

**F. No. 3A/1/2013-PPP  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
PPP Cell**

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

**48<sup>th</sup> Meeting on September 4, 2013**

**Record Note of Discussions**

The forty-eighth meeting of the Empowered Institution (EI), chaired by Additional Secretary, Department of Economic Affairs (DEA) was held on September 4, 2013. The list of participants is annexed.

2. The EI noted that there are 12 proposals for consideration of in-principle approval for viability gap funding (VGF) under the subject scheme. Of these proposals, three proposals from Government of Maharashtra (GoM) and one proposal from Government of Karnataka are for development of roads and eight proposals are posed by Government of Madhya Pradesh (GoMP) in the agriculture storage sector for development of Silos for food grains.

3. Deputy Secretary, Department of Economic Affairs (DEA), at the outset, pointed out that the EI secretariat was in receipt of a letter from Karnataka Road Development Corporation Ltd (KDRCL) Government of Karnataka (GoK) dated September 3, 2013 stating they were still preparing response to the appraisal of the project and hence expressed inability to be present at the meeting. Accordingly, EI agreed to defer the project.

**A. Proposals for in-principle Approval**

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**Agenda Item I: Proposal for development of Four-laning of Aurangabad-Paithan road (SH-30) & 2-lane paved side shoulders (PSS) of Walmi-Waluj pipe line road km 0.00 to km 5.20 road on BOT (Toll).**

**Total length: 51.055 km (4-lane: 45.855 km and 2-lane: 5.2 km); Total Project Cost: Rs. 289.87 crore; Concession Period: 25 years including 2 years of construction period.**

**VGF from Government of India: maximum Rs. 57.97 crore (20% of the TPC), VGF from Government of GoM: Rs. 5.90 crore (2% of TPC)**

**Major development works/ structures: Main paved carriage-way is 18 meter (4-lane with PS, excluding 2 m median) and carriageway for 2-lane road shall be 10 m); Major Bridge: 4 (reconstruction); Minor bridge for reconstruction/widening: 32; Flyover: in between km 22 to km 24 of SH 249; Culverts: 47; Toll plazas: 1 (at km 336.8); Bus-bays: 33, with passenger shelters , Major road junctions: 34, Underpasses for cattle: 2 at Bidkin & Chitegaon**

4. Secretary, PWD, GoM presented the project. Joint Secretary, DEA sought clarification on the traffic details as data for the same appeared to have been collated in January 2012; the proposal appeared to be justified only for 2-laning with paved side shoulders. Chief Engineer for the project, GoM responded that traffic details have been updated in January 2013. As per this survey, the details the average total traffic in the year 2014 may be 14,844 PCU and thus, it was requested that the proposal may be considered for 4 laning purposes. GoM also indicated that owing to high volume of local traffic accounting for about 30-40% of the total traffic, the toll plaza location has been shifted from km 330 to km 330.38 in the instant proposal. Further in response to a query raised by Joint Secretary, Department of Economic Affairs, it was indicated that 5.2 kms as a 2-laned road was included in the project as it was required to provide a seamless link to the main road.

5. Chief Engineer of the project, GoM explained that in the year 2038, the average total traffic, based on 5% traffic growth rate, is likely to be around 45,762 PCUs. Therefore, the concession period of 25 years has been proposed.

6. Adviser, Planning Commission pointed out that the toll policy has been fixed for 3 years and after that revision is proposed. It was recommended that the toll rate revisions be linked upfront to indexation adjusted for inflation, in line with the MoRTH's toll notification for National Highway (NH) roads being developed under PPP mode. Secretary, PWD, GoM, stated that this may be amount to change in policy and such policy change decisions can be taken up with the State Government separately; however, for the current proposal, the project may be approved under the proposed toll rate policy which is for a fixed period of 3 years and revised thereafter. The Chair advised the State Government that in future they consider adopting inflation linked indexation for the toll rates, in line with the MoRTH toll policy being followed at the national level.

**(Action: GoM)**

7. Representative of MoRTH stated that Toll Policy of Maharashtra prescribes 3 categories of toll rates; (a) projects costing upto Rs. 40 crore; (b) between Rs. 40 crore to Rs.100 crore and (c) over Rs. 100 crore upto Rs. 400 crore. For projects costing over Rs. 400 crore, separate and specific toll rates are not notified. Secretary, PWD, GoM stated that for projects costing over Rs. 400 crore also the toll rates are similar to the ones for the category in-between Rs. 100-400 crore. It is only for specific projects where the project costs are very high or may require higher toll rates, that the State Government has kept a margin for notifying higher toll rates. Thus, policy of toll rates for projects costing higher than Rs. 400 crore already exists and is incorporated in the State's Toll Policy notification. Accordingly, a clarification to this effect has also been provided to the members of EI in writing. Further, the Chair added that since the project cost for the instant proposal is lesser than Rs. 400 crore, this interpretation of State's toll policy is not applicable. In case MoRTH is desirous for conducting an assessment over the same, it may send a separate analysis to put forth its view to the EI for examination.

