

**F. No. 2/6/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)**


New Delhi the, March 4, 2015

OFFICE MEMORANDUM

Subject: Record of Discussions of the 70th Meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), held on February 18, 2015

Please find enclosed the Record of Discussions of the 70th Meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC) chaired by Secretary, Economic Affairs & Finance Secretary held on **February 18, 2015.**

Encl: as stated


(Abhilasha Mahapatra)
9/3/15 Director (PPP)

To,

1. Secretary, Department of Expenditure, North Block, New Delhi.
2. Secretary, NITI Aayog, Yojana Bhawan, New Delhi.
3. Secretary, Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi.
5. Secretary, Ministry of Environment & Forest, Indira Paryavaran Bhawan, New Delhi

Copy to:

Shri R.K. Singh, Joint Secretary (Highways), Ministry of Road Transport & Highways, Transport Bhawan, New Delhi.

Copy also to:

1. PSO to Finance Secretary
2. Sr. PPS to AS (EA)
3. Sr. PS to JS (Infra.)
4. PS to Director (PPP)



F. No. 2/6/2015-PPP

Government of India

Ministry of Finance

Department of Economic Affairs

Public Private Partnership Appraisal Committee

70th Meeting held on February 18, 2015

Record Note of Discussion

The 70th meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs & Finance Secretary, was held on February 18, 2015. The list of participants is **attached**.

2. The PPPAC considered three proposals in the road sector from Ministry of Road Transport & Highways (MoRTH) for grant of final approval. The Ports sector project from the Ministry of Shipping was deferred as the Ministry has stated that a revised Memo will be submitted.

Agenda Item I: Proposal from Ministry of Road Transport & Highways for grant of final approval: Six laning of Agra-Etawah section of NH-2 from km 199.660 to km 323.525 (length 124.520 km) under NHDP – V on Design, Build, Finance, Operate, Transfer (DBFOT) Toll basis

Total length: 124.520 km; Total Project Cost: Rs. 1650.20 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 136.82 crore; Concession Period: 24 years including 2.5 years of construction period.

Land status: Total land required: 685.80 ha; Land available: 519 ha (75.68%); land to be acquired- 166.80 ha(24.32%); Notified under 3D: 159.54 ha (23.26%); Govt. Land: 7.26 ha (1.06%).

Status of Clearences: Forest Clearences: Obtained for Stage-I in May, 2014; MoEF: Obtained in March, 2013; GAD: Approved.

Major development works/ structures: 1 Major Bridge (new on Yamuna River); 2 Major Bridges (repair); Grade separator/flyovers (4 new and 2 repair); ROBs (1 new and 6 repair); 1 Bypass (Firozabad bypass, 20.25 km); 10 Major road junctions; Service roads (47.69 km new, both sides), 55.60 (existing); Slip Roads: 30.282 km; 2 Toll plazas (km 224.950 & km 285.200); 12 Minor bridges (for repair); 14 Minor bridges (new); 154 Minor road junctions; 4 Minor Bridge-service road (new); Vehicular underpass (11 new and 1 repair); 10/6 Pedestrian/Cattle underpasses; 213 Culverts (new and repair); 4 Truck laybys; 20 Bus bays and shelters; Metal Crash Barrier: 53.006 km.

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3. Director, DEA informed the PPPAC that the project was earlier approved by the PPPAC at its 46th meeting held on September 14, 2011 for a project cost of Rs. 1207 crores with concession period of 30 years. The project was awarded to M/s Ramky Infrastructure on 30.11.2011 on a premium of Rs. 128.07 crores (first year) and the Concession Agreement was signed on 19.01.2012, however, the project was terminated in May, 2014. MoRTH was requested to provide clarifications and reasons for termination and the present status of fulfilment of Conditions Precedents for the project.

4. Member, NHAI responded that while the Concessionaire had fulfilled majority of the Conditions Precedents, NHAI could not fulfil its part of the Conditions Precedents, in terms of 80% land availability and Stage-II forest clearance, due to the Taj Trapezium Zone (TTZ) issue and accordingly, the project was terminated in May, 2014 on mutual consent. The present status of clearances of the project is that Environment clearance and Stage- I forest clearance was obtained in March, 2013 and TTZ clearance was obtained in May, 2014. The proposal for Stage-II Forest clearance has been submitted in October, 2014. GADs for RoB has been approved from Railways and 509.00 Ha of land is available (about 76 percent of the total land requirement). 3(G) Notification for the balance land is likely to be completed within a month. The project is expected to be viable with premium of Rs. 114.02 crore to achieve 15% Return on Equity.

