



**Directorate of Institutional
Finance**
(Public Private Partnership Cell)
Government of Madhya Pradesh

No. DIF/PPP/70/SLEC-12/2012/ 964

Dated: 1st May, 2012

To,

1. Principal Secretary, Govt. of M.P, Finance Department, Mantralaya, Bhopal
2. Principal Secretary, Govt. of M.P, Law Department, Vindhyachal Bhawan, Bhopal
3. Principal Secretary, Govt. of M.P., Public Works Department, Mantralaya, Bhopal.
4. Principal Secretary, Govt. of M.P. Bio-diversity & Bio-technology Department.
5. Secretary, Govt. of M.P, Planning, Economics & Statistics Department,
Mantralaya, Bhopal.
6. Managing Director, M.P. Road Development Corporation, Bhopal
7. Chief Executive Officer, M.P. Bio-technology Council, Bhopal.

**Sub:Minutes of the 12th meeting of the State Level Empowered Committee for
Public Private Partnership (PPP) Projects in Madhya Pradesh.**

The 12th meeting of the SLEC for PPP Projects was held on 25th April, 2012 under the Chairmanship of the Chief Secretary. As directed, copy of the minutes of the said meeting is enclosed herewith.

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Joint Director
Institutional Finance

Endt. No. DIF/PPP/70/SLEC-12/2012 /965

Bhopal, Dated: 1st May, 2012

Copy to – Staff Officer to the Chief Secretary, Government of Madhya Pradesh,
Mantralaya, Bhopal for information please.

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Joint Director

State Level Empowered Committee for Public Private Partnership Projects

12th Meeting

25th April 2012

Venue: 315, Mantralaya

Minutes

1. The 12th Meeting of the State Level Empowered Committee (SLEC) for Public Private Partnership projects was held on 25th April 2012.
2. The list of participants is at Annexure A.
3. The Committee discussed the agenda items in detail and the following decisions were taken:

Agenda Item No. 1 –Re-development / up-gradation /strengthening and maintenance of existing roads on BOT(Toll)-OMT basis:

Following proposals were placed before the Committee.

- (i) Bhopal-Vidisha Road.
- (ii) Bela - Govindgarh - Churhat Road.
- (iii) Barwah - Dhamnod Road.
- (iv) Badnawar - Thandla Road

The Principal Secretary, Public Works Department apprised that the roads proposed to be taken up for re-development / upgradation / strengthening and maintenance under BOT(Toll)-OMT basis have been constructed through Asian Development Bank funding and are now being taken up for Operation & Maintenance on PPP mode. Besides OMT, some amount of capital expenditure

shall also be involved. Toll charges shall be levied by the concessionaire on commercial vehicles only commencing from 45th days of signing of agreement. The Department also informed that these OMT contracts are being taken up for the first time under PPP in the State and that the bidding parameter is Highest Premium or Lowest Grant, to be determined by the market forces. In any case both would be through the State Highway Fund.

The Committee considered all the above 4 (four) proposals and recommended the projects for approval by the Cabinet. The Committee approved the documents on BOT(Toll)-OMT basis.

Agenda Item No.2 - Revised proposals for Development of MDR Roads on BOT (Annuity+Toll) basis:

Following project proposals were placed before the Committee for considerations:

(i) Ashoknagar - Vidisha Road.

(ii) Sehora - Majhgawan Road.

The Committee was informed that earlier these 2 MDR's were considered and recommended by SLEC for development on BOT(Toll+VGF) basis. However, MPRDC has informed that in spite of bidding out twice on VGF basis, no bids were received. The development / construction of these roads is therefore now being proposed on BOT(Annuity + Toll) basis. Regarding ceiling on Annuity, Managing Director, MPRDC informed the Committee that the present Annuity commitment is about ₹ 639.00 crores which is within the ceiling of ₹ 750.00 crores .

The Committee considered the revised proposals on BOT(Annuity+Toll) basis and recommended the revised proposal for in-principle approval by the Cabinet. The Committee approved the documents on BOT (Annuity + Toll) basis.

Agenda Item No.3 - Proposal for Development of Bio-technology Park at Indore on PPP basis by MP Bio-Technology Council:

The Committee considered the proposal in detail and the following decisions were taken:-

- Since there were variations between the feasibility report and the concession agreement with regard to land area for various facilities, it was decided that at least upto 50% of the permissible land area will be used for development of plots for setting up Bio-tech Units. For the purpose of permissible land area, the norms of the Department of Town & Country Planning shall be applicable. The other variations in the concession agreement with regard to area to be reserved for other activities may be detailed out accordingly.
- CEO, Bio-technology Council informed that since this is a one of its kind project in the State, the concession period can be kept 66 years.
- The Committee considered the proposal and agreed that the concession period may be kept 60 years.
- CEO, Bio-technology Council further informed that so far as per the guidelines, it is following Two stage bidding process (since the cost of the project is ₹ 130.00 crores). However, in spite of inviting Request for Qualifications proposal for short listing of prospective qualified bidders for the project three times, the Council has so far not been able to receive suitable proposals. In view of the above, the matter was referred to the Finance Department for advice. The Finance Department has opined that either the proposal be invited Globally or instead of Two - stage Bidding Process, Single - stage Bidding process may be adopted. In view of the above, the Council requested for allowing the bidding on Single - stage Bidding Process.
- The Committee after consideration agreed for Single - stage (2 - Envelope) Bidding Process for the project.

