

**F.No. 2/5/2016-PPP
Ministry of Finance
Department of Economic Affairs
(PPP Cell)**


New Delhi, the April 7, 2016

OFFICE MEMORANDUM

Subject: Record of Discussion of the 77th Meeting of the **Public Private Partnership Appraisal Committee (PPPAC) held on March 22, 2016.**

Please find enclosed the Record of Discussion of the 77th PPPAC held on March 22, 2016 **under the Chairmanship of Secretary (Economic Affairs) for record and necessary action.**

Encls: As above.


7.A.16
**(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, Jor Bagh, New Delhi

Copy for information to:

1. Sr. PPPs to Secretary, EA,
2. Sr. PPS to Additional Secretary (Investment),
3. PS to JS (Infra), 4. PS to Director (PPP).

एफ.संख्या 2/5/2016- पीपीपी
वित्त मंत्रालय
आर्थिक कार्य विभाग
(पीपीपी प्रकोष्ठ)

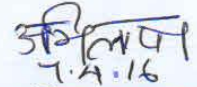
नई दिल्ली, 7 अप्रैल, 2016

कार्यालय जापन

विषय: सरकारी निजी भागीदारी मूल्यांकन समिति की 77वीं बैठकके विचार-विमर्श का रिकार्ड।

सचिव (आर्थिक कार्य) की अध्यक्षता में 22 मार्च, 2016 को हुई 77वीं सरकारी-निजी-भागीदारी मूल्यांकन समिति के विचार-विमर्श का रिकार्ड संलग्न है।

संलग्नक- यथोपरि



(अभिलाषा महापात्रा)

निदेशक, (पीपीपी)

दूरभाष संख्या: 23094045

1. वित्त सचिव और सचिव, व्यय विभाग, नार्थ ब्लॉक नई दिल्ली
2. मुख्य कार्यकारी अधिकारी, नीति आयोग, योजना भवन, नई दिल्ली
3. सचिव, सड़क परिवहन और राजमार्ग मंत्रालय, परिवहन भवन, नई दिल्ली
4. सचिव, पोत परिवहन मंत्रालय, परिवहन भवन, नई दिल्ली
5. सचिव, विधि कार्य विभाग, शास्त्री भवन, नई दिल्ली
6. सचिव, पर्यावरण, वन और जलवायु परिवर्तन, इंदिरा पर्यावरण भवन, जोर बाग, नई दिल्ली

प्रतिलिपि सूचनार्थ:

1. सचिव, आर्थिक कार्य के वरिष्ठ प्रधान निजी सचिव,
2. अपरसचिव (निवेश), के वरिष्ठ प्रधान निजी सचिव।
3. संयुक्त सचिव (अवसंरचना) के निजी सचिव, 4. निदेशक (पीपीपी) के निजी सचिव।

F. No. 2/5/2016-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

Public Private Partnership Appraisal Committee

77th Meeting held on March 22, 2016

Record Note of Discussion

The 77th meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on March 22, 2016. The list of participants is **annexed**.

It was noted that the PPPAC would consider one proposal in the Ports 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. The PPPAC would also consider the request of the Ministry of Shipping for amendment of the project cost approved for a port sector in the 76th PPPAC meeting amendment of the conditions for compliance related to environmental clearance and CRZ clearance laid down by the PPPAC for this project.

I. Proposals from Ministry of Shipping

Agenda Item 1: Proposal from Ministry of Shipping for grant of in-principle approval: Development of New Major Port at Sagar Island, West Bengal on PPP Mode.

Total Project Cost: Rs 948.60 Crore; **Concession Period:** 30 years, including construction period of 4 years.

Land Status: As per PPPAC memo, it is stated that no land acquisition is needed as the port is to be constructed on reclaimed land.

Bidding Parameter: Lowest Grant (VGF) / Highest Premium.

Clearances: Environmental clearance has been obtained.

Major Development Works:

- Construction of Berth not less than 600 m
- Dredging: A berth pocket 10 m extending 70 m seaward, turning circle (500 m dia) 6.9 m, approach channel 6.9 m. (Funded Work)
- Reclamation: To create land for building storage yard and other utilities. (Funded Work)
- Construction of Port facilities such as administrative building, electric substation, etc. Provision of utilities and services. Construction of internal roads.
- Equipment: Cranes, Stackers, etc.

2. Joint Secretary, DEA informed the PPPAC that the proposal from Ministry of Shipping is for Development of Phase 1 of New Major Port at Sagar Island, West Bengal with capacity of 9 MTPA. Total Project Cost (TPC) of the project is Rs 948.60 Crore and Estimated VGF requirement is around 20% of TPC.

