

**Government of India  
Ministry of Finance  
Department of Economic Affairs**

**Public Private Partnership Appraisal Committee**

**35<sup>th</sup> meeting on April 28, 2010**

**Record Note of Discussion**

The 35<sup>th</sup> meeting of the Public Private Partnership Appraisal Committee, chaired by the Finance Secretary, was held on April 28, 2010. The list of participants is annexed.

2. The Chairman welcomed the participants and noted that fourteen projects, viz., two from Ministry of Home Affairs (MHA) and twelve from Ministry of Road Transport and Highways (MoRTH) would be considered during the meeting.

**Agenda Item I: Proposal from Ministry of Home Affairs for grant of in-principle approval: Development of Housing Complex for Delhi Police Personnel at Dheerpur, Delhi**

3. Special Commissioner of Police presented the proposal. It was noted that MHA proposes to develop a Police Housing Complex for Delhi Police personnel at Dheerpur, Delhi on a plot of land with an area of about 60 acre. 5202 residential flats are proposed to be developed on the complex which would increase the housing satisfaction level of the Delhi police personnel. Currently, the housing satisfaction level of Delhi Police is 17 percent, which was among the lowest in the country. In addition to the flats, the complex would provide facilities such as school, shopping complex, community facilities, dispensary, etc. in accordance with the approved Master Plan. The estimated project cost is Rs 1667 crore. A BoT (Annuity) framework is proposed to be developed with a concession period of 25 years. It is envisaged that the revenue streams which would emerge from the commercial facilities would partly reduce the annuity payouts of the project. Two options were being considered for structuring the payments to the Concessionaire, i.e., a pure annuity model (with estimated annual annuity payout of Rs 167 crore); or 40 percent

of the Total Project Cost (TPC) as front loaded payment and remaining as annuity payment (estimated as Rs 39 crore per year). The Request for Qualifications (RfQ) document has been made in accordance with the model RfQ. The observations of the appraising agencies had been examined and response had been provided in accordance with the prescribed procedure.

4. Adviser to Deputy Chairman, Planning Commission made the following observations:

- i. MHA may review the estimated project cost to ensure that it was comparable with the CPWD norms.
- ii. The estimated project cost included cost of development of the revenue generating components such as the shopping complex, etc. The Total Project Cost of the project may exclude the cost of these components for determination of the annuity payments.
- iii. The Value for Money (VfM) analysis of the project provided only a comparison of the true costs and did not take into consideration the intangible benefits. It was suggested that the VfM analysis may be undertaken taking into consideration the impact of the intangible benefits.
- iv. The project cost and financials provided for 'maintenance cost overruns' which may be deleted and the financials re-estimated.
- v. The project envisaged creation of committed liabilities over the duration of the concession period; hence, approval of Planning Commission and Department of Expenditure (DoE) may be obtained for the proposed annuity payments.

5. Joint Secretary, DoE informed that the Department was in the process of determining acceptable levels of annuity payments and determining thresholds therein for different programmes for meeting the requirements of different Departments. There was no space available for provision of annuity in respect of projects from Delhi Police during the Eleventh Five Year Plan (FYP) period; MHA may confirm that the resources would be provisioned during the 12<sup>th</sup> FYP period by Planning Commission to meet the annuity commitments of the project.

6. Representative of Department of Legal Affairs stated that they have no observations on the project from the legal angle.

7. Joint Secretary, DEA noted that the proposal under consideration was for grant of 'in principle' approval for the project. Hence, at this juncture there were three aspects of the proposal which require consideration, viz, whether a rationale

existed for undertaking the proposal in PPP framework (bringing in focus the issue of VfM analysis); whether the structuring has been done appropriately; and, since grant of in principle approval is followed by the issue of RfQ document, an examination on whether the project RfQ document is in order. Issues such as components of the Total Project Cost, allocation of resources by the Planning Commission for the 12<sup>th</sup> FYP period, detailed term sheet/provisions of the DCA, etc., could be considered at the second stage of appraisal, that is, when the Sponsoring Authority would provide complete project documents including the Draft Concession Agreement and Standards and Specifications for grant of final approval to the project.

