

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

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

**25<sup>th</sup> Meeting on 10 September, 2010**

**Record Note of Discussions**

The Twenty fifth meeting of the Empowered Institution (EI), chaired by Director General, Department of Economic Affairs was held on September 10, 2010. The list of participants is annexed.

**Agenda Item 1: Final approval of proposals from Government of Madhya Pradesh (GoMP):**

- a. **Two laning of Bhina-Khimalsa-Malthon (39.42 km) on BOT Basis. (VGF support of ₹ 13.82 crore)**
- b. **Two laning of Bhind Miltona-Gopalpur (SH 50.86) on BOT Basis (VGF support of ₹ 16.58 crore)**
- c. **Two laning of Damoh Jabalpur (SH 98.91 km) on BOT Basis (VGF support of ₹42.43 crore)**
- d. **Two laning of Sagar Damoh (SH 68.81 km) on BOT Basis(VGF support of ₹ 23.30 crore)**

2. The EI noted that the proposals were considered by the EI in its 16<sup>th</sup> meeting held on February 2, 2009 and granted 'in principle' approval for VGF assistance indicated above. Subsequently, the bid process has concluded, the Concession Agreements have been executed and appraisals by the Lead Financial Institutions (LFIs) for the respective projects completed. The LFIs have indicated that the risk profile of the projects is reasonable.

3. Joint Secretary, Department of Economic Affairs (DEA), pointed out that the project financing indicated by the Concessionaires highlight that the promoters' equity proposed to be brought in is lesser than the capital grant approved for the projects under the VGF Scheme. This is in contravention of the provisions of the Concession Agreements and the Scheme. Article 25.2.2 of the Concession Agreement (CA) provides that the equity support (VGF) is not greater than the equity component. Accordingly, the financing arrangements from the lenders would require revision prior to grant of final approval.

4. Managing Director (MD), Madhya Pradesh Road Development Corporation (MPRDC) informed that undertakings had been obtained from the Concessionaires in respect of the four projects, confirming that before completion of the project roads, the equity of the promoters, as given in the financial package will be increased to the extent that it complies with the provisions of Article 25.2 of the Concession Agreements. Further, no demand for grant will be raised beyond the equity as proposed at present in the financing package till the promoters equity is increased beyond the equity support as per Article 25.2 of the executed CA. MD, MPRDC requested that final approval may be granted subject to the condition that first release of the VGF may be undertaken after compliance to the said conditions.

5. Representative from Planning Commission and Department of Expenditure (DoE) agreed with the observations of DEA and offered no further comments on the subject.

6. Joint Secretary, DEA informed that MoRTH, vide communication dated September 9, 2010 have informed that there are some issues regarding competing facility vis-à-vis National Highways and conformity to IRC Standards and Specification, particularly in respect of the proposals of Go MP, which require further examination in the Ministry, in consultation with the State Government and NHAI. No representative from MoRTH was present in the meeting to further elaborate on their reservations. MD, MPRDC informed that the State Highways do not constitute competing facilities to the National Highways and confirmed that the projects were based on the Manual of Standards and Specification (MSS) prepared by the Indian Roads Congress (IRC).

7. The EI deferred grant of final approval to the projects and requested MPRDC to send the revised financing arrangements in accordance with the VGF Scheme and the Concession Agreements. After receipt of the revised documents, the EI would reconsider the proposals.

*(Action: Government of Madhya Pradesh/ MPRDC)*

**Agenda Item II: 'In-principle' approval of proposal from GoMP: Development of a two-laned road from Bina Kurvai-Sironj on BOT basis (57.1 km ; VGF support of ₹ 18.344 crore)**

8. Joint Secretary, DEA informed that the project documents incorporated the provisions recommended by the B.K. Chaturvedi (BKC) Committee,

which has been made applicable to the BoT (Toll) projects of National Highways with the approval of the CCI. Principle Secretary, PWD, Government of Rajasthan sought clarification whether the recommendations of the BKC Committee are applicable for the State Highways. Joint Secretary, DEA informed that while considering projects for VGF support, the EI accepted project DCAs based on the recommendations of the B.K.C Committee, subject to their approval/adoption by the State Government concerned.

9. The representative of Planning Commission made the following observations:

9.1 **Clause 27.10 of the DCA:** Provision for Additional Charges for overloaded vehicles has been deleted, which, is in contravention of the Supreme Court directions.

