

F.No.2/12/2024-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
Infrastructure Finance Secretariat
ISD Division
(PIU)

STC Building, Janpath, New Delhi
Dated: 23rd February 2025

Record of Discussion

Subject: Record of Discussion of the 121st meeting of the PPPAC for considering the revalidation of the revised cost of the Development, Maintenance and Management of the New NH-06 from Existing 61.8KM, Mawlyngkhung (Barapani Near Shillong in Meghalaya) to existing Km.197.40 New NH-06 (Panchgram in Assam) in the State of Meghalaya and Assam by 4-Laning with paved Shoulder on Hybrid Annuity Mode (HAM) Basis under Public-Private Partnership (PPP) Mode reg: -

Reference: RoD of 117th PPPAC & 121st PPPAC meeting: -

Dear Sir/Madam,

The undersigned is directed to forward the Record of Discussion of the 121st Meeting of the PPPAC held on 21st February, 2025, under the Chairmanship of Secretary (EA), for information and necessary action.

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


Arya Balan Kumari
(Joint Director-PIU)

To,

- 1. Secretary, Department of Expenditure, North block, New Delhi-01**
- 2. CEO, NITI Aayog, Yojana Bhawan, New Delhi-01**
- 3. Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi-01**
- 4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi-01**

Copy to:

- 1. Sr. PPS to Secretary (EA)**
- 2. Sr. PPS to JS (ISD)/PPS to JS(IPP)**

Subject: Record of Discussion of the 121st meeting of the PPPAC for considering the revalidation of the revised cost of the Development, Maintenance and Management of the New NH-06 from Existing 61.8KM, Mawlyngkhung (Barapani Near Shillong in Meghalaya) to existing Km.197.40 New NH-06 (Panchgram in Assam) in the State of Meghalaya and Assam by 4-Laning with paved Shoulder on Hybrid Annuity Mode (HAM) Basis under Public-Private Partnership (PPP) Mode.

1. The 121st meeting of the PPPAC was held on 21st February, 2025 at 11.00 hrs to consider the proposal of MoRTH submitted for the revalidation of PPPAC for the revised cost of the 'Development, Maintenance and Management of the New NH-06 from Existing 61.8KM, Mawlyngkhung (Barapani Near Shillong in Meghalaya) to existing Km.197.40 New NH-06 (Panchgram in Assam) in the State of Meghalaya and Assam by 4-Laning with paved shoulder on Hybrid Annuity Mode (HAM) under Public-Private Partnership (PPP)'. List of attendees is placed at **Annexure-I**.
2. On behalf of the Chair, Joint Secretary (ISD) welcomed the attendees to the meeting and informed that this project was recommended by the 117th PPPAC in its meeting held on 9th November, 2024 for a Total Capital Cost of Rs. 24,805 crore of which Civil Construction Cost was Rs. 12, 087 crore and land acquisition cost were Rs. 5200 crore. Post PPPAC appraisal, a DCN was also circulated by the MoRTH for interministerial consultations, which is now being recalled by the MoRTH due to changes in the Total Capital Cost of the project. MoRTH has now resubmitted the revised Total Capital Cost to PPPAC for revalidation.
3. With the permission of the Chair, MD, NHIDCL made a detailed presentation on the proposal to the PPPAC. He informed that the due to downward revision in land acquisition cost and revision of the agency charges from 3% to 1% of the Total Civil Construction Cost, the Total Capital Cost of this project is revised from Rs.24805 crore to Rs.22863.93 crore. The details of the revised cost of the project are as follows:

Table 1: Details of the revised cost of the project

S. N.	Particulars	As per 117 th PPPAC (INR in crore)	Instant Proposal (INR in crore)
A	Civil Construction Cost	12086.57	12086.57
B	Utility Shifting Cost Excl GST	90.00	90.00

