

**F. No. 1/30/2023-PIU**  
**Government of India**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**Infrastructure Support & Development Division**  
**Private Investment Unit (PIU)**

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5<sup>th</sup> Floor, Jawahar Vyapar Bhawan,  
Tolstoy Marg, New Delhi  
Dated: 11<sup>th</sup> November 2024

**Office Memorandum**

**Subject: Record of Discussion (RoD) of 116<sup>th</sup> PPPAC and 46<sup>th</sup> Empowered Committee for considering the three project proposals of the Department of Higher Education, Ministry of Education on PPP mode with VGF support.**

The undersigned is directed to forward the Record of Discussion of the 116<sup>th</sup> PPPAC and 46<sup>th</sup> Empowered Committee (EC) held on 19<sup>th</sup> October 2024 for considering the three project proposals of the Department of Higher Education, Ministry of Education on PPP mode with VGF support, for information and necessary action.

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

  
(Rahul Singh)  
Joint Director, PIU  
011-23701024

To,

1. Secretary, Department of Higher Education, Ministry of Education, Shastri Bhawan, New Delhi.
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi.
3. Secretary, Department of Expenditure, North Block, New Delhi.
4. Secretary, Department of Legal Affairs, Ministry of Law & Justice.

Copy to:

1. Sr. PPS to Secretary (EA)
2. Sr. PPS to JS (ISD)

**Subject: Record of Discussion of meetings of 116<sup>th</sup> PPPAC and 46<sup>th</sup> Empowered Committee for considering the following project proposals (i) Selection of a Private partner to develop Infrastructure at IIM Udaipur on PPP mode, (ii) Selection of a Private Partner to develop Student Hostels (Vaigai Hostel, Sarayu Extension Hostel) at IIT Madras on PPP mode and (iii) Construction, Development, Financing, Operation and Maintenance of Students' Hostel in the campus of Indian Institute of Information Technology, Nagpur on Design, Build, Finance, Operate and Transfer Basis under PPP Mode**

1. The 116<sup>th</sup> PPPAC and 46<sup>th</sup> Empowered Committee (EC) was held on 19<sup>th</sup> October 2024 at 15:30 hrs to consider the following three proposals of the Department of Higher Education (DHE), Ministry of Education:
  - i. Selection of a Private partner to develop Infrastructure at the Indian Institute of Management (IIM) - Udaipur on PPP mode;
  - ii. Selection of a Private Partner to develop Student Hostels (Vaigai Hostel, Sarayu Extension Hostel) at Indian Institute of Technology (IIT) Madras on PPP mode; and
  - iii. Construction, Development, Financing Operation and Maintenance of Students' Hostel in the campus of Indian Institute of Information Technology (IIIT), Nagpur on Design, Build, Finance, Operate and Transfer (DBFOT) Basis under PPP Mode.
2. The List of attendees is placed in **Annexure I**.
3. Joint Secretary (ISD) welcomed the attendees to the meeting and informed that as per the PPPAC guidelines, proposals for projects costing INR 250 Crores or more are to be appraised by PPPAC. While the proposals for IIM Udaipur and IIIT Nagpur fall below this threshold, the DHE has requested that they be appraised by the PPPAC as, on the one hand, these are first of its kind projects with no precedence in the education sector; and on the other hand, it requires EC consideration for the VGF support. This will not only save time and expedite the projects but will also set a template for undertaking more such projects. Additionally, it was informed that as in these project proposals, there is no RfQ stage, and the bidding is single stage two envelope bidding. Therefore, PPPAC may consider for 'In-

Principle and Final Approval' simultaneously. With the approval of the Chair, these projects were considered for PPPAC and EC appraisal simultaneously.