5. Joint Secretary, DEA indicated that while the project is for six laning the intervening 4-lane Etawah bypass of 13.6 km (from km 309.9 to km 322.6) has not been envisaged for six laning and sought reasons for the same. Member, NHAI responded that Etawah bypass is an isolated stretch which includes 12 structures constructed with RE/retaining walls and cannot be widened due to technical reasons unless the existing RE walls are reconstructed and the embankments refilled. This would lead to high expenditure and therefore it was requested that the project may be approved with the present configuration. Whereas, this would be a narrowing of the road, Member NHAI stated this is unlikely to had to user complaints as the flow would be smooth, as per design.

6. Director, DEA sought clarification from MoRTH on clause 29.2.3 of DCA, according to which the design capacity of Etawah bypass has been kept as 60,000 PCUs with user fee reduced to 40% w.e.f. April 1, 2031, when the capacity is breached . It was stated that the MoRTH Fee Notification dated 12th January, 2011 does not indicate reduction of toll on achieving of design capacity and necessary provisions may be made in the project documents accordingly.

(Action: MoRTH/ NHAI)

7. Director, DEA indicated that TPC for the project has been increased from Rs. 1207 crores (Rs. 9.69 crores per km), approved by the PPPAC in September, 2011 to Rs. 1650.20 crores (Rs. 13.25 crores per km) now proposed, the justification for increase in project cost were sought. Member, NHAI responded that increase in project cost is due to the updation of the Schedule of Rates (SOR) from 2010-11 to 2013-14 and further updation to 2015 by increasing 5% per year as per the NHAI policy. Also, two flyovers have been added to the project scope and other project specific changes have been made in addition to technical compliance of the revised Manual of Standard & Specifications IRC:SP:87-2013. The cost per km for the proposed project is Rs. 13.25 crores which is within the MoRTH's 2014-15 norms of Rs. 13.67 crores per km for 4- lane projects .The proposed cost is hence reasonable. All members of the PPPAC were in agreement to recommend the proposal to the competent authority.

8. **The PPPAC recommended the proposal , Six laning of Agra-Etawah section of NH-2 from km 199.660 to km 323.525 (length 124.520 km) under NHDP – V on Design Build, Finance, Operate and Transfer (DBFOT) basis, for TPC of Rs. 1650.20 crore with VGF as per the Scheme Guidelines, for grant of final approval, subject to fulfilment of the following conditions:**

- 8.1. MoRTH shall issue Request for Proposal (RFP) only after ;
 - 8.1.1. 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"*
 - 8.1.2. Obtaining the environment clearances for the project
- 8.2. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 8.3. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 8.4. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/ NHAI)



Agenda Item II: Proposal from Ministry of Road Transport & Highways for grant of final approval: Eight laning of Mukarba Chowk (Km 15.500) to Panipat (Km 86.000) of NH – 1 (New NH-44) in the state of Delhi & Haryana on Design, Build, Finance, Operate, Transfer (DBFOT) Toll basis

Total length: 69.849 km plus 1.54 km EPC stretch =71.389 km; Total Project Cost: Rs. 2128.72 crore; Cost of pre-construction activities to be financed by NHAI: Rs. 75.79 crore; Concession Period: 17 years including 2.5 years of construction period.

Land status: Total land required: 464.40 ha; Land available: 464.40 ha (100%); land to be acquired- Nil. However, land acquisition of 6 ha is in process for toll plaza;

Status of Clearances: Environment Clearance: Not required; Forest Clearances: under process; GAD: Not required; Wild life Clearance: Not required

Major development works/ structures: Major Bridge: Nil; Grade separator/flyovers 10(new); ROBs; Nil; Bypass: Nil ; Major road junctions: 15; Service roads: 141.826 km (new, both sides); Slip Roads: 31.92 km (new, both sides); Toll plazas: 1 at km 51.400; Minor bridges : 33 (15- new, 12 for re-construction, 1 for widening and 5for repair); Minor road junctions: 23; Vehicular underpass: 5 (new); Pedestrian/Cattle underpasses: 8; Culverts: 75 + 25 on Junctions; Truck laybys: Nil; Bus bays and shelters: 78; FoB: 1.

