

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

Public Private Partnership Appraisal Committee

56th Meeting on December 21, 2012

Record Note of Discussion

The 56th meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on December 21, 2012. The list of participants is annexed.

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

Inadequate Land Acquisition

3. Director, DEA indicated that a common concern with many of the projects under consideration was the low level of land acquisition with respect of the projects. This concern had been expressed by the PPPAC in its 53rd and 54th meeting held on July 16, 2012 and September 28, 2012. The PPPAC had noted that the extent of land acquisition for the projects was inadequate to invite financial bids for the projects. Apropos the proposals to be discussed in the instant meeting, more than 60 percent of land was yet to be acquired in six projects stretches proposed to be implemented under NHDP-III and NHDP-IV, *namely*, Parwanoo to Shimla, Tamil Nadu/ Karnataka Border to Bangalore, Chutmalpur to Yamunanagar, Yadgiri to Warangal, Khed to Sinnar and Bhavnagar to Veraval. Hence, these projects were not mature for approval.

4. Joint Secretary, DEA stated that this concern is increasingly being echoed by the banking sector that inadequate land acquisition impedes implementation of the projects and consequently delays the onset of revenue streams of the project as well as project financials. To address this wariness of the banks to finance NH projects, Secretary, Financial Services had, in a separate meeting, proposed that, henceforth, banks would extend credit only to projects where 100 percent land is available to commence construction.

5. Secretary, Road Transport & Highways (RTH) informed that an agreed position had been arrived at between MoRTH and DFS, viz., that while for green field project 100 percent land needs to be provided at Appointed Date, for Brown field projects, 80 percent land may be provided at Appointed Date. This provision already exists as per the Model Concession Agreement (MCA) and does not require a change. Further, in temporal terms, the journey from approval of projects by PPPAC to their Appointed Date spans at least 8-9 months. Hence, provision of 100 percent land during approval stage is not feasible. Projects where land acquisition is at an advanced stage may be considered for approval by the PPPAC.

6. Member, Technical, NHAI stated that for most projects under consideration, land is already available for construction of the four lane/ six lane carriage-way roads. However, the policy of NHAI provides that land up to 60 meters along the stretches may be acquired to ensure safety on the NH. Hence, though the status of land acquisition appears inadequate, the project stretches are fit for commencement of work.

7. Additional Secretary, DEA queried whether the available land was in contiguous stretches to commence construction and questioned whether the technically requirement of land was being met by NHAI. He observed that past experience shows that for many NH projects, the Appointed Date has been delayed

due to non availability of land and environmental clearance even though the financial closure has been achieved by the Concessionaire.

8. The Chair emphasised that inadequate land acquisition was not simply a technical parameter. It also had financial implications, including for the Government exchequer. Non availability of land constitutes a major risk for the Concessionaire since it impacts the cost of construction and delays the revenue streams from projects. This substantial risk gets reflected in the bid for the project, since the bidders take into account the poor project development and add a risk premium to their financial quote while bidding. A project where land is completely available is less risky for the bidders, and therefore, the bids would be better from the Government's perspective, viz., lesser VGF requirement, and even higher premium quotes.

9. The Chair concurred with the view of Secretary, RTH that the provision of the MCA regarding land acquisition does not require an immediate change. However, he cautioned that the provision was not sufficient to allow the PPPAC to disregard this critical aspect since the Appointed Date was not predetermined and shifted forward due to non availability of land and other clearances. To give comfort to the bidders that land would be available as per the provisions of the Concession Agreement, a satisfactory amount of land should be available with the Concessions Authority when the project is offered, i.e., at the time of inviting of Request for Proposal (RfP) for the projects. The land acquisition is a defined process in accordance with the National Highways Act, 1956, with discrete steps prescribed under Section 3A to Section 3G. Each of the steps require sufficient time to ensure that 80 per cent of unencumbered land is made available to the Concessionaire within six months of execution of the Concession Agreement of the project. In order to ensure that this responsibility of the Concessions Authority is met without delays, PPPAC may establish a threshold level of achievement in terms of the

process of land acquisition. The Chair suggested that this threshold may be that notification under Section 3A may be in place for the entire additional land required for the project and notification under Section 3D should be in place for at least 80 per cent of the additional land requirement.

10. Secretary, RTH in consultation with the officials of NHAI suggested that at the time of proposing the project to PPPAC, notification under Section 3A may be for 90 percent of the land instead of 100 percent in order to account for revenue records errors, bypass land clarification etc. and either 60 percent land should be available with the Authority or notification under Section 3D should have been issued for at least 60 percent of the additional land required.

