

F. No. 2/5/2017-PPP
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

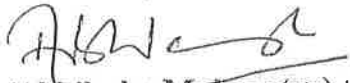
New Delhi, the September 27th, 2017

OFFICE MEMORANDUM

Subject: Record of Discussion of the 83rd Meeting of the Public Private Partnership
Appraisal Committee (PPPAC) held on September 22, 2017

Please find enclosed the Record of Discussion of the 83rd PPPAC held on
September 22, 2017 under the Chairmanship of Secretary (Economic Affairs).

Encls: As above.


(Abhilasha Mahapatra) / N
Director (PPP)
Phone No: 23092076

1. Finance Secretary & Secretary (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, Department of Legal Affairs, Shastri Bhavan, New Delhi
5. 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 Special Secretary, EA
3. PS to JS, Infra Policy & Finance Division

F. No. 2/5/2017-PPP
Government of India
Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee
83rd Meeting held on September 22, 2017

Record of Discussions

The 83rd Meeting of Public Private Partnership Appraisal Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on September 22, 2017. The List of participants is annexed.

It was noted that the PPPAC would consider one proposal in the Roads sector from the Ministry of Road Transport and Highways (MoRTH) for grant of approval.

I. Proposal from Ministry of Road Transport and Highways

Agenda Item :Six laning of Anandapuram–Pendurthi-Anakapalli section of NH-5 (new NH-16) from Km.681.000 (Existing Km.681.000) to Km.731.780 (Existing Km.742.400) along with four lane connectivity to Visakhapatnam Port Road from Km.0.000 to Km.12.700 (Design Length=63.48 Km) in Andhra Pradesh on Hybrid Annuity Mode.

[Handwritten mark]

Total Length:63.48 km; Estimated Project Cost: Rs.2, 355.49 Crore (Rs.37.10 Crore / km), Cost of Pre-construction Activities to be financed by NHAI: Rs.645.76 Crore; Civil Construction Cost: Rs.2,208.25 Crore; Concession Period: 17.5 years including 2.5 years of construction period;

Bidding Parameter: Lowest Bid Price (Life Cycle Cost of the Project)

Land Status: Total land required: 435 ha, Available ROW: 211 ha (48.51% - as per NHAI), Land to be acquired: 224 ha (51.39% - as per NHAI), 3(A) Notification: Published in Gazette for entire length of 63.480 Km (100% - as per NHAI), 3(D) Notification: 204.73 ha (91.39% - as per NHAI)

Status of Clearances: Environmental Clearance: Not required; Forest Clearance: Not required; GADs of all 3ROBs & 1RUB have been approved by Railways; Tree felling permission: Approval received; Shifting of electrical utilities: Sanction received

Major Development Works:Major Bridges: 4 Nos. (3 new +1 existing for service road); Minor Bridges: 32 Nos; Culverts: 107 Nos.; Flyover: 10 Nos.; Elevated Corridor: 1 (length: 1.53 KM); ROB: 3 Nos.; RUBs: 1No; LVUP/VUP: 12/14 Nos; CUP/PUP: Nil; Major Junction: 1No; Minor Junction: 24 Nos.; Interchanges: 1. Km 703.921(Double trumpet), 2. Km 713.880 (Double trumpet), 3.Km730.823 (Double trumpet); Length of service road: LHS: 49.71 km, RHS: 48.99 Km; No of Toll Plaza-4 Nos; Realignment: 3.58 Km; Bypasses (New) – 2 Nos (length: 12.25 km); Busbays: 36 Nos. Truck Lay byes: 1 No (Both sides); Rest Area: 1No (Both sides)

1. Joint Secretary, DEA informed the PPPAC that the proposal from Ministry of Road Transport and Highways (MoRTH) is for six- laning of Anandapuram–Pendurthi-Anakapalli section of NH-5 (new NH-16) along with four lane connectivity to Visakhapatnam Port Road in Andhra Pradesh(AP) on Hybrid Annuity Mode. The proposal submitted by MoRTH, was appraised by PPPAC members and MoRTH has provided clarifications on the comments. The main issues pertain to land acquisition status, financial feasibility, status of applicable clearances and number of structures proposed in the project.