S. N.	Particulars	As per 117 th PPPAC (INR in crore)	Instant Proposal (INR in crore)
C	Total Civil Construction Cost (A+B)	12176.57	12176.57
C1	Per km of Total Civil Cost (crore / km)	73.00	73.00
D	IC/pre-operative expenses @1% of (C)	121.77	121.77
E	Financing Cost (1% of debt amount i.e., 5,704.65 crore)	56.7	56.70
F	Interest during Construction	551.61	551.61
G	Estimated Project Cost (C+D+E+F)	12906.65	12906.65
H	GST @ 18% on(C+D+E)	2,223.91	2,223.90
I	Estimated Project Cost including GST (G+H)	15,130.55	15,130.55
J	Labour Cess (1% of I)	151.31	151.31
K	Estimated Project Cost including GST and Labour- Cess (I+J)	15,281.86	15,281.86
L	LA and Structure Cost	5200.13	3502.77
M	Environmental Cost/ Tree Cut	155.29	155.29
N	Contingencies @ 1% (on Total Civil cost)	121.77	121.77
O	Agency Charges	365.3 @3% (on Total Civil cost)	121.77 @1% (on Total Civil cost)
P	Supervision Charges @ 3% (on Total Civil cost)	365.3	365.30
Q	Escalation @5% per Year for 3 Year (on civil cost i/c utility shifting)	1,650.65	1,650.65

S. N.	Particulars	As per 117 th PPPAC (INR in crore)	Instant Proposal (INR in crore)
R	O&M Cost for 15 years as per Ministry OM dated 23.05.2022	1,664.52	1,664.52
S	Total Capital Cost (K+L+M+N+O+P+Q+R)	24804.82	22863.93
T	Per km of Total Capital Cost (crore/ km)	148.71	137.07

4. It was informed by the MD, NHIDCL that out of the 166.80 km length, 144.80 km lies in Meghalaya traversing through four Districts of Ri Bhoi, East Khasi Hills, West Jaintia Hills and East Jaintia Hills. Balance is in Cachar District in Assam. The land acquisition is required in all the five districts. The Circle rates are available for all the four districts except East Jaintia Hills which is a 6th Schedule district and has an Autonomous Council to govern land related matters. Due to the unavailability of Circle rates for East Jaintia Hills District, lumpsum amount was considered for main road, motorable road and non-motorable road which was Rs.2500 per square meter, Rs.2000 per square meter and Rs.1800 per square meter respectively. Accordingly, the base amount for land acquisition in the East Jaintia Hills was estimated at Rs.624.67 crore that amounted to Rs.2573.64 crore after applying multiplication factor, Solatium and interest.
5. To get more clearer understanding of likely rates, base rates for affected villages in the East Jaintia Hills district was sought from District Administration which has furnished the minimum price of land for two categories: (i) Areas within 500 meters from the NH-44 from the main village and (ii) Areas beyond 500 meters upto 3 km from the NH-44 from the main village. Based on that, there is a downward revision in cost of Rs. 1697.36 crore.
6. After the presentation, the Chair asked the PPPAC members for their observations. The representative of DoLA stated that they support the proposal and has no further comments to offer.
7. PD, NITI Aayog raised the following observation:
 - a) The rate provided by the District Administration is the minimum price of land per square meter. Since the estimates are on minimum, the actual cost may vary.
8. Director, DoE raised the following observation:

- a) In the initial proposal, the length of the project was 160.160 km. However, in the revalidation proposal, the same has been increased to 166.800 km. The rationale for the same may be provided.

9. JS(ISC) raised the following comments:

- a) As the Cost of the project has been revised from time to time, MoRTH may ensure that the revised cost presented now including the revised cost of the land acquisition is accurate?

