

F. No. 2A/4/2014-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

North Block, New Delhi
18th June, 2014

OFFICE MEMORANDUM

Subject: Record of Discussion (RoD) of the 65th Meeting of the Public Private Partnership Appraisal Committee (PPPAC) held on 09.06.2014, North Block.

Reference is invited to the 65th Meeting of Public Private Partnership Appraisal Committee (PPPAC), held under the Chairmanship of Finance Secretary on 09.06.2014 in North Block, New Delhi. Please find enclosed the Record of Discussion (RoD) of the said meeting.

Encl: as above


(Abhilasha Mahapatra)
Director (PPP)

1. Secretary, Department of Expenditure, North Block, New Delhi.
2. Secretary, Planning Commission, Yojana Bhawan, New Delhi.
3. Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi.
5. Secretary, Ministry of Environment & Forest, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi.

Copy to:

1. Shri R.K. Singh, Joint Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
2. Shri Vijay Shankar, General Manager, Bihar State Road Development Corporation Ltd., RCD Central Mechanical Workshop Campus, Near Patna Airport, Sheikhpura, Patna-800014.
3. Shri Mukul Singhal, Chief Executive Officer, U.P. State Highways Authority, 4th Floor, Kishan Mandi Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010.

Copy also to:

- a. PSO to Finance Secretary
- b. Sr. PPS to AS (EA)
- ✓ c. Sr. PS to JS (Infra), DEA

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Dir(PPP)

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Public Private Partnership Appraisal Committee
65th Meeting on June 09, 2014

Record Note of Discussion

The 65th Meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Finance Secretary, was held on June 09, 2014. The list of participants is attached.

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

Agenda I: Proposal from Ministry of Road, Transport and Highways (MoRTH) for grant of final approval: Four-laning with PSS of Ara-Mohania, NH section, (NH-30, km 0.00 to km 116/760) length 116 km, in the State of Bihar on BOT (Toll) basis.

Total length: 117 km; Total Project Cost: Rs. 917 crore; Cost of pre-construction activities to be financed by GoB: -; Concession Period: 25 years with 2.5 years of construction period.

VGF: VGF quoted by L-1 bidder: Rs. 298 crore (32.49% of TPC); VGF from Government of India as grant during construction: Rs. 183.40 crore (20% of TPC) and balance Rs. 114.6 crore (12.49% of TPC) from GoB as support for O&M.

Land: 80% land transferred to Concessionaire, balance land status to be provided.

Major development works/ structures: Development of Up-gradation to 4-lane with 17.910 kms of service lanes; ROB: 7; Underpasses: 2, Culverts: 390, Truck lay bye: 1, Bus bays: 36; Toll plazas: 2 at km 40.5 and km 101.5

3. Joint Secretary, DEA informed the PPPAC that the project had earlier been considered granted in-principle approval by the Empowered Committee at its 15th meeting held on August 27, 2012. The proposal was brought for final approval before the Empowered Institution in its 53rd meeting held on March 3, 2014. EI while recommending final approval of the VGF, stated that as the project is a National Highway, MoRTH should expeditiously bring the proposal to PPPAC in accordance with the extant guidelines and procedures and also issue the Fee Notification. Accordingly, MoRTH has now brought the proposal before the PPPAC for

its consideration. Since the project has already been bid out, ex-post facto approval is also being sought by MoRTH.

4. Director (PPP), DEA inquired on the status of land acquisition and land transfer for construction purposes to the Concessionaire. DGM, Bihar State Road Development Corporation (BSRDC), Government of Bihar (GoBi) confirmed that 80% of the land has been transferred to the Concessionaire and the balance land is under process of transfer. The PPPAC was further informed that upon receipt of approval, MoRTH shall proceed to issue the Fee Notification. *(Action: MoRTH/GoBi)*

5. All members of the PPPAC recommended the project for grant of final approval.

6. Director (PPP), DEA stated that since the project requires the approval of the Empowered Committee (EC) for grant of Final approval of VGF support, and the members of the EC are represented in the PPPAC, the approval of the EC may also be granted for the VGF sought in the project to expedite the process. EC approved the grant of VGF.

The PPPAC recommended the grant of final approval to the proposal for Four-laning with PSS of Ara-Mohania, NH section, (NH-30, km 0.00 to km 116/760) length 116 km, in the State of Bihar on BOT (Toll) basis, for TPC of Rs. 917 crore with maximum VGF of Rs. 298 crore (32.49 percent of TPC and of this total amount of VGF, maximum Rs.183.40crore (20% of the TPC) as grant during construction by GoI and balance Rs. 114.6 crore (12.49% of the TPC) from Government of Bihar (GoBi) as support during O&M, subject to issue of the required Fee Notification for the project.

(Action: MoRTH/GoBi)

Agenda Item II: Proposal from Ministry of Road, Transport and Highways (MoRTH) for grant of final approval: Four-laning of Rajauli- Bakhtiyarpur section of NH-31 from Ch. km 47.677 to Ch. km 154.50 in the State of Bihar on BOT (Toll) basis.