3. A presentation on the proposal was made by Deputy Chairman, Kolkata Port Trust (KOPT), who explained that the Haldia Dock Complex and the Kolkata dock handle cargo traffic of around 41 MTPA. These riverine ports share the same navigational facilities and are under the management of KoPT and serve the vast hinterland in North-East India. Both the ports are severely constrained by the reduced parcel size of vessels due to the limited water depths in the long approach channel, which are being maintained after significant annual dredging. These constraints at the ports of Kolkata and Haldia have necessitated the need to look for a new port nearer to the sea, avoiding long river navigation with limitations in draft due to high dredging cost. It was stated that for the instant project the Concessioning Authority viz., Bhor Sagar Port Limited (BSPL) is an SPV (Authority's SPV) jointly owned by KOPT (74%) and Government of West Bengal (26%).

4. Deputy Chairman, KOPT further stated that TPC for the Concessionaire would be Rs 948.60 Crore. As per the proposed project structure, the Concessionaire would be additionally required to undertake funded works comprising dredging and reclamation of land (which are to be delivered by the Authority via an EPC contract at a fixed cost (regardless of actual cost of delivery). The estimated amount is Rs 363 Crore, for which the Authority (BSPL) would release funds during the construction period. In order to finance the funded works and also additional infrastructure facilities to be developed by the Authority, it is estimated that the Authority would require funds of around Rs 515 Crore which would be funded as 80% debt and 20% equity as per the proposed capital structure of the project. The 80% loan (Rs 412 Crore) would be borrowed by KOPT as a USD denominated External Commercial Borrowing (ECB) and would be on lent to the Authority (BSPL).

5. On a query from the Chair on how the costs of hedging and consequent effective cost of borrowing were arrived at, Secretary, MoS explained that most of the revenue of KOPT is denominated in USD, hence hedging would not be required and effective cost of borrowing would be low.

6. Deputy Chairman, KOPT further explained the Project structure and financial model stating that the Concessionaire would be required to share 20% of the revenue with BSPL. This cash inflow would facilitate servicing of debt (ECB) by BSPL. Taking this into consideration, as per the financial model developed, it is estimated

that the project would require Grant support (VGF) of around 20% of TPC from the GoI's Scheme for Financial Support to PPP in Infrastructure (VGF Scheme).

7. Joint Secretary, DEA stated that objective of the VGF Scheme is to make the projects commercially viable. Financial analysis by the PPP Cell indicates that the project is viable without VGF Grant at an estimated revenue share of around 8%. Since the project is already commercially viable, seeking VGF only to service Authority's debt as proposed in the structure of the instant project is not justified and further, liability of the Authority can not be transferred to the concessionaire. Provision of VGF Grant to the Concessionaire and then seeking 20% as revenue share so as to service debt of the Authority as has been proposed, is tantamount to providing GoI grant support to the Authority, which is not permitted under the VGF scheme.

8. Secretary, MoS stated that this is the best possible project structure that has been worked out after many deliberations and VGF would be necessary to render the project viable. However, he confirmed that KoPT is running losses. When Chair enquired on how ECB can be secured by a loss-making entity, KoPT Chairman stated that they have informally sounded lenders who are willing.

9. After discussion, Chair suggested that MoS re-examine the project structure taking into consideration the Appraisal Notes and Comments of the PPPAC members and other options thereafter.

(Action: MoS)

10. PPPAC members recommended that the project may be deferred till the project structure is reviewed by MoS and structure and applicability of VGF Scheme is discussed with DEA.

Agenda Item 2: Proposal from Ministry of Shipping for grant of final approval: Re-Development of Berths 8, 9 and Barge Berths at Port of Mormugao, Goa - Amendment of the Project Cost approved in the 76th PPPAC from Rs 1212.15 to Estimated Project Cost of Rs 1145.36 crores (Total Project Cost incl. IDC etc of Rs 1,420.84 Crore.)

Estimated Project Cost: Rs 1145.36 crores; Total Project Cost incl. IDC etc : Rs 1,420.84 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 clearance and security clearances: to be obtained.

Major Development Works:

- Construction of 3 Berths. The Concessionaire is given 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 large berth: 950 m and without large berth: 1,050 m.
- Dust separation system and wagon leading system.
- Electronic Data Transfer facility having interface with Port ERP system.
- Material Handling Systems.

