


**F.No.2A/1/2013-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)**

New Delhi the November 11, 2013.

Subject: 60th Meeting of the Public Private Partnership Appraisal Committee (PPPAC).


The undersigned is directed to enclose the Record of Discussion of the 60th Meeting of the Public Private Partnership Appraisal Committee (PPPAC) held on October 31, 2013.


(Abhilasha Mahapatra)
Deputy Secretary (PPP)

1. **Finance Secretary & Secretary**, Department of Expenditure, North Block, New Delhi
2. **Secretary**, Planning Commission, Yojana Bhavan, New Delhi.
3. **Secretary**, Ministry of Road Transport and Highways, Transport Bhawan, New Delhi.
4. **Secretary**, Department of Legal Affairs, Shastri Bhawan, New Delhi.
5. **Secretary**, Ministry of Environment and Forest, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi.

Copy to:

- a. **PSO to Secretary**, Economic Affairs.
- b. **Sr.PPS to Additional Secretary**, Economic Affairs
- c. **PS to Joint Secretary (Infrastructure and Investment)**, DEA.
- d. **PS to Deputy Secretary (PPP)**, DEA.


(Abhilasha Mahapatra)
Deputy Secretary (PPP)



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Public Private Partnership Appraisal Committee

60th Meeting on October 31, 2013

Record Note of Discussion

The 60th meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs, was held on October 31, 2013. The list of participants is annexed.

2. The Chairman welcomed the participants and noted that the PPPAC would consider the following proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval:

- I. 4-lane with paved side shoulders (PSS) of a section between Jharpokharia-Baripada _Balasore of NH 5 from Km 0.000 to 80.600 in the State of Odisha, on (Built-Operate-Transfer (BOT)-Toll) basis under National Highway Development Program (NHDP)-IV.

Agenda Item I: Proposal from Ministry of Road Transport & Highways for grant of final approval: 4-lane with paved side shoulders (PSS) of a section between Jharpokharia-Baripada _Balasore of NH 5 from Km 0.000 to 80.600 in the State of Odisha, on (Built-Operate-Transfer (BOT)-Toll) basis under National Highway Development Program (NHDP)-IV.



Total length: 80.600 kms; Total Project Cost: Rs. 704.88 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 55.85 crore; Concession Period: 30 years including 2.5 years of construction period;

VGF requirements: Rs.281.95crore being 40% VGF of the total project cost.

Total Land required: 498.40 ha.; Land available: 483.60 ha. (97 percent); notification under section 3 (a) already issued for balance land.

Major development works/ structures: Major bridges: 5 Nos. (new 2-lane to be constructed), Minor bridges: 23 Nos. (New 2 lane to be Constructed), ROBs: 5 Nos. new 4- lane to be constructed, Flyovers: 3 nos. new 4-Lane to be constructed. Construction/ reconstruction/widening of Culverts: 92 Nos. (Box/Slab Culverts) and 4 Nos. (pipe Culverts), Animal underpass: 1 No., Bus bays - 64 Nos. (including both side), Truck Lay byes - 2 x 1 nos., Toll Plaza: 2

3. DyGM (T), NHAI gave a brief description of the project. He stated that 97% of land was already in its possession and only 3% of additional land was required. The project highway is intercepted by two major highways Viz: NH 6 (Kolkatta—Mumbai route) at the starting point and NH-60 towards Kolkatta at the end point. The route serves four state highways taking off at Km. 11, 31,32 and 35 in fringe of Baripada town. It was therefore necessary to upgrade this highway from a 2 lane with PSS configuration to 4 lane with PSS.

4. Representative of Planning Commission pointed out that there were 5 ROBs and 3 flyovers as a result of which the project cost increased substantially rendering the project almost financially unviable. JS (MoRTH) pointed out that there is a track of railway line running almost close to the project route on either side with criss-crossing of the NH at number of places; hence the ROBs were required. As regards the flyovers, these were proposed at congested places of semi-urban areas/towns where the traffic is slow moving due to congestion. Hence, these structures were needed for smooth flow of traffic. JS (MoRTH) also stated that the growth in traffic was assumed at the normal 5% rate for arriving at the financial viability. In actuality, this growth rate is usually higher, and if a traffic growth rate of 7.5% is assumed, the project would be viable with a grant of 40% or less.

5. The Chair also observed that while construction of 5 ROBs and 3 flyovers may appear as over-engineering, these structures are considered essential for the smooth flow of traffic in view of the geography of the location. Slowing down of traffic at frequent intervals will result in traffic not building up and may also result in bidders shying away from the project. It was also stated that if these structures are not built now, it may necessitate construction of by-pass/structures at a later date which would be more expensive to cater to traffic growth. Hence, reducing the number of structures was not advisable.

6. Director, Dept. Of Expenditure, pointed out that taking a traffic growth rate at 7.5% may not be correct and hence to indicate viability based on such a high growth rate was not appropriate. The Chair pointed out that the financial projections have actually been made assuming a traffic growth rate of 5% only, but MoRTH merely indicated that the project would be viable in case a growth rate of 7.5% was assumed. In any case, it is for the bidders to assess the growth potential of the traffic and bid accordingly.

7. The PPPAC therefore decided to recommend to the competent authority, the project of 4-laning with paved side shoulders (PSS) of a section between Jharpokharia-Baripada-Balasore of NH 5 from Km 0.000 to 80.600 in the State of Odisha, on (Built-Operate-Transfer (BOT)-Toll) basis under National Highway Development Program (NHDP)-IV for TPC of Rs. 704.88 crore with maximum VGF of Rs. 281.95 crore (40 percent of TPC) for final approval, subject to fulfilment of the following conditions:

7.1 NHAI/MoRTH shall issue Request for Proposal (RFP) only after:

a. Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60% of the total land should be available or notification under Section 3(A) should have been issued for at least 90 percent of the land required and notification under Section 3(D) should have been issued for atleast 60 percent of the land required for the project"*

b. Obtaining the environment clearances for the project.

7.2. NHAI shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by NHAI/MoRTH in their responses.

7.3 MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.

7.4 MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/NHAI)

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

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Public Private Partnership Appraisal Committee

60th Meeting on October 31, 2013

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Dr. Arvind Mayaram, Secretary (*In Chair*)
- ii. Shri Shaktikanta Das, Additional Secretary
- iii. Smt. Abhilasha Mahapatra, Deputy Secretary

II. Department of Expenditure, Ministry of Finance

- iv. Smt. Saheli Ghosh Ray, Director (PF II)

III. Planning Commission

- v. Shri Amitabha Ray, Joint Advisor
- vi. Shri K. R. Reddy, Consultant

IV. Ministry of Road Transport & Highways (MoRTH)

- vii. Shri Vijay Chibber, Secretary
- viii. Shri Rohit Kumar Singh, Joint Secretary
- ix. Shri Amrendra Kumar, SE(PPP)

V. Ministry of Law & Justice

- x. Shri Mritunjay Narayan Singh, Asst. Legal Adviser

VI. National Highway Authority of India

- xi. Shri S.C Jindal, CGM (T)
- xii. Shri M.P.S. Rana, CGM (T)