


2A/2/2011-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
PPP Cell

New Delhi, the January 16, 2012

Subject: Record of Discussion of the 48th meeting of the Public Private Partnership Appraisal Committee.

The undersigned is directed to invite attention to the forty eighth meeting of the Public Private Partnership Appraisal Committee held on December 13, 2011. During the meeting, it was decided that the Standing Cost Committee, chaired by Additional Secretary and Financial Adviser, MoRTH would reconsider the proposal for four laning of Chandikhole-Dubarri Talchar section of NH 200 in Orissa and the proposal for four laning Gomti-Chauraha-Udaipur section of NH 8. It was decided in the meeting that the RoD of the meeting of the PPPAC would be issued after the decision of the Standing Cost Committee. The Standing Cost Committee considered the proposals in its meeting held on **December 23, 2011.**

2. The Record of Discussion of the 48th meeting of the Public Private Partnership Appraisal Committee (PPPAC) held on December 13, 2011, incorporating the recommendation of the Standing Cost Committee is enclosed.


(Aparna Bhatia)
Director

To

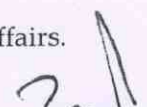
1. Member Secretary, Planning Commission, Yojna Bhavan, New Delhi (Fax 23096575)
2. Secretary, Department of Expenditure, North Block, New Delhi
3. Secretary, Department of Legal Affairs (Fax 23387259)
4. Secretary, Ministry of Environment & Forest, Prayavaran Bhawan, CGO Complex, New Delhi
5. Secretary, Ministry of Road Transport and Highways, Parivahan Bhavan, New Delhi .

Copy to :

1. Chairman, National Highways Authority of India, Sector 10, 5& 6 Dwarka, New Delhi. (Fax 25093505)
2. Additonal Secretary [Shri Rajive Kumar], Cabinet Secretariat, New Delhi.
3. Joint Secretary [Smt Vini Mahajan], PMO, South Block, New Delhi.

Copy also to :

- a. PSO to Secretary, Economic Affairs.
- b. PPS to Additional Secretary & Director General (C), Economic Affairs.
- c. PS to Joint Secretary (Infra and Investment)


(Aparna Bhatia)
Director (PPP)

**Government of India
Ministry of Finance
Department of Economic Affairs**

Public Private Partnership Appraisal Committee

48th Meeting on December 13, 2011

Record Note of Discussion

The 48th meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on December 13, 2011. The list of participants is annexed.

2. The Chair welcomed the participants and noted that the PPPAC would consider seven proposals from Ministry of Road Transport & Highways for grant of final approval. He noted that the PPPAC would also review the status of 173 National Highways projects already approved by the PPPAC and the action taken on the earlier decisions of the PPPAC during the calendar year 2011 with respect to NH projects.

Agenda Item I: Proposal from Ministry of Road, Transport and Highways (MoRTH) for grant of final approval: Six-laning of Chandikhole to Paradeep section, km 0.00 to km 76.618 of NH-5A under NHDP V on BOT (Toll).

Total length: 76.618 km; Total Project Cost: Rs. 1014.36 crore; Concession period: 30 years including 2.5 years construction period.

Major development works/ structures: Major Bridges : 14; Minor Bridges : 27; Toll Plaza; 1 at km 4.0 (design chainage); Service Roads: 56.773 km; Vehicular underpasses: 11; Pedestrian underpasses: 19; Culverts: 59; Truck laybys: 4; Bus-bays: 52

3. Director DEA informed that appraisal in respect of the project from Planning Commission has not been received though the project documents were circulated more than four weeks earlier. The Cabinet approved Guidelines for Formulation, Appraisal and Approval of PPP projects prescribe four weeks for appraisal of PPP projects, from the date of their receipt. Further, Cabinet Secretariat, vide O.M. No 1/28/1/2009-Cab. dated December 3, 2009 has, with the approval of the Prime Minister, communicated the timelines for completion of Inter Ministerial Consultations in disposal of cases by the Appraising Agencies. It has, *inter alia*, been indicated that the PPPAC shall dispose off the proposals within a period of four weeks. The O.M. also conveys that *the appraisal process in the Planning Commission shall be streamlined and in all cases, the appraisal shall be completed within a period of four weeks.*

4. Chair noted that appraisal from Planning Commission has not been received though the prescribed period of completion of the appraisal process within a period of four weeks had already elapsed. He observed that the work of PPPAC gets unduly delayed on account

of delays in receipt of appraisal notes from Planning Commission. The PPPAC noted that the delays in the appraisal process by the Planning Commission also contravenes the instructions issued by the Cabinet Secretariat where, inter alia, there is specific direction that Planning Commission shall streamline its processes to ensure that the appraisal is completed within a period of four weeks. The Chair requested Member Secretary, Planning Commission to take up the matter within the Organisation to ensure compliance with the directions of the Prime Minister and the Cabinet Secretariat.

