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All Members
14M (C.M.G)

No. NH-37012/09/2009-H
Government of India
Ministry of Road Transport & Highways
(Highways Section)

1, Sansad Marg, Parivahan Bhavan,
New Delhi, dated the 20th June, 2014.

Corrigendum

Subject: Appraisal of PPP projects-standardize the formulation and appraisal parameters -reg.

The undersigned is directed to refer to the Circular of even number dated 16th June, 2014 on the subject mentioned above and to inform that the date mentioned in the 2nd line of the first para of the Circular may please be read as 19th January, 2010 instead of 19th January, 2014.

2. Inconvenience caused is regretted.

(Signature)
20/6/2014

(S.K.Jha)

Under Secretary to the Government of India
Telephone No.23353141

To

- i. The Chairman, National Highways Authority of India, G 5 & 6, Section-10, Dwarka, New Delhi.
- ii. DG(RD) & SS, Ministry of Road Transport & Highways, New Delhi
- iii. CE(NHDP-IVA), MoRTH, New Delhi

महान् सचिव, भारत सरकार
Chairman Secy., NHAI

आदेश सं. 886

Dy/FTS No.

Date

16/06/14

Most Immediate

All Members
C/M(T)-BCC/SC/KV/AKS/EXP/MJ/AK/SP
16/6

No. NH-37012/09/2009-H
Government of India
Ministry of Road Transport & Highways
(Highways Section)

1, Sansad Marg, Parivahan Bhavan,
New Delhi, dated the 16th June, 2014.

1038

Circular

Subject: Appraisal of PPP projects-standardize the formulation and appraisal parameters -reg.

In supersession to this Ministry's O.M No. NH-37017/1/2010-H dated 19th January, 2014 and with a view to standardize the assumptions for the Appraisal of the PPP Projects on a common platform for estimating VGF/Revenue Share based on common parameters, it has been decided to suggest the assumptions as give below for assessing the reasonableness of bids more objectively.

Sl. No	Parameters	Suggested Assumptions	
1	Total Project Cost	(a) Civil Construction Cost (As per Feasibility Report escalated by 5% compounding per year upto the start of construction.) (b) Contingency @ 1% of (a) (c) EPC Cost = (a) + (b) (d) IC/Pre Operative expenses @ 1% of (c) (e) Financing Charges (f) Escalation in EPC during construction (compounded 5% every year on balance EPC at the start of an FY) (g) Interest during construction (IDC) Total Project Cost = (c) + (d) + (e) + (f) + (g)	
2	Construction period	As per Feasibility Report.	
3	Debt Equity Ratio	70:30	
4	Interest Rate on Debt	(a) Base Rate + 2.5% for BOT(Toll) (b) Base Rate + 2.0% for BOT(Annuity)	
5	Financing Charges	Civil Cost upto Rs 500 Crores	2.0% of Debt
		Civil Cost between Rs 500 Crore to Rs 1000 Crores	1.5% of Debt
		Civil Cost > Rs 1000 Crore	1.0% of Debt
6	Rate of Inflation	5% Per Annum	
7	Growth Rate in Traffic	5% Per Annum	
8	Growth Rate in Toll Rates	As per Toll Rules 2008 and subsequent modifications	
9	Income Tax Rate	As per IT Act	
10	MAT Rate	As per IT Act	
11	Tax Holiday	As per IT Act	