9.2 **Schedule C of the DCA:** Project Facilities: The DCA provides that a hard top vehicle shall be provided by the Concessionaire for the use of the MPRDC officials. This was undesirable and may be deleted. JS, DEA supported this view and informed that the provision was allowed for proposals for VAF support as well as NHAI.

9.3 **Schedule D of the DCA:** Specifications and Standards: In clause 1 of Schedule D the expect. Compliance by Concessionaire to the MSS has been deleted. Since the said provision made compliance to the MSS legally bonding, the provision may be restored.

10. MD, MPRDC accepted the observations and agreed with:

10.1 Restoration of Clause 27.10 of the DCA which provides Additional Charges for overloaded vehicles.

10.2 Amendment to Schedule C of the DCA to effect removal of the provisions relating to hard top vehicle for use by MPRDC officials.

10.3 Restoration of the clause 1 in Schedule D pertaining to compliance of Specification and Standards by the Concessionaire.

11. EI granted in principle approval of the project subject to the submission of the revised documents by MPRDC to the members of the EI.

*(Action: Government of Madhya Pradesh/ MPRDC)*

**Agenda Item III: 'In-principle' approval for proposal from Government of Rajasthan:**

- 1. Two-laning of Kotputli- Kuchamann via Neem ka Thana, Sikar, Lohsal of SH 37-B, SH-7 and SH7-D (216 km; VGF support of ₹ 46.198 crore)**

2. **Two-laning of Bharatpur –Alwar-Behror-Narnaul road section of SH-14 upto Haryana Border ( 71.127 km; VGF support of ₹ 26.38 crore)**
  3. **Two laning with hard shoulders of Dudu-Sambhar Road section of SH-2 (26 km; VGF support of ₹ 7.95 crore)**
  4. **Two laning from Chomu to Mahla via Renwal, Jobner section on SH-8-B, SH-19, SH-2C, SH-8A and DDR 02 (82.087 km; VGF support of ₹ 25.37 crore)**
12. The Generic issues were first discussed in respect of the four projects:
- 12.1.1 Joint Secretary, DEA emphasised the need for legal vetting of the projects. It was suggested that a Certificate from Legal firm may be furnished along with revised documents after revision of the project DCA, including schedules, in accordance with the appraisal notes.
  - 12.1.2 The representative of Planning Commission made the following observations:
    - (a) Clause 5.7 of the project DCA may be modified for branding of the project Highway as per the provisions of the Model Concession Agreement (MCA).
    - (b) Clause 10.1 of the project DCA provides reference to ‘two laning plus’ all references to two laning plus may be deleted from the DCA since two stage augmentation is not envisaged.
    - (c) Clauses 10.3.6 and 10.3.7 of the MCA have been deleted from the project DCA. These clauses deal with provisioning of additional land required for completion of the project for any change in the scope. Therefore, it was suggested that these may be retained with appropriate project specific changes.
    - (d) O&M support under Clause 25.3.2 was linked to the O&M expenses in the DCA. The same may be modified and linked to equity as per the MCA for State Highways.
  - 12.1.3 It was noted that Planning Commission and DEA had suggested corrections in the Schedules of the DCAs.
13. The State Government agreed to undertake modifications in the project DCAs.

#### **Kotputli- Kuchamann project via Neem ka Thana, Sikar, Lohsal**

14. The proposal for VGF for the project stretch from Kotputli-Kuchamann was granted ‘in principle approval’ for a concession period of 25 years for VGF support of upto ₹ 46.198 crore, subject to the State Government sending the revised documents to the members of the EI.

### **Bharatpur –Alwar-Behrur-Narnaul project**

15. The EI noted that the State Government had proposed to develop the project under two phases; the widening of a section of the road from Bardod to Behror and construction of a new bridge at km. 142.850 were proposed to be undertaken in the second phase, commencing from the eleventh year of the Appointed Date. However, the project cost of undertaking the works in the Phase-II had been included in the Total Project Cost (TPC) for VGF support, which is not admissible. The State Government clarified that they had revised the project documents and it was now proposed to develop the project in a single phase for a Concession Period of 25 years.

16. Joint Secretary, DEA further pointed out that three toll plazas are proposed to be provided for a total length of 71 km, which, may cause inconvenience to the users. The representative of GoR explained that the location of toll plazas have been kept in a manner that no commuter would pass more than two toll plazas in a single journey. This formulation was accepted by the EI.

17. Joint Secretary, DEA observed that in Clause 29.2.3 of the DCA (in respect of 'Modification in the Concession Period') three different figures of design capacity have been specified. It was advised that a single figure may be prescribed. This was agreed to be the representatives of GoR. It was clarified that the design capacity of the project highway would be indicated as 23,000 PCUs.

