


2A/2/2011-PPP  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
PPP Cell

New Delhi, the January 16, 2012

**Subject: Record of Discussion of the 48<sup>th</sup> meeting of the Public Private Partnership Appraisal Committee.**

The undersigned is directed to invite attention to the forty eighth meeting of the Public Private Partnership Appraisal Committee held on December 13, 2011. During the meeting, it was decided that the Standing Cost Committee, chaired by Additional Secretary and Financial Adviser, MoRTH would reconsider the proposal for four laning of Chandikhole-Dubarri Talchar section of NH 200 in Orissa and the proposal for four laning Gomti-Chauraha-Udaipur section of NH 8. It was decided in the meeting that the RoD of the meeting of the PPPAC would be issued after the decision of the Standing Cost Committee. The Standing Cost Committee considered the proposals in its meeting held on **December 23, 2011**.

2. The Record of Discussion of the 48<sup>th</sup> meeting of the Public Private Partnership Appraisal Committee (PPPAC) held on December 13, 2011, incorporating the recommendation of the Standing Cost Committee is enclosed.

  
(Aparna Bhatia)  
Director

To

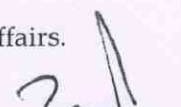
1. Member Secretary, Planning Commission, Yojna Bhavan, New Delhi (Fax 23096575)
2. Secretary, Department of Expenditure, North Block, New Delhi
3. Secretary, Department of Legal Affairs (Fax 23387259)
4. Secretary, Ministry of Environment & Forest, Prayavaran Bhawan, CGO Complex, New Delhi
5. Secretary, Ministry of Road Transport and Highways, Parivahan Bhavan, New Delhi .

Copy to :

1. Chairman, National Highways Authority of India, Sector 10, 5& 6 Dwarka, New Delhi. (Fax 25093505)
2. Additonal Secretary [Shri Rajive Kumar], Cabinet Secretariat, New Delhi.
3. Joint Secretary [Smt Vini Mahajan], PMO, South Block, New Delhi.

Copy also to :

- a. PSO to Secretary, Economic Affairs.
- b. PPS to Additional Secretary & Director General (C), Economic Affairs.
- c. PS to Joint Secretary (Infra and Investment)

  
(Aparna Bhatia)  
Director (PPP)

**Government of India  
Ministry of Finance  
Department of Economic Affairs**

**Public Private Partnership Appraisal Committee**

**48<sup>th</sup> Meeting on December 13, 2011**

**Record Note of Discussion**

The 48<sup>th</sup> meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on December 13, 2011. The list of participants is annexed.

2. The Chair welcomed the participants and noted that the PPPAC would consider seven proposals from Ministry of Road Transport & Highways for grant of final approval. He noted that the PPPAC would also review the status of 173 National Highways projects already approved by the PPPAC and the action taken on the earlier decisions of the PPPAC during the calendar year 2011 with respect to NH projects.

**Agenda Item I: Proposal from Ministry of Road, Transport and Highways (MoRTH) for grant of final approval: Six-laning of Chandikhole to Paradeep section, km 0.00 to km 76.618 of NH-5A under NHDP V on BOT (Toll).**

**Total length: 76.618 km; Total Project Cost: Rs. 1014.36 crore; Concession period: 30 years including 2.5 years construction period.**

**Major development works/ structures:** Major Bridges : 14; Minor Bridges : 27; Toll Plaza; 1 at km 4.0 (design chainage); Service Roads: 56.773 km; Vehicular underpasses: 11; Pedestrian underpasses: 19; Culverts: 59; Truck laybys: 4; Bus-bays: 52

3. Director DEA informed that appraisal in respect of the project from Planning Commission has not been received though the project documents were circulated more than four weeks earlier. The Cabinet approved Guidelines for Formulation, Appraisal and Approval of PPP projects prescribe four weeks for appraisal of PPP projects, from the date of their receipt. Further, Cabinet Secretariat, vide O.M. No 1/28/1/2009-Cab. dated December 3, 2009 has, with the approval of the Prime Minister, communicated the timelines for completion of Inter Ministerial Consultations in disposal of cases by the Appraising Agencies. It has, *inter alia*, been indicated that the PPPAC shall dispose off the proposals within a period of four weeks. The O.M. also conveys that *the appraisal process in the Planning Commission shall be streamlined and in all cases, the appraisal shall be completed within a period of four weeks.*