10. The Chair raised the following observations:

- a) What are the current Land Acquisition rates assumed for the East Jaintia Hills district in Meghalaya as compared to the earlier assumed lumpsum rate of Rs. 2,500 per square meter, Rs. 2,000 per square meter and Rs. 1,800 per square meter for lands abutting Main Road, Motorable Road and Non-Motorable Road respectively?
- b) Substantial changes in the project cost have been made within last six months. First the alignment and the scope were changed, after the first consideration by the PPPAC in September 2024. Now, another revision in the cost has been brought after the appraisal in November 2024. A significant change of Rs. 1697 crore has been noted in the land acquisition cost. It is expected that NHIDCL takes a lot more care in the preparing its proposal.
- c) In the PPPAC memo for revalidation submitted by MoRTH on 12th February 2024, revalidation is sought for a Total Capital Cost of Rs. 23107.46 crore. However, the Total Capital Cost presented today is Rs. 22,863.93 crore. The reason for this variation may be clarified.
- d) The calculation of the land acquisition cost for East Jaintia Hills district is based on the rate of approx. Rs. 620 per square meter. The revised cost estimates proposed now seem to be based on following assumptions.

- 1) Most of the new alignment is within 500 meters from NH-44, and
- 2) The new alignment is along non-motorable roads.

These may be very simplistic assumptions, as the new alignment is a greenfield alignment. If these assumptions are not true, the land cost is likely to be even lower than the revised land cost proposed now.

As per the sales data provided by the Deputy Commissioner of East Jaintia District, the sale rates are much lower in the range of Rs. 180 to 350 per square meter for lands beyond 500 meters from NH-44 in most villages, as compared to the computed average of around Rs. 620 per square meter.



- e) The land rates may be high in the district adjoining Guwahati and Shillong which has high habitation. However, in other districts including East Jaintia Hills and West Jaintia Hills, the land acquisition cost may be lower than Rs.620 per square meter.
- f) For the East Khasi Hills district, to acquire around 50 hectares, the Authority is giving approx. 20 crores which is roughly Rs. 40 lakhs per hectare. However, in the East Jaintia Hills district, to acquire 291.797 hectare, the authority is giving Rs. 525.24 crore which is roughly Rs. 62 lakhs per hectare (i.e., approx. 620 per square meter). As both are forest areas, what is the reason for the difference between the land rates in East Khasi and East Jaintia Hills?
- g) In the revised proposal, 100% of the land is assumed to abutting non-motorable roads in East Jaintia Hills District. As this a greenfield alignment passing through agriculture and forest lands, this assumption may not hold good.
11. MoRTH submitted the following to the queries raised by the PPPAC Members: -
- a) The 117th PPPAC meeting held on 9th November 2024 considered the project for a length of 166.800 km only.
- b) For the estimation of the Land acquisition rate for East Jaintia Hills, MoRTH has considered the rates provided by the District Administration for the affected villages of East Jaintia Hills district. Since the rates are based on the rates provided by the District Administration, it is submitted that these rates are best available rate.
- c) East Jaintia Hills district in Meghalaya is a Sixth Schedule district and has an Autonomous Council, which also governs matters related to land. The Circle Rates are not notified by District Administration as such. Therefore, rates were taken on a lumpsum basis in three categories of land viz. Main Road, Motorable Road and Non-Motorable road and the base rate considered were Rs. 2,500 per Square meter, Rs. 2,000 per Square meter and Rs. 1,800 per Square meter, respectively. Accordingly, the base amount for land acquisition in East Jaintia Hills was estimated at Rs. 624.67 crore, that amounted to Rs. 2,573.64 crore after applying multiplication factor, solatium and interest. However, after the 117th PPPAC meeting, to get more clearer understanding of likely base rate, the information was sought from District Administration of the East Jaintia Hills district followed by the downward revision in the Land acquisition cost.
- d) Based on the rates given by the district administration the re-calculated base rate amount and total compensation amount for East Jaintia Hills district sums to Rs. 212.69 crore and Rs. 876.28 crore respectively. Therefore, there is downward revision in cost by Rs. 1,697.36 crore (i.e., the land cost has come down from Rs. 2,573.64 crore to Rs. 876.28 crore).

