

North Block, New Delhi
Dated 23rd December, 2021

Office Memorandum

Subject: Record of Discussion of the 39th Meeting of the Empowered Committee for considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode by FCI– reg.

The undersigned is directed to forward Record of Discussion of the 39th Meeting of the Empowered Committee for considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis on PPP mode by FCI, held on 13th December, 2021, for information and necessary action.

Encl: As Above


(Dr. Molishree)

Deputy Secretary to the Government of India

To,

1. Finance Secretary & Secretary, D/o Expenditure, North Block, New Delhi
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi
3. Secretary, D/o Food and Public Distribution

Copy to:

1. Sr. PPS to Secretary, DEA
2. Sr. PPS to Joint Secretary (ISD), DEA

Record of Discussion of the 39th Meeting of the Empowered Committee for considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis on PPP mode by FCI

The 39th Meeting of the Empowered Committee chaired by Secretary, DEA was held on 13th December, 2021 at 4.30 PM for considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis on PPP mode by FCI. List of attendees is placed at **Annexure – I.**

Particulars	Description
Name of the Project	Development of Food Grain Silos at Kaimur and Buxar
Type of PPP (BOT, BOOT, BOLT OMT etc.)	Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode
Location (State/District/Town)	Bihar
Central Ministry / State Government/	Department of Food and Public Distribution
Statutory Authority proposing the project as owner of the underlying assets	Food Corporation of India
Project Description	Development of the Silo Complex at the two locations (capacity 50,000 MT each of which 12,500 MT will be rice Silos & 37,500 MT will be wheat Silos) together as a cluster
Concession Period	31.5 years
Project Construction Timelines	1.5 years (18 months)
Project Cost as approved at the time of In Principle Approval	Total project cost for 2 locations: Rs. 32.64 Cr. x 2 = Rs. 65.28 Crores
Project Cost as estimated by LFI	Rs.77.44 Crores
Viability Gap Funding from Central Government as approved at the time of In Principle Approval	20% of TPC i.e. upto Rs.13.056 Crore
Viability Gap Funding from FCI as approved at the time of In Principle Approval	Nil
Viability Gap Funding from Central Government as discovered through bid (Final Approval)	11.72 % of TPC i.e. Rs 7.65 crore
Viability Gap Funding from FCI as discovered through bid (Final Approval)	Nil

1. On behalf of the Chair, JS, ISD welcomed the attendees to the meeting. It was apprised that the agenda for the meeting was considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance,

Operate and Transfer (DBFOT) basis under PPP mode by FCI. The EC was informed that In-Principle approval for VGF support of upto 20% of the Project Cost was received from Empowered Institution (EI) in its 73rd meeting held on 01.09.2016.

2. EC was apprised that the project documents have been duly circulated to all EC Members and their appraisal have been forwarded to FCI for their response which have also been since received. Thereafter, FCI was invited to make the presentation.
3. FCI informed that it had identified two locations Kaimur and Buxar in Bihar, which would be piloted for implementing the PPP framework developed for creation of silo facility. FCI estimated a silo capacity of 50,000 MT each required at the two identified location which also involved storage of rice besides to wheat. This would be first of its kind project for FCI. The cluster approach leading to two locations selected was aimed at deriving scale related benefits that would accrue if silos at these locations would be developed simultaneously as a single project. This includes the benefits of procurement and consumption centres both being addressed in a single cluster.
4. FCI informed that all conditions of In Principle Approval were complied with and revised project documents were also shared with DEA and DF&PD before the bid process. FCI informed that two stage bidding process was adopted with bidding parameter being lowest Grant or Highest Premium. The RFQ was floated on 07.12.2016 and opened on 10.02.2017. Ten Bidders participated and all were found qualified to participate at RFP stage. The RFP was floated on 10.04.2017 the Financial Bids were opened on 30.06.2017.
5. FCI also informed that the project is awarded to M/s National Collateral Management Service Ltd. with the Lowest Grant of Rs.7.65 Crore (11.72% of TPC) on 28.08.2017, Concession Agreement was signed with SPV M/s NCML KB Pvt. Ltd. on 15.01.2018 and the Financial Close (by LFI) was announced on 18.12.2018. Further, Land at both Kaimur & Buxar locations was transferred in the name of FCI on 20.08.19 & 28.08.19 respectively. Also, Appointed Date for commencement of concession period was notified on 05.11.2019 with project appraisal by LFI (Yes Bank) received on 29.12.2020. Till date, approx. 47% construction work has been completed at Buxar & Kaimur silo projects. Further, due to Force Majeure event of COVID-19, Scheduled Completion Date has been extended till December, 2021 and construction of the project is expected to be completed by March, 2022.
6. The Chair observed that substantial time period has lapsed since granting of In Principle Approval in 2016 and submission of project for Final Approval in 2021. The Chair also enquired regarding initial chilling costs.
7. Thereafter, with the permission of Chair, the following issues were raised: -
 - i. DEA observed due to the substantial delay, it may so transpire that construction of the project would be completed even before release of VGF (since scheduled completion date is December, 2021). The Concessionaire and the Authority may be requested to clarify regarding the stage of construction of the project and whether VGF is actually required in such a scenario.
8. FCI submitted the following replies to the above observations: -
 - i. The project was substantially delayed due to land related issues. Suitable extension of time was provided to the Concessionaire beyond stipulated time period for fulfilment of Conditions Precedent especially for acquisition of land parcel & achievement of Financial Closure by imposing adequate penalties in terms of Concession Agreement. Upon fulfilment of Conditions Precedent from both Authority & Concessionaire end, Appointed Date for commencement of concession period was notified on 05.11.2019. Further, due to Force Majeure event of COVID-19, Scheduled Completion Date has been extended till December, 2021.

