

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

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

7th Meeting on February 18, 2009

Record Note of Discussions

The seventh meeting of the Empowered Committee (EC) was held on February 18, 2009. The list of participants is annexed.

2. The Empowered Committee noted that there were five proposals from three States for grant of 'in principle' approval for Viability Gap Funding (VGF) support. These were:

I. Proposals from Government of Andhra Pradesh (GoAP)

- i. Four laning of Hyderabad-Karimnagar-Ramagundam Road Project
- ii. Four laning of Narketpally-Addanki-Medarametla Road Project
- iii. Four laning of Puthalapattu-Naidupet Road Project

II. Proposal from Government of Gujarat (GoG)

- iv. Four laning of Sarkhej - Bhavanagar highway

III. Proposal from Government of Bihar (GoB)

- v. Four laning of Ara -Mohania section of NH-30

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 Finance Minister. In accordance with the Scheme, the project proposals had been examined by the members of

the EI; the EI considered the proposals in its 16th meeting, held on February 2, 2009, and recommended the proposals to the EC for grant of 'in principle' approval.

4. The representative of Planning Commission noted that the EI had cleared the proposals and recommended them to the EC subject to certain conditions. The EI had requested the Sponsoring Authorities to undertake the revision of the project documents in accordance with the decisions of the EI and send the revised documents to Department of Economic Affairs (DEA) with the certification that all agreed to changes have been incorporated in the project documents. The revised documents and the certification from the State Governments had not been received. The Sponsoring Authorities agreed to send the revised documentation and the requisite certification at the earliest.

(Action: GoAP, GoG and GoB)

5. The projects were granted 'in principle' approval for Viability Gap Funding (VGF), as recommended by the EI in its 16th meeting on February 2, 2009.

(Action: GoAP, GoG and GoB)

6. The representative of Government of Bihar indicated that the State Government proposed to provide the State Government's component of VGF, equivalent to 20 percent of Total Project Cost, (in addition to the GoI's component of VGF) in respect of the Ara Mohania road project as equity support. It was noted that this would not be in accordance with the Model Concession Agreement for highway projects; however, the dispensation for allowing the complete VGF (upto 40 percent of Total Project Cost) as equity support had been given to National Highways Authority of India (NHAI) for the NHDP programme. It was agreed that the State Government could provide the State Government's component of VGF for the project as equity

support, subject to the condition that the equity support for the project under the Scheme would be equal to the Concessionaire's equity. The representative of Government of Bihar requested that a similar dispensation may also be provided for Aurangabad-Bhita road project, which was granted 'in principle' approval by the EI in the 16th meeting on February 2, 2009. This was agreed to. The State Government was requested to undertake the necessary modifications in the relevant clauses of the Draft Concession Agreements (DCAs) of the projects and send the revised formulation to DEA and Planning Commission for approval.

(Action: GoB)

7. The representative of Department of Road Transport and Highways (DoRTH) noted that the proposals from Government of Bihar related to development of project stretches of National Highways and requested that the observations of DoRTH on the technical specifications of the projects may be incorporated in the project documents to ensure that the National Highways are developed and maintained to homogeneous specifications. This was agreed to.

(Action: GoB)

8. The representative of Planning Commission noted that the two proposals from Government of Bihar related to National Highways, which were an asset of the Central Government. The State Government was merely performing the agency's functions by maintaining the National Highways on behalf of the Central Government. Hence, the proposal would also require ratification by the PPPAC. It was noted that the State Government had obtained the No Objection Certificate (NOC) from NHAI for implementing the projects on BOT (Toll) basis and that the Central Government laws and Toll Rules for National Highways would apply for the projects. It was

decided that GoB would enter into a Memorandum of Understanding (MoU) with NHAI in respect of the two projects. The State Government would also prepare a draft MoU and share it with the members of the EC for concurrence/finalisation. It was decided that the State Government may proceed with issue of RfP for the projects subject to the conditions specified in para 4 and 6 above. Thereafter, the State Government would pose the proposals to PPPAC for ratification of the decision of the EC.

(Action: GoB; DEA)

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