

**Subject: Minutes of the 1st meeting of the Empowered Committee under the Viability Gap Funding Scheme held on 13.11.2006.**

The 1st meeting of the Empowered Committee (EC) under the Viability Gap Funding Scheme (VGF) was held on 13.11.2006 at 3.00 PM. The list of participants is annexed.

2. The Empowered Committee considered the proposal received from Government of Maharashtra regarding the Mumbai Metro Rail Project.

3. The Empowered Committee took note of the recommendations of the Empowered Institution on the above project and noted as follows:

- (a) The project needs to be implemented and the GOI is committed to facilitate the implementation of the project.
- (b) The project was considered by Ministry of Urban Development (MoUD) over a period of two years and the Ministry has been apprised of the developments at each stage by the Government of Maharashtra.
- (c) GOI assistance to the project could be given either under the VGF Scheme notified by DEA in 2005 or under an existing scheme administered by the MoUD.
- (d) The project was bid before the approval of the VGF Scheme in July, 2005 and it cannot be considered under the VGF scheme since it has only prospective effect and cannot be applied to projects that were bid before its approval by the Government. Further as the 'in-principle approval' of the Empowered Institution was not obtained before inviting Financial Bids it would not be feasible to make changes in the bidding documents/concession agreement to conform to the VGF Scheme at this stage.
- (e) Several proposals have been rejected in the past by DEA under the VGF Scheme on the grounds that the bids were invited prior to the notification of the scheme. In case the above project is considered under VGF Scheme, it would not only be contrary to the precedent but also enable various entities to forward old proposals under the VGF Scheme. It would thus not be considered prudent to provide assistance to the project under the VGF Scheme.
- (f) MoUD administers two schemes under which assistance could be provided to the above project, viz. JNNURM and Viability Gap Funding. A decision could be taken by MoUD to provide the necessary funds under any one of these schemes for the above project. It was noted that a budget provision of Rs. 30 crore was available in the current year budget of MoUD for providing viability gap assistance. Should there be need for enhancing the fund allocation under either of the Schemes to accommodate this project, this could be considered by the Government.

4. In view of the above the Empowered Committee recommended that the project be funded by the MoUD under its viability gap funding scheme/JNNURM

and Planning Commission would be requested to extend the necessary assistance in providing additional resources for the requirements of this project. The present proposal is the first corridor being developed by Government of Maharashtra and it proposes to build 8 more corridors under the MRTS project for Mumbai. These could be posed under the VGF Scheme administered by DEA. MoUD would advise Govt. of Maharashtra to submit these proposals to the Empowered Institution in accordance with VGF Scheme, if funding is envisaged under the VGF Scheme.

5. The meeting ended with a vote of thanks to the chair.

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