New Construction: 2 (new) + 2 (Rehabilitation/Widening), Minor Bridge: 1, Flyover: 1 No., VUP: 12, PUP: 6+1, Major

23. Member, NHAI presented the proposal and informed the PPPAC that the project was earlier approved in the 63rd PPPAC meeting held on February 27, 2014 with TPC of Rs. 6571crore (Rs. 43.76 crore per km) for 150.147 km and concession period of 14 year (including construction period of 3 years). No bids were received with Bid Due Date as 15.07.2014. The project has now been restructured by dividing the entire length into four Packages i.e. (I) Nizamudin Bridge(Delhi) to UP Border (from km 0.000 to km 8.360), (II) UP Border to Dasna (from km 8.360 to km 27.740), (III) Dasna to Hapur (from km 27.740 to km 49.000) and (IV) Hapur to Meerut (new alignment of NH 235). The present proposal is for Package III from Dasna to Hapur.

24. Member, NHAI informed the PPPAC that Packages I and III have already been awarded on Hybrid Annuity after taking approval from the SFC, chaired by Sec (MoRTH) as the project cost was less than Rs. 1,000 crore. Package IV is a new alignment and the proposal would be submitted only after completion of land acquisition which is under progress. On a query from the Chair regarding land acquisition, it was informed that 100% land is available for the subject project.

25. Joint Secretary, DoE desired to know the status of the existing alignment from Delhi to Meerut of NH- 58. Member, NHAI responded that existing alignment from

NH- 58 has not been considered as a part of Delhi – Meerut Expressway due to some pending issues with the State Government.

26. The PPPAC recommended the proposal for grant of final approval of: Development (8/6 Laning) of existing km 8.360 to km 27.740 (UP Border to Dasna section) of NH – 24 - Package - II in the State of Uttar Pradesh on Hybrid Annuity, for Estimated Project Cost of Rs. 1376.51 crore subject to fulfilment of the following conditions:

MoRTH shall issue Request for Proposal (RFP) only after;

- 26.1. 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”.
- 26.2. Obtaining the environment and forest clearances (stage-I) for the project.
- 26.3. MoRTH shall comply with the observations of PPPAC as listed at para 17 above.
- 26.4. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 26.5. MoRTH shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with short-listed bidders.
- 26.6. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 26.7. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/ NHAI)

Agenda Item 5: Proposal from Ministry of Road Transport and Highways for grant of Final approval: 4-Laning of Lucknow-Sultanpur section of NH-56 (New NH-731) from km 11.500 (design chainage km 11.500) to km 134.700 (design chainage

km 138.925) in the State of Uttar Pradesh under NHDP Phase-IV on hybrid annuity mode.

Total length: 127.425 km; Estimated Project Cost: Rs 1638.44 Crore; Cost of Pre-construction activities to be financed by NHAI: Rs 1,182.78 Crore; Civil Construction Cost: Rs 1,471.24 Crore; Concession Period: 2.5 years of construction period plus 15 years operation period.

Bidding Parameter: NPV of Bid Project Cost and O&M Cost

Land Acquisition Status: Total Land required: 559.635 Ha, Land Available: 214.9894 Ha (38.42%), Land to be acquired: 344.6456 Ha (61.58%), Government Land: 58.3720 Ha (16.94%), 3 D Notified: 283.056 Ha (82.13%), 3 G Completed: 227 Ha (65.86%), 3 A in process: 3.222 Ha (5.52%).

