

Government of India
Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

53rd Meeting on July 16, 2012

Record Note of Discussion

The 53rd meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on July 16, 2012. The list of participants is annexed.

2. The Chairman welcomed the participants and noted that the PPPAC would consider thirteen proposals from Ministry of Road Transport & Highways (MoRTH) for grant of final approval.

Agenda Item I: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: Two laned Z-Morh Tunnel section of NH-I on BOT (Annuity) in Sonamarg, Srinagar, Jammu and Kashmir

Total length: 6.5 km (Tunnel) and 6 km approach road; Total Project Cost: Rs. 2680.42 crore (earlier Rs. 2773.83 crore); Concession period: 20 years including 5 years construction period. Major development works/ structures: Main Tunnel: 6.5 km, E-gress Tunnel: 6.5 km, the escape tunnel; East end approach roads: 0.55 km, West end approach road: 5.250 km, Culvert: 1

3. Director, DEA informed that the project had been deferred in the 52nd meeting of the PPPAC held on July 10, 2012 pending the appraisal note from Planning Commission and submission of value for money (VfM) analysis by MoRTH.

4. Advisor, Planning Commission indicated that they have completed the appraisal of the project and circulated the appraisal note on date. Planning Commission has nine major observations. These are:

- 4.1. The project envisages Annuity payment of approximately Rs. 10,000 crore over a period of 15 years. MoRTH may indicate the availability of funds within their overall Plan allocation. PPPAC may consider this project only after confirmed availability of budgetary resources. Department of Expenditure (DoE) may also examine if such a large budgetary commitment can be made for a single project.
- 4.2. The traffic on the project stretch in 2012 is 5131 PCUs, which does not justify a two lane tunnel. However, since the project is proposed on strategic considerations, the project details may be shared with the Ministry of Defence to ensure that it meets their technical requirements.

- 4.3. There is no approved MCA for Annuity projects. Hence, two-stage clearance may be sought from PPPAC. PPPAC can consider the project only for in-principle clearance at the current juncture.
- 4.4. Total Project Cost (TPC) of this project is Rs. 2773.83 crore, while the civil cost of construction is Rs. 1914.59 crore. As per the MCA, 25 percent of the civil cost may be added as the interest during construction (IDC), financing cost (FC) and escalation in order to arrive at the TPC. In the instant project, TPC has been calculated by increasing 44.88 percent of civil cost instead of the 25 percent. This will add significantly to the Annuity payout for the project.
- 4.5. The average annual annuity payment for projects in the State of Jammu and Kashmir (J&K) bid out by MoRTH is about 25 percent of TPC. The annual Annuity requirement of this project would be around Rs. 700 crore. This would mean that civil construction cost of Rs. 1914.59 crore of project can be met through 2.75 times of annual annuities. Planning Commission is of the view that diluting the advantage of deferred payments for the project that may be constructed on EPC (turn-key) mode which would entail expenditure only on civil cost of construction and result in lesser burden on the exchequer.
- 4.6. As per the calculation of Planning Commission, with TPC of Rs. 2773.83 crore the total Annuity outgo over 15 years would be Rs. 10,504.50 crore (30 semi-annual annuities of around Rs. 350.15 crore). If MoRTH were to take a loan for incurring expenditure on the civil construction cost of Rs. 1914.59 crore at 9 percent interest rate, the total outgo over 15 years on Equated Monthly Instalment (EMI) basis would be about Rs. 3531 crore. Thus, there would be an extra cumulative outgo of Rs. 6973.50 crore in nominal terms, if the project is implemented on BOT (Annuity) basis it may be considered whether the additional outgo of Rs. 6973.50 crore is desirable for the additional scope of work of maintenance of the project for 15 years.
- 4.7. It would be necessary that a rigorous Value for Money (VfM) analysis is undertaken and justification for implementing the project on BOT (Annuity) basis is established before the project is accorded approval.
- 4.8. The TPC has been estimated with over provisioning. An independent committee of technical experts may be setup to review the following aspects:
- 4.8.1. The basic rates of items of works are not evaluated on actual rate of labour, materials and machinery. The labour rate for the year 2004 and material and machinery rate for the year 2007 are taken for the cost rate analysis and have been indexed to arrive at the cost for the year 2012. It is recommended that costs for 2012 should be taken as the basis. Further, the Schedule of Rate for J&K PWD and CPWD has not been taken into account while arriving at the cost estimates.
- 4.8.2. Estimation of costs due to certain items like winter break (20 percent), additional cost of difficulty in mixing, transporting and shotcreting (75 percent),

loss (30 percent), inflation (30 percent), overhead charges (30 percent), etc have been considered even in case of electrical and mechanical equipments. The rationale thereof may be provided.

4.8.3. MoRTH have earlier executed Chenani-Nasri Tunnel (2-lane with escape tunnel) of 9 km at an average cost Rs. 280 crore per km and Quaziganj-Banihal Tunnel (2-lane with escape tunnel) of 8.5 km at an average cost Rs. 233.76 crore per km. The present project which involves a 2-lane tunnel with escape tunnel cost Rs. 470.85 crore per km, which is much higher.

4.9. Clauses 15.2, 17.1.1, 27.12, 28.1, 34.9, 24.1, 28.24, 14.32, 39.2, 7.1 (k) and 40.2 of the draft concession agreement may be reviewed in the light of Planning Commission's observations on the MCA for BOT (Annuity) projects.

5. Secretary, RTH responded that the project is being considered based on its strategic national importance and commitment for budgetary allocation shall be obtained from CCI while taking approval for the investment decision in respect of the project. The observation of the Planning Commission as to whether such a large quantum of investment should be made on a single project needs to be viewed in the context of the project specifications. The Government has allocated large budgetary funds for specific projects in the past, such as Delhi Metro, Dedicated Freight Corridor (DFC), Delhi-Mumbai Industrial Corridor (DMIC), Rohtang Tunnel etc.

