

**F.No. 3/14/2015-PPP  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
PPP Cell**

**Empowered Institution for the Scheme for Financial Support to Public Private  
Partnerships in Infrastructure**

**66<sup>th</sup> Meeting on July 31, 2015**

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**Record Note of Discussions**

The sixty-sixth (66<sup>th</sup>) meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on July 31, 2015. The list of participants is attached.

- The EI noted that there is only one proposal from Government of Odisha (GoO) , a project for Bulk Water Supply for consideration of final approval of the Viability Gap Funding (VGF) under the Scheme.

The EI noted that the Scheme for Support to PPPs in Infrastructure prescribes that VGF up to Rs. 100 crore for each project may be sanctioned by the EI, proposals for VGF up to Rs. 200 crore may be sanctioned by the EC, and amounts exceeding Rs. 200 crore may be sanctioned by the EC, with the approval of the Finance Minister.

**A. Proposal from Government of Odisha for grant of Final Approval in water sector**

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- I. **Development & Operation of Bulk Water Supply Project for IIT Bhubaneswar, National Institute of Science, Education & Research (NISER), Info city –II and adjoining areas in the State of Odisha on PPP basis**



**Total Project Cost: Rs. 187.71 crore; Concession Period: 25 years including 2 years of construction period.**

**VGF: VGF quoted by L-1 bidder: Rs. 50 crore (26.64% of TPC): VGF from Government of India – Rs. 37.542 crore (20% of TPC): VGF from Government of Odisha – Rs. 12.458 crore (6.64% of TPC).**

**Major development works/ structures:** Intake Works and transmission system- 70 MLD capacity, Water Treatment Plant – 52 MLD capacity, Water Pumping Station- 11 ML Capacity, Water Transmission System – 42 km, Development and transmission of water pipeline along with related works for supply of bulk water to IIT, NISER, Industries, IDCO Info city-II, IDCO Sea Food Park and adjoining municipalities of Jatni & Khurda.

2. Joint Secretary , DEA informed the Empowered Institution (EI) that the project was earlier granted in-principle approval of VGF of Rs. 37.54 crore (20% of TPC) in its 47<sup>th</sup> meeting held on July 23, 2013. Now the Sponsoring Authority for the project, Housing & Urban Development Department, Government of Odisha (HUDD, GoO) has sought final approval for the VGF after award of the project. The RfQ was issued on 19.04.2012 and M/s. Megha Engineering & Infrastructures Limited and Koya & Company Limited, Joint Venture who quoted the lowest grant of Rs. 50 crore (26.64% of the TPC) was selected as the preferred bidder. Letter of Award (LoA) was issued on 22.02.2014 and Concession Agreement was signed on 27.10.2014 between Public Health Engineering Organization (Urban), Govt of Odisha & M/s MEIL (Bhubaneswar) Bulk Water Project Pvt Ltd (project SPV).

3. Joint Secretary, DEA, stated that as per the project documents the Concessionaire's equity has been proposed at Rs. 97.71 crore (52.05% of TPC) which is quite high and a specific confirmation of this equity contribution may be obtained from the Concessionaire. Secretary, HUDD GoO stated that the Concessionaire has given written confirmation for contribution of Rs. 97.71 crore as equity and getting the VGF assistance only after it expends 100% equity as per clause 23.2.3 of the Concession Agreement. DEA also asked HUDD, GoO to confirm that the loan sanctioned by the Odisha Urban Infrastructure Development Fund (OUIDF) is a normal commercial loan being granted to other similar projects and there is no extra concession being given to the Concessionaire. Commissioner & Secretary, HUDD, GoO confirmed that this loan is at the same interest rate and at similar terms for other projects funded by OUIDF and no extra concession has been given by OUIDF. The loan of Rs. 40 crore with door to door tenor of 12 years and 9.50% interest rate (with rebate of 1% for timely repayment) was sanctioned in April 2015 and is to be repaid in 120 monthly installments commencing from two months after

COD or two years from the date of first disbursement, disbursements would start only after the Concessionaire expends 50% of Promoters Equity . The loan is based on the standard commercial terms for projects in the sector and no specific concession has been given to the Concessionaire. A written confirmation would also be sent in this regard. This was agreed to.