Total length: 107.15 km; Total Project Cost: Rs. 847.10 crore; Concession Period: 30 years including 2 years of construction period.

VGF from Government of India: Nil (actual as per L-1 bidder), VGF from Government of Bihar: Nil

Land: 80% land transferred to Concessionaire, balance land status to be provided.

Major development works/ structures: Major Bridges: 11; Minor bridges: 38; Flyover: 5; ROB/RUB: 5; Toll plazas: 2 (km 58, and km 118), Bypass: 4 of 11.314 km; Service Road: 7.76 km; Major road junctions: 15, Minor road junctions: 146; Underpasses: 13; Truck Lay byes: 4, Bus Bays: 70, Culverts: 178

Joint Secretary, DEA informed the PPPAC that the Empowered Committee had granted in-principle approval to the project in its 15th meeting held on August 27, 2012. The project was brought before EI in its 53rd meeting held on March 3, 2014 for grant of final approval. The EI directed MoRTH that since the project is a National Highway, it should be placed before the PPPAC, and the requisite Fee Notification be issued.

7. Director, DEA enquired on the status of land acquisition and land transfer for construction purposes to the Concessionaire. DGM, Bihar State Road Development Corporation (BSRDC), Government of Bihar (GoBi) confirmed that 80% of the land has been transferred to the Concessionaire and the balance land is under process of transfer.

(Action: MoRTH/GoBi)

8. All members of the PPPAC recommended of the proposal for final.

The PPPAC recommended the grant of final approval to the proposal for four-laning of Rajauli- Bakhtiyarpur section of NH-31 from Ch. km 47.677 to Ch. km 154.50 in the State of Bihar on BOT (Toll) basis, for TPC of Rs. 847.10 crore with nil VGF, subject to issue of the required Fee Notification for the project.

(Action: MoRTH/GoBi)

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Agenda Item III: Proposal from Ministry of Road Transport & Highways for grant of final approval: 4-laning of Chutmalpur – Ganeshpur Section of NH 72A from Km 0.000 to Km 17.900 and Roorkee – Chutmalpur – Saharanpur – Yamunanagar section of NH 73 from Km 0.000 to Km 86.855 in the State of Uttarakhand and Uttar Pradesh under NHDP Phase IV on Design Build, Finance, Operate and Transfer (DBFOT) basis.

Total length: 104.755 km; Total Project Cost: Rs 1390.00 crore; Cost of pre-construction activities to be financed by NHAI: Rs 464.19 crore; Concession Period: 20 years including 2.5 years of construction period.

Land status: Total land required: 695.0 ha., land available: 135.0 ha. (19%), land to be acquired: 560 ha. (81%), 3A published - 116.0 Ha. (17%) 3D published = 442.0 Ha. (64%), 3A+3D+ land under possession = 99%.

Major development works/ structures: 5 Major Bridge – 4 lane (new); 1 Major Bridges - 2 lane (new); 24 Minor bridge (new); 2 Nos. Flyovers/ Grade separator; 4 ROBs; 141 Culverts; 13 Vehicular Underpasses; 11 Pedestrian/Cattle underpass; Length of Service roads - 28.634 Km (5.5 m Width) and 15.530 Km (7.0 m Width); Length of Slip Road: 5.412 Km (7.0m Width); By-pass: 03 Nos. having Total Length of 64.507 Km.; Bus Bays: 52; Trucks lay byes: 6; Major Intersections: 9; Minor Intersections: 27; 3 Toll plazas (at Km 15.945, Km 32.435 and Km. 81.155)

9. Director (PPP), DEA informed the PPPAC that proposal was earlier considered in 56th Meeting of PPPAC held on December 21, 2012 who returned the proposal stating "at-least 60 percent of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for at-least 60 percent of the land required for the project". Member (Technical), National Highway Authority of India (NHAI) informed the PPPAC that out of the total land requirement of 695.0 hectares, Notification 3A published plus available land is 693 hectares (99.71%) and Notification 3D published plus available land is 577 hectares (83.02%). Hence project is eligible for consideration of PPPAC.
10. Joint Secretary, DEA pointed out the high cost (Rs.13.27 crore/Km) of development and justification for three by-passes of 64.507 km length. The Chair also asked why instead of by-passes, the construction of elevated structures to by-pass the congested areas was not being adopted. This would pre-empt problems currently being faced in many towns of by-passes being subsumed by growth of town and virtual congestion to intra-city routes.
11. Member (Technical), NHAI informed the PPPAC that the updated BKC normative cost for 4-laning for the year 2012-13 was Rs. 12.35 crore./Km. On

updating this cost for the year 2013-14, the normative cost for 4-laning was coming out as Rs. 13.07 crore. In the instant proposal the per km cost of Rs. 13.27 crore is marginally higher by 1.53%. Further, the project was approved by the Standing Cost Committee in its meeting held on 23.07.2012 with civil cost of Rs. 887.55 crores. The current proposal involves only updation of the civil cost and as per AS&FA (MoRTH) is not required the approval of Standing Cost Committee again.

