

F. No. 3/2/2018-PPP  
Ministry of Finance  
Department of Economic Affairs  
(PPP Cell)

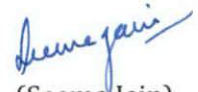
North Block, New Delhi  
Dated the January 17, 2018

**OFFICE MEMORANDUM**

**Subject: Record of Discussion (RoD) of 80<sup>th</sup> Meeting of the Empowered Institution (EI) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) - reg.**

In supersession of OM of even No. dated 17.01.2018, the undersigned is directed to enclose a revised copy of RoD of 80<sup>th</sup> Meeting of the EI for the grant of VGF under the Scheme for Financial Support to PPPs in Infrastructure held on 15<sup>th</sup> Jan 2018 under the Chairmanship of Additional Secretary (EA) for information and necessary action. Accordingly, the copy of the RoD forwarded with earlier OM dated 17.01.2018 stands withdrawn.

Encl: As stated above



(Seema Jain)

Deputy Director (PPP)

Ph: 23095232

1. Shri K. Rajaraman, Joint Secretary, Department of Expenditure, North Block, New Delhi
2. Shri Praveen Mahto, Advisor (PPP/PAMD), NITI Aayog, Yojna Bhawan, New Delhi
3. Sh. Amit Kumar Ghosh, Joint Secretary, Ministry of Road Transport and Highways, Transport Bhawan, New Delhi
4. Shri Anoop Kulshreshtha, Additional Chief Engineer (PPP), Public Works Department, Jaipur, Rajasthan

Copy to :

1. Sr. PPS to Additional Secretary (EA)
2. PPS to JS (IPF)

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

**80<sup>th</sup> Meeting held on 15<sup>th</sup> January, 2018**

**Record Note of Discussions**

The 80<sup>th</sup> meeting of Empowered Institution (EI) for the Scheme for Financial Support to Public Private Partnership in Infrastructure chaired by Additional Secretary, Economic Affairs, was held on 15<sup>th</sup> January 2018. The list of participants is annexed.

The EI noted that the proposal under consideration is a road sector proposal from Government of Rajasthan for In-Principle approval 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), proposal for VGF up to Rs.200 crore may be sanctioned by the Empowered Committee (EC), and amounts exceeding Rs.200 crore may be sanctioned by the EC, with the approval of Finance Minister.

**Road Sector Proposal from Public Works Department, Government of Rajasthan for "In-Principle" Approval**

**Agenda Item I:** Development, Operation and Maintenance of Ratangarh- Churu Highway Project (section of SH-107 from km 0.00 to km 40.993) through PPP on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis

**Project Details:** Length: 41.00 km; Total Project Cost: Rs.89.02 crore; Concession Period: 20 years including 1 year construction period;

**Major Development Work / Structures:** Widening of the existing road, Construction of Ratangarh bypass; and Reconstruction of 5.88 km road

**VGF Sought:** Nil grant is assessed, however the exact amount of VGF will be determined by competitive bidding.

2. Joint Secretary (IPF) informed the EI that a proposal for "In principle" approval has been received from Public Works Department, Government of Rajasthan (GoR) for Development, Operation and Maintenance of Ratangarh -Churu Highway Project (section of SH-107 from km 0.00 to km 40.993) with a total length of 41 km on Design, Build, Finance, Operate and Transfer (DBFOT) Toll Basis under PPP mode. Total Project Cost of the Project is Rs.89.02 Crore.

3. Additional Chief Engineer, PWD, GoR made a presentation on the Project proposal. The Project envisage widening of an existing 2-lane road to two lane road with paved shoulders, construction of Ratangarh bypass, reconstruction of 5.88 km of road and four laning of the existing section in built up areas. Further, he stated that as per the norms of the Government of Rajasthan, two lane road with paved shoulder is required, where traffic is more than 7,500 PCUs.

4. Additional Chief Engineer, PWD, GoR further explained that the project stretch starts from junction of Mega highway and Sardarshahar Bypass (near Ratangarh) and ends near Churu at the junction of Ratangarh-Churu Road and Churu-Sardarshahar road. The alignment passes through major villages and towns like Ratangarh, Jaleu, Gaurisar, Shehla, Satra, Binnasar and Churu. He further stated that the Project also has desert section, in which alignment is complex from engineering point of view, hence vertical curves are proposed.