6. Secretary, RTH indicated that the project is proposed to be implemented by Border Roads Organisation (BRO). Since, BRO works under the Administrative control of Ministry of Defence (MoD), the project has been developed in close collaboration with MoD. Hence, the requirements of MoD have been taken into consideration while structuring the project. With regard to the MCA for BOT (Annuity) projects, PPPAC has earlier granted final approval to projects on BOT (Annuity) mode. The MCA has been approved by the Minister-in-charge as recommended by the IMG. The instant project's DCA is based on the duly approved MCA document with project specific changes. The cost of the project has been approved by the Cost Committee in its meeting held on July 3, 2012 based on the details provided by BRO. The cost of IDC, escalation & financing as stipulated by the MCA is 25 percent of the civil cost where the construction period is two and half to three years, whereas in the instant project, the construction period is five years, thus, 44.88 percent of the civil cost have been arrived at based on the financial analysis. It was emphasised that in case the project is taken up on EPC mode, it may take another two years in order to finalise the MCA for Turnkey EPC basis for Tunnels. Thus, this would result in a loss of time and resources to the bidding process that has already been initiated for the project. MoRTH is not in favour of review of the project cost by another technical committee. The detailed project costs, related drawings and documents have been shared by MoRTH with members of PPPAC. These have been prepared by technically qualified consultants, reviewed by BRO, and thereafter approved by the Standing Cost Committee. Planning Commission may indicate specific concerns, if, any, with the project cost and parameters, before suggesting the need for a review by a technical committee. The VfM analysis, for the project has been undertaken and submitted to the members of PPPAC. The VfM analysis establishes that the

project may be implemented on BOT (Annuity) basis. Regarding changes suggested by the Planning Commission in the DCA, it was emphasised that the DCA is based on duly approved MCA and after incorporating recommendations of the B.K. Chaturvedi Committee, which have been approved by the Cabinet Committee on Infrastructure (CCI). Hence, amendments in the same may not be considered for the instant project.

7. Director, DEA informed that the proposed project is not a part of the NHDP programme. Hence, approval of the project, availability of budgetary resources and approval that BRO shall be the Implementing Agency is required to be obtained from the CCI. Secretary, RTH confirmed that approval of the CCI on these aspects shall be obtained while seeking the final approval for the project.

8. Director General (DG), BRO presented the proposal. It was reiterated that BRO, as a part of Ministry of Defence, have already taken approvals for the project from MoD. The project is critically required to provide all weather connectivity to the Leh-Ladakh region leading to its overall socio-economic development. The construction period required at a high altitude, avalanche prone area is 5-6 months in a year. The region is prone to submergence under extensive snow and has rocks with fissures causing water leakages. Hence, the project cost is higher since it requires different construction techniques and the equipment remains idle for six to seven months every year. In order to arrive at the project cost, procedures based on the Standard Data Book for Costing of Civil Engineering Works by MORTH 2003 have been followed. Basic rates taken from the SORs of 2007, which, is the same as in the Detailed Project Report (DPR) for the Project Chennani-Nashri Tunnel, a project earlier approved by the PPPAC. The costs have been updated for 2012. Provisions have been made for restricted work during winter months, i.e. 15 percent of the civil costs and remote area conditions, i.e. 10 percent of civil costs. Provisions have been made for additional taxes from 2007 level, i.e. an additional of 3 percent of civil costs. Further, specifics have been made for risk coverage on account of unpredictable geological conditions, i.e. 5 percent of civil costs. It was stressed that the costs of Rohtang Bypass and Z-Morh Tunnel are comparable and the analysis to this effect has already been undertaken and shared with members of the PPPAC in its 52nd meeting. Thus, it was concluded that the project costs were appropriate and the project was technically sound and all technical and costs assessments were developed with the help of independent technical consultants, the same consultant as for the Tunnel project at Rohtang Pass.

9. Advisor, Planning Commission reiterated that 25 percent cost may be added to civil cost of construction to arrive at the TPC as provided for in the MCA. Representative of BRO explained that higher TPC was on account of longer construction period of five years. Director, DEA informed that Planning Commission, in an earlier appraisal note of a project with a high capital cost and construction period of five years, i.e. Hyderabad Metro Rail project, had recommended that the TPC for such projects should be estimated by taking into account 40 percent of TPC as IDC, FC, escalation etc. Advisor, Planning Commission stated that in the event Planning Commission has allowed a higher escalation, Planning Commission would not have any objection if the same is adopted for the instant project.

10. Additional Secretary, DEA stated that a review is necessary in order to assess whether the project is appropriate for implementation on BOT (Annuity) mode at 12 percent discount rate and on net present value (NPV). As per estimates of DEA, the extra cost to implement the project on BOT (Annuity) mode versus EPC mode is around Rs. 1945 crore, whereas the costs relating to operation and maintenance (O&M) was only Rs. 55 crore on NPV terms. Hence, it may be carefully examined whether the project is justified on BOT (Annuity) basis. DG, BRO responded that a wide range of uncertain geological and topographical conditions makes the project highly risky and requires special expertise to implement the project. It was further indicated that of the 22 firms that had responded to the RFQ, 19 have been shortlisted. Internationally reputed firms have shown interest in developing the project and are having requisite technical expertise, thus, the risk of construction and development will be better borne by them. Hence, irrespective of costs of O&M, BOT (Annuity) remains a preferred choice of implementation of the project which conclusively covers the design, construction, O&M risks by one Concessionaire. Additionally, the expenditure on annuity should be viewed in the perspective of overall savings to the Government (Central and State), broadly estimated as atleast Rs. 500 crore per annum, once all weather connectivity is provided to the region and movement of goods and passengers is not by air alone. There is the added advantage of economic development including through harnessing of the tourism potential and reduced need for winter stocking once the provision of free movement throughout the year is made a reality for this remote region.

11. DG, BRO also informed that for a concession period of 20 years with 5 years construction period, the semi-annual annuity was estimated as Rs. 266.50 crore at 15 percent return on equity (EIRR), Rs. 304.65 crore at 18 percent EIRR and Rs. 350.15 crore at 21 percent EIRR, payable in 30 equated instalments.

12. With regard to VfM analysis, DG, BRO informed that at 15 percent equity IRR is Rs. 281.40 crore in favour of BOT (Annuity) mode. At 18 percent equity IRR with time overrun of six months and 5 percent cost escalation is Rs. 140.75 crore in favour of BOT (Annuity) mode. At 21 percent equity IRR with time overrun of twenty four months and 25 percent cost escalation is Rs. 87.34 crore in favour of BOT (Annuity) mode. Director, DEA informed that the VfM analysis has been circulated during the meeting; hence, it may need to be independently examined. All members of PPPAC concurred with the need for examination of the VfM analysis by the members of PPPAC.

13. Deputy Secretary, DoE indicated that until the Cabinet approves the project, DoE would not be in a position to provide budgetary support for its funding. Furthermore, Planning Commission would have to allocate plan funds for this purpose.

14. Advisor, Planning Commission indicated that PPPAC may consider the project subject to the ceiling of 20 percent of the TPC as an annual annuity outflow. It was pointed out that average annuity percentage for other NHAI project was 17-18 percent of the TPC. Director, DEA stated that the annuity threshold may not be fixed randomly. If the project is approved for implementation on BOT Annuity basis, the threshold equity IRR may be taken as 21 percent, as approved by the Cabinet for difficult areas.