11. All the members of PPPAC were in agreement that for all National Highways projects that are posed to the PPPAC for clearance must have :

11.1. At least 60 percent unencumbered land available; or

11.2. notification under Section 3A should have been issued for at least 90 percent of the land required and notification under Section 3D should have been issued for at least 60 percent of the land required for the project.

12. The PPPAC requested MoRTH and NHAI to ensure compliance of the above condition while submitting projects in future and clearly indicate the status of land acquisition and clearances in the PPPAC Memo.

(Action: MoRTH/ NHAI)

Agenda Item I: Proposal from Ministry of Road Transport & Highways for grant of final approval: Four-laning of Parwanoo-Shimla Section of NH-22 in Himachal Pradesh under NHDP -III on DBFOT (Toll) basis.

Total length: 89.629 km; Total Project Cost: Rs. 2293.0 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 428.98 crore; Concession Period: 20 years including 3 years of construction period; Total Land required: 320 ha.: Land available: 99 ha; Land to be acquired: 250 ha.

Major development works/ structures: Major Bridge: 11; Tunnel: 5 of 3.305 km; Bypass: 2 of 28.807 km; Minor bridges: 12; Flyover: 1; ROBs: 5; Major road junctions: 18; Service roads: 20.975 km; Minor road junctions: 28; Toll plazas: 2 (km 80.21 & km 112.57); FOB: Nil; Vehicular underpasses: 1; Overpass: 2; Pedestrian/cattle underpasses: Nil; Culverts: 543; Truck laybys: 5; Bus-bays: 68; Retaining wall: 60.987 km; Realignment: 0.492 km at 2 locations; Median opening: 34; Breast wall: 46.968 km; W-Beam crash barrier: 49.432 km

13. Member (Technical), NHAI presented the proposal. The proposal included an earlier proposal, viz., Parwanoo-Solan stretch, which was approved to be taken up on BoT (Annuity) basis. Thereafter, it has been restructured on BoT (Toll) basis and the scope of work enlarged to include development up to Shimla. The land requirement increased due to the need to construct a bypass for the densely populated Shimla town. Land has been acquired for 106 hectare. Notification under Section 3D for 15 hectare of land acquisition has been issued; Government land and forest land in respect of 18 hectare and 70 hectare respectively is available. Forest clearance is yet to be obtained.

14. The Chair observed that in view of the above status, actual land available is only 132 hectare, which is around 40 percent of the total land required. This was below the threshold set by PPPAC for consideration and clearance. Furthermore, he cautioned that forest clearance required for the project may be attended to on priority to ensure that it does not delay the bidding and implementation of the project. All the members of PPPAC concurred with this view.

15. **The PPPAC did not grant approval to the proposal in view of the inadequate land acquisition with respect to the project. The proposal was returned to MoRTH/NHAI with the advice that it may be posed for appraisal and approval of**

the Competent Authority when 60 per cent of the land is available with the Authority or notification under Section 3A has been issued for at least 90 percent of the land required and notification under Section 3D has been issued for at least 60 percent of the land required for the project.

(Action: MoRTH/NHAI)

Agenda Item II: Proposal from Ministry of Road Transport & Highways for grant of final approval: Four-laning of Bhuban-Dubari-Chandikhole section of NH-200 in Odisha under NHDP-III on DBFOT (Toll) basis.

Total length: 62.185 km; Total Project Cost: Rs. 652 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 80.22 crore; Concession Period: 20 years including 2.5 years of construction period; Total Land required: 378 ha.; Land available: 288 ha; Land to be acquired: 90 ha. (24 percent)

Major development works/ structures: Major Bridge: 3; Bypass: 1 of 1.74 km; Minor bridges: 13; Flyover: 1; ROBs: 1; Major road junctions: 2; Service roads: 11.89 km; Minor road junctions: 34; Toll plazas: 1 (km 399); FOB: Nil; Vehicular underpasses: 6; Pedestrian/cattle underpasses: 4; Culverts: 130; Truck laybys: 2; Bus-bays: 14;

