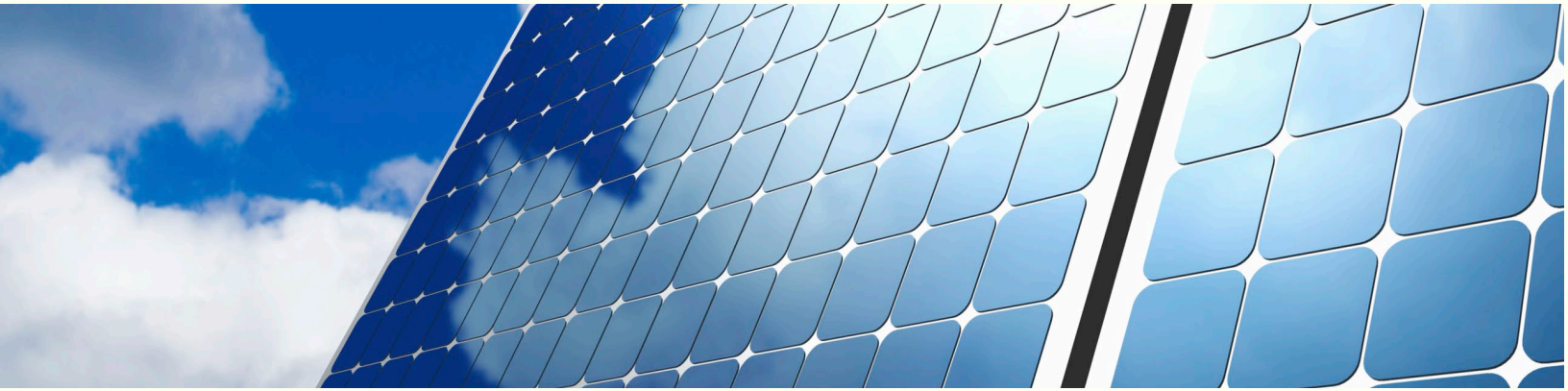




सत्यमेव जयते

INFRASTRUCTURE NEWSLETTER

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In – Focus

Recommendations made during the 48th Meeting of the GST Council held via virtual mode

The 48th GST Council meet was held on 17 December 2022 under the Chairmanship of Smt. Nirmala Sitharaman, Union Minister of Finance & Corporate Affairs. The virtual meeting was attended by State Finance Ministers and Senior Officials representing States/UTs.

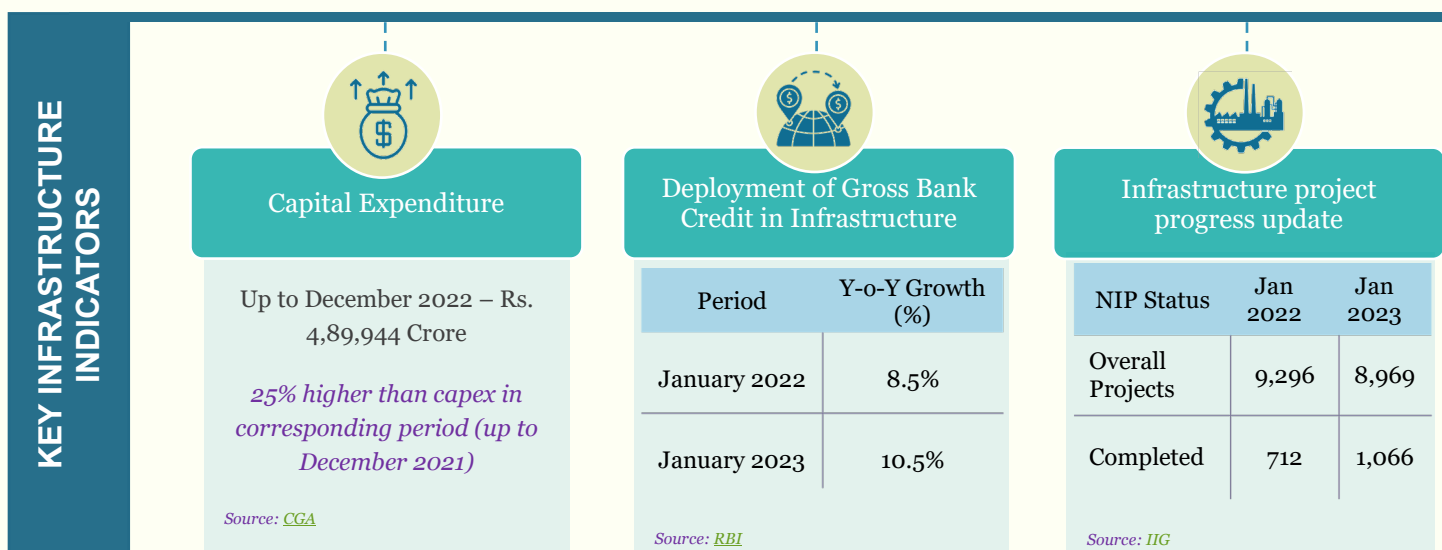
The meeting concluded with a slew of reforms and recommendations by the GST Council such as decriminalising certain offences under section 132 of the CGST Act and raising the minimum threshold of tax amount for initiating prosecution under GST from Rs. One Crore to Rs. Two Crores. In the absence of existing rules of filing refund applications by unregistered buyers, the Council recommended the amendment of CGST Rules (2017) along with issuance of a circular prescribing the procedure for filing a refund application by unregistered buyers in cases where the contract/ agreement for supply of services is cancelled and time period of issuance of credit note by the concerned supplier is over.



