

F. No. 3/2/2017-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(Infrastructure Section)


North Block, New Delhi
Dated the 19th May, 2017

OFFICE MEMORANDUM

Subject: Record of Discussion of 77th Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) – reg.

The undersigned is directed to enclose a copy of Record of Discussion of 77th Meeting of the EI for the grant of VGF under the Scheme for Financial Support to PPPs in Infrastructure held on 16th May, 2017 on the project - Improvements of Road from Yelahanka to Karnataka/AP State Border Section of SH9 from km 13.800 to km 89.417 in the State of Karnataka on DBFOT (Toll) basis under PPP mode for Assistance under VGF to Infrastructure Sector - for information and necessary action.

Encl: as above



(Nitish Saini)

Assistant Director (Infra)

Tel No. 23095158

1. **Sh. Sandeep Dave**, Joint Secretary (PF-I), Department of Expenditure, North Block, New Delhi.
2. **Shri Praveen Mahto**, Adviser (PPP/PAMD), Niti Aayog, Yojana Bhawan, New Delhi.
3. **Ms. Leena Nandan**, Joint Secretary, Ministry of Road Transport and Highways, Transport Bhawan, New Delhi.
4. **Managing Director**, Karnataka Road Development Corporation limited, 1st floor, 16/J, Miller Tank Bed Area, Thimmaiah Road Cross, Bangalore – 560052.

Copy to:

1. Sr. PPS to Special Secretary (EA),
2. PPS to JS (Infra),
3. PS to Director (Infra),
4. DD (PPP) for uploading on pppinindia.gov.in website.

**F. No. 3/2/2017- PPP
Government of India
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Department of Economic Affairs
Infrastructure Division**

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

77th Meeting held on May 16th, 2017

Record Note of Discussions

The 77th meeting of Empowered Institution (EI) for the Scheme for Financial Support to Public Private Partnership in Infrastructure chaired by Special Secretary, Economic Affairs, was held on 16th May, 2017. The list of participants is annexed.

The EI noted that there was a road sector proposal from Government of Karnataka (GoK) for consideration of final approval of viability gap funding (VGF) under the Government of India's Scheme for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme).

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.

Road Sector Proposal from Government of Karnataka for Final Approval

Agenda Item: Proposal from Government of Karnataka (GoK) for grant of final approval for Improvements of Road from Yelahanka to Karnataka/AP State Border Section of SH9 from km 13.800 to km 89.417 in the State of Karnataka on DBFOT (Toll) basis under PPP mode (4 laning + 2 laning).



Project Details: Length: 74.351 Km; Total Project Cost: Rs.380.85 Crore; and Concession Period: 23 years including 2 years of construction period.

Major Development Works/Structures: 4 laning of Yelahanka - Doddaballapur Section: 24.459 km and 2 laning of Doddaballapur - AP Border Section: 49.892 km; Major Bridge: 1 No.; Minor bridges: 7 No.s; RoBs: 2 No.s; Bypass: 1; Major Junctions: 18; Toll plazas: 2 No.s; Underpasses: Nil; Culverts: 166; Bus Bays: 46 No.s; Truck Lay Bys: 2 No.s; Re-alignment: at 3 locations).

VGF Sought: Rs.152.33 crore (39.99% of TPC of Rs.380.85 crore) of which Rs. 76.17 crore (20% of TPC) would be paid as VGF support from Government of India.

2. Joint Secretary (Infra) informed the EI that a proposal for final approval has been received from Government of Karnataka for Improvements of Road from Yelahanka to Karnataka/AP State Border Section of SH9 from km 13.800 to km 89.417 in the State of Karnataka on DBFOT (Toll) basis under PPP mode (4 laning + 2 laning).

3. Joint Secretary (Infra) further stated that the Project with TPC of Rs.380.85 Crore with maximum admissible VGF of Rs.152.33 Crore (39.99% of TPC) of which Rs. 76.17 Crore (20% of TPC) would be financed under the Government of India's Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme), was granted in-principle approval by the Empowered Institution (EI) in its 46th meeting held on April 09, 2013.