12. As regards the bypasses, Member (Technical) stated that the geometrical constraints, heavy built-up areas, encroachments etc., create major impediments to widen the existing alignment or to provide elevated structures, passing through the urban areas of Roorkee, Chutmalpur and Saharanpur. They have, therefore provided for by-passes with restricted access provisions and land acquisition for future service roads in conjunction with alignment of by-passes. The three by-passes proposed meet the requirement of RoW as per 4-lane Manual, design speed of 100 kmph, traffic safety and are access controlled. They therefore have taken adequate design steps to ensure that the by-passes will continue to provide for their original purpose even if the urban limits expand beyond them.
13. All the members of PPPAC were in agreement to recommend the proposal for grant of final approval.
14. The PPPAC recommended the grant of final approval to the proposal for 4-laning of Chutmalpur – Ganeshpur Section of NH 72A from Km 0.000 to Km 17.900 and Roorkee – Chutmalpur – Saharanpur – Yamunanagar section of NH 73 from Km 0.000 to Km 86.855 in the State of Uttarakhand and Uttar Pradesh under NHDP Phase IV on Design Build, Finance, Operate and Transfer (DBFOT) basis, for TPC of Rs. 1390.00 crore with maximum VGF of Rs. 160.96 crore (11.58 percent of TPC), subject to fulfilment of the following conditions:
 - 14.1. MoRTH shall issue Request for Proposal (RFP) only after;
Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that "at least 60 percent of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for at least 60 percent of the land required for the project"
 - 14.2. MoRTH shall ensure land acquisition in respect of the project and provide ROW in accordance with the provisions of the Project's Concession Agreement (DCA).
 - 14.3. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.

- 14.4. MoRTH shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- 14.5. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 14.6. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH)

Additional Discussions

15. During the meeting, the Chair also discussed following policy issues for revival of the road sector:

15.1 **Exploring the option of bidding out completed EPC projects:** The Chair suggested that MoRTH could consider bidding out completed EPC projects on long term basis for a period of 15 to 20 years to increase the revenue of the Government with provisions of capacity augmentation, if required, during the concession period. MoRTH may examine the same and put up a policy note for discussion. Joint Secretary, MoRTH indicated that NHAI has already taken up award of completed EPC projects on OMT mode. The Chair desired that a list of all completed EPC projects along with status of tolling be provided for information of PPPAC. Joint Secretary, MoRTH agreed to the same.

Action: MoRTH/ NHAI

15.2 **Buyback of Stressed PPP Projects:** Examination of the option of buyback by the sponsoring authority of stressed PPP projects to protect the interest of Government/ lenders. This may boost investment in road sector by subsequent bid out after completion of the projects by the Authority. The financial implication of this needs to be assessed and a report sent to MoF.

Action: MoRTH/ NHAI

15.3 **Early dispute resolution:** The Chair stated that there were reports of pendency of large number of disputes in NHAI, leading to blocking of funds for inordinately long periods of Contractors who have completed work. This is a matter of concern and has come up for discussion at PMO. Member, NHAI stated that the Dispute Settlement Committee set up by the NHAI has resolved 124 arbitration claims worth Rs. 9,395 crore out of total disputes of about Rs 17,000 crore for just Rs 910 crore i.e.10% of the original claim value, saving both litigation costs and time for NHAI as well as private contractor. The settled amount has already been released for disputes pending over a decade before various arbitration tribunals.

Further, there is no delay in payment of annuity instalments and VGF in PPP projects. Chair asked MoRTH to provide complete details of disputed amounts to the members of PPPAC and advised that all disputed claims may be settled on priority basis within a time frame. Joint Secretary, MoRTH agreed to provide the details.

Action: MoRTH/ NHAI

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



Ministry of Finance
Department of Economic Affairs
Public Private Partnership Appraisal Committee

65th Meeting on June 09, 2014

List of Participants

- I. Department of Economic Affairs, Ministry of Finance
a) Dr. Arvind Mayaram, Finance Secretary (In Chair)
b) Shri Dinesh Sharma, Additional Secretary
c) Ms. Sharmila Chavaly, Joint Secretary, Infra
d) Smt. Abhilasha Mahapatra, Director (PPP)
e) Shri V. Srikanth, Deputy Director (PPP)
- II. Department of Expenditure, Ministry of Finance
f) Shri Chanchal. C. Sarkar, Director (PF-II)
- III. Planning Commission
g) Shri K. Ranga Reddy, Consultant
h) Shri Amitabha Ray, Joint Advisor
- IV. Ministry of Road Transport & Highways (MoRTH)
i) Shri Rohit K. Singh, Joint Secretary
j) Shri Amrendra Kumar, SE (PPP)
- V. Department of Legal Affairs
k) Smt. Poonam Suri, Dy. Legal Advisor
- VI. National Highway Authority of India
l) Shri M.D. Sharma, Member (Technical)
m) Shri Mahabir Singh, CGM (Tech.)
n) Shri V.K. Joshi, DGM (Tech.)
- VII. Government of Bihar (GoB)
o) Shri Mahesh Prasad, DGM, Bihar State Road Development Corporation Ltd.