

F.No.1/4//2005 –PPP  
Ministry of Finance  
Department of Economic Affairs

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New Delhi, the 4<sup>th</sup> September, 2006

**Subject: Guidelines for forwarding proposals for financial support to Public Private Partnerships in infrastructure under the Viability Gap Funding Scheme.**

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In continuation of the Notification of even Number dated 23<sup>rd</sup> January, 2006 on the above subject it may be noted that prior to making a formal request to the Empowered Institution under the Viability Gap Funding (VGF) Scheme of GOI, the sponsoring Authority of a Public Private Partnership (PPP) project may if it so desires submit the project concept to the Department of Economic Affairs to ascertain the admissibility of a project under the VGF Scheme based on the mandatory conditions of the Scheme. The proposal in this regard may be submitted to the Department of Economic Affairs in the attached proforma. Within 7 (seven) working days of receipt of the duly filled proforma the Department of Economic Affairs would indicate to the Project Authority whether the project proposal could be posed for the consideration of the Empowered Institution. Such a proposal could be made in case a doubt exists regarding the admissibility of the project under the VGF Scheme. Upon receipt of the response from the Department of Economic Affairs, the Project Authority could then prepare the detailed project proposal and submit the proposal as per the prescribed proforma contained in Notification of even Number dated 23<sup>rd</sup> January along with the supporting documents for the consideration of the Empowered Institution.

sd/-  
(Arvind Mayaram)  
Joint Secretary  
Tele : 2309 23 87

To

- 1) Finance Secretary
- 2) Member Secretary, Planning Commission
- 3) Secretary, Deptt. of Road Transport and Highways
- 4) Secretary, Deptt. of Shipping
- 5) Secretary, Ministry of Power
- 6) Secretary, Ministry of Urban Development
- 7) Secretary, Ministry of Commerce
- 8) Secretary, Ministry of Railways
- 9) Secretary, Department of Tourism
- 10) All Chief Secretaries as per the list enclosed

## VIABILITY GAP FUNDING SCHEME

### MEMORANDUM TO THE DEPARTMENT OF ECONOMIC AFFAIRS

#### Name of the Project:

State/Central Sector Project	
Name of the Applicant:	
Administrative Ministry/Department	
Sponsoring Authority	
Implementing Agency	
Location	
Sector	
Activities proposed	
Type of PPP	
Type of VGF sought	

#### A: Conditions of the VGF Scheme

S.No.	Condition	Comment
1.	Whether the project proposal has been posed by a Government or statutory entity which owns the underlying assets	
2.	Whether the project is to be implemented i.e. developed, financed, constructed, maintained and operated for the Project Term by a Private Sector Company	
3.	Is the project from the sectors identified in the guidelines	
4.	Whether the Private Sector Company will be selected by the Government or a statutory entity that owns the project through a transparent and open competitive bidding process	
5.	Whether the Project provides a service against payment of a pre- determined tariff or user charge	
6.	Whether user charges/tariff has been fixed by Government or a statutory authority	
7.	Whether the Government/ statutory entity making the proposal has (or will be able to) certified with reasons; (i) that the tariff/user charge cannot be increased to eliminate or reduce the viability gap of the PPP; (ii) that the Project Term cannot be increased for reducing the viability gap; (iii) that the capital costs are reasonable and based on the standards and specifications	

	normally applicable to such projects and that the capital costs cannot be further restricted for reducing the viability gap.	
8.	Is the total VGF within the gap stipulated in the guideline	
9.	Whether the proposed project is (or will be) based on standardized/model documents duly approved by the respective Government	

**B. Other project related information (if available)**

<b>S.No.</b>	<b>Item</b>	
1.	Total Project Cost (in Rs. Cr.)	
2.	VGF sought from GOI (in Rs. Cr.)	
3.	VGF as a % of Total project cost	
4.	additional grant from the sponsoring authority	
5.	Construction period (from Financial closure)	
6.	Likely year in which VGF sought	
7.	Is the project viable without VGF	
8.	If not, is it viable with VGF	
9.	Status of the concession agreement <ul style="list-style-type: none"> <li>- has it been finalized</li> <li>- if not, is it proposed to be based on a model document</li> </ul>	