- It was decided that the land for the project is to be given on a license basis, subject to the clearance from Revenue Department. The issue of sub-licensing of land should also be cleared by the Revenue Department.
- The bidding parameter is highest premium and the Committee accorded its approval for the 6 yearly instalments as proposed by the Department, however, NPV must be kept in mind while deciding the installments of the premium.
- The other suggestions to be incorporated in the RfP and Concession agreement are at Annexure 'B'.

The Committee recommended the project for in-principle approval by the Cabinet.

The meeting with a vote of thanks to the chair.

Annexure A

List of Participants in the 12th Meeting of the State Level Empowered Committee (SLEC) for PPP Projects held on 25-04-2012

1. Shri Avani Vaish, Chief Secretary, in the Chair
2. Shri Ajay Nath, Principal Secretary, Govt. of M.P., Finance Deptt.
3. Shri K.K. Singh, Principal Secretary, Govt. of M.P., Public Works Deptt.
4. Shri K.D. Khan, Principal Secretary, Govt. of M.P., Law Deptt.
5. Shri S.R. Mohanty, Secretary, Govt. of M.P., Planning, Economic & Statistics Deptt.
6. Shri Ashok Shah, Commissioner, Institutional Finance, Govt. of M.P.
7. Shri Vivek Agarwal, Managing Director, M.P. Road Development Corporation.
8. Shri Shahbaz Ahmad, CEO, M.P. Bio-technology Council.
9. Shri Narendra Kumar, Chief Engineer, M.P. Road Development Corporation.

Development of Bio-technology Park at Indore

a. RFP:

i. Para 1.2.4

The Para 1.2.4 provides that the Bidder is required to deposit, alongwith its Bid, a **Bid Security of Rs. 1.30 Crores, refundable not Later than 60 days from the Bid Due Date**. In this regard it may be observed that as per Para 1.2.2 and Para 2.17, the Bids should be valid for a period of not less than 120 days from the Bid Due Date and thus, Bid Security should also remain valid till 120 days from Bid Due Date.

Date: In view of above, the **Bid Security may be refunded not Later than 60 (Sixty) days from the expiry of Bid Validity Date.**

It is proposed that necessary correction / modifications may be done / incorporated in this regards in various related paras of RFP document.

b. Para 2.8.1

Refer: **Line-2:**

The existing words 'Clause 1.2.10' be substituted by the words. "**Clause 1.2.9**"

c. CONCESSION AGREEMENT

i. Refer 'Preamble' Page – 5

After the existing Para (J) a new Para (K) be added / inserted as follows :-

Para K

“ (K) The concessionaire has also provided a Demand Draft in favour of the Authority for a sum of Rs. _____ (Rupees.....) towards reimbursement of cost and expenses incurred by the Authority in the entire

process of development of the project, conducting the bidding and awarding the said Project.”

ii. **Article-12; “Construction of the Project”**

- **Refer Article 12.4 – Schedule Completion Date** : the Article does not clarify/specify maximum period for construction of complete Biotech Park and consequently, scheduled completion date. ***It is proposed that the same may be duly specified in clear terms.***

iii. **Article-19; “Monitoring of O&M”**

The provision of Article 19 deals with O&M obligations of Concessionaire during Concession period. Though there are provisions for damages/penalty in case of failure of the Concessionaire in meeting its obligations, however, for ensuring timely, quality and prompt services, no effective method has been included.

It is advisable that for ensuring proper, prompt, timely, and effective maintenance, **a provision for obtaining O&M security needs to be included along with detailed terms/conditions. It may be observed that, as per prevailing practices, the value of O&M security in such cases is kept at least equal to @ 2% of estimated project cost, which in this case works out to Rs. 2.60 crs. The O&M security continues during the entire Concession Period.**

iv. **Article-25; “Premium and Annual Rent”**

- **Refer Article 25.3 (Reimbursement to the Authority)**

Article 25.3 (including 25.3.1 and 25.3.2) be deleted.

v. **Article-32; “Termination”**

Refer Article 32.1.1(l) – last line. It mentions Article 26.2. However, there is no Article 26.2. This needs to be checked.

vi. **Article 38: “Dispute Resolution”**

Refer Article 38.2 (Conciliation)

In the event of dispute between the parties, for amicable settlement, the name of Principal Secretary/Secretary of IT Department has been proposed as a Conciliator/Mediator. It is proposed that ***the same should be changed to Principal Secretary/Secretary of Biodiversity and Biotechnology, i.e., concerned department.***