Government of India
Ministry of Finance
Department of Economic Affairs

Public Private Partnership Appraisal Committee

39th meeting on December 2, 2010

Record Note of Discussion

The 39th meeting of the Public Private Partnership Appraisal Committee (PPPAC), chaired by Finance Secretary, was held on December 2, 2010. The list of participants is annexed.

A. Proposals from Ministry of Home Affairs: Development of Housing Clusters for CPMF under Ministry of Home Affairs in PPP mode (7 clusters) on BoT (Annuity) basis – In-principle Approval

i. **Development of the Amritsar Housing cluster**
ii. **Development of the Bhopal Housing cluster**
iii. **Development of the Jaisalmer Housing cluster**
iv. **Development of the Jammu Housing cluster**
v. **Development of the Lucknow Housing cluster**
vi. **Development of the Pune Housing cluster**
vii. **Development of Raisinghnagar Housing cluster**

2. Additional Secretary, MHA presented the proposal. It was noted that the bids for the first phase of CPMF housing project, consisting of 5 clusters (30 sites) had been received. The projects had got a good response. As against the estimated total annuity outflow of ₹ 400 crore for the first phase, the requirement of annuity quoted through the bid process was ₹ 348 crore. The second phase of 10 clusters (62 sites) had got a tremendous response and the shortlisting of bidders was under way. Accordingly, it was now proposed to seek approval for the third lot/phase of projects for development of housing units for Central Para Military Forces. The third lot would lead to development of 13,313 residential units at a Total Project Cost (TPC) of ₹ 2364.15 crore. The estimated annual outflow of annuity is ₹ 555.98 crore. The RfQ has been prepared on the lines of RfQ approved by the PPPAC for the first and second phase clusters. Accordingly, the project may be granted in principle approval to commence with the RfQ process.

3. The Chairman noted that there is unanimity about the need for augmentation of the housing stock for the CPMF and improvement in the housing satisfaction levels. He requested the members of the PPPAC to share their observations on the proposal.

4. Joint Secretary, Department of Expenditure (DoE) made the following observations:

a. The requirement for annuity for the first phase (5 clusters) is ₹ 600.3 crore per annum; the requirement for the second phase (10 clusters) is ₹ 925 crore. These projects have already been granted approval by the PPPAC. The third lot is expected to have an annual annuity outflow of ₹ 556 crore. The total requirement for the three lots would be over ₹ 2,000 crore per annum.

b. The budgetary resources for payment of annuities have only been tied up with respect to the first phase. It would be appropriate that sources are first tied up for second and third phase before grant of 'in principle' approval for proceeding with the bidding for the third phase of seven clusters.

c. The Committee chaired by Shri B.K. Chaturvedi has recommended ceilings for payment of annuities for all Ministries/Departments of the Government based on their Plan outlays. There was a suggestion that Plan and Non Plan outlays of MHA may be considered to determine a ceiling in respect of annuity commitments of the Ministry. This combined ceiling would also be breached with the proposed PPP projects of the first two phases. Therefore, there was an urgent requirement to reach a decision on the allocation of resources, in consultation with the Planning Commission, before commencing with bid process for more projects.

5. The Home Secretary stated that the CPMF housing project had been developed pursuant to the Budget announcement of the Finance Minister that one lakh housing units would be developed for CPMF through innovative means of financing. If resources are not made available for the programme, the housing satisfaction of the forces will not be more than 10 percent. Creation of the proposed housing stock, as announced, would increase the housing satisfaction to 14 percent to 18 percent. Hence, this decision would need to be taken by the Government in the national interest.

6. The Home Secretary informed that the Deputy Chairman, Planning Commission had requested the Home Minister to consider whether annuity based PPP projects are the correct way for Police housing or adopting the EPC route may be better. It has been suggested that before taking a final decision on the best mode of implementation, it would be better to know the cost of developing the programme on EPC basis. In response, the Home Minister had, vide letter addressed to the Deputy Chairman, Planning Commission, conveyed that the proposal for adopting the PPP route for CPMF was more on account of meagre allocation of budgetary resources for CPMF housing over the years and inadequate capacity of the construction agencies executing the CPMF housing projects. In the business as usual approach, the system had not been able to deliver more than 4,000 houses in any year; by adopting the PPP model, the Government intends to make about 1 lakh houses in 3 to 4 years.