2. Member NHAI made a presentation on the proposal and informed the PPPAC that the project highway starts from Km 681.00 of NH-5 (new NH-16) at Anandapuram and ends at Km 741.400 of NH-5 (new NH-16) near Anakapalli. The erstwhile SH-38, now declared as National Highway-16, connects SH-39 in Pendurthi and also connects another section of erstwhile SH-38 in Sabbavaram. The project highway would serve as major connectivity between Visakhapatnam & Srikakulam districts and the existing 2-lane road would not be able to cater to the anticipated traffic which will ply on this project

corridor because of the major developments such as Gangavaram & Visakhapatnam Ports, Bhogapuram Airport, Vizag Steel Plant, APIIC SEZ, Pydibhimavaram and INS Varsha. He further stated that earlier, a proposal for Six laning of Anandapuram- Vishakapatnam- Anakapali section of NH5 from km 682.98 to km 741.20 in the state of AP under NHDP Phase V on BOT (Toll) was appraised in the 51st meeting of the PPPAC held on 09.03.2012 and recommended for approval. Accordingly bids were invited and the work was awarded to a private developer. Due to non-fulfilment of Conditions Precedent by Concessionaire, the work was terminated on 13.11.2013.

3. Secretary (EA) inquired about the existing stretch of the proposed project and the need for six laning of the proposed stretch. Member, NHAI replied that the project has been proposed to decongest the existing traffic, and it will also provide alternative route and shorter distance for Kolkata to Chennai travellers. The existing Golden Quadrilateral NH is the alternate route but the proposed project will decongest Golden Quadrilateral NH and is a straight route. Member, NHAI further stated that it will serve as a Bypass for Vishakhapatnam Port.

4. Special Secretary, (EA) inquired why the project has not been envisaged on BOT mode considering the straight stretch of the project. Member, NHAI replied that the project is not viable on BOT even with 40% VGF and earlier attempts to bid the project on BOT mode did not receive any response from private developers. To a query on the estimate of viability in terms of traffic and VGF/financial support required, to make the project viable on BOT mode, Joint Secretary, DEA explained that while powers for Change in Mode of Implementation of projects have been delegated to MoRTH, such powers are required to be exercised after examination of all financial parameters and then deciding on the optimal mode of delivery. Secretary, MoRTH further clarified that the earlier requirement that mode of implementation of a project will be followed based on sequential Waterfall Mechanism, (BOT, Annuity, HAM or EPC), is a time consuming process. Now, based on an estimation of the Internal Rate of Return (IRR), between 10% to 15% or more, MoRTH takes the decision on the mode of implementation of a project. Accordingly this project was taken up for implementation on HAM.

5. Secretary, MoRTH asked why 4 Toll Plazas have been proposed in the project as the distance between two toll plazas is less than the prescribed norms. Member, NHAI clarified that while 4 Toll Plazas have been proposed, a user is

not required to pay toll at all these 4 Toll Plazas; these have been proposed based on requirement and the perspective that traffic can join the proposed Highway at different points of access. Secretary, MoRTH stated that the justification for the number of Toll Plazas and their location should be specifically mentioned in the Toll Notification to be issued for the project and the State Government should also be taken on board on this matter.

(Action: MoRTH/NHAI)

6. Joint Secretary, DEA stated that since land acquisition has been one of the primary reasons for project delays, during the 82nd PPPAC, MoRTH/NHAI had agreed that before issue of Letter of Award it would be ensured that 90% of ROW is available with the Authority. This is essential. Chair directed that MoRTH should ensure compliance of all conditions laid down by the PPPAC for project readiness before seeking CCEA/Cabinet approval of the project. The PPPAC agreed that 3G notification of at least 90% land should be completed before seeking CCEA/Cabinet approval and 90% 3H should be completed before the Appointed Date. Secretary, MoRTH explained that in order to achieve the annual target of award of works of road projects, the process of land acquisition has to be expedited and the HAM model provides 150 days after signing of the Concession Agreement to achieve the required Conditions Precedent.