9. Joint Secretary, DEA informed the PPPAC that response to DEA's and NITI Aayog's Appraisal Notes has been received. A few issues remain outstanding for which clarifications are required. The existing road from km 15.500 (Mukarba Chowk) to km 29.300 (Delhi / Haryana Border) on the Delhi side is already 8-laned, constructed on EPC basis by NHAI in 2009-10 and a 6-laned highway from km 29.300 to km 86.000 on the Haryana side. MoRTH may justify the mandate for 8 laning and the phase under which the project is to be undertaken.

10. Member, NHAI responded that proposed highway is a part of Sher Shah Suri Marg (now NH-1) connecting the States of J&K, Punjab, HP, Haryana, Chandigarh and Western UP with Delhi . This road is also important from a strategic/defence point of view as it leads to the borders of the country. The present traffic is between 79,000 PCU to 1,10,426 PCU with both slow moving and fast moving traffic plying on the same carriageway and endangering the safety of road users. In order to cope with heavy growth of traffic, the highway is proposed to be 8-laned with 2-lane service roads on each side. On completion of the project highway, the slow moving vehicles will ply only on the service road enhancing the safety of the road users.

11. Member, NHAI also informed the PPPAC that the proposed project is not a part of the NHDP, but has been proposed due to heavy traffic. Joint Secretary, DEA stated that in such cases, it may be clarified whether the project is eligible for VGF

from the Cess fund. Joint Secretary, MoRTH responded that project is viable with premium of Rs. 90.65 crore and being bid out on premium. On the deposit of the premium received from the project, MoRTH agreed that this would be deposited in the Consolidated Fund of India.

(Action: MoRTH/ NHAI)

12. Director, DEA stated that MoRTH has indicated the design capacity for the 8 lane highway as 2,10,000 PCUs as against 1,20,000 capacity being used for 6 lane projects. Member, NHAI responded that design capacity of the 8 lane highway is considered as 1,80,000 PCUs, in addition, capacity of 30,000 PCUs has been added for 2 lane service lanes on either side of the road. The capacity of 2,10,000 PCUs is therefore justified for 8 lane highway with 2 lane service road all along the highway. To a question about whether capacity of service roads can be added, CGM, NHAI responded that the service roads merged at Toll Plaza, and accordingly the traffic plying on service road is tollable and hence adding this capacity of service roads is justified.

(Action: MoRTH/ NHAI)

13. Director, DEA requested NHAI to clarify on the status of the 1.54 km stretch being constructed by NHAI and proposed to be included as part of the project for collection of toll. Member, NHAI responded that the stretch of 1.54 km includes construction of a flyover at Bahalgarh and an additional bridge at Rasoi, the estimated completion date of these works is 12.11.2016. Joint Secretary, DEA asked that in the DCA, the date of handover of sites to the Concessionaire should be clearly indicated in the DCA, alongwith the consequences of delay and whether extra toll is applicable for structures. This was agreed to.

(Action: MoRTH/ NHAI)

14. Advisor, Niti Aayog stated that the TPC for the project is high, at Rs. 2128.72 crore, i.e. Rs. 30.48 crore per km as against Rs. 14.40 crore estimated by MORTH for adding two lanes (augmentation from 4-lane to 6-lane). Further, TPC has been calculated by adding 29.41% to the civil cost of Rs. 1644.80 crore as against 25% of civil cost allowed as per MCA to meet other cost like IDC, escalation, etc.

15. Member, NHAI responded that there are 35 median openings on the existing highway which are a major cause for accidents which have been proposed to be closed and grade separated structures provided at these locations for safe and smooth movement of traffic. The cost of providing these structures along with the provision of RE wall, side drains and culverts itself comes to Rs. 684 crores, which is Rs. 9.51 crores/km. Further, for the entire project length, new 2-lane service road has been proposed on both sides along-with widening of existing 6-lane highway to 8-lane ,i.e., in all 6 new lanes are proposed to be added to the existing 6-lane highway.

The cost is high due to bridges and structures, including ten flyovers costing Rs. 195.04 crore, service roads on both sides costing Rs. 262.85 crore, RE wall in approaches to grade separators costing Rs. 200.33 crore, RCC Drains costing Rs. 266.61 crore. The cost of the project has been examined in detail by the Standing Cost Committee headed by SS&FA and approved in its meeting held on 23.12.2014. Advisor, Niti Aayog suggested that NHAI may review the TPC adding maximum of 25% of civil cost as against 29.41% to the civil cost in line with the other PPP project. MoRTH/NHAI was also requested to provide a copy of the Minutes of the Standing Cost Committee for record. This was agreed to.