4. Managing Director (MD), Karnataka Road Development Corporation Ltd. (KRDCL), GoK made a presentation on the Project proposal and stated that more than 50% of the Project work has been completed. It may be noted that the Selected Bidder has formed an SPV, which executed the Concession Agreement with Government of Karnataka on 3rd June, 2015. MD, GoK stated that the Commercial Operation Date (CoD) of the Project is expected to be achieved by December, 2017 instead of the actual date of CoD, i.e., 2 years from date of signing as per the executed Concession Agreement of the Project.

5. The Chair desired to know why there has been a delay of four years in applying for final approval of the Project by EI since granting of in-principle approval in 2013. MD, KRDCL, GoK stated that the entire bidding process took more than 2 years from the date of in-principle approval granted by EI. The reason for such delay is that the first call and second call for RfQ were during June 2012 and July, 2013, respectively.

77th meeting of Empowered Institution, May 16th, 2017
Record of Discussion

Though there has been response at the RFQ stage, there was no response at RFP stage. Against third call for RFQ, though two Agencies submitted the RFQ, only one Agency responded at RFP stage and quoted Rs.152.33 crore (39.99% of TPC of Rs.380.85 crore). Subsequently, LOA was issued on 6th January, 2015. The Appointed Date as per executed Concession Agreement was November 30, 2015, the actual Appointed Date of the Project was 05.03.2016 as the conditions precedent required to be fulfilled by the Concessionaire prior to the Appointed Date were fulfilled by the Concessionaire on 05.03.2016.

6. To a query from Joint Secretary (Infra) whether Project cost is same as it was while granting in-principle approval in 2013, MD, KRDC answered in the affirmative and stated that this did not require revision.

7. Further, Joint Secretary (Infra.) sought to know the status of Environment clearance, Forest clearances, and other clearances from State Government etc. MD, KRDC clarified that Environment clearance is not required, Forest and other clearances have been obtained. 8. S.E., MoRTH desired to know whether the proposed Highway includes NH stretch of 1.2 km. GoK representative stated that the proposed Highway does not include NH stretch and the same has been provided in writing.

9. Joint Secretary (Infra) requested GoK to provide in writing the current status of grant released by State Government, equity infused by the Developer and the Term Loan released by both the bankers till date. GoK representative agreed to do so.

10. All members of EI were in support to grant final approval for VGF support to the Project subject to the conditions that Government of Karnataka would ensure that the acquisition of remaining land of 70.73 Ha is expedited and the Project is completed on time and there would not be any extra compensation to the Concessionaire towards cost overrun.

11. The EI granted final approval to the Project "Improvements of Road from Yelahanka to Karnataka/AP State Border Section of SH9 from km 13.800 to km 89.417 in the State of Karnataka on DBFOT (Toll) basis under PPP mode (4 laning + 2 laning)" for TPC of Rs. 380.85 Crore (with TPC of Rs. 436.37 crore as per the lenders' appraisal) with total VGF support of Rs. 152.33 Crore (39.99% of TPC) of which Rs. 76.17 crore (20% of TPC) would be financed under the Government of India's Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme). The approval is subject to the condition that the acquisition of remaining land of 70.73 ha is expedited and the Project is completed on time and there would not be any extra compensation to the Concessionaire towards cost overrun. GoK may also provide in

writing the current status of grant released by State Government, equity infused by the Developer and the Term Loan released by both the bankers (supported by LFIs certificate) till date.

12. The meeting ended with vote of thanks to the Chair.



**Ministry of Finance
Department of Economic Affairs
Infrastructure Division**

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

77th Meeting held on May 16th, 2017

List of Participants

1. Department of Economic Affairs, Ministry of Finance

- i. Shri Dinesh Sharma, Special Secretary;
- ii. Ms. Sharmila Chavaly, Joint Secretary;
- iii. Shri Mrutyunjay Behera, Director;
- iv. Shri Nitish Saini, Assistant Director;

2. NITI Aayog

- v. Shri Vibeesh E.M.
- vi. Dr. Tanu Kathuria

3. D/o Expenditure, Ministry of Finance

- vii. Shri Rajiv Wadhawan, Director.

4. M/o Road Transport & Highways

- viii. Shri Sanjeev Kumar, S.E.

5. Karnataka Road Development Corporation Limited (KRDCL), Government of Karnataka

- ix. Shri K:S. Krishnareddy, M.D., KRDCL
- x. Shri Ajith Kumar, A.E.E., KRDCL

Signature