4. With the approval of the Chair, the three institutions were requested to make presentations on the project proposals. Director IIM Udaipur, Director IIT Madras and Registrar IIIT Nagpur made detailed presentations:
  - i. **IIM Udaipur:** IIM Udaipur, established in 2011, offers postgraduate, doctoral, and executive management programs. The institute plans to increase MBA intake, PhD student intake, and expand executive program training days by 2027-28. Currently, hostel accommodation is not adequate, including no hostel for PhD or executive program students. The proposed development will be undertaken in DBFOT mode with a 30 year concession period, including 2.5 years for construction. The project consists of three key components: a Student Hostel (7,100 sqm) to accommodate 150 students on a single occupancy basis across three blocks each with a G+5 structure and an additional block for dining; a Married Student Hostel (2,200 sqm) for 30 married students (with preference for PhD students) on a single occupancy basis, developed as a single G+5 structure; and an Executive Hostel (12,000 sqm) with 100 rooms, 10 suite rooms, 4 classrooms, 4 breakout rooms, a conference room, dining hall, administrative offices, kitchen, and indoor sports area. The concessionaire will be responsible for financing, infrastructure design, construction, building maintenance, housekeeping, and asset replacement for all hostels. IIM Udaipur will be responsible for food and beverages (F&B), utilities, and fixing user charges. The concessionaire will collect user charges directly from students for the student hostel, while for the married and executive hostels, the concessionaire collects charges from IIM Udaipur. The details of the project are in **Annexure II**.
  - ii. **IIT Madras:** IIT Madras, established in 1959, is a leading institute offering undergraduate, postgraduate, and doctoral programs in engineering and sciences. It currently accommodates 11,000 students in 8,000 hostel rooms. In addition, there are 750 project staff who require accommodation, but the current infrastructure cannot meet this demand. The institute plans to develop a hostel to address this gap, catering specifically to PhD scholars and project staff. The proposed project will be



undertaken in DBFOT mode with a 30 year concession period, including 1.5 years for construction. The project consists of two key components: Vaigai Hostel, with 1,208 rooms (6,610 sqm) including 820 single occupancy rooms, 360 double occupancy rooms, 14 guest rooms, 10 PWD rooms, and 4 office rooms, all within a G+11 structure; and Sarayu Hostel, with 270 rooms (2,250 sqm) with 222 single occupancy rooms, 40 double occupancy rooms, 2 guest rooms, 2 PWD rooms, and 4 office rooms, also in a G+11 structure. The project employs fast-track construction using prefabricated elements to ensure better quality, faster execution, and reduced waste, with a 100 year life guarantee for the main structure. The concessionaire will be responsible for financing, infrastructure design, construction, building maintenance, housekeeping, and asset replacement for all hostels. IIT Madras will be responsible for F&B, utilities, and fixing user charges. The concessionaire will collect user charges directly from the students. The details of the project are in **Annexure III.**

- iii. **IIIT Nagpur:** IIIT Nagpur, established under the Indian Institute of Information Technology (Public-Private Partnership) Act, 2017. The institute currently offers undergraduate courses, PhD programs, a Post-Graduate Diploma, and an M. Tech in Information & Communication Technology in collaboration with the Military College of Telecommunication Engineering, Mhow. It currently accommodates 1,420 students in a single hostel with a capacity of 870. The institute plans to increase its undergraduate intake to 2,400 students by 2027-28. Additionally, there are 200-250 PhD students to be accommodated. The proposed project will be undertaken in DBFOT mode, with a 22 year concession period, including 2 years for construction. The project consists of one hostel with 550 rooms (1,691 sqm) on double occupancy in a G+10 structure with facilities like common toilets, dining areas, warden office, lobby, laundry rooms, medical and storerooms, gym, indoor and outdoor sports facilities, fire control, and associated external infrastructure (such as STP, WTP, and power stations). The concessionaire will be responsible for financing, infrastructure design, construction, building maintenance, housekeeping, utilities, F&B and asset replacement for the hostel. IIIT Nagpur will be responsible for fixing user charges.

The concessionaire will collect user charges directly from the students. The details of the project are in **Annexure IV**.