(Action: MoRTH/ NHAI)

16. Advisor, Niti Aayog further stated that ROW available is from 60 to 75 m as against 90 m required for six laning and no provision has been made for additional land acquisition to provide 90 m ROW. Member, NHAI responded that no additional land acquisition is proposed except 6(six) ha for Toll Plaza as the entire stretch includes built up area on both sides and no further land acquisition is possible, the proposed eight laning and service road would be accommodated within the existing RoW.

17. Advisor, Niti Aayog indicated that DCA of the project has been prepared based on the MCA of a four laning project. He sought clarification on why the MCA for six laning was not taken as the base document for an eight laning. Joint Secretary, MoRTH responded that MCA for four laning has been adopted as this is considered a better document than that for 6 laning.. The MCA for six laning allows tolling during the construction period which has led to delays in completion of the projects given on six laning and user dissatisfaction. The Concessionaire is not incentivized to complete construction work on time. This was agreed to.

(Action: MoRTH/ NHAI)

18. Advisor, Niti Aayog indicated that Concessionaire is mandated to adopt Manual of Specifications and Standards for six laning of Highway through PPP (IRC: SP: 87-2013) with certain modifications as manual for eight laning is not available. It was suggested that MoRTH may review the modifications along with width of the highway and other technical parameter to remove anomalies and future disputes. This was agreed to.

(Action: MoRTH/ NHAI)

19. The PPPAC recommended the proposal for Eight laning of Mukarba Chowk (Km 15.500) to Panipat (Km 86.000) of NH - 1 (New NH-44) in the state of Delhi & Haryana on Design Build, Finance, Operate and Transfer (DBFOT) basis, for TPC of Rs. 2128.72 crore with VGF as per the Scheme Guidelines, for grant of final approval, subject to fulfilment of the following conditions:

- 19.1. MoRTH shall issue Request for Proposal (RFP) only after ;
19.1.1. 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"*
19.1.2. Obtaining the environment clearances for the project
- 19.2. MoRTH shall incorporate the observations of NITI Aayog and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 19.3. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 19.4. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH/ NHAI)

Agenda Item III: Proposal from Ministry of Road Transport & Highways (MoRTH) for grant of final approval: 4 Laning of Solapur- Bijapur Section of NH 13 (New NH 52) from Km 0.000 to Km 110.542 in the states of Maharashtra and Karnataka under Design, Build, Finance, Operate and Transfer (DBFOT) Toll basis.

Total length: 109.075 Km; Total Project Cost: Rs. 1377.54 Crores; Cost of pre-construction activities to be financed by NHAI: Rs 160.10 crore; Concession Period: 22 years including 2.5 years of construction period.

Major development works/ structures: Major Bridges: 3; Minor bridges: 34; Grade separated flyovers: 6; ROBs: 2; Vehicular underpasses: 11; Pedestrian/Cattle Underpass: 12/04; Major road junctions: 18; Service roads: 46.234 km; No. of By-passes and length: 2 / 22.063 Km; Minor road junctions: 33; Toll plazas: 2 (At Km 32.100, and at Km 85.950); Truck laybays: 2; Bus laybays/Shelters: 24

20. JS, MoRTH explained the salient features of the Project Highway. It was informed that the Authority is in possession of about 85% of RoW required for the Project Highway i.e. Land available with the authority is 359.61 Ha. (54%) and Notification under Section 3D has been issued for 207.80 Ha. (31%). In addition Forest clearances and approval from Railway Authority for the proposed RoB and State Support Agreement have been obtained.

21. Director, DEA stated that the Project Highway was earlier approved in 49th meeting of the PPPAC held on January 23, 2012. The reason for rebidding is not clear

neither does the PPPAC Memo mention this. It was pointed out that the PPPAC Memo did not mention that this was an earlier bid out project. It was requested that in all such cases previously considered by the PPPAC or bid out earlier, the project Authority should provide the case history and clearly state the reason for resubmission of the MFC Memo for consideration under PPPAC i.e. the details related to award of concession (grant vs. premium), reasons behind cancellation of concession and re-bidding etc. This was agreed to.

