

**Ministry of Finance**  
**Department of Economic Affairs**

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**Public Private Partnership Appraisal Committee (PPPAC)**  
**16<sup>th</sup> Meeting on August 4, 2008**

**Record Note of Discussion**

The 16<sup>th</sup> meeting of the Public Private Partnership Appraisal Committee (PPPAC) was held in North Block, New Delhi at 1600 hrs. on August 4, 2008. The Finance Secretary chaired the meeting. The list of participants is annexed.

2. It was noted that two preliminary meetings had been held between Planning Commission and Department of Road Transport and Highways (DoRTH) and most of the observations of the legal consultants of Planning Commission had been agreed to and were being addressed in the project documents by NHAI. The PPPAC thereafter deliberated on the issues, which were common to the highways proposals under consideration.

2.1. **Condition Precedent:** It was agreed that the words "to the extent" would be deleted from the provision in article 4 of the draft concession agreements (DCAs) of the projects which stipulates that at least 50% of the ROW is provided to the concessionaire.

2.2. **Concrete structures:** The projects propose construction of six-lane permanent concrete structures while only four laning of the highways is envisaged, which adds to the cost of the projects. Planning Commission had suggested that as the projects do not envisage augmentation of project capacity to six-lane, only four-lane concrete structures should be provided. Representative of NHAI pointed out that the design life of the structure is generally between 50 to 100 years even though the concession periods are of a shorter duration. Augmentation of structures at a later date cannot be undertaken. Hence, the six-laning of the concrete structure should be determined on the basis of design life of the structure. Secretary, Planning Commission pointed out that the traffic projections should determine the decision regarding six-laning of the structures. It was also suggested that it would be advisable that the factors determining the six-laning of structures should be specified in the Manual of Specifications and Standards. Chairman, NHAI explained that in certain projects, six laned structures were required on account of higher seasonal traffic. It was agreed that traffic projections would be considered as the basis for six-laning the structures under consideration and departures would be considered on case to case basis.

2.3. **Construction Period:** It was agreed that since Clause 12.4.1 of the MCA prescribes a period of 650 days from the Appointed Date for completion of the

Project Road in square brackets, hence, the decision regarding the construction period should be determined by the Project Authorities and the sponsoring Ministry.

2.4. It was agreed that the clause 10.3.4 of the MCA, stipulating that in the event of delay the Concessionaire shall pay Concessionaire Damages commencing from the 91<sup>st</sup> (Ninety First) day of the Appointed Date would be retained in the DCAs of the project proposals.

2.5. **State Support Agreement:** It was agreed that project-specific State Support Agreement would be made a Condition Precedent to be fulfilled by the Authority.

2.6. **User Fee:** It was agreed that if the RFPs of the project proposals are issued subsequent to the notification of new Toll Rules, the provisions as contemplated in the new Toll Rules would be made applicable for the projects. Secretary, RTH informed that the Toll rules had been approved by the Committee of Secretaries. Thereafter, the Rules were examined by Department of Legislative Affairs and changes suggested to the formulation of the Rules. The rules incorporating the changes suggested by Ministry of Law had been circulated for inter ministerial consultation.

2.7. **Schedules:** It was noted that the departures in the schedules of the DCAs from MCA were being addressed by DORTH/NHAI in consultation with Planning Commission.

2.8. **Concession Period:** The MCA provides that the concession period should be determined with reference to the year in which the projected traffic would reach the design capacity of the project highway. It was noted that the approach adopted by the Project Authorities in determining the concession period differed from the process stipulated in the MCA. It was decided to examine the concession periods for the projects on case to case basis.

*(Action: DORTH)*

**Agenda Item 1: 4 lane-elevated road from Chennai Port gate No.10 to Maduravoyal (NH4) in the State of Tamil Nadu.**

3. It was noted that the project envisages provision of an elevated road from gate No.10 of Chennai port to Maduravoyal Junction of NH 4 (Junction of Chennai bypass with NH4) so as to provide an all time road without any traffic regulation so that the port can be approached directly from the outskirts of Chennai city without interfering with the city traffic. The project length is 18.3 kms and the cost per km of the elevated structure is Rs.73.50 crore. The proposed concession period is 15 years.

4. Representative of NHAI explained that the RFQ process had not been initiated since certain issues with respect to the project such as upfront payment of Rs. 170 crore,

integration of Koyambedu interchange and alignment of metro rail required prior decisions.