11. Joint Secretary, DEA explained that the proposal for redevelopment of Berths 8,9 and Berge barge at the Port of Mormugao, Goa was considered at the 76th PPPAC Meeting held on 2nd February, 2016. The PPPAC recommended the proposal of Ministry of Shipping for a TPC of Rs. 1212.15 Crore, however, MoS vide D.O No. 1(13)/2015-PD-VIII dated 3rd March 2016 from Secretary, MoS has stated that the project cost has been revised to Rs 1420.84 crores requested to revise the Record of Discussion to effect the following changes:

- (i) Project Cost be revised from Rs. 1212.15 Crore to Rs. 1420.84 Crore.
- (ii) With regard to obtaining environment and CRZ Clearance, the conditions laid down for compliance by the PPPAC at Para 10.3 of the RoD of the 76th PPPAC be replaced by "MoS shall ensure timely MoEF clearance as part of condition precedent by the Concessioneing Authority".

12. Joint Secretary, DEA explained that whereas the issue had been highlighted during the appraisal, MoS had not included the Interest during Construction (IDC), financing charges and other incidental capital costs in the PPPAC Memo, nor had they confirmed that the Project Cost including IDC etc was Rs 1420.84 crores. MoS has now sought revision of the cost, with the approval of the Standing Cost Committee (SCC), from Rs 1212.15 crores to Rs 1145.36 crores and also sent a revised PPPAC memo stating that the estimated project cost is Rs 1145.36 crores which will be the amount mentioned in the Bidding Documents with the Total Project Cost including IDC being Rs. 1420.84 Crore. In view of this, the PPPAC has

been requested to consider according its approval for estimated project cost of Rs 1145.36 crores (total project cost including IDC etc of Rs 1420.84 crores). The PPPAC members agreed to the request of the MoS .

13. Joint Secretary, DEA stated that MoS has, further also requested amendment of the condition laid down by the PPPAC of ensuring environment and CRZ clearance before signing of the Concession Agreement. MoS has requested that the condition may be amended to read "MoS shall ensure timely MoEF clearance as part of condition precedent by the Concessing Authority". Secretary, MoS explained that the process for environmental clearance has been initiated and would be obtained within reasonable time. However, signing of the Concession Agreement in the mean time would save time and would enable the Concessionaire to fulfil his Condition Precedents (CP). Environmental clearance could be a Condition Precedent for the Authority, as is the case for most of the Port sector PPP projects. The Chair stated that if this is placed as a CP then delay in Environmental clearance may attract penalty as per the provisions of Concession Agreement. Secretary, MoS stated that Environmental clearance is expected in reasonable time. The PPPAC members agreed to amend the conditions related to Environmental and CRZ Clearance as requested by MoS.

14. PPPAC members agreed to the revised estimated project cost of Rs 1145.36 crore and project cost including IDC to Rs 1420.84 crores and amendment of para 10.3 of the RoD of the 76th PPPAC to read as follows:

"MoS shall ensure timely MoEF clearance as part of condition precedent by the Concessing Authority."

II. Proposals from Ministry of Road Transport and Highways

Agenda Item 3: Proposal from Ministry of Road Transport and Highways for grant of final approval: 4-laning of Aurangabad to Telwadi section of NH-211 (new NH 52) from Km 290.200 to Km 376 in the state of Maharashtra on DBFOT basis under NHDP Phase IV.

Length: 86.872 kms; **Total Project Cost:** Rs 1,281.14 Crore (**revised as Rs 1,252.19 Crore**); **Cost of pre-construction activities to be financed by NHAI:** Rs. 776.72 crore; **Concession Period:** 21 years, including construction period of 2.5 years.

Land Status: Total Land Required: 535.325 Ha, Land Available: 148.920 Ha (27.82%), land to be acquired- 386.405 (72.18%); Forest Land: 22.020 Ha (4.11%); Government Land: 38.141 Ha (7.12%); Notified under 3A: 326.244 ha (60.94%); Notified under 3 D: 190.920 Ha (35.66%), Land Available+3D+Forest Land +Govt land: 400.001 Ha (74.72%).

Bidding Parameter: Lowest Grant/ /Highest Premium.

Status of Clearances: Environment Clearance (Stage-I): Not required; Forest Clearances Stage-1: Proposal submitted; GAD: Proposal submitted to Railways; Wild life Clearance: Not required.

Major Development Works:

Major Bridge: 3; Flyovers/ Interchange: 2; ROBs; 1 of 6 lane; Bypass: 3 of 59.027 km at Aurangabad, Galle Boregaon & Kannad; Major road junctions: 6; Service/ slip roads: 13.7 km/ 35.360 km ; Toll plazas: 2 at km 320.10 & 375.10; Minor bridges : 38+14 on service road; Minor road junctions: 15; Vehicular underpass: 14; Pedestrian/Cattle underpasses: 8; Overpass: 1; Culverts: 211; Truck laybys: 4; Rest Area: 2; Bus bays and shelters: 40; Reconstruction of existing road: 24.702 km.