Smt. Nirmala Sitharaman Chaired the 48th meeting of the GST council via virtual mode

Additionally, continuing from the in-principle approval given its 47th meeting, the Council approved amendments in the GST Act and Rules along with issuance of relevant notifications to allow unregistered suppliers and composition taxpayers to make intra-state supply of goods through E-Commerce Operators (ECOs). To further streamline compliances in GST, the Council discussed capturing PAN-linked mobile number and e-mail addresses and recording them in FORM GST REG-01 along with OTP verification during registration. Moreover, proposal to conduct a pilot in Gujarat for Biometric-based Aadhar Authentication and risk-based physical verification of registered applicants was also discussed.

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INFRASTRUCTURE POLICY ENABLEMENT

In-Principle approvals granted for the development of Cargo Terminals under GatiShakti Cargo Terminal Policy

The GatiShakti Cargo Terminal (GCT) Policy intends to develop 100 GCTs in three years i.e., 2022-23, 2023-34 and 2024-25. Out of the 125 applications received for development of cargo terminals under the GCT policy, Ministry has commissioned 22, and granted in-principle approvals for 79 proposals.

GCTs will be constructed and operated by GCT Operators, selected through an open tendering process. For the development of GCTs built partially or wholly on Railway land, the identification of appropriate land parcels would be done by Ministry of Railways. On the other hand, for development of GCTs on non-Railway land, the selected GCT Operator would be responsible for the identification of land parcel and construction of the Terminal after obtaining necessary approvals.

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Cabinet approval for the 382 MW Sunni Dam Hydro Electric Project by SJVN Ltd.

The Cabinet Committee on Economic Affairs (CCEA), chaired by Hon'ble Prime Minister has approved investment for setting up 382 MW Hydro-electric Project in the state of Himachal Pradesh. In view of the objectives of Atmanirbhar Bharat Abhiyan, the envisaged project aims to benefit local suppliers/ local enterprises/ MSMEs and encourage entrepreneurship opportunities within the country besides promoting employment and socio-economic development of the region.

The overall estimated cost of the project is Rs. 2614.51 crore which includes Rs. 13.80 crore as budgetary support from Central Government. The total project cost includes hard cost of approx. Rs.2246 crore, Interest During Construction of Rs. 358.96 crore and Financing Charges of 9.15 crore. The implementation of the project shall generate direct & indirect employment to about 4,000 persons during the construction period of the project.

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Standard Bidding Document for Turnkey Works released by National Mineral Development Corporation (NMDC)

NMDC updated its Standard Bidding Document to include best practices adopted across the industry. The document aims to enhance ease of doing business with NMDC by streamlining the processes related to Project Management, Monitoring, Work Scheduling, Price Evaluation, Dispute Resolution and Payment Advice. The comprehensive document will serve as a model for all NMDC's turnkey projects, thereby reducing preparation time of tender documents and reinforce bidder confidence and comfort.

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The first ever Surety Bond Insurance launched for Infrastructure Projects

Hon'ble union minister for Roads Transport and Highways, Shri Nitin Gadkari launched India's first Surety Bond Insurance product from Bajaj Allianz.

Surety Bond Insurance will act as a security arrangement for infrastructure projects and will insulate the contractor as well as the principal. The product will cater to the requirements of a diversified group of contractors, who are operating in a volatile environment.

