

**F.No.2/21/2015-PPP
Government of India
Ministry of Finance
Department of Economic Affairs
(PPP Cell)**

North Block, New Delhi the June 29, 2015

OFFICE Memorandum

Subject: Record of Discussions of the 73rd Meeting of the Public Private Partnership Appraisal Committee (PPPAC), held on June 11, 2015.

Please find enclosed the Record of Discussions of the 73rd meeting of the PPPAC, held on June 11, 2015 under the chairmanship of Secretary, Economic Affairs and Finance Secretary.

V. Srikanth
29/06/2015

**(V. Srikanth)
Deputy Director (PPP)
Phone No. 2309 3404**

1. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi.
2. Chief Executive Officer, NITI Aayog, Yojana Bhawan, New Delhi.
3. Secretary, Ministry of Shipping, Transport Bhavan, New Delhi.
4. Secretary, Department of Legal Affairs, Shastri Bhavan, New Delhi.
5. Secretary, Ministry of Environment and Forests, Indira Priyavaran Bhavan, Jor Bagh, New Delhi.

Copy to:

1. Shri N. Muruganandam, Joint Secretary (Ports), Ministry of Shipping, Transport Bhawan, New Delhi.

Copy also to:

1. PSO to Finance Secretary
2. PS to AS (Investment)
3. Sr. PS to JS (Infra)
4. PS to Dir (PPP)
5. JD (E).

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29/6/15

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

Public Private Partnership Appraisal Committee

73rd Meeting held on June 11, 2015

Record Note of Discussion

The 73rd meeting of the Public-Private-Partnership-Appraisal-Committee (PPPAC), chaired by Secretary, Economic Affairs & Finance Secretary, was held on June 11, 2015. The list of participants is **annexed**.

2. It was noted that PPPAC would consider one proposal in the port sector from Ministry of Shipping (MoS) for final approval.

Agenda: Proposal from Ministry of Shipping for grant of Final Approval: Mechanization of EQ 1, 2, 3 Berths at Paradip Port on BOT basis under PPP Mode.

Total Length of three berths: 686 m.; Total Project Cost: Rs.1,412.76 Crore to the concessionaire. Additionally, Rs 25.00 Crore will be spent by Paradip Port Trust on dredging. Concession Period: 30 years, including 3 years of construction period.

Status of Clearances: Since this is mechanisation of operational berths, most of the clearances are not required. However, specific clearances required for development of Rail Yard is pending.

Major Development Works/Structures: Construction for Extension of width of berths (6.78 m x 630 m); Developing Coal stack yard, other open yard. Approach road, etc.; Developing Rail Yard including Rail connectivity, Rail Bridge, diversion of creek and civil work for Track Hopper; Installation of Ship loader rail system; Administrative and miscellaneous buildings, substation, workshop; Electrical Installations; Erection and commissioning of Major Equipment which includes 12 wagon length Track Hoppers (2 Nos.), Ship Loader, Conveyor system, Stacker-cum-Reclaimers (4 No.s), Reclaimers (2 No.s), Belt feeders; Other utilities such as fire fighting system, water supply etc.



3. Joint Secretary, DEA stated that the project was earlier submitted for consideration of the PPPAC in January 2015. However, in view of receipt of appraisal/comments of DEA and NITI Aayog, MoS had informed DEA that a revised proposal would be submitted. Now, MoS has revised the same and sent a fresh project proposal for consideration by the PPPAC. Joint Secretary, DEA invited Chairman, Paradip Port Trust (PPT) to present the outline of the project proposal.
4. Chairman, PPT presented a detailed outline of the project structure. It was noted that there are 3 existing/operational berths at East Quay (EQ) of Paradip Port: EQ1 to EQ 3, with total length of three berths is 686 m. These are multi-purpose berths handling thermal coal, coke, fertilizers and other bulk cargos. The present combined capacity of these berths is 7.85 MTPA. In view of expected significant growth in traffic, especially thermal coal, the Project Authority proposes to mechanise the existing berths with an enhanced capacity handling from 7.85 MTPA to 30 MTPA.
5. In response to a query by the Chair regarding significantly low capacity utilization of iron ore at 21% vis-a-vis other commodities handled in the port, the Chairman, PPT explained that this was due to prohibitions on movement of iron ore imposed by the Court. It was further stated that some relaxations have been recently granted by the Court and the situation is likely to improve in future.
6. Chairman, PPT informed the PPPAC that the RfQ was issued in December 2013 to prospective bidders and short-listing was completed in May 2015. It was noted that 4 bidders qualified at RfQ stage. Joint Secretary, DEA pointed out that the short-listing has been done after a gap of more than a year which may impact the financial eligibility of bidders. Joint Secretary, Shipping agreed to seek legal opinion on the issue of continuance of eligibility of the bidders.
7. Joint Secretary, DEA sought clarification on whether clearance from Railways has been obtained for developing Rail Yard including rail connectivity, rail bridge, diversion of creek and civil works for Track Hopper. Chairman, PPT stated that the process for obtaining clearance from Railways is underway and that security clearance from Ministry of Home Affairs would be sought in due course.



8. It was noted that as per DCA, the Concessionaire is required to abide by 2013 TAMP Guidelines. In view of the ongoing exercise for proposed migration of PPP Port operators from 2005 TAMP Guidelines to 2013 TAMP Guidelines, Joint Secretary, DEA referred to DEA comments suggesting an enabling clause so that any subsequent guidelines by the Authority from time to time are made applicable to the project. Secretary, Shipping stated that the matter was duly considered in the Ministry and it was felt that retaining the existing provision would suffice and that the enabling clause is not required in the subject case as the new Guidelines are applicable to it.

9. Representative, NITI Aayog stated that comments forwarded by them in February 2015 on the earlier proposal have been incorporated by MoS and hence they have no further comments.

10. All members of PPPAC agreed to recommend the proposal for grant of final approval. The PPPAC recommended the grant of final approval to the proposal for Mechanization of EQ 1, 2, 3 Berths at Paradip Port on BOT basis under PPP Mode, subject to:

- i. MoS obtaining requisite clearances from Railways and security clearance from MHA.
- ii. MoS seeking legal opinion on the issue of continuance of eligibility of the bidders (as detailed at para 6 of RoD).
- iii. MoS taking prior approval of PPPAC for any change in Scope of Work or project configuration as noted above.

(Action: MoS/PPT)

11. The meeting ended with vote of thanks to the Chair.



**Ministry of Finance
Department of Economic Affairs
Public Private Partnership Appraisal Committee**

73rd Meeting held on June 11, 2015

List of Participants

- I. Department of Economic Affairs, Ministry of Finance**
- a) Shri Rajiv Mehrishi, Secretary, Economic Affairs and Finance Secretary
(In Chair)
 - b) Ms. Sharmila Chavaly, Joint Secretary
 - c) Shri Abhijit Pukhon, Joint Director (Energy)
 - d) Shri V. Srikanth, Deputy Director (PPP)
- II. NITI Aayog**
- e) Shir Amitabha Ray, Joint Adviser
 - f) Shri K. Ranga Reddy, Consultant
 - g) Shri Naveen Kumar, Economic Officer
- III. Ministry of Shipping**
- h) Shri Rajive Kumar, Secretary
 - i) Shri Muruganandam, Joint Secretary
- IV. Paradip Port Trust**
- j) Shri M. Krishna Babu
 - k) Shri S.K. Sahu, FA & CAO
 - l) Shri R. Mohapatra.


