

Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

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**Empowered Institution for the Scheme for Financial Support to Public
Private Partnerships in Infrastructure**

33rd Meeting on 20 July, 2011

Record Note of Discussions

The thirty-third meeting of the Empowered Institution (EI), chaired by Additional Secretary and Director General (Currency), Department of Economic Affairs (DEA) was held on July 20, 2011. The list of participants is appended.

2. The EI considered sixteen proposals, eight from the Ministry of Road Transport & Highways, one from the State Government of Uttar Pradesh, four proposals (one for final approval and three for in-principle approval) from Madhya Pradesh and three proposals (one for final approval and two for in-principle approval) from Government of Bihar for viability gap funding (VGF) support. The EI also reviewed the status of forty-five projects approved earlier from the States of Uttar Pradesh (five proposals), Madhya Pradesh (twenty six proposals), Andhra Pradesh (four proposals), Bihar (three proposals) and Gujarat (seven proposals).

Agenda Item I: Proposal from the Government of Uttar Pradesh (GoUP): Two laning of Basti Mehndawal Tamkuhi road of SH 64. Total Project Cost (TPC) Rs 303.05 crore; Length: 166.120 km; VGF sought: Rs. 60.61 crore and Concession Period 30 years.

3. Chief Executive Officer (CEO), Uttar Pradesh State Highways Authority (UPSHA) presented the project proposal. He indicated that UPSHA proposes to develop the existing State Highway (SH)-64 as two lanes with granular and earthen shoulders. The project stretch originates at Basti Kachehari and terminates at Tamkuhi Raj (Km 347 of NH 28). It connects Semariyawan, Nandaur, Mehdawal, Karmainighat, Campierganj, Partawal Bazar, Captanganj, Ramkola Bazar, Padrauna, and Tamkuhi. This road is an important State Highway which provides the shortest link to Maharajganj, Sant Kabir Nagar, Basti, Siddarth Nagar and Nepal. This highway can be used

as a Bypass road to NH 28 (Lucknow, Gorakhpur, Muzaffarpur Road) and is a shortest link between Bihar and Uttar Pradesh.

4. CEO, UPSHA further indicated that the estimated cost of the project is Rs 303.05 crore for a project length of 166.120 km (Rs. 1.82 crore per km). The average total traffic in the year 2010 is 7,067 PCUs and the average tollable traffic is only 56.56 percent of the total traffic. The concession period for the project is 30 years. Three Toll Plazas are proposed. It was further indicated that approximately 99 percent of the land is available with the Authority.

5. Adviser, Planning Commission stated that Clause 17.10.3 of the Model Concession Agreement (MCA), which allows the Authority to take over the performance or obligations of the Concessionaire has been amended in the Project DCA to include such right of the Authority even upon the direction of the State Government. He indicated that the amendment may be reconsidered as per the specific requirements of the project. He further indicated that the concession period of 30 years is not justified based on the projected traffic on the road and it may be reduced to 25 years as per the design capacity of the highway.

6. CEO, UPSHA informed that the observation of Planning Commission in respect of Clause 17.10.3 would be appropriately incorporated in the project DCA. With regard to the concession period, he informed that the local traffic on the project road is very high and affecting the toll revenues and hence, project viability. Therefore, he requested that a concession period of 30 years may be allowed. The members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) were in agreement with the observations of UPSHA.

6. The EI granted in-principle approval to the project for concession period of 30 years subject to compliance of the following conditions:

- i. UPSHA would send the response to the observations in the appraisal notes of the members of EI.
- ii. UPSHA would circulate the revised projects documents to the members of EI.
- iii. The environmental, forest and other approvals and clearances would be obtained before the award of the project.
- iv. 90 percent of the land would be provided to the Concessionaire as per the Model Concession Agreement by the Appointed Date.

(Action: Government of Uttar Pradesh/UPSHA)

Agenda Item II: Proposals from the Ministry of Road Transport & Highways for grant of in principle approval:

- i. Four laning of Ajmer to Nagaur section on NH 89 from km 0.000 to km 161.000 in the State of Rajasthan**
- ii. Four laning of Bikaner to Suratgarh section on NH 11 from km 553.869 to km 173.000 on NH 15 in the State of Rajasthan**
- iii. Four laning of Chittorgarh-Neemach section of NH 79 and Nimbahera-Pratapgarh section of NH 113 in the State of Rajasthan**
- iv. Four laning of Suratgarh-Sriganganagar section of NH 15 in the State of Rajasthan**
- v. Four laning of Mangwan to MP/UP border section (km 98/2 to km 46/6) of NH 27 in the State of Madhya Pradesh**
- vi. Four laning of Sidhi to Singrauli section (km 83/4 to km 195/8) of NH 75E in the State of Madhya Pradesh**
- vii. Four laning of Satna to Bela section (km 155/0 to km 203.04) of NH 75 in the State of Madhya Pradesh**
- viii. Four laning of Zirakpur to Patiala section of NH 64 from km 0 to km 50.700 in the State of Punjab.**

7. Director, DEA at the outset, highlighted the generic issues. It was indicated that MoRTH have posed eight proposals for in-principle approval for VGF support under the Scheme. The projects are proposed to be implemented under National Highways (Others). Accordingly, MoRTH has been requested to confirm that the above projects have been approved by the Competent Authority for implementation under NH (Others) and that budgetary provisions for meeting the pre-construction activities and balance VGF(up to 20 percent of TPC) have been made.

