

Minutes of the meeting chaired by Chairman NHAI on 26.09.2017 for proposed development of Purvanchal Expressway in the State of U.P. by NHAI

The list of participants are annexed at Annex-I.

1. Chairman welcomed the participants to the meeting and requested UPEIDA to make a brief presentation on the project.

2. CEO, UPEIDA made a brief presentation highlighting various aspects of the project, status of acquisition of land and proposal for its implementation through a SPV with NHAI. After presentation, detailed deliberations were held as under:

3. **TECHNICAL ISSUES**

✓ (i) For the proposed expressway, UPEIDA has proposed a median of 22.5m resulting in high cost of earth-work at Rs 3,000 crore, which is about 25% of cost of civil construction of the project. In this connection, it was explained that NHAI is providing a median of 4.5m for Delhi-Meerut Expressway (Greenfield section) and Vadodara-Mumbai expressway. Accordingly, considering economy in construction and availability of earth, it would be advisable to reduce the width of median as 4.5m. This is likely to result in saving of about Rs1,000 crore for the project.

✓ (ii) In the cost estimates, all structures have been designed for 8 lane, whereas proposed expressway is 6-lane. As per the NHAI policy for 6 lane highways, width of structures is to be matched with the width of carriageway only. Hence, the width of structure may be modified suitably, which would also result in savings.

(iii) UPEIDA has proposed flexible pavement with a design life of 10 years i.e. it has proposed stage construction. For such major projects, normally stage construction is not preferable, even if flexible pavement is to be provided, it needs to be designed for 15 years. Further, as per Ministry's policy on selection of pavement, life cycle cost analysis needs to be done and suitable pavement needs to be adopted as per the policy circular.

4. FINANCIAL VIABILITY OF THE PROJECT

UPEIDA has proposed construction of the project on EPC mode as the project does not seem to be viable on BOT toll model given IRR of about 6.8%. In this connection, Chairman NHA suggested that the viability of the project can be improved by providing spur to the proposed expressway, which may result in diversion of additional traffic to the expressway. In this regard, following additional connectivity were suggested.

(i) The starting point of the proposed expressway is at junction of NH-56 at Chand Sarai, which is about 3 km. away from Lucknow ring road and is under construction. It would be desirable to develop this section also as an access controlled section to avoid bottleneck in future.

(4) NHA
already
has taken
up.

UPEIDA
to surr.

(ii) The proposed expressway abruptly ends at Haidarya near Ghazipur. From this point to Buxar, existing NH needs to be developed to 4 lane, for which DPR is already under preparation.

NHA

(iii) Further, from Buxar, NHA is already 4-laning Buxar-Patna section of NH. In addition, a spur need to be provided from Buxar to NH-2 near Mohnia, which would ensure connectivity of Expressway to GQ.

NHA

5. UPEIDA agreed to examine traffic figures considering these spurs and come out with a revised financial viability of the project within a week.

(5)
consultant
to revise

6. It was also brought out that in the revenue collection, consultant have used toll rates of UP State Highways. However, in this case, rates as per NH Fee rules would be applicable. Accordingly, calculations needs to be revised.

(1)
consultant
to revise

7. IMPLEMENTATION MODEL

(i) CEO, UPEIDA mentioned that this project can be expeditiously implemented by forming SPV of UPEIDA and NHA, wherein they are ready to contribute about Rs.3,000 crore towards equity. He also mentioned that UPEIDA has demonstrated its implementation capability by implementing Greater Nodia-Agra and Agra-Lucknow Expressways.

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(ii) Chairman, NHAI mentioned that given the size of the project and its extent, it would not be viable to take up this project under SPV model. For access to NHAI/MoRTH funding, this road would need to be developed as National Expressway. Thereafter, Ministry would be requested to examine its possibility of its inclusion in Bharatmala Programme, which is under consideration of Government.

(7)
Ministry
NHAI

(iii) CEO, UPEIDA submitted that by working together, NHAI can utilise their expertise and capabilities in fast track implementation of the project, which can set a trend for other State agencies.

(iv) On this aspect, it was opined that some of the packages may allowed to be implemented by UPEIDA as an agency of NHAI. In any case, land acquisition would continue to be the responsibility of UPEIDA. However, it needs to be examined and approved by Competent Authority in the Ministry.

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8. It was agreed that UPEIDA would submit modified financials of the project along with financial model for BOT toll and EPC mode. Further, they would also give their consent for its declaration as National Expressway to be implemented by NHAI. Based on receipt of revised proposal from UPEIDA, NHAI would submit the proposal for consideration of the Ministry for inclusion of the project in Bharatmala Programme.

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8.1 On this aspect, it was opined that there could be following three alternatives for implementation of the project:

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a) The stretch is declared as National Highway and NHAI implement the project by themselves in similar way as NHAI has been implementing other expressways.

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b) A few out of the 8 packages are implemented by UPEIDA as an agency of NHAI. The rest of the packages will be implemented by NHAI itself. The additional package of spurs required for better connectivity will be implemented by NHAI. The whole project will be

appraised as one project for technical and administrative approval. However, implementation could be done partly by UPEIDA and partly by NHAI.

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- c) Since the project is proposed to be part of Bharat Mala and since the decision on Bharat Mala is awaited, appraising the project and its approval after the approval of Bharat Mala programme may take 4 to 5 months' time. In order to save time, a few of the eight packages can be implemented by UPEIDA as an agency of NHAI for which UPEIDA may invite the bids after in-principle approval. However, the bid finalisation will be done only after the project is appraised and approved.

8.2 In all the above three cases, it is assumed that land acquisition would continue to be the responsibility of UPEIDA.

9. CEO, UPEIDA also raised the issue of proposed Bundelkhand Expressway. However, the officers from NHAI expressed ignorance about this project. It was further informed that the project can be implemented by NHAI subsequent to its approval under Bharat Mala.

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