8. Joint Secretary, DEA indicated that the Value for Money (VfM) analysis of the project justifies taking up the structuring of the project in the PPP mode. An examination of the proposal on whether to take up the project on a user fee mode or with availability based payments revealed that the project cannot be structured purely as a user fee based model. Some annuity payouts would have to be provided for the project. DEA had examined the draft RfQ document and made certain observations with respect to the departures proposed from the Model RfQ document. The same have been examined by MHA and concurred with in their response to the said observations.

9. The PPPAC granted 'in principle' approval to the proposal subject to MHA undertaking comparison of the project cost with the CPWD norms and incorporating the modifications suggested by DEA in the RfQ document. It was reiterated that the grant of 'in principle' approval to the project did not constitute an approval of the committed liability for the project for the purposes of payments of the annuity. MHA would undertake separate discussion with Planning Commission for allocation of resources in the 12<sup>th</sup> Five Year Plan for the project proposal.

*(Action: MHA)*

**Agenda Item II: Proposal from Ministry of Home Affairs for grant of in-principle approval: Development of modernized Police Headquarter (PHQ) Building at Parliament Street, New Delhi**

10. Special Commissioner of Police presented the proposal. It was noted that three hectares of land were available with the Delhi Police on Parliament Street, New Delhi. It was proposed to develop PHQ as an environmentally friendly 'green' building with floor area therein determined by current and future requirements of

Delhi Police. The estimated project cost is Rs. 279 crore. A concession period of 25 years is proposed. Two options were under consideration by the MHA in respect of the projects viz, a pure annuity model (with an estimated requirement of annual annuity of Rs.83.3 crore) or with 40 per cent of the Total Project Cost (TPC) as front loaded project (with an estimated annual annuity requirement of Rs. 60.9 crore).

11. The Home Secretary informed that MHA had considered commercial exploitation being in-built into the project to enhance its viability and to reduce the requirement of VGF. However, in view of the requirement of space by the Delhi Police, the same was not emerging as a feasible option.

12. Adviser to Deputy Chairman, Planning Commission indicated that Planning Commission had earlier been associated with development of the technical design of the project. Among the aspects that were considered was the suggestion that the main entrance to the Police Headquarters could be from the Ashoka Road rather than from the Parliament Street. However, the same was not encouraged by MHA on account of the four residential flats inside the site which were yet to be vacated. It was emphasised that in case relocation of the existing incumbents was not possible, then a policy decision may be taken that the flats would not be allotted again for residential purposes after the retirement of the Government officers currently staying in the residential flat. The Home Secretary informed that the matter had earlier been taken with Delhi Urban Arts Commission (DUAC). However, DUAC had not agreed to removal of the flats. It was agreed that Delhi Police would pose a fresh proposal to DUAC for seeking consent for removal of these flats in order to create access to the Police Headquarters from the Ashoka Road.

13. Adviser to Deputy Chairman, Planning Commission suggested that MHA may confirm that the estimated project cost of the proposal was as per the norms prescribed by CPWD. It was suggested that clear allocation of annuity may be made in the 12<sup>th</sup> Five Year Plan to provide for annuity pay outs for the projects.

14. Department of Expenditure reiterated the need for early discussion with Planning Commission for allocation of resources in the 12<sup>th</sup> Five Year Plan for the annuity pay outs for the project.

15. Chairman of the PPPAC observed that while the need for development of a distinct PHQ for Delhi Police was irrefutable, the proposal to develop in the PPP framework required further examination of the merits of undertaking the projects in

the BoT (annuity) framework, *vis-à-vis*, construction of the project as EPC with budgetary resources.

16. Secretary, Planning Commission observed that it would be useful to benchmark the cost at the rates/norms of CPWD. However, in view of the concern about capacity of the Organisation to deliver a quality construction within a prescribed time frame, developing the project in the PPP framework could be a more favourable option, subject to the cost of the project being limited to the CPWD norms. Adviser to Deputy Chairman indicated that experience of United Kingdom in developing the Government office buildings in the PPP framework also suggested the superiority of the PPP approach, provided the cost controls were adhered to.