15. Member, NHAI presented the proposal and informed the PPPAC that the proposed project is a part of the highway from Aurangabad to Dhule from km 290.2 to km 452.8 with exiting length of 162.6 km. The entire length has been divided into three packages i.e. (i) Aurangabad to Telwadi from km 290.2 to km 376, exiting length of 85.800 km (ii) Telwadi to Bodare from km 376 to km 390, exiting length of 14 km and (iii) Bodare to Dhule from km 390 to km 452.8, exiting length of 62.800 km. The package (i) and (iii) are proposed on BOT (Toll). The package (ii) includes Autram Ghat section which has tunnels and high level viaducts and improvement of this section would be taken up on EPC basis separately and Package (iii) has already been approved by MoRTH as an SFC proposal. The Concession Period of the present project is proposed as 21 years with TPC of Rs. 1252.19 crore. The proposal includes Aurangabad bypass of 51.412 km from km 290.2 to km 340, thus bypassing the existing Cantonment area, urban section of Aurangabad city.

16. Member, NHAI further stated that environment clearances and Wild Life clearances are not required. The proposal for Forest clearance (Stage-I) and General Arrangement Drawing (GADs) for RoB have been submitted and approval is under process. As regards the land acquisition status, 74.72% land is in possession/ vested with the Government. It is expected that Land Acquisition process would be completed by June, 2016.

17. The Chair desired to know whether Notification for upgrading State Highway to National Highway of existing 2 lane State Highway roads of 24.702 km has been issued. Member, NHAI responded that the alignment of the project was finalized in consultation with the State Government and declaration of these stretches as NH is under process. The Chair advised that the decision for conversion of state road to NH should be completed before signing of the Concession Agreement to avoid legal complications. This was agreed to.

(Action: MoRTH)

18. Joint Secretary, DEA sought clarification on the current status of buy-back of the existing toll road from Aurangabad to Kannad section and Kannad to Ghat section. The buy-back cost had been estimated as Rs. 16 crore in 2012. CGM, NHAI responded that the buy-back of the existing toll road is under process and the actual cost would be worked out at the time of finalisation of the buy-back process. It was confirmed that the buy-back cost has not been included in the TPC. 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)

19. Advisor, NITI Aayog sought clarifications regarding the width of paved carriageway which has been proposed as 18 m as against 14 m generally proposed for four lane highway projects. CGM, NHAI responded that the width of paved carriageway is proposed based on the new IRC code IRC SP 84:2014 which has replaced the earlier IRC SP 84:2009.

20. Joint Secretary, DEA indicated that traffic survey has been carried out in April, 2012 i.e. 4 years old and needs updation for proper structuring of the project. Chairman, NHAI responded that fresh traffic survey is already underway and may be completed within a week time. Necessary modification, if required would be carried out. All members of the PPPAC were in agreement to recommend the proposal to the competent authority.

21. The PPPAC recommended the proposal of MoRTH for 4-laning of Aurangabad to Telwadi section of NH-211 (new NH 52) from Km 290.200 to Km 376 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 1,252.19 Crore for grant of final approval subject to fulfilment of the following conditions:

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

- 21.1 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"
- 21.2 Obtaining the environment and forest clearances (stage-I) for the project.
- 21.3 MoRTH shall complete the decision on buy-back of existing toll plazas 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'.
- 21.4 MoRTH shall complete the formalities and issue the notification for conversion of state road to NH before signing of the Concession Agreement.
- 21.5 MoRTH shall ensure that updated traffic survey is factored into the calculations before RFP is issued.
- 21.6 MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 21.7 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
- 21.8 MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 21.9 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: 4/6 Laning of Kharar to Ludhiana Section of NH-95 (New NH-05) from Km. 10+185 to Samrala Chowk, Ludhiana at Km. 86+199 in the State of Punjab under NHDP Phase V on Hybrid Annuity Mode

72

Total length: 76.014 km (6 lane- 54.215 km + 4 lane – 21.799 km); Estimated Project Cost: Rs. 1472.61 crore (revised to Rs. 1388.34 crore); Cost of pre-construction activities to be financed by NHAI: Rs. 681.36 crore; Civil Construction Cost: Rs. 1280.53 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: 383.22 ha; RoW available: 238.06 (62.12%); land to be acquired- 145.16 ha(37.88%); Notified under 3A: 145.16 ha (100%); Notified under 3D: 129.90 ha (96.01%); Notified under 3G: 110.21 ha(90.87%)

Status of Clearances: Environment Clearance: Not required; Forest Clearances Stage-1: to be obtained (Application submitted); Wild Life Clearances : Not required ; GAD: Not required.