15. **The PPPAC granted final approval to the project for TPC of Rs. 2680.42 crore (civil cost of construction Rs. 1914.59 crore plus 40 percent) with maximum semi-annual annuity of Rs. 337 crore for 21 percent equity IRR, subject to fulfilment of the following conditions:**

- a. MoRTH shall circulate soft copy of the VfM to all the members of PPPAC for examination.
- b. MoRTH shall obtain specific approval from CCI to include the project for implementation under NH (others).
- c. MoRTH shall ensure specific approval from CCI regarding budgetary provisions for payment of semi-annuities and pre construction activities.
- d. MoRTH shall obtain confirmation from Ministry of Defence that the project's specifications addresses its requirements.
- e. MoRTH shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.
- f. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- g. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by BRO/MoRTH in their responses.
- h. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- i. MoRTH shall circulate the revised documents to the members of the PPPAC for record as two separate projects.

(Action: MoRTH/BRO)

Agenda Item II: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: Six laning of Allahabad-Varanasi Section from Km 630.000 to 785.859 of NH-2 Km 377/780 in the State of Uttar Pradesh under NHDP Phase-V on BOT (Toll) basis.

Brief Particulars for six laning of Handia- Varanasi from km 713.146 to km 785.544:

Total length: 72.398 km; Total Project Cost: Rs. 909.57 crore; Concession Period: 28 years including 2.5 years of construction period.

Major development works/ structures: Minor bridges: 3, Flyovers: 3; Bypass: Nil, ROB: Nil; Major road junctions: 4; Service roads: 69.576 km; Slip road: 44.550 km; Minor Junctions: 104, Toll plazas: 1 (km 747); Vehicular underpasses: 11; Pedestrian/Cattle underpasses: 17; Culverts: 123; Truck laybys: 4; Bus-bays/shelters: 32, FOB: 2, Utility Ducts; 118.

16. Director, DEA informed that the project was considered in the 51st meeting of the PPPAC held on March 9, 2012. The PPPAC had deferred the grant of approval of the project and requested MoRTH to provide the following information:

- a. Traffic details (total and tollable traffic) based on the traffic survey at the six toll plaza locations.
- b. Actual traffic and toll revenues on the project stretch being collected at the six toll plaza locations.
- c. Detailed financial analysis including sensitivity analysis for implementing the project as two sub projects i.e . O&M of four laned Allahabad Bypass section on OMT basis and six laning of Handia-Varansi section under NHDP V.
- d. Clarification whether O&M of four laned stretches (without widening to six lane) is an approved activity under NHDP-V and whether it would be technically feasible to award the Allahabad bypass as a four laned highway for the next twenty eight years since the designed capacity is expected to be breached earlier.
- e. The stretch, with chainage, where six laning is justified based on the current traffic.

17. Director DEA informed that the information sought had been received from MoRTH. The information clearly establishes that the 155.44 km project is financially viable for implementation as two separate projects, viz., Handia –Varanasi section (length of 72.398 kms) as six laned stretch under NHDP –V and the Allahabad bypass section, consisting of 83.146 kms, as four laned with no other up-gradation work as an Operation, Maintenance, and Transfer (OMT) project for maximum 9 years. The financial estimates of MoRTH indicate that the two separate projects are likely to get a premium/ concession fee as the bid response. Accordingly, the project may be restructured as two separate projects and accordingly the project documents may be submitted for consideration by PPPAC.

18. The Chair stated that the proposed formulation is advisable. All the members of the PPPAC were in concurrence of the same.

19. Secretary, RTH requested that the project for six-laning of Handia- Varanasi from km 713.146 to km 785.544 may be granted approval under NHDP –V. Necessary changes shall be made in the project documents to remove reference to the Allahabad bypass. This was agreed to.

20. The PPPAC granted final approval to the project for six laning of Handia- Varanasi from km 713.146 to km 785.544 under NHDP-V for TPC of Rs. 909.57 crore with maximum 10 percent VGF, subject to fulfilment of the following conditions:

- a. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.
- b. NHAI/MoRTH shall respond to the observations of Planning Commission with respect to requirement of the structures, underpasses, bypasses etc. on the project.
- c. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.

- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.
- g. MoRTH shall obtain the approval of the competent authority before inviting RfP for the project for OMT of the Allahabad Bypass section.

(Action: MoRTH/NHAI)

Agenda Item III: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: Six laning of Chakeri –Allahabad section of NH-2 from km 483.687 to km 630.0 (length 146.313 km) under NHDP Phase V on BOT (Toll) basis

Total length: 146.313 km; Total Project Cost: Rs. 1287.27 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 531.75 crore; Concession Period: 30 years including 2.5 years of construction period.

Major development works/ structures: Major Bridge: 1; Minor bridges: 11; Elevated structure: 6; Grade separated flyover: 3; ROBs: Nil; Major road junctions: 3; Service roads: 96.221 km; Slip road: 51.332 km; Minor road junctions: 97; Toll plazas: 2 (km 506.275 & km 591.050); FOB: Nil; Vehicular underpasses: 14; Pedestrian/cattle underpasses: 25; Culverts: 176; Truck laybys: 11; Bus-bays: 18; Retaining wall: 50.4 km; Exit/entry ramps: 124

21. Director, DEA informed that the proposed project is for six laning and is a part of NHDP -V. However, the total average traffic on the subject road is 16,467 Passenger Car Unit (PCU). As per the abstract of the Cabinet approval for NHDP –V, provided by MoRTH vide letter no. RW/NH-37011/02/2009-PPP dated February 10, 2012, for six-laning of projects under NHDP-V, the traffic at the time of bidding should be more than 25, 000 PCUs. Secretary, RTH responded that the Cabinet approval pertained to general policy for all projects under six-laning and the minimum traffic condition of 25,000 PCUs is not applicable in respect of stretches of Golden Quadrilateral (GQ) under NHDP-V. The VGF sought is only 10 percent of the TPC in accordance with the NHDP-V approval and the project may be granted approval.

22. The Chair advised that MoRTH may share a copy of the Cabinet Note on implementation of NHDP V and its approval to establish that the proposed project is admissible for execution under NHDP V.

23. Deputy Secretary, DoE indicated that the project appears viable without VGF support. Hence, it may be approved under the condition of no VGF assistance. Secretary, RTH responded that no VGF may be an ideal condition, however, it is not a guaranteed condition, thus, an approval with VGF upto 10 percent of the TPC was requested. The competitive bid process shall establish whether VGF is required for the project.

24. Chief General Manager, NHAI informed that the stretch from Chakeri to Allahabad is the only stretch that was yet to be six-laned for the entire NH-2 section from Delhi to Dhanbad. Thus, in order to follow the Cabinet approval for six-laning under NHDP Phase V and to maintain a corridor approach in road development, the project may be granted final approval.