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Ministry of Power signs MoU with DRDO for Implementation of Early Warning System for Vulnerable Hydro Projects/Power Stations

Ministry of Power and DRDO have decided to jointly work towards developing suitable mitigation measures against avalanches, landslides, glaciers, glacial lakes, and other geophysical hazards. The expertise of DRDO will be utilized in developing comprehensive Early Warning System for vulnerable hydro projects/ power stations in hilly regions.

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IREDA inks Rs. 4,445 crore loan agreement with SJVN Green Energy Ltd. for 1,000 MW Solar Power Project

IREDA floated a tender under the CPSU Phase-II (Tranche III) Scheme for development of Grid connected Solar PV Power Project through competitive Bidding Process based on VGF support.

The project, bagged by SJVN, entails development of 1,000 MW Solar project which would be connected to 400/220 KV substation Bikaner-II (near Bikaner). This is IREDA's highest loan sanction to SJVN Green Energy Ltd.

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INFRASTRUCTURE POLICY ENABLEMENT

Cabinet approved the National Green Hydrogen Mission

The National Green Hydrogen Mission aims at development of India's green hydrogen production capacity of at least 5MMT per annum with an associated renewable energy capacity addition of about 125 GW by 2030. The mission endeavors to make India a Global Hub for production, utilization and export of Green Hydrogen and its derivatives.

The Mission would provide wide ranging benefits like decarbonization of industrial, mobility and energy sectors; reduction in dependence on imported fossil fuels and feedstock; development of indigenous manufacturing capabilities; creation of employment opportunities; and development of cutting-edge technologies. The initial outlay for the Mission will be Rs.19,744 crore, which would be distributed among the SIGHT programme, Pilot projects, and Research & Development along with other mission components.

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Ministry of Power strengthens financial viability of power sector with LPS rules

Mounting power purchase dues towards Power Generation companies is one of the key indicators of financial distress of Distribution Companies (DISCOMs). However, a remarkable improvement has been observed in recovery of outstanding dues, with implementation of Electricity (LPS and Related Matters) Rules, 2022.

It is expected that strict implementation of the LPS Rules will bring back financial viability of the power sector in the country and would attract investment to ensure reliable 24x7 electricity supply to consumers. The LPS Rules play a vital role towards ensuring the financial discipline in DISCOMs by not only ensuring liquidation of outstanding dues but also timely payment of current dues.

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DoT formulates the Indian Telegraph (Infrastructure Safety) Rules 2022

Most of the telecom infrastructure network in India is laid underground. However, due to lack of knowledge or coordination between agencies, the underground utility assets get damaged during excavation activities undertaken by various agencies. Telecom Sector alone witnesses nearly 10 lakh Optical Fiber Cable (OFC) cuts per year causing an economic loss of approx. Rs 3000 Crore/year.

The government has therefore published the Indian Telegraph (Infrastructure Safety) Rules, 2022, under the gazette notification in Jan'23 to prevent economic loss to utility asset owners, businessmen & inconvenience to users.

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Ministry of Power issued the revised policy on biomass utilization for power generation

Ministry of Power issued the revised policy on biomass utilization for power generation through co-firing in coal-based power plants in October 2022. The revised policy mandates the use of 7% biomass pellets, an increase from earlier 5%, that is made primarily of agro-residue along with coal to be used in thermal power plants with effect from two years after the date of issuance of the policy. The utilization of agro residue pellets with coal has commenced in 39 thermal power plants.

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Shri Nitin Gadkari chaired the 10th meeting of Group of Infrastructure Committee

The meeting aimed to address existing inter-ministerial issues with regards to implementation of various infrastructure projects.

Common issues related to infrastructure projects such as pending forest and environmental clearances, facilitation of approvals, allocation, transfer and release of funds and other policy matters relating to railways, roads and power sector were discussed at length.

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Union Govt. granted 'in-principle' approval for 21 Greenfield Airports

Ministry of Civil Aviation confirmed the in-principle approval for 21 Greenfield Airports in North Goa, Mumbai, Shirdi, Kalaburagi, Vijayapura, Hassan, Shivamogga, Dabra, Kushinagar, Noida, Dholera, Hirasar, Karaikal, Dagadarthi, Bhogapuram, Oravakal, Durgapur, Pakyong, Kannur, Donyi Polo, Itanagar. Out of these 21 proposed airports spread across 12 States/UTs, 9 Greenfield airports have already been operationalized.

