

Part I – Introduction

1. Background:

1.1 Lack