

**GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

STARRED QUESTION NO:250
ANSWERED ON:08.03.2006
REVIEW OF GUIDELINES ON PUBLIC -PRIVATE PARTNERSHIP PROJECTS
Rao Shri Sambasiva Rayapati

Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether the Government proposes to review the guidelines governing public-private partnership projects under the National Highways Development Programme;
- (b) if so, the details thereof;
- (c) whether the empowered sub-committee on infrastructure has mooted a proposal to set up a Committee to revise the pre-qualification guidelines of parties that bid for these projects;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T. R. BAALU)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 250 TO BE ANSWERED ON 8TH MARCH, 2006 ASKED BY SHRI RAYAPATI SAMBASIVA RAO REGARDING REVIEW OF GUIDELINES ON PUBLIC-PRIVATE PARTNERSHIP PROJECTS.

(a) and (b) The Government has reviewed the existing guidelines for Public Private Partnership Investment in National Highways Projects. Important changes are as follows:

(i) Case by case approach to be adopted for increasing the viability gap funding (capital grant) beyond 40% in instances where this is necessitated by specific circumstances.

(ii) Model Concession Agreement (MCA) has been reviewed to provide: -

#More Equitable Risk Allocation.

#More clarity in defining rights and obligations of the parties.

#Partial traffic risk sharing

#Provision of capacity augmentation during operation period with exit

#option for the concessionaire.

#Interests of concessionaire and lenders safeguarded in case of

#termination on account of NHA event of default.Strong dispute resolution mechanism.

#Robust Institutional and Legal set up - comfort to the investors.

(c) Yes, Sir.

(d) and (e) It has been decided by the Empowered Sub-Committee of the Committee on Infrastructure to constitute an Inter-Ministerial Group (IMG) to recommend the principles and guidelines relating to pre-qualification of bidders for PPP Projects. This IMG has been constituted and comprises Finance Secretary as Chairman, Secretaries of Department of Economic Affairs, Department of Road Transport and Highways, Ministry of Civil Aviation, Department of Shipping, Department of Legal Affairs and Ministry of Power as Members and Advisor to Deputy Chairman, Planning Commission as Convenor.