17. The representative of Department of Legal Affairs indicated that they had no comments on the project at the 'in principle' approval stage.

18. Joint Secretary, DEA indicated that there was evidence to demonstrate that greater efficiency in terms of cost and time could be achieved by developing the project in the PPP framework. The main aspect under consideration was whether there was a possibility of reducing/saving on the annual payouts through the commercial utilisation of the space which was being created in the PHQ or, alternately, whether certain other revenue streams could be generated by Delhi Police for reducing of the annual payouts. As an illustration, MHA was asked to comment on whether the sites currently occupied by Delhi Police officers could be utilised for generating revenues once the officers and staff vacate those building after the construction of the New Police Headquarters.

19. The Home Secretary informed that the key objective of engaging in a PPP for developing the Police Headquarters, instead of executing the project as an EPC contract, was to avoid the delays inherent in construction by CPWD or other PSUs such as NBCC. The delays in commencement of the construction and subsequent time over-runs would result in substantial cost over-runs for the project and also delay the establishment of a Police Headquarters, which was an imperative and immediate need. It was pointed out that the master plan did not permit extensive revenue generating/commercial activities at the proposed sites for the Police Headquarters. Further, sufficient unutilised space would not be available after the building is fully occupied by the Police Headquarters. He agreed with the view that Delhi Police could explore the commercial exploitation/ revenue generation at the sites which would be vacated by the Delhi Police personnel after the completion of the Police Headquarters.

*(Action: Delhi Police & MHA)*

20. The PPPAC granted 'in principle' approval to the project subject to the comparison of the project cost with the CPWD norms and incorporation of the modifications suggested by DEA in the RfQ document. It was reiterated that the grant of 'in principle' approval to the project did not constitute an approval of the committed liability for the project for the purposes of payments of the annuity. MHA would undertake separate discussion with Planning Commission for allocation of resources in the 12<sup>th</sup> Five Year Plan for the project proposal.

*(Action: MHA)*

**Agenda Item III: Proposal from MoRTH for final approval: Six laning of Ahmedabad to Vadodara (AV) section NH 8 in the State of Gujarat under NHDP Phase V**

21. The representative of NHAI presented the proposal. It was noted that the project scope involved upgradation of 60 km from existing two lane to four lane, 8.6 km existing undivided 4 lane to divided 6-lane carriageway and 33.6 km existing 4-lane to 6-lane on Ahmedabad-Vadodara section of NH-8, with civil cost implication of Rs.1538.94 crore. It is proposed to combine the six laning of A-V section of NH-8 with the existing AV Expressway with improvements of certain engineering aspects and make a single project to improve the viability of the combined project. Otherwise, one section will act as competing road, as far as traffic movement is concerned and vice versa. In order to remove the uncertainty of traffic diversion to AV Expressway from NH-8, OMT of AV Expressway with provision of toll collection has been combined with the project to improve viability.

22. Advisor, Planning Commission queried about the requirement to undertake improvement on both the stretches viz, on the section of National Highways NH-8 as well as the Ahmedabad-Vadodara Expressway, since the project only had a traffic of 33,000 PCUs. The cost of six-laning of the project section on NH-8 was Rs.18.80 crore which was about double the cost assumed for NHDP Phase-V in the B.K. Chaturvedi Report. The need for service lane along the Expressway was questioned as was the need to rehabilitate the recently constructed Expressway. It was pointed out that the schedule has not been formulated in a precise manner. Annex-I & II referred to in the Schedule had not been provided in the DCA. It was emphasised that loose provisions in the Schedule could make the Concession Agreement legally

untenable and suggested that the schedules should also be examined by the legal consultant engaged by NHAI.

23. Joint Secretary, DEA indicated that DEA had also expressed concern about the project cost, the schedules of the DCA and the need for capping VGF upto 10 per cent of the TPC for the instant project.