- ii. As regards the initial chilling cost, this is the first time that a silo for storing rice has been envisaged. Rice has a tendency of getting broken at higher temperatures. Hence, to preserve the long grain rice chilling cost has to be incurred. While the initial chilling cost may be required only once at the beginning, maintenance chilling cost may have to be incurred depending on storage and outside temperatures.
 - iii. Concessionaire intimated vide letter dated 26.10.2021 that as per their understanding they had to submit the VGF request after completion of all the CPs and issuance of Appointed Date. LFI could initiate the appraisal only after the transfer of land between Concessionaire and FCI. Further, due to action to be taken in terms of article 35 related to charge creation on the assets and force majeure condition of COVID-19, considerable time has elapsed. However, that does not have a bearing on amount of VGF required which has been In Principle Approved by the EI and determined through open competitive bidding process. As such, suitable extension may be considered and Final Approval for VGF Support may be granted.
9. The Chair then enquired whether DEA, NITI AAYOG, DoE and DF&PD had any further comments. All EC Members informed they had no further comments and supported the proposal for granting Final Approval for VGF support to the project.
 10. Considering the above, the Empowered Committee unanimously accorded Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode by FCI subject to the following observations:
 - i. The amount of Central Government VGF shall be capped at Rs.7.65 Crore.
 - ii. All conditions of the VGF Scheme, such as entering into Tripartite Agreement, etc. shall be adhered to.

The meeting ended with vote of thanks to the Chair.

Annexure – I

List of attendees of the 39th Meeting of the Empowered Committee for considering Final Approval of VGF Support under the Scheme for Financial Support to PPPs in infrastructure to the project proposal of development of Food Grain Silos at Kaimur and Buxar (Bihar) on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode by FCI.

1. Department of Economic Affairs (DEA), Ministry of Finance

- a. Shri Ajay Seth, Secretary, Department of Economic Affairs (In Chair)
- b. Shri Baldeo Purushartha, Joint Secretary (ISD)
- c. Dr.Molishree, Deputy Secretary, (PIU)
- d. Dr.Kartik Agrawal, Deputy Director

2. Department of Expenditure (DoE), Ministry of Finance

- a. Dr. Sajjan Singh Yadav, Additional Secretary (PFS), Department of Expenditure

3. NITI Aayog

- a. Sh. Partha Sarthi Reddy, Adviser (PPP)
- b. Ms. Nidhi Arora, Legal Specialist

4. Department of Food and Public Distribution (DF&PD)

- a. Ms. Nandita Gupta, JS, Storage
- b. Sh. Pankaj Singh, DS, Storage

5. Food Corporation of India (FCI)

- a. Sh. Rabindra Agarwal, ED Silos
- b. Sh. Aseem Chhabra, GM Silos