25. Director, DEA informed that the Planning Commission in their appraisal note have indicated that the project entails an unjustified expenditure of Rs. 318.0 crore, through departures from the provisions of the notified Manual of Standards and Specifications (MSS). Secretary, RTH emphasised that the matter has been earlier discussed in the PPPAC. Planning Commission has termed provisioning of vehicular/ pedestrian/ cattle underpasses as unjustified expenditure. The estimation by Planning Commission does not take into account the additional requirement of funds in the event these VUP/PUPs are not constructed at grade. Their observations also do not take into account the response of MoRTH regarding the technical requirement and local conditions mandating these structures. Joint Secretary, DEA requested MoRTH to respond to the appraisal note of Planning Commission to establish that the scope of work is technically justified and admissible as per the MSS.

26. Additional Secretary, DEA suggested that, henceforth, MoRTH/NHAI may provide the rationale for the proposed VUP/PUPs, service lanes and bypasses while posing the proposals to the PPPAC for grant of final approval. This will address the specific observation and concern about “unjustified expenditure” in the appraisal notes of Planning Commission. This was agreed to.

(Action: MoRTH/NHAI)

27. **The PPPAC granted final approval to the project subject to MoRTH sharing the complete Cabinet note for NHDP V and approval of CCEA that established that Golden Quadrilateral (GQ) stretches with traffic less than 25,000 PCUs are eligible for development under NHDP- V¹.**

(Action: DEA/MoRTH/NHAI)

¹¹ The Note of the CCEA from MoRTH was received and examined by the PPPAC Secretariat. It was observed that only stretches of GQ that have traffic over 25,000 PCUs have been proposed for implementation under NHDP Phase-V. Hence, the project may not be considered as approved by the PPPAC.

Agenda Item IV: Proposals from Ministry of Road Transport & Highways (MoRTH) for grant of final approval- Generic issues related to NHDP IV projects

Four-laning under NHDP- IV

28. Director, DEA informed about generic issues with regard to NHDP IV. It was stated that the Cabinet Committee on Infrastructure (CCI) has approved four-laning up to 4000 kms under NHDP IV during February 2012. PPPAC/ SFC has already granted approval to projects under NHDP IV for 3248 kms for four-laning and MoRTH has presently proposed 910 kms of additional length for four- laning, making the total length greater by 158 kms. Hence, MoRTH may indicate the priority of the projects for approval. Secretary, MoRTH responded that CCI approved 20,000 kms under NHDP IV and four laning is being proposed on the traffic justification of individual projects. It was requested that projects may be approved; however, the financial bids may be received only after the approval of CCI. Deputy Secretary, DOE stated that VGF requirement for four-laning of projects is more, hence, approval of CCI is required to be obtained at first.

(Action: DEA/MoRTH/NHAI)

Land Acquisition

29. Director, DEA informed that in most of the proposed projects, availability of land is less than 50 percent. Hence, this may delay the development process and may be a risk to the Concessionaire. This would result into higher VGF and termination liability in case land is not being handed over as per the provisions of the Model Concession Agreement (MCA). MCA provides that 80 percent of the total land is to be handed over at Appointed Date. Accordingly, RFP should be issued only after notification under the National Highways Act, 1956; Section 3(D) is issued for atleast 60 percent of the total land to be acquired. CGM, NHAI requested that 3(D) is issued upon full ownership of the land by the competent authority; this usually takes around 6-9 months and may be undertaken simultaneously alongwith the bidding process and financial closure of the project. Hence, Section 3(A), which was notification of the land, was more suitable for the purposes of issue projects under RfP. Chairman, NHAI indicated that land acquired under the NHAI Act cannot be reverted and put to any other use, in case PPPAC decides to not approve the projects, the land acquisition would serve no purpose. Hence, it was requested that PPPAC may not withhold approval of projects on account of lack of land acquisition.

30. The Chair responded that since the National Highways have been approved for implementation, land acquisition would be required to be carried out by NHAI, irrespective of its mode of implementation. Hence, the NHAI may expedite the process of land acquisition in respect of all projects identified for implementation. The projects are considered by the PPAC for grant of final approval prior to issue of

the RfP. Availability of land for the project is a critical matter for consideration since inadequate land would enhance the risk perception of the private sector entities in respect of the projects under bidding and may result in higher VGF due to expectation of delays in appointed date and its financial consequences on the project costs. Hence, PPPAC needs to examine details of land acquisition and clearances in accordance with the provisions of the MCA to avoid the risks of higher costs to the public exchequer.

31. Director, DEA informed that MoRTH proposes to acquire 60 m of Right of Way (ROW) for all the projects, even projects that are proposed to be two-laned and where the actual requirement of land for expanding the two-laned paved carriage way is up to 30 m. In the projects that are proposed to be four-laned, the requirement of ROW maybe up to 45m to curtail expenditure on cost of land acquisition, it was suggested that MoRTH may review the requirement of land based on the tenure of the Concession period and project formulation. Secretary, RTH responded that ROW is being acquired in accordance with the Indian Road Congress (IRC) norms. However, a review of the actual requirements of land as per the project structure and concession period shall be undertaken by NHAI to rationalise land acquisition.

(Action: MoRTH/NHAI)

Approval of Project Cost by the Standing Cost Committee

32. Director, DEA informed that approval from Cost Committee was yet to be obtained in respect of the proposed projects. Secretary, RTH stated that Cost Committee's approval was only undertaken in case the cost per km is higher than the norms recommended by the B.K. Chaturvedi (BKC) Committee. Further, the cost assumed by BKC Committee is on 2008 prices. Hence, this cost for four laning may be updated. Chair suggested that in order to assess the scope of work and its allied cost, the Cost Committee should ideally review all projects irrespective of the said norms based on cost per km. Hence, the norm may not be revised.

Expenditure on project structure such as VUP/PUP etc.

33. Director, DEA indicated that Planning Commission in its entire appraisal notes have indicated that projects entail an unjustified expenditure on account of departure from MSS. Secretary, RTH responded that Minister, RTH has taken up the matter with Deputy Chairman, Planning Commission and copy of the same shall be shared with the members of the PPPAC. The matter is being repeatedly raised by Planning Commission in their appraisals notes without taking into account the responses of NHAI/MoRTH. Additional Secretary, DEA suggested that for all the

projects posed to PPPAC, MoRTH/NHAI may provide a detailed justification upfront for the scope of work including structures, underpasses, bypasses etc., as a part of the PPPAC Memo. Joint Secretary, DEA further stated that for the instant projects proposed to the PPPAC, a detailed reply to the observations of Planning Commission may be furnished. The suggestions by the Additional Secretary and Joint Secretary, DEA were agreed to by MoRTH/NHAI.

