

F. No. 2/14/2016-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(Infrastructure Section)

North Block, New Delhi
Dated the 14th March, 2017

OFFICE MEMORANDUM

Subject: Record of Discussion of 28th Meeting of the Empowered Committee (EC) for the Scheme for Financial Support to PPPs in Infrastructure (Viability Gap Funding Scheme) - reg.

The undersigned is directed to enclose a copy of Record of Discussion of 28th Meeting of the EC for the grant of VGF under the Scheme for Financial Support to PPPs in Infrastructure held on 3rd January, 2017 on the project - 4-Laning (with paved shoulders) of Muzaffarnagar-Saharanpur via Deoband Road Section of SH-59 in the State of Uttar Pradesh and Status of Quarterly Progress Reports of approved VGF projects for information and necessary action.

Encl: as above


(Nitish Saini)
Assistant Director (Infra)
Tel No. 23095158

1. Finance Secretary & Secretary (Expenditure), Ministry of Finance, North Block, New Delhi.
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi.
3. Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
4. Shri S.K. Gupta, Member (Finance), U.P. State Highways Authority, 4th Floor, Kishan Mandi Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow – 226010.

Copy to:

1. Sr. PPS to Secretary (EA),
2. PS to JS (Infra),
3. PS to Director (Infra),
4. DD (PPP) for uploading on pppinindia.gov.in website.

*MIS expert
for uploading.*

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

28th Meeting on 3rd January, 2017

Record Note of Discussions

The twenty eighth (28th) meeting of the Empowered Committee (EC), chaired by Secretary, Department of Economic Affairs (DEA) was held on January 3, 2017. The list of participants is attached.

The EC noted that Uttar Pradesh State Highways Authority (UPSHA), Government of Uttar Pradesh (GoUP) has forwarded a proposal for "Four Laning (with paved shoulders) of Muzaffarnagar-Saharanpur via Deoband Road Section of SH-59 from Km. 0.000 to Km. 52.950 in the State of Uttar Pradesh through PPP on DBFOT (Toll) Basis)" seeking final approval of viability gap funding (VGF) under the Government of India's Scheme for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme).

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.

Agenda Item I: Proposal from Uttar Pradesh State Highways Authority (UPSHA), Government of Uttar Pradesh (GoUP), for grant of final approval of VGF under the GoI's VGF Scheme for 4-Laning (with paved shoulders) of Muzaffarnagar-Saharanpur via Deoband Road Section of SH-59 from Km. 0.000 to Km. 52.950 in the State of Uttar Pradesh through PPP on DBFOT (Toll) Basis).

S. Jaiswal

Project Details: Length: 52.95 Km.; Total Project Cost: Rs. 752.88 crore; Concession Period: 23 years including 2 years of construction period

Major development works/ structures: Service Road: 14.65 Km.; Flyover/Elevated structure: 01; Major Bridge: 01; Minor Bridge: 03; VUP: 04; Culverts (Reconstruction/widening/New): 66 nos. (Pipe culverts: 29 nos.; Slab culverts: 14 nos.; Box culverts: 23 nos.), Major/Minor Junctions: 07/66; Bus bays: 09; Toll Plaza: 1 no. near Km. 8.60

VGF sought: Rs. 150.576 crore (i.e. 20% of TPC of Rs. 752.88 crore) as VGF support from GoI

2. Joint Secretary, (Infra) informed the EC that the project was earlier approved by EI in its 60th meeting held on November 03, 2014 and thereafter, in the 22nd meeting of EC held on December 23, 2014. The EI and EC had granted in-principle approval to the project for total project cost (TPC) of Rs. 752.88 crore, and VGF of Rs. 150.576 crore (20% of TPC), with maximum GoI contribution towards VGF under the Scheme. It was decided in the 22nd Meeting of EC that proposals based upon model documents may be considered directly by the EC, dispensing with EI-level examination as had been the procedure until then. Therefore, the instant proposal for final approval has been placed before EC.
3. Member (Finance), UPSHA presented the proposal. It was informed that based on competitive bidding, UPSHA has awarded the project to the consortium of APCO Infratech Limited (74%) and Chetak Enterprises Limited (26%), which quoted lowest grant of Rs 301.15 crore (40% of TPC). As recorded during the 60th EI and 22nd EC, 20% of the VGF would be disbursed by GOI and the balance amount of VGF is to be disbursed by the State Government. M/s Deoband Highways Private Limited (DHPL) a special purpose Vehicle (SPV) incorporated on April 23, 2015 by the selected bidder for implementation of the Project had signed the Concession Agreement (CA) with UPSHA on May 29, 2015.
4. Member (Finance), UPSHA further stated that all State clearances and approvals including for shifting of utilities, etc., have already been obtained, and about 30% of construction work has already been completed, with Concessionaire having made its full equity contribution.

