

Subject: Minutes of 7th meeting of the Empowered Institution held on 14.11.2006.

The 7th meeting of the Empowered Institution (EI) to consider proposals received for Viability Gap Funding (VGF) was held on 14.11.2006 at 3.00 PM. The list of participants is annexed.

2. The Empowered Institution considered the following proposals:

- (1) Four-laning of Ahmedabad-Viramgam road in Gujarat
- (2) Four Laning of following State Highways in Madhya Pradesh
 - a. Bhopal, Devas
 - b. Joura-Nnayagaon
 - c. Lebad Nayagaon
- (3) Ro-Ro Ferry services in Gulf of Cambay, Gujarat
- (4) Obulavaripalle-Krishnapatnam Rail Line Project – RVNL

Four-laning of Ahmedabad-Viramgam road in Gujarat

3. Empowered Institution noted that earlier 'in principle' approval was given to the proposal of GIDB for four-laning of Ahmedabad-Viramgam road, subject to the condition that the Project Authorities would revalidate the cost and traffic survey. GIDB in response has furnished a revised proposal with revalidated project cost and traffic survey. The revised proposal of Ahmedabad-Maliya involves a longer stretch of road of 184 km as against 48 km in the initial proposal with an almost 4-fold increase in the capital cost. Hence the earlier "in principle" approval cannot be applied to the revised proposal. GIDB was requested to either pursue with the original proposal of Ahmedabad-Viramgam in which case they could go ahead with the bidding or submit a revised proposal for "in principle" approval, if they wish to pursue the extended scope of the project. To expedite the process, it was suggested that the State Government could consider adopting the Model Concession Agreement (MCA) for State Highways and the Manual of Standards and Specifications issued by the Indian Road Congress. In this event, the Empowered Institution would consider only the deviations, if any, made by the Project Authorities in the model documents and the proposal can be considered within a fortnight from submission of the final documents by the GIDB.

Four Laning of State Highways in Madhya Pradesh

4. Madhya Pradesh Road Development Corporation Limited (MPRDC) informed that out of the three proposals submitted under the VGF scheme, they wish to withdraw the proposal for four-laning of Lebad Nayagaon where there is still lead time available and thus for this project, they would adopt the MCA for State Highways issued by the Planning Commission and re-submit the proposal subsequently. MPRDC requested grant of "in principle" approval to the other two projects.

5. The Empowered Institution noted that the proposal was on the same lines as approved for Madhya Pradesh earlier and hence granted "in principle" approval.

Ro-Ro Ferry services in Gulf of Cambay, Gujarat

6. The proposal was discussed in detail and it was noted that it was a novel venture and should be supported by GOI. However, it was pointed out that GOI grant funds cannot be utilised to support monopoly infrastructure services. Hence to address certain deficiencies in the proposal and to make it conform to the VGF Scheme, the Project Authorities were requested to:

- (a) Designate/notify the tariff fixing authority;
- (b) Lay down upfront the methodology for fixing tariff and third party use;
- (c) Incorporate suitable provisions in the concession agreement to enable third party use;
- (d) While the bid will be invited for the integrated project, the VGF would be applied only to fund the terminal cost.

Obulavaripalle-Krishnapatnam Rail Line Project - RVNL

7. The Empowered Institution noted that as the proposal did not conform to the mandatory conditions of the VGF Scheme, it cannot be considered unless the Project Authorities are willing to revise the proposal to bring it in conformity with the Scheme.

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