


2A/1/2010-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

New Delhi, the February 22, 2010

Subject : 31st Meeting of the PPPAC – Record of Discussion

The thirty-first meeting of the Public Private Partnership Appraisal Committee was held on February 10, 2010. The record of discussion of the meeting is enclosed.


(Aparna Bhatia)
Director (PPP)


1. Ms Sudha Pillai, Secretary, Planning Commission, Yojana Bhawan, New Delhi
2. Ms Sushma Nath, Secretary, Department of Expenditure, North Block, New Delhi
3. Shri D.R. Meena, Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
4. Shri Brahm Dutt, Secretary, Ministry of Road Transport and Highways, New Delhi

Copy to:

1. Shri Brijeshwar Singh, Chairman, National Highways Authority of India, Sector 10. 5&6. Dwarka, New Delhi.
2. Shri Ravi Mittal, Adviser Planning Commission, Yojana Bhawan, New Delhi

Copy also to:

- a. Sr. PSO to Finance Secretary
- b. PPS to AS(EA)
- c. PS to Joint Secretary (Infra & Investment)


(Aparna Bhatia)
Director (PPP)

Government of India
Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

31st meeting on February 10, 2010

Record Note of Discussion

The 31st meeting of the Public Private Partnership Appraisal Committee, chaired by Finance Secretary was held on February 10, 2010. The list of participants is annexed.

2. The Chairman welcomed the participants and noted that nine proposals from Ministry of Road Transport and Highways (MoRTH) would be considered during the meeting for grant of final approval, of which one proposal was for six-laning of the project stretch under NHDP Phase V; four projects were for four-laning under NHDP Phase III; and four projects under NHDP Phase IV.

3. It was noted that MoRTH had sent written response on the appraisal notes of Planning Commission and Department of Economic Affairs on the project proposals in accordance with the procedure prescribed for formulation, appraisal and approval of PPP projects. Most of the issues had been addressed through the response, the outstanding concerns would be considered on project to project basis.

Agenda Item 1: Six laning of NH 4 from Kagal to Satara in the State of Maharashtra under NHDP Phase V

4. The representative of MoRTH presented the proposal. It was noted that the 132 km four-laned stretch was proposed to be developed into a six-lane highway. Maharashtra State Road Development Corporation (MSRDC) was awarded the project to develop the stretch as a four-lane facility in 2003 for a concession period of 20 years (i.e. till 2022). NHAI was in the process of buying back the concession to enable six-laning of the project under NHDP V. Chairman, NHAI informed that there were differences between NHAI and MSRDC on the buy back cost.

5. Adviser, Planning Commission stated that the buy back of the stretch from the current concessionaire should be first finalised before the project is posed to PPPAC for clearance. A delay in finalisation of the same could impact the cost of the project and other project parameters which are indicated in the project documents. Further, greater clarity was required about the process of collection of tolls during the interim period between the termination of the current concession and award of the new one for development of the six lane highway.

6. Adviser, Planning Commission observed that the cost of the project could be reviewed to examine its reduction through non-construction/phasing of some structures and other measures as indicated by Planning Commission in their appraisal note. It was noted that the schedules of the DCA were being revised based on the observations of Planning Commission. It was requested that the revised documents should be sent after finalisation to the members of the PPPAC.

7. The representative of Department of Legal Affairs noted that while provisions exist in the Concession Agreement for termination of the concession with MSRDC, the process itself could take time in case the amount of termination payment was not agreeable to both the parties.

8. Joint Secretary, Department of Expenditure (DoE), noted that the traffic was below 40,000 PCUs. Hence immediate six-laning of the project stretch was not warranted. Further, the viability of the project should not be viewed in isolation – the cost of termination of the earlier concession should also be taken into account. Accordingly, the project was not supported.

9. Joint Secretary, Department of Economic Affairs (DEA) summarised the discussion. It was noted that it was pre-mature to bring the project for approval by PPPAC since the buy back arrangement had not been finalised. Further, the total traffic of 34,340 PCUs on the stretch did not justify the proposed six-laning. The proposal may be posed for clearance subsequent to the termination of the existing concession and finalisation of the project parameters.

10. It was decided to return the project to MoRTH. NHAI was advised to settle the termination arrangements with MSRDC and then proceed with seeking clearance and bidding the project as a six-lane stretch under NHDP V.

(Action: MoRTH, NHAI)

