

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

**Empowered Institution for the Scheme for Support to Public Private Partnerships in
Infrastructure**

30th Meeting on May 10, 2011

Record Note of Discussions

The thirtieth meeting of the Empowered Institution (EI), chaired by Additional Secretary & Director General (DoC), Department of Economic Affairs (DEA) was held on May 10, 2011 to consider grant of in-principle approval for viability gap funding (VGF) to two proposals from Ministry of Road Transport & Highways (MoRTH) and fifteen proposals from the four State Governments, under the Scheme for Financial Support to PPPs in Infrastructure. The EI also considered the proposal from the Government of Mizoram. The list of participants is annexed.

Agenda Item 1: Proposals from MoRTH for grant of in-principle approval for development of:

- i. Four laning with paved shoulders of Bhopal to Biaora section (km 316/10 to km 423.40) of National Highways (NH) 12 in the State of Madhya Pradesh, (VGF support of ₹ 140.85 crore).**
- ii. Four laning of Rewa to MP/UP Border (km 229/10 to km 140/6) of National Highways 7 in the State of Madhya Pradesh, (VGF support of ₹ 134.16 crore).**

2. Director, DEA informed that the MoRTH has posed two proposals Bhopal to Biaora and Rewa to MP/UP Border in the State of Madhya Pradesh under National Highways (others) on BoT (Toll) basis. She indicated that the instant two proposals were discussed in the 42nd meeting of the Public Private Partnerships Appraisal Committee (PPPAC) held on April 19, 2011 wherein the representative of MoRTH had informed that the two projects would be developed under National Highways (Others) with the Madhya Pradesh Road Development Corporation (MPRDC) as the Implementing Agency. She requested that the MoRTH may confirm that budgetary resources are available for meeting the remaining 20 per

cent of VGF as well as the cost of pre-construction activities including land acquisition, utility shifting, R&R, environmental and forest clearances etc. Joint Secretary, DoRTH indicated that their Ministry is in the process of provisioning the same under its budget and requested EI to grant in-principle approval subject to written confirmation on the same from MoRTH.

3. The Chairman requested the sponsoring authority to indicate the status of land acquisition and environmental clearance. Principal Secretary, Government of Madhya Pradesh informed that about 50 percent and 32 per cent of land has been obtained in respect of the proposals of Bhopal to Biaora and Rewa to MP/UP Border and notification for acquisition of remaining land is under process. Further, 80 per cent of the land will be handed over to the Concessionaire before appointed date. He informed that the projects consist of forest land for a small length of 13 km for which application for acquisition of that particular land is being submitted. The environment and forest clearances in respect of both the proposals are under process and would be obtained before award of the project.

4. Joint Adviser, Planning Commission informed that the tollable traffic for both the projects are low and not justified for 4 laning. Joint Secretary, DoRTH informed that the section of Bhopal to Biaora is adjacent to the 2/4 laning of Kota-Teendhar-Jhalawar section which has been approved and awarded and 4 laning for the Bhopal-Biaora section is accordingly planned in line with the Kota-Teendhar-Jhalawar section. Further, the threshold traffic for the said project stretch would be met by next 3 to 4 years. He further, indicated that the proposed stretches in respect of both the proposals including the budgetary resources as well as the cost of pre-construction activities are under process for approval of the competent authority.

5. The EI noted that the two proposals from the MoRTH are central sector projects which require approval from the PPPAC. Further, the VGF requirement for both the proposals are more than ₹ 100.00 crore, therefore, as per the Scheme for Financial Support to PPPs in Infrastructure (the VGF Scheme), the proposals would be put up for approval of the Empowered Committee (EC).

6. The EI recommended the two proposals of Bhopal to Biaora section (VGF support of ₹ 140.85 crore) and Rewa to MP/UP Border section (VGF support of ₹ 134.16 crore) to the EC for grant of in-principle approval subject to the following conditions:

- i. MoRTH forwarding written confirmation regarding approval of the competent authority for the proposed projects stretches and provisioning of budgetary resources for meeting remaining 20 per cent of VGF as well as the cost of pre-construction activities to the members of EI.
- ii. Providing 80 per cent land to the private party before signing the concession agreement.
- iii. Obtaining environmental and forest clearances before award of the projects, and
- iv. Removing the discrepancies in the EI scope of work and correction of Schedules as mentioned in the appraisal notes of members of the EI.

(Action: DEA & MoRTH/MPRDC)

Agenda Item 2: Proposal from the State Government of Mizoram (GoM) for grant of in-principle approval for short-listing of bidders in accordance with the Model request for Qualification (RfQ) for the Tuivai Hydro Power project.