5. The Chair then asked the members to raise any pending substantive issues. The members submitted the following:

- i. **Department of Economic Affairs (DEA):** DEA stated that all their comments have been addressed and has no further comments.
- ii. **Niti Aayog:** NITI Aayog stated that all their comments have been addressed and has no further comments.
- iii. **Department of Expenditure (DoE):** DoE stated that all their comments have been addressed and has no further comments except one observation that a clear distinction may be made by the DHE between projects eligible for HEFA funding and those that can be supported through a VGF grant. Proper segregation between these two mechanisms may be ensured to avoid overlap and ensure that each project is aligned with the appropriate funding source.
- iv. **Department of Legal Affairs (DoLA):** DoLA had NIL comments.

6. The Chair then raised the following observations:

- i. Are proposed project revenue streams, O&M costs, occupancy rate, etc. reasonable?
- ii. Why are there variations in the proposed hostel fees across these three projects?
- iii. Has the impact of the Goods and Services Tax (GST) been factored into?
- iv. Rather than having different fee escalation rates, can we have 4% YoY fee escalation rates?

7. DHE, along with IIM Udaipur, IIT Madras and IIIT Nagpur, submitted the following with respect to the observations raised:

- i. The assumptions used for project revenue streams, O&M costs and occupancy rate have been benchmarked with the existing similar facilities and current capacity levels.
- ii. The fee escalation rate is based on the current fee escalation rates; however, it will be revised to 4% YoY fee escalation.
- iii. The GST has been factored into. However, in most of the proposed facilities, the GST will not be applicable due to the lower hostel fees, except for the executive hostel in IIM Udaipur where the same has been appropriately considered.
- iv. All three project proposals differ in nature. The IIM Udaipur hostel facilities cater to postgraduates, PhD candidates, and executives, while the IIT Madras facilities are intended for PhD candidates and project staff. In contrast, the IIIT Nagpur hostel primarily serves undergraduates. The IIIT Nagpur facility offers double occupancy, whereas the others are designed for single occupancy. Additionally, the proposed fees for IIT Madras are based on the House Rent Allowance (HRA) currently provided to PhD candidates and project staff.
- v. HEFA provides loans to Higher Education Institutions, while the institutions raise funds. VGF, on the other hand, offers partial government funding to attract private sector efficiency and investment including project finance for the project.

8. The Chair then gave the following suggestions for the future projects:

- i. DHE may consider limiting the VGF grant to 50% with appropriate project structuring.
- ii. DHE may ensure some uniformity in hostel fees and YoY escalation (which could be at 4%).
- iii. DHE may consider the appropriateness of the facilities such as air conditioning, etc., while structuring the student hostels.
- iv. A better understanding of GST is needed, and efforts may be made to engage with the Department of Revenue and State Governments to seek favourable considerations for social sector infrastructure PPP projects.



- v. For financial modelling, equity IRR may be considered at 14%.
9. After detailed deliberations, the PPPAC unanimously recommended the project proposals for “Final Approval” of the Competent Authority as per the PPPAC Guidelines.
10. The Empowered Committee also unanimously recommended granting ‘In-Principle Approval’ for VGF support to all three project proposals under the Sub Scheme – I of the VGF Scheme to the Competent Authority, as per the VGF Scheme and Guidelines with the following conditions: -

- i. The recommendation for the in-principal approval of the VGF is as follows:

<b>Project</b>	<b>Maximum CAPEX Grant (VGF) admissible @ 60% of TPC (In Rs. Crore)</b>	<b>GoI Share under the VGF Scheme (In Rs. Crore)</b>
IIM Udaipur	60.26	30.13
IIT Madras	238.18	119.09
IIIT Nagpur	52.52	26.26
<b>Total</b>	<b>350.96</b>	<b>175.48</b>

- ii. The fee escalation may be structured at 4% YoY or at 8% every two years for all three proposals.
- iii. Revalidation of the recommendation of the project proposal by the PPPAC/EC is not required for the following post-recommendation changes in the project cost/bid documents:
  - a. Any change in the date/time period for any time-bound actions like appointed date, financial close, construction period, etc.
  - b. Non-substantial change in risk allocation.
  - c. Any other changes/modifications (except as stated above) in the project proposals with the overall objective of making the projects successful.
  - d. Further, the Department of Higher Education will decide whether the changes proposed post recommendations of the project proposals by the PPPAC fall within the threshold criteria as stated above. All such changes with the threshold criteria as stated above shall be appraised at the level of Secretary

(DHE) without any further need for revalidation by the PPPAC and DHE shall proceed with the process accordingly.