16. Member, Technical, NHAI presented the proposal. The project was earlier approved by PPPAC in its 13th meeting held on November 5, 2007 for a Total Project Cost (TPC) of Rs. 784 crore for four laning of Chanikole-Dubri-Talcher, however, no bids were received during 2008 -09 or on rebidding in 2009-10. Subsequently, the PPPAC in its 48th meeting, held on December 13, 2011, approved the project for four laning of Chanikole-Dubri-Talcher of 132 km of length for TPC of Rs 1243 crore. Single bid was received on March 5, 2012 with a grant requirement of Rs. 484 crore (38.94 per cent of TPC). Thereafter, project was restructured and divided into two sub-projects namely (i) four-laning of Bhuban-Dubri-Chanikole section of NH-200 and (ii) two-laning with PSS of Talcher-Bhuban section. The present proposal is for four-laning of the Bhuban to Chandikole section of NH-200 for a length of 62.185

kms. 76 percent of land is available for the project and 24 percent land is being acquired. Notification under Section 3D has been published for the entire additional land to be acquired. Environmental clearance, forest clearance and NOC from Pollution Control Board for the project have been obtained.

17. All the members of PPPAC were in agreement to grant final approval to the project.

18. **The PPPAC granted final approval to the project for four laning of Bhuvan-Dubri-Chandikole section from km 365.70 to km 427.885 under NHDP-III for TPC of Rs. 652 crore with maximum VGF of Rs. 260.80 crore (40 percent of TPC), 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. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- c. NHAI shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by NHAI/MoRTH in their responses.
- d. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- e. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item III: Proposal from Ministry of Road Transport & Highways for grant of final approval: Four-Laning of Bhavnagar-Veraval Section of NH-8E in Gujarat under NHDP-IV on BOT (Toll) basis.

Total length: 259.98 km; Total Project Cost: Rs. 2781.96 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 acquired by State Government: 390.53 ha.; Land to be acquired: 622.33 ha. (38 percent)

Major development works/ structures: Major Bridge: 23; Minor bridges: 130; Bypass: 20 of 54.22 km; Flyover: 4; ROBs: 4; Major road junctions: 32; Service/Slip roads: 113.040 km; Minor road junctions: 74; Toll plazas: 4 (km 11.65, km 79.37, km 151.50 & km 213.90); FOB: Nil; Vehicular underpasses: 5; Pedestrian/cattle underpasses: 18/8; Culverts: 331; Truck laybys: 3; Bus-bays: 62; Realignment: 1.64 km at 1 location

19. Member (Technical), NHAI informed that total land requirement for four-laning of the project is 1635.33 hectare. The land available with NHAI is 617.47 hectare and land acquired by the State Government is 390.53 hectare. The total land available is 1013 hectare which is 62 percent land required for the project. Notification under Section 3A has been issued for 100 per cent of the balance land to be acquired. Notification under Section 3D is under process. Hence, the project may be approved.

20. Director, DEA stated that 4 toll plazas have been proposed, *viz.*, at km 11.65, km 79.37, km 151.50 and km 213.920. As per the traffic volume counts, the traffic at km 260 is 31,633 PCUs, whereas the toll plaza has been proposed at km 213.920 where the traffic is 18,989 PCUs. The toll plaza location may be reconsidered to increase the viability of the project.

21. Member (Technical), NHAI indicated that in case the toll plaza is fixed at km 260, it would result in accounting of high local traffic, and distance from adjacent toll plaza would be only 15 km, in contravention NH Fee Rules that prescribes a

minimum distance of 60 km between two toll plazas. Therefore, km 213.920 is the most appropriate location and has been proposed as the toll plaza location.

22. Representative of Planning Commission stated that service roads of 30.26 km in 8 areas and slip road of 128 km in the project length of 259 km appeared high and may be reduced. Member (Technical), NHAI informed that service/slip road has been reduced to 113.04 kms in the revised proposal based on the technical requirements.

23. OSD (PPD), Department of Expenditure (DoE) queried whether the project cost of Rs. 10.70 crore per km has been considered by the Standing Cost Committee. Member (Technical), NHAI informed that the project has been approved by the Standing Cost Committee on July 2, 2012.

24. All the members of PPPAC were in agreement to grant final approval to the project.

25. The PPPAC granted final approval to the project for four laning of Bhavnagar to Veraval Section of NH-8E from km 3.200 to km 263 under NHDP-IV for TPC of Rs. 2781.96 crore with maximum VGF of Rs. 1112.78 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. NHAI shall confirm in writing that at least 60% of the land required has been notified under Section 3 D (Para 19 above) and 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 IV: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: Two-lane with PSS/Four-laning of Tamil Nadu/Karnataka Border to Bangalore Section of NH-209 under NHDP-IV on BOT (Toll) basis.