7. Director, DEA indicated that the GoM has posed the instant proposal for in-principle approval for short-listing of bidders in accordance with the model RfQ and to proceed ahead for Request for Proposal (RfP) document for selection private sector entity on Build, Own, Operate and Transfer (BOOT) basis. The scope of work of the project consists of construction of Dam, spillway and long diversion tunnel among others. She informed that the proposal appears to be having no environmental and forest problems. She however, indicated that a cost of ₹ 21.46 crore has been allocated towards environment and ecology in the Total Project Cost (TPC) and informed that in PPP project, the cost of pre-construction activities including cost of land acquisition, utility shifting, R&R etc. are not added up to TPC since the same is borne by the public sector which is capable to bear this kind of risks. This was agreed by the GoM.

8. Director, DEA pointed out that there is a provision of 80 km transmission line from Tuivai to Aijawl made in the project document and requested the GoM to clarify the matter.

Chief Secretary, GoM informed that the 80 km transmission line is a separate project and would be required for evacuation of power from the proposed project site, as there is no existing transmission line. Director, DEA however, mentioned that merging the two projects, 80 km transmission line along with the development of the instant project would enhance the robustness and commercial viability of the project. Accordingly, the GoM may merge the two projects before issue of RfP and add on the cost of 80 km transmission line with the TPC of the instant project. The same was agreed to the GoM.

9. Joint Adviser, Planning Commission indicated that there is no mention about fixation of tariff which is critical for arriving at the VGF support required for the project. Representative, GoM indicated that the tariff has been fixed by the Joint Electricity Regulatory Commission, Mizoram at ₹ 4.30 per unit, if electricity supply is available and ₹ 4.85 per unit, if electricity supply is not available. The tariff has been fixed by keeping the VGF support up to 20 per cent of TPC.

10. The Chairman, EI requested for the observations of Ministry of Power (MoP) for granting in-principle approval to the project proposal. Representative, MoP indicated that their Ministry has been examining the project documents in consultation with the Central Electricity Authority (CEA). The CEA has expressed some observation on the project proposal which require due examination. He further, informed that the bidding documents of the Ministry are under revision and an examination of the project documents in line with the revised bidding documents are essential. The Chairman, EI observed that this is the first of its kind project from the North East Region for VGF support and since the State Government are in agreement to the observations of EI, there should not be any further delay in granting approval which may, in turn, result in time and cost overrun.

11. Since, there were ambiguity regarding observations of MoP on the project proposal, the EI advised MoP to short out the issues with GoM on an urgent basis. Accordingly, the project proposal has been deferred for the next meeting of the EI.

(Action: MoP, GoM & DEA)

Agenda Item 3: Proposal from the State Government of Haryana (GoH) for grant of in-principle approval for development of Yamunagar-Ladwa section of SH 6 and Ladwa-Karnal section of SH 7 including Ladwa By-Pass (VGF support of ₹ 110.80 crore).

12. The EI noted that representatives from the State Government of Haryana were not present in the meeting. Hence, the proposal from the State Government of Haryana was deferred.

(Action: DEA & GoH)

Agenda Item 4: Proposal from the State Government of Uttar Pradesh (GoUP) for grant of in-principle approval:

- i. For development of 4 laning of Lucknow-Hardoi-Shahajahanpur road in SH 25 in the State of UP on DBFOT basis (VGF support of ₹ 207.97 crore).**
- ii. For development of 4 laning of Meerut-Karnal road in SH 82 in the State of UP on DBFOT basis (VGF support of ₹ 116.65 crore).**

13. Director, DEA informed that the Uttar Pradesh Highways Authority (UPSHA) have posed the above two proposals for grant of in-principle approval for VGF support. The proposals were considered in the 29th EI meeting held on March 16, 2011 and on the request of Planning Commission, the proposals were deferred. She indicated that a pre-appraisal meeting was held in Planning Commission with the project authority to sort out the issues related to discrepancy in the EI memo and the project DCA and the observations of Planning Commission have been accepted by the State Government. The traffic for both the project proposals is justified for 4 laning (with paved shoulders). She, however, drew the attention that as per the toll policy, the number of toll plaza may be increased to 3 in respect of the proposal of Lucknow-Hardoi-Shahajahanpur to improve the viability of the project and to avoid commuter's inconvenience and requested for opinion of MoRTH in this regard. Joint Secretary, DoRTH agreed with provisioning of 3 toll plaza because the standard norms implies that the distance between two toll plaza should not be less than 60 km.