(Action: Planning Commission)

5. Secretary, RTH stated that the Ministry works under strict targets in respect of award of projects and execution of works on the National Highways. He requested that the delays in the appraisal processes by Planning Commission would result in slippage in meeting the targets. He requested that in view of the instructions from the Cabinet Secretariat and the prescribed time lines for appraisal of projects, the projects may be considered for approval since the mandated period of appraisal has lapsed.

6. Member Secretary, Planning Commission observed that the instructions with respect to time lines for appraisal of projects must be respected. She indicated that Planning Commission will examine the matter internally to ensure compliance with the guidelines.

(Action: Planning Commission)

7. Secretary, RTH requested that the next meeting of PPPAC may be held early, to consider the proposal. This was agreed to.

(Action: DEA)

8. The PPPAC deferred the consideration of the project pending the appraisal note from Planning Commission.

(Action: Planning Commission)

Agenda Item II: Proposal from MoRTH for grant of final approval: Four-laning of Chandikhole Dubari Talcher Section of NH-200, km 301.89 to km 428.03 including km 8.500 to km 15.75 of NH 23 in the State of Orissa under NHDP-III.

Total length: 132.50 km; Proposed Total Project Cost: Rs. 1273 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 226.90 crore; Concession Period: 24 years including 2.5 years of construction period.

Major development works/ structures: Major Bridge: 10; Minor bridges: 36; Flyover: 1 ; ROBs:1; Bypasses: 3 (11.257 km); Major road junctions: 8; Minor road junctions: 48; Service roads: 12.60 km; Toll plazas: 2 (km 12 of NH 23 & km 394.3 of NH 200); Vehicular underpasses: 8; Pedestrian underpasses: 7; Culverts: 249; Truck laybys: 2; Bus-bays: 14

9. Joint Secretary, MoRTH presented the proposal and informed that the Standing Cost Committee has already approved the cost and scope of the project.

10. Joint Secretary, Department of Economic Affairs (DEA) indicated that this project was earlier approved by PPPAC in its 13th meeting held on November 5, 2007 for a Total Project Cost (TPC) of Rs. 784 crore with a 25 year concession period. However, on bidding the project in 2009, no bids were received. The project was restructured and RfQ was invited afresh in 2009-10 for a TPC of Rs. 651 crore. In the restructured project, it was proposed to four lane the National Highway for 60 km and two lane (with paved shoulders) the NH stretch for 72.50 km. Again, no bid was received despite notification of several extensions up to May 2010. The current project proposal envisages four laning of the 132.5 km stretch for a TPC of Rs. 1273 crore.

11. Joint Secretary, DEA indicated that the Standing Cost Committee has considered the project parameters and approved the cost of the project subject to the review of the cost of a toll plaza (costing Rs. 13 crore), which was observed to be on the higher side by the Standing Cost Committee. CGM, NHAI informed that the cost of the toll plaza has been re-examined by NHAI and has been found reasonable based on its configuration. The Chair enquired whether the above review had been brought to the notice of the Standing Cost Committee. CGM, NHAI responded with a negative to the query; the Chair advised that the project cost may be first reviewed by the Standing Cost Committee before consideration by the PPPAC.

12. Secretary, RTH requested that the project maybe considered for approval subject to the decision of the Standing Cost Committee in respect of the cost of the toll plaza and the TPC of the project. The Chair agreed with the request and observed that the decision of the PPPAC with respect to the project would be communicated subsequent to the consideration of the project afresh by the Standing Cost Committee¹.

(Action: MoRTH & DEA)

13. Joint Secretary, DEA sought clarification regarding the period during which the traffic survey for the project had been undertaken. Member, NHAI informed that the Feasibility Report in respect of the project was prepared in the year 2005; however, a fresh traffic survey was conducted in April 2011 and traffic figures indicated in the proposal were based on the updated traffic estimates. Director, DEA stated that supplementary traffic information that has emerged from the traffic survey conducted in 2011 may be shared with the members of PPAC. This was agreed to.

(Action: MoRTH /NHAI)

¹ The Standing Cost Committee, chaired by Additional Secretary and Financial Adviser, MoRTH considered the proposal in its meeting held on December 23, 2011 and it was decided that NHAI would revise the cost of the toll plazas. After the revision, the TPC of the project is Rs. 1243 crore. The Cost Committee approved the revised TPC of Rs. 1243 crore for the project.