Major development works/ structures: Major Bridge: 2; Flyovers/ Interchange: 8; Elevated road: 1 of 2.960 km; ROBs; 2 (existing and retained); Bypass: 1 of 7.95 km at Samrala; Major road junctions: 9; Service/ slip roads: 45.610 km ; Toll plazas: 2 at km 12.07 & km 60; Minor bridges: 6; Minor road junctions: 253; Vehicular underpass: 6; Pedestrian/Cattle underpasses: 11; Culverts: 169; Truck laybys: as per MSS; Rest Area: Nil; Bus bays and shelters: 10+60; RCC Drain: 87.770 km.

22 Member, NHAI presented the proposal and informed the PPPAC that the Chandigarh-Ludhiana section of stretch was approved under NHDP Phase-V. The project has been divided in two sections i.e. Chandigarh-Kharar and Kharar-Ludhiana. The Chandigarh-Kharar Section (Km 0.000 to Km 10.185) has been awarded for four laning on EPC. Presently the project highway is 2 lane with paved shoulder in 50.164 km & four lane in 25.850 km and proposed for up-gradation to 6-laning with width of 25 m from Km 10.185 to Km 64.400 (except Kanmanon Bypass from km 37.965 to km 41.700 which will be 4 laned with 19 m paved carriageway) and 4-laning with width of 22 m from Km 64.400 to Km 86.199. Six laning of this section is very difficult as additional land acquisition may not be possible due to significant demolition of structures.

23 Member, NHAI further stated that environment clearances, Wild Life clearance and GAD for RoB are not required. The proposal for Forest clearance (Stage-I) have been submitted and approval is under process. As regards the land acquisition status, 90.90% land is already available.

24 The Chair desired to know whether the proposed project has been selected based on the criterion approved by the CCEA that project is not viable on BOT (Toll) with VGF upto 40% of TPC. Secretary, MoRTH responded that the project is not viable on BOT (Toll) due to high cost of structures and involving 54.215 km from 2 to

6 laning out of total length of 76.014 km. In fact, part of the section of 10.185 km has to be awarded on EPC basis due to non viability of this section on BOT (Toll).

25. Additional Secretary, DEA stated that as per policy, Hybrid Annuity Model should be used when a project is not viable on BoT (Toll) Model. There is an outgo from the Budget in the case of Hybrid Annuity Model; therefore, with a view to utilising the limited budgetary resources prudently and in an effective manner, ideally the Hybrid Annuity Model should be used for two-lane roads which cannot be built under BOT (Toll). In cases of conversion of two lane to 4/6 lane, the same may be considered on economic considerations wherein such expansion could be done through BOT (Toll) Model. The Chair also supported this view. Chairman, NHAI indicated that whereas Hybrid Annuity may not be good in the long term, as market response is poor in respect of the projects already bid out, in the present market circumstances where equity of developers have dried up and finances from the lenders is not forthcoming, some projects should be considered on Hybrid Annuity to revive the market. He agreed that projects involving 2 laning would be more suitable on Hybrid Annuity. Secretary, MoRTH stated that projects on Hybrid Annuity are being considered if projects are not viable on BOT (Toll) with VGF of upto 40% of TPC as per the Cabinet decision as otherwise immediate funds are required for implementation of these projects on EPC. Joint Secretary, MoRTH stated that Cabinet in its meeting held on 27.08.2014 has delegated powers to MoRTH to decide Change in Mode of Delivery from BOT (Toll) to Annuity or EPC mode and proposed project has been selected on that basis.

26. Joint Secretary, Expenditure agreed with the view of Additional Secretary DEA and stated that there appears to be a proposal in which it has been suggested that Government would infuse equity in Hybrid Annuity Projects beyond the 40% of the Bid Project Cost during construction phase. He stated that this proposal should not be considered. Secretary, MoRTH stated that there is no such proposal.

27. Joint Secretary, DEA indicated that the per km cost is very high at Rs. 19.37 crore per km with reference to the norms of Rs. 14.14 crore per km. Member, NHAI responded that the project consists of two six- lane flyovers, three four- lane flyovers and one elevated structure of 2.960 km. The cost of structures comes to Rs. 643.83 crore i.e. 52% of the civil cost for 15.785 km, the remaining cost comes to Rs. 637.70 crore @ Rs. 10.58 crore per km. After adding centages @ 25%, the cost comes to Rs. 797.13 crore @ Rs. 13.23 crore per km which is within the norms. Hence, higher cost is justified.