24. Joint Secretary, DoE indicated that they did not support the project since the traffic did not justify the proposed augmentation, the cost was too high and it was proposed to dilute the VGF threshold, capped at 10 per cent of the TPC, by invoking the dispensation provided by B.K. Chaturvedi Committee which allowed the threshold to be increased to 20 per cent of TPC for NHDP Phase-V stretches for a cumulative length of 500 km. Out of the 500 km allowed, the dispensation had already been utilised for 260 km; hence there was room to accommodate around 240 km of stretch under NHDP Phase-V. In case VGF upto 20 per cent of TPC is allowed in respect of the instant project, the prescribed limit would be completely exhausted. It was suggested that the over-riding requirements which justified the utilisation of this dispensation for the instant project may be shared with the members of the PPPAC.

25. Chairman, NHAI informed that there appeared to be certain misunderstanding in respect of the project in the observations on project structure by Planning Commission. The traffic indicated by Planning Commission was in respect of the project stretch on NH-8 and did not take into account the traffic on the Expressway. Further, NHAI in their response to the observations of DEA and Planning Commission had already conveyed that the non-inclusion of Annexures was on account of typographical error and the same was being addressed. Finally, NHAI had confirmed that the Schedule incorporating the observation of the Appraising Agencies would be prepared and circulated to the members of PPPAC.

26. Chairman, NHAI informed that the Ahmedabad- Vadodara section of NH-8 was part of the Golden Quadrilateral and the proposal for its six laning was in accordance with the approval of the Cabinet. Similarly, development of Ahmedabad-Vadodara Expressway was in pursuance of the Cabinet decision on the subject. It was proposed to bid the projects as a single package to get a better bid response from the private sector. In case the project stretches are bid out separately, the private sector entity are likely to build-in the cost towards potential leakage/diversion on the other competing roads and depress their bid response. Hence the

proposed model would be in the best interest of State; such a model was also found to be successful in case of Mumbai Pune Expressway and Mumbai Pune NH.

27. Chairman, NHAI confirmed that all specifications provided in the DCA were in accordance with the Manual for Standards and Specifications. In case the cost of the project was to be brought down, then the proposed service road of 126 km on Expressway may be deferred which would further improve the viability of the combined project.

28. Chairman, PPPAC queried whether it was necessary to develop both the facilities. Secretary, RTH informed that de-linking the proposal could impact project viability and the bid response.

29. It was decided that the proposal would be returned to NHAI for examination of the proposed project structure in view of the observations of the appraisal agencies and for undertaking correction of the Schedules to the DCA.

*(Action: NHAI)*

**Agenda Item IV: Proposal from MoRTH for final approval: Four laning of Jetput-Somnath section of NH 80 in the State of Gujarat under NHDP Phase III**

30. The representative of NHAI presented the proposal. It was noted that the 123.5 km project stretch in Gujarat had a cost of Rs. 6.70 crore per km and that DEA and Planning Commission, in their Appraisal Note, had drawn attention to the need for modifications in the Schedules to the DCA to make them precise and less open to disputes. NHAI had concurred with the observations and indicated that the revised Schedules would be circulated to the members of the PPPAC.

31. Joint Secretary, DoE noted that the cost for pre-construction activities was very high at Rs.314 crore. The representative of NHAI informed that the cost on the pre-construction activities would be incurred on actuals.

32. The PPPAC granted final approval to the proposal subject to the condition that MoRTH/NHAI would circulate the revised Schedules to the members of the PPPAC.

*(Action: MoRTH/ NHAI)*

**Agenda Item V: Proposal from MoRTH for final approval: Two laning with paved shoulders of Jhansi-Khajuraho section of NH 75 from km 1.900 to km 169.950 in the State of UP and MP under NHDP III**

33. Advisor, Planning Commission stated that the average traffic on the highway is about 7500 PCUs which did not justify construction of paved shoulders. The Schedules suffered from ambiguities and required revision. There is no reference to IRC No. or date of issue of MSS which would render the DCA unenforceable. It was also suggested that measures may be taken to curtail the scope of work to reduce the project cost, such as reviewing the requirement for construction of by-passes and re-alignments on the project stretch.