14. Joint Secretary, DEA indicated that though four-laning is justified at the toll plaza locations, four-laning is not justified for a stretch of 74 km (i.e. from km 302 to km 376), where the projected traffic is around 6,000 PCUs. CGM, NHAI clarified that currently the stretch from km 302 to km 376, having traffic of 6,626 PCUs, is a two-lane road and is in a poor condition. Hence, most of the traffic destined for Paradeep Port, originating from NH-23 takes alternative routes i.e. the State Highway, which is in better condition at Petri Junction (at km 302) to reach Baller Chowk heading towards Paradeep Port via NH-23, NH-42, NH-5 and NH-5A. It was emphasised that once the proposed National Highway is developed, the estimates indicate that 40 per cent of this traffic shall be diverted to this route, thus, streamlining the traffic on the stretch, consistent with the traffic at the toll plaza locations. Further, the Kalingapur Industrial area, adjacent to the project highway, is expected to give fillip to growth of traffic on the project highway. Hence, four-laning is justified for the entire road.

15. The Chair enquired about the status of land acquisition and whether there was adequate provisioning of safety features on the project stretch. Member, NHAI informed that land has been acquired for the project. Service roads have been proposed for 12.60 km, considered imperative for safety at the Dubri town.

16. Member Secretary, Planning Commission stated that the concession period may be revised to 24 years instead of 25 years, based on the design capacity of the project. Secretary, RTH agreed with the same. CGM, NHAI indicated that, reducing the concession period will affect the change in TPC. Director, DEA requested the representative of MoRTH to review their financial modelling framework with the PPP Cell of DEA. This was agreed to.

(Action: MoRTH /NHAI)

17. Joint Secretary, DEA indicated that Clause 27.1 of the project DCA, which prescribes that the Concessionaire may reduce the toll rates, contravenes the Toll Policy and the Toll Rules. Member Secretary, Planning Commission stated that suitable changes may be carried out in the DCA to ensure that it is consistent with the provisions of the Toll Rules. The Toll Rules prescribe that the toll rates are fixed and these are not indicative or ceiling rates. A limited decision, has already been taken in the 47th meeting of the PPPAC. Secretary, RTH agreed to effect the correction in the project DCAs of all projects being considered by the PPPAC in its instant meeting.

(Action: MoRTH /NHAI)

18. The PPPAC granted final approval to the project under NHDP-III for TPC of Rs. 1243 crore² with a maximum admissible VGF for the project of Rs. 497.20 crore (40 per cent of TPC), subject to fulfilment of the following conditions:

a. The Concession period for the project shall be 24 years.

² and ³ TPC of Rs. 1243 crore approved by the Standing Cost Committee in its meeting held on December 23, 2011.

- b. The cost of the toll plaza would be reconciled and the revised TPC shall be approved by the Standing Cost Committee and communicated to the PPPAC Secretariat³.
- c. MoRTH shall obtain clearances, including environment and forest clearance, before commencing work on the project site.
- d. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- e. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCA.
- f. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- g. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item III: Proposal from MoRTH for grant of final approval: Four-laning of Gomti-Chauraha-Udaipur Section of NH-8, km 177.00 to km 260.10 under NHDP-IVA on BOT (Toll) basis.

Total length: 79.31 km; Proposed Total Project Cost: Rs. 942.95 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 199.77 crore; Concession Period: 27 years including 2.5 years of construction period.

Major development works/ structures: Major Bridge: 2; Minor bridges: 14; Flyover: 4; Bypass: 1 (9.20 km); Overpass: 1; Tunnel: 1(450m); Elevated road: 1.218 km; Major road junctions: 12 ; Minor road junctions: 70; Slip roads: 1.085km; Service roads: 21.01 km; Realignment: 3; Toll plazas: 2 (km 187.739 & km 238.665); Vehicular underpasses: 4; Cattle underpasses: 4; Culverts: 256; Truck laybys: 3; Bus-bays/ shelters: 10

19. The Chair observed that since 1,992 km of NH stretches have already been approved by PPPAC for four laning under NHDP-IV, as against the overall dispensation of four laning of 2,000 km approved by the EGoM, the PPPAC does not have head room for considering more projects for four laning under NHDP-IV.