Total length: 191.89 km (2-lane with PSS is 158.39 km and 4-lane is 33.50 km); Total Project Cost: Rs. 659.24 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 453.17 crore; Concession Period: 17 years including 2 years of construction period; Total Land required: 589 ha.; Land available: 238 ha; Land to be acquired: 351 ha. (60 percent)
Major development works/ structures: Major Bridge: 5; Minor bridges: 44; Bypass: 7 of 42.14 km; Flyover: Nil; ROBs: 1; Grade separated Junction: 1; Major/Minor road junctions: 146; Service/Slip roads: 0.60 km; Toll plazas: 3 (km 298.94, km 359.8, & km 448.9); FOB: Nil; Vehicular underpasses: 1; Pedestrian/cattle underpasses: nil; Culverts: 391; Truck laybys: 6; Bus-bays/shelter: 68/8; Realignment: 10.64 km; Curve improvement: 4.42km

26. The PPPAC noted that 60 percent land was yet to be acquired in respect of the project. NHAI agreed to resubmit the proposal for consideration by the PPPAC when land acquisition formalities were satisfactorily completed.

27. **The PPPAC did not grant approval to the proposal in view of the inadequate land acquisition with respect to the project. The proposal was returned to MoRTH/NHAI with the advice that it may be posed for appraisal and approval of**

the Competent Authority when 60 per cent of the land is available with the Authority or notification under Section 3A has been issued for at least 90 percent of the land required and notification under Section 3D has been issued for at least 60 percent of the land required for the project.

(Action: MoRTH/NHAI)

Agenda Item V: Proposal from Ministry of Road Transport & Highways for grant of final approval: Four-laning of Rohtak - Hisar Section of NH-10 connecting to NH-71, in Haryana under NHDP-III on BOT (Toll) basis.

Total length: 98.81 km; Total Project Cost: Rs. 959.25 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 332.12 crore; Concession Period: 22 years including 2.5 years of construction period; Total Land required: 591.84 ha.: Land available: 513.46 ha; Land to be acquired: 78.38 ha. (14 percent)

Major development works/ structures: Major Bridge: Nil; Minor bridges: 17; Bypass: 4 of 29.97 km; Flyover: 5; ROBs: 2; Major/Minor road junctions: 12/21; Service/Slip roads: 10.35 km; Toll plazas: 2 (design km 99.835, & km 161.500); FOB: 1; Vehicular underpasses: 7; Pedestrian/cattle underpasses: 6; Culverts: 153; Truck laybys: 2; Bus-bays/shelter: 58; Realignment: Nil; Link road inbetween NH-10 to NH-71: 9.45 km

28. Director, DEA indicated that the PPPAC has earlier approved the proposal with TPC of Rs. 543 crore in its 8th meeting held on January 16, 2007. PPPAC had again reconsidered and approved the proposal in its 19th meeting held on November 21, 2008 with TPC of Rs. 695.32 crore and concession period of 25 years; however the project did not receive any bids. MoRTH has now restructured the proposal, including an additional length of 9.45 km linking NH-10 with NH-71 and additional structures. The TPC has been revised to Rs. 906.67 crore. 86 percent of land is available for the project. The Standing Cost Committee has approved the project cost. DEA in their Appraisal Note have observed that the concession period has been reduced from 25 years to 15 years, which will adversely impact the project's

viability. Further, one toll plaza has been provided for a length of 98.81 kms wherein two toll plazas can be provided as per NH Fee Rules.

29. Member (Technical), NHAI responded that the concession period has been revised to 22 years and two toll plazas have been provided at km 99.839 and km 161.50.

30. Representative of Planning Commission stated that the number of six-lane structures appeared to be high for the project stretch. Member (Technical), NHAI responded that there are 5 State Highways that are crossing with the NH. Hence, in order to ensure smooth and safe movement of traffic the proposed structures are necessary. The explanation was accepted by the members of PPPAC.

31. All the members of PPPAC were in agreement to grant final approval to the project.

32. The PPPAC granted final approval to the project for four laning of Rohtak - Hissar section from km 87 of NH-10 to km 348 of NH-71 under NHDP-III for TPC of Rs. 959.25 crore with maximum VGF of Rs. 383.70 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. Concession period for the project shall be 22 years.
- 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 for grant of final approval: Four-laning of Chutmalpur–Ganeshpur Section of NH-72 A, Roorkee-Chutmalpur-Saharanpur-Yamunanagar-UP/ Haryana Border Section of NH-73 in Uttarakhand and Uttar Pradesh under NHDP- IV on DBFOT (Toll) basis.

