F. No. 1/30/2023-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
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5th Floor, STC Building,
Janpath New Delhi
Dated: 2nd November 2026

Record of Discussion

Subject: Record of Discussion of the 57th meeting of the Empowered Committee (EC) to consider granting final approval to the proposal of Department of Higher Education, Ministry of Education, 'Development of Student Hostel project at Indian Institute of Technology (IIT) Madras on Public Private Partnership'

Reference: (i) 116th PPPAC & 46th EC meeting held on 19th October 2024
(ii) 57th Meeting of the EC held on 24th October 2026.

Sir/ Madam,

The undersigned is directed to forward herewith the Record of Discussion of the 57th meeting of the EC held on 24th October 2026 to consider granting final approval for Viability Gap Funding support to the proposal 'Development of Student Hostel project at IIT Madras on Public Private Partnership'.

2. This issues with the approval of the Competent Authority.

(Rahul Singh)
Director

1. **Secretary, Department of Expenditure, Kartavya Bhawan-1, New Delhi**
2. **CEO, NITI Aayog, Yojana Bhawan, New Delhi-01**
3. **Secretary, Department of Higher Education, Ministry of Education, Shastri Bhawan, New Delhi**
4. **Registrar, Indian Institute of Technology, Madras**

Copy to:
1. **Sr. PPS to Secretary (EA)**
2. **PPS to JS (IFS)**

Subject: Record of Discussion of the 57th meeting of the Empowered Committee (EC) to consider granting final approval to the proposal of Department of Higher Education, Ministry of Education, 'Development of Student Hostel project at Indian Institute of Technology (IIT) Madras on Public Private Partnership (PPP)'

1. The 57th meeting of the EC was held on 24th October 2026 at 11:00 AM under the Chairmanship of Secretary (EA) to consider granting final approval for Viability Gap Funding (VGF) support to the proposal of Department of Higher Education, Ministry of Education, 'Development of Student Hostel project at IIT Madras on Public Private Partnership'. List of attendees is placed at **Annexure-I.**

2. The details of the proposal are given below in Table-1 below:

Table-1

Project Description	Selection of a Private partner to develop Students Hostel (Vaigai Hostel, Sarayu Extension Hostel) at IIT Madras on PPP mode with VGF support
Type of PPP (BOT, BOOT, BOLT, OMT etc.)	DBFOT basis (Design, Build, Finance, Operate and Transfer)
Location	Chennai, Tamil Nadu
Administrative Ministry/Department	Department of Higher Education
Name of Sponsoring Authority	Indian Institute of Technology, Madras
Name of the Implementing Agency	Indian Institute of Technology, Madras
Proposed under	Sub Scheme -I of VGF Scheme
Concession Period	30 years
Construction period	18 months
Cost of the Project (In INR Cr)	INR 419.20 Crore
Project Implementation Schedule	**Project Milestone-1:** Project Milestone-I shall occur on the date falling on the 12 months from the Appointed Date. The Concessionaire shall have expended not less than 75% of the Total Project Cost set forth in the Financial Package. **Project Milestone-2:** Project Milestone-II shall occur on the date falling on the date of expiry of 18 (eighteen) months from the Appointed Date. The Concessionaire shall have expended not less than 100% of the Total Project Cost set forth in the Financial Package **Scheduled Completion Date:** The Scheduled Completion Date shall be 18 months from the Appointed Date.

Revenue Stream of the project	**Main revenue streams are:** ▪ The Concessionaire shall be granted the right to collect hostel fees and this shall be the main revenue stream from the project. ▪ The Concessionaire shall also be allowed to operate the cafeteria, vending machine and badminton court within the hostel premises and earn revenue from it.
Tariff	IIT-Madras will fix the user charge to be collected by the Concessionaire

3. Details of Total Project Cost (TPC) and VGF as approved in-principle by the 46th EC and as discovered by the market through bidding are given in the Table-2 below: -

Table-1

Details	**Amount (₹ in crore)**
Estimated Project Cost (EPC) as per In-Principle Approval	396.96
Total Project Cost as per Financial Close	419.20
Total Capex VGF as per In-Principle Approval	238.18 (60% of EPC)
Total Capex VGF as per Financial Close (quoted by Bidder)	224.99 (56.68% of EPC) (53.67% of TPC)
Government of India (GoI) capital grant	119.09 (30% of EPC) (28.40% of TPC)
IIT Madras capital grant	105.90

4. On behalf of the Chair, Joint Secretary (IFS) welcomed the participants to the meeting. It was informed that the project proposal had been recommended by the 46th EC, at its meeting held on 19th October 2024, for in-principle approval of VGF. The proposal has now been submitted to the EC for consideration of final approval, in accordance with the Scheme Guidelines. Thereafter, IIT Madras made a detailed presentation to the EC.

5. IIT Madras intends to develop the Vaigai Boys' Hostel and Sarayu Girls' Hostel under the PPP mode. The two blocks would provide 1,505 rooms, against the minimum specified requirement of 1,478, comprising 1,062 single rooms, 407 twin-sharing rooms, 12 rooms for persons with disabilities, 16 guest rooms, and 8 warden and office rooms. The Vaigai and Sarayu blocks would be developed on sites measuring 8,860 sqm and 2,250 sqm, respectively, with a total built-up area of 70,577 sqm and G+11 floors. The structural shell has been designed for a service life of 100 years, while the interiors could be repurposed.

