

F. No. 3/8/2017-PPP
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

North Block, New Delhi

Dated the 27th Nov, 2017

OFFICE MEMORANDUM

Subject: Record of Discussion of 79th Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) – reg.

The undersigned is directed to enclose a copy of Record of Discussion on 79th Meeting of the EI for the grant of VGF under the Scheme for Financial Support to PPPs in Infrastructure held on 23rd Nov 2017 under the Chairmanship of Special Secretary (EA) for information and necessary action.

Encl: as above


27/11/2017

(Shubham Goyal)

Assistant Director (PPP)

Ph: 23095150

1. Shri K. Rajaraman, Joint Secretary, Department of Expenditure, North Block, New Delhi
2. Shri Praveen Mahto, Advisor (PPP/PAMD), NITI Aayog, YojnaBhawan, New Delhi
3. Shri Amit Kumar Ghosh, Joint Secretary, Ministry of Road Transport and Highways, Transport Bhawan, New Delhi
4. Shri Anil Chansoria, E-in-C, Madhya Pradesh Road Development Corporation Limited, Madhya Pardesh
5. Shri Anoop Kulshreshtha, Additional Chief Engineer (PPP), Public Works Department, Jaipur, Rajasthan
6. Chief Manager, Punjab National Bank, Mid Corporate Branch, H-1A/11, Sector 63, NOIDA

Copy to:

1. Sr. PPS to Special Secretary (EA)
2. PPD to JS (IPF)
3. DD (PPP)

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Ministry of Finance
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(PPP Cell)

Empowered Institution (EI) for the 'Scheme for Financial Support to Public Private Partnership in Infrastructure'

79th Meeting held on November 23rd, 2017

Record Note of Discussions

The 79th Meeting of Empowered Institution (EI) for the Scheme for Financial Support to Public Private Partnership in Infrastructure chaired by Special Secretary, Economic Affairs, was held on 23rd November 2017. The list of participants is annexed.

The EI noted that there was a road sector proposal from, Government of Rajasthan for final approval of viability gap funding (VGF) under the Scheme for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme).

The EI also noted that there was a case of terminated road project from Madhya Pradesh Road Development Corporation, Government of Madhya Pradesh for information of EI.

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 Empowered Institution (EI), proposal for VGF up to Rs.200 crore may be sanctioned by the Empowered Committee (EC), and amounts exceeding Rs.200 crore may be sanctioned by the EC, with the approval of Finance Minister.

Road Sector Proposal from Public Works Department, Government of Rajasthan for Final Approval

Agenda Item I: Proposal from Public Works Department, Government of Rajasthan for grant of final approval for Development and Operation, Maintenance of Hanumangarh to Abohar Section of SH-7A (Upto Punjab Border) through PPP on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis

Project Details: Length: 42.65 km; Total Project Cost: Rs.51.50 crore; Concession Period: 19 years including 12 months construction period;

Major Development Work / Structures: Major Bridges: Nil; Minor Bridges: 5 Nos; Culverts widening and reconstruction: 32 Nos; At grade intersection: 19 Nos; Longitudinal drains: 4 Nos; No of Toll Plaza-1 Nos; Bus shelters: 7 Nos

VGF Sought: Rs.8.8065 Crore (17.10 % of the TPC of Rs.51.50 Crore) from Government of India as per the VGF Scheme.

2. Joint Secretary (Infrastructure Policy and Finance) informed the EI that a proposal for "Final" approval has been received from **Public Works Department, Government of Rajasthan (GoR) for Development and Operation, Maintenance of Hanumangarh to Abohar Section of SH-7A (Upto Punjab Border) through PPP on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis**
3. Joint Secretary (IPF) further stated that the Project with TPC of Rs.51.50 Crore with maximum admissible VGF of Rs.8.8065 Crore (17.10 % of TPC) would be financed under the Government of India's Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme), was granted in principle approval by the Empowered Institution (EI) in its 74th meeting held on October 6, 2016.
4. Executive Engineer, PWD, GoR made a presentation on the Project proposal and stated that around 10% of the Project work has been completed. It may be noted that the Selected Bidder has formed an SPV, which executed the Concession Agreement with Government of Rajasthan on 17th Jan 2017 and the appointed dated of the Project is 15th July 2017.
5. AD (PPP), DEA sought clarification from GoR that whether the unsecured loan component of Rs. 5.25 crore mentioned in the submitted financial plan will be classified as equity component or debt component for the VGF disbursement process. Executive Engineer, PWD, GoR replied that the unsecured loan component of Rs.5.25 crore shall be treated as equity component.
6. All members of EI were in support to grant final approval for VGF support to the Project subject to the conditions that PWD, Government of Rajasthan would ensure that all the required clearances will be obtained. The Project is completed on Time and there would not be any extra compensation to the Concessionaire towards cost overrun.

