

F. No. 2/1/2019-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)

North Block, New Delhi
Dated 17th July, 2019

MEETING NOTICE

Subject: Record of Discussion of 88th Meeting of Public Private Partnership Appraisal Committee (PPPAC)

The undersigned is directed to enclose a copy of Record of Discussion of 88th PPPAC Meeting held on 11.07.2019 under the chairmanship of Finance Secretary & Secretary (Economic Affairs) to consider the proposal of Ministry of Shipping (MoS) for Deepening and Optimization of Paradip Port Trust (PPT) Inner Harbour Facilities including Construction of Western Dock Captive Berths to handle Cape size vessels on PPP mode, for information and necessary action.

Encl: as stated above


(Manoj Kumar Madholia)
Deputy Director (PPP)

To,

1. Shri Amitabh Kant, CEO, NITI Aayog, Yojana Bhawan, New Delhi
2. Shri Gopal Krishna, Secretary, Ministry of Shipping, Transport Bhawan, New Delhi
3. Shri G.C. Murmu, Secretary (Expenditure), Ministry of Finance, North Block, New Delhi
4. Dr. Alok Srivastava, Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
5. Shri CK Mishra, Secretary, Ministry of Environment, Forest & Climate Change, Indira Paryavaran Bhavan, New Delhi

Copy to:

1. PPS to Finance Secretary & Secretary (EA)
2. PPS to JS (IPF)

Record of Discussion of 88th Meeting of Public Private Partnership Appraisal Committee (PPPAC)

The 88th meeting of the PPPAC, chaired by Finance Secretary & Secretary (Economic Affairs) (the Chair) was held on 11.07.2019 to consider the proposal of Ministry of Shipping (MoS) for Deepening and Optimization of Paradip Port Trust (PPT) Inner Harbour Facilities including Construction of Western Dock Captive Berths to handle Cape size vessels on PPP mode. The list of participants is *annexed*.

2. JS (IPF) informed that the above mentioned proposal has been received for consideration of PPPAC. The Project Authority (PPT) stated that it had followed the revised Model Concession Agreement for PPP Projects in Major Ports (2018). As per PPPAC guidelines (para-6.3), in cases where the PPP project is based on a duly approved Model Concession Agreement (MCA), 'in principle' clearance by the PPPAC would not be necessary. Therefore, only final approval of PPPAC is applicable in this case.

3. Chairman, Paradip Port Trust made a brief presentation on the proposal and informed PPPAC that Paradip Port is the second largest major port of India. The current proposal of 'deepening and optimization of PPT inner harbour facilities including construction of western dock captive berths to handle cape size vessels' is to be taken up as per the Ministry of Shipping's Captive Policy Guidelines for Award of Waterfront and Associated Land to Port Dependent Industries (PDI) in Major Ports, 2016. The estimated private investment is Rs.2,040 crore. The common supporting infrastructure works like breakwater extension, toe protection and capital dredging will be undertaken by Paradip Port Trust using internal resources, whose cost has been estimated at Rs.985 crore.

4. On implementation schedule, Chairman (PPT), informed that the project will be implemented in two phases: Phase-1 will take 36 months and create a capacity of 12.5 million tonnes per annum (MTPA) and Phase-2 will be taken up after 2 years of start of commercial operations of Phase-1 and shall be completed in 24 months. After completion of Phase 2, additional capacity of 12.5 MTPA shall be created. The project involves no land acquisition or rehabilitation of inhabitants as the project is on PPT land.

5. The Chair inquired about the bidding parameter on which Secretary (Shipping) informed that Bidder quoting highest Royalty/Metric Tonne of cargo handled (*subject to Minimum floor royalty of Rs. 46.69/ Metric Tonne*) to be shared with PPT will be selected. He also informed that RFQ, RFP and Concession Agreement have been prepared based on Model documents customized as per captive policy and project specific requirements. The RFQ has already been floated and 3 bids have been received. It was observed that the bidding parameter (Royalty per Tonne) should not be taken into consideration for setting the tariffs. Secretary (Shipping) agreed to the same.

