


F. No. 3/1/2017-PPP  
Ministry of Finance  
Department of Economic Affairs  
(PPP Cell)

New Delhi, the February 08, 2017

OFFICE MEMORANDUM

**Subject:** 76<sup>th</sup> Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) – circulation of Record of Discussion regarding.

The Record of Discussion of the 76<sup>th</sup> Meeting of the Empowered Institution for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) held on January 23, 2017 under the Chairmanship of Additional Secretary (Investment), DEA is enclosed for information and necessary action.

  
(Seema Jain)  
Deputy Director (PPP)  
Phone No. 2309 3404

1. **Shri Praveen Mehto, Adviser (PPP, PAMD)**, Niti Aayog, Parliament Street, New Delhi.
2. **Shri Rajiv Wadhawan, Director**, Deptt. of Expenditure, North Block, New Delhi.
3. **Shri Sanjeev Kumar, SE**, MoRTH, Transport Bhawan, New Delhi.
4. **Sh. J.K. Dubey, Engineer-in-Chief**, MPWLC, Office Complex, Block 'A', Gautam Nagar, Bhopal, Madhya Pradesh 462023.
5. **Sh. Anoop Kulshreshetha, Additional C.E. (PPP)**, Public Works Department, Jaipur, Rajasthan

Copy to:

1. Sr. PPS to Additional Secretary (Investment), 2. PS to JS (Infra), 3. PS to Director (Infra).

✓ MISC (Contract)

F.No. 3/1/2017-PPP  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
Infrastructure Division

Empowered Institution (EI) for the  
Scheme for Financial Support to Public Private Partnerships in Infrastructure

76<sup>th</sup> Meeting held on January 23, 2017

---

Record Note of Discussions

The 76<sup>th</sup> meeting of Empowered Institution (EI) for the Scheme for Financial Support to Public Private Partnerships in Infrastructure chaired by Additional Secretary (I), Economic Affairs, was held on 23<sup>rd</sup> January, 2017. The list of participants is annexed.

The Empowered Institution (EI) considered the following two proposals for in principle approval:

- I. Development, Operation and Maintenance of Sri Ganganagar – Pacca Saharana Section of SH 36 in the state of Rajasthan under Public Private Partnership on DBFOT (Toll) basis of Government of Rajasthan.
- II. Development of composite Logistics Hub at Katni in Madhya Pradesh under Public Private Partnership on DBFOT (Toll) basis of Government of Madhya Pradesh.

The EI noted that the Scheme for Support to PPPs in Infrastructure prescribes that VGF up to Rs. 100 Crore for each project may be sanctioned by the Empowered Institution (EI), proposals for VGF up to Rs. 200 Crore may be sanctioned by the EC, and amounts exceeding Rs. 200 Crore may be sanctioned by the EC, with the approval of the Finance Minister.

**I. Road sector proposal from Government of Rajasthan**

---

**Agenda Item I: Proposal from Government of Rajasthan (GoR) for grant of in-principle approval for Development, Operation and Maintenance of Sri Ganganagar – Pacca Saharana Section of SH 36 in the state of Rajasthan under Public Private Partnership on DBFOT (Toll) basis of Government of Rajasthan.**

Project Details: Length: 41.00 Km; Total Project Cost: Rs 101.1 Crore;  
Concession Period: 19 years including 1.5 years of construction period.

**Major Development Work / Structures:** 2 Lane+ (Paved shoulders with 10.0m carriage way): 32.80 Km. and 4-laning: 8.20 Km. (urban areas); Minor Bridge: 1 Nos. New and 3 Nos. widening; Culverts (Pipe + Slab) –Reconstruction and widening: 51 Nos; Major Intersections: 5 Nos.; Bus Bays and Shelters: 16 Nos. Toll Plazas: 2 No. at Km. 10.364 and Km. 34.970