34. Advisor to Deputy Chairman, Planning Commission noted that the project financials indicated a VGF requirement of around 35 per cent of TPC. Based on the traffic, it would be possible to consider developing the project as two-laned highway without paved shoulders.

35. Chairman, NHAI informed that the project stretch was currently a single/intermittent lane and that the paved shoulders were necessary. Further, the project cost was Rs.3 crore per km and below the threshold recommended by B.K. Chaturvedi Committee. Hence, the project could be cleared as per the proposed scope of work. Further, the proposal had been considered by the IMG for implementation of National Highways and approved for development as two-lane with paved shoulders.

36. The PPPAC granted final approval to the proposal subject to the condition that MoRTH/NHAI would circulate the revised Schedules to the members of the PPPAC.

**Agenda Item VI: Proposal from MoRTH for final approval: Four laning of Ludhiana-Talwandi section of NH 95 from km 92 to km 170 in the State of Punjab under NHDP III.**

37. Adviser, Planning Commission indicated that the project involved construction of service roads, on both sides of the highway, for 50 km of the 78 km project highway and suggested that the service lanes may be created after the traffic reaches 60,000 PCUs. Further, the schedules required considerable corrections.

38. Joint Secretary, DEA noted that the cost of the project was around Rs. 6.1 per km and below the thresholds established by B K Chaturvedi Committee. Hence, the proposed scope of work may be approved. It was pointed out that based on the projected traffic on the stretch, the concession period should be 29 years. This was agreed to.

39. The PPPAC granted final approval to the proposal for the scope of work proposed, with a concession period of 29 years subject to the condition that MoRTH/NHAI would circulate the revised Schedules to the members of the PPPAC.

*(Action: MoRTH/ NHAI)*

**Agenda Item VII: Proposal from MoRTH for final approval: Four/laning of Panvel-Indapur section of NH 17 in the State of Maharashtra under NHDP Phase III**

40. Advisor, Planning Commission indicated that the cost of project at Rs.11.2 crore per km was above the established threshold and could be reduced by restricting construction of service roads to inhabited urban stretches and phasing out the balance of service roads to when the traffic reaches 60,000 PCUs and by minimising realignment and flyovers. Furthermore, the schedules required extensive corrections.

41. Chairman, NHAI informed that the cost of the project was higher on account of 2 km of elevated sections on the project highway. It was clarified that the stretch was part of Work Plan I of NHDP, which had been approved by the Empowered Group of Ministers (EGoM) on 'Revised Strategy for implementation of NHDP-framework and financing' in its second meeting held on December 14, 2009. The EGoM had approved the Work Plan and agreed that necessary financial support may be provided for them as recommended by B.K. Chaturvedi Committee with the stipulation that total length of National Highway to be developed would be broadly 60 per cent taken up on BoT (Toll) basis, 25 per cent on BoT (Annuity) basis and the remaining 15 per cent on EPC.

42. Advisor to Deputy Chairman, Planning Commission stated that though the Work Plan had been approved, the Financing Plan for NHDP was pending approval. He questioned whether the approval of the Work Plan also constituted approval of allocation of resources for the said works. Joint Secretary, DEA pointed out that approval of Work Plans I and II by the EGoM would necessarily imply that the

projects contained therein may be taken up for implementation with the most optimal cost, scope and configuration. As regards finalisation of the financing strategy, the group constituted in Planning Commission on this subject may be requested to expedite its recommendations.

43. Chairman of PPPAC observed that approval of Work Plan by the higher fora such as the EGoM and the CCEA made it incumbent upon Ministry of Finance to make best efforts to make available commensurate resources for the approved works. Hence, the instant proposal may be viewed from this perspective, subject to all measures by NHAI to ensure that the project stretch was developed with a scope of work which was technically required and economically efficient. It was requested that NHAI may review the scope of work and make efforts to curtail the cost of the project.

*(Action: NHAI)*

44. Joint Secretary, DoE concurred with the view that the cost was on the higher side and sought the status of the sanctuary which still requires forest clearance. The representative of NHAI explained that forest clearance was pending and in case permission for the scope of work within the sanctuary is not granted, the same would be deducted from the Concessionaire's work.