(Action: MoRTH/NHAI)

Agenda Item IV: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP-IV: Four-laning of Chutmalpur-Ganeshpur section of NH-72A from Km 0.000 (Km 22.825 of NH-73) to Km 17.900 & Roorkee-Chutmalpur-Saharanpur-Yamunanagar (UP/Haryana Border) Section of NH-73 from Km 0.000 (Km 167.800 of NH-58) to Km 86.855 in the State of Uttarakhand and Uttar Pradesh under NHDP – IV on BOT (Toll) basis

Total length: 104.755 km; Total Project Cost: Rs. 1024 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 464.18 crore; Concession Period: 22 years including 2.5 years of construction period;

Total land required: 631.456 ha, land available: 184.554 ha, land to be acquired: 446.902 ha (71 percent)

Major development works/ structures: Major Bridge: 6; Minor bridges: 24; Grade separated flyover: 2; ROBs: 4; Major road junctions: 9; Bypasses: 3 of 64.507 km; Service roads: 28.635 km of 5.5m and 15.63 km of 7m width; Slip road: 5.412 km of 7 m width; Minor road junctions: 27; Toll plazas: 3 (km 15.945, km 32.435 & km 81.155); FOB: Nil; Vehicular underpasses: 13; Pedestrian/cattle underpasses: 11; Culverts: 165; Truck laybys: 6; Bus-bays/shelter: 52;

34. Director, DEA informed that 71 percent of the total land is yet to be acquired; cost of Rs. 9.78 crore per km has not been approved by the Cost Committee. Based on total traffic and project growth, the concession period may be 19 years instead of the proposed 22 years.

35. CGM, NHAI responded that the 71 percent land requirement is due to the acquisition for 3 bypasses having total length as 64.507 km. The land acquisition process has been started and notification under Section 3(a) is under process.

36. Director DEA, further stated that of the total project length of 104.755km, the chargeable length proposed to be tolled as per Schedule R is only 86.855km and a length of 17.9 km has not been included, thus, it was proposed the same may be included for tolling purposes. CGM, NHAI responded that the length of NH-73 from Roorkee-Chutmalpur-Saharanpur-UP/Haryana Border is only 86.855 km. The proposed project includes the 17.9 km stretch from Chutmalpur-Ganeshpur section

of NH-72 A, which has been excluded for tolling purposes. If this section is tolled under any of the two toll plazas, it may call for additional burden of toll on users travelling on NH-73 due to triangular traffic diversion at Chutmalpur Junction. Secretary, RTH indicated that the length of 17.9 km should be added for tolling purposes as a part of the project, this may be distributed evenly between the two toll plazas.

37. **The PPPAC deferred the consideration of the project till the receipt of confirmation from MoRTH /NHAI that 60 percent of the land is available or actual notification under Section 3(A) of NH Act has been issued.**

(Action: MoRTH/NHAI)

Agenda Item V: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP-IV: Four-laning of Kashipur-Sitarganj Section of NH-74 from km 175.000 to km 252.200 in the States of Uttarakhand and Uttar Pradesh under NHDP – IV B on BOT (Toll) basis

Total length: 77.20 km; Total Project Cost: Rs. 605.85 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 80.0 crore; Concession Period: 21 years including 2.5 years of construction period.

Total land required: 290 ha, land available: 195 ha, land to be acquired: 95 ha (32.76 percent)

Major development works/ structures: Major Bridge: 7; Minor bridges: 24; Grade separated flyover: Nil; ROBs: 2; Major road junctions: 14; Bypasses: 3 of 13.65 km; Service roads: 31.30 km; Minor road junctions: 57; Toll plazas: 1 (km 222); Vehicular underpasses: 2; Pedestrian/cattle underpasses: 4; Culverts: 197; Truck laybys: 4; Bus-bays/shelter: 35; re-alignment: 4.95 km at 7 locations

38. Director, DEA informed that Planning Commission in its appraisal note have brought out issues that relate to unjustified expenditure amounting to Rs. 170 crore in violation of extant MSS. Secretary, RTH responded that no detailed calculations of items leading to unjustified expenditure have been provided. However, a detailed reply to the appraisal note of Planning Commission including an explanation countering unjustified expenditure has already been furnished to all the members of PPPAC. Advisor, Planning Commission confirmed its receipt and stated that the project may be considered for approval purposes.

39. All the members of PPPAC were in agreement for grant of final approval for the project.

40. The PPPAC granted final approval to the project under NHDP-IV for TPC of Rs. 605.85 crore with maximum 40 percent VGF (amounting to Rs. 242.34 crore), subject to fulfilment of the following conditions:

- a. MoRTH/NHAI shall ensure that approval of the competent authority for inclusion of the project under NHDP-IV has been obtained.
- b. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.
- c. NHAI/MoRTH shall respond to the observations of Planning Commission with respect to requirement of the structures, underpasses, bypasses etc. on the project.
- d. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- e. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- f. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- g. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VI: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP- Phase IV: Four-laning of a section under NHDP-IV, between Hubli - Hospet section of NH 63 from km 129+249 to km 267+000 in the State of Karnataka on BOT (Toll) basis.

Total length: 143.29 km; Total Project Cost: Rs. 1293.19 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 149.29 crore; Concession Period: 27 years including 2.5 years of construction period.

Total land required: 859.40 ha, land available: 330.40 ha, land to be acquired: 529ha (61.5 percent)

Major development works/ structures: Major Bridge: 6; Minor bridges: 46; Grade separated flyover: 6; ROB: 1; Major road junctions: 12; Bypasses: 6 of 41.155 km; Service roads: 19.25 km; Minor road junctions: 159; Toll plazas: 2 (km 159.6 & km 218.53); FOB: 8; Vehicular underpasses: 3; Pedestrian/cattle underpasses: 1; Culverts: 346; Truck laybys: 2; Bus-bays/shelter: 20; re-alignment: 2.6 km at 2 locations, Rest area: 2

41. Director, DEA indicated that the proposed TPC of Rs. 1333 crore has been calculated by adding 28.87 percent of civil cost of Rs. 1034.55 crore, against the maximum admissible provision of 25 percent provided under the MCA. Accordingly, the TPC may be revised to Rs. 1293.19 crore, i.e. 125 percent of Rs. 1034.55 crore. CGM, NHAI responded that the civil cost of Rs. 1034.55 crore is based

on SOR 2010-11, which has been escalated for two years to arrive at costs for April 1, 2013. Director, DEA indicated that the civil cost is considered based on the current SOR and further escalation has been inbuilt within the 25 percent of the civil cost already provided for in the MCA. Hence, the TPC may be revised to Rs. 1293.10 crore. This was agreed to.

42. Joint Secretary, DEA indicated that 61.5 percent land is yet to be acquired. CGM, NHAI responded that notification under Section 3(A) has already been published for the entire land to be acquired and notification under Section 3(D) is in process.

