

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

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

16th Meeting on December 12, 2012

The 16th meeting of the Empowered Committee (EC) for the Scheme for Support to PPPs in Infrastructure chaired by Secretary, Economic Affairs was held on December 12, 2012. The list of participants is annexed.

2. The EC noted that there were three proposals for grant of in-principle approval for Viability Gap Funding (VGF) support:
 - i. Development of six-lane expressway of Mumbai Trans Harbour Link connecting Sewri to Nhava (VGF sought: Rs 1926 crore);
 - ii. Four Laning of Chandwad-Manmad-Nandgaon section of SH-24 in Maharashtra (VGF sought: Rs 104.28 crore)
 - iii. Four laning of Sambalpur Rourkela section of SH-10 section in Odisha (VGF sought: Rs 258.51 crore)

3. The EC noted that the Scheme for Support to PPPs in Infrastructure prescribes that VGF up to Rs 100 crore for each project may be sanctioned by the Empowered Institution (EI), proposals for VGF up to Rs 200 crore may be sanctioned by the EC, and amounts exceeding Rs. 200 crore may be sanctioned by the EC, with the approval of the Finance Minister. In accordance with the Guidelines of the Scheme, the projects have been examined by the members of the EI, the EI has considered the proposals and recommended them to the EC for grant of approval.

Agenda Item I: Proposal from Government of Maharashtra (GoM) for grant of in-principle approval for: Development of six-lane expressway of Mumbai Trans Harbour Link (MTHL) connecting Sewri on Mumbai island to Nhava on main land on BOT (Toll) basis.

Total length: 21.973 km; Total Project Cost: Rs. 9630 crore; Cost of pre-construction activities to be financed by MMRDA: Rs. 500 crore; Concession Period: 35 years (including 5 years of construction period). VGF from Government of India: Rs. 1926 crore (20% of TPC)

Major development works/ structures: Six lane expressway of Mumbai Trans Harbour Link (MTHL) connecting Sewri on Mumbai Island to Nhava on the main land; Sewri Interchange; Approaches at Sewri; Approach Ramps to MTHL from elevated Eastern Freeway; Elevated Sewri-Worli Connector from Messant Road & local road network - 0.750 km Bridge Structure across Creek – 13 (17.37 KM); Land Viaduct : Road on Viaduct up to Interchange at Chirle; Toll Plazas – 2 at km 19.37 (main as per six lane of NH) and at km 17.342 (mini on Interchange ramp) including interchanges at Coastal Road, SH 54 and NH 4B – 3.853 km; ROB -2 at km 18.39 and km 21.333

Other Activities : Real estate: one hectare land in Sec -15 and 16-a of Ulwe node of CIDCO. Navi Mumbai restricted to 0.01 million sq.ft, land for casting yard: 15.17 ha. Land at Sewri site, and 18.97 ha. at Shivaji nagar, to be handed back to GoM. after COD

4. The Metropolitan Commissioner, MMRDA presented a short walkthrough video which highlighted the major attributes of the project, the need of the project and the advantages it offered in terms of decongestion of the island city of Mumbai through connectivity to the mainland region. Metropolitan Commissioner, MMRDA emphasised that the project was more in the nature of a development generating project rather than a mere transport project. It would not only provide connectivity, but also add economic value through development of the Navi Mumbai region. The bridge would reduce the travel time for the region by over an hour. However, the it is difficult to project the likely traffic on the Trans-harbour link since it is a green field project, dependent upon the coming up of the Navi Mumbai Airport and other developments in the region. Hence, the traffic on the project is uncertain and expected to be back ended. MTHL would be amongst the longest sea bridges in the world and first of its kind in India. The project is proposed for bidding after two previous failed bid attempts. The reason for the past failures included high risk perception by the bidders.

5. The Chair queried about the specific steps that MMRDA has taken to mitigate the risk perception of the bidders. The Metropolitan Commissioner informed that for the current bid process, a number of studies including geological studies have been carried out to remove uncertainties to the extent possible. Further, bidders appear to repose greater confidence in MMRDA as a project implementing agency owing to its robust financial position. The Metropolitan Commissioner mentioned that MMRDA is engaged in construction of road connectors costing about Rs. 1600 crores, such as East-West Connector, approach roads at Chirle and Sewri as well as the Eastern Freeway project. All these projects are contributing to better connectivity to MTHL. It was also pointed out that efforts have been made to mitigate regulatory risks with clearances from MoEF, CIDCO, MbPT and other organizations already in place. The project has been successful in attracting the interest of leading global players.

6. Metropolitan Commissioner, MMRDA indicated that the project is being constructed close to numerous sensitive installations like BARC and the two Mumbai ports, and that the construction is of greater complexity than normal. Further, the project carries traffic risk due to dependence on development in Chirle, the commissioning of Navi Mumbai airport as well as the construction of the East West connector. If any risk on construction or traffic materializes, it has the potential to negatively impact the returns and bankability. Hence, it was important to have a longer concession period that provides sufficient tail period to service and refinance the debt.

7. The Metropolitan Commissioner explained that owing to the complex nature of the project and concomitant risks, the Equity IRR expectation of bidders was about 17%. He mentioned that factoring the risks, bankability aspects and return expectations, it was necessary to keep the concession period in the range of about 35 to 40 years. The Metropolitan Commissioner highlighted that the provisions of the DCA prescribe a safeguard measure that in the event the traffic were to exceed specified PCUs, the concession period would be reduced. He requested that the approval by the EI provides a concession period of 30 years, extendable by a further period of 5 years if the designed capacity of the project has not been breached. He requested that this may be changed to allow a concession period of 35 years, which may be reduced if the breach capacity of the project is reached earlier.

8. All the members of the EC agreed to extend the concession period to 35 years, which could be curtailed based on traffic and designed capacity of the project.