8. Joint Secretary, MoRTH confirmed that the said projects have been approved by the Minister, RTH. Further, budgetary provisions are being made to meet the cost of the pre-construction activities and the balance VGF requirement above the amount approved under the Scheme for Support to PPPs in Infrastructure. Director, DEA indicated that MoRTH has provided a copy of the note sheet of an internal file of MoRTH which indicated the approval of the Minister, RTH for making an allocation for the projects under NH(Others). It was requested that a written confirmation that the funds are available be provided to the members of the EI. This was agreed to. The Chairman queried whether the AS & FA of the MoRTH had concurred with the proposed budgetary allocation for VGF for the said projects. Joint Secretary, MoRTH confirmed that the Finance Wing of the Ministry and AS & FA had concurred with the proposed allocation.

9. The EI decided to consider grant of in-principle approval to the projects subject to the compliance of the following conditions:

- i. MoRTH would send written response to the observations of the members of EI.
- ii. MoRTH would circulate revised projects documents to the members of EI.
- iii. The environmental, forest and other approvals and clearances would be obtained before the award of the projects.
- iv. 80 percent of the land would be provided to the Concessionaires as per the Model Concession Agreement (MCA) by Appointed Date.
- v. Approval from the Public Private Partnership Appraisal Committee (PPPAC) and the Empowered Committee (EC) would be obtained before inviting the financial bids.
- vi. MoRTH would send written confirmation regarding availability of the budgetary provisions for meeting the cost of the pre-construction activities, balance VGF up to 20 percent of TPC and confirmation of the approval of the Competent Authority for implementation of the projects under NH (O).

(Action: MoRTH)

(i) Development and Operation of Ajmer to Nagaur section on NH 89 from km 0.000 to km 161.000 in the State of Rajasthan: Total Project Cost (TPC) Rs 377.15 crore; Length: 148.25 km; VGF Rs. 75.43 crore and Concession Period 21 years

10. The representatives of DEA and Planning Commission queried about the status of land acquisition and other clearances. Joint Secretary, MoRTH informed that the land acquisition and clearances would be completed as per the provisions of the Model Concession Agreement (MCA).

11. The EI granted in-principle approval to the project subject to compliance of the conditions indicated in para 9 above.

(Action: MoRTH)

(ii) Development and Operation of Bikaner to Suratgarh section on NH 11 from km 553.869 to km 173.000 on NH 15 in the State of Rajasthan. Total Project Cost (TPC) Rs 501.08 crore; Length: 172.384 km; VGF Rs. 100.22 crore and Concession Period 16 years.

12. Director, DEA indicated that the project stretch includes an existing State owned Bikaner Bypass from km 53.869 km to 10.630 km of NH-15

constructed on BOT basis by the State PWD, which is under operation. The Bypass is proposed to be handed over to the Concessionaire in July, 2013 on expiry of the extant concession. The Concessionaire has to complete the development of the bypass within six months to achieve the COD on or after 1st July, 2014. Joint Adviser, Planning Commission expressed concern that such arrangement could be viewed as risk of possible delay in construction and should be reflected in higher VGF bids. Further, concern was expressed that the bypass was the responsibility of the State Government; while the proposed project stretch would be awarded by MoRTH. It was suggested that an MoU may be executed with the State Government in this regard before including the Bypass in the scope of work.

13. Joint Secretary, MoRTH clarified that the appointed date of the said project would be by the end of 2012. The construction period has been considered as 2 years and accordingly the project would be completed by the end of 2014. Hence, this clause will not result in higher bids. Further, he confirmed that an MoU with the State Government would be entered for transferring of State owned bypass to the MoRTH after the expiry of the existing concession on 1st July, 2013. Necessary provisions indicating the above arrangement shall be made in the Schedules of the project DCA.

14. Joint Adviser, Planning Commission indicated that the Schedules of the project DCA require corrections. Joint Secretary, MoRTH confirmed that corrections in the schedule of the project DCA would be made to comply with the observations thereon in the appraisal note.

15. The EI recommended the proposal to the Empowered Committee of the Scheme for grant of in-principle approval for viability gap funding for the project subject to compliance of the conditions indicated in para 9 above. MoRTH would forward copy of the MoU with the State Government for transferring the existing State owned Bikaner bypass to the MoRTH to the members of the EI.

(Action: MoRTH)

(iii) Development and Operation of Chittorgarh-Neemach section of NH 79 and Nimbahera-Pratapgarh section of NH 113 in the State of Rajasthan. Total Project Cost (TPC) Rs 511.21 crore; Length: 116.997 km (44 km-4 laning & 73 km- 2 laning); VGF Rs. 102.25 crore and Concession Period (CP) 19 years.

16. Director, DEA indicated that two toll plazas have been proposed for a length of 44 km which contravenes the Toll Policy that provides that the

distance between the two toll plazas should not be less than 60 km. Further, the total length for which toll is to be charged has been indicated as 126 km as against proposed project length of 116 km. MoRTH was requested to clarify about the validity of the response/applications to the RfQ issued in October, 2009. Attention was also invited to the appraisal note of Planning Commission and DEA where, *inter alia*, corrections to the Schedules of the project DCA have been recommended.

17. Joint Secretary, MoRTH clarified that the Toll Plazas' locations have been identified to avoid the leakage of revenue and to increase the viability of the project. The Schedule 'R' would be reconciled and corrected based on the actual lengths of the project highway. Further, RfQ was again issued in January, 2011 and the bids are valid.