Total length: 104.755 km; Total Project Cost: Rs. 1089 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 464.18 crore; Concession Period: 21 years including 2.5 years of construction period; Total land required: 695 ha, land available: 135 ha, land to be acquired: 560 ha (81 percent)

Major development works/ structures: Major Bridge: 6; Minor bridges: 24; Flyover: 2; ROBs: 4; Major road junctions: 9; Bypasses: 3 of 64.597 km; Service roads: 28.634 km of 5.5m and 15.53 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.

33. The PPPAC noted that 81 percent land was yet to be acquired in respect of the project. NHAI agreed to resubmit the proposal for consideration by the PPPAC when land acquisition formalities were satisfactorily completed.

34. Representative of Planning Commission observed that 3 bypasses totalling 64.5 kms and costing Rs. 681 crore were proposed. NHAI may review the

requirement or provide the rationale for the same when the project is posed afresh to the PPPAC. This was agreed to.

35. The PPPAC did not grant approval to the proposal in view of the inadequate land acquisition with respect to the project. The proposal was returned to MoRTH/NHAI with the advice that it may be posed for appraisal and approval of the Competent Authority when 60 per cent of the land is available with the Authority or notification under Section 3A has been issued for at least 90 percent of the land required and notification under Section 3D has been issued for at least 60 percent of the land required for the project.

(Action: MoRTH/NHAI)

Agenda Item VII: Proposal from Ministry of Road Transport & Highways for grant of final approval: 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); Notification under Section 3(D)- 517 ha. (under process); Balance land to be acquired: 323.67 ha. (38.5 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

36. CGM, NHAI informed that notification under Section 3A has been issued for the entire land to be acquired and notification under Section 3D for 517 hectare of land is under advanced stage of publication. Thus, the land availability in respect of the project may be considered as 61.5 percent.

37. Director, DEA informed that a two-laned Sanganer bypass of 9.219 km is being constructed on Engineering, Procurement and Construction (EPC) mode by MoRTH through the State Government. The work is under progress and 30 percent of the work has been completed. NHAI has proposed simultaneous work in respect of 6.219 km under the instant proposal, providing for four laning of the same stretch by the proposed PPP Concessionaire. The work by two separate entities on the same stretch may lead to legal disputes. Further, 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 Sanganer bypass shall be completed by 2013 and the work is to be taken up under distinct alignments which are not expected to cause any duplication of works or disruption to users. The explanation was accepted by the PPPAC.

38. All the members of PPPAC were in agreement to grant final approval to the project.

39. The PPPAC granted final approval to the project for four laning of Khed-Sinnar section from km 42 to km 177 of NH-50 under NHDP-IV for TPC of Rs. 1348.20 crore with maximum VGF of Rs. 539.28 crore (40 percent of TPC), subject to fulfilment of the following conditions:

a. NHAI shall confirm in writing that at least 60% of the land required has been notified under Section 3 D (Para 19 above) and 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. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- c. NHAI shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by NHAI/MoRTH in their responses.
- d. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- e. 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 for grant of final approval: 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: 25.020 km; 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

40. The PPPAC noted that 73.8 percent land was yet to be acquired in respect of the project. NHAI agreed to resubmit the proposal for consideration by the PPPAC when land acquisition formalities were satisfactorily completed.

41. Representative of Planning Commission pointed out that there were 4 bypasses of 48.100 kms, rationale for provision of the same was sought.

42. The PPPAC did not grant approval to the proposal in view of the inadequate land acquisition with respect to the project. The proposal was returned to MoRTH/NHAI with the advice that it may be posed for appraisal and approval of the Competent Authority when 60 per cent of the land is available with the Authority or notification under Section 3A has been issued for at least 90 percent of the land required and notification under Section 3D has been issued for at least 60 percent of the land required for the project.

(Action: MoRTH/NHAI)

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

Total length: 146.313 km; Total Project Cost: Rs. 1353.66 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 257.50 crore; Concession Period: 30 years including 2.5 years of construction period; Total Land required: 725 ha.; Land available: 495 ha; Land to be acquired: 230 ha. (32 percent)

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.

(Action: MoRTH/NHAI)

43. Director, DEA informed that 67 percent of land was available for the project. However, informed that the proposed project is for six laning and is a part of NHDP -V and the total average traffic on the subject road is only 16,467 Passenger Car Units (PCUs). As per the approval of CCEA, for six-laning of projects under NHDP-V, the traffic at the time of bidding should be more than 25,000 PCUs. Hence, the proposed stretch was not eligible for six-laning.