2. Joint Secretary (Infra) informed EI that a proposal for in-principle approval has been received from Government of Rajasthan for Development, Operation and Maintenance of Sri Ganganagar – Pacca Saharana Section of SH-36 in the State of Rajasthan under Public Private Partnership on DBFOT (Toll) basis.
3. Joint Secretary (Infra) further stated that the proposal for Development, Operation and Maintenance of Sri Ganganagar – Pacca Saharana Section of SH 36 in the State of Rajasthan comprises 2 lane-plus configuration with paved shoulders for 32.80 Km. and 4-laning of 8.20 Km. in the urban areas based on the present traffic.
4. Additional C.E., GoR stated that the subject Project Highway is part of the Rajasthan State Highways Development Program which aims to modernize and augment a total of 20,000 Km. of State Highways. The said Project Highway serve as an important highway linking two National Highways NH-15 and NH-54.
5. The Chair desired to know the details of two lane-plus configuration proposed for the Project Highway. Additional C.E., GoR clarified that “two lane-plus” indicates two lane plus paved shoulders with 10m carriage way. To a query from Joint Secretary (Infra) on whether grade separation has been provided for the footpath, GoR representative confirmed that this has been done.
6. Advisor, NITI Aayog stated that GoR needs to justify whether four-laning is required for 8.2 kms. Additional C.E., GoR stated that out of the proposed 4 laning of 8.2 km stretch, existing 4 km is already 4-laned and further extension is proposed given the proximity of industrial area developed by RICO and to cater to passenger and goods vehicles bound for the industrial area. Further, the composition of the traffic as per the feasibility study in the other stretches shows that Motor Cycle or Scooter and Cycle rickshaws comprise almost 39% of the total number of vehicles. Hence, providing a dual carriageway is considered a better proposition for that section. To a question from Advisor, NITI Aayog on whether the present stretch has

adequate traffic to justify this, GoR representative answered in affirmative. S.E., MoRTH informed EI that traffic on the instant road project stretch has grown in the last 2 to 2.5 years. Joint Secretary (Infra) requested GoR to update the traffic forecast for the proposed road project.

7. On the issue raised by Joint Secretary (Infra) on the status of land acquisition for toll plaza, Chair asked how much land is yet to be acquired for the toll plaza. GoR representative stated that it comprises only 2% of the total requirement and moreover, Government of Rajasthan has RoW on the entire stretch of the project.
8. Joint Secretary (Infra) stated that according to appraisal of PPP Cell, DEA, the project highway is viable with 35% VGF. Further, the VGF amount over 20% has to be borne by the Government of Rajasthan. GoR representative confirmed that the State would meet this requirement if required post-bidding.
9. Advisor, NITI Aayog and SE (MORTH) sought clarification on whether Culverts and other technical features are as per the Road Manual. Additional C.E. (GoR) confirmed that they have already confirmed in writing that culverts will be provided/widened/re-constructed in accordance with para 7.3 of the Manual.
10. NITI Aayog and DEA pointed out that the DCA did not have the standard provision for curtailment/extension of concession in case of breach of pre-defined band of variation in actual traffic from the projected traffic. GoR representative stated that it would incorporate this requirement.
11. SE, MoRTH stated that indexation of toll fee, including fees for monthly passes, is to be built into the DCA itself. GoR representative agreed to incorporate this.
12. **The EI granted in-principle approval for VGF support as per the VGF Scheme to the proposal for Development, Operation and Maintenance of Sri Ganganagar – Pacca Saharana Section of SH 36 in the State of Rajasthan under Public Private Partnership on DBFOT (Toll) basis of Government of Rajasthan, subject to fulfillment of the following conditions:**
  - a. GoR shall undertake corrections in the project DCA based on appraisal of the DEA, NITIAayog and MoRTH and agreed to by GoR.

- b. GoR shall ensure that legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared with short-listed bidders.
- c. GoR shall obtain all clearances, including environment and forest clearance, before Appointed Date.
- d. GoR shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- e. GoR shall circulate the final documents to members of the EI for the record.

