



Highways Department - Improvement and Maintenance of IT Corridor - Partnership and Development Agreement between Government of Tamil Nadu and ITEL - Orders issued

G O (Ms) No: 36

Highways(HWI) Department

Dated : 21-2-2005

1. GO Ms No 81, Highways Department dated 24.4.03
2. GO Ms No. 14, Highways Department dated 23.1.04
3. GO Ms No. 163, Highways Department dated 22.6.04
4. From the Chief Executive Officer (CEO), Tamil Nadu Road Development Company, letter No. ITEL/88/PDA/H dated 27.10.04
5. From the Chief Engineer (General), Highways Department, letter No. 15774/Salai 1/2001 dated 3.9.04
6. From the Advocate General of Tamil Nadu Opinion No 72/04, dated 18.11.04

ORDER

In the GO first read above, orders were issued to form a Special Purpose Vehicle (SPV) to improve IT Corridor as a world class 6 lane road. A Special Purpose Vehicle in the name and style of IT Expressway Ltd (ITEL) has been incorporated as a wholly owned subsidiary of Tamil Nadu Road Development Company Ltd in April, 2003.

2. In the GO second read above, the Government approved the Project for improvement of the IT Corridor section between Madhya Kailash Temple Junction in Chennai to Siruseri and also the ECR Link Road under Phase - I. The Government also decided to sanction a financial assistance of Rs. 34 crores to the Project so as to make it bankable. The Chief Executive Officer, TNRDC, had also been requested to send necessary draft Concession Agreement to Government for approval.

3. In the GO third read above, the Government have approved certain revision in the scope of Phase-I of IT Corridor Project and also the consequent revised estimated cost of civil works of Rs 100 91 crores (Rupees One hundred crores and ninety one lakhs only)

4. In the letter fourth read above, the Chief Executive Officer, TNRDC, has sent a draft Concession Agreement in the name and style of "Partnership and Development Agreement" for approval of the Government.

5. The draft Partnership and Development Agreement (PDA), inter-alia, contains the following salient provisions:

- i. The Government is authorizing the Company to carry out the improvement works on IT Corridor and operate and maintain the road for a period of 30 years thereafter. The cost of improvement works is estimated to be about Rs 130 crores,

- ii. The Government is required to disburse its financial assistance of Rs 34 crores upfront within 30 days of signing the Agreement. Of this assistance, Rs 12.5 crores has already been disbursed out of the assistance to States for Developing Export Infrastructure and Other Allied Activities (ASIDE) Scheme of Ministry of Commerce and Industry, Government of India. Consequently, the State Government's contribution of Rs 21.5 crores to this Project needs to be disbursed,
- iii. On its part, the Company is required to source the balance funds of about Rs 96 crores through loans/debt from financial institutions/banks,
- iv. The land required for the project shall be handed over, encumbrance-free, to the Company by the Government within 120 days of signing the Agreement;
- v. The Agreement provides for the Government to create Financial Servicing Fund within 120 days of signing for meeting any 'shortfall' that may arise for the Company after completion of improvement works;
- vi. The Agreement provides for the Company to substantially complete the improvement works within twelve months from the improvement works commencement date; and
- vii. The Agreement also authorizes the Company to collect tolls on the road.

6. After careful examination, Government hereby approves the "Partnership and Development Agreement", inter alia, the following authorizations during the Project Period more fully described in the said Agreement;

- i. Develop, design, finance, construct, establish, upgrade, improve repair, rehabilitate, manage, operate and maintain the facility;
- ii. Enjoy complete, uninterrupted and unencumbered possession and control of the right of way/way leaves, and manage, operate and execute all rights over all or any part of the Project Assets without any limitation or restriction other than as expressly set out in this Agreement,
- iii. Demand, collect, retain and appropriate Toll from the users of the Project Road or any part thereof and apply the same for the purposes set out in this Agreement;
- iv. Develop, establish and display hoardings/billboards and other information panel and/or allow other persons to develop, establish and display hoardings/billboards and other information panel and thereby determine, demand, levy, collect, retain and appropriate advertising charges, capital cost recovery charges, development charges and licence fees from the advertisers, advertising agencies and any such Persons subject to the provisions of Hoardings Act/Laws as may be permitted from time to time, general safety and aesthetic appeal. The display will be governed by the provisions, as applicable, on prohibition of erection of certain hoardings contained in the Tamil Nadu Municipal Laws Amendment Act 2000 (Tamil Nadu Act 26 of 2000) and amendments thereon,

- v. Demand, levy, collect, retain and appropriate charges from Persons for utilizing the areas comprising the Project Site for establishing, laying, operating and maintaining telephony/optic fibre cable/power cable and other cable network and/or piped gas network and/or water supply pipelines and/or sewage pipeline or any other activity, with a view to fully recover the associated capital and development costs including by way of up-front collection thereto and also to levy O&M fees, license fees and carrying charges as may be determined by ITEL; and
- vi. Develop, establish, finance, design, improve, rehabilitate, construct, own, manage, operate and maintain way-side amenities and landscaped areas including but not limited to restaurants, shops, kiosks and the requisite number of bus shelters and bus stands that are required for the safety and convenience of the passengers and enjoy all rights including rental/lease/advertising income thereof as part of the Project.

7. In the event of termination of Agreement due to force majeure or default events, the Government is required to settle the dues to lenders and take over the facility.

8. The Project period shall be 31 years from the commencement of improvement works. Upon completion of the Project period, ITEL shall transfer the facility and Project Assets to the Government of Tamil Nadu.

9. In case of surplus from operations, the same shall be utilized in the manner specified in the Partnership and Development Agreement.

10. The Secretary to Government, Highways Department, is authorized to sign the PDA between Government of Tamil Nadu and ITEL on behalf of the Government.

11. This order issues with the concurrence of Finance Department vide its UO Note No 618/FS/P/05 dated 18-02-2005.

(By order of the Governor)

LAKSHMI PRANESH,
Chief Secretary to Government.

To
The Chief Executive Officer, TNRDC, Pantheon Road, Egmore, Chennai 8
The Chairman and Managing Director, TIDCO, Egmore, Chennai-8
The Chief Engineer (General), Highways Department, Chennai-5
The District Collector, Kancheepuram / Chennai

Copy to.
Finance Department, Secretariat, Chennai-9
Law Department, Secretariat, Chennai-9
The Accountant General, Chennai 18/35/6
The Secretary (II) to Hon'ble Chief Minister, Chennai
The Senior P.A. to Minister (Public Works, Prohibition and Excise and Revenue), Chennai-9

/Forwarded by Order/

K. N. Srinivasan

Section Officer.

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