9. OSD, PPD, Department of Expenditure queried whether there was any possibility of a rethink on tolling of stretches in Maharashtra. The Metropolitan Commissioner confirmed that no such likelihood was expected to influence the decision on the instant project.

10. The Chair advised MMRDA to incorporate a provision in the Concession Agreement to enable electronic tolling and real time vehicle classification and counting. He advised that this information may also be made available to the public at large through a designated web portal of the project or the website of MMRDA. This would also ensure that MMRDA is informed about the actual traffic and the revenues earned by the Concessionaire. This was agreed to.

(Action : MMRDA)

11. The Metropolitan Commissioner informed that the MMRDA was considering enhancing the commercial development component of the project to extend it from 0.1 million square feet to 0.8 million square feet. Additional Secretary, DEA and the Chairperson of the Empowered Intuition of the Scheme observed that this would require the appraisal of the project financial to be examined afresh. The Chair advised that MMRDA may consider bidding the project with the existing project parameters which have been examined and deliberated at length by the members of EI. Metropolitan Commissioner agreed with the suggestion.

12. All members of the EC were in support of grant of in-principle approval for VGF support to the project. MMRDA was requested to send the final, legally vetted project documents to the members of EI/EC for record.

13. The Empowered Committee **recommended the project proposals to the Finance Minister** for grant of **in-principle approval** for viability gap funding of Rs. 1926 crore in respect of the project.

(Action: DEA and MMRDA)

Agenda Item II: Proposal from Government of Maharashtra (GoM) for grant of in-principle approval for two/ four laning of Chandwad-Manmad-Nandgaon Road section of SH-24 from km 0.000 to km 47.200 and km 0.000 to km 16.900 of SH 16 alongwith construction of Manmad and Nandgaon by-pass under DBFOT.

Total length: 65.66 km (4-lane- 43.13 km, 2-lane- 20.83, Service road-1.70 km at Chandwad); Total Project Cost: Rs. 521.44 crore; Cost of pre-construction activities to be financed by GoM: Rs. 34.80 crore (including byback cost of Rs. 17.40 crore); Concession Period: 20 years including 3 years of construction period. VGF from Government of India: Rs. 104.28 crore

Major development works/ structures: Major Bridges: 9; Minor bridges: 16; RoBs: 2, Bypass: 2 (Manmad by-pass of 4-lane- 11.720 km & Nandgaon bypass of 2-lane-5.63 km); Underpasses-11, Junctions improvements: 27; Toll plazas: 2 of 16 lane (at km. 6.5 at Village Dugaon & km 6.22 at Manmad by-pass); Culverts-112, Bus bays-13, Service duct for pipeline crossing- 34.

14. Director, DEA indicated that the proposal for Two/four laning of Chandwad-Manmad-Nandgaon Road was considered by EI in its 41th meeting held on July 17, 2012 and recommended for in-principal approval to the EC for VGF support upto Rs. 104.28 crore under the Scheme subject to the condition that GoM shall provide a detailed note to members of EI on the two existing toll plazas/concessions on the project stretch as well as the proposed buy back arrangement and shall circulate the final documents to the members of the EI for record.

15. Deputy Secretary, PWD, GoM, informed that the compliance along with a detailed note on toll buy back arrangements has been shared with the members of EI. He also stated that the proposal will be legally vetted after the approval of the project by the EC. This was agreed to.

16. The Chair enquired about the tentative dates of COD for the project. Deputy Secretary, PWD, GoM informed that the tentative date for the COD will be September 2013.

17. All members of the EC were in support of grant of in-principle approval for VGF support to the project.

18. The EC granted **in-principle approval to the project for TPC of Rs.521.44 crore with VGF up to Rs.104.28 crore (20 percent of TPC)** under the Scheme, subject to the fulfillment of the following conditions:

- a. GoM shall ensure that the legal vetting of the revised documents is undertaken to ensure that there are no discrepancies in the contract documents.
- b. GoM shall circulate the final documents to the members of the EI/EC for record.

(Action: GoM and DEA)

Agenda Item III: Proposal from Government of Odisha (GoO) for grant of in-principle approval for: Four-laning with paved side shoulder in Sampalpur to Rourkela section of SH-10 start from km. 4.900 to km 167.900 on BOT (Toll) basis.

Total length: 161.737 km; Total Project Cost: Rs. 1292.56 crore; Cost of pre-construction activities to be financed by GoO: Rs. 186.35 crore; Concession Period: 22 years including 3 years of construction period. VGF from Government of India: Rs. 258.51 crore (20% of TPC)

Major development works/ structures: Major Bridges: 6; Minor bridges: 39; ROB: 3; Flyovers: 2; Bypass: 2 of 14.065 km at Rengalai and Jharsuguda; Service road: 26.017 km; Culverts: 328; Major junctions improvements: 13; Toll plazas: 3 (km. 17.025, km 71.853 & km 150.075); Minor road junctions: 255; Truck laybys: 8; Bus-bays/shelters: 26, Realignment: 1 location of 1.40 km; VUP: 4; PUP: 12; Reptile/ Elephant underpass: 6

19. Director, DEA informed that Government of Odisha has posed the project for VGF support and thereafter restructured the project in compliance with the appraisal notes of members of EI. The proposal was, thereafter, considered by EI in its 42nd meeting held on September 25, 2012 and recommended for in-principle approval to the Empowered Committee for VGF support of Rs. 258.51 crore.

20. All members of the EC were in support of grant of in- principle approval for VGF support to the project.

21. The Empowered Committee **recommended the project proposal to the Finance Minister** for grant of **in-principle approval** for viability gap funding of Rs 258.51 crore in respect of the project.

(Action: GoO and DEA)

22. The meeting ended with vote of thanks to the Chair.