(Action: GoR)

## II. Proposal for grant of In-Principle Approval

**Agenda Item II: Proposal from Government of Madhya Pradesh (GoMP) for grant of in-principle approval of VGF under the GoI's VGF Scheme for Development of composite Logistics hub at Katni, Madhya Pradesh under Public Private Partnership on DBFOT (Toll) basis.**

**Project Details: Total Project Cost: Rs. 125.0 crore; Concession Period: 30 years including 2.5 years of construction period.**

Major development works/ structures: ICD & Railway Terminal; Modern Warehouse; Cold Storage; Truck Parking; Container Yard; Plant and Equipment; Support Infrastructure including telecom infra, power backup, power infrastructure, water supply system, Booking Office, toilet facilities, petrol pump, weigh bridge, fire Station, sewerage treatment plant, internal roads, internal lighting, boundary wall, security equipment etc.

13. Joint Secretary (Infra) informed the EI that Madhya Pradesh has implemented a successful model for development of food grain Silos across the state and the State is now moving for development of logistics hubs.
14. Joint Secretary (Infra) mentioned that no sector-specific Model Concession Agreement (MCA) is available for development of Logistics Hub through PPP. In such cases, all documents need to be examined in detail prior to issuance of RFQ. The EI, while considering proposals for in-principle approval under "Scheme and Guidelines for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme)" had earlier stated that projects where MCA is not available have to be scrutinized in detail for project components, configurations, structure, viability, etc., based on which changes may be required to project's contours. In sectors with no MCA, EI members have often suggested modifications in structuring of PPP projects

on eligibility criteria, project structure and project scope, etc. which have a bearing on the Business Model, RFQ and the RFP. Amendments in these documents after issue of RFQ could delay matter as they could have ramifications on project viability. Issue of RFQ before receipt of in-principle approval implies presenting a fait accompli to EI. In the past, EI has recorded strictures against such proposals. However, GoMP has already gone ahead and issued the RfQ.

15. Chair stated that presenting EI with a fait accompli is not appreciated. Engineer-in-Chief, MPWLC stated that addenda have been issued for postponement of the bidding process and suggestions/comments of EI members would be incorporated in the revised documents.
16. The Chair desired to know the major components proposed under the composite Logistics Hub at Katni and the bidding parameter for the project.
17. Engineer-in-Chief, Madhya Pradesh Warehousing and Logistics Corporation (MPWLC) stated that the major activities proposed are Inland Container Depot (ICD), Railway siding, modern warehouse, cold storage, truck parking, container yard, office complex for freight forwarders and distributors along with support infrastructure. The Developer would be responsible for development, operation and maintenance of these activities and the bidding parameter for the project is lowest VGF/highest premium.
18. The Chair stated that as per the VGF Scheme, the User charges/fees for the facilities have to be fixed upfront and need to be included in the project documents. Joint Secretary (Infra) added that along with user charges, the key performance indicators (KPIs) are also important parameters to determine the performance of the Developer and should be included under the Agreement prior to issuance of the bids so as to provide monitorable standards of service. All financial parameters including KPIs need to be frozen and only after finalisation of these parameters, bids can be called. MPWLC agreed to ensure that bid submission will not be proceeded with until all the required changes are made.
19. SE, MoRTH stated that Logistics Hub requires dedicated connectivity for smooth movement of goods and traffic. Though the site can currently be accessed through the existing village road (PMGSY road), however the land parcels adjoining the road are privately owned which may pose a constraint to developing access. In addition, connectivity is also required to the nearest railway station. It was pointed out that rural roads are not built to cater heavy traffic loads. Accordingly, the road needs to be strengthened.

Engineer-in-Chief, MPWLC agreed to this and stated that the State would undertake this.