20. Secretary, RTH clarified that the project stretch is proposed to be included within the dispensation for four laning of 2,000 kms of stretches approved under NHDP Phase IV. Joint Secretary, MoRTH explained that the project is a replacement of the project stretch from Obedullahganj to Betul, earlier approved under NHDP-IV, which has been shifted to NHDP-III. The Chair requested Secretary, RTH to send the approval of the competent authority regarding the indicated change. This was agreed to.

(Action:MoRTH)

21. Joint Secretary, DEA indicated that the proposed TPC has been calculated based on 29 percent of miscellaneous cost over the civil cost which is in contravention of the maximum permissible limit of 25 percent above the civil cost prescribed by the MCA. Member, NHAI explained that since the construction on the stretch is likely to commence in October 2012, and the Schedule of Rates (SOR) for 2011-12 is not available, a 5 percent additional price escalation has been incorporated in the civil cost of construction. The 5 percent escalation on the civil cost has been included in the base civil cost, before estimating the TPC on the basis of norm of 25 percent, applied as per MCA. Director, DEA indicated that maximum permissible limit of 25 percent includes the period of the bidding process and construction. In the other projects, considered earlier by PPPAC, the 25 percent above the civil cost of construction includes the escalation of 5 percent based on the latest SOR available. Thus, TPC may be amended accordingly to Rs. 914.50 crore. This was agreed to.

(Action: NHAI)

22. The Chair queried whether the Standing Cost Committee has approved the project cost. CGM, NHAI clarified that the Committee had considered the project in its meeting held in October 2011 approved the project, subject to review of the project cost based on certain conditions/ revisions. Accordingly, NHAI had reviewed the project and the TPC has been reduced from Rs 967 crore to Rs 942.95 crore. The Chair advised that the revised project and its cost may be first considered and approved by the Standing Cost Committee before consideration by the PPPAC. Secretary, RTH requested that the project maybe considered for approval subject to the decision of the Standing Cost Committee in respect of the TPC of the project. The Chair agreed with the request and observed that the decision of the PPPAC with respect to the project would be communicated subsequent to the consideration of the revised project cost by the Standing Cost Committee³.

23. Member Secretary, Planning Commission stated that the project proposes six-lane structures in the corridor and these are not justified as only four-laning is proposed for the corridor during the entire concession period. Member, NHAI responded that there are four major bridges and two flyovers that are proposed to be six-laned where the traffic exceeds 30,000 PCUs. These structures of the project highway traverse the urban areas. This provision was indicated to be in accordance with IRC SP 84: 2009, clause 7.3. Thus, six-laning of the said structures was recommended for approval by the PPPAC. The same was agreed to by the members of PPPAC.

³ The Standing Cost Committee, chaired by Additional Secretary and Financial Adviser, MoRTH considered the proposal in its meeting held on December 23, 2011. The Committee noted that as per the direction of the PPPAC in its 48th meeting, the revised project cost has been considered by the Committee. The representative of NHAI informed that higher TPC of the project (i.e. Rs 11.89 crore per km) is on account of provision of 450 m long twin tunnel costing Rs 103.97 crore and 1.218 km long elevated structure at Nathdwara town costing Rs 71.38 crore. **The Standing Cost Committee approved the TPC of Rs 942.95 crore and advised NHAI to incorporate the provision of 6-lane twin tunnel as a deviation under Schedule- D.**

24. Member Secretary, Planning Commission indicated that the need for construction of bypass required a review. Member, NHAI responded that one bypass, of 9.20 km at km 239, has been proposed; the Kailashpuri bypass would circumvent the traffic congestion at towns of Delwara and Eklanji, which are places of religious importance and generate tourist traffic. Thus, this provision was necessary and may be approved. The same was agreed to by the members of the PPPAC.

25. Member Secretary, Planning Commission advised that the concession period for the project may be fixed as 27 years instead of 29 years, based on the design capacity of the project. This was supported by Joint Secretary, DEA. Secretary, RTH agreed to the same.

26. The Chair enquired about the status of land acquisition, requirement of service roads and other clearances. CGM, NHAI responded that 58 percent of land is already available. For the balance requirement, notification under Section 3(A) has been issued and the process of land acquisition has commenced. Service roads of 21.01 km, on both side of the corridor, have been proposed to satisfy the safety consideration since the project highway traverses industrial and marble/ mining areas. The process of obtaining environmental clearance and forest clearance was underway.

27. The Chair queried about the financial viability of the project. CGM, NHAI indicated that the financial estimates/modelling, for the given cost and traffic assumptions indicate that the project should be viable with VGF requirement of around 5 percent of the TPC.