45. Joint Secretary, DEA indicated the project entailed buyback of an existing toll plaza at km 15.000 on the project stretch with effect from April 1, 2014. As per the existing agreement with the Toll Contractor, the period of concession is till September 30, 2015 and the cost of buyback would be around Rs.10 crore in 2014. The representative of NHAI informed that the existing BoT concession for an ROB and major bridge across river Patal Ganga, for which the concession is valid till September 30, 2015, does not have provision for buyback. Hence, it was not proposed to buyback the existing concession and instead allow the existing Concessionaire to operate till September 30, 2015. The development, upgradation and maintenance of the project stretch after the expiry of existing concession shall be provided in the project scope of work.

46. The PPPAC granted final approval to the proposal subject to the condition that MoRTH/NHAI would review the scope of work to bring down the Total Project Cost and revise the Schedules in the project DCA. The revised project documents would be circulated to the members of the PPPAC.

*(Action: MoRTH/ NHAI)*

**Agenda Item VIII: Proposal from MoRTH for final approval: Four laning of Ochira to Trivandram section of NH 47 in the State of Kerala on BOT (Toll) basis under NHDP Phase III**

47. Chairman, NHAI informed that NHAI was withdrawing the proposal. Accordingly, the Agenda Item was dropped from consideration.

**Agenda Item IX: Proposal from MoRTH for final approval: Two laning with paved shoulder from Kozhikode-Muthanga section of NH 212 in the State of Kerala**

48. Joint Secretary, DEA informed that the cost of the project was Rs. 3.34 crore per km. MoRTH was addressing the observation of DEA and Planning Commission on the project proposal.

49. The PPPAC granted final approval to the proposal subject to the condition that MoRTH/NHAI would circulate the revised Schedules to the members of the PPPAC.

*(Action: MoRTH/ NHAI)*

**Agenda Item X: Proposal from MoRTH for final approval: Construction of Eastern Peripheral Expressway (National Highway No. NE II) passing through Faridabad, NOIDA, Ghaziabad and Kundli in the State of Haryana and Uttar Pradesh on BoT (Toll) basis on DBFOT pattern. (Considered and deferred in 34<sup>th</sup> meeting)**

50. Joint Secretary, DEA indicated that the proposal had been considered in the 34<sup>th</sup> meeting of the PPPAC held on March 15, 2010. During the meeting, it was decided to defer the proposal to enable NHAI to examine and address the observations of the members of PPPAC and explore the possibility of restructuring the scope of work to scale down the project cost. It was suggested that a meeting could be organized by Planning Commission, with representation from NHAI, MoRTH and DEA, prior to the re-consideration of the project by PPPAC, for minimizing the number of outstanding issues in respect of the project.

51. In pursuance to the decision, a meeting chaired by Advisor, Planning Commission was held on April 8, 2010. It was recommended that NHAI may revise the project structure to develop it as four/six lane highway, re-invite the RfQ for the proposal and determine the toll for the project stretch based on the extant Toll Rules. It was also suggested that construction period for the project may be reviewed and TPC may be calculated by adding 25 per cent towards IDC and other costs as against 37 per cent taken for this project.

52. Secretary, RTH observed that the project had been granted final approval by the PPPAC in its 13<sup>th</sup> meeting, hence, review of the scope of work at the current juncture may not be considered by the PPPAC. Further, the decision on discharge of the RfQ was within the purview of the Administrative Ministry concerned and did not require consideration of the PPPAC. The project was being monitored by the Hon'ble Supreme Court and the monitoring committee for the project had been vested with power to take decisions in respect of the project.

53. Joint Secretary, DEA pointed out that there had been a substantial increase in the cost of the project proposal since its approval by the PPPAC. The final approval granted by the PPPAC in its 13<sup>th</sup> meeting held on May 13, 2007 could be considered valid in respect of the proposal only if the project cost, scope of work and structure were as approved by the PPPAC while considering the project. Change in the project structure and terms of contract would require consideration of the project afresh by the PPPAC.