20. To a query from Joint Secretary (Infra) on the need for sufficient area outside the logistic hub due to heavy traffic, MPWLC confirmed that sufficient area outside the hub and other infrastructure facilities required already exist to support the project.
21. Advisor, NITI Aayog pointed out that the responsibility of environmental clearances has to be with the Authority only. Joint Secretary (Infra) also stated that assurance for all kind of clearances, whether from environment or railway authorities, and ensuring the non-compete provisions, would be required from Authority. These conditions must be met within a specified period and included as Conditions Precedent with the obligation for the private player to submit draft schedules within a specified period. MPWLC agreed to amend the documents accordingly.
22. Advisor, NITI Aayog stated that as per Model MCAs, the Performance Security normally remains in force and effect for a period of one year from the Appointed Date and is released earlier upon the Concessionaire expending an aggregate sum on Project construction that is not less than 40% of the Total Project Cost. The reason behind keeping the Performance Security in force for 2.5 years in the current case is not clear from the project DCA. Advisor, NITI Aayog also highlighted a few discrepancies in the project DCA. For example Article 1, 'Annexure-1' has been mentioned instead of 'Appendix-1' which conflicts with some other clauses; 'concessionaire's account' has been mentioned in place of 'Escrow account' etc.. Joint Secretary (Infra) stated that the project documents need to be revised and corrected based on the comments/suggestions given by the EI members and submitted to EI. MPWLC agreed to amend the documents accordingly and submit the same within 15 days of the EI meeting.
23. All Members of EI were in agreement to grant in-principle approval of VGF support for the project.
24. **The EI granted in-principle approval of VGF support as per the VGF Scheme to the proposals for Development of composite Logistics hub at Katni, Madhya Pradesh subject to fulfilment of the following conditions:**
  - a. MPWLC/GoMP shall undertake corrections in the project DCA and other documents based on discussions as at paras 18, 19, 20 and 21 and as agreed to by MPWLC and revised project documents will be

- submitted to EI members within a period of 15 days. If the documents are not submitted within 15 days, then the project will be considered in the first EI Meeting scheduled after receipt of all documents.
- b. MPWLC/GoMP shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents.
  - c. MPWLC/GoMP shall obtain prior approval of the EI for any change in TPC, scope of work or project configuration as noted above.
  - d. MPWLC/GoMP shall intimate and obtain prior approval of the EI for any change in VGF requirements as per the Scheme and Guidelines for financial support to PPP in infrastructure along with justification, which is based on competitive bidding as per the VGF Scheme
  - e. MPWLC/GoMP shall circulate the final documents to the members of the EI for the record.

**(Action: MPWLC/GoMP)**

25. The meeting ended with a Vote of Thanks to the Chair.





Ministry of Finance  
Department of Economic Affairs  
Infrastructure Division  
Empowered Institution for the  
'Scheme and Guidelines for Financial Support to  
Public Private Partnership Appraisal Committee'

76<sup>th</sup> Meeting held on 23<sup>rd</sup> January, 2017

List of Participants

1. Department of Economic Affairs, Ministry of Finance
  - i. Shri. Ajay Tyagi, Additional Secretary (I), Economic Affairs (In Chair)
  - ii. Ms. Sharmila Chavaly, Joint Secretary (Infra)
  - iii. Shri. Mrutyunjay Behera, Director (Infra)
  - iv. Ms. Seema Jain, Deputy Director (PPP)
  - v. Shri. Nitish Saini, Assistant Director (Infra)
  
2. Department of Expenditure, Ministry of Finance
  - vi. Shri Rajiv Wadhawan, Director
  
3. NITI Aayog
  - vii. Shri Praveen Mahto, Advisor
  
4. Ministry of Road Transport and Highways (MoRTH)
  - viii. Shri Sanjeev Kumar, SE
  
5. Government of Rajasthan
  - ix. Shri Anoop Kulshreshtha, Additional C.E. (PPP)
  - x. Shri Somesh Rathi, EE
  
6. Government of Madhya Pradesh
  - xi. Shri J.K. Dubey, Engineer-in-Chief, MPWLC