4. Chair noted that appraisal from Planning Commission has not been received though the prescribed period of completion of the appraisal process within a period of four weeks had already elapsed. He observed that the work of PPPAC gets unduly delayed on account



of delays in receipt of appraisal notes from Planning Commission. The PPPAC noted that the delays in the appraisal process by the Planning Commission also contravenes the instructions issued by the Cabinet Secretariat where, inter alia, there is specific direction that Planning Commission shall streamline its processes to ensure that the appraisal is completed within a period of four weeks. The Chair requested Member Secretary, Planning Commission to take up the matter within the Organisation to ensure compliance with the directions of the Prime Minister and the Cabinet Secretariat.

*(Action: Planning Commission)*

5. Secretary, RTH stated that the Ministry works under strict targets in respect of award of projects and execution of works on the National Highways. He requested that the delays in the appraisal processes by Planning Commission would result in slippage in meeting the targets. He requested that in view of the instructions from the Cabinet Secretariat and the prescribed time lines for appraisal of projects, the projects may be considered for approval since the mandated period of appraisal has lapsed.

6. Member Secretary, Planning Commission observed that the instructions with respect to time lines for appraisal of projects must be respected. She indicated that Planning Commission will examine the matter internally to ensure compliance with the guidelines.

*(Action: Planning Commission)*

7. Secretary, RTH requested that the next meeting of PPPAC may be held early, to consider the proposal. This was agreed to.

*(Action: DEA)*

8. The PPPAC deferred the consideration of the project pending the appraisal note from Planning Commission.

*(Action: Planning Commission)*

**Agenda Item II: Proposal from MoRTH for grant of final approval: Four-laning of Chandikhole Dubari Talcher Section of NH-200, km 301.89 to km 428.03 including km 8.500 to km 15.75 of NH 23 in the State of Orissa under NHDP-III.**

**Total length: 132.50 km; Proposed Total Project Cost: Rs. 1273 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 226.90 crore; Concession Period: 24 years including 2.5 years of construction period.**

**Major development works/ structures: Major Bridge: 10; Minor bridges: 36; Flyover: 1 ; ROBs:1; Bypasses: 3 (11.257 km); Major road junctions: 8; Minor road junctions: 48; Service roads: 12.60 km; Toll plazas: 2 (km 12 of NH 23 & km 394.3 of NH 200); Vehicular underpasses: 8; Pedestrian underpasses: 7; Culverts: 249; Truck laybys: 2; Bus-bays: 14**

9. Joint Secretary, MoRTH presented the proposal and informed that the Standing Cost Committee has already approved the cost and scope of the project.

10. Joint Secretary, Department of Economic Affairs (DEA) indicated that this project was earlier approved by PPPAC in its 13<sup>th</sup> meeting held on November 5, 2007 for a Total Project Cost (TPC) of Rs. 784 crore with a 25 year concession period. However, on bidding the project in 2009, no bids were received. The project was restructured and RfQ was invited afresh in 2009-10 for a TPC of Rs. 651 crore. In the restructured project, it was proposed to four lane the National Highway for 60 km and two lane (with paved shoulders) the NH stretch for 72.50 km. Again, no bid was received despite notification of several extensions up to May 2010. The current project proposal envisages four laning of the 132.5 km stretch for a TPC of Rs. 1273 crore.

11. Joint Secretary, DEA indicated that the Standing Cost Committee has considered the project parameters and approved the cost of the project subject to the review of the cost of a toll plaza (costing Rs. 13 crore), which was observed to be on the higher side by the Standing Cost Committee. CGM, NHAI informed that the cost of the toll plaza has been re-examined by NHAI and has been found reasonable based on its configuration. The Chair enquired whether the above review had been brought to the notice of the Standing Cost Committee. CGM, NHAI responded with a negative to the query; the Chair advised that the project cost may be first reviewed by the Standing Cost Committee before consideration by the PPPAC.

