F.No.2/11/2025-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
Infrastructure Finance Secretariat
ISD Division
(PIU)
*****

4th Floor, STC Building,
Janpath, New Delhi-01
Dated: 3rd September, 2025

Record of Discussion

Subject: Record of Discussion of the 132nd meeting of the PPPAC for considering two road proposals of the Ministry of Road, Transport & Highways (MoRTH) on PPP mode.

Sir/Madam,

The undersigned is directed to forward the Record of Discussion of the 132nd meeting of the PPPAC held on 08th August 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)
011-2370 1219

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.**
4. **Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi.**

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

Subject: Record of Discussion of the 132nd meeting of the PPPAC for considering the following proposals: -

(i) 4 laning of NH-167 from Gudebellur to Mahabubnagar of Hyderabad-Panaji section under NH(O) on HAM in the State of Telangana;

(ii) Construction of Access Controlled Highway of 4-Lane with Paved Shoulders from Ranganathpura (Hassan) to Keresooragondanahalli in Hassan Hiriyur section (EC-20) in Karnataka on HAM under NH (O).

1. The 132nd meeting of the PPPAC was held on 08th August 2025 at 12:15 hours to consider the above proposals of MoRTH.

2. List of attendees is placed at **Annexure-I.**

3. With the permission of Secretary (EA), Joint Secretary (ISD) welcomed all the attendees to the meeting. NHAI made a detailed presentation on the proposed road projects.

(i) 4 laning of NH-167 from Gudebellur to Mahabubnagar of Hyderabad-Panaji section under NH(O) on HAM in the state of Telangana

1. The details of the project are given in the table below:

Table-1: Details of the project

<table>
<tr><td>Project Description</td><td colspan="3">4 laning of NH-167 from Gudebellur at Design Km.182+930 to Mahabubnagar at Design Km 262+940 of Hyderabad-Panaji section (length 80.01km) under NH(O) on HAM in the state of Telangana</td></tr>
<tr><td>PPP Model</td><td colspan="3">Hybrid Annuity Mode</td></tr>
<tr><td>Sponsoring Authority</td><td colspan="3">Ministry of Road Transport and Highways, Government of India</td></tr>
<tr><td>Implementing Agency</td><td colspan="3">National Highways Authority of India (NHAI)</td></tr>
<tr><td>Location</td><td colspan="3">State: Telangana
District: Narayanpet & Mahabubnagar</td></tr>
<tr><td>Type of Pavement</td><td colspan="3">Flexible</td></tr>
<tr><td>Lane configuration</td><td colspan="3">4-lane</td></tr>
<tr><td rowspan="5">Details of Structures</td><td>S. N</td><td>Description</td><td>Details</td></tr>
<tr><td>1</td><td>Length</td><td>80.01 km</td></tr>
<tr><td>2</td><td>Major Bridges</td><td>05 Nos.</td></tr>
<tr><td>3</td><td>Minor Bridges</td><td>36 Nos.</td></tr>
<tr><td>4</td><td>Culverts</td><td>189 Nos.</td></tr>
</table>

5	Interchange	Nil
6	Viaduct	01 Nos.
7	Vehicular Overpass (VOP)	Nil
8	Proposed RoW	60m
9	VUP	11 Nos.
10	LVUP	22 Nos
11	Animal Underpass (AUP)	Nil
12	Truck lay bays	03 Nos.
13	ROB/RUB	01 No. / 01 No.
14	Toll Plaza	02 Nos.
15	Minor Junctions	14 Nos.
16	Service Road / Slip Road	15.34 km / 55.12 km
17	Bus-bays/ Shelters	Nil / 54 Nos.
18	Rest Area with Wayside Amenities	01 (Area= 3.5 ha)
19	Design Traffic (MSA)	70
20	Bypass / Realignments	04 Nos for 21.27 km / 07 Nos. for 15.53 km

Concession Period	17 years (including 2 years for construction)

Estimated Capital Cost with Break-up under major heads of expenditure

Sr. No	Details	Details (Rs. in Crore)
1	Civil Construction Cost including utility (without GST)	1708.90
2	IC and Pre-operative Expenses (1% Civil Construction Cost)	17.09
3	Financing Charges	6.28
4	Interest During Construction (IDC)	58.74
5	Estimated Project Cost excl. GST	1791.01
6	Total Land Acquisition Cost	446.58
7	Environmental Management Plan (EMP) Cost	9.68
8	Contingencies @1% of Civil Cost	16.62
9	Supervision charges @2.5% on the Utility Cost	2.85
10	Total Pre-Construction Cost (7+8+9+10)	475.73