43. All the members of PPPAC were in agreement for grant of final approval for the project.

44. **The PPPAC granted final approval to the project under NHDP-V for TPC of Rs. 1293.19 crore with maximum 40 percent VGF (amounting to Rs. 517.276 crore), subject to fulfilment of the following conditions:**

- a. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.
- b. NHAI/MoRTH shall respond to the observations of Planning Commission with respect to requirement of the structures, underpasses, bypasses etc. on the project.
- c. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VII: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP- IV: Four-laning of Rajsamand-Bhilwara section of NH-(78, 79 & 8) from km 0.000 to km 87.250 in the State of Rajasthan under NHDP – IV on BOT (Toll) basis.

Total length: 87.25 km; Total Project Cost: Rs. 677.79 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 221.45 crore; Concession Period: 30 years including 2.5 years of construction period.

Total land required: 523.50 ha, land available: 219.50 ha, land to be acquired: 304 ha. (58.07 percent)

Major development works/ structures: Major Bridge: 1; Minor bridges: 15; Grade separated flyover: Nil; ROB: 1; Major road junctions: 8; Bypasses: 4 of 15.52 km; Service roads: Nil; Slip road: 15.20 km; Minor road junctions: 22; Toll plazas: 2 (km 18 & km 78); Vehicular underpasses: 3; Pedestrian/cattle underpasses: 8; Culverts: 255; Truck laybys: 2; Bus-bays/shelter: 22; re-alignment: 7.045 km, Wayside amenities: 2, Entry/exit ramp: 22

45. Director, DEA indicated that 58 percent of the land is yet to be acquired for the project and 60 m ROW was proposed to be acquired, while the requirement for four-lane may only be 45m. CGM, NHAI responded that Section 3(A) is expected to be issued in July 2012 and notification under Section 3(D) will be completed by September 2012. Further, it was added the bypass section in the project is a newly declared National Highway, the general policy for land acquisition of bypass is proposed as 60 m as the cost of demolition of structures and rehabilitation shall always be expected to be greater than the cost of land acquisition. It is feared that ribbon development along the bypass as observed in the past on the NH may lead to higher cost on account of land acquisition at a later date, hence, 60 m ROW is proposed to be acquired upfront.

46. Deputy Secretary, DoE informed that the proposed project is not in the list of NH approved by the CCI for implementation under NHDP-IV in February, 2012. Secretary, RTH responded that approval of Minister, RTH has been obtained to include the proposed project under NHDP-IV.

47. All the members of PPPAC were in agreement for grant of final approval for the project.

48. **The PPPAC granted final approval to the project under NHDP-V for TPC of Rs. 677.79 crore with maximum 40 percent VGF (amounting to Rs. 271.116 crore) and subject to fulfilment of the following conditions:**

- a. MoRTH/NHAI shall ensure that approval of the competent authority for inclusion of the project under NHDP-IV has been obtained.
- b. NHAI shall ensure that RFP shall be issued only after notification under Section 3(A) for atleast 60 percent of the total land to be acquired is issued.

- c. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.
- d. NHAI/MoRTH shall respond to the observations of Planning Commission with respect to requirement of the structures, underpasses, bypasses etc. on the project.
- e. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- f. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- g. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- h. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VIII: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP- IV: Four-laning a section between Yadgiri-Warangal section of NH 202 from km 54 to km 150 in the State of Andhra Pradesh under NHDP-IV on BOT (Toll) basis

Total length: 99.005 km; Total Project Cost: Rs. 957 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 364.78 crore; Concession Period: 25 years including 2.5 years of construction period.

Total land required: 584 ha, land available: 153 ha, land to be acquired: 431 ha. (73.80 percent)

Major development works/ structures: Major Bridge: 3; Minor bridges: 21; Grade separated flyover: 2; ROBs: 3; Major road junctions: 8; Bypasses: 4 of 48.10 km; Service roads: 25.20 km; Slip road: Nil; Minor road junctions: 31; Toll plazas: 2 (km 100.55 & km 137.3); Vehicular underpasses: 4; Pedestrian/cattle underpasses: 3; Culverts: 150; Truck laybys: 2; Bus-bays/shelter: 50; re-alignment: 2.884 km at 5 locations, Rest area: 1

49. Director, DEA informed that 74 percent of the total land, required for the project, is yet to be acquired and cost has not been approved by the Cost Committee. CGM, NHAI responded that the cost for the project has been approved by the Cost Committee in its meeting held on July 2, 2012. Land is pending acquisition for the four bypasses having total length as 48.100 km. The land acquisition process has been started and notification under Section 3(a) is under process.

50. The PPPAC deferred the consideration of the project till the receipt of confirmation from MoRTH /NHAI that 60 percent of the land is available or actual notification under Section 3(A) of NH Act has been issued.

(Action: MoRTH/NHAI)

Agenda Item IX: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP- IV: Four-laning a section between Khed-Sinnar section of NH 50 from km 42 to km 177 in the State of Maharashtra under NHDP-IV on BOT (Toll) basis

Total length: 137.946 km; Total Project Cost: Rs. 1348.20 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 225.81 crore; Concession Period: 20 years including 2.5 years of construction period.

Total land required: 840.67 ha, land available: 279.50 ha, land to be acquired: 561.17 ha. (67 percent)

Major development works/ structures: Major Bridge: 9; Minor bridges: 49; Grade separated flyover: 2; ROBs: Nil; Major road junctions: 27; Bypasses: 9 of 31.780 km; Service roads: 22.600 km; Slip road: 34.428 km; Minor road junctions: 70; Toll plazas: 2 (km 91.106 & km 138.749); Vehicular underpasses: 7; Pedestrian/cattle underpasses: 25; Culverts: 317; Truck laybys: 5; Bus-bays/shelter: 54; re-alignment: 7.327 km, Ghat road section: 17.920 km Rest area: 2; Escape ramp: 2

51. The PPPAC noted that the appraisal note from Planning Commission in respect of the project is awaited. Advisor, Planning Commission stated that the appraisal note is under the process of clearance and shall be circulated to the members of the PPPAC shortly.

52. Director, DEA indicated that 67 percent of the total land is yet to be acquired and the project cost has not been approved by the Cost Committee. CGM, NHAI responded that the cost for the project has been approved by the Cost Committee in its meeting held on July 2, 2012. The large quantum of land acquisition is on account of nine bypasses, having total length as 40.999 km. The land acquisition process has been started and notification under Section 3(a) is under process.