5. Representative of Planning Commission suggested that since it is entirely a city road, the project could be taken up by the urban authorities. It was explained that the project was part of the port connectivity programme and had been approved for inclusion in NHDP phase VII.

6. Representative of Planning Commission suggested that a longer concession of 30 years could be considered to minimise the grant component since there were alternate routes to the proposed project highway which could accommodate spill over traffic at peak hours. It was noted that the majority of the traffic on project highway was expected to be from the port and the trucks would not be permitted to ply on the city routes due to traffic restrictions. Hence, the concession period of the project should be 15 years in accordance with the design capacity of the highway. This was agreed to.

7. It was noted that the Koyambedu interchange and NH-4 widening project is being undertaken separately and it is proposed to recover the cost of these facilities amounting to Rs. 170 crore from the concessionaire of the project. Joint Secretary, DEA pointed out that the proposed additional concession fee appeared to be only an accounting arrangement since the concession fee being sought would get reflected in the VGF being quoted. It was agreed that Rs. 170 crore would not be recovered from the concessionaire as additional concession fee and the O&M of these assets would be handed over to the concessionaire. Representative of Planning Commission suggested that the contract of the current EPC contractor could be cancelled and the work included in the scope of the project to ensure its timely completion in an integrated manner. Chairman, NHAI explained that the work had been awarded at earlier rates and cancelling it, paying damages to the contractor and re-awarding it at current rates would be costly. Further, the work was expected to be completed in another year's time while the construction of the project highway would take much longer to complete. Hence, it was not likely that the works would hamper the completion of the project highway. This was accepted.

8. It was noted that the project proposed 366 days, as against 91 days in the MCA, for granting balance Right of Way (ROW) to the concessionaire. Chairman, NHAI explained that an exemption was being sought for the project since the Project Authority had to complete relief and rehabilitation for 11,200 families which would not get completed in 91 days. It was explained that since a longer construction period of 3 years was proposed for the project, hence, 366 days for grant of ROW may be permitted. This was agreed to.

9. The PPPAC granted final approval to the proposal, subject to conditions above.

*(Action: DORTH)*

**Agenda Item 2: 4 laning of Pune-Sholapur section of NH9 in the state of Maharashtra under NHDP III on BOT basis.**

10. Chairman NHAI clarified that the cost of the project was Rs 850 crore. It was proposed to have six lane concrete structures since the project highway passed through sugar cane area which has high seasonal traffic. Continuous service lanes and six lane structures were therefore required on safety consideration. This was agreed to. It was noted that the design capacity of the project was expected to be reached by 2029-30 as per the traffic projections. It was decided that the concession agreement for the project may be fixed as 21 years. Noting that the other outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

**Agenda Item 3: 4 laning of Patna-Buxar section of NH30 in the state of Bihar under NHDP III on BOT basis.**

11. It was noted that no VGF was being sought for the project. Representative of NHAI explained that the project cost was higher on account of extensive flood protection work required for the project. It was agreed that the project authorities would obtain environmental clearance and clearance of Ministry of Railways before bidding out the project. Representative of Planning Commission suggested that the project could be divided into four sections for phased four laning of the project. Representative of NHAI explained that augmentation from two to four laning would result in consumer inconvenience. The PPPAC accepted the view of NHAI. Noting that the other outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

**Agenda Items 4 to 7:**

- **4 laning of Goa/Karnataka border –Panaji,Goa section of NH4A in the state of Goa under NHDP III on BOT basis.**
- **4 laning of MP/Maharashtra border-Nagpur section of NH7 including Kamptee-Kahnan and Nagpur bypass in the state of Maharashtra under NHDP II on BOT basis.**
- **4 laning of Coimbatore-Mettupalayam section of NH67 in the state of Tamil Nadu under NHDP III on BOT basis.**
- **4 laning of Kuttipuram-Edapally section of NH17 in the state of Kerala under NHDP III on BOT basis.**

12. Noting that the outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

**Agenda Item 8 : 4 laning of Khagaria-Bhaktiarpur section of NH31 in the state of Bihar under NHDP III A on BOT basis.**

13 It was agreed that the concession period of the project should be extended from 25 years to 29 years, when the highway would reach its design capacity. Noting that the outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

**Agenda Item 9: 4 laning of Armur-Adloor Yellareddy section of NH7 in the state of Andhra Pradesh under NHDP II on BOT basis.**

14 It was agreed that the concession period of the project should fixed from reference to the year in which the projected traffic would reach the design capacity of the highway. Noting that the outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