11	GST 18% on (2)	307.60
12	Estimated Project Cost incl. GST	2098.61
13	Bid Project Cost on Bid Due Date	2089.87
14	Price Escalation during Construction Period	152
15	O&M Cost for 15 years	217
16	**Total Capital Cost**	**2574.34**
17	Civil Construction Cost per Km	21.36
18	Total Capital cost per km	32.18

Land Acquisition Status

Sr No	Description	Details
1	Total Land Required (Ha)	465.74 Ha.
2	Existing ROW (Ha)	149.306 Ha
3	Private Land Required (Ha)	316.434 Ha.
4	3(A) Status	316.434 Ha (100%) by notification dt.10.02.2021, 23.02.2021, 14.02.2022 & 03.03.2022
5	3(D) Status	316.434 Ha (100%)
6	3(G) Status	316.434 Ha (100%)
7	3(H) Status	Likely by Sep 2025
8	Balance 3(A)	Nil
9	Balance 3(D)	Nil
10	Balance 3(G)	Nil

Financial Viability

Particulars	Details
PIRR	11.16%
EIRR	15%

Concession Agreement	The project is proposed to be implemented as per Model Concession Agreement uploaded on MoRTH web site in November 2020 with subsequent amendments issued thereafter
Bidding parameter	Bids will be evaluated on the basis of the lowest Bid Project Cost.
Bidding process	Single Stage two-part system of bidding

2. The Gudebellur to Mahabubnagar section is a part of Hyderabad - Panaji Economic Corridor-10 which starts from the end of major bridge over river Krishna in Gudebellur village in Narayanpet district and ends at Mahabubnagar district. The primary purpose of the proposed 4-lane project corridor is to provide connectivity to Raichur city in Karnataka and Jadcherla on Hyderabad – Bengalore NH 44. This corridor also serves as a major connectivity to the State capital from Narayanpet & Mahabubnagar districts. Additionally, the proposed corridor traverses through major towns such as Makthal, Magnoor, Marikal and Devarkadra.

3. This connectivity will decrease the distance by 1.19 km (from 81.2 km to 80.01 km) only, it will yield significant benefit in terms of reduction in travel time by 1 hour 30 minutes. It will also facilitate speedy and hassle-free passenger and freight transport in this region. The projected traffic volume in the year 2024 was 17,991 PCUs which is expected to be 24,214 PCUs in the year 2030. The existing 2-lane road with paved shoulders will not be able to cater to the projected traffic in the coming years.

4. The total length of the project is 80.01 km. Out of which 43.2 km is greenfield and 36.81 km is brownfield. The project will be executed on Hybrid Annuity Mode (HAM) model with a Total Capital Cost of Rs. 2574.34 crore under the NH(O). The financial assessment indicates the project IRR is 11.16% and the equity IRR is 15%.

5. After the detailed presentation, the Chair asked the PPPAC members for their observations. DoLA supported the proposal and stated that no further comments to offer.

6. Director, DoE raised the following observations:

   a) The contingency charge of 10% has been included in land acquisition cost. Normally, contingencies are accounted in the civil construction cost and not on land acquisition cost. The same may be revised.

   b) The base year taken for traffic projections is 2017. To ensure accuracy and relevance in traffic forecasting, it is suggested that the traffic survey data used for projections should not be older than 1 to 1.5 years when submitted to the PPPAC.

7. PD, NITI Aayog made the following observations:

   a) While assessing the viability of the project under HAM and BOT, the Estimated Project Cost (EPC) considered under the HAM model is Rs. 1,800 crore whereas the same in BOT is Rs. 2,800 crore, indicating a significant cost difference. It is suggested that the cost difference for BoT mode should be reasonable and reassessed.