53. Director, DEA informed that Sanganer bypass of 9.219 km has recently been awarded by the MoRTH on Engineering, Procurement and Construction (EPC) mode for development of two laning with paved side shoulders (PSS). The work is under progress and 30 percent of the work has been completed. Reasons of proposing four-laning with PSS on this stretch appears unjustified until the work of the existing contractor is completed and the defect liability period is over. NHAI has proposed simultaneous work in respect of 6.219 km under Stage I, two laning with

PSS by the existing EPC contractor and four laning of the same stretch by the proposed PPP concessionaire. The work would be at cross purposes and may lead to legal dispute. Also, cost of work under Stage II for 3 km amounting to Rs. 54.38 crore has been added in the TPC, which is to be implemented after the year 2016. The cost for capacity augmentation should not be included in the instant project's TPC. CGM, NHAI informed that the work is expected to be taken up under different alignments earmarked alongside each other. He explained that the traffic on the stretch required four laning.

54. The PPPAC deferred the consideration of the project and sought:

- (i) Appraisal note in respect of the project from the Planning Commission.**
- (ii) Confirmation from MoRTH /NHAI that 60 percent of the land is available or actual notification under Section 3(A) of NH Act has been issued.**
- (iii) Confirmation from MoRTH/ NHAI that the work in respect of the Sanganer bypass assigned to the EPC contractor and the Project Concessionaire shall be distinct and would not result in legal disputes.**

(Action: Planning Commission/ MoRTH/NHAI)

Agenda Item X: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP- IV: Four/Six-laning a section between Bhavnagar-Veraval section of NH-8E from Km 3.200 to Km 263.000 Section of NH-8E in the State of Gujarat under NHDP – IV on BOT (Toll) basis

Total length: 259.98 km (6-lane: 74.76 km, 4-lane: 185.22 km); Total Project Cost: Rs. 3240 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 556.90 crore; Concession Period: 19 years including 3 years of construction period.

Total land required: 1635.33 ha, land available: 617.47 ha, land to be acquired: 1017.86 ha (62.24 percent)

Major development works/ structures: Major Bridge: 23; Minor bridges: 132; Grade seperated flyover: 4; ROBs: 4; Major road junctions: 14; Bypasses: 20 of 55.42 km; Service/slip roads: 158.314 km; Minor road junctions: 66; Toll plazas: 4 (km 11.65, km 79.37, km 151.75 & km 214.120); FOB: Nil; Vehicular underpasses: 5; Pedestrian/cattle underpasses: 42; Culverts: 332; Truck laybys: 3; Bus-bays/shelter: 62; re-alignment: 1.64 km at 1 location

55. The PPPAC noted that the appraisal note from Planning Commission in respect of the project is awaited. Advisor, Planning Commission stated that the

appraisal note is under the process of clearance and shall be circulated to the members of the PPPAC shortly.

56. Director, DEA informed that 62.24 percent of the total land is yet to be acquired and the cost has not been approved by the Cost Committee. Further, 74.76 km of the project length is proposed for six-laning; however, no six-laning is permitted under NHDP-IV. TPC has been assessed based on 30 percent of civil cost calculations instead of 25 percent as per the provisions of the MCA. Target traffic indicated as 34,298 PCUs required correction to 29, 515 PCUs as on October 2022. Further, the proposed location of Toll plaza required a review. The traffic at the proposed Toll Plaza at km 214.120 having total traffic of 18,989 PCUs may be shifted near km 260 having total traffic of 31,633 PCUs, for improving the viability of the project to observe the principle of locating toll plazas at the highest traffic points of the corridor.

57. CGM, NHAI responded that the cost for the project has been approved by the Cost Committee in its meeting held on June 6, 2012. Acquisition of 62 percent land requirement is pending on account of twenty bypasses having total length as 54.22 km. The land acquisition process has been started and notification under Section 3(a) is under process. Six-laning has been proposed based on the traffic justification at the proposed stretch. It was observed that the connecting road to the NH was developed by Government of Gujarat, which was an eight –lane road before Alang Port and six-lane road till Alang Port. Hence, six-lane road was proposed by NHAI in order to meet traffic safety requirements, maintain traffic consistency and alignment. It was further stated that the toll plaza location had been proposed keeping in mind the overall NH corridor. If the toll plaza is located at km 260, the next toll plaza would be after a distance of 25-30 km resulting in inconvenience to the users. The argument was countered with the observation by DEA and DoE that on several occasions, NHAI proposes toll plaza location within a stretch where the distance is less than 60 km. This flexibility is also provided by the NH Fee Rules. Hence, the location may be reviewed to enhance project viability and reduce the VGF requirement..

58. Director, DEA stated that the traffic on the stretch does not warrant six-laning as tollable traffic is 25,791 PCU and service lanes of 158 km have been provided alongwith the project stretch. Hence, based on the tollable traffic on the stretch six laning is not justified.

59. **The PPPAC deferred the consideration of the project and sought:**

(i) **Appraisal note in respect of the project from the Planning Commission.**

- (ii) **Confirmation from MoRTH /NHAI that 60 percent of the land is available or actual notification under Section 3(A) of NH Act has been issued.**
- (iii) **Confirmation from MoRTH that approval of competent authority for six laning under NHDP- IV has been obtained.**

(Action: Planning Commission/ MoRTH/NHAI)

Agenda Item XI: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval under NHDP-IV: Two-laning with PSS of section between Varanasi-Gorakhpur Section of NH-29 from Km 2.225 to Km 211.275 in the State of Uttar Pradesh under NHDP-IV on BOT (Toll) basis

Total length: 210.750 km; Total Project Cost: Rs. 646.53 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 135.21 crore; Concession Period: 20 years including 2.5 years of construction period.

Total land required: 657.5 ha, land available: 520.25 ha, land to be acquired: 135.3 ha. (21 percent)

Major development works/ structures: Major Bridge: 10; Minor bridges: 21; Grade separated flyover: 1; ROBs: 5; Major road junctions: 20; Bypasses: 2 of 18.11 km; Service/slip roads: 2.83 km; Minor road junctions: 75; Toll plazas: 3 (km 22.05, km 81.67, & km 199.25); Vehicular underpasses: 2; Pedestrian/cattle underpasses: Nil; Culverts: 219; Truck laybys: 3; Bus-bays/shelter: 48; re-alignment: 4.91 km at 4 locations

60. Director, DEA informed that based on the current traffic, the project warrants four laning though it has been proposed for two laning with PSS. This observation has been made in the appraisal notes of Planning Commission and DEA. Developing the stretch as two lane with PSS would compromise road safety and may result in early termination payments. Thus, the project was proposed to be restructured as a four-lane road. All the members of PPPAC were in agreement of the same.

61. CGM, NHAI responded that the project's feasibility report had been prepared based on two-lane with PSS as the project structure. Developing it as four laned would require a fresh feasibility study. Thus, would delay the process of development by another six months. Joint Secretary, DEA noted that at the cost of safety and national exchequer such a project cannot be cleared and the projected traffic of 15,185 PCUs at COD clearly warrants a four laned highway.