14. The Chief Executive Officer, UPSHA confirmed that the number of toll plaza have been increased to 3 in respect of the proposal of Lucknow-Hardoi-Shahajahanpur. He further, added that more than 80 per cent of land required for the Lucknow-Hardoi-Shahajahanpur

project has been obtained by the authority and acquisition for the remaining land is under process. For the Meerut-Karnal project, around 60 per cent of the required land has already been obtained by the authority and about 80 per cent of land would be made available before signing of the concession agreement. The environmental and forest clearances in respect of both the proposals are under process and are with the Ministry of Environment & Forest, GoI and would be obtained before handing over the project to the private entity. The members of EI were in concurrence with granting in-principle approval to the two proposals from the State Government of Uttar Pradesh.

15. The EI noted that the VGF requirement for the proposal of Lucknow-Hardoi-Shahajahanpur is more than ₹ 200.00 crore, therefore, as per the Scheme for Financial Support to PPPs in Infrastructure (the VGF Scheme), the proposal would be put up for approval of the EC as well as the Finance Minister. The VGF requirement for the proposal of Meerut-Karnal is more than ₹ 100.00 crore, the same would be put up for approval of the EC.

16. The EI recommended the proposals (Lucknow-Hardoi-Shahajahanpur and Meerut-Karnal) to the EC for grant of in-principle approval subject to the following conditions:

- i. GoUP/UPSHA incorporating the comments of members of EI as pointed out in their appraisal notes and forwarding the revised project documents to the members of EI.
- ii. Confirming that the number of toll plaza have been increased to 3 in respect of the proposal of Lucknow-Hardoi-Shahajahanpur.
- iii. Obtaining necessary environmental and forest clearances, and
- iv. Providing 80 per cent of the land required for the projects before award of the projects to the private party.

(Action: GoUP & DEA)

Agenda Item 4: Proposal from the State Government of Punjab (GoP) for grant of in-principle approval for:

- i. **Development of 2 laning with paved shoulders of Road from Nidampur (NH 64) to Sullar Gharat (NH 71) to Lehra Ghagga (Ghaggar Canal Road) from km 0 to km 49 through PPP on DBFOT basis.**
- ii. **Development of 2 laning with paved shoulders of Road from Manpur Headworks to Barnala-Raikot Road (Bhatinda Canal Road) from km 0.00 to km 47.44) through PPP on DBFOT basis**
- iii. **Development of 2 laning with paved shoulders of Road from Manpur Headworks to Jagraon-Raikot Road along Abohar Branch from km 0.00 to km 53.50 through PPP on DBFOT basis.**
- iv. **Upgradation of Morinda-Kurali-Siswan Road (MDR 31) in the State of Punjab on BoT (Toll) basis.**
- v. **Upgradation of Batala-Mehta-Beas Road (MDR 66) in the State of Punjab on BoT (Toll) basis.**
- vi. **Upgradation of Kotkapura-Mukatsar Road (SH 16) in the State of Punjab on BoT (Toll) basis.**
- vii. **Upgradation of Kapurthala-Nakodar Phillaur Road (MDR 48) in the State of Punjab on BoT (Toll) basis.**

17. Director, DEA indicated that the GoP has informed that the State Government is in the process of finalising its MCA and requested EI to consider the proposals only after the MCA is finalised. Accordingly, the consideration of the 7 proposals from the State Government of Punjab has been deferred.

(Action: GoP & DEA)

Agenda Item 5: Proposal from the State Government of Karnataka (GoK) for grant of in-principle approval for:

- i. **Development of road from SH 58 near Chintamani-Tadgai cross to AP Border and Tadgal cross-Govinapalli to AP Boarder.**
- ii. **Development of road (SH 20) from Lingsugur-Kalmala to Raichur.**
- iii. **Development of road (SH 13) from AP Border near Devsugur-Chikkasugur-Raichur-Yergera to Mantralaya bridge.**
- iv. **Development of road from Shimoga-Honnalli to Harihara**

v. Development of road from NH 63 near Ginigere-to Gangavathi to Sindhnoor

18. Director, DEA informed that DEA has appraised the above 5 proposals from the GoK and sent the appraisal notes to the State Government for its comments. However, the GoK informed that the observations of DEA made in its appraisal notes are acceptable to the State Government and revised proposals incorporating the suggestions of DEA would be sent for consideration of EI.

19. Since, the documents for the above 5 proposals from the State Government of Karnataka are to be revised, the earlier proposals of GoK were not taken for consideration and the EI will consider the revised proposals to be submitted by GoK.

(Action: GoK & DEA)

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