7. The Home Secretary indicated that the feasibility study of the programme, which had been earlier submitted to the Ministry of Finance and the Planning Commission, considered various options under the PPP route. After evaluation of all the options, the BoT (Annuity) mode has been recommended. The projects have also been subjected to a value for money analysis and estimation of the Public Sector Comparator. In case the present CPMF Housing project is undertaken through the EPC mode, it would require a budgetary allocation of about ₹ 15,000 crore in the next 2-3 years and a robust mechanism to execute these projects in a given time. The Home Minister has emphasised that the PPP approach recommends itself because of the constraints and advantages outlined above in accomplishing the mammoth and urgent task of improving the dismal satisfaction level of CPMF housing, which has been accorded high priority by the Government.

8. The Home Secretary drew attention to the recommendations of the B.K. Chaturvedi Committee on determination of levels of annuity, which are under consideration of the Government and undergoing inter-ministerial consultations. Reference was specifically invited to the proposed recommendations in respect of non applicability of the recommendation for the MHA projects and new programmes (reproduced below):

> "Some *Ministries/Departments such as MHA have comparatively smaller Plan budget accompanied by a large Non-Plan budget. In such cases, it may be useful to look at the total budget (Plan and Non-Plan) of a Department prior to fixing a limit for annuity projects under Plan and Non-Plan outlays… In case of Non-Plan expenditure such as on modernisation of police, housing for police, accommodation for judiciary, jails etc. the ceiling of annuity commitments may be fixed at 5 percent of their annual non-plan budget. There may be schemes that acquire urgency during the course of Five Year Plan and may require enhanced outlays in the current and subsequent Five Year Plans. In such cases, the aforesaid ceilings, may have to be suitably increased. A Department seeking such enhanced ceilings may in consultation with the Finance Ministry and Planning Commission, submit its proposal for consideration of the Cabinet."*

9. The Home Secretary stated that in view of the said exemption, the PPPAC may consider granting 'in principle' approval to the proposal. The Home Ministry would obtain confirmation of resources from the Planning Commission and seek the decision and approval of the Cabinet on the matter before seeking final approval for the project. It was emphasised that such an approach would result in the two processes i.e. shortlisting of bidders as well as seeking approval for resource allocation being completed in a simultaneous manner.

10. Member Secretary, Planning Commission stated that the debate on the relative merits and de-merits of EPC and annuity models, in terms of enhanced efficiency in service delivery, expeditious creation of infrastructure and off- budget nature of borrowings versus the increase in the committed liabilities of the Government was often repeated. Hence, the decision in respect of the CPMF housing clusters under consideration should not be linked to the resolution of this larger, ongoing and generic debate. There was no dispute that there is an urgent need to address the housing requirement for the Central Para Military Forces. Hence, the requirements of resources for the third lot may be referred to the Planning Commission, as suggested by Department of Expenditure, for allocation of resources from the overall budget. It was emphasised that the B.K. Chaturvedi Committee recommendations on ceilings for annuities clearly stated that the ceilings were not applicable in respect of the housing project of MHA and for new Schemes. Hence, the resource allocation could be considered by the Planning Commission after consideration of all related aspects. It was emphasised that Planning Commission considers a number of new Schemes with requirement of large budgetary commitments of resources and they are granted approval keeping in mind the available resources and the overall public benefit which would accrue from the Scheme. It was emphasised that the same approach could also be adopted for the CPMF Housing project since it was no one's arguments that the proposed 1 lakh housing for CPMF could be built through the existing resource allocation of the Ministry.