44. Secretary, RTH explained that NH-2 provides connects Delhi to Howrah and Chakeri-Allahabad is the only stretch which is not six-laned in the entire corridor. To ensure seamless movement of traffic and corridor development approach, it is appropriate that this remaining stretch of the Golden Quadrilateral (GQ) is also six-laned. Further, the Prime Minister had announced that the entire GQ shall be six-laned. Hence the proposal was in line with the PM's announcement.

45. The Chair suggested that the justification of MoRTH may be accepted. However, MoRTH may bring the departure from the eligibility norms for NHDP-V to the attention of the CCI and seek specific approval for the same while posing the project for approval by the CCI. This was agreed to.

46. Joint Secretary, DEA pointed out that while MoRTH envisaged six-laning of the entire corridor from Delhi to Howrah, there are 3 locations in the instant project stretch (at Maharajpur, Sarsaul and Chaudagra) where six lanes are not proposed. These could become conflict points and create traffic bottlenecks. It was suggested that bypasses or appropriate structures may be provided at these locations to ensure smooth movement of traffic. Member (Technical), NHAI agreed with the suggestion. It was informed that the built-up area at the stretches may not allow the two approaches; however, NHAI would re-examine the situation on ground. Since the stretches were small, there is a likelihood that this will be covered under the Clause of Change in Scope of the Concession Agreement, with the cost of the change being borne by the Concessionaire.

47. Director, DEA indicated that out of the 31 projects approved by the PPPAC under NHDP-V, no project has been completed till date. These projects have been awarded from the year 2007 onwards. This could possibly be ascribed to lack of incentive for the Concessionaire to complete the construction works since tolling commences from the Appointed Date. Hence, to ensure that the Concessionaire has sufficient incentive mechanism to complete the construction work in a timely

manner, tolling for the project should accrue only upon completion of the construction period and the project achieving COD.

48. Secretary, RTH responded that MoRTH was apprised of the situation and was preparing a policy change so that delays are not witnessed in respect of NHDP-V projects. The instant project may be allowed for bidding based on the existing provisions of the MCA. In future projects, the provisions would be revised based on the new policy under consideration.

49. All the members of PPPAC accepted the explanation by Secretary, RTH and were in agreement to grant final approval to the project.

50. The PPPAC granted final approval to the project for four laning of Chakeri-Allahabad section of NH-2 from km 483.687 to km 630.0 under NHDP-V for TPC of Rs. 1353.66 crore with maximum VGF of Rs. 135.37 crore (10 percent of TPC), subject to fulfilment of the following conditions:

- a. NHAI shall review the need for structures and provide smooth traffic flow at the 3 urban locations of Maharajpur, Sarsaul and Chaudagra.
- b. MoRTH shall obtain specific approval from CCI for undertaking six-laning of the project stretch under NHDP-V though the traffic is less than 25,000 PCUs.
- 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. 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 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 X: Proposal from Ministry of Road, Transport and Highways for grant of final approval: Four-laning of Rewa-Sidhi section of NH-75 E from km. 2.8 to km 83.4 in the State of Madhya Pradesh under NH (O) on DBFOT (Toll) basis

Total length: 71.563 km; Total Project Cost: Rs. 627.87 crore; Concession Period: 30 years including 2 years of construction period; Cost of pre-construction activity: Rs. 49.34 crore; Maximum VGF: Rs. 251.15 crore (40 per cent of TPC). ; Total Land required: 419.10 ha.: Land available: 119.93 ha; Land to be acquired: 299.17 ha. (71 percent)
Major development works/ structures: Major Bridges: 2; Minor bridges: 15; ROB: 1; Flyover: 1; Twin Tube Tunnel: 1 of 970 m, Viaduct: 1, Culverts: 147; Toll plazas: 2 (km 6 and km 60); Service Road: 4.5 km; Bypasses: 3 of 24.23 km; Bus-bays/shelters: 12; Major road junctions: 1; Minor road junctions: 19; Vehicular underpass: 9; Truck layby: 4

51. Director, DEA informed that the Empowered Institution (EI) for the Scheme for support to PPPs in Infrastructure in its 43rd meeting held on October 30, 2012 had granted in-principle approval for Viability Gap Funding (VGF) support for the project under the Scheme.

52. All the members of PPPAC were in agreement to grant final approval to the project.

53. **The PPPAC granted final approval to the project for VGF support of Rs. 251.15 crore (40 percent of TPC of Rs. 627.87 crore) and subject to the following conditions:**

- a. MoRTH shall confirm that the project has the approval of the competent authority for award under NH (Others) and that budgetary resources for

meeting expenditure on pre construction activities and viability gap funding upto twenty per cent of TPC are available.