- iv. However, the following changes shall warrant revalidation of recommendation of project proposals by the EC:
    - a. Any change in the formulation of pre-determined user charges/tariffs.
    - b. Any change in the concession period by more than 20%.
    - c. Any changes having an impact on the In-principle approved amount of VGF for Gol on the higher side.
  - v. Necessary amendments to the bid documents to incorporate the decision of the PPPAC/EC shall be undertaken by DHE/Project Sponsoring Authority (PSA). Further, DHE/PSA ensure legal vetting of the documents is undertaken to ensure that there are no discrepancies in the contract documents and to circulate to the members of the EC for the record.
  - vi. 'Final Approval' for VGF support is contingent upon the compliance of all conditions of the VGF Scheme.
11. The meeting ended with a vote of Thanks to the Chair.

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## **Annexure I**

List of the attendees of the 116<sup>th</sup> PPPAC and 46<sup>rd</sup> Empowered Committee (EC) Meeting for considering the project proposal for (i) Selection of a Private partner to develop Infrastructure at IIM Udaipur on PPP mode, (ii) Selection of a Private Partner to develop Student Hostel (Vaigai Hostel, Sarayu Extension Hostel) at IIT Madras on PPP mode and (iii) Construction, Development, Financing Operation and Maintenance of Students' Hostel in the campus of Indian Institute of Information Technology, Nagpur on Design, Build, Finance, Operate and Transfer (DBFOT) Basis under Public-Private Partnership (PPP) Mode, held on 19.10.2024.

### **I. Department of Economic Affairs, Ministry of Finance**

1. Shri Ajay Seth, Secretary, EA- In Chair
2. Shri Baldeo Purushartha, JS(ISD)
3. Shri. Rahul Singh, Joint Director

### **II. Department of Expenditure**

1. Ms. Hema Jaiswal, DDG(PFC-II)

### **III. NITI Aayog**

1. Ms. Nidhi Arora, Consultant,

### **IV. Department of Legal Affairs**

1. Dr. RJR Kasibhatla, Deputy Legal Adviser

### **V. Department of Higher Education**

1. Shri K Sanjay Murthy, Secretary
2. Shri SK Barnwal, Additional Secretary

### **VI. IIM Udaipur**

1. Prof. Ashok Banerjee, Director IIM Udaipur
2. Prof. N. Viswanathan, Member of Finance & Audit Committee

### **VII. IIIT Nagpur**

1. Shri Kailas N. Dakhale, Registrar
2. Shri Harshad Pophali, OSD
3. Shri Rajesh Hakke, OSD

### **VIII. IIT Madras**

1. Prof. Ravindra Gettu, Director

## Annexure II

<b>Project Description</b>	Selection of a Private partner to develop Infrastructure at IIM-Udaipur on PPP mode with VGF support
<b>Type of PPP (BOT, BOOT, BOLT, OMT etc.)</b>	DBFOT basis
<b>Location</b>	Udaipur, Rajasthan
<b>Administrative Ministry/Department</b>	Department of Higher Education
<b>Name of Sponsoring Authority</b>	IIM Udaipur
<b>Name of the Implementing Agency</b>	IIM Udaipur
<b>Concession Period</b>	30 years
<b>Construction period</b>	30 months
<b>Total Project Cost (TPC)</b>	<b>Total Project Cost:</b> INR 100.43 Crore
<b>Project Implementation Schedule</b>	<p><b>Project Milestone-1:</b> Completion of construction of 100 rooms of Student Hostel (Regular) and 100% of Married Student Hostel with all facilities shall occur on the date falling on the date of expiry of 18 (eighteen) months from the Appointed Date</p> <p><b>Project Milestone-2:</b> Completion of construction of Executive Hostel shall occur on the date falling on the date of expiry of 24 (twenty-four) months from the Appointed Date.</p> <p><b>Project Milestone-3:</b> Completion of construction of an additional 50 rooms of Student Hostel (Regular) shall occur on the date falling on the date of expiry of 30 (thirty) months from the Appointed Date.</p>

