

HB (E)

**Minutes**

**Minutes of 2<sup>nd</sup> meeting of 'Empowered Committee' for processing of PPP projects in Bihar held on 21<sup>st</sup> March, 2013 at 4.30 PM under the chairmanship of and in the office chamber of Shri A.K. Sinha, Chief Secretary, Bihar**

**Present:-**

**Members:**

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|---|------------------|
| 1. Shri Phool Singh, Development Commissioner:                    | Vice-Chairman    |
| 2. Shri Naveen Verma, Principal Secretary, Industries Department: | Member           |
| 3. Shri S. Siddharth, Secretary, Urban Development and Housing:   | Member           |
| 4. Shri Dipak Kumar Singh, Managing Director, IDA:                | Member secretary |
| 5. Shri Anupam Kumar Suman, MD, Bihar State Housing Board:        | Member           |

**Special Invitees:**

1. Shri C. Ashokvardhan, Principal Secretary, Revenue and land Reforms, Bihar
2. Shri Lalit Kishore, Additional Advocate General, Bihar

**Agenda No- 01**

**Name of the Scheme/ Project: Development of Residential and Commercial Complexes at different places in Bihar on PPP mode by Bihar State Housing Board**

**Brief Description of the Project:** There are six proposals of Bihar State Housing Board (BSHB) for the development of residential and commercial complexes at different places in Patna, Gaya and Muzaffarpur, as greenfield projects and brownfield projects. These projects are mainly of two types, standalone and bundled projects, involving both residential and commercial projects. BSHB has prepared the standard bidding documents for both the models as per the guidelines of Govt. of India and Govt. of Bihar.

Approval of Departmental Minister, Finance Department, Bihar, IDA (in 26<sup>th</sup> meeting) and Empowered Committee (in 1<sup>st</sup> meeting) has been obtained.

In the 1<sup>st</sup> meeting of Empowered Committee held on 19.12.2012, the said proposals were recommended for approval of State Cabinet.

**Proposal:** It has been informed by the Urban Development & Housing Department that during the process of Cabinet approval some modifications in the bid documents have been proposed, in the light of discussions. There are mainly two modifications:-

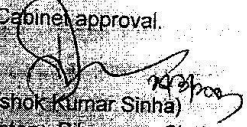
1. Lease period of commercial and residential properties is to be made 30 years (with subsequent renewals of 30 years on each occasion of expiry of lease period, subject to

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compliance of default leasing terms and conditions). Earlier, in the first draft bid documents, the lease period proposed was 66 years and 90 years respectively with no further renewal. It was informed by the department in the meeting that the renewal clause would enhance the financial viability and premium for the Housing Board. It will also set off the potential loss of interest by developers / allottee due to the reduction in the lease period.

2. Provision of sub-leasing of leased properties by developers has been modified. The department informed the committee that as per the modified clause the developers would not be allowed to sub-lease the property without the prior permission of BSHB on each such occasion and BSHB shall enter into agreement with each sub-lessee. Earlier, in the first draft bid documents, there was no such restrictive clause.

**Recommendation:** After detailed discussion the 'Empowered Committee' recommended the proposal to change Lease period to 30 years in both residential and commercial projects with subsequent renewals of 30 years. Further, the committee was of the opinion that the provisions of sub-leasing should be kept similar to the first draft of Standard Bidding documents to avoid complications and to increase revenue prospects of the BSHB. With this observation, the Empowered Committee approved the revised bidding document and recommended the revised concession agreement and RFP for Cabinet approval.

  
(Ashok Kumar Sinha)  
Chief Secretary, Bihar-cum-Chairman,  
Empowered Committee