28. The PPPAC granted final approval to the project under NHDP-IV for TPC of Rs. 914.50 crore with a maximum admissible VGF for the project of Rs. 365.80 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. The Concession period for the project shall be 27 years.
- b. The TPC may be examined and approved by the Standing Cost Committee.
- c. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.
- d. MoRTH shall obtain clearances, including environment and forest clearance, before commencing work on the project site.
- e. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- f. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCA.
- g. MoRTH shall obtain prior approval of the PPPAC on any change in the TPC, scope of work or project configuration as noted above.
- h. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item IV: Proposal from MoRTH for grant of final approval: Two/four-laning of Vikkravandi to Meensuruti section of NH 45-C from km 0 to Km 93.50 and 2-laning with PSS from Meensuruti km 93.500 to Thanjavur km 164.614 in the State of Tamil Nadu under NHDP - IV on BOT (Toll) basis.

Total length: 164.22 km; Total Project Cost: Rs. 1090 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 312.50 crore; Concession Period: 20 years including 2.5 years of construction period.

Major development works/ structures: Major Bridges: 11; Minor bridges: 106; ROB: 4; Bypasses: 7 (67.4 km); Major road junctions: 19 ; Service roads: 1 km; Toll plazas: 2 (km 47 & km 109); Vehicular underpasses: 6; Pedestrian underpasses: 11 ; Culverts: 231; Truck laybys: 4; Bus-bays/ shelters: 50

29. Joint Secretary, MoRTH presented the proposal. The PPPAC noted that the project envisaged up-gradation to four-laning for 98.90 km and two-laning with paved side shoulders of 65.32 km of the stretch in the total length 164.22km. The average cost of the project was Rs. 6.63 crore per km, which was lower than the average cost assumed by the BK Chaturvedi Committee, at Rs. 7.1 crore per km.

30. Member Secretary, Planning Commission observed that there was inconsistency in the project documents with respect to the project stretch proposed for four-laning, viz., the total length had been indicated as 93.50 km and as 98.90 km at different places in the documents. GM, NHAI responded that the total design length was 98.90 km and the same has been corrected in the project documents.

31. Member Secretary, Planning Commission sought justification for proposing bypasses totalling a length of 67.4 km in the total corridor length of 164.22 km. CGM, NHAI responded that the bypasses have been proposed due to inadequacy of ROW on the current project alignment. The ROW available on the existing highway is only 12-15m and hence, further expansion of the carriageway is not possible. Bypasses have also been proposed in the urban area having high traffic to reduce congestion.

32. Joint Secretary, DEA stated that the project highway is a part of NHDP Phase IV where the dispensation by the EGoM for four-laning of 2,000 km has been exhausted. Secretary, RTH indicated that the Ministry was consistently working towards meeting the stringent targets provided by PMO for award of 7300 km of NH stretches during the current year. Hence, it was requested that the project may be granted approval. Further, it was emphasised that there was likelihood of achieving the target of award of 7,300 km of stretches since 5,000 km of NH stretches have already been awarded in the current year.

33. Joint Secretary, DoE stated that achieving the target of award of 20 km of stretches per day does not appear realistic. Further, the financing plan of NHDP has not been finalised and the overall framework for financing of NHDP is not clear. Secretary, RTH responded that around 2,700 km of NHDP -III and about 17,500 km of NHDP -IV remain to be awarded, which is now the focus of the Ministry. Joint Secretary, DoE further queried

whether funding was available to undertake the same. It was suggested that in case adequate resources are not available, the target of award of 20 km of stretches per day may be reviewed and reduced to a more realistic level, in consultation with Ministry of Finance and Planning Commission and with the approval of the PMO.

34. Joint Secretary, DoE observed that four laning of 2,000 km under NHDP-IV has already been approved by the PPPAC, pursuant to the decision of the EGoM. Additional projects for four laning under NHDP-IV may be considered only after ascertaining and establishing the availability of funds for the NHDP programme as a whole and in alignment with the financing plan of NHDP taking into account all cash inflows and outflows. Secretary, RTH reiterated the request that the project may be considered for approval to meet the target of 7300 km as VGF requirement of the project would arise only from 2014-15 onwards.

35. The Chair enquired about the level of project preparedness and the status of land acquisition. He observed that about 600 hectares of land was yet to be acquired, which could be time consuming. In such a scenario it was premature to consider the proposal for grant of approval; it may be advisable to consider the proposal after the decision of the CCI in respect of the proposal of the MoRTH for NHDP-IV.