6. It was submitted that the ideal option of developing the western dock is through the captive route following the Captive Policy for Award of Waterfront and Associated Land to PDI in Major Ports, 2016. Therefore, for demonstrating technical capacity and experience, the Applicant should necessarily be a "Port Dependent Industry (PDI)". As per Captive Policy 2016, PDI means, "*with reference to a particular Major Port, any entity (including any of its Affiliates) which is dependent on that Major Port for import and/or export of at least 70% of the Designed Capacity of the proposed Facility for Captive Cargo..... If the projected cargo requirement for the entity for a period of 3 years starting from no later than*

3rd year of the expected COD is at least 70% of the Designed Capacity of the proposed Facility for Captive Cargo, the entity will be classified as a PDP.

7. The Chair observed that the eligibility conditions for bidders seem unduly restrictive, may limit competition, and may not generate interest from bidders unconnected to PPT. Adviser (NITI Aayog) pointed out that non-discriminatory access should be there if the port is developed through PPP and bidding should not be restricted only to PDIs. AS (DoE) added that restricting participation will expose traffic of the port to additional risks as per requirements of the PDI. Therefore, the Chair requested MoS/ PPT to undertake a study to ascertain whether the captive berth for PDI would be better than making all port players eligible to compete for the project.

8. Secretary (Shipping) clarified that the eligibility conditions are as per the latest Captive Berth Policy for PDIs and required to promote industries in that region which will also augment the PPT income in terms of Royalty and other port charges to be provided by the user. He added that the provision of Minimum Guaranteed Cargo of 70% should not be changed, otherwise this may adversely impact the income of the PPT.

9. After discussion, it was decided that, Ministry of Shipping will facilitate the firming up of revised technical qualification criteria by Project Authority (PPT) in consultation with DEA and NITI Aayog and same may be circulated to all members of PPPAC for concurrence.

10. Regarding project specific issues, JS (IPF) suggested that M/o Shipping may ensure that Minimum Guaranteed Cargo (MGC) would be applicable from scheduled COD and not from actual COD. Secretary (Shipping) agreed to the suggestion and assured that public interest clauses will be retained as per MCA. He requested PPT to revise documents accordingly.

11. The PPPAC recommended the proposal for the approval of Competent Authority subject to the following conditions:

- i. Ministry of Shipping will facilitate the firming up of revised technical qualification criteria by Project Authority (PPT) in consultation with DEA and NITI Aayog.
- ii. Ministry of Shipping will circulate the revised documents as noted above to the members of PPPAC for concurrence.
- iii. MoS shall ensure legal vetting of all the revised documents to ensure their legal sanctity.
- iv. MoS shall obtain prior approval of PPPAC for any change in scope of work or project configuration.
- v. The entire land (including project facilities) given to the concessionaire should be transferred back to the Authority free of cost after end of the concession period.
- vi. Bidding parameter (Royalty per Metric Ton) to be paid by the Concessionaire to the Authority cannot be included as a factor in tariff determination.

12. The meeting ended with vote of thanks to the chair.



Annexure

Record of Discussion of 88th Meeting Public Private Partnership Appraisal Committee held on July 11th, 2019.

List of Participants:

Sl. No.	Name	Designation
1.	Shri Subhash Chandra Garg	Finance Secretary & Secretary (D/o Economic Affairs) – in Chair
2.	Shri Gopal Krishna	Secretary (Ministry of Shipping)
3.	Shri P.K. Das	Additional Secretary, D/o Expenditure
4.	Dr. Kumar V. Pratap	Joint Secretary (IPF), DEA
6.	Shri Rinkesh Roy	Chairman, Paradip Port Trust
7.	Shri S K Saha	Adviser, NITI Aayog
8.	Dr. Anju Rathi Rana	Joint Secretary & Legal Adviser, D/o Legal Affairs
9.	Shri Mukesh Kumar Gupta	Director (PPP), DEA
10.	Shri Manoj Kumar Madholia	Deputy Director (PPP), DEA
11.	Shri Arun Dewan	OSD (PPP), DEA