18. The EI recommended the proposal to the Empowered Committee of the Scheme for grant of in-principle approval for viability gap funding for the project subject to compliance of the conditions indicated in para 9 above.

(Action: MoRTH)

(iv) Development and Operation of Suratgarh-Sriganganagar section of NH 15 in the State of Rajasthan. Total Project Cost (TPC) Rs 224.03 crore; Length: 78.110 km; VGF Rs. 44.80 crore and Concession Period (CP) 11 years.

19. Director, DEA indicated that total length for which toll is to be charged has been provided as 96.15 km in Schedule 'R' as against the proposed project length of 78.10 km. Attention was invited to the corrections in the Schedule of the project DCA suggested by Planning Commission in their appraisal note.

20. Joint Secretary, MoRTH confirmed that the Schedule 'R' would be reconciled and corrected based on the actual lengths of the project highway. The other Schedules would also correct as suggested.

21. The EI granted in-principle approval to the project subject to compliance of the conditions indicated in para 9 above.

(Action: MoRTH)

(v) Development of 4 lane of Mangwan to MP/UP border section (km 98/2 to km 46/6) of NH 27 on PPP basis following DBFOT (Toll) basis

in the State of MP. Total Project Cost (TPC) Rs 381.86 crore; Length: 52.074 km; VGF Rs. 76.37 crore and Concession Period (CP) 30 years.

22. Director, DEA indicated that the traffic on the project stretch does not justify 4 laning of the proposed highway. Planning Commission in their Appraisal Note have also indicated that 4 laning of the stretch would be justified in the year 2015. Further, MoRTH, in its response to the appraisal notes, has indicated that 4 laning is the only solution for development of the project highways. However, if suggested by EI, 2 lanes with paved shoulder for a concession period of 16 years may be considered.

23. Managing Director (MD), Madhya Pradesh Road Development Corporation (MPRDC), the implementing agency for the project, indicated that as per the project schedule, the construction of the project will be completed by the end of 2014. The 4 laning is justified in the year 2015 when the estimated traffic will reach 15, 000 PCUs. Further, the project is viable for 4 laning with VGF less than 20 percent of TPC. Accordingly, he requested that the project may be approved for four laning. In case, on testing the market, the project does not get a bid response with the proposed scope of work, the EI may review the project proposal.

24. The members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) concurred with the suggestion of MD, MPRDC and agreed to test the market with the proposed 4 laning of the project stretch.

25. The EI granted in-principle approval for viability gap funding for the project subject to compliance of the conditions indicated in para 9 above.

(Action: MoRTH)

(vi) Assistance for Development of 4 lane of Sidhi to Singrauli section (km 83/4 to km 195/8) of NH 75E on PPP basis following DBFOT (Toll) basis in the State of MP. Total Project Cost (TPC) Rs 871.15 crore; Length: 102.60 km; VGF Rs. 174.23 crore and Concession Period (CP) 30 years.

26. Director, DEA indicated that the traffic on the project stretch does not justify 4 laning of the proposed highway. Planning Commission in their Appraisal Note has also conveyed the same view.

27. Managing Director (MD), Madhya Pradesh Road Development Corporation (MPRDC) indicated that the traffic is low since the condition of

the road is very bad. The proposed highway is situated in the mining area. Further, lots of industrial units including cement plants are coming up in the area. Traffic is expected to increase rapidly in the coming years. The development of 2 laning with paved shoulders will not be adequate for the proposed project highway. The project RfQ has been invited and 37 bidders have shown their interest in the project. Further, the project is viable for 4 laning within VGF up to 40 percent of TPC. Accordingly, he requested that the project may be approved for 4 laning.

28. The members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) concurred with the suggestion of MD, MPRDC and agreed to test the market with the proposed 4 laning of the project stretch.

29. Joint Adviser, Planning Commission indicated that 31.4 km of the project stretch would traverse forest area. Hence, the clearance of the National and State Board of Wildlife would be required for execution of the project. Acquisition of the Sanctuary land is critical for the project. MD, MPRDC assured that all the clearances for the project would be obtained within the permissible time as per the provisions of the MCA. He informed that all the applications for obtaining clearances have already been filed.

30. Representative of DoE indicated that the cost per km of the project Rs. 8.49 crore appeared high. MD, MPRDC clarified that the cost per km is high due to proposed structures on the project stretch, including four major bridges and three RoBs. Further, the project cost is within the prescribed threshold of Rs. 9.50 crore as accepted based on the B.K. Chaturvedi Committee recommendations. Hence, the scope of work and project cost may be accepted.

31. The EI recommended the proposal to the Empowered Committee of the Scheme for grant of in-principle approval for viability gap funding for the project subject to compliance of the conditions indicated in para 9 above.

(Action: MoRTH)

(vii) Assistance for Development of 4 lane of Satna to Bela section (km 155/0 to km 203.04) of NH 75 on PPP basis following DBFOT (Toll) basis in the State of MP. Total Project Cost (TPC) Rs 320.48 crore; Length: 48.04 km; VGF Rs. 64.09 crore and Concession Period (CP) 27 years.

32. Joint Adviser, Planning Commission indicated that Schedule C of the project DCA provides that two hard top inspection vehicles shall be provided to the Concessionaire. This may be deleted as per earlier decision of the PPPAC. MoRTH agreed to delete the same.