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INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

IFS instrumental in organizing the 2nd National Conference of Chief Secretaries

The second National Conference of Chief Secretaries, held from 5th to 7th January 2023 at New Delhi, was chaired by Hon'ble Prime Minister, Shri Narendra Modi. The outline of this year's conference was "Growth and Job Creation", divided into 6 sub-themes namely – Thrust on MSMEs, Infrastructure and Investments, Minimizing Compliances, Women's Empowerment, Health and Nutrition, and Skill Development. IFS, DEA was the nodal Central department for deliberations around Pillar-1 on 'Growth and Job Creation.'



Second National Conference of Chief Secretaries chaired by Hon'ble Prime Minister, Shri Narendra Modi

The forum presented an opportunity for states to come forward with their best practices and innovative ideas on 'Infrastructure and Investments'. IFS was the facilitator for conducting state discussions and contributing to preparation of agenda notes and presentations for both Track 1 and Track 2 under the subtheme Infrastructure and Investments.

IFS, DEA organized 'Infrastructure' sessions in G20 India Presidency IWG and FCBD meetings

IFS is the nodal body for Infrastructure Working Group (IWG) under the Finance Track of G20 India Presidency. The first meeting of the IWG was organized in Pune, Maharashtra during 16th-17th Jan, 2023 under the chairmanship of Joint Secretary (IPP), DEA, MoF to undertake discussions around the flagship theme – "Financing Cities of Tomorrow-Inclusive, Resilient and Sustainable". The meeting witnessed active participation from G20 member countries, guest countries and international organizations. The next IWG meeting



JS (IPP) represented Indian Presidency at 1st IWG meeting



Secretary Economic Affairs & CEA represented India at 1st FCBD meeting

is scheduled in Mar'23.

Additionally, IFS participated in the 'Infrastructure' session of the first 'Finance and Central Bank Deputies (FCBD) meeting of G20 India Presidency. The meeting was held in Bengaluru, Karnataka during 13th-14th Dec, 2022 to seek views of G20 members on India's Finance Track priorities for year 2023. Meeting was co-chaired by Secretary, Economic Affairs, Ministry of Finance and Deputy Governor, Reserve Bank of India. The next FCBD meeting is scheduled in Feb'23.

IFS played a pivotal role in sensitizing global investors about India's first SrGBs

Since approval of India's Sovereign Green Bonds (SrGBs) framework by Hon'ble Finance Minister in Nov'22, Reserve Bank of India (RBI) has been undertaking meetings with potential global and domestic investors to map their interests and expectations about India's green bond issuance.

IFS along with the representatives from Budget division participated in a similar investors' meet organized by RBI. The meeting witnessed participation from global institutional investors like PIMCO, Blackrock and domestic fund houses of HSBC among others.

IFS supported Ministry of Power in appraising a Hydro Power project (669 MW) based in Nepal

Satluj Jal Vidyut Nigam Limited (SJVN Ltd.), a CPSU under the Ministry of Power, Govt. of India, is developing a Hydro power project of capacity 669 MW on river Arun in the Sankhuwasabha District of the Province 1 of Nepal. This project has been envisaged to meet the increasing demand of electric power supply within Nepal and improve cross-border transmission Network with India.

The estimated cost of the project is ~5,800 crore, with concession period of 25 years and IRR of 11% to 11.5%. This project aims to tap hydropower potential of river systems in Nepal, which is of the order of about 83,000 MW.

INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

Approved development of Truck Terminal & Automobile Hub in Ladakh

The UT Administration of Leh-Ladakh has envisaged development of a Truck terminal & Automobile Hub on 10 acres of land under PPP mode. The project components comprise – truck terminal along with motel and launch facility for drivers and recreational facilities like park and provision stores. Project would also include a common effluent treatment plant and few additional components.

IFS approved the proposed project and provided handholding support to UT of Leh-Ladakh in selection of Transaction Advisors (TAs) under provisions of the India Infrastructure Project Development Fund (IIPDF) scheme. The selected TAs would conduct a detailed viability study of the project.

Approved creation of PPP cell in Planning Development & Monitoring Dept. of J&K

The UT of Jammu & Kashmir (J&K) has received investment proposals worth ~Rs. 56,000 Cr in potential sectors like Tourism, Urban Development, Horticulture, Health etc., with many projects to be developed under PPP mode. However, to take the proposals forward, technical & financial expertise regarding PPP is required with line departments.

IFS approved the proposed project under the IIPDF scheme and provided handholding support to the UT of J&K in establishing a dedicated PPP cell within its Planning Development & Monitoring Department. PPP cell would evaluate project proposals and appoint Transaction Advisors for effective project structuring & timely implementation.