6. The project cost at financial close is ₹419.20 crore, compared with the earlier estimate of ₹396.96 crore. The VGF sought is ~₹225 crore, while the concessionaire's contribution is ₹194 crore, comprising debt of ₹145 crore and equity of ₹49 crore, with a debt-equity

ratio of 75:25. The construction and operation periods remain unchanged at 1.5 years and 28.5 years, respectively. The financing terms at financial close include an interest rate of 8.15% per annum, an 18-month drawdown period, a 0.5-year moratorium and a 12.75-year repayment period. Hostel charges will be fixed by the Authority, and the private partner will also earn revenue from value-added services. The project IRR and equity IRR at financial close are projected at 9.50% and 13.88%, respectively, compared with 13.70% and 15.80% at the in-principle stage.

7. Following the detailed presentation, the Chair invited the EC members to provide their observations and comments on the project proposal. **NITI Aayog** supported the proposal and had no further comments.

8. The observations made by the **DDG, Department of Expenditure** and the responses thereto are given below:

i. **Higher Education Financing Agency (HEFA), also provides long-tenure, subsidised loans for developing academic and research infrastructure in premier educational institutions. Is there any overlap between the HEFA financing and the proposed PPP mode?**

Response: It was clarified that there is no overlap, as HEFA financing and the proposed PPP are two different models. Under HEFA, the institution raises and repays the loan. Under the proposed PPP model, the concessionaire raises and repays the debt, while IIT Madras provides VGF.

ii. **Since the concessionaire will raise the loan for the project, has it undertaken a risk analysis?**

Response: It was clarified that the concessionaire had assessed the relevant risks and costs before proceeding with the project.

9. The observations made by the **Joint Secretary (IFS), DEA** and the responses thereto are given below:

i. **Will the House Rent Allowance (HRA) be paid directly to the concessionaire?**

Response: Yes. The HRA will be paid directly to the concessionaire, rather than first being paid to the students and then transferred by them.

10. The observations made by the **Chair** and the responses thereto are given below:

i. **Can the building's shell or exterior be constructed independently of the interiors?**

Response: It was informed that this is feasible and that a mock-up had been developed and tested successfully. The prefinished interior walls can be assembled or dismantled

to create open spaces without affecting the exterior structure. The exterior is designed for a 100-year service life, while the interiors can be modified or reconfigured as required. This differs from conventional construction, where the interiors are typically integrated with the exterior structure.

ii. **Why have the Project IRR and Equity IRR declined from the initial estimates of 13.70% and 15.80% to 9.50% and 13.88%, respectively?**

Response: It was informed that the initial project cost estimates were prepared nearly three years ago and that construction material prices had since increased significantly. Despite the higher costs and lower projected IRRs, the concessionaire proceeded with the project, taking into account the assured user charges and 60% VGF support, which mitigate its risks.

11. The **Chair** suggested that the Department of Higher Education may assess hostel infrastructure requirements across institutions and aggregate them into a five-year project pipeline to facilitate planning and achieve economies of scale. Such an approach could also support the efficient use of Government assistance.

Recommendations:

12. After detailed deliberations, the EC unanimously recommended the proposal to the Competent Authority for granting Final Approval of VGF under Sub-scheme I of the VGF scheme with the following conditions:

i. Department of Economic Affairs VGF (Capex) support shall be capped as per table below: -

Particulars	Amount (₹ in Crore)
Total Project Cost as per Financial Close	419.20
Total Capex VGF as per Financial Close	224.99
Department of Economic Affairs Share of Capital Grant	119.09
Department of Higher Education Share of Capital Grant	105.90

ii. All conditions of the VGF Scheme, such as entering into Tripartite Agreement, etc., shall be adhered to.

iii. The Project Sponsoring Authority shall closely monitor the progress of the project and adhere to the timelines to complete it on schedule without any delay.

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

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Annexure-I

List of the attendees of the 57th meeting of the Empowered Committee for Consideration of the proposal for Development of Student Hostel project at IIT Madras on Public Private Partnership.

I. **Department of Economic Affairs**
   1. Ms. Anuradha Thakur, Secretary
   2. Ms. Laya Madduri JS (IFS)
   3. Shri. Rahul Singh, Director (PIU)
   4. Shri. Anurag Gautam, Assistant Director (PIU)
   5. Shri. Rajender Singh, Section Officer (PIU)
   6. Shri. Abhinay Gaikwad, YP

II. **Department of Expenditure**
   1. Shri Ajith Kumar N, DDG

III. **NITI Aayog**
   1. Shri. Partha Sarathi Reddy, Program Director

IV. **Department of Higher Education**
   1. Shri. Ashish V. Gawai, Joint Secretary
   2. Ms. Avni Gupta Pethia, Joint Director

V. **Indian Institute of Technology (IIT)- Madras**
   1. Prof. Ravindra Gettu, IIT Madras Registrar
   2. Dr Jane Prasad, Registrar IIT Madras