11. Member Secretary, Planning Commission observed that the Government expends lot of effort on encouraging Departments and States to engage in PPPs as a mode of augmenting infrastructure stock and enhanced service delivery. However, the States/Central Government Ministries are questioned about the availability of resources to take forward their project after they spend considerable time and effort in developing their programmes in the PPP mode, in accordance with the stated approach of the Government. It was necessary to maintain a consistent approach of facilitation towards the project sponsors and keeping an open mind towards annuity projects as well as other modes of delivery of PPP projects. Furthermore, in case the approach of the Government is aimed at encouraging BoT (Toll) mode of implementation of PPP projects, the same should be made amply clear to all project sponsors so as to avoid unnecessary loss of time, energy and efforts in developing PPP projects which will subsequently be turned down at the appraisal and approval stages for want of resources.

12. The Chairman reiterated that the requirement for the proposed housing for CPMF was imperative and unquestioned. The proposed ceiling of 5 percent of Plan outlay was not applicable in respect of new Schemes and programmes and the concerns of Department of Expenditure on breach of existing levels was perhaps over emphasised. Notwithstanding the same, the decision for allocation of resources for the programme was critical. The Chairman stated that the distinction between Plan and Non Plan outlays for determination of ceiling levels should not be given predominant importance; the merits of the PPP project also required consideration. The Chairman concurred with views of Member Secretary, Planning Commission that this large and commendable programme of MHA could not be expected to be financed without additional allocation of resources for the project. Planning Commission was requested to expeditiously take decision on allocation of resources for the project. The Chairman noted that grant of 'in principle' approval to the instant proposal and decision on allocation of resources at a later stage may not be appropriate . In the event that the subsequent decision of Cabinet is to defer the bid process, MHA could face the embarrassment of having to discharge the bids received. Therefore, it would be appropriate that prior decision on allocation of resources is taken with the approval of the competent authority.

13. The PPPAC deferred the grant of 'in principle' approval to the proposal. MHA was requested to seek approval after confirmation of resources for the expected annuity commitments on the project.

(Action: Planning Commission and MHA)

14. The Home Secretary informed that the Comptroller and Auditor General of India has proposed guidelines for audit of PPP projects. MHA was of the view that C&AG may be requested to take up stage audit of the CPMF housing project rather than a post audit. The Chairman observed that the decision on the subject did not lie with the purview of the PPPAC; hence, MHA may formulate its views on the matter independently.

(Action: MHA)

Agenda Item II: Report by CEA on methodology for PPP projects on National Highways Development

15. Joint Secretary, DEA drew attention of the PPPAC to the decision of the Empowered Group of Ministers (EGoM) on revised strategy for implementation of NHDP in its second meeting on December 14, 2009 wherein it was decided that NHAI would prepare a comprehensive note on determining the annuity taking into consideration the return on equity and debt. The methodology for determination of the annuity would be considered and approved by the PPPAC; and all annuity projects would be appraised by PPPAC following this methodology. In the event of lack of consensus in PPPAC for determination of the methodology, the matter would be brought before the EGoM. The decision was reiterated in the fourth meeting of the EGoM, held on March 17, 2010. During the meeting, Deputy Chairman, Planning Commission suggested that the Chief Economic Adviser could also be involved in this exercise.

16. In pursuance of the decision of the EGoM, NHAI had developed a note for consideration by the PPPAC. The PPPAC remitted the consideration of the note to a Committee headed by the Chief Economic Adviser with representation from the members of the PPPAC. The Committee was expected to recommend a threshold equity IRR beyond which the Government would not award the projects on BoT (Annuity) basis and to discuss and arrive at standard set of assumptions to carry out the financial analysis of BoT (Annuity) projects. The Committee met once on May 17, 2010. The CEA held a separate meeting with representatives from NHAI, Planning Commission, DEA, DoE, GMR, L&T and Gammon India and submitted the report on August 30, 2010. The report commends seven recommendations for consideration and adoption:

i. Reservation IRR may be set at 18 per cent for roads in normal areas and at 21 per cent in case of difficult areas which have problems of law and order, security or are located in inhospitable terrains.
ii. A transparent well designed system of auction for road projects may be put in place to facilitate competition.
iii. The exclusion of bidders on grounds of pre-qualification of bidders may be reviewed; the quantitative restriction on the number of bidders may be removed.
iv. The projects may be bid out on an annuitised toll arrangement; if there are no takers, the same may be developed under the EPC model.
v. The exemption to payment of tolls may be minimized.
vi. Stringent contractual terms against delays and other violations may be adopted.
vii. New index, instead of IRR, has been suggested to benchmark thresholds for responsive bids.