Capacity Building workshops organized in collaboration with premier institutes

IFS organized a total of 7 trainings programmes in Dec'22 and Jan'23 in collaboration with premier institutes like IIM Kozhikode, IIBF, IIM Indore, AJNIFM, IIM Calcutta, NLSIU and ISB. The workshops, spanning over 5 days covered topics like Basic Understanding of Public-Private Partnership (PPP) and its operations, Project Finance for Infrastructure sector, Negotiating Strategies & Urban Development, Government Contracts & Litigation Management, Project Management as a Science and an Art and witnessed active participation from 200 plus senior government officials.



Group photographs of Participants from trainings at NLSIU, IIM Calcutta and IIM Indore

IFS provided handholding support to Govt. of Puducherry on Expansion of the Puducherry Airport

Government of Puducherry has envisaged expansion of its existing airport to realise the Hon'ble Prime Minister's vision of developing puducherry as a Business, Education, Spiritual and Tourism (BEST) hub. The city is known to be a major Medical tourism center of India with presence of 9 medial colleges and highly skilled medical force and it anticipates tourist inflow to 10% in the next 5 years.

The modernization of the airport is proposed in two phases with an overall cost of Rs. 2,500 Crs.. IFS has been providing handholding support to Govt. of Puducherry in the proposed expansion.



Puducherry Airport Expansion Project proposed by the Government of Puducherry

STATE IN FOCUS

IFS provided Viability Gap Funding (VGF) support to Solar PV Power Projects in the State of Punjab



| | |
|--------------------------|--|
| Project Name | Setting up of Canal Top and Floating Solar PV power projects in the State of Punjab |
| Project Authority | Punjab Energy Development Agency (PEDA) |
| Project Structure | Build Own Operate (BOO) model |
| Project Features | 200 MW Canal Top & 100 MW Floating Solar PV |
| Project Cost | INR 1,500 crore |

Project Highlights

PEDA, the project authority, is responsible for implementation of the envisaged project through engagement of a private developer on Built Own Operate (BOO) basis along with VGF support of approximately 300 crores from Ministry of Finance. PEDA aims to adopt an e-bidding process for selection of bidders, with lowest VGF support as the bidding criteria.

Approvals regarding tariff for procurement of power from these projects has been obtained from Dept. of Power, Govt. of Punjab. Similarly, approval for using canals/ distributaries and reservoirs/ lakes to for setting up solar PV projects has been obtained from Water resources department, Govt. of Punjab. The project is now due for survey investigation and preparation of brief reports for the envisaged solar power PVs.

Case Study on Energy efficient streetlighting in Mysuru, Karnataka



| | |
|--------------------------|--|
| Project Authority | Mysuru City Corporation |
| Project Type | PPP – DBFOT Mode |
| Concession Period | 7 years 8 months |
| Private Player | E-Smart Energy Solutions Private Limited |
| Project Cost | INR 109 crore |
| Sector | Power Infrastructure – Streetlighting |

Project Highlights

The Mysuru City Corporation (MCC) spends Rs. 28 Crore annually on maintaining its street lights. To reduce the maintenance/ replacement costs and increase energy efficiency, the authority proposed replacement of high-pressure sodium bulbs, tube-lights, halogen bulbs, and mercury bulbs with Light-emitting Diode (LED) lights. LEDs are known to consume up to 90% less power than incandescent bulbs and last longer, thus saving up to 55% of the operations and maintenance expenses.

MCC invited global tenders worth Rs. 108 Crore to replace over 80,000 street lights. The project will ensure implementation of centrally controlled monitoring system (CCMS) to enable real time monitoring and enable energy saving of up to 59% with annual saving of 8.9 crores in power bills. MCC has undertaken installation of LED bulbs even at parks and burial grounds under its administration.

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The Infrastructure Finance Secretariat (IFS) has been established by the Department of Economic Affairs (DEA), Ministry of Finance with the idea of harmonizing policies and initiatives related to infrastructure financing and development. It plans to leverage the collective strengths of its Infrastructure Policy & Planning (IPP) and Infrastructure Support & Development (ISD) Division with technical assistance from a team of consultants and experts housed at the secretariat. The key goals of IFS are to mobilize private investments, stimulate infrastructure financial reforms, catalyze sectoral reforms work in collaboration with ministries and bridge gaps across implementing agencies through capacity building plans to improve capabilities for efficient and effective infrastructure development.

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