33. Director, DEA indicated that 191.50 hectares of land is yet to be acquired and no timeline for the same have been indicated. MD, MPRDC indicated that Notification under 3(a) has been published 14.02.2011 and Notification under Section 3 (A) is under preparation. He assured that 90 percent of the land shall be handed over to the Concessionaire on the Appointed Date. It was indicated that the State Government estimates suggest that the project is expected to get a good response.

34. The EI granted in-principle approval for VGF for the project subject to compliance with the conditions indicated in para 9 above.

(Action: MoRTH)

(viii) Development of 4 lane of Zirakpur to Patiala section of NH 64 in the State of Punjab from km 0 to km 50.700 on PPP basis following DBFOT (Toll) basis. Total Project Cost (TPC) Rs 421.78 crore; Length: 50.70 km; VGF Rs. 84.356 crore and Concession Period (CP) 14 years.

35. Director, DEA indicated that two toll plazas have been proposed for a length of 50.70 km which contravenes the provision of the Toll Policy that prescribes that the distance between the two toll plazas should not be less than 60 km.

36. Joint Secretary, RTH clarified that the project section has been physically divided into two stretches, viz., Zirakpur to Rajpura (km 0.00 to km 28.100) and Rajpura to Patialia (km 28.100 to km 50.70). One Toll Plaza has been proposed for each Section for optimising the toll revenues. This was accepted by the members of the EI.

37. The EI granted in-principle approval for VGF support to the project, subject to compliance with of the conditions indicated in para 9 above.

(Action: MoRTH)

Agenda Item III: Proposals from the Government of Madhya Pradesh (GoMP) for grant of final approval for Development of Satna-Chitrakoot (SH 11); Total Project Cost (TPC) Rs 121.78 crore; Length: 73.76 km; VGF Rs. 24.356 crore and Concession Period (CP) 25 years.

38. Director, DEA indicated that as per the Financing Closure documents, the promoters' equity is less than the VGF support. MD, MPRDC clarified that the proposed project was awarded as per the recommendations of the B.K. Charturvedi Committee, wherein, VGF support may be twice the promoter's equity.

39. The members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) indicated their concurrence for granting approval to the project.

40. The EI granted final approval to the project for VGF support of Rs. 24.356 crore.

(Action: MPRDC/DEA)

Agenda Item IV: Proposal from Government of Madhya Pradesh for grant of in-principle approval:

- (i). **Development of two laning with granular shoulder from km 0/10 to km 67/10 of Balaghat to Baihar section of SH 26 on PPP basis following DBFOT (Toll) basis in the State of MP. Total Project Cost (TPC) Rs 156.38 crore; Length: 66.7 km; VGF Rs. 31.276 crore and Concession Period (CP) 30 years.**
- (ii). **Development of two laning with granular shoulder from km 0.00 to km 38.00 of Lakhnadon-Ghansore section of SH 40 on PPP basis following DBFOT (Toll) basis in the State of MP. Total Project Cost (TPC) Rs 79.14 crore; Length: 37.93 km; VGF Rs. 15.528 crore and Concession Period (CP) 30 years.**
- (iii). **Development of two laning with granular shoulder from km 1/5 to km 51/4 in Seoni and km 51/4 to km 24/10 in Balaghat of Seoni-Katangi section of SH 54 on PPP basis following DBFOT (Toll) basis in the State of MP. Total Project Cost (TPC) Rs 152.55 crore; Length: 75.600 km; VGF Rs. 30.50 crore and Concession Period (CP) 30 years.**

41. Director, DEA informed that MPRDC has posed three new proposals for in-principle approval of the EI for VGF support. MPRDC has responded to all the observations of Planning Commission and DEA on the proposals in their appraisal notes. The observations have been accepted. It has been confirmed that changes would be incorporated in the bid documents.

42. The EI granted in-principle approval to the three projects subject to compliance of the following conditions:

- i. MPRDC would submit revised documents in compliance to the observations of the members of EI mentioned in the appraisal notes, including corrections of the Schedules.
- ii. MPRDC would obtain environmental, forest and other approvals and clearances before the award of the Project.
- iii. 90 percent of the land to be provided to the Concessionaires as per the Model Concession Agreement (MCA) by the Appointed Date.

(Action: MPRDC)

Agenda Item V: Proposals from the Government of Bihar (GoB) for grant of final approval for Development of Green Field Bridge across River Ganga and its approaches connecting NH 31 near Bakhtiyarpur and NH 28 at Tajpur in the State of Bihar on DBFOT (Toll) basis. Total Project Cost (TPC) Rs 1387.83 crore granted in-principle approval; Revised TPC Rs. 1502.74 crore as per bidding process; Length: 6.5 km bridge length and 42 km approach road; VGF Rs. 277.5 crore and Concession Period (CP) 30 years.

43. Secretary, PWD, GoB presented the proposal. It was indicated that the instant project is the first BOT (Toll) Project in the State of Bihar to have undergone a successful bidding process. It would pave way for similar projects and greater development. It was indicated that the project is an important missing link which would provide connectivity between East-West corridor & Golden Quadrilateral (GQ) and would lead to balanced development in the most deprived districts of North and South Bihar. The benefits of this bridge includes improved transit transport efficiency, promoting regional tourism connecting Buddhist Circuits, trade and investment, facilitating direct port connectivity, international connectivity through "Asian Highways" in India and Nepal, harnessing latent economic potential and improving quality of life in the project influence area. It was brought to the notice of the members of EI that while the cost of the project has gone up to Rs. 1502.74 crore from Rs. 1387.83 crore, enhancement in cost was due to inclusion of essential large structures such as bypass and RoBs. It was informed that the State Cabinet has already approved the enhanced project cost. It was reiterated that the VGF requirement from the Government of India will remain the same as approved during in-principle stage and total VGF amount shall be limited to Rs. 555.0 crore (40 percent of Rs. 1387.83 crore).