18. The proposal was granted 'in principle' approval for a concession period of 25 years for VGF support of upto ₹ 26.38 crore subject to the State Government sending the revised documents to the members of the EI.

### **Dudu-Sambhar project**

19. The EI noted that the length of the Project was only 26 km and that the appraising Departments have suggested that the possibility of extending/clubbing this road with other adjacent stretches may be explored by the State Government. The representative of GoR explained that the traffic beyond Sambhar did not warrant widening of the project stretch and possibility of merging with any other road project was not there. The EI accepted development of the project stretch.

20. The proposal was granted 'in principle' approval for a concession period of 25 years for VGF support of upto ₹ 7.95 crore subject to the State Government sending the revised documents to the members of the EI.

### **Chomu to Mahla Project via Renwal, Jobner**

21. The EI noted that the State Government was addressing the observations of the members of the EI and that there was no outstanding issues. The proposal was granted 'in principle' approval for a concession period of 25 years for VGF support of upto ₹ 25.37 crore subject to the State Government sending the revised documents to the members of the EI.

*(Action: Government of Rajasthan)*

### **Agenda Item IV: Proposal for 'In-principle' approval from Government of Haryana (GoH) for four laning of Rai Malikpur (Rajasthan Border) – Narnaul-Mahendergarh-Dadri-Bhiwani-Kharak corridor (151 km; VGF support of ₹ 120.17 crore)**

22. The EI noted that the State Government had responded to the comments of DEA and Planning Commission on the project proposal and was undertaking modifications in the project documents, including the Schedules, and undertaking legal vetting of the project documents. However, Planning Commission, in their Appraisal Note, have advised that two sections of the project could be considered for development as two laned highway and widened subsequently when warranted by the traffic. The representative of GoH informed that the traffic was expected to reach the required levels on the said stretches close to the COD and a second stage augmentation immediately after COD may not be desirable. This was accepted by the EI.

23. The Chairman queried about the various clearances required for the project. The representative of the State Government explained that shifting of utilities had been completed; land acquisition was complete for 672 of the required 1300 acres and the balance was under process; the environmental and forest clearances had been sought and the process was under way. The State Government was requested to expedite completion outstanding processes for obtaining the statutory clearances.

24. The proposal was recommended to Empowered Committee for grant of 'in principle' approval for VGF support of upto ₹ 120.17 crore subject to the State Government sending the revised documents to the members of the EI.

*(Action: Government of Haryana)*

### **Agenda Item V: Proposal for 'In-principle' approval from Government of Haryana for four laning of Yamunanagar Ladwa section of SH-6 ( 21.8 km; VGF support of ₹ 30.89 crore)**

25. The EI noted that DEA and Planning Commission have observed that the project stretch is only 22 km and have advised that the possibility of

combining/clubbing the same with any road project may be explored. The representative of the State Government informed that in view of the observations, the State Government had identified an adjacent stretch till Karnal which could be included in the project for development as a four lane highway. The financial analysis of the longer stretch indicated that the viability of the project as a whole would improve with the proposed extension.

26. The EI requested the State Government to send the revised proposal and project documents for consideration for VGF support.

*(Action: Government of Haryana)*

**Agenda Item VI: Proposal for 'In-principle' approval from Government of Maharashtra for four laning of Hadapsar- Saswad- Belsar-Phata (SH-64) to Belha-Pabal-Uralikanchan-Jejuri-Nira (SH-61) road ( 41.06 km; VGF support of ₹ 47.72 crore)**

27. The EI noted that DEA and Planning Commission have sent detailed observations on the project scope and documents and advised modifications. The representative of GoM informed that the State Government had modified the project documents based on the Appraisal Notes and the revised documents were under preparation. However, the State Government has proposed an increase in the scope of work so as to include the provision of a two lane ROB had in the project. This entails change in the project parameters – a project cost had increased from ₹ 238.6 crore to ₹ 291.47 crore. Further the construction period was envisaged to be three years to accommodate the construction of ROB and the Concession Period was proposed to be 25 years. Accordingly, the VGF sought under the Scheme was now ₹ 58.28 crore.

28. The proposal was granted 'in principle' approval for VGF support of upto ₹ 58.28 crore subject to the State Government sending the revised documents to the members of the EI.

*(Action: Government of Maharashtra)*

29. The meeting ended with a vote of thanks to the chair.