7. The EI granted final approval to the Project "Development and Operation, Maintenance of Hanumangarh to Abohar Section of SH-7A (Upto Punjab Border) through PPP on Design, Build, Finance, Operate, and Transfer (DBFOT) Toll Basis under PPP mode for TPC of Rs.51.50 Crore (with TPC of Rs. 51.50 Crore as per the lenders appraisal) with total VGF support of Rs. 8.8065 Crore (17.10% of TPC) and that would be financed under the Government of India's Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme). The approval is subject to the condition that PWD, Government of Rajasthan would ensure that the Project is completed on time and there would not be any extra compensation to the Concessionaire towards cost overrun.

Road Sector Project, Terminated by Madhya Pradesh Road Development Corporation, Government of Madhya Pradesh for Information of EI.

Agenda Item II: Development of Seoni- Katangi to Maharashtra Border on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis

8. Joint Secretary (IPF) informed the EI that the Project "Development of Seoni- Katangi to Maharashtra Border on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis" was granted Final approval by EI in its 51st meeting held on 18.12.2013 for TPC of Rs.152.55 Cr and total VGF of Rs. 59.50 Cr out of which Rs.30.5 Cr from Govt of India and Rs.29.00 Cr from Govt. of Madhya Pradesh under the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme).

9. Joint Secretary (IPF) further informed to EI that the Tripartite Agreement have been signed between EI, Punjab National Bank (Lead Financial Institution) and MBL Highway Development Company Limited (Concessionaire) in confirmation with MPRDC (Project Authority) on 4th March 2016 and one instalment of Rs.14.978 Cr was sanctioned by GoI as MoF share of VGF towards the captioned project vide sanction order dated 14.6.2016. He stated that it has been observed by DEA that later MPRDC had issued the Termination Notice dated 30.8.2016 to Concessionaire and later on terminated the contract vide Termination order dated 18.11.2016 without informing DEA.

10. Lead Financial Institution representative requested to EI to suggest the way forward to safeguard the interest of the LFI in the instant Project due to termination of the Project.

11. Special Secretary, EA clarified that EI's role is limited as per the terms defined under the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme), hence it does not come under the purview of the EI and the mentioned case may be

examined between the Sponsoring Authority, LFI and Concessionaire based on the defined terms of executed Concession Agreement.

11. Chair asked the Sponsoring Authority (MPRDCL) and the Lead Financial Institution (LFI) to submit the factual data report on the Project and a meeting at JS (IPF), DEA level may be convened, wherein all the stakeholders of the Project may be invited to discuss the Project specific issues.

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

Ministry of Finance
Department of Economic Affairs
Empowered Institution for the
'Scheme and Guidelines for Financial Support to
Public Private Partnership Appraisal Committee'

79th Meeting held on 23rd Nov 2017

List of Participants

1. Department of Economic Affairs, Ministry of Finance
 - i. Shri Dinesh Sharma , Special Secretary, Economic Affairs (In Chair)
 - ii. Shri S. Selvakumar, Joint Secretary (IPF), Economic Affairs
 - iv. Ms. Seema Jain, Deputy Director (PPP)
 - v. Shri. Shubham Goyal, Assistant Director (PPP)

2. Department of Expenditure, Ministry of Finance
 - vi. Shri. K. Rajaraman, Joint Secretary

3. NITI Aayog
 - vii. Shri Praveen Mahto, Advisor

4. Ministry of Road Transport and Highways (MoRTH)
 - viii. Shri Rupesh Kumar Srivastava, Executive Engineer

5. Madhya Pradesh Road Development Corporation Limited
 - ix. Shri Anil Chansoria, E-in-C

6. Government of Rajasthan
 - x. Shri Anoop Kulshreshtha, Additional C.E (PPP), PWD
 - xi. Shri Somesh Rathi, Executive Engineer

7. Punjab National Bank
 - xii. Shri P. Sunil,, Punjab National Bank