17. Joint Secretary, DEA stated that there was broad agreement about not having quantitative restrictions on the shortlisted bidders, limited exemptions from the payment of tolls and requirement of strong provisions for monitoring of project outcomes. The extant bidding documents for the sector (RFQ, DCA and the Toll policy) already provided for these recommendations. However, the other recommendations required further deliberation.

18. The CEA, DEA stated that the levels of 18 percent and 21 percent considered by B.K. Chaturvedi Committee appear acceptable. However, excessive attention on legitimate/reasonable IRR for a developer was not merited; it would be better to establish a reservation IRR and undertake an auction so that the quotes from the developers are below the reservation IRR. In order to ensure that the auction process is competitive, there should not be quantitative limitation on the number of bidders who can take part in the auction process. In BoT (Toll) projects, there is a related concern that in case capital grant upto 40 percent of TPC is provided during the construction phase, the developer would be in a position to start accruing profits from the roads at an early date, and, therefore, may not have a lot of interest in developing the roads in a better manner in ensuring quality construction and maintenance. Therefore, it would be useful to provide capital grant upto 10 percent of TPC and pay the balance grant (upto 30 percent of TPC) during the period of concession in smaller instalments. Finally, BoT (Annuity) has associated concerns of deferred payment and committed liabilities. Hence, this alternative approach could also be considered.

19. Secretary, RTH stated that the Ministry was not in favour of adopting the mode of auction for award of roads projects. A key aspect of success of the auction process is that it is aimed at allocation of a scarce natural/public resource. The bidding is aggressive since bidders believe that they may not get the resources at all, if their bids are not competitive. However, the challenge before MoRTH is of managing bidders, which are large in number, and the multiplicity of roads which are bid out as a long continuous process. It would be administratively difficult for the Ministry/NHAI to hold up to 20-30 projects and then attempt to bid them simultaneously through the auction process akin to the one adopted for Telecom sector. Further, the auction process adopted in respect of the Telecom sector was not only complex but also well thought out, and, deliberated and designed over a period of two years before the onset of the one-time auction. The replication of such an approach would result in delay in the bid process with respect to road projects, even if it is assumed that the two public resources can be approached in similar manner. Further, provision of logistics and arrangements for the bidders in a manner which ensures that the challenges faced in the auction process, viz., cartelisation and signalling are addressed appropriately would be an extremely complex and expensive process for the large number of projects. Furthermore, the process of auction has not been adopted for roads elsewhere in the world.

20. Secretary, RTH stated that the system of two-stage bidding is a time tested process. The Chief Economic Adviser's Report merely states that there is merit in its change. However, no logic/rationale has been provided for discarding the internationally accepted method. Further, over the past few months, NHAI had witnessed aggressive bidding with a large number of bidders and awarded projects with a better than estimated bid response.

21. Member Secretary, Planning Commission informed that the view of Planning Commission was that BoT (Toll) method should not be bundled with BoT (Annuity) and the recommendation of annuitized VGF was not supported. MoRTH could take up a pilot project for online auction of road project. It was re-iterated that the Government would need to take a view on its approach of promoting the PPP programme and its objectives of doing so. It was imperative to clarify to the project sponsors the modes of PPP which would be acceptable to the Government. In case the annuity framework is not acceptable the same should be made amply clear while promoting the PPP modality. It was emphasised that accomplishment of the objective to build infrastructure within a few years would not be accomplished through the EPC mode and BoT (Toll) approach would not be amenable for all sectors or projects. Hence, BoT (Annuity) cannot be disregarded as a mode of expeditious development of infrastructure. With regard to adoption of the hybrid model, it was emphasised that simplicity in the process is very important. Hybrids and complex processes which are poorly understood by the practitioners implementing the projects should be avoided to eliminate the errors- either deliberate or otherwise.