36. CGM, NHAI informed that notification under section 3(A) would be issued by January 2012 for entire 600 hectares out of total land requirement of 900 hectares. 300 hectares of land was available. No forest land was required for acquisition. Further, Member, NHAI stated that no additional land was required for the stretch proposed for 2-laning with PSS. The overall ROW requirement is 60 m for the four-laning section and 25-30 m for the section proposed for 2-laning with PSS. Further, since the project would be awarded only by March 2012 and another 6 months would be required for Financial Closure by the concessionaire, the NHAI would have time till October 2012 to hand over the total land, which is achievable. Accordingly, it was requested that the project may be approved, subject to acquisition of 80 per cent of the land by the Appointed Date.

37. Joint Secretary, DEA enquired whether the project could be restructured as two separate projects for the proposed length of four-lane and two-lane with PSS since the ROW was available for the stretch proposed for two laning with PSS. CGM, NHAI clarified that the project financials of the proposed structures indicate that the project may be financially viable with VGF up to 51 percent of TPC; in case the project is unbundled as two stretches, the project will cease to be financially viable. Hence, the current formulation is better and may be allowed to be tested in the market with maximum permissible limit of grant as 40 percent of the TPC. This was agreed to.

38. The PPPAC granted final approval to the project under NHDP-IV for TPC of Rs. 1090 crore with a maximum admissible VGF for the project of Rs. 436 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.

- b. MoRTH shall obtain clearances including environment and forest clearance, before commencing work on the project site.
- c. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item V: Proposal from MoRTH for grant of final approval: Two/Four laning of section between Madurai to Ramanathapuram from km. 5.000 to km. 79.340 and two lane with paved shoulders from km 79.340 to km 118.795 of NH-49 in Tamil Nadu under NHDP Phase III on BOT (Toll) basis.

Total length: 115.11 km; Total Project Cost: Rs. 683 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 145.07 crore; Concession Period: 30 years including 2.5 years of construction period.

Major development works/ structures: Minor Bridge: 23; Grade separator: 23(new) 13(widening); ROB: 7; Bypasses: 8 (39.425 km); Major road junctions: 16 ; Service roads: 16.55 km; Toll plazas: 2 (km 28 & km 90); Vehicular underpasses: 2; Minor road junctions: 76; Culverts: 192; Truck laybys: 5; Bus-bays/ shelters: 31, Wayside amenities: 2

39. Joint Secretary, MoRTH presented the proposal. The PPPAC noted that of the total 115.11 km, 74.90 km is proposed for four-laning and the balance 40.21 km for two-laning with paved side shoulders. The project is an approved stretch under NHDP-III and may be considered for grant of approval.

40. Joint Secretary, DEA indicated that four laning of the 75 km stretch is not justified till the year 2017. Member, NHAI clarified that though the four-laning is not justified based on the present traffic, however, the project is expected to achieve construction completion by 2015, leaving only two years to breach the two-lane capacity. Hence, it was advisable to develop this section as a four-lane stretch at the time of construction to minimise inconvenience to the users. Further, GM, NHAI indicated that the project was earlier posed to the PPPAC and considered in its 36th meeting held on May 28, 2010, with two-lane with PSS configuration on BoT (Annuity) mode. However, PPPAC returned the project and advised that the project may be re-structured on BOT (Toll) basis, accordingly the revised project proposal has been submitted to the PPPAC.

41. Advisor, Planning Commission expressed concern about the traffic estimates in the project document, including the financial assessment. The traffic has been indicated as 6,000 PCUs, which justifies only two-laning with PSS. CGM, NHAI, informed that there was an error in presenting the traffic figures; the annual average daily traffic (AADT) was 6000,

which converted to PCU equivalent is 10,995 PCUs in the first section and 6,812 PCUs in the second section. NHAI has indicated the corrected traffic figures in their responses to the appraisal notes.

42. The PPPAC granted final approval to the project under NHDP-III for TPC of Rs. 683 crore with a maximum admissible VGF for the project of Rs. 273.20 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.
- b. MoRTH shall obtain clearances, including environment and forest clearance, before commencing work on the project site.
- c. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the traffic estimates and the Schedules of the project DCAs.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VI: Proposal from MoRTH for grant of final approval: Two/four laning with paved shoulders of Sikar- Bikaner section of NH 11 (from Km 340.188 to Km 557.775 via Sikar Bye-Pass) and Bikaner bypass (from Km 553.869 of NH-11 to Km 267.325 of NH-89) in the State of Rajasthan under National Highways (Others) on BOT (Toll) basis:

Total length: 237.578 km (4-lane 32.29 km and 2-lane 205.288 km); Total Project Cost: Rs. 627.54 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 5 crore; Concession Period: 25 years including 2 years of construction period.
Major development works/ structures: ROB: 4; Bypasses: 2 (at Sikar and Bikaner); Major road junctions: 12 ; Minor road junctions: 113; Service roads: 1.133 km; Toll plazas: 4 (km 362.5, km 420.2, km 507 & km 11 of bikaner bypass); Underpasses: 4; Culverts: 93; Truck laybys: 5; Bus-bays/ shelters: 16

43. Joint Secretary, DEA informed that the Empowered Institution (EI) for the Scheme for Support to PPPs in Infrastructure, in its 35th meeting held on November 2, 2011, has granted in-principle approval for VGF support to the project in compliance of the following conditions:

- i. MoRTH would send written response to the observations of the members of EI.
- ii. MoRTH would circulate revised projects documents to the members of EI.
- iii. The environmental, forest and other approvals and clearances would be obtained before the award of the Project.

- iv. 80 percent of the land would be provided to the Concessionaire as per the Model Concession Agreement (MCA) by Appointed Date.
- v. Approval from the Public Private Partnership Appraisal Committee (PPPAC) and the Empowered Committee (EC) would be obtained before inviting the financial bids.
- vi. MoRTH would send written confirmation regarding availability of the budgetary provisions for meeting the cost of the pre-construction activities, balance VGF above as provided under the VGF Scheme and confirmation of the approval of the Competent Authority for implementation under NH (O).
- vii. MoRTH would share the list of projects approved by Minister RTH for implementation under NH(O).

44. Secretary, RTH indicated that all the above said conditions have already been complied and funds are available under the NH (O). He requested PPPAC to clear the project.

45. Joint Secretary, DEA stated that the project also required in-principle approval for VGF support from the Empowered Committee (EC) for the Scheme for Support to PPPs in Infrastructure. Since, the members of the PPPAC also constitute the EC, the Committee may also grant approval for VGF support to the project.

46. The EC granted in-principle approval for VGF support up to Rs. 125.508 crore (20 percent of TPC) and the PPPAC granted final approval to the project under NH(O) for TPC of Rs. 627.54 crore with a maximum admissible VGF for the project of Rs. 251.016 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.
- b. MoRTH shall obtain clearances, including environment and forest clearance, before commencing work on the project site.
- c. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- d. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs.
- e. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- f. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VII: Proposal from MoRTH for grant of final approval: Four-laning with paved shoulders of Sinnar-Nashik Section of NH-50 (from Km 177 to Km 201.35) in the State of Maharashtra under National Highways (Others) on BOT (Toll) basis:

Total length: 25.31 km; Total Project Cost: Rs. 312.96 crore (revised based on response of MoRTH); Cost of pre-construction activities to be financed by NHAI: Rs. 27.71 crore; Concession Period: 18 years including 2 years of construction period.

Major development works/ structures: Major Bridge: 1; Minor Bridge: 16; Bypasses: 1 (at Sinnar, 9.5km); Major road junctions: 9; Minor road junctions: 16; Service roads: 21.80 km; Toll plazas: 1 (km 193.8); Realignment: 1, Vehicular Underpasses: 5; Pedestrian Underpasses: 6; Culverts: 90; Truck laybys: 1; Bus-bays: 3 & bus shelters: 10

47. Joint Secretary, DEA informed that the EI for the Scheme for Support to PPPs in Infrastructure, in its 35th meeting held on November 2, 2011, has granted in-principle approval for VGF support to the project in compliance of the following conditions:

- a. MoRTH would send written response to the observations of the appraisal notes of DEA and Planning Commission
- b. GoM would circulate revised projects documents to the members of EI.
- c. The environmental, forest and other approvals and clearances would be obtained before the award of the Project.
- d. 80 percent of the land would be provided to the Concessionaire as per the Model Concession Agreement (MCA) by Appointed Date.
- e. Approval from the Public Private Partnership Appraisal Committee (PPPAC) and the Empowered Committee (EC) would be obtained before inviting the financial bids.
- f. PPPAC approval on the project shall be sought.
- g. The approval constitutes in-principle approval for VGF support under the Scheme Support to PPPs in Infrastructure.

48. Director, DEA indicated that the concession period for the project may be taken as 15 years instead of 20 years. CE, PWD, Government of Maharashtra informed that the State Government was expecting diversion of traffic to an alternative route, i.e. Ghoti -Sinnar road, upon completion of the construction of the stretch. Director, DEA indicated that since the instant project is a component of the DMIDC corridor project, it is likely to witness substantial increase in traffic. Hence, concession period may be reduced to 15 years in order to avoid liabilities on account of termination payments. It was further indicated that the project would remain viable, even with concession period of 15 years.