54. Chairman, PPPAC noted that while the final decision on the shortlisting of bidders could be taken by MoRTH, it may be kept in consideration that the view/recommendation of the PPPAC is for inviting fresh RfQ for the project.

55. The project proposal was returned to NHAI with the above observations.

*(Action: NHAI & MoRTH)*

**Agenda Item XI: Note from MoRTH/NHAI for consideration on methodology for determining the annuity taking into consideration return on equity and debt**

56. Joint Secretary, DEA informed that the EGoM on 'Revised strategy for implementation of NHDP- Framework and Financing', in its second meeting, held on December 14, 2009 approved that NHAI would prepare a comprehensive note on determining the annuity taking into consideration the return on equity and debt.

The methodology for determination of the annuity would be considered and approved by the PPPAC; and all annuity projects would be appraised by PPPAC following this methodology. In the event of lack of consensus in PPPAC for determination of the methodology, the matter would be brought before the EGoM. The decision was reiterated in the 4th meeting of the EGoM, held on March 17, 2010. During the meeting, Deputy Chairman, Planning Commission suggested that the Chief Economic Adviser could also be involved in this exercise. Accordingly, MoRTH had circulated the Note to the members of the PPPAC and CEA.

57. The PPPAC remitted the consideration of the Note from MoRTH to a Committee headed by the Chief Economic Advisor, DEA with representation from the members of the PPPAC. It was decided that the Committee would give its recommendations by end of May, 2010.

**(Action: DEA, MoRTH)**

58. Chairman, PPPAC noted that the appraisal of projects proposals should continue as per the prescribed process and not be considered as incumbent on the consideration of the said note by the Committee headed by CEA or the PPPAC.

**(Action: DEA, DoE, Planning Commission and DoLA)**

**Agenda Items XII-XIII: Proposals from MoRTH for final approval:**

- i. **Four laning of Parwanoo-Solan section of NH 22 from km 67 to km 106 in the State of Himachal Pradesh on BOT (Annuity) on DBFOT pattern under NHDP Phase III**
- ii. **Two laning of Thiruvananthapuram to Kerala/TN border section of NH 47 from km 0 to km 43 in the State of Kerala on DBFOT (Annuity) basis under NHDP III**

59. The PPPAC noted that the Appraisal Notes of Planning Commission in respect of the projects had not been received and deferred the agenda items.

**(Action: Planning Commission)**

60. The PPPAC noted that the Cabinet Secretariat, vide O.M. No 1/28/1/2009-Cab. dated December 3, 2009 has communicated that with the approval of the Prime Minister, the timelines for completion of Inter Ministerial Consultations in disposal of cases by the Appraising Agencies, have been determined. It has, *inter alia*, been indicated that PPPAC shall, if the Note/Memo for their consideration is complete in

all respects, and no inputs are considered essential on any specific aspect, dispose off the proposals within a period of four weeks. The O.M. also conveys that the appraisal process in the Planning Commission shall be streamlined and in all cases, the appraisal shall be completed within a period of four weeks. It was decided that the PPPAC Secretariat would draw the attention of Secretary, Planning Commission to the guidelines and request that a mechanism may be put in place in Planning Commission to ensure compliance with the said guidelines.

*(Action: DEA)*

**Agenda Item XIV: Proposal from MoRTH for final approval: Four laning of Krishnagar-Baharampore section of NH 34 from km 115 to km 193 in the state of West Bengal under NHDP III on Annuity basis DBFOT Pattern (Deferred in 34th meeting)**

61. It was noted that the proposal was considered in the 34<sup>th</sup> meeting of the PPPAC and since the Appraisal Note of Planning Commission in respect of the project had not been received, the consideration of the agenda item was deferred. The appraisal note, received subsequently, had recommended that the project may be considered by PPPAC after funding for the project was tied up, the average cost reduced, annual annuity payments as a percentage of cess revenues established and the schedules of the DCA amended.

62. Representative of NHAI informed that the project had been bid out twice on BoT (Toll) basis but did not elicit a response and that the IMG, chaired by Secretary RTH on mode of delivery of National Highways had approved the project for implementation on the BoT (Annuity) framework. Further, the cost of the project was within the thresholds recommended by the B K Chaturvedi Committee.