*( Action: HUDD, GoO)*

4. The Chair inquired on the status of land acquisition and requested GoO to clarify the time frame for providing the balance RoW and consequences of delay on the project. Commissioner & Secretary, HUDD, GoO responded that, as per the provisions of the Concession Agreement, 50% of the total land is to be handed over on or before the Appointed Date, out of the total required land of 30.50 acres, possession of 1.78 acres land for construction of intake cum pump house at Mundali has already been given to the Concessionaire in July, 2015, balance land required is also Government land. Acquisition of the balance land is in advanced stage and since no private land is involved, it is expected to hand over the balance land in next two months. Process for getting the clearances of the Right of Way is underway and would be completed within next three months. The Appointed Date would be fixed only after availability of sufficient land is provided for the facility, requisite land for reservoirs and laying the pipelines. This was agreed to.

5. To a query of the Joint Secretary, DoE on the project structure, Secretary, GoO responded that the project was conceived for supply of water in a defined area and all users in the area like IIT, NISER, Industries, IDCO Info city, IDCO Sea Food Park at Deras, etc would get benefit of water supply from the said project. The User charges would be collected by the Concessionaire and notification of the User charges have been notified on 24.10.2013. Bulk water supply agreement has been executed with the bulk users on 27<sup>th</sup> October, 2014 for minimum 44.75 MLD water. These issues were also clarified at the time of in-principle approval of the VGF for the project.

6. Director, DEA indicated that a copy of the Loan Agreement has not been provided and, further, confirmation of date of achieving of Financial Close and Appointed Date was sought. Secretary, GoO responded that the Loan Agreement has not been executed as the Borrower has to first obtain all approvals and clearances in accordance with the Concession Agreement, copy of the Loan Agreement would be provided after execution and the Appointed Date would also be fixed after completion of the Financial Closure and

fulfillment of the Conditions Precedent by the GoO. This would be informed in due course. This was agreed to.

*( Action : HUDD, GoO)*

7. Adviser, Niti Aayog stated that there were no other issues and the project is supported. All members of the EI were in support to grant final approval for VGF support to the project.

8. The EI granted final approval to the project for Development & Operation of Bulk Water Supply Project for IIT Bhubaneswar, National Institute of Science, Education & Research (NISER), Info city -II and adjoining areas in the State of Odisha on PPP basis for TPC of Rs. 187.71 crore with total VGF Rs. 50 crore (26.64% of TPC) [( VGF from Government of India – Rs. 37.542 crore (20% of TPC) and VGF from Government of Odisha – Rs. 12.458 crore (6.64% of TPC)] under the Scheme.

*(Action: HUDD, GoO)*

9. The meeting ended with a Vote of Thanks to the Chair.

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Empowered Institution for the  
Scheme to Support Public Private Partnerships in Infrastructure  
66<sup>th</sup> Meeting on July 31, 2015

List of Participants

**I. Department of Economic Affairs**

1. Shri Ajay Tyagi, Additional Secretary , Investment (In Chair)
2. Ms. Sharmila Chavaly, Joint Secretary, Infrastructure
3. Smt. Abhilasha Mahapatra, Director( PPP)

**II. NITI AAYOG**

4. Shri Praveen Mahto, Advisor

**III. Department of Expenditure**

5. Shri Arunish Chawla, Joint Secretary PF-II

**IV. Government of Odisha**

6. Shri G. Mathi Vathanan, Secretary, H&UD
7. Shri R Manivannam, OUIDF
8. Dr. Bhakta Kabi Das, EE PHEO, GoO