23

28. Joint Secretary, DEA sought clarification on the current status of buy-back the existing Morinda bypass of 6.120 km (km 20.360 to km 26.480) constructed as 4 lane road by Punjab Infrastructure Development Board (PIDB) as State Road and not a part of NH-95. The buy-back cost was estimated by NHAI as Rs. 77.18 crore. CGM, NHAI responded that the buy-back of the existing toll road is under process and Govt. of Punjab has agreed to handover the Morinda bypass on deposit of cost of land acquired by the PIDB. The cost of Rs. 77.18 crore is estimated based on the current circle rate for 98 acre land available for the bypass, however, the actual cost would be worked out at the time the buy-back process is finalised. It was confirmed that the buy-back cost has not been included in the TPC. 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 should be indicated in the DCA to avoid legal complications. This was agreed to. All members of the PPPAC were in agreement to recommend the proposal to the competent authority

(Action: MoRTH)

29. **The PPPAC recommended the proposal of MoRTH for: 4/6 Laning of Kharar to Ludhiana Section of NH-95 (New NH-05) from Km. 10+185 to Samrala Chowk, Ludhiana at Km. 86+199 in the State of Punjab under NHDP Phase V on Hybrid Annuity Mode for Estimated Project Cost of Rs 1,388.34 Crore for grant of final approval 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 complete the decision on buy-back of existing Morinda bypass of 6.120 km (km 20.360 to km 26.480) before signing the Concession Agreement and the date of handover of these stretches should be indicated in the DCA.
- 29.4 MoRTH shall complete the formalities and issue the notification for conversion of state road (existing Morinda bypass) to NH before signing of the Concession Agreement.

- 29.5 MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 29.6 MoRTH shall comply with the observations of the 76th PPPAC held on February 02, 2016 as listed at para 17 of the RoD for implementation of projects on Hybrid Annuity Mode.
- 29.7 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
- 29.8 MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 29.9 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: Construction of new link (NH 133B) from km 0.000 (km 200.87 of Sahibganj Bypass) in Jharkhand to km 15.885 (Junction of NH 133B and 131A on Manihari Bypass) from km 0.000 (Junction of Manihari bypass) to km 6.00 (near Narenpur of NH 131A in Bihar including 4 lane Bridge on Ganga River" in the States of Bihar and Jharkhand under NH (Others) on Hybrid Annuity Mode (Package I)

Total length: 21.885 km; Estimated Project Cost: Rs. 1905.55 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 49.22 crore; Civil Construction Cost: Rs. 1643.96 Crore; Concession Period: 4 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: 138.95 ha; RoW available: Nil; land to be acquired- 138.95 ha (100%); Notified under 3A: 100%; Notified under 3D: 47 ha (33.83%).

Status of Clearances: Environment Clearance: Not required; Forest Clearances Stage-1: to be obtained (Application submitted); Wild Life Clearances : Not required ; GAD: Not required.

Major development works/ structures: Major Bridge: 2 on Ganga river; Flyovers/ Interchange: Nil; ROBs; 2; Bypass: 1 of 6 km at manihari; Major road junctions: Nil; Service/ slip roads: 0.50 km/ 6.37 km ; Toll plazas: 1 at km 4.5; Minor bridges: 12; Minor road junctions: 5; Vehicular underpass: 2; Pedestrian/Cattle underpasses: nil; Culverts: 33; Truck laybys: nil; Rest Area: Nil; Bus bays and shelters: 4; Drainage and protection work: 26.306 km.

30 Member, NHAI presented the proposal and informed the PPPAC that the proposed project highway is a new formation of the missing link at NH 131 A to NH

133B connecting Sahibganj in Jharkhand and Manihari in Bihar. At present there is a missing link between Jharkhand to Bihar as there is no Bridge on the River Ganga at this location; commercial vehicles cross the Ganga Bridge at Vikramshila Setu at Bhagalpur or through Farakha barrage thus travelling a long distance to reach the North Eastern States. The distance between the two bridges is about 150 km.