63. Secretary, RTH observed that determination of annuity limits, as a percentage of cess revenues was not a critical requirement subsequent to the B K Chaturvedi Committee deliberations and approval of its recommendations by the Cabinet. Further, the project stretch was part of the approved work plan and may be cleared.

64. The PPPAC granted final approval to the proposal subject to the condition that MoRTH/NHAI would circulate the revised Schedules to the members of the PPPAC.

*(Action: MoRTH/ NHAI)*

**Agenda Item XV: Proposal from MoRTH for final approval: Two lane with paved shoulder of Muzaffarpur Sonbarsa section of NH 77 in the state of Bihar under NHDP Phase III (Earlier considered in the 32nd meeting and returned to NHAI)**

65. Joint Secretary, DEA indicated that the project was considered in the 32<sup>nd</sup> meeting of PPPAC held on February 22, 2010. It was, *inter alia*, noted that the project cost in respect of the project stretch was very high. The proposal was returned to MoRTH to examine whether the scope of work would be reviewed to bring the project cost within the average threshold levels recommended by BK Chaturvedi Committee.

66. It was noted that subsequent to the meeting, NHAI have indicated that the cost has been brought down from Rs. 606 crore (Rs 7.10 crore per km) to Rs. 511.54 crore (Rs 6.23 crore per km), a reduction of around Rs. 95 crore. However, the cost was considerably higher than the threshold of Rs 3.50 crore per km recommended by the B.K. Chaturvedi Committee.

67. Representative of NHAI informed that it would be difficult to curtail the scope of work and the cost further since the project stretch transverses area which gets completely inundated.

68. Joint Secretary, DEA emphasised that the assumptions for the financing plan recommended by the B K Chaturvedi Committee was that the **over all cost of** projects for 2 laning with paved shoulders may be Rs 3.50 crore per km. Within this overall cost thresholds, individual projects could be considered on merits. Hence, while this project, passing through difficult terrain, could be cleared, NHAI may consolidate the per unit cost of all projects in the work plan and indicate the extent to which the thresholds established by BK Chaturvedi Committee were being adhered to. It was decided that MoRTH/ NHAI would present the consolidated information in the next meeting of the PPPAC.

**(Action: NHAI, MoRTH)**

69. The PPPAC granted final approval to the revised project proposal subject to modification of the Schedules of the DCA in accordance with the observations of Planning Commission.

**(Action: NHAI, MoRTH)**

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



**Ministry of Finance  
Department of Economic Affairs**

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**Public Private Partnership Appraisal Committee (PPPAC)  
35<sup>th</sup> Meeting on April 28, 2010**

**List of Participants**

- I. Department of Economic Affairs**
- i. Shri Ashok Chawla, Finance Secretary (In Chair)
  - ii. Shri Govind Mohan, Joint Secretary
  - iii. Ms. Aparna Bhatia, Director
- II. Department of Expenditure**
- iv. Ms. Meena Agarwal, Joint Secretary
- III. Planning Commission**
- v. Ms. Sudha Pillai, Secretary
  - vi. Shri G. Haldea, Adviser to Dy. Chairman
  - vii. Shri Ravi Mital, Adviser
- IV. Ministry of Law**
- viii. Ms. Z. Hadke, DLA
- V. Ministry of Home Affairs**
- ix. Shri G. Pillai, Home Secretary
  - x. Shri Y.S. Dadwal, Commissioner of Police
  - xi. Shri A.K. Saxena, Director (Delhi Police)
- VI. Ministry of Road Transport and Highways**
- xii. Shri Brahm Dutt, Secretary
  - xiii. Shri P.K. Tripathi, Joint Secretary
  - xiv. Shri A.V. Sinha, DG(Road)
- VII. National Highways Authority of India**
- xv. Shri Brijeshwar Singh, Chairman
  - xvi. Shri V.L. Patankar, Member (T)
  - xvii. Shri Subhash Patel Member Projects
  - xviii. Shri J.N. Singh, Member (F)

xix. Shri B.N. Singh, Member (P)