22. The Chief Economic Adviser stated that the feedback he had got during interactions was that BoT (Annuity) was not the most optimal approach since it allows the private sector to secure returns and early recovery of the equity expended on the project. It also increases the committed liabilities and, therefore, influences the public finances of the Government. He agreed that the replication of the telecom model may not be possible and that the details of the auction will have to be worked out. Nevertheless, if undertaken in a proper manner, it would facilitate the award of projects to the bidders who offer the best price to the Government for the projects.

23. Joint Secretary, DoE stated that the experience with the auction of 3G Spectrum had demonstrated that auction could be an effective mode for award of limited public resources. Hence, there was no case to exclude the road sector from consideration under this mode. However, the process would have to be very well defined and it could be tested for large projects. With regard to the suggestion on adoption of annutized toll as the mode of execution of projects, it was indicated that MoRTH was currently allowing capital grant upto 40 percent of TPC during the construction period. This was in effect since the onset of the global economic crisis. MoRTH may review the appropriate time frame for reversion to the earlier model (viz., of 20 percent of TPC being the capital grant and balance 20 percent of TPC being O & M support). It was indicated that BoT (Annuity) has a direct bearing on the committed liabilities of the country and DoE shared the concerns of the CEA about its excessive use impacting the macroeconomic fiscal stability of the country.

24. Chairman, NHAI stated that the NPV model which was being suggested as an alternate for determination of thresholds based on the IRRs, required further examination since both the tools (NPV or IRR based) suffered from the lacuna of providing varying outcomes, based on the assumptions used to arrive at the estimates. It was emphasised that NHAI estimated costs of the projects based on the State PWD rates, and revenues on the assumption of the traffic growing annually at 5 percent. However, the bid response is determined by the estimation of the returns from the project by the developer and the developers' assumptions of these variables. Since the assumptions of the Government and the developers are not alike, the estimation of revenues and costs by the private bidders and the Government are different. Therefore, both the tools (NPV or IRR based) are likely to have outcomes different from the actual bid response since the assumptions used by the two set of entities (NHAI and bidders) are not aligned.

25. The Chairman, NHAI stated that in case the process of auction is adopted for the National Highway projects, it would need to be designed carefully and all bidders connected on a secure mode. However, the critical challenge being faced by NHAI would still remain unaddressed, which is that the remote or economically backward States may still not have any bidders. The stretches in these States are unable to attract bidders with VGF upto 40 percent of TPC. Hence, if annuity framework is totally discontinued, most of those projects would result in being executed through the EPC mode, or in case of want of resources, deferred for implementation at a later date. Such an approach may not result in horizontal equity. Since most projects which are awarded on the annuity mode are those which have not been successful with VGF upto 40 percent of TPC, in case, the ceiling is reduced to 10 percent of TPC, then the likelihood of their getting a bidder would be limited. The implication would be a reversion to the earlier approach of public implementation of the projects on the EPC mode.