12. Secretary, RTH requested that the project maybe considered for approval subject to the decision of the Standing Cost Committee in respect of the cost of the toll plaza and the TPC of the project. The Chair agreed with the request and observed that the decision of the PPPAC with respect to the project would be communicated subsequent to the consideration of the project afresh by the Standing Cost Committee<sup>1</sup>.

*(Action: MoRTH & DEA)*

13. Joint Secretary, DEA sought clarification regarding the period during which the traffic survey for the project had been undertaken. Member, NHAI informed that the Feasibility Report in respect of the project was prepared in the year 2005; however, a fresh traffic survey was conducted in April 2011 and traffic figures indicated in the proposal were based on the updated traffic estimates. Director, DEA stated that supplementary traffic information that has emerged from the traffic survey conducted in 2011 may be shared with the members of PPAC. This was agreed to.

*(Action: MoRTH /NHAI)*

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<sup>1</sup> The Standing Cost Committee, chaired by Additional Secretary and Financial Adviser, MoRTH considered the proposal in its meeting held on December 23, 2011 and it was decided that NHAI would revise the cost of the toll plazas. After the revision, the TPC of the project is Rs. 1243 crore. The Cost Committee approved the revised TPC of Rs. 1243 crore for the project.



14. Joint Secretary, DEA indicated that though four-laning is justified at the toll plaza locations, four-laning is not justified for a stretch of 74 km (i.e. from km 302 to km 376), where the projected traffic is around 6,000 PCUs. CGM, NHAI clarified that currently the stretch from km 302 to km 376, having traffic of 6,626 PCUs, is a two-lane road and is in a poor condition. Hence, most of the traffic destined for Paradeep Port, originating from NH-23 takes alternative routes i.e. the State Highway, which is in better condition at Petri Junction (at km 302) to reach Baller Chowk heading towards Paradeep Port via NH-23, NH-42, NH-5 and NH-5A. It was emphasised that once the proposed National Highway is developed, the estimates indicate that 40 per cent of this traffic shall be diverted to this route, thus, streamlining the traffic on the stretch, consistent with the traffic at the toll plaza locations. Further, the Kalingapur Industrial area, adjacent to the project highway, is expected to give fillip to growth of traffic on the project highway. Hence, four-laning is justified for the entire road.

15. The Chair enquired about the status of land acquisition and whether there was adequate provisioning of safety features on the project stretch. Member, NHAI informed that land has been acquired for the project. Service roads have been proposed for 12.60 km, considered imperative for safety at the Dubri town.

16. Member Secretary, Planning Commission stated that the concession period may be revised to 24 years instead of 25 years, based on the design capacity of the project. Secretary, RTH agreed with the same. CGM, NHAI indicated that, reducing the concession period will affect the change in TPC. Director, DEA requested the representative of MoRTH to review their financial modelling framework with the PPP Cell of DEA. This was agreed to.

*(Action: MoRTH /NHAI)*

17. Joint Secretary, DEA indicated that Clause 27.1 of the project DCA, which prescribes that the Concessionaire may reduce the toll rates, contravenes the Toll Policy and the Toll Rules. Member Secretary, Planning Commission stated that suitable changes may be carried out in the DCA to ensure that it is consistent with the provisions of the Toll Rules. The Toll Rules prescribe that the toll rates are fixed and these are not indicative or ceiling rates. A limited decision, has already been taken in the 47<sup>th</sup> meeting of the PPPAC. Secretary, RTH agreed to effect the correction in the project DCAs of all projects being considered by the PPPAC in its instant meeting.

*(Action: MoRTH /NHAI)*

18. The PPPAC granted final approval to the project under NHDP-III for TPC of Rs. 1243 crore<sup>2</sup> with a maximum admissible VGF for the project of Rs. 497.20 crore (40 per cent of TPC), subject to fulfilment of the following conditions:

a. The Concession period for the project shall be 24 years.

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<sup>2</sup> and <sup>3</sup> TPC of Rs. 1243 crore approved by the Standing Cost Committee in its meeting held on December 23, 2011.