**Agenda Item 10: Review of the period of concession for the proposal for Six laning of Kishangharh-Beawar section of NH-8 in the State of Rajasthan under NHDP Phase III on BOT basis.**

15. It was noted that the project was accorded final approval by the 14th PPPAC meeting held on April 30,2008, with a concession period of 24 years as against 13 years proposed by the project authorities by determining the Concession Period with reference to the year in which the projected traffic would exceed the design capacity of the project highway. It was noted that the IRC -64-1990 standards for the purpose of determining the design capacity of a project highway do not stipulate the capacity for six lane highways. Further, the IRC standards recommend that on major arterial routes, Level of Service (LOS)- B should be adopted for design purposes. Chairman of the PPPAC requested DORTH develop standards for capacity augmentation for six laning in consultation with IRC.

*(Action: DORTH)*

16. It was noted that the concession period of 24 years was based on design capacity determined for LOS C . Based on LOS B, as recommended by IRC, the projected traffic would reach the design capacity of the project highway by 18 years.

The PPPAC decided to allow a concession period of 18 years instead of 24 years approved in its 14<sup>th</sup> meeting.

*(Action: DORTH)*

**Agenda Item 11: 4 laning of Muzzafarnagar-Nepali farm (Near Hardwar) section of NH 58 from Km 131.000 to Km 218.200 in the State of Uttar Pradesh & Uttarakhand and from Nepali farm to ISBT, Dehradun section of NH 72 from Km 196.800 to 165.000 in the State of under NHDP III on BOT basis.**

17. It was noted that the completion of the project before the Maha Kumbh Mela in Haridwar in January, 2010 necessitated that the construction period of 910 days proposed for the project was curtailed. Representative of NHAI explained that the section passing through Haridwar would be completed before January 2010, while the construction on other sections of the project highway would continue. It was also clarified that the traffic would be allowed to use the said section of the project highway. Chairman of PPPAC advised DORTH to ensure that these provisions are clearly stipulated in the Draft Concession Agreement. Noting that the other outstanding issues in respect of the project proposal were being suitably addressed by DORTH, the PPPAC granted final approval to the project proposal.

*(Action: DORTH)*

18. The Chairman noted that many of the issues and lacunae identified were systemic in nature and requested DORTH to show the revised documents of the project proposals, before bidding, to Planning Commission, who would examine them to ensure that the documentation was complete. Principle Adviser to Deputy Chairman Planning Commission noted that Planning Commission had reservations about the Manual of Standards and Specifications finalised by DORTH in March 2008. The Chairman advised that DORTH and Planning Commission could consider meeting separately to discuss the matter.

*(Action: DORTH, Planning Commission)*

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

**Ministry of Finance  
Department of Economic Affairs.**

**Public Private Partnership Appraisal Committee (PPPAC)  
16<sup>th</sup> Meeting on August 4, 2008**

**List of Participants**

- I. Department of Economic Affairs**
- i. Dr D. Subbarao, Finance Secretary (In Chair)
  - ii. Smt. Sindhushree Khullar, Additional Secretary
  - iii. Dr. Arvind Mayaram, Joint Secretary
  - iv. Smt. Aparna Bhatia, Joint Director
- II. Department of Expenditure**
- v. Dr Anuradha Balaram, Director
- III. Planning Commission**
- vi. Dr Subas Pani, Secretary
  - vii. Shri Gajendra Haldea, Principal Adviser to Deputy Chairman.
  - viii. Shri Ravi Mittal, Adviser (Infra.)
  - ix. Shri Amitabha Ray
  - x. Shri K. Ranga Reddy, Joint Adviser
- IV. Ministry of Law**
- xi. Ms. Poonam Suri, Assistant Legal Adviser
- IV. Department of Road Transport and Highways**
- xii. Shri Brahm Dutt, Secretary
- V. National Highways Authority of India**
- xiii. Shri N. Gokulram, Chairman
  - xiv. Shri Nirmaljit Singh, Member (T)
  - xv. Shri Ashok Wasson, Member (T)
  - xvi. Shri S.K. Puri, Member (T)
  - xvii. Shri Atul Kumar, CGM
  - xviii. Shri P.C. Arya, GM, BOT
  - xix. Shri S.K. Singh, Manager
  - xx. Shri P.K. Das, GM, BOT
  - xxi. Shri S.K. Nirmal, GM
  - xxii. Shri K. Venkato Ramane, GM (PC) I

xxiii. Shri M.P. Sharma, GM.