	<b>Scheduled Completion Date:</b> The Scheduled Completion Date shall be 30 months from the Appointed Date.
<b>Revenue Stream of the project</b>	<b>Main revenue streams are:</b> Pre-defined user charge to be collected from students for Regular Student Hostel Pre-defined user charge payable by IIM U for Married Student Hostel and Executive Hostel
<b>Tariff</b>	IIM U will fix the user charge to be collected by the Concessionaire
<b>Source of Financing</b>	Debt and Equity in the ratio 70:30 and Grant has been considered upto 60% of the Total Project Cost
<b>VGF</b>	The VGF support will be provided in accordance with the VGF Guidelines, i.e. INR 60.26 Crore or actual quote, whichever is less  <b>Share of Govt:</b> INR 30.13 Crore (30%) <b>Share of Project Sponsoring Authority:</b> INR 30.13 Crore (30%)
<b>Land Acquisitions</b>	Land is under the ownership of IIM -Udaipur
<b>Bidding parameter</b>	Lowest VGF or Highest Premium
<b>Bidding process</b>	Single Stage
<b>Likely Amount of VGF required for the project</b>	INR 60.26 Crore or actual quote, whichever is less
<b>NPV and IRR</b>	Project NPV- INR 8.83 Crore Project IRR- 12.20% Equity IRR- 15.48%



## Annexure III

<b>Project Description</b>	Selection of a Private Partner to develop Student Hostels (Vaigai Hostel, Sarayu Extension Hostel) at IIT Madras on PPP mode.'
<b>Type of PPP (BOT, BOOT, BOLT, OMT etc.)</b>	DBFOT basis
<b>Location</b>	Chennai, Tamil Nadu
<b>Administrative Ministry/Department</b>	Department of Higher Education
<b>Name of Sponsoring Authority</b>	IIT Madras
<b>Name of the Implementing Agency</b>	IIT Madras
<b>Concession Period</b>	30 years
<b>Construction period</b>	18 months
<b>Total Project Cost (TPC)</b>	<b>Total Project Cost:</b> INR 396.96 Crore
<b>Project Implementation Schedule</b>	<p><b>Project Milestone-1:</b> 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.</p> <p><b>Project Milestone-2:</b> 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</p> <p><b>Scheduled Completion Date:</b> The Scheduled Construction Completion Date shall be 18 months from the Appointed Date.</p>

<b>Revenue Stream of the project</b>	<p><b>Main revenue streams are:</b></p> <p>The Concessionaire shall be granted the right to collect hostel fees and this shall be the main revenue stream from the project.</p> <p>The Concessionaire shall also be allowed to operate the cafeteria and vending machine within the hostel premises and earn revenue from it.</p> <p>The Concessionaire shall also be allowed to earn revenue from cleaning of rooms (optional based on request from students and staff) and badminton courts (for users outside Vaigai and Sarayu Hostel as approved by Authority) as per the provisions of the Concession Agreement</p>
<b>Tariff</b>	IIT Madras will fix the user charge to be collected by the Concessionaire
<b>Source of Financing</b>	Debt and Equity in the ratio 70:30 and Grant has been considered upto 60% of the Total Project Cost
<b>VGF</b>	<p>The VGF support will be provided in accordance with the VGF Guidelines, i.e. INR 238.18 Crore or actual quote, whichever is less</p> <p><b>Share of Govt:</b> INR 119.09 Crore (30%)</p> <p><b>Share of Project Sponsoring Authority:</b> INR 119.09 Crore (30%)</p>
<b>Land Acquisitions</b>	Land is under the ownership of IIT Madras
<b>Bidding parameter</b>	Lowest VGF or Highest Premium
<b>Bidding process</b>	Single Stage
<b>Likely Amount of VGF required for the project</b>	INR 238.18 Crore or actual quote, whichever is less
<b>NPV and IRR</b>	<p>Project NPV- INR 55.85 Crore</p> <p>Project IRR- 13.70%</p> <p>Equity IRR- 15.80%</p>