- e) The land acquisition area and its distance from NH44 for each village was calculated, and the minimum land rate provided by the district administration was factored in to determine the total land acquisition cost. However, MoRTH will recheck the calculations before moving the project for the approval of the competent authority.
- f) The Agency charges considered earlier in the proposal was 3% of total civil cost which comes to Rs. 365.3 crore. However, in the instant proposal the agency charges have been revised to 1% of total civil cost which comes to Rs. 121.77 crore. Therefore, the downward revision of the Rs. 243.53 in the agency charges resulted into the difference in the Total capital cost from Rs. 23107.46 crore to Rs. 22,863.93 crore.
- g) Non-motorable road of 86% of land was used during the initial proposal submitted in the month of September, 2024 wherein 86% was greenfield alignment and 14% was brownfield alignment. However, the same has been revised to 100% in the subsequent proposal as the land is away from the road.
12. After detailed deliberations, the PPPAC revalidated the revised Total Capital Cost of "Development, Maintenance and Management of a new Greenfield alignment of NH-06 from Mawlynkhung in Meghalaya to Panchgram in Assam on Hybrid Annuity Mode of Public Private Partnership." The project is recommended with following observations for consideration of the Competent Authority for administrative approval: -
- 1) The proposal is being recommended at a revised Total Capital Cost of Rs. **22863.93** crore, of which, civil construction cost is Rs. 12,087 crore and land acquisition cost is Rs. **3502.77** crore. The project cost to be put out for the bid for the Hybrid Annuity Mode is estimated to be Rs. 15,282 crore (including GST and labour cess), of which, 60 per cent will be brought in by the concessionaire for which payments will be done through annuities during the concession period.
 - 2) The revised computation Rs. 620 per square meter for land acquisition in East Jaintia Hills district may still be on the higher side. The reasonableness of the assumptions should be verified by MoRTH in the light of the observations at para 10(d) to para 10(g) before seeking approval of the Competent Authority
 - 3) As Vision 2027 Plan has not been appraised through any inter-ministerial process, the justification for this project on the ground of being included in that Plan is not relevant.
 - 4) The project is being recommended solely on the consideration of improving connectivity to North-Eastern States.

- 5) For its future proposals, MoRTH should re-examine the current preference for access-controlled corridors and greenfield alignments as those entail very high costs.

13. Revalidation of its recommendation by the PPPAC is not required for following post recommendation changes in the project costs/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/modification in the project proposal with the overall objective of making project successful.
- d) Further, MoRTH/NHAI may decide whether the changes proposed post recommendations of the project proposal by the PPPAC fall within the threshold criteria as stated above. All such changes falling within the threshold criteria shall be appraised at the level of Secretary (RTH)/BoD of NHIDCL as the case may be, without any further need of revalidation by the PPPAC and shall proceed with the approval process accordingly.

14. The meeting ended with a Vote of thanks to the Chair.



Annexure-I

List of the attendees of the 121st meeting of the PPPAC for considering the Development, Maintenance and Management of the New NH-06 from Existing 61.8KM, Mawlyngkhung (Barapani Near Shillong in Meghalaya) to existing Km.197.40 New NH-06 (Panchgram in Assam) in the State of Meghalaya and Assam by 4-Laning with paved Shoulder on Hybrid Annuity Mode (HAM) Basis under Public-Private Partnership (PPP) Mode.

a. Department of Economic Affairs, Ministry of Finance

1. Shri Ajay Seth, Secretary, EA- In Chair
2. Shri Baldeo Purushartha, JS (ISD)
3. Ms. Arya Balan Kumari, Joint Director
4. Shri Rajender Singh, Section Officer
5. Shri Manjeet, Assistant Section Officer

b. Department of Expenditure

1. Shri L. K. Trivedi, Director

c. NITI Aayog

1. Shri. Partha Reddy, Programme Director

d. DoLA

1. Dr. RJR Kasibhatla, Deputy Legal Adviser

e. Ministry of Road Transport and Highways

1. Shri V. Umashankar, Secretary
2. Shri Manoj Kumar, Chief Engineer
3. Shri Shashi Bhushan, Superintend Engineer

f. National Highways and Infrastructure Development Corporation Limited

1. Dr. Krishan Kumar, Managing Director
2. Shri Amarendra Kumar, Director, NHIDCL
3. Shri Manoj Kumar, Executive Director