8. The Chair enquired about the status of land availability. Chief Engineer of the project indicated that 30 m land required for development of the 4-lane and 2-lane portions is already available. No additional land is required; hence land availability was not perceived an issue.

9. In recognition of the above, all the members of EI were in agreement to grant an in-principle approval to the project.

**10. The EI granted in-principle approval to the project for TPC of Rs. 289.87 crore with maximum GoI contribution towards VGF as Rs. 57.97 crore (20 percent of TPC), subject to fulfillment of the following conditions:**

- a. GoM shall confirm in writing that 80 percent of land is available along with the details of total land required, available land and balance land to be acquired.
- b. GoM shall undertake corrections in the project DCA in compliance with the observations of DEA, Planning Commission and MoRTH which have been agreed to by GoM in their response to the appraisal notes.
- c. GoM shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with the short listed bidders.
- d. GoM shall obtain clearances such as environment and forest clearance, before commencing work on the project site.

- e. GoM shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- f. GoM shall circulate the final documents to the members of the EI for record.

*(Action: GoM)*

**Agenda Item II: Proposal for development of Four-laning of Ahmednagar-Karmala road (SH-141) km 0.00 to km 80.6 road on DBFOT (Toll).**

**Total length: 80 km; Total Project Cost: Rs. 703.05 crore; Concession Period: 25 years including 2 years of construction period.**

**VGF from Government of India: maximum Rs. 140.61 crore (20% of TPC), VGF from Government of GoM: Rs. 21.09 crore (3% of TPC)**

**Major development works/ structures:** Major Bridge: 2 (new); Minor bridge for reconstruction/widenining: 20; Flyover: 1 at km 0.0 of SH 141; Culverts: 68; Toll plazas: 2 (at km 19 and km 55 on SH 141 having 16 lanes); Bus-bays: 10, with passenger shelters; Major road junctions: 26; Underpasses for cattle: 14; Retaining wall: 500 r.m; Gantries: 2; Parking lots: 2; Gutters: 8 km on each side; Utility crossing ducts: 50

11. Joint Secretary, DEA sought updated traffic details as data for the same appeared to have been collated in January 2012 and the proposal appeared to be justified only for 2-laning with paved side shoulders. Chief Engineer, GoM, for the project responded that traffic details have been updated in January 2013 and as per the indicated survey details, the average total traffic in the year 2014 may be 14,479 PCU at toll plaza 1 and 12,611 PCU at toll plaza 2 and the average total traffic being 13,554 PCU. Thus, it was requested that the proposal may be considered for the purposes of 4 laning. Also, upon date of expected COD, the project is likely to exceed the 15,000 PCU benchmark for four-laning.

12. Advisor, Planning Commission pointed out that there was a stretch of 10 km within the defense area, and thus, the position regarding land acquisition and clearance from the concerned agencies may need to be clarified. Secretary, PWD,GoM stated that the indicated stretch of 10 kms is already under possession with the State PWD and it only passes though the cantonment limit and no separate clearances may be required. Further, it was indicated that no toll plaza is envisaged in this 2-lane portion of the road. It was further clarified that the Ahmednagar bypass which is not a toll road shall be a link road to the instant road stretch and is under completion through State Government resources. It was further added that the State Government has the right of way (ROW) already available for undertaking the project work.

13. In response to a query raised by the Chair, Secretary, PWD of GoM confirmed that the toll plaza locations conform to the State's Toll Policy. Further, it was stated that the location of the toll plaza is with a gap of more than 35 km to 40 km of road stretch across the road including in the instant proposal.

14. In recognition of the above, all the members of EI were in agreement to grant an in-principle approval to the project.

**15. The EI granted in-principle approval to the project for TPC of Rs. 703.05 crore with maximum GoI contribution towards VGF as Rs. 140.61 crore (20 percent of TPC), subject to fulfillment of the following conditions:**

- a. GoM shall confirm in writing that 80 percent of land is available along with the details of total land required, available land and balance land to be acquired.
- b. GoM shall undertake corrections in the project DCA in compliance with the observations of DEA, Planning Commission and MoRTH which have been agreed to by GoM in their response to the appraisal notes.
- c. GoM shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents and the final DCA shall be shared expeditiously with the short listed bidders.
- d. GoM shall obtain clearances such as environment and forest clearance, before commencing work on the project site.
- e. GoM shall obtain prior approval of the EI on any change in TPC, scope of work or project configuration as noted above.
- f. GoM shall circulate the final documents to the members of the EI for record.