5. Joint Secretary (IPF) informed the EI that Authority has floated the RFQ and received the bids prior to obtaining "In Principle" approval of EI, which is considered a deviation from the Scheme guidelines. As per the Scheme Guidelines, the bid documents are to be floated only after "In Principle" approval of EI. Chair noted that the Scheme Guidelines should not be taken for granted and the Guidelines must be followed by Project Authorities. ACE, PWD, GoR explained that the past experience of GoR has not been encouraging and only few projects were successfully bid out. Therefore, the RFQ was floated to test the market responsiveness for the project. As the project documents are based on the Model documents, it was requested by GoR that in view of tepid response received in the past, the deviation may be condoned. Additional Secretary (EA) inquired about the time difference between the floating of RFQ and submission of Project proposal to DEA. In this connection, Additional Chief Engineer, PWD, GoR answered that the RFQ was floated in August 2017 and project documents were submitted to DEA in Nov 2017. In view of the explanation given by GoR for floating the RFQ before In Principle approval, the EI felt stated that the current proposal may be considered.

6. Additional Secretary (EA) enquired about the land acquisition status of the remaining land and if any rehabilitation is involved in acquiring the land. Additional Chief Engineer (ACE), PWD, GoR replied that the land acquisition process of remaining land is in advanced stage as more than 90% of the land is already owned by GoR and there is no rehabilitation of persons are required for land acquisition. AS (EA) also asked the status of approval for cutting of trees and ACE, GoR explained that the permission will be obtained at State level only.

7. Joint Secretary (IPF) raised the point pertaining to fixation of Concession Period for 20 years. Additional Chief Engineer, PWD, GoR replied that the Concession Period of the project has been fixed factoring the maximum design capacity of the proposed Project i.e. 18,000 PCUs and traffic projections.

8. Advisor, NITI Aayog asked about the reasons for high cost of reconstruction component of section in comparison to cost of widening of existing road and bypass. Additional Chief Engineer, PWD, GoR replied that though it is termed as reconstruction, but alignment is complex in the desert section, hence multiple vertical curves are proposed due to which the cost has increased.

9. Advisor, NITI Aayog highlighted that as per the Standard Manuals of Road, in case of proposed bypass, the land acquisition may factor in the future requirements of four laning. Additional Chief Engineer, PWD, GoR explained that the proposal is for 30 meter RoW, which may cover the requirements of four-laning of the road subject to the proposed structures.

10. Joint Secretary (DoE) enquired on the stated value of Project NPV of Rs.6.80 crore that whether the estimated Premium to be offered by the Concessionaire has been included, while calculating the same. The representative of PWD, GoR clarified that the calculations include the premium and the calculations have been done by keeping Equity IRR at 15%.

11. All members of EI supported grant of **"In Principle"** approval for VGF to the Project subject to the condition that Government of Rajasthan would ensure that all the required clearances will be obtained.

12. The EI granted "in principle" approval to the Project "Development, Operation and Maintenance of Ratangarh -Churu Highway Project (section of SH-107 from km 0.00 to km 40.993) **through PPP on Design, Build, Finance, Operate, and Transfer (DBFOT) Toll Basis under PPP mode for TPC of Rs.89.02 Crore in the State of Rajasthan with VGF contribution** as per the Government of India's Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme) subject to the fulfillment of the following conditions:

- a) GoR shall submit the detailed financial analysis highlighting the financial returns from the project excluding and including premium.
- b) GoR shall obtain all clearances required for the project before commencing the work for project site.
- c) GoR shall obtain prior approval of EI on any change in TPC, scope of work or project configuration, as noted above.

The meeting ended with vote of thanks to the Chair.

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**Ministry of Finance  
Department of Economic Affairs**

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

80<sup>th</sup> EI Meeting held on 15<sup>th</sup> Jan 2018

List of Participants

1. Department of Economic Affairs, Ministry of Finance
  - i. Dr. M.M.Kutty , Additional Secretary, Economic Affairs (In Chair)
  - ii. Dr. Kumar V Pratap, Joint Secretary (IPF), Economic Affairs
  - iii. Ms. Seema Jain, Deputy Director (PPP)
  - iv. Shri. Shubham Goyal, Assistant Director (PPP)
2. Department of Expenditure, Ministry of Finance
  - v. Shri. K. Rajaraman, Joint Secretary
3. NITI Aayog
  - vi. Shri Praveen Mahto, Advisor
4. Government of Rajasthan
  - vii. Shri AnoopKulshrestha, ACE (PPP), PWD
  - viii. Shri SomeshRathi, EE, PWD
  - ix. Surendra Kumar, SE, PWD