Basini

5. The Chair desired to know the reason behind delay in Appointed Date which was November 25, 2015 as per the executed Concession Agreement but, the actual appointed date, recorded was March 18, 2016. Member (Finance), UPSHA explained that the Concessionaire had earlier requested extended Condition Precedent period due to delay in achieving Financial Closure stating the reason as downtrend in the infrastructure sector due to constrained economic position. Accordingly, extension was granted by UPSHA. However, all Conditions Precedents were subsequently met and the project is under construction.
6. Director (DoE) desired to know the number of bidders who participated in the bidding process. Member (Finance), UPSHA stated that two bidders had participated. Additional Secretary (Investment) asked why, despite the Project Highway expecting to cater to high volume of traffic, number of bidders was low and a 40% VGF was required. It was clarified by the representative of UPSHA that due to the congested stretches, provision of Service Road and elevated structures, the lowest bid was for 40% VGF.
7. All members of the EC were in agreement to approve the request of UPSHA to give the total VGF support for the project during the construction period.
8. The EC granted final approval to the project for 4-Laning (with paved shoulders) of Muzaffarnagar-Saharanpur via Deoband Road Section of SH-59 from Km. 0.000 to Km. 52.950 in the State of Uttar Pradesh through PPP on DBFOT (Toll) Basis) for TPC of Rs. 752.88 crore with the total VGF Rs. 150.576 crore (i.e. 20% of TPC of Rs. 752.88 crore) as VGF support from GoI under VGF Scheme subject to UPSHA, Government of Uttar Pradesh providing in writing the following details:
 - (a) Reasons for delay in appointed date to March 18, 2016;
 - (b) Confirmation of receipt of clearances from State Government with regard to Utilities etc.;
 - (c) The number of bidders who had participated in the bidding;
 - (d) The extent of construction completed;

S. Salim

(e) Confirmation of the equity contribution by the Concessionaire.

(Action: UPSHA/GoUP)

Agenda Item 2: Status of Quarterly Progress Reports of approved VGF projects

9. Joint Secretary, (Infra) informed the EC that as part of project monitoring and as per Clause 4 of the Tripartite Agreement signed in respect of the projects approved under the Scheme & Guidelines for Financial Support to PPP in Infrastructure, Lead Financial Institutions (LFIs) are required to send quarterly basis progress reports of the projects to the Empowered Institution (EI), together with brief description of causes for slippages/ non-compliances, if any. Joint Secretary, (Infra) stated since 2013, DEA has been rigorously seeking improvement in quality of and has even brought this to the notice of Governor, RBI. Need for improvement in role of LFIs was also mentioned in the Kelkar Committee Report.
10. DEA has compiled the information on this and a brief presentation was made on approved VGF projects.
11. Joint Secretary, (Infra) stated that to date, 59 projects have been granted final VGF approval worth Rs 33,000.33 crore with approved VGF grant amounting to Rs 5860.12 crore. Out of 59 projects, 100% VGF has been released for 23 projects, 5 projects have been terminated before disbursement of VGF grant. Disbursement is under progress for 25 other projects and Tripartite Agreement is to be signed for 6 projects. Out of the on-going 25 VGF disbursement cases, one (1) project is stalled and 2 projects were terminated after commencement of VGF disbursement.
12. The Chair desired to know whether there is any delay in achieving the COD, in the 23 projects for which 100% VGF has been released. Joint Secretary, (Infra) stated that all these projects have achieved COD. The Chair raised concerns on the terminated and stalled projects, where VGF disbursement has been made, and desired examination by Infra. Division to recover such VGF disbursements.
13. The meeting ended with a Vote of Thanks to the Chair.

Government of India
Ministry of Finance
Department of Economic Affairs
Infra. Section

Empowered Committee for the
Scheme to Support Public Private Partnerships in Infrastructure
28th Meeting on 3rd January, 2017

List of Participants

I. Department of Economic Affairs

1. Shri Shaktikanta Das, Secretary (In Chair)
2. Shri Ajay Tyagi, Additional Secretary (Investment)
3. Ms. Sharmila Chavaly, Joint Secretary (I&E Division)
4. Shri Nitish Saini, Assistant Director (Infra.)

II. Department of Expenditure

5. Shri Rajiv Wadhawan, Director (PF-II)

III. Ministry of Road Transport & Highways

6. Shri Sanjeev Kumar, S.E.

IV. Uttar Pradesh State Highways Authority (UPSHA), Government of Uttar Pradesh

7. Shri Sushil Kumar Gupta, M(F), UPSHA
8. Shri Md. Haroon Rasheed, M(T), UPSHA
9. Shri K.C. Sahoo, Consultant, UPSHA
10. Shri A. Pandey, Consultant, UPSHA.