(Action: MoRTH/NHAI)

22. JS, MoRTH explained that the earlier proposal was submitted with an estimated grant of 7.83% of TPC of Rs. 1002.48 crore and the project was awarded to the Concessionaire with a premium of Rs.75.60 Crore i.e. 7.54% of TPC. The Concession was, however, terminated due to non-fulfilment of Conditions Precedent by the Authority mainly due to Solapur Bypass alignment passing through Great Indian Bustard Sanctuary (GIB) i.e. the Authority could not procure all Applicable Permits relating to environmental protection and conservation of the Site.

23. CGM, NHAI stated that as per the direction of Government of Maharashtra, the Authority has realigned the Bypass by avoiding the core area of GIB Sanctuary in December 2012. The issue of Wild Life Clearance was discussed in 31st Meeting of the Standing Committee of National Board for Wildlife (NBWL) held on August 12 & 13, 2014 and accordingly the Committee has granted clearance for the Project Highway.

24. Member, Niti Aayog pointed out that the TPC of the Project Highway has increased from Rs. 1002.48 crore to Rs. 1337.54 crore, an increase of Rs. 375.06 crore (increase of 37.14%) in the last 3 years at an annual rate of about 12% which is high. Reasons for such a large increase of the TPC have not been given. JS (MoRTH) explained that the original cost estimate was based on SOR 2010-11, while the present cost estimates are based on SOR 2013-14. Similarly, a number of additional features i.e. 4 Cattle Underpass, one Vehicular Underpass, one flyover, increased spans of ROB etc. have been added to the revised proposal.

25. **The PPPAC recommended grant of final approval to the proposal for 4 Laning of Solapur- Bijapur Section of NH 13 (New NH 52) from Km 0.000 to Km 110.542 in the states of Maharashtra and Karnataka under Design, Build, Finance, Operate and Transfer (DBFOT) Toll basis, for TPC of Rs. 1377.54 Crores with VGF as per the Scheme Guidelines, subject to fulfilment of the following conditions:**

25.1. MoRTH shall issue Request for Proposal (RFP) only after;

25.1.1. Completing the land acquisition as per the decision of PPPAC in its 56th meeting held on December 21, 2012 that *"atleast 60 percent 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 at least 60 percent of the land required for the project"

- 25.1.2. Obtaining the environment clearances for the project.
- 25.2. MoRTH shall incorporate the observations of Planning Commission and DEA with respect to the project DCAs as agreed to by MoRTH in their responses.
- 25.3. MoRTH shall obtain prior approval of the PPPAC on any change in scope of work or project configuration as noted above.
- 25.4. MoRTH shall circulate the revised documents to the members of the PPPAC for record.

(Action: MoRTH)



Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

70th Meeting on February 18, 2015

List of Participants

I. Department of Economic Affairs, Ministry of Finance

- i. Dr. Rajiv Mehrishi, Secretary, Economic Affairs & Finance Secretary (In Chair)
- ii. Shri Dinesh Sharma, Additional Secretary
- iii. Ms. Sharmila Chavaly, Joint Secretary, Infra
- iv. Ms. Abhilasha Mahapatra, Director (PPP)
- v. Shri V. Srikanth, Deputy Director (PPP)

II. Department of Expenditure, Ministry of Finance

- vi. Smt. Saheli Ghosh Roy, Director (PF-II)

III. NITI AAYOG

- vii. Shri Praveen Mehto, Adviser
- viii. Shri K. Ranga Reddy, Consultant

IV. Ministry of Road Transport & Highways (MoRTH)

- i. Shri Vijay Chhibber, Secretary
- ii. Shri Rohit K. Singh, Joint Secretary
- iii. Shri Rakesh Kumar, SE
- iv. Shri Pawan Kumar, SE (PPP)
- v. Shri Akhtarul Hanif, DS & DFA

V. Department of Legal Affairs

- vi. Shri T.K. Malik, Dy. Legal Advisor



VI. Ministry of Environment and Forest

- vii. Shri T.C. Nautiyal, Sr. AIG (FC)

VII. National Highway Authority of India

- viii. Shri Sudhir Kumar, Member (PPP)
ix. Shri Satish Chandra, Member (Fin)
x. Shri M.P.Sharma, Member (Tech)
xi. Shri B.S.Singla, CGM
xii. Shri A.K. Singh, CGM
xiii. Shri Mahabir Singh, CGM (Tech.)
xiv. Shri Ashish Asati, GM (T)
xv. Shri V.K.Joshi, DGM (Tech.)