*(Action: GoM)*

**Agenda Item III: Proposal for development of Four/Six-laning of Talegaon - Chakan road (SH-55) km 0.00 to km 24.0 road on DBFOT (Toll)**

**Total length: 37 km; Total Project Cost: Rs. 1298.63 crore; Concession Period: 30 years including 3 years of construction period.**

**VGF from Government of India: maximum Rs. 259.72 crore (20% of TPC), VGF from Government of GoM: Rs. 220.76 crore (17% of TPC)**

**Major development works/ structures:** Major Bridge: 3 (new); Interchange: 2 at Mahalunge & Chakan/Urse; ROB: 2 at km 2.3 and km 1.22; Minor Bridge: 2; Culverts: 42; Toll plazas: 1 (at km 14 having 16 lanes); Bus-bays: 5, with passenger shelters; Major road junctions: 26; Underpasses for cattle: 24; Retaining wall: 500 r.m; Gantries: 13; Parking lots: 1; Gutters: 29 km on each side; Utility crossing ducts: 185; meidan verge of 2m: 37 km

16. Secretary, PWD pointed out that in the year 2008, a combined project starting from Talegaon –Chakan- Shikrapur-Nhavara-Chufula road (total 104 kms) was bid under the PPP mode for 4-laning. However, upon bidding, the tenders were found unworkable and thereafter, GoM, decided to divide the stretch in 3 sections. Further, it was indicated that from Chufula to Nhavara, for a road stretch of 53 kms, work order has already been awarded. Work order for another 26 km for Shikrapur-Chakan road stretch has been released and thus, the instant proposal is only for the remaining stretch that requires VGF for development under PPP mode and for continuing seamless movement of the traffic on the entire road corridor.

17. Advisor, Planning Commission sought clarification on the very high project cost amounting to Rs. 35 crore per km and stated that with such a huge project cost and with only 28,000 PCUs the project may not receive a bid and may be financially unviable. Chief Engineer of the project, GoM indicated that due to requirement for building many structures, the project cost is high. It was indicated that in the year 2017 and at expected COD, the total traffic is likely to be 38,650 PUC. Thus, the requirement for six-laning may be justified.

18. Advisor, Planning Commission enquired about the status of land acquisition. Chief Engineer of the project, GoM indicated that 60 percent of the land required is already available.

19. The Chair stated that as of now, based on the average total traffic the project appears not to be justified for 6-laning. Further, in view of the high cost and viability parameters, it may be advisable to restructure the project as a 4-lane road. The State Government was advised to relook at the project structure and viability parameters and revert. Further it was stated that details of land availability also need to be provided comprehensively.

*(Action: GoM)*

20. The members of EI were in agreement to defer the proposal until the aforementioned issues have been clarified.

21. The EI deferred the proposal and directed GoM to submit the revised project documents expeditiously for early re-consideration. It was stated that GoM may furnish responses and compliance statement. In addition, land availability details including the justification for the project cost and structures being proposed in the instant proposal may be provided.

*(Action: GoM)*

**Agenda Item IV: Proposal from Madhya Pradesh (MP) Warehousing and Logistics Corporation (MPWLC), Government of Madhya Pradesh (GoMP) for grant of in-principle approval for: Setting up of 50,000 MT modern food silo complex at 8 locations Viz: Ujjain, Satna, Dewas, Raisen, Sehore, Vidisha and Hoshangabad districts in MP under PPP framework.**

**Total number of proposals: 8 projects across 8 districts of MP:**

**Locations of projects:** (1) Ujjain District, Village Manpur, (2) Satna District, Village Mohari (3) District: Dewas, Village: Durgapura (4) District: Raisen, Village: Pandoniya (5) District: Sehore, Village: Murli (6) District: Vidhisha, Village: Patheri Haveli (7) District: Hoshangabad, Village: Junheta Bankhedi (8) District: Harda, Village: Bhagawad

**Total Project Cost for each of the 8 projects as per DCA:** Rs 30 crore

**Total Project cost for all 8 proposals combined:** Rs. 240 crore

**Concession Period:** 30 years, extendable by 10 years, and includes 12 months of construction period

**VGF expected from Government of India (GoI) for each project:** maximum Rs. 6.00 crore (maximum 20% of TPC)

**VGF expected from GoI for all 8 projects combined:** maximum Rs. 48 crore

**VGF expected from GoMP for each project during O&M period:** maximum Rs. 6.00 crore, i.e. 20% of TPC to be given as O&M support by GoMP during the first 5 years of operation period post COD.