26. Joint Secretary, DEA stated that the policy of a three stage waterfall in respect of National Highways stretches [projects being bid on BoT (Toll); in the event of no or non-responsive bids, bidding the projects on BoT (Annuity); and only thereafter bidding on EPC mode] have been considered by the CCEA and CCI at earlier occasions. The process had earlier been examined in detail by the Economic Advisory Council to the Prime Minister, which considered all aspects, including concerns about committed liabilities. The three stage waterfall was recommended by the EAC and approved by the CCEA. Subsequently, the B.K. Chaturvedi Committee also recommended its continuation, while allowing flexibility under specific circumstances to proceed directly with BoT (Annuity) or EPC mode of implementation. The recommendation had been approved by the CCI. The established process may be continued. Joint Secretary DEA stated that Annuity mode is a superior way of constructing infrastructure assets than through EPC modality. Since the construction and maintenance are with the same private entity, there is sufficient motivation to ensure that quality of construction is not compromised so that the subsequent cost of maintenance is minimised. Further, the maintenance of the roads over its design life is also ensured through the BoT routes, in contrast to the EPC mode. The CEA's report does not provide any compelling factors to justify the discontinuation of BoT (Annuity). The suggestion that EPC mode may be adopted to avoid creation of contingent liabilities is an extremely simplistic solution. The immediate requirement of funds to undertake the large NHDP programme through the EPC mode or the delays in creation of infrastructure by adoption of the EPC mode or due to lack of funds, and the concomitant drag on economic growth of the country and future revenues also need to be viewed in the proper perspective. Internationally, BoT (Annuity) has been adopted as an effective mode of creation of infrastructure. Adequate accounting norms are established to ensure that the committed liabilities are estimated accurately and kept within acceptable levels. There is need to develop a similar approach in the country rather than discarding BoT (Annuity), which is as an efficient mode of delivery of assets and services. It was emphasised that all projects did not justify the utilisation of BOT (Annuity) modality. DEA had been repeatedly emphasising that the decision on whether to adopt a BoT (Annuity) approach for a project should be determined after undertaking a Value for Money (VfM) analysis. A project should be executed in the BoT (Annuity) framework only if it is found to deliver a value for money to the public sector.

27. Joint Secretary, DEA stated that NHAI had moved to the model with VGF upto 40 percent of TPC being provided to the project as capital grant after a decision of the CoS on the matter in November, 2008. The approach was subsequently recommended by the B.K. Chaturvedi Committee and approved by the CCI. The impetus had been the global economic slowdown. MoRTH/NHAI may determine the appropriate timelines to shift to the earlier model. It was emphasised that both the approaches would, however, get a bid response which was comparable on NPV basis, subject to bid process being competitive, fair and transparent. Hence, the value added in terms of the changing approaches (i.e. Capital grant based VGF or VGF granted over the project implementation years) would be meagre. The most critical requirement is that the process should be transparent to have a high integrity outcome. The concerns with the process of auction, viz., collusion and price signalling, cannot be disregarded. Further, the auction process can also result in sub-optimal results in the event of inadequate competition. In an auction, a bidder starts with a low quote and slowly increases it based on the other bid responses. If bid response of the other bidders is not very high, the bidding may close at a less aggressive bid vis-a-vis the most competitive bid that a bidder would quote in a single, sealed cover bid process. Hence, the auction is not immediately recommended as a change of mode of procurement of the National Highways road projects. It may, however, be considered on a pilot basis for large projects such as Expressways.

28. The CEA observed that the negative aspects of auction would need to be addressed and techniques specific for the road sector requirements would have to be built in. However, the benefits from its use would be substantial, once the appropriate design and process is put in place. Therefore, MoRTH could consider adoption the process for a few large pilots.

29. The Finance Secretary summarised the discussion:

(a) Adoption of auction process for selection of private sector bidders for the NHAI project stretches is not the preferred mode by NHAI/MoRTH. However, MoRTH/NHAI may consider adopting the process of auction for award of large projects such as Expressways on a pilot basis.

(b) The extant two stage bid process for award of National Highways project stretches need not be disregarded. However, it may be ensured that adequate measures are built in for maximising competition and transparency in the process.

(c) BoT (Annuity) as a mode of implementation of projects may be continued.

(d) VGF granted as capital grant during construction stage or staggered as capital grant, O&M grant or annuitised VGF would be estimated on NPV basis to arrive at the bid response by the private sector bidders. The stated merit of staggered VGF (i.e. better construction quality and maintenance) can also be harnessed by ensuring effective monitoring during the construction and implementation phase of the projects.