62. The PPPAC decided to return the proposal to MoRTH to restructure the project as a four-lane stretch.

(Action: MoRTH/NHAI)

Agenda Item XII: Proposal from MoRTH for grant of final approval: Two-laning with PSS of Salasar to Haryana border, section of NH-65 from km 154.141 to km 0 and capacity augmentation in 2021 for four laning in the State of Rajasthan under NHDP – IV on BOT (Toll) basis

Total length: 154.141 km; Total Project Cost: Rs. 530.07 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 71.12 crore; Concession Period: 30 years including 2.5 years of construction period.

Total land required: 957.66 ha, land available: 216.08 ha, land to be acquired: 741.58 ha. (77.43 percent)

Major development works/ structures: Major Bridge: Nil; Minor bridges: Nil; Grade separated flyover: 1; ROBs: 3; Major road junctions: 7; Bypasses: 2 of 22.25 km; Service/slip roads: 4.88 km; Minor road junctions: 57; Toll plazas: 3 (km 8.7, km 69, & km 144.5); Vehicular underpasses: 1; Pedestrian/cattle underpasses: 6; Culverts: 51; Truck laybys: 3; Bus-bays/shelter: 24; re-alignment: 0.725 km at 1 location, New alignment: 40.272 km at km 113.869, missing link of Fatehpur, Rest area: 3, Crash barriers: 62

63. Director, DEA informed that 77.43 percent of the total land is yet to be acquired and cost has not been approved by the Cost Committee. CGM, NHAI responded that the cost for the project has been approved by the Cost Committee in its meeting held on July 2, 2012. 741.58 ha of land acquisition is required to maintain a ROW of 60 m whereas only 591.25 ha is required for two laning with PSS. The land acquisition process has been started and Section 3(G) has been published for 241.67 ha of land. For the balance land, Section 3(A) is under process. Director, DEA indicated that the Schedules may be revised to indicate the correct land acquisition alongwith the timelines for its handing over to the Concessionaire. This was agreed to.

64. All the members of PPPAC were in agreement for grant of final approval for the project.

65. The PPPAC granted final approval to the project under NHDP-V for TPC of Rs. 530.07 crore with maximum 40 percent VGF (amounting to Rs. 212.028 crore) and subject to fulfilment of the following conditions:

- a. MoRTH/NHAI shall ensure that approval of the competent authority for inclusion of the project under NHDP-IV has been obtained.
- b. NHAI shall ensure that RFP shall be issued only after notification under Section 3(A) for atleast 60 percent of the total land to be acquired is issued.
- c. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.

- d. NHAI/MoRTH shall respond to the observations of Planning Commission with respect to requirement of the structures, underpasses, bypasses etc. on the project.
- e. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- f. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- g. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- h. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item XIII: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: Four-laning with PSS of Jodhpur-Pali section of NH-65 (from km 308.0 to km 366.0) and Pali bypass starting from km 366.0 of NH-65 to km 114 of NH-14 in the State of Rajasthan under NH (O) on DBFOT (Toll) basis

Total length: 71.553 km; Total Project Cost: Rs.. 332.70 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 14.30 crore; Concession Period: 25 years including 1.5 years of construction period.

Total land required: 347.866 ha, land available: 256.95 ha, land to be acquired: 90.915 ha. (24 percent)

Major development works/ structures: Major Bridge: 6; Minor bridges: 6; Grade separated flyover: 2; ROBs: 1; Major road junctions: 6; Bypasses: 1 of 12.315 km; Service/slip roads: Nil; Minor road junctions: 19; Toll plazas: 2 (km 338.055, & km 365.23); Vehicular underpasses: Nil; Pedestrian/cattle underpasses: Nil; Culverts: 45; Truck laybys: 1; Bus-bays/shelter: 14

66. Director, DEA informed that the Empowered Institution (EI) for the Scheme for support to PPPs in Infrastructure in its 38th meeting held on March 6, 2012 had granted in-principle approval for Viability Gap Funding (VGF) support for the project under the Scheme.

67. All the members of PPPAC were in agreement for grant of approval for the project.

68. **The PPPAC granted final approval to the project under NHDP-V for TPC of Rs. 332.70 crore with maximum 40 percent VGF (amounting to Rs. 133.08 crore) and subject to fulfilment of the following conditions:**

- a. MoRTH/NHAI shall ensure that approval of the competent authority for inclusion of the project under NHDP (others) has been obtained.

- b. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the MCA for National Highways.
- c. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs as agreed to by NHAI/MoRTH in their responses.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

69. The meeting ended with a vote of thanks to the Chair.

**Ministry of Finance
Department of Economic Affairs**

Meeting of the Public Private Partnership Appraisal Committee (PPPAC)

53rd Meeting on July 16, 2012

List of Participants

- I. Department of Economic Affairs, Ministry of Finance**
- i. Shri R. Gopalan, Secretary (Economic Affairs) (In Chair)
 - ii. Shri Shaktikanta Das, Addl. Secretary
 - iii. Shri Rajesh Khullar, Joint Secretary
 - iv. Smt. Aparna Bhatia, Director
 - v. Shri Abhijit Phukon, Deputy Director
- II. Department of Expenditure, Ministry of Finance**
- vi. Shri Saurabh Garg, Joint Secretary
 - vii. Smt. Sigy Thomas, Deputy Secretary (PF II)
- III. Planning Commission**
- viii. Shri Ravi Mittal, Advisor
 - ix. Shri K. R. Reddy, Advisor
- IV. Ministry of Road Transport & Highways (MoRTH)**
- x. Shri A. K. Upadhyay, Secretary
 - xi. Shri C. Kandasamy, DG (RD)
 - xii. Shri Rohit K. Singh, Joint Secretary (PPP)
- V. Border Roads Organisation (BRO)**
- xiii. Lt. Gen S. Ravi Shankar, DG
 - xiv. Col. Rakesh Karel,
 - xv. Col. K.S. Mallod, ,
 - xvi. Shri Vinod Kumar, CI
- VI. National Highway Authority of India**
- xvii. Shri R.K. Singh, Chairman
 - xviii. Shri J.N. Singh, Member-Finance
 - xix. Shri Rajiv Yadav, Member- Administration
 - xx. Shri S.C. Jindal, CGM
 - xxi. Shri M.P. Sharma, CGM,
 - xxii. Shri B.S. Singhla, CGM,
 - xxiii. Shri R.K. Singh, CGM

- xxiv. Shri A.K. Sharma, GM
- xxv. Shri V.K. Rajawat, GM
- xxvi. Shri L.P. Padhy. GM

VII. Ministry of Law and Justice

- xxvii. Smt Poonam Suri, Deputy Legal Advisor,

VIII. Ministry of Environment and Forest (MoEF)

- xxviii. Dr. S.K. Agarwal, Director
-