44. Secretary, PWD, Government of Bihar informed that three of the eight bidders had responded with financial bid at the RfP stage. After evaluation, Navyuga Engineering Company Ltd. was selected as successful bidder for the Project. The Letter of Award (LOA) was issued to M/S Navayuga Engineering

Company Ltd., Hyderabad on August 21, 2010. The Concession Agreement has been signed on October 8, 2010. Financial Closure has been achieved by the Concessionaire in April, 2011

45. Director, DEA informed that the State Government has not sought the approval of EI for the enhanced project cost; while the project may be granted approval, this may be subject to this approval not being treated as precedent for future projects.

46. All the other members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) concurred with the grant of approval to the project.

47. The EI recommended the proposal to the Empowered Committee for grant of final approval for VGF support of Rs. 277.5 crore under the Scheme.

(Action: Government of Bihar; DEA)

Agenda Item VI: Proposals from the Government of Bihar (GoB) for grant of in principle approval: Development Rajauli-Bakhtiyarpur section of NH 31 on PPP basis following DBFOT (Toll) basis in the State of Bihar. Total Project Cost (TPC) Rs 847.10 crore; Length: 107.15; VGF Rs. 169.42 crore and Concession Period (CP) 30 years.

48. Secretary, PWD stated that the project road provides connectivity with NH-2 i.e. Delhi- Kolkata traffic and direct access to Haldia Port. It will improve the connectivity of the region to Ranchi, Jamshedpur and Paradip Port and will cater to major freight traffic movement the North Eastern States. It was informed that the sections under Bihar Government from Barhi to Behragora and Bakhtiyarpur to Guwahati are already under improvement. However, a missing link in the State of Jharkhand, road section from Rajauli-Bakhtiyarpur needs to be upgraded from 2-lane to 4-lane divided carriageway to complete this road network with 4-lane divided carriageway facility.

49. In response to a query by the Chair about status of land acquisition, it was informed that the State Government has been facing no problems in land acquisition. Joint Secretary, MoRTH indicated that the Ministry had issued a No Objection Certificate (NoC) to GoB for four laning of a stretch which also included the Barhi-Rajuli. However, in the present proposal, this section has been excluded since the stretch lies in Jharkhand. The concern of the Ministry is that this stretch is likely to be left out as an underdeveloped stretch. Secretary, PWD, indicated that since the stretch lies in the State of Jharkhand, it has not been included in the proposal from Government of Bihar. The

Chair advised the State Government to resolve the matter in consultation with MoRTH and the State of Jharkhand and re-present the position on the project.

50. The EI decided that MoRTH would convene a meeting with the State Governments of Bihar and Jharkhand to arrive at a final decision regarding the four laning of the stretches. The project proposal was deferred for next meeting of the EI.

(Action: Government of Bihar; DEA)

Agenda Item VII: Proposals from the Government of Bihar (GoB) for grant of in principle approval: Development of Ganga Driveway and Riverfront Development from Digha to Didarganj at Patna on BOT (Toll) basis. Total Project Cost (TPC) Rs 2234.46 crore; VGF Rs. 446.892 crore and Concession Period (CP) 30 years.

51. Secretary, PWD, GOB informed that the project road is proposed to be developed along the side of River Ganga. The project road primarily aims to provide connectivity to Patna agglomeration area from East to West and to connect to existing NHs (NH -19, 1, 77, 84 98 etc.) around the city and promote regional transportation. It would also cater to the tourist and religious interests with superior infrastructure facilities being provided to places of prominence in the city such as the Harmandir Sahib, Ghats etc. Further, a link stretch under the Railways, a railway bridge shall be constructed by NHAI, with likely completion in December 2012. The main benefit of the project would be the reduction in travel time from 2 hours to 25 minutes and the overall economic development in the region. With regard to land acquisition, it was indicated that out of the total land requirement of 175.56 hectare, 157.7 hectare is river reclaimed land, 3.30 hectare as land to be provided by State Government, 1.56 hectare land to be provided by Central Government and remaining 13 hectare as private land. With regard to the cost of the project, it was indicated that the project required superior hydraulic measures to guard it against flooding, erosion and other impacts including development of an elevated bridge of 7.5 km.

52. Joint Secretary, DEA noted that around 90 percent of the land has been indicated as reclaimed land and queried whether appropriate preventive measures have been inbuilt in the project to protect the proposed highway from future changes in course of the river. Secretary, PWD responded that detailed studies with independent hydraulic experts have been carried out and based on the same, the alignment of the project has been developed.

53. Joint Secretary, DEA sought further clarification whether necessary up-gradation of the existing infrastructure such as the Jetties on the portion of the land belonging to the Central Government (Inland Water Transport Authority) was being considered. It was suggested that in order to provide for comprehensive well developed facade of the river side areas under Central Authority control such as jetties etc. must also be developed. It was recommended that the same may be explored with IWTA to take up on PPP basis.

54. Advisor, Planning Commission indicated that in view of the overall development, coverage of missing links and provision of the Railway Bridge the Planning Commission would support the Project. Additionally, it was indicated that while the toll fees are very high, they are likely to be paid by the users as it would lead to substantial savings in travel time.