- b. MoRTH shall obtain the environmental, forest and other clearances before award of the project.
- c. MoRTH shall provide 80 per cent of the land to the Concessionaire by Appointed Date, in line with the provisions of the Model Concession Agreement (MCA).
- d. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- e. MoRTH would circulate revised projects documents to the members of PPPAC.

(Action: MoRTH)

Agenda Item XI: Proposal from Ministry of Road, Transport and Highways for grant of final approval: Two-laning with Paved Side Shoulders of Nagaur-Jodhpur section of NH-65 from km 166.26 to km 296.07 in the State of Rajasthan under NH (O) on DBFOT (Toll) basis.

Total length: 134.64 km; Total Project Cost: Rs. 439.96 crore; Concession Period: 17.5 years including 1.5 years of construction period; Cost of pre-construction activity: Rs. 21.98 crore; Maximum VGF: Rs. 175.984 crore (40 per cent of TPC).

Major development works/ structures: Minor bridges: 6; ROB: 1; Flyover: 6; Culverts: 73; Toll plazas: 2 (km 204 and km 270); Bypasses: 1 at Nagaur of 19.225 km; Bus-bays/shelters: 32; Major road junctions: 17; Minor road junctions: 58; Underpass: 1; Truck laybye: 2

54. Director, DEA informed that the Empowered Institution (EI) for the Scheme for support to PPPs in Infrastructure in its 43rd meeting held on October 30, 2012 had granted in-principle approval for Viability Gap Funding (VGF) support for the project under the Scheme.

55. Director, DEA stated that PPPAC in its 54th meeting, held on September 30, 2012, noted that as per the National Highway Fee Rules, the project cost is determined based on the average investment. The Fee Rules provide that *“The rate of Fee for use of section of National highway, having two lanes and on which the average investment for up-gradation has exceeded rupees two and a half crore per km at the first April 2008 prices, shall be sixty percent of the rate of fee specified under sub rule (2) of the rule 4”*. The view of MoRTH is that the investment for up-gradation includes the cost of land acquisition, R&R and shifting of utilities. In the instant project, the cost of pre-construction activities is Rs. 21.98 crore (Rs. 0.16 crore per km), the average cost per km based on total investment is Rs. 3.43 crore per km, which is higher than the threshold limit of Rs. 3.31 crore per km.

56. All the members of PPPAC were in agreement to grant final approval to the project subject to notification of generic communication by MoRTH clarifying the provisions of the NH Fee Rules with respect to *“investment on a project”* and step up of the threshold cost from 2008 prices, linked to the Wholesale Price Index.

57. The PPPAC granted final approval to the project for VGF support of Rs. 175.984 crore (40 percent of TPC of Rs. 439.96 crore) and subject to the following conditions:

- a. MoRTH shall confirm that the project has the approval of the competent authority for award under NH (Others) and that budgetary resources for meeting expenditure on pre construction activities and viability gap funding upto twenty per cent of TPC are available.
- b. MoRTH shall notify a generic communication clarifying the provisions of the NH Fee Rules with respect to *“investment on a project”* and step up of the threshold cost from 2008 prices, linked to the Wholesale Price Index.

- c. MoRTH shall obtain the environmental, forest and other clearances before award of the project.
- d. MoRTH shall provide 80 per cent of the land to the Concessionaire by Appointed Date, in line with the provisions of the Model Concession Agreement (MCA).
- e. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed in their responses to the appraisal notes.
- f. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- g. MoRTH would circulate revised projects documents to the members of PPPAC.

(Action: MoRTH/NHAI)

Additional Agenda: Two proposals from Ministry of Road, Transport and Highways for approval of change in TPC:

(A) Four laning of Sultanpur-Varanasi Section of NH-56 from km 134.700 to km 279.700 in the State of Uttar Pradesh under NHDP - IV on DBFOT (Toll) basis.

Total length: 154.95 km; Total Project Cost: Rs 1523.65 crore (*proposed*) Rs. 1366.90 crore (*earlier approved*); Cost of pre-construction activities to be financed by NHAI: Rs. 197.83 crore; Concession Period: 20 years including 2.5 years of construction period.
Major development works/ structures: Major Bridge: 1; Minor bridges: 12; Flyover: Nil; Bypass: 12 of 82.13 km, ROB: 5; Major road junctions: 31; Service roads: 51.376 km; Realignment: 2.165 km, Toll plazas: 2 (km 173.45, & km 232.10); Vehicular underpasses: 4; Pedestrian&Cattle underpasses: 20; Culverts: 265; Truck laybys: 3; Bus-bays: 50

(B) Four-laning of Varanasi- Ghaghar Bridge section from Km 121.800 to Km 298.450 of NH 233 in the State of Uttar Pradesh under NHDP – IV on BOT (Toll) basis.