8. JS(ISD) raised the following observations:

a) The project cost submitted to PPPAC has increased substantially (48% increase in civil construction cost) as compared to the PIB cost. What is the rationale behind this significant cost escalation?

b) The cost of debt considered in the project proposal is on the higher side and it needs to be revised as per the existing cost of debt for construction period and post CoD period.

c) Has the project been proposed as an access-controlled corridor? It may be noted that in the previous PPPAC meetings, MoRTH was requested to formulate a standardized guideline/SOP to determine appropriate parameters under which a corridor should be developed as an access-controlled corridor.

d) The per km cost of the project is Rs. 23 crore, whereas the per km cost of the nearby stretch is approx. Rs. 18 crore only. Why is the per km. cost of the proposed stretch is higher?

e) The current traffic level in the proposed corridor is 17,991 PCUs only. MoRTH may clarify whether the traffic is sufficient to trigger for four-lane upgradation?

f) How is the significant travel time savings of 1 hour 30 minutes justified with only a minimal reduction (1.19 km) in distance?

g) The proposed project is partially greenfield and partially brownfield. Why is the project not envisaged as a complete brownfield project?

h) The proposed project starts at the end of bridge across river Krishna. What is the status of the bridge, is it under construction or is it in the planned stage?

i) Are service roads to be constructed as part of the project and who will borne its cost?

j) MoRTH may do a BoT reassessment, based on revised cost assessment, debt rate revision, traffic impact of Surat-Chennai corridor, etc.

9. The Chair made the following observations:

a) As per the proposal, the distance between the toll plazas is 65.45 km. Is it the standard distance followed between two toll plazas in NHAI projects?

10. MoRTH submitted the following to the queries raised by the PPPAC Members: -

a) The contingency charges imposed on land acquisition cost shall be removed.

b) For the instant proposal, the traffic survey was originally conducted in 2017 and subsequently revalidated in 2024. For future projects, if the traffic survey data is more than one year old at the time of project submission to the PPPAC, a revalidation exercise shall be undertaken.

c) The cost of Rs.2800 crore is the Total Project Cost (TPC) including the cost of land acquisition in BOT Analysis. However, the financial assessment for BOT has been done on EPC cost of Rs.2535 crore and not on TPC.

d) At the time of PIB approval, the projects were reviewed and sanctioned at the programme level, which included approximately 700 individual projects with indicative cost estimates. The DPRs for these projects had not been finalized at that stage. The instant proposal under PPPAC is being undertaken at the individual project level, based on finalized DPRs, resulting in a more accurate but at a higher cost.

e) The cost of debt shall be optimized using a formula-based approach or a reliable published benchmark. Accordingly, the project financials shall be reassessed and submitted.

f) The corridor at present is not access-controlled. Since the project connects to the Surat–Chennai corridor, it can be developed as an access-controlled corridor to enhance connectivity to Hyderabad with an additional cost of Rs. 150 crore. Further, a standardized guideline/SOP for undertaking access-controlled corridor is under preparation.

g) Out of 80.01km project length, the structure length including the approaches is around 32.264 km. Further, the slip/service road length in the current project are of higher length compared to the nearby projects. Additionally, the nearby project SOR is based on year 2021-22 while the proposed project estimate is prepared on the basis of SOR 2024-25. The SOR 2024-25 rates are almost 15% higher than the SOR 2021-22 rates. All these factors contributed to high per km cost in the instant proposal.

h) The current traffic level on the proposed corridor is 17,991 PCUs which surpasses the triggering point of 13500 PCUs as per Level of Service 'C' indicating the need for upgradation to 4-lane corridor.

i) The significant travel time saving of 1 hour and 30 minutes, despite a minimal reduction in distance, is because of the enhanced road geometry, reduced congestion, increased average speed and better spacing between vehicles.

j) The greenfield sections have been proposed specifically to bypass densely populated or congested stretches, thereby improving overall corridor performance, safety, and level of service. If brownfield development is done in such stretches, it will entail higher cost than the greenfield development.

k) The bridge across river Krishna is under construction and is expected to be completed by 2026.

l) Since the proposed service road is not an urban bypass, the cost for the slip roads shall be borne by MoRTH only.

m) As per Fee Rule 2008, the standard distance between two toll plazas should be 60 km. If the distance is less than 60 km then relaxation has to be provided by the Ministry. In the instant proposal, there are two toll plazas in the proposed corridor which is at a distance of 65.45km. However, the distance of the proposed toll plazas with preceding and succeeding toll plazas are less than 50 km for which relaxation for which relaxation has already been granted by the Ministry.