55. Director, DEA indicated that there are many other concerns with regards to the project, in particular the draft concession agreement (DCA) as raised in the appraisal notes of the appraising agencies. Thus, it was requested that while the project is being considered for grant of in-principle approval, it may be subject to resolution of these issues. This was agreed to.

56. All the other members of EI including DEA, Planning Commission, MoRTH and Department of Expenditure (DoE) indicated no objection to grant of approval to the project.

57. The EI recommended the proposal to the EC for grant of in-principle approval for VGF support to the project subject to for grant of GOB addressing the observations in the appraisal notes by the members of EI and submitting the of revised documents incorporating the responses on the appraisal notes.

(Action: Government of Bihar)

Agenda Item VII: Review of viability gap funding (VGF) projects under the Scheme from various State Governments

58. The EI reviewed 45 projects earlier approved by the EI from State Governments of Uttar Pradesh (five proposals), Madhya Pradesh (thirty three proposals), Andhra Pradesh (four proposals), Bihar (three proposals) and Gujarat (seven proposals).

A. Status of proposals of Government of Uttar Pradesh (GoUP)

59. CEO, UPSHA indicated that five projects had been approved for VGF support for the State of Uttar Pradesh. The status of the projects are as under:

- i. **Four laning with paved shoulder Delhi-Saharanpur-Yamunotri Road upto Uttrakhand Boarder (SH 57) on DBFOT basis. Total Project Cost (TPC) Rs 1718.35 crore; Length: 206.089 km; Date of approval: 31.10. 2010; VGF Rs. 343.67 crore and Concession Period (CP) 25 years:** The bid process has been completed. The LoA issued on 14.06.2011
- ii. **Four laning with paved shoulder in Bareilly-Almora section of SH 37 in the State of Uttar Pradesh on DBFOT basis. Total Project Cost (TPC) Rs 354.07 crore; Length: 54.00 km; Date of approval: 31.10. 2010; VGF Rs. 70.81 crore and Concession Period (CP) 25 years.:** The bid process has been completed. LoA issued on 14.06.2011
- iii. **Four laning with paved shoulder in Varanasi-Shaktinagar section of SH 5A in the State of Uttar Pradesh on DBFOT basis. Total Project Cost (TPC) Rs 1211.96 crore; Length: 115.00 km; Date of approval: 31.10. 2010; VGF Rs. 121.19 crore and Concession Period (CP) 20 years:** Financial bid was received on 21.04.2011. The VGF sought by the L₁ bidder (M/s Punj Lloyd) was Rs. 460.00 crore (38 percent of TPC). The bid was again invited on 19.05.2011, but no bids were received. During bidding, it was informed by the bidders that the project is viable with minimum grant of 25 to 30 percent of TPC. The traffic survey was re-conducted in June, 2011 and it was informed that due to the local traffic, the revenues from toll shall be 20 to 22 percent less than the previously assessed. Hence, the project is viable with VGF of 20 percent of TPC. EI had earlier approved the project with VGF of 10 percent of TPC. However, whereas during bidding, the L₁ bidder has quoted a requirement of higher VGF. The revised proposal for VGF requirement of 20 percent of TPC is being submitted by the UPSHA for approval of EI.
- iv. **4 laning of Lucknow-Hardoi Shahajahanpur road in the State of Uttar Pradesh. Total Project Cost (TPC) Rs 1044.0 crore; Length: 162.40 km; Date of approval: 10.05.2011; VGF Rs. 260.97 crore and Concession Period (CP) 25 years:** The project is under bidding stage.
- v. **4 laning of Meerut-Karnal Road in SH 82 in the State of Uttar Pradesh. Total Project Cost (TPC) Rs 583.23 crore; Length: 87.60 km; Date of approval: 10.05.2011; VGF Rs. 116.65 crore and Concession Period (CP) 25 years:** The project is under bidding stage.

B. Status of proposals of Government of Madhya Pradesh (GoMP)

60. MD, MPRDC presented the status of the projects approved by the EI for VGF support for the State of Madhya Pradesh which is reproduced as **Annex I**. MD, MPRDC indicated that 26 projects with Total Project Cost of Rs. 5557 crore were cleared by the EI for sanction of VGF of Rs. 1131.49 crore. 11 projects have been awarded on premium and 13 projects awarded on VGF. Out of total VGF of Rs. 382.79 crore for 13 projects, VGF of Rs. 163.12 crore has been released. Four projects (at sl no 9, 10, 11 & 12) are expected to be completed during the current financial year and entire balance VGF for these four projects will be required/demanded during the current financial year. LoA has been issued for three projects and two National Highways projects which are being taken up on behalf of MoRTH are under bidding stage. COD has been achieved for six projects.

61. MD, MPRDC further stated that during implementation, approval from Railway authorities in respect of ROBs was a big hurdle and this has delayed almost all the projects where ROBs were to be constructed. COD of two projects (at serial numbers 1 and 6 of Annex-I) were delayed due to ROB clearances and therefore, were allowed partial CoD with Provisional Certificates. Two projects (at serial numbers 3 and 4 of Annex-I) were delayed due to concessionaire defaults.

C. Status of proposals of Government of Andhra Pradesh (GoAP)

62. Chief Engineer, Government of Andhra Pradesh presented the status of the projects approved by the EI for VGF support for the State of Andhra Pradesh which is reproduced as **Annex II**.

