

Ministry of Finance
Department of Economic Affairs

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Public Private Partnership Appraisal Committee (PPPAC)

12th Meeting on September 19, 2007

Record Note of Discussion

The 12th meeting of the Public Private Partnership Appraisal Committee (PPPAC) was held in North Block, New Delhi at 2.00 PM on September 19, 2007. The Finance Secretary chaired the meeting. The list of participants is annexed.

2. The PPPAC deliberated on the Agenda Note as circulated vide DEA's O.M. No.1/5/2005-PPP dated September 18, 2007.

**Agenda No 1: Consideration of proposal from Department of Shipping:
Construction of Container Terminal at Ennore Port on BOT
basis.**

3. It was noted that the proposal is for grant of in-principle approval for Construction of Container Terminal at Ennore Port. It was indicated that the Model Concession agreement of the Port Sector projects was expected to be finalised soon. The PPPAC granted in-principle approval to the project subject to the project being based on the new Model Concession Agreement for port sector projects.

(Action: Department of Shipping)

Agenda No 2: Consideration of proposal from Ministry of Power: Transmission lines under Western Region System Strengthening Scheme-II (WRSSS-II) Project B&C through 100% equity participation by Private entity, i.e. Independent Private Transmission Company (IPTC) route

4. It was noted that Ministry of Power had forwarded the above project for consideration by the PPPAC since the project may involve contingent liabilities for the Government in the event of Buy-out. The appraisal of the project had been completed and observations of Planning Commission and Department of Expenditure conveyed to the Administrative Ministry. No response has been received from Ministry of Power. On the request of the Ministry of Power, the proposal was withdrawn from PPPAC.

Agenda No 3: Consideration of proposals from Department of Road Transport and Highways.

- i. **4-laning of Jorabat-Barapani section from km.000 to 61.800 of NH-40 in the state of Meghalaya under SARDP NE phase A on BOT Annuity basis.**
- ii. **6-laning of Pimpalgaon-Nashik-Gonde Section of NH-3 in the State of Maharashtra under NHDP Phase IIIA on BOT basis.**
- iii. **Development of Eastern Peripheral Expressway on NH No 2 in States of Haryana and UP on BOT Toll basis.**

5. It was noted that the three projects had been examined by the constituents of the PPPAC and the Appraisal Notes of Planning Commission, Comments of Department of Legal Affairs and observations on Draft Concession Agreements of the projects had been sent for response from the Administrative Department. Noting that the response of Department of Road Transport and Highways (DORTH) on issues raised by the constituents of the

PPPAC on the project proposals had not been furnished it was decided to defer the agenda item. Representative of DORTH assured that the response of the Administrative Ministry would be sent within 15 days to the constituents of the PPPAC.

(Action: Department of Road Transport and Highways [DORTH])

6. Representative from Department of Legal Affairs suggested that while designing Draft Concession Agreements, DORTH should deviate from the Model Concession Agreement only if the change was essential as per the requirements of the project. He suggested that non-substantive changes / deviations in the Draft Concession Agreement such as modifications in the formulation of the clauses of the MCA should be avoided. Representative of DORTH sought clarification on whether a statement indicating the deviations from the Model Concession Document was sufficient for appraisal of the projects or the Draft Concession Agreement of the projects are also required to be sent. It was clarified that the statement indicating the substantive and non-substantive changes from the MCA as well as the comprehensive document (Draft Concession Agreement) may be provided by the Administrative Department to all the constituents of the PPPAC while forwarding a proposal for consideration by the PPP Appraisal Committee.

(Action: DORTH)

7. Thereafter, the status of other proposals received from DORTH was reviewed. It was noted that the proposal on widening of existing two lane carriage way of Armur-Adloor Yallareddy Section on BOT (Annuity) basis and the proposal for design, construction, development, finance, operation and maintenance of Kamptee-Kanhan and Nagpur bypass on BOT (Annuity) basis were considered by the PPPAC in the eleventh meeting. The PPPAC

had requested Secretary, DORTH to examine if the existing MCA has the approval of the competent authority. It was indicated that Secretary, DORTH had, thereafter, informed Chairman of the PPPAC that the Concession Agreement for BOT (Annuity) projects, had been approved on June 5, 2000 by the High Powered Committee, set up in pursuance of the decision of the Task Force on Infrastructure in its ninth meeting held on 29.07.1999 that "NHAI should proceed immediately with developing documentation for preparing and awarding stretches on the NHDP on the basis of annuity". It was noted that the matter has been referred to the Cabinet Secretariat for clarification regarding the competent authority for approval of Concession Agreement.

8. It was also noted that since the two projects were proposed to be taken up on BOT (Annuity) basis without in the first instance being offered on BOT (Toll) basis, DORTH had been requested to examine if the two projects required dispensation from CCEA in accordance with the Cabinet decision dated 18.05.2006 regarding mode of delivery of National Highways, and if so to seek the appropriate dispensation. It was clarified that PPPAC is not the appropriate forum to grant dispensation on this.

(Action: DORTH)

9. It was indicated that the project on construction, maintenance and operation of Jalandhar-Amritsar section on BOT (Annuity) basis was considered by the PPPAC in the eleventh meeting. PPPAC decided that NHAI would seek bids on BOT (Toll) basis for the project. The reformulated project proposal from DORTH was awaited. DORTH was requested to expedite the same.

(Action: DORTH)

10. It was noted that the appraisal notes for five proposals of DORTH had been sent to the Administrative Ministry for their response. DORTH was requested to expedite the same so that the proposal could be considered in the next meeting of the PPPAC.

(Action: DORTH)

11. The meeting ended with a vote of thanks to the chair.

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Public Private Partnership Appraisal Committee (PPPAC)
12th Meeting on September 19, 2007

List of Participants

I. Department of Economic Affairs

- i. Dr D. Subbarao, Finance Secretary (In Chair)
- ii. Shri Arvind Mayaram, Joint Secretary (Infrastructure)
- iii. Smt. Aparna Bhatia, Joint Director
- iv. Ms Prathibha A., Assistant Director

II. Planning Commission

- i. Shri Gajendra Haldea, Adviser to Deputy Chairman,
- ii. Shri Ravi Mittal, Adviser,
- iii. Shri K. Ranga Reddy, Deputy Adviser,
- iv. Shri A. Manohar, Deputy Adviser

III. Department of Expenditure

- i. Smt. Rita Menon, Additional Secretary,

IV. Department of Legal Affairs

- i. Shri A.P. Aggarwal, OSD,

V. Department of Shipping

- i. Shri Rakesh Srivastava, Joint Secretary

VI. Ministry of Power

- i. Shri K.V. Gopala Rao, Under Secretary

VII. Department of Road Transport & Highways

- i. Shri G. Sharan, Additional DG
- ii. Shri C. Balakrishanan, Additional Secretary & FA
- iii. Shri R.K. Singh, Superintending Engineer

VIII. National Highways Authority of India

- i. Dr. J.S. Maini, Chairman, NHAI.
- ii. Shri Nirmaljit Singh, Member (Technical), NHAI
- iii. Shri. C. Kandasamy, Member (Technical)
- iv. Shri Poonia Rajesh, General Manager (T)
- v. Shri S.C. Jindal, CGM
- vi. Shri Sanjeev Kulshrestha, Manager (T)
- vii. Shri Seshagri Rao, Manager (T)
- viii. Shri S. K. Puri, C.G.M
- ix. Shri Gautam Das, GM (BOT),
- x. Shri Faquir Chand, ED, SPAN Consultants

IX. Ennore Port Limited

- i. Shri S. Velumani, CMD
- ii. Shri A. Rajagopalan, Director (Operations)