**VGF expected from GoMP for all 8 projects combined during O&M period:** maximum Rs. 48 crore

**Major development works/ structures at each of the 8 project locations:** Number of Silos: 8 having minimum 10,000 MT; Silo diameter: 28 m, Total Storage Capacity: 50,000 MT at each project location, Food grain Intake system: minimum of 150 MT per hr and 1500 MT per day, Silos shall be constructed from corrugated galvanised steel Vehicle Parking Area: Minimum for 12 three axle trucks, 4 cars and 24 two wheelers, Weighing system: Minimum load of 50 MT, Cleaning System: 150MT per hr, Bagging System: 60 MT per hr, Designed area for storage of bagged food grains: 200 MT Covered

22. Deputy Secretary (PPP), DEA informed the members of EI that the proposals from GoMP are for setting up of Silos for foodgrains in eight locations of Madhya Pradesh and that these are not based on standardised/model documents. Thus, these proposals require detailed scrutiny by the members of EI for being considered for VGF approval. The RfQ and RfP documents have however already been issued and MPWLC has also shortlisted about 18 qualified bidders. Joint Secretary, DEA pointed out the RFQ and RFP for the above eight projects have already been issued, which is not in accordance with the provisions of the Scheme for Support to PPPs in Infrastructure ('VGF Scheme'). Thus, it presents a fait accompli to EI which may be avoided. The Chair agreed with these observations.

23. Managing Director (MD), MPWLC pointed out that they wanted to issue the documents at the earliest as they were keen on the projects being taken up early and prior to the setting in of the election code of conduct. It was further stated that the

matter was discussed with Planning Commission who also advised them to go ahead with the issuance of the RfP. The Chair observed that Planning Commission, is also a part of the EI, and hence cannot bypass the mechanism laid out for functioning of the EI and advise State Governments contrary processes. Proposal documents are to be scrutinized in detail by the EI, based on which changes may be required to project's contours. These modifications may include eligibility criteria, project structure and project scope etc. Thus, such changes in project's parameters affect the RfQ and the RfP and amendments in these documents at a later date has ramifications on the bidding processes, proposals viability and successful completion of project development. The Chair concluded that the EI mechanism cannot be taken for granted. Hence, Planning Commission should also not advise State Governments differently as they are a part of the EI. If necessary, a meeting could be set up by the EI Secretariat between DEA, Planning Commission and the State Government to expedite matters related to streamlining of project parameters. In addition, it was pointed out that even while the election code of conduct existed only award process may be impacted and internal appraisal processes by concerned bodies may continue within the procurement timeframes.

24. Director (SDF), Dept. of F&PD, stated that FCI is also looking at similar locations for setting up storage facilities; so more due diligence would be required before selecting the capacity and locations for setting up modern storage facilities. FCI is also looking at setting up silo capacities with railway siding. FCI is simultaneously running a Private Entrepreneur Guarantee (PEG) scheme, which capacity may lie unutilized in case excess storage capacity is created by various agencies. He was therefore in favour of bundling of capacities after careful choice of location, as suggested by DEA in their appraisal report.

25. MD, MPWLC stated that bundling of projects may be difficult at this stage as RfQ was already issued and there was very serious participation by bidders, 18 of whom have pre-qualified. On the RfQ, DS (PPP) requested that the RfQ be shared with the EI and inquired whether the RfQ was in conformity with the model RfQ issued by Dept. of Expenditure, MoF, GOI. MD, MPWLC confirmed that the RfQ was the standard RfQ as prescribed by GOI. He was requested to furnish a copy of the RfQ issued for examination by DEA.

*(Action: MPWLC)*

26. Joint Secretary, DEA reiterated the observation that there was deficit in storage capacities in 4 of the 8 districts whereas in the remaining 4, there was surplus storage capacity, which did not justify creation of additional storage capacities. This also justified bundling of projects, which would lead to economies of scale, besides lessening administrative work.