30. Secretary, RTH indicated that the Committee was expected to examine whether the assumptions and parameters used by NHAI for estimation of annuity were appropriate or required further refinements. This aspect had not been examined/commented upon in the Report of the CEA. It was emphasised that the entire framework of estimation of threshold annuity is based on the assumption that the Debt Equity ratio is 70:30. Any change in this proportion would change the financial dimensions of the project, including the returns from the project. Similarly, the cost of the project is estimated on the basis of CPWD/State PWD norms. Fixed norms (in contrast to actual trends) are used for traffic growth rates and escalation in project cost. All these factors have a direct bearing on project viability. It was indicated that the MoRTH was examining these issues and had expected that the Committee chaired by CEA would give recommendations on these aspects which would facilitate a decision on the subject. The Finance Secretary requested MoRTH to complete its examination independently and share its outcomes with the PPPAC.

Agenda Item III: Proposal from Ministry of Road Transport and Highways for Final Approval: Six-laning of Poonamallee – Walajapet section of NH-4 under NHDP V on BOT (Toll)

31. The PPPAC noted that the PPPAC had granted approval to the project in its 34th meeting held on March 15, 2010 for development of the project as 6 lane highway. NHAI has re-circulated a proposal for approval by PPPAC with amendments to the project scope. The scope of work proposed includes continuous service lanes, more underpasses, flyovers and major/minor bridges on service lanes resulting in increase in TPC to ₹ 1197 crore, as against ₹ 1045 crore, earlier considered by PPPAC in its 34th meeting. The PPPAC granted final approval to project, subject to NHAI reviewing the proposed structures on the project stretch to align the cost to around ₹ 10 crore which is the cost threshold assumed by the B.K. Chaturvedi Committee and incorporating the observations of the appraising entities in respect of the Schedules of the project DCA .

(Action: MoRTH/NHAI)

Agenda Item IV: Proposal from Ministry of Road Transport and Highways for Final Approval: Development (6/8 laning) of Eastern Peripheral Expressway of NH- NE-II under Other Projects on BOT (Toll)

32. It was noted that the response of NHAI on the observations of the appraising agencies had not been received. Member Secretary, Planning Commission observed that NHAI proposed to apply toll rates on the project stretch which were not in accordance with the NH Fee Rules, 2008, which have been approved by the Cabinet and are applicable for all the NHAI road projects in the country. Advice of the Department of Legal Affairs with respect to the tenability of departure from the extant Toll Rules was also awaited. Further, it would be difficult to appraise the project unless the toll rates and the consequential revenue streams are finalized.

33. The PPPAC deferred the agenda item. MoRTH was requested to expeditiously respond to the issued to enable consideration of the project by PPPAC.

(Action: MoRTH/NHAI)

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

Annex

Ministry of Finance
Department of Economic Affairs
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Public Private Partnership Appraisal Committee (PPPAC)
39th Meeting on December 2, 2010

List of Participants

I. Department of Economic Affairs

i. Shri Ashok Chawla, Finance Secretary (In Chair)
ii. Dr. Kaushik Basu, CEA
iii. Shri Bimal Julka, AS & DG(Currency)
iv. Shri Govind Mohan, Joint Secretary
v. Smt. Aparna Bhatia, Director
vi. Shri I.P. Singh, Director
vii. Shri P.K. Mishra, Director

II. Department of Expenditure

viii. Ms. Meena Agarwal, Joint Secretary

III. Planning Commission

ix. Ms. Sudha Pillai, Secretary
x. Shri K.R. Reddy, Joint Adviser

IV. Ministry of Law

xi. Shri Y.K. Singh, ALA

V. Ministry of Home Affairs

xii. Shri Gopal Pillai, Secretary
xiii. Shri V. Trivedi, AS &FA
xiv. Shri N.S. Kalsi, JS
xv. Ms. Sreyasi Chaudhri, DS

VI. Ministry of Road Transport and Highways

xvi. Shri R.S. Gujral, Secretary
xvii. Shri Raghav Chandra, Joint Secretary
xviii. Shri B.K. Sinha, SE

VII. National Highways Authority of India

xix. Shri Brijeshwar Singh, Chairman
xx. Dr. J.N. Singh, Member (F)
xxi. Shri B.N. Singh, Member (Projects)