Total length: 177.555 km; Total Project Cost: Rs 1690.41 crore (proposed) Rs. 1507.83 crore (earlier approved); Cost of pre-construction activities to be financed by NHAI: Rs. 388.12 crore; Concession Period: 24 years including 2.5 years of construction period.

Major development works/ structures: 2 Major Bridge (new); 1 Major Bridges (repair); 27 Minor bridge (new); 17 Minor bridges (for repair); 3 ROBs; 13 Bypass (71.39 km); 18 Major road junctions; 36 Minor road junctions,, 3 Toll plazas (km 164.80, km 227.20 & km 277.00); Vehicular/pedestrian underpass: 13/23; culverts: 293; busbays/shelters: 22, truck lay byes: 6; Truck terminal: 2 at km 125.1 & km 245.14

58. Member, NHAI indicated that the two proposals have been approved by the PPPAC in its 50th meeting held on February 17, 2012. CCI, in its meeting held on March 23, 2012, has also approved the project proposals. Thus, these projects have presently been posed to the PPPAC for change/updation of TPCs.

59. Member, NHAI informed that that a single bid was received on May 14, 2012 for Varanasi- Sultanpur project though there were 30 pre-qualified applicants. The single bid was rejected and further no bids were received when bids were subsequently invited on two occasions. The Varanasi-Ghaghar Bridge project did not receive bid response from any of the 19 pre-qualified applicants. Due to poor response the above two projects, NHAI had proposed the above two project for change in mode of delivery from BOT (Toll) to BOT (Annuity). The IMG for change in mode of delivery of NH projects, chaired by Secretary, RTH, in its meeting held on December 18, 2012, considered the proposal. The IMG decided that NHAI should once again try to bid out the said projects on BoT(Toll) basis after significant progress on land acquisition has been achieved. The IMG noted that the project costs needed to be updated to bring them to 2012-13 rates. Accordingly, NHAI has updated the project costs through escalation at the rate of 5 per cent per annum. The proposed revised cost for Varanasi-Sultanpur is Rs 1523.65 crore against earlier proposal of Rs. 1366.90 crore. Similarly, revised TPC for Varanasi-Ghahar-Brdge is Rs. 1690.41 crore against earlier approved of Rs. 1507.83 crore. It was requested that the revised TPCs may to be approved.

60. The Chair queried about the status of land acquisition. Member, NHAI informed that land acquisition process may take more time as notification under Section 3D is yet to be issued for both the projects.

61. Secretary, RTH advised NHAI to seek approval for revised cost after achieving level of the land acquisition as decided by the PPPAC. He also advised that the TPC may be updated based on the WPI and not a generic 5 per cent escalation. The same was agreed to.

(Action: MoRTH/NHAI)

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

**Ministry of Finance
Department of Economic Affairs**

Public Private Partnership Appraisal Committee

56th Meeting on December 21, 2012

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Dr. Arvind Mayaram, Secretary (In Chair)
- ii. Shri Shaktikanta Das, Additional Secretary
- iii. Ms. Sharmila Chavaly, Joint Secretary
- iv. Ms. Aparna Bhatia, Director

II. Department of Expenditure, Ministry of Finance

- v. Ms. Meena Agarwal, OSD (PPD)

III. Planning Commission

- vi. Shri K. R. Reddy, Consultant
- vii. Dr. A. Manohar, Deputy Advisor

IV. Ministry of Road Transport & Highways (MoRTH)

- viii. Shri A. K. Upadhyay, Secretary
- ix. Shri Manoj Kumar, SE
- x. Shri Atul Kumr, SE
- xi. Shri Amrendra Kumar, SE
- xii. Shri Pawan Kumar, SE

V. National Highway Authority of India

- xiii. Shri B.N. Singh, Member-Technical
- xiv. Shri J.N. Singh, Member-Finance
- xv. Shri Rajiv Yadav, Member- Administration
- xvi. Shri S.C. Jindal, CGM
- xvii. Shri B.S. Singhla, CGM,
- xviii. Shri R.K. Singh, CGM
- xix. Shri V.K. Rajawat, GM

VI. Department of Legal Affairs

- xx. Shri Ashok C. Prakash, Additional Legal Advisor