Action: MoRTH/NHAI

7. Advisor, NITI Aayog, while supporting the project, stated that there are issues related to the number of structures proposed in the project (number of flyovers, Vehicular Underpasses and Passenger Underpasses, ROB, etc.) and the proposed median width of the project highway. These are not as per the specifications given in the Manual of Standards and Specifications (MSS) and add to the cost of the project. Member, NHAI stated that the MSS has been revised and given that the project highway is passing through various densely populated villages/towns, the number of underpasses have been increased from a safety point of view. Secretary, MoRTH further clarified that it is preferable to build structures that will also cater for any expansion in traffic in the future and any need to upgrade the Highways from 4 lane to 6 lane. He further stated that given the mechanisation in agricultural practices and the kind of vehicular traffic envisaged in the associated roads, the design specifications (such as height) have been adapted based on ground conditions. The Chair stated that these are technical design considerations of MoRTH/NHAI, who are best suited to evaluate the requirements and ground realities.

8. Joint Secretary, DEA inquired on the reasons for the amendment of the Request for Qualification(RfQ) to increase the limit from the less than 15% to less than 50% of shareholding permitted for foreign participation.. Secretary, MoRTH stated that the aim is to encourage foreign investment. He also stated that all necessary safeguards, such as need for approval from national security and public interest perspective are built in, and government guidelines provide for seeking approval from Ministry of Home Affairs. Further, as per the RfQ, the Bidder is also required to inform the Authority about any change in shareholding.

9. Representative of the Department of Expenditure, while supporting the proposal inquired about Resettlement and Rehabilitation (R&R). Secretary, MORTH replied that R&R is being taken care of as per laid down procedures.

10. Joint Secretary, DEA pointed out that in the past, in order to expedite environmental clearance from the Ministry of Environment of Forests (MoEF), the project proposals and invitation to attend the PPPAC Meetings were also being forwarded to MoEF even though they are not members of the PPPAC. PPPAC members decided that MoEF would be invited to the PPPAC only if there is a specific clearance pending or requirement for environmental clearance and need for intervention with MoEF.

(Action:DEA)

11. The PPPAC recommended the proposal of MoRTH for six laning of Anandapuram–Pendurthi-Anakapalli section of NH-5 (new NH-16) from Km.681.000 (Existing Km. 681.000) to Km.731.780 (Existing Km.742.400) along with four lane connectivity to Visakhapatnam Port Road from Km.0.000 to Km.12.700 in the state of Andhra Pradesh on Hybrid Annuity Mode with Estimated Project Cost of Rs.2,355.49 Crore, for grant of final approval to the competent authority, subject to fulfilment of the following conditions:

11.1 MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCA, and other documents where responses are required and submit final documents for record of the PPPAC.

- 11.2 MoRTH /NHAI shall ensure that Letter of Award for the project is issued only after 90% RoW is available with the Authority.
- 11.3 3G notification of at least 90% land is to be completed before seeking Cabinet / CCEA approval and 90% 3H should be completed before the Appointed Date.
- 11.4 MoRTH shall obtain prior approval of the PPPAC for any change in scope of work or project configuration.

(Action: MoRTH /NHAI)

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

2

Ministry of Finance
Department of Economic Affairs
Public Private Partnership Appraisal Committee
83rd Meeting on September 22, 2017

List of Participants

1. Department of Economic Affairs, Ministry of Finance

- i. Shri. Subhash Chandra Garg, Secretary, Economic Affairs (In Chair)
- ii. Shri. Dinesh Sharma, Special Secretary, Economic Affairs
- iii. Ms. Sharmila Chavaly, Joint Secretary (Infrastructure)
- iv. Ms. Abhilasha Mahapatra, Director (PPP)
- v. Shri. Shubham Goyal, Assistant Director (PPP)
- vi. Shri. Rajesh Gupta, Section Officer (PPP)

2. Department of Expenditure, Ministry of Finance

- vii. Shri. Sitangshu Chakrabortty, Consultant

3. NITI Aayog

- viii. Shri. Praveen Mahto, Advisor

4. Ministry of Road Transport and Highway (MoRTH)

- ix. Shri. Yudhvir Singh Malik, Secretary
- x. Shri. A.K. Ghosh, JS Highways

5. National Highway Authority of India (NHAI)

- xi. Shri. Deepak Kumar, Chairman
- xii. Shri. R. K. Pandey, Member (Projects)
- xiii. Shri. S.K. Mishra, CGM, Technical