63. Chief Engineer, Government of Andhra Pradesh indicated that the demand for release of VGF of about Rs. 55 crore in respect of project at serial number 1 of Annex-II (viz., Greenfield Bridge across river Godavari) is being sent shortly and balance VGF may be demanded by the end of the current financial year itself. Projects at serial numbers 2 and 3 have been awarded and financial closure have been achieved and proposals for these two projects are being sent for final approval. Bid process has been cancelled for project at serial number 4 of Annex-II on account of conversion of part of section into National Highways by the GoI. Revised proposal for this project is being sent for approval from the EI.

D. Status of proposals of Government of Bihar (GoB)

64. Secretary, Government of Bihar presented the status of the three projects approved by the EI for VGF support for the State of Bihar, which is reproduced at **Annex-III**.

65. Secretary, Government of Bihar indicated that one bid was received in respect of project at serial number 1(viz., Ara-Mohania stretch) during bidding for third time. Proposal has been sent to the State Government for approval. No bids were received in respect of project at serial number 2 (viz., Bihta-Aurangabad stretch) though the bids were invited four times. Financial Closure has been achieved in respect of project at serial number 3 (viz., Greenfield bridge across river Ganga) and project has been posed for final approval in the current meeting. There will not be any demand for disbursement of VGF by the State Government during the current financial year.

E. Status of proposals of Government of Gujarat (GoG)

66. The EI noted that representative of the State Government of Gujarat was not present in the meeting. However, they have sent the status of the seven projects approved for VGF by the EI which is reproduced at **Annex IV**. Four of the projects have been awarded on premium and do not require VGF from the GoI. Nakhatrana-Dayapar-Panandhro road is pending environmental clearance and the stretch from Sarkhej to Bhavnagar is pending decision regarding development as an expressway. The bid process for the Bagodara-Dhandhuka-Vallabhipur-Bhavnagar stretch is underway.

67. The Chairman advised the State Government to review the project structures and financials of the projects which had not been elicited in a positive bid response, and if required, come back to the Empowered Institutions with revised projects. It was suggested that revised project documents of such projects may be sent for consideration by the EI for grant of approval, *prior to commencement of the bid process*.

68. The meeting ended with a vote of thanks to the chair.

Status of projects of Government of Madhya Pradesh

S. N.	Name of Project	Total Project Cost (TPC)	Date of in-principle approval by EI	VGF Approved (Rs. Crore)	Date of Final approval by EI	VGF Approved (Rs. Crore)	VGF Disbursed	Status
1	Four Laning of Lebad Jaura State Highways	420.71	01.05.07/14.12.2009	84.14	Awarded on Premium	NA	N.A.	COD achieved & tolling started
2	Strengthening of Mandasaur-Sitamau Road	25.25	21.09.06	5.05	05.03.2008	5.05	5.05	COD achieved & tolling started
3	Strengthening of Matkuli-Tamia-Chindwara	98.43	21.09.06	19.70	05.03.2008	19.70	19.70	COD achieved & tolling started
4	Strengthening of Chandpur-Alirajpur Kukshi-Badwani Road	63.02	21.09.06	12.60	05.03.2008	12.60	12.60	COD achieved & tolling started
5	Four Laning of Bhopal Devas State Highway	426.64	14.11.06	85.33	05.03.2008	81.00	81.00	COD achieved & tolling started
6	Four Laning of Jaora Nayagaon State Highway	403.90	14.11.06	80.78	Awarded on Premium	N.A.	N.A.	COD achieved & tolling started
7	Four laning of Indore-Ujjain Road Project	270.78	05.03.08	54.16	Awarded on Premium	NA	N.A.	COD achieved & tolling started
8	four laning of Bhopal by pass	214.45	01.05.07	42.89	Awarded on Premium	NA	N.A.	Under Construction
9	2 laning of Bhind-Mihona-Gopalpur road project	82.89	02.02.09	16.58	30.09.2010	16.58	9.58	Under Construction

S. N.	Name of Project	Total Project Cost (TPC)	Date of in-principle approval by EI	VGF Approved (Rs. Crore)	Date of Final approval by EI	VGF Approved (Rs. Crore)	VGF Disbursed	Status
10	2 laning of Damoh-Jabalpur road project	212.13	02.02.09	42.43	30.09.2010	42.43	15.00	Under Construction
11	2 laning of Sagar-Damoh Road project	116.50	02.02.09	23.30	30.09.2010	23.30	11.91	Under Construction
12	2 laning of Bina-Khimalsa-Malthon road Project	69.11	02.02.09	13.82	30.09.2010	13.82	8.28	Under Construction
13	Ujjain-Unhel-Nagda-Jaora road	189.29	14.12.09	37.86	Awarded on Premium	NA	N.A.	Under Construction
14	Satna-Chitrakoot road	121.78	14.12.09	24.36	04.07.2011	24.36	Nil	Under Construction
15	Construction of new four lane connecting Lebad to Manpur	206.53	14.12.09	41.31	Awarded on Premium	NA	N.A.	Under Construction
16	Two laning of Bina-Kurwal-Sironj Road	91.72	10.09.10	18.34	Awarded on Premium	NA	N.A.	Agreement Signed
17	Two laning of Guna-Ashoknagar-Ishagarh Project (SH 20) on BOT basis	105.10	19.11.10	21.02	Awarded on Premium	NA	N.A.	Agreement Signed
18	Two laning of Bhopal-Bersia-Sironj Project (SH 23) on BOT basis	175.60	19.11.10	35.12	Awarded on Premium	NA	N.A.	Agreement Signed
19	Two laning of Betul-Sarni-Tikadhan-Junnardeo-	237.64	16.03.11	47.53	Awarded on Premium	NA	N.A.	Agreement Signed

