

**Government of India**  
**Department of Economic Affairs**  
**PPP cell**

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

**9<sup>th</sup> Meeting February 23, 2010**

The ninth meeting of the Empowered Committee (EC) was held on February 23, 2010. The list of participants is annexed.

2. Joint Secretary, Department of Economic Affairs (DEA) indicated that there were two proposals for grant of 'in principle' approval for Viability Gap Funding (VGF) support:

- i. Proposal for grant of 'in-principle' approval for construction of green field bridge across river Ganga connecting Bakhtiyarpur in the State of Bihar and
- ii. Proposal for enhancement of VGF for four-laning of Hyderabad-Karimnagar-Ramagundam Road (SH-1) from km 28.200 to km 235.058 from Rs 177.07 crore (12 per cent of TPC) to Rs 271.64 crore (20 per cent of TPC).

3. The Empowered Committee 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 Empowered Committee, and amounts exceeding Rs 200 crore may be sanctioned by the Empowered Committee with the approval of the Finance Minister. In accordance with the guidelines of the Scheme, the project proposals have been examined by the members of the EI, the EI considered the proposals in its 20<sup>th</sup> meeting, held on December 14, 2009 and 16<sup>th</sup> meeting held on February 2, 2009 recommended the proposals to the Empowered Committee for grant of approval. The Empowered Committee had considered the proposal from GoAP in its 7<sup>th</sup> meeting held on February 18, 2009 and had granted 'in-principle' approval for VGF support of Rs 177.07 crore (which was 12 per cent of the TPC).

4. The Chairman noted that the prescribed process of sanction of VGF above Rs.100 crore for the projects required the proposals to be considered first by EI and thereafter by Empowered Committee and suggested that the procedure may be reviewed to minimize the requirement of Sponsoring Authorities to present their proposals more than once for grant of VGF.

(Action: DEA)

**Agenda Item I: Proposal for grant of 'in-principle' approval for construction of green field bridge across river Ganga connecting Bakhtiyarpur proposal of Government of Bihar.**

5. The representative of the Government of Bihar presented the proposal. It was stated that there are two existing bridges across river Ganga. The Mahatma Gandhi Setu on NH-9 in Patna is approximately 50 km upstream and Rajinder Setu (near Mokama) is 50 km downstream of proposed location of the instant bridge. The Mahatma Gandhi Setu was an old bridge, about 50 years old, and nearing the end of its design life. One new Road cum Rail Bridge at Dighaghat (9 km further upstream of Mahatma Gandhi Setu) is under construction. The proposed green field bridge across river Ganga would connect NH-31 near Bakhtiyarpur at southern end and NH-28 at the northern end. The State Government envisaged that the proposed bridge and the approach road would connect the East-West corridor and the Golden Quadrilateral. Hence, the likely traffic on the proposed project would be nearing 18,000 PCUs by 2017. The State Government had commenced with the shortlist process. Many potential private sector have shown interest in the project development, and there is a good possibility of receiving bids.

6. It was noted that the total length of the green-field project is 48.5 km (6.5 km bridge and 42 km approach road). The total cost of the project is Rs 1387.82 crore. The VGF sought is 20 per cent of the TPC (i.e. Rs 277.50 crore) from GoI and the balance 20 per cent would be borne by the State Government. The proposal was considered by the EI in its 20<sup>th</sup> meeting held on December 14, 2009. The representative of the State Government indicated that the traffic potential on the bridge and the approach road is likely to be higher than the projected levels and that the State Government is committed to engineer a higher rate of socio-economic growth through increased accessibility for northern Bihar. It was decided that the State Government may be permitted to test the developer interest by bidding the project; in case the bid response is tepid, the State

Government can consider restructuring the project as a two lane facility. The EI had recommended the proposal for grant of 'in principle' approval for viability gap funding to the Empowered Committee.

7. The Empowered Committee recommended the project proposal to the Finance Minister for grant of 'in-principle' approval for viability gap funding of Rs 277.5 crore.

**(Action: DEA)**

**Agenda Item 2: Proposal for enhancement of VGF for four-laning of Hyderabad-Karimnagar-Ramagundam Road (SH-1) from Km 28.200 to km 235.058 from Rs.177.07 crore (12 per cent of TPC) to Rs.271.64 crore (20 per cent of TPC)**

8. Joint Secretary, DEA informed that the proposal was considered by the EI in its 16<sup>th</sup> meeting and recommended for grant of in-principle approval for VGF support of Rs 177.07 crore, i.e. 12 per cent of TPC, as sought by the State Government. The EI had noted that the final VGF required would be determined on completion of the bidding process. Thereafter, the proposal was considered by the Empowered Committee in its 7<sup>th</sup> meeting held on February 18, 2009 granted in principle approval, as recommended by EI. Subsequently, the State government informed that based on the in-principle approval, the state government proceeded with the bid process and the VGF quoted by the lowest bidder is more than 20 per cent of the TPC. Accordingly, the State government has requested that the final grant from VGF may be enhanced to Rs 271.64 crore (i.e. 20 per cent of TPC). The request of the State Government was admissible under the Scheme for Financial Support to PPPs in Infrastructure which allows VGF support up to 20 per cent of TPC.

9. The Empowered Committee noted that the VGF enhancement from Rs 177.07 crore to Rs 271.64 crore (i.e. 20 per cent of the TPC) is within the prescribed limit of the Scheme for Financial Support to PPPs in Infrastructure and recommended the project proposal to the Finance Minister for grant of in-principle approval of VGF of Rs 271.64 crore.

**(Action: DEA)**

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