49. Secretary, RTH indicated that the Standing Cost Committee has approved the project cost. It was suggested that since DMIDC corridor is yet to be implemented and the traffic projections thereon may not be realistic, hence, concession period of 18 years may be allowed.

50. Joint Secretary, DEA stated that the project also required in-principle approval for VGF support from the Empowered Committee (EC) for the Scheme for Support to PPPs in Infrastructure.

51. The EC granted in-principle approval for VGF support up to Rs. 62.592 crore (20 percent of TPC) and the PPPAC granted final approval to the project under NH(O) for TPC of Rs. 312.96 crore with a maximum admissible VGF for the project of Rs. 125.184 crore (40 percent of TPC), subject to fulfilment of the following conditions:

- a. The concession period shall be 18 years
- b. NHAI shall ensure land acquisition in respect of the project to provide ROW in accordance with the provisions of the Model Concession Agreement (MCA) for National Highways.
- c. MoRTH shall obtain clearances, including environment and forest clearance, before commencing work on the project site.
- d. NHAI shall incorporate modifications in the project DCA (clause 27.1) to align it with the provisions of the Toll Policy.
- e. NHAI shall incorporate the observations of Planning Commission and DEA with respect to corrections in the Schedules of the project DCAs.
- f. MoRTH shall obtain prior approval of the PPPAC on any change in TPC, scope of work or project configuration as noted above.
- g. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

Agenda Item VIII: Review of status of 173 projects approved by the PPPAC

52. Director, DEA informed that MoRTH/NHAI has only furnished the date of award of the project and status of non awarded projects. However, complete information in respect of the projects, as sought for consideration by the PPPAC in the indicated format has not been shared.

53. Member, NHAI informed that out of 173 projects approved by PPPAC, 127 projects have already been awarded. Director, DEA indicated that award of projects is not an adequate indicator of implementation of NH stretches, unless construction work is started; hence, complete information is required for review.

54. The Chair advised MoRTH to share the complete information in the prescribed format to the members of PPPAC before the next PPPAC meeting. Secretary, RTH agreed to provide the same.

55. The PPPAC deferred the consideration of the agenda item to the next meeting of the PPPAC.

(Action: MoRTH/NHAI)

Agenda Item IX: Review the status of decisions/action points identified by the PPPAC in its meetings held in 2011.

56. Member, NHAI informed that detailed reply to the decision points is under preparation and the same will be shared at the earliest with the members of the PPPAC. The PPPAC deferred the consideration of the agenda item to the next meeting of the PPPAC.

(Action: MoRTH/NHAI)

57. The meeting ended with a vote of thanks to the Chair.

**Ministry of Finance
Department of Economic Affairs**

Meeting of the Public Private Partnership Appraisal Committee (PPPAC)

48th Meeting on December 13, 2011

List of Participants

I. Department of Economic Affairs

- i. Shri R. Gopalan, Secretary (Economic Affairs) (In Chair)
- ii. Shri Rajesh Khullar, Joint Secretary
- iii. Smt. Aparna Bhatia, Director
- iv. Shri Abhijit Phukon, Deputy Director

II. Department of Expenditure

- i. Smt. Meena Agarwal, Joint Secretary
- ii. Smt. Sigy Thomas Vaidhyan, Deputy Secretary (PF II)

III. Planning Commission

- iii. Smt. Sudha Pillai, Member Secretary
- iv. Shri K. R. Reddy, Joint Advisor
- v. Dr. A. Manohar, Deputy Advisor

IV. Ministry of Road Transport & Highways

- vi. Shri A. K. Upadhyay, Secretary
- vii. Shri Raghav Chandra, Joint Secretary
- viii. Shri K. C. Varkeyachan, (Chief Engineer)
- ix. Shri Atul Kumar, (Superintendent Engineer)

V. Ministry of NHAI

- x. Shri B.N. Singh, Member, NHAI
- xi. Shri M.P Sharma, Chief General Manager
- xii. Shri S. C. Jindal, Chief General Manager
- xiii. Shri B.S. Singla, Chief General Manager
- xiv. Shri MPS Rana, General Manager (T)
- xv. Shri V. K. Rajawat, General Manager (T)

VI. Department of Legal Affairs

- xvi. Shri Y. K. Singh, Assistant Legal Advisor

VII. Government of Maharashtra

- xvii. Shri P. S. Mandpe, (Chief Engineer, (NH), PWD)
- xviii. Shri N. M. Bhatia, (Resident Engineer)