S. N.	Name of Project	Total Project Cost (TPC)	Date of in-principle approval by EI	VGF Approved (Rs. Crore)	Date of Final approval by EI	VGF Approved (Rs. Crore)	VGF Disbursed	Status
	Parasia section of SH 43 in MP on BOT(Toll)							
20	Two laning of Rau-Mhow-Jamghat-Mandleshwar section of SH 38 in MP on BOT(Toll)	176.06	16.03.11	35.21				LOA issued on 25.05.2011
21	Two laning of Jhabua-Jobat-Zeerpanya-Bagh-Kukshi section of SH 39 in MP on BOT(Toll)	157.44	16.03.11	31.49				Agreement signed
22	Two laning of Damoh-Batiyagarh-Baxwaha-Hirampur section of SH 37 in MP on BOT (Toll)	122.74	16.03.11	24.55	Awarded on Premium	NA	N.A.	Agreement signed
23	Two laning of Sarangpur-Akodia-Shujalpur section of SH 41 in MP on BOT (Toll)	67.56	16.03.11	13.51				LOA issued on 16.05.2011
24	Two laning of Khandwa-Dehtala-Burhanpur section of SH 50 in MP on BOT (Toll)	227.08	16.03.11	45.41				LOA issued on 25.05.2011

S. N.	Name of Project	Total Project Cost (TPC)	Date of in-principle approval by EI	VGF Approved (Rs. Crore)	Date of Final approval by EI	VGF Approved (Rs. Crore)	VGF Disbursed	Status
25	Four laning with paved shoulders of Bhopal to Biaora section in the state of Madhya Pradesh	704.26	10.05.11	140.85				Under Bidding
26	4 laning of Rewa to MP/UP Border of NH 7 in the State of Madhya Pradesh	670.82	10.05.11	134.16				Under Bidding
Total		5657.43		1131.49			163.12	

Annex II**Status of project of Government of Andhra Pradesh**

Rs. In Crore

Sl No.	Name of Project	Total Project Cost	Date of in-principle approval	Date of Final approval	VGF Approved	VGF Released	Status
1	Construction second road bridge across River Godavari	593.00	5.3.2008	14.10.2009	118.60	NIL	Work is in progress. Tripartite Agreement executed. The demand for release of VGF of about Rs. 95 crore is being sent shortly.
2	Four laning of Hyderabad-Karimnagar-Ramagundam Road	1358.19	18.2.2009	-	271.64	NIL	Financial Close achieved in February 2011. Proposal for Final Approval is being sent.
3	Four-Laning of Narketpally - Addanki-Medarametla Road	1196.84	18.2.2009	-	239.36	NIL	Financial Close achieved in January 2011. Proposal for Final Approval is being sent.
4	Four laning of Puthalapttu-Naidupet Road (from Km. 0.00 to 411.700 and Km. 59.00 to 116.800)	528.5	18.2.2009	-	105.70	NIL	During the Bid process the section from km. 0.00 to Km. 59.00 was converted into

							National Highway by GOI. Accordingly, bids were cancelled. The revised proposal will be sent to GOI.
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Status of projects of Government of Bihar

Sl No.	Name of Project	Total Project Cost	Date of in-principle approval	VGF Approved	Date of Final approval	VGF Released	Status
1	4 laning of Ara-Mohania Road	917.12	18.02.09	183.36		0.00	In the third time bid, only single bid was received. Proposal has been sent to the state government for approval.
2	2 laning of Bihta to Aurangabad Road Project	218.16	02.02.09	43.62		0.00	Project has been bid out four times but no bids were received.
3	Construction of green field bridge across river Ganga connecting Bakhtiyarpur	1387.83	02.02.09	277.50	20.07.2011	0.00	Financial Closure has been achieved.

Annex IV**Status of projects of Government of Gujarat**

S.N	Name of Project	Total Project Cost (TPC)	Date of in-principle approval	VGF Approved (Rs. Crore)	Date of Final approval	VGF Disbursed	Status
1	Four laning of Rajkot-Jamnagar-Vadinar	543.21	17.02.06	108.64	Awarded on Premium	NA	Under construction SD- Sept 09 CD- Dec 11
2	Halol-Godhara-Shamlaji Road	498.81	17.02.06	99.76	Awarded on Premium	NA	Under construction SD- Sept 09 CD- Dec 11
3	Four laning of Ahmedabad Viramgam-Maliya	785.40	17.02.06	157.08	Awarded on Premium	NA	Under construction SD- Oct 09 CD- Apr 12
4	Strengthening and widening of two lane road with paved shoulders of Bhuj Bachau	190.66	10.04.08	25.89	Awarded on Premium	NA	Concession agreement executed. LoA issued on 25.5.2011
5	Two lane road with paved shoulders of Nakhatrana-Dayapar-Panandhro road	203.00	10.04.08	40.60			Environment clearance is awaited
6	4 laning of Sarkhej-Bhavnagar road Project	883.04	18.02.09	176.61			Exploring the possibility of express way.
7	Four laning of Bagodara-Dhandhuka-Vallabhipur-Bhavnagar Road	1023.40	02.07.09	204.68			RFP issued. Bid due date 30.07.2011
	Total	4127.52		813.26		0.00	

SD: Start Date, CD: Completion Date.