Recommendations

11. After detailed deliberations, the PPPAC unanimously recommended the proposal for "4 laning of NH-167 from Gudebellur at Design Km.182+930 to Mahabubnagar at Design Km 262+940 of Hyderabad-Panaji section (length 80.01km) in the State of Telangana" subject to following recommendations, for consideration of the competent authority for giving administrative approval.

a) The mode and accordingly appraised capital cost of the project shall be recommended in the next PPPAC meeting subject to the submission of the revised BoT analysis by MoRTH.

b) It is recommended that MoRTH may formulate a standardized guideline/SOP to determine appropriate parameters under which a corridor should be developed as an access-controlled corridor.

c) For all future projects, MoRTH may ensure that the assumptions used to estimate the PIB cost/ and the currently proposed cost along with justifications for variation are submitted with the PPPAC proposal.

d) The cost of debt to be considered as per the prevailing lending rates and not at the higher side for future projects. In addition, rather than applying a uniform rate for the entire concession period, appropriate rate shall be used for the pre-CoD and post CoD phases.

e) For all future proposals, the project shall be justified not only on traffic volumes measured in PCUs, but also in terms of the Level of Service (LoS) requirements.

12. 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 NHAI as the case may be, without any further need of revalidation by the PPPAC and shall proceed with the approval process accordingly

(ii) Construction of Access Controlled Highway of 4-Lane with Paved Shoulders from Ranganathpura (Hassan) to Keresooragondanahalli in Hassan Hiriyur section (EC-20) in Karnataka on HAM under NH (O).

1. The project was deferred. It will be considered after receiving response of the MoRTH on the observations of the PPPAC placed at **Annexure-II.**

List of the participants of the 132nd meeting of the PPPAC

a) Department of Economic Affairs, Ministry of Finance

1. Ms. Anuradha Thakur, Secretary (EA)
2. Shri Baldeo Purushartha, JS (ISD)
3. Ms. Arya Balan Kumari, Joint Director
4. Shri Rajender Singh, SO (PIU)
5. Ms. Anuradha Talwar, SO (PIU)
6. Shri Manjeet Yadav, ASO

b) Department of Expenditure

1. Shri L. K. Trivedi, Director

c) NITI Aayog

1. Shri. Partha Reddy, Programme Director

d) Department of Legal Affairs

1. Shri Hemant Kumar, Deputy Legal Adviser, DoLA

e) Ministry of Road Transport and Highways

1. Shri V Umashankar, Secretary (RTH)
2. Shri Puneet Agarwal AS&FA
3. Shri Vinay Kumar, AS(H)
4. Shri Manoj Kumar, CE
5. Shri V K Joshi, SE (BPSP and HA)

f) National Highway Authority of India (NHAI)

1. Shri Anil Chaudhary, Member
2. Shri Anil Chaudhary, Member (P)
3. Shri D.K. Chaturvedi, GM (Technical)
4. Shri Saket Mishra, Manager (Technical)

***

Comments on MoRTH Proposal

(ii) Construction of Access Controlled Highway of 4 Lane with Paved Shoulders from Ranganathpura (Hassan) to Keresooragondanahalli in Hassan Hiriyur section EC-20 in Karnataka on HAM under NH (O)

a) The projected traffic on the proposed corridor does not justify the need of the project. The only justification of the project is that the land has already been acquired.

b) When was the land acquisition completed and what is the interest obligation of MoRTH on the land acquired? MoRTH may explore the implication of returning the land to the owners in case the project is not taken ahead?

c) There is a substantial increase in the project cost submitted in the PPPAC as compared to the PIB appraisal. The justification for the increased cost may be provided along with underlying assumptions considered.

d) It is noted that the per km cost arrived for the proposed project is Rs. 25.45 crore, whereas the per km cost for the greenfield highways is typically Rs. 22 crore per km. The justification for the higher per km cost to be provided.

e) The need for access-controlled corridor is also not justified. MoRTH may reassess the same.

f) The proposed project from Hassan to Huliyar, covering a length of 76 km, is proposed as a 4-lane access-controlled corridor. However, the adjacent section from Huliyar to Hiriyur, spanning 38 km, is currently under implementation as a 2-lane with paved shoulder (2L+PS) configuration. Given the continuity of the corridor, what is the rationale for not upgrading the Huliyar–Hiriyur section to a 4-lane configuration in-line with the adjoining stretches?

***