#### Annexure IV

<b>Project Description</b>	Construction, Development, Financing Operation and Maintenance of Students' Hostel in the campus of Indian Institute of Information Technology, Nagpur on DBFOT Basis under PPP Mode
<b>Type of PPP (BOT, BOOT, BOLT, OMT etc.)</b>	DBFOT basis
<b>Location</b>	Nagpur, Maharashtra
<b>Administrative Ministry/Department</b>	Department of Higher Education
<b>Name of Sponsoring Authority</b>	IIIT Nagpur
<b>Name of the Implementing Agency</b>	IIIT Nagpur
<b>Concession Period</b>	22 years
<b>Construction period</b>	24 months
<b>Total Project Cost (TPC)</b>	<b>Total Project Cost:</b> INR 87.54Crore
<b>Project Implementation Schedule</b>	<p><b>Project Milestone-1:</b> Project Milestone-I shall occur on the date falling on the 365<sup>th</sup> (three hundred and sixty-five) day from the Appointed Date. The Concessionaire shall have expended not less than 30% of the total capital cost set forth in the Financial Package</p> <p><b>Project Milestone-2:</b> Project Milestone-II shall occur on the date falling on the 540<sup>th</sup> (five hundred and forty) day from the Appointed Date. The Concessionaire shall have expended not less than 65% of the total capital cost set forth in the Financial Package.</p>



	<p><b>Project Milestone-3:</b> Project Milestone-III shall occur on the date falling on the 730<sup>th</sup> (seven hundred and thirty) day from the Appointed Date. the Concessionaire shall have commenced [construction of all Project Facilities and expended not less than 100% of the total capital cost set forth in the Financial Package</p> <p><b>Scheduled Completion Date:</b> The Scheduled Construction Completion Date shall be the 730<sup>th</sup> (seven hundred and thirty) day from the Appointed Date.</p>
<b>Revenue Stream of the project</b>	<p><b>Main revenue streams are:</b></p> <p>Pre-defined user charge to be collected from students Hostel</p> <p>Interest on deposits i.e. Electricity, Water, mess etc.</p> <p>Lease Rental from Utility Shops</p> <p>Income from Canteen Facilities</p>
<b>Tariff</b>	IIIT Nagpur will fix the user charge to be collected by the Concessionaire
<b>Source of Financing</b>	Debt and Equity in the ratio 60:40 and Grant has been considered upto 60% of the Total Project Cost
<b>VGF</b>	<p>The VGF support will be provided in accordance with the VGF Guidelines, i.e. INR 52.52 Crore or actual quote, whichever is less</p> <p><b>Share of GoI:</b> INR 26.26 Crore (30%)</p> <p><b>Share of Project Sponsoring Authority:</b> INR 26.26 Crore (30%)</p>
<b>Land Acquisitions</b>	Land is under the ownership of IIIT Nagpur
<b>Bidding parameter</b>	Lowest VGF or Highest Premium
<b>Bidding process</b>	Single Stage
<b>Likely Amount of VGF required for the project</b>	INR 52.52 Crore or actual quote, whichever is less

<b>NPV and IRR</b>	Project NPV- INR 9.58 Crore Project IRR- 15.36% Equity IRR- 18.74%
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