Status of Clearances: Environmental clearance: Obtained on 25.09.2012, Forest Clearance Stage-I: Obtained on 14.09.2012, Forest clearance stage-II: Obtained on 14.05.2013; GAD: to be obtained

Major Development Works: Major Bridges: 1+1, Flyovers: NIL, ROB: 1, Bypasses: 4 at Jagdishpur, Musafirkhana, Aliganj, Shabaganj-Badaunkalan, Realignment: 3 at km 35.100, km 41.350, km 103.450, Major Road Junctions: 14, Slip road: 14.824 km, Toll Plazas: 2 at km 50.900 and km 123.490, Minor Bridges: 13, Minor Road Junctions: 109,

27. Member, NHAI presented the proposal and informed the PPPAC that the project was earlier approved during the 44th PPPAC meeting held on June 06, 2011 with a TPC of Rs. 1013 crore and concession period of 23 years and was awarded with Concession Agreement signed in 2012. The project was terminated due to Concessionaire's default in submission of Performance Security and achieving the Financial Close for the project. The project was revised and re-bid in 2014 after it was cleared by the PPPAC in its 66th meeting held on 31.07.2014 with a TPC of Rs. 1276 crore and concession period of 28 years. No bids were received.

28. The Committee on Mode of Delivery (CMD) chaired by Secretary (MoRTH) in its meeting held on 06.02.2015 decided to take up the project on hybrid annuity mode due to non response on BOT (Toll). The present proposal with Civil Construction Cost of Rs 1,471.24 Crore and Estimated Project Cost of Rs 1638.44 Crore. The reason for higher cost is because unlike earlier proposals the present project is designed using rigid pavements with IRC: 58-2011 for a design life of 30 years.

29. The PPPAC recommended the proposal for grant of final approval of: 4-Laning of Lucknow-Sultanpur section of NH-56 (New NH-731) from km 11.500 (design chainage km 11.500) to km 134.700 (design chainage km 138.925) in the State of Uttar Pradesh under NHDP Phase-IV on Hybrid Annuity Mode, for Estimated Project Cost of Rs. 1661.94 crore subject to fulfilment of the following conditions:

MoRTH shall issue Request for Proposal (RFP) only after;

- 29.1. 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".
- 29.2. Obtaining the environment and forest clearances (stage-I) for the project.
- 29.3. MoRTH shall comply with the observations of PPPAC as listed at para 17 above.
- 29.4. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 29.5. MoRTH shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with short-listed bidders
- 29.6. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 29.7. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/ NHAI)

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



Ministry of Finance
Department of Economic Affairs
PPP Cell
Public Private Partnership Appraisal Committee

76th Meeting on February 02, 2016

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Shri Shaktikanta Das, Secretary, Economic Affairs (In Chair)
- ii. Ms. Sharmila Chavaly, Joint Secretary
- iii. Ms. Abhilasha Mahapatra, Director (PPP)
- iv. Ms. Seema Jain, Asst. Dir. (PPP)
- v. Shri Rajesh Gupta, SO (PPP)

II. Department of Expenditure, Ministry of Finance

- vi. Shri Arunish Chawla, Joint Secretary (PF II)

III. NITI AAYOG

- vii. Shri Praveen Mahto, Advisor

IV. Department of Legal Affairs

- viii. Shri Y.K.Singh, Deputy Legal Advisor

V. Ministry of Environment, Forest & Climate Change

- ix. Shri D.K.Sinha, IG, Forest

VI. Ministry of Shipping

- x. Shri Rajive Kumar, Secretary
- xi. Shri Pravir Krishn, Joint Secretary (Ports)
- xii. Ms. Kanchan Bala Hamza, Under Secretary
- xiii. Shri Amar Jit Singh, SO

VII. Mormugao Port Trust (MPT)

- xiv. Shri I. Jeyakumar, Chairman

VIII. Ministry of Road Transport & Highways (MoRTH)

- xv. Shri Sanjay Mitra, Secretary
- xvi. Shri Rohit K. Singh, Joint Secretary, Highways

IX. National Highway Authority of India

- xvii. Shri Raghav Chandra, Chairman
- xviii. Shri M.P.Sharma, Member (T)
- xix. Shri R.K.Pandey, Member (T)
- xx. Shri Satish Chandra, Member (F)
- xxi. Shri J.K.Goyal, CGM (T)
- xxii. Shri B.S. Singla, CGM (T)