27. MD, MPWLC clarified that this has to be viewed in the context of total storage capacity available vis-a-vis arrival of wheat at the Mandis. He pointed out that the total storage capacity available at the district level has been assessed by the consultants, but the same can also be used for other commodities like paddy, rice, soya, etc, whereas the entire storage capacity available is shown for wheat. Hence, it would be essential to do a comprehensive analysis of storage capacity in each district. Thus, it would be necessary to compare total storage capacity with total requirement and further fine tune it between food grains and other commodities. He further added that MPWLC has been careful to choose only wheat producing districts for creation of silo capacities. Silo capacity is only a small percentage of the total storage capacity, he added, stating that GoMP's intention is to augment the existing storage capacity of 90 lakh MT (approx) to 150 lakh MT in the next two years.

28. The Chair observed that a holistic approach would be in order but at the same time individual district requirements should also be assessed. The Chair requested MPWLC to justify creation of silo capacity in each district. Director, (SDF), Dept. of F&PD also desired to examine the total capacity needed and justification for silo capacity creation in each district.

*(Action: MPWLC, Dept. of F&PD)*

29. JS(Infra), DEA wanted to know the reasons for inclusion of real estate development as part of the scope of work. MD, MPWLC clarified that a small part of the land, amounting to 1 acre out of a total of 8 acres, was proposed to be earmarked for this purpose. He clarified that this was not real estate development in the normal sense of the term but would comprise of agri-related activities like flour mills, farmers' convenience stores, etc. Joint Secretary, DEA pointed out that real estate development and VGF cannot be clubbed together. The Chair also observed that if these were essential activities, then 1 acre land can be segregated and MPWLC could carry on these activities separately. Some of these activities, if considered essential, could be included as project facilities rather than being earmarked as real estate development. Any windfall profits from the real estate development at a future date would call into question the rationale for permitting such activities and providing VGF in the first place..

30. The Chair sought clarifications as to what may happen in case MP is no longer a decentralized procurement state. MD, MPWLC clarified that procurement will still happen for other agencies. The Chair also wanted to know about not capping the VGF assistance at 40%. Advisor, Planning Commission confirmed that this as well as few other major concerns of DEA like sale of food grains, mortgage of site, the period of concession, etc were all agreed to by MPWLC and corrected in the revised documents. This was also confirmed by MD, MPWLC.

31. The members of EI desired that MPWLC submit the RfQ, RfP and the revised draft Storage Agreement for examination by them.

*(Action: MPWLC)*

32. The Chair opined that similar facilities were being created by FCI through their ongoing PEG Scheme as well as through silos. MPWLC was therefore, requested to re-assess the overall capacity being created location wise and justify creation of additional storage capacity in each district..

*(Action: MPWLC)*

33. In view of the above, members of EI were in agreement to defer the proposals until receipt of revised documents and various information /details as stated above.

34. The EI deferred the proposal and directed MPWLC to submit all the supporting documents including the RfQ/RfP, revised draft storage agreement, justification for capacity creation at each location in line with appraisal notes of the members of EI.

*(Action: MPWLC)*

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

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

**48<sup>th</sup> Meeting held on September 4, 2013**

**List of Participants**

**I. Department of Economic Affairs, Ministry of Finance**

1. Shri Shaktikanta Das, Additional Secretary (**In Chair**)
2. Ms. Sharmila Chavaly, Joint Secretary
3. Smt. Abhilasha Mahapatra, Deputy Secretary

**II. Planning Commission**

4. Shri Ravi Mittal, Advisor
5. Shri K.R. Reddy, Consultant

**III. Ministry of Road Transport and Highways**

6. Shri Amarendra Kumar, SE (PPP)
7. Shri Varun Aggarwal, EE
8. Shri Rupesh Srivastava, AEE

**IV. Government of Madhya Pradesh**

9. Shri Sheo Shekhar Shukla, Managing Director, Madhya Pradesh Warehousing & Logistics Corporation (MPWLC)
10. Shri J. K. Dubey, Chief Engineer, MPWLC

**V. Government of Maharashtra**

11. Shri S.K. Mukharjee, Secretary, PWD
12. Shri C.P. Joshi, Chief Engineer (CE), Mumbai
13. Shri M.H. Jalkote, CE, Nashik
14. Shri Eknath Ugile, CE, Pune
15. Shri U.K. Aher, S.E, Aurangabad
16. Shri D.G. Malekar, SE, Pune

17. Shri Kshirsagar M.T, S.E, Aurangabad
18. Shri M.N. Dekate, Deputy Secretary (PR), PWD, Mantralaya, Mumbai
19. Shri A.S. Khaire, E.E, Ahmednagar
20. Shri G.B. Choure, E.E, PR

**VI. Ministry of Consumer Affairs, Department of Food and Public Distribution.**

21. Shri Adhir Jha, Director (SDF), Department of F&PD
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