31 Member, NHAI further stated that environment clearances, Wild Life clearance and Forest clearance (Stage-I) are not required. Proposal for approval of the General Arrangement Drawings (GAD) for RoBs have been submitted to Railways and approval is expected by May, 2016. As regards the land acquisition status, possession of 47 ha land is likely to be taken by April, 2016 and balance by June, 2016; however, Appointed Date would be fixed after sufficient availability of land. The Chair indicated that project should not be awarded unless 80% land is in possession. This was agreed to. **(Action: MoRTH)**

32 Joint Secretary, DEA indicated that the per km cost is very high at Rs. 87.07 crore per km with reference to the norms of Rs. 14.14 crore per km. Member, NHAI responded that project includes a 7.34 km long navigational bridge with viaducts on the River Ganga, a 900 m long bridge at the adjoining stream, 12 minor bridges, 2 VUPs, 2 RoBs and embankments with average height of 6 m in 14.545 km approach length for both ends of the main Ganga bridge. The estimated cost of 7.34 km bridge is 1087 crore (Rs. 49.64 crore per km), the cost of 14.545 approach road is Rs. 556.96 crore (Rs. 38.29 crore per km). Further, cost has already been approved by the Standing Cost Committee Chaired by AS&FA, MoRTH in its meeting held on 12.02.2016. Hence, the higher cost is justified.

33 Advisor, NITI Aayog indicated that the present traffic is about 3,134 PUCs in October, 201, the traffic would only reach upto 10,107 PCUs in the year 2036 with 5% growth; hence the project is not justified for 4 laning. Chairman, NHAI responded that the present traffic is not the true representation of the future traffic. There is a huge potential of traffic which does not exist at present due to missing link at river Ganga between Bihar and Jharkhand. Secretary, MoRTH stated that on development of 4 -lane highway, there would be substantial increase in traffic from Purnea, East West Corridor and NH -31. Further, the other bridges on river Ganga is about 60 km to 70 km on the Bhagalpur and Farakha and substantial traffic would divert on the proposed highway justifying 4 laning.

34 Advisor, NITI Aayog sought justification of the proposed Manihari bypass of 6 km. CGM, NHAI responded that Manihari town is very congested with narrow

streets, sub-standard geometrics and houses on the streets. Proposal for bypass is in accordance with the recommendations of IRC code and manuals. All members of the PPPAC were in agreement to recommend the proposal to the competent authority.

35 **The PPPAC recommended the proposal of MoRTH for: Construction of new link (NH 133B) from km 0.000 (km 200.87 of Sahibganj Bypass) in Jharkhand to km 15.885 (Junction of NH 133B and 131A on Manihri Bypass) from km 0.000 (Junction of Manihari bypass) to km 6.00 (near Narenpur of NH 131A in Bihar including 4 lane Bridge on Ganga River in the States of Bihar and Jharkhand under NH (Others) on Hybrid Annuity Mode (Package I) for Estimated Project Cost of Rs 1,905.55 Crore for grant of final approval subject to fulfilment of the following conditions:**

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

- 35.1 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"
- 35.2 Obtaining the environment and forest clearances (stage-I) for the project.
- 35.3 MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 35.4 MoRTH shall comply with the observations of the 76th PPPAC held on February 02, 2016 as listed at para 17 of the RoD for implementation of projects on Hybrid Annuity Mode.
- 35.5 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.
- 35.6 MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.

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

(Action: MoRTH/NHAI)

Agenda Item 6: Proposals from Ministry of Road Transport and Highways, for grant of final approval for Construction and Upgradation of NH 131A from Km. 34.578 near Narenpur to Km. 81.000 near Purnea to 4-lane standard in the State of Bihar on Hybrid Annuity Mode under NH (O) funding (Package - II)

Design Length: 49.00 Km., **Total Estimated Project Cost:** Rs. 1160.65 Crore (Rs 23.69 crore/Km.); **Concession Period:** 17.50 years including 2.50 years of construction period.

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

Land status: Total land required: 211.375 Ha.; RoW available: 46.420 Ha. (22%); land to be acquired- 164.955 ha (78%).

Major development works/ structures: Major Bridges: 02 nos.; Minor Bridges: 10 nos. new and 05 nos. rehabilitation; RoBs: 3 nos; Vehicular Underpass: 06 nos.; Flyovers: 02 nos.; Major Intersections: 05 nos.; Minor Intersections: 17 nos.; No. of By-passes and length: 01 / 14.86 Km (from Km. 18.700 to Km. 33.630); Service Roads/ Slip Roads: 10.400 Km. / 6.980 Km.; Truck lay-bay: 01 no.; Bus Bays and Bus Shelters: 10 nos. each side; Culverts: 07 (widening), 04 (Reconstruction), 61 (new); Toll Plaza: 01 at Km. 68.270

36 Secretary, MoRTH briefed the members of the PPPAC on the salient features and importance of the Project Highway. It was explained that the Project Highway is part of an interstate connectivity project between Sahibganj in Jharkhand and Purnea in Bihar. Member, NHAI further stated that the State Support Agreement has been signed, utility shifting and approval of GAD of ROBs is under progress.

37 Joint Secretary, DEA enquired on the reasons of high project cost i.e. the per Km. cost of Rs. 23.69 Crore is higher by 68% vis-à-vis the cost norms circulated by MoRTH for BOT (Toll) projects (Rs 14.14 Crore per Km.). Since the Hybrid Annuity model makes the TPC a bid parameter, details of approval of the Standing Cost Committee (SCC) along with justification for higher cost may be provided. Secretary, MoRTH informed the PPPAC that due to proposed additional components to bypass the urban traffic i.e. bridges, flyover, RoBs, Service Roads and By-pass etc., the project cost is on the higher side, however necessary approval from the SCC has been taken and a copy of the same shall be forwarded to the PPPAC members at the earliest.

(Action : MoRTH)

38 Advisor, Niti Aayog stated that out of the total land required for the proposed RoW (211.375 Ha – 100%), only 46.42 Ha. (22%) RoW is currently available with the Authority, accordingly, the land availability may be clarified to the members of the PPPAC as per the requirements of the 56th PPPAC held on December 21, 2012. Member, NHAI responded that , as on the date of the meeting, 90% of RoW is available with the Authority and a detailed statement on the land availability shall be forwarded to the PPPAC. **(Action : MoRTH)**

39 Advisor, Niti Aayog also stated that the projected traffic on the highway at 7317 PCU is much less than the designed service volume of two-lane highway for plain terrain at 18,000 PCUs and the trigger level of 15,000 PCUs for up-gradation, as such no justification have been provided for widening to 4-lane. Joint Secretary, MoRTH stated that as explained in the project discussed above, there exists a huge potential of traffic with provision of the missing link between Sahibganj (Jharkhand) and Purnea (Bihar) and as such the present traffic is not a true representation of future traffic. It is likely that significant traffic of the EW corridor and NH31 would pass through this alignment after 4 laning of this project.

40 All members of the PPPAC were in agreement to recommend the proposal to the competent authority.

41 The PPPAC recommended the proposal of MoRTH for Construction and Upgradation of NH 131A from Km. 34.578 near Narenpur to Km. 81.000 near Purnea to 4-lane standard in the State of Bihar on Hybrid Annuity Mode under NH (O) funding (Package II) for Estimated Project Cost of Rs. 1160.65 Crore for grant of final approval subject to fulfilment of the following conditions:

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

- 41.1 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".
- 41.2 MoRTH shall provide a detailed statement of the land availability to the PPPAC.
- 41.3 Obtaining the environment and forest clearances (stage-I) for the project.

- 41.4 MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 41.5 MoRTH shall comply with the observations of the 76th PPPAC held on February 02, 2016 as listed at para 17 of the RoD for implementation of projects on Hybrid Annuity Mode.
- 41.6 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
- 41.7 MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 41.8 MoRTH shall circulate the revised documents to the members of the PPPAC for record.
- 41.9 MoRTH shall circulate the Minutes of the Standing Cost Committee approving the project cost to the PPPAC members.

(Action: MoRTH)

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

13

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

77th Meeting on March 22, 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. Shri Mrutyunjay Behera, Director (Infra)
- v. Ms. Seema Jain, Asst. Dir. (PPP)
- vi. Shri Rajesh Gupta, SO (PPP)

II. Department of Expenditure, Ministry of Finance

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

III. NITI AAYOG

- viii. Shri Praveen Mahto, Advisor
- ix. Shri CPS Reddy, Director

IV. Department of Legal Affairs

- x. Shri Poonam Suri, Deputy Legal Advisor

V. Ministry of Shipping

- xi. Shri Rajive Kumar, Secretary
- xii. Shri Pravir Krishn, Joint Secretary (Ports)

VI. Kolkatta Port Trust (KoPT)

- xiii. Shri Manish Jain, Dy. Chairman
- xiv. Cap. J.J. Biswas
- xv. Shri Ankur Goel
- xvi. Shri P. Lala

VII. Mormugao Port Trust (MPT)

- xvii. Shri I. Jeyakumar, Chairman
- xviii. Shri Prem Kumar

VIII. Ministry of Road Transport & Highways (MoRTH)

- xix. Shri Sanjay Mitra, Secretary
- xx. Shri Rohit K. Singh, Joint Secretary, Highways

IX. National Highway Authority of India

- xxi. Shri Raghav Chandra, Chairman
- xxii. Shri Satish Chandra, Member (F)
- xxiii. Shri R.K.Pandey, Member (T)
- xxiv. Shri B.S. Singla, CGM (T)
- xxv. Shri Ashish Asati, GM
- xxvi. Shri Rajiv Yadav, GM

25

