

# Public Private Partnership Appraisal Committee (PPPAC)

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## About Public Private Partnership Appraisal Committee (PPPAC)

The Cabinet Committee on Economic Affairs (CCEA) in its meeting of October 27, 2005 approved the procedure for approval of public private partnership (PPP) projects. Pursuant to this decision, a Public Private Partnership Appraisal Committee (PPPAC) is being set up comprising of the following:

1. Secretary, Department of Economic Affairs (in the Chair)
2. Secretary, Planning Commission
3. Secretary, Department of Expenditure
4. Secretary, Department of Legal Affairs; and
5. Secretary of the Department sponsoring a project.

The Committee would be serviced by the Department of Economic Affairs, who will set up a special cell for servicing such proposals.

**Nodal Ministry:** The Ministry of Finance will be the nodal Ministry responsible for examining

concession agreements from the financial angle, deciding on guarantees to be extended, and generally assesses risk allocation from the investment and banking perspectives. It would also ensure that projects are scrutinised from the perspective of government expenditure.

**PPP Appraisal Unit:** it was also decided that the Planning Commission will set up a PPP Appraisal Unit (PPPAU), similar to the existing PAMD which appraises public sector projects. This unit will prepare an appraisal note for the PPPAC providing specific suggestions for improving the concession

terms, where this is possible.

**Ministry of Law and Justice**, Department of Legal Affairs, would also be represented on the PPP Appraisal Committee, as the concession agreements would require careful legal scrutiny

#### **About PPP Cell, DEA, Ministry of Finance:**

- The PPP Cell which was set up in 2006 in the DEA, acts as the Secretariat for Public Private Partnership Appraisal Committee (PPPAC), Empowered Committee (EC), and Empowered Institution (EI) for the projects proposed for financial support through Viability Gap Fund (VGF).
- The PPP Cell is responsible for policy level matters concerning PPPs, including Policies, Schemes, programmes, Model Concession Agreements and Capacity Building.
- The PPP Cell is also responsible for matters and proposals relating to clearance by PPPAC, Scheme for Financial Support to PPPs in Infrastructure (VGF Scheme) and India Infrastructure Project Development Fund (IIPDF).

#### **Appraisal and Approval Mechanism of PPP**

The Government of India has streamlined the appraisal and approval mechanism for Central Sector PPP projects to ensure speedy appraisal of projects, eliminate delays, and have uniformity in appraisal mechanisms. The Cabinet Committee on Economic Affairs (CCEA) in its meeting of October 27, 2005 approved the procedure for approval of Central Sector Public Private Partnership (PPP) projects

Pursuant to this decision, in 2006, the Government of India notified the appraisal mechanism by setting up of the Public Private Partnership Appraisal Committee (PPPAC) responsible for the appraisal of PPP projects in the Central Sector

#### **Guidelines for appraisal/approval procedure for PPP**

The detailed Procedure and Guidelines for appraisal/approval procedure to be followed for Central Sector PPP projects are provided below:

**1. Procedure for formulation, appraisal and approval of Public Private Partnership (PPP) Projects costing less than Rs.100 Crore:**

Detailed procedure to be followed for appraisal / approval of PPP projects involving less than Rs. 100 crore is specified in the Guidelines for formulation, appraisal and approval of Public Private Partnership (PPP) Projects costing less than Rs.100 Crore.

**▪ Procedure for formulation, appraisal and approval of Public Private Partnership (PPP) Projects:**

- Projects costing more than Rs. 100 Crore (except Ports and NHDP, where the delegation of powers have been amended – refer point number III below
- PPP Projects in the Central Sector with cost exceeding Rs.100 crore or where the value of underlying assets is more than Rs.100 crore (except Ports and NHDP projects) require Public Private Partnership Appraisal Committee (PPPAC) appraisal/approval. On recommendation by PPPAC and after CCEA approval, the projects can be bid out. The PPPAC comprises of the following:
  1. Secretary, Department of Economic Affairs (in the Chair)
  2. Secretary, Planning Commission(now CEO Niti Aayog)
  3. Secretary, Department of Expenditure
  4. Secretary, Department of Legal Affairs; and
  5. Secretary of the Department sponsoring

a project

- Two Member Appraisal and Approval Process- PPP Projects costing more than Rs.100 crore and less than Rs.250 crore. (except Ports and NHDP, where the delegation of powers have been amended – refer point number III below)

The Cabinet Committee on Economic Affairs (CCEA) in its meeting of March 22, 2007 approved modification in approval procedure for Public Private Partnership (PPP) projects

Pursuant to the decision of the CCEA, a Committee for appraisal of PPP projects of all sectors of cost greater than Rs. 100 crore but less than Rs. 250 crore has been set up comprising of the following:

- Secretary, Department of Economic Affairs
- Secretary of the Ministry/Department sponsoring the project.

#### ▪ **NHDP and Ports**

- There have been revisions in the delegation of powers for appraisal and approval of NHDP projects, including discontinuation of the Two-member Committee and revision in the threshold limit of project cost for requirement of PPPAC appraisal and CCEA approval.
- In November 2015, the CCEA decided that only those NHDP projects with Civil Construction Cost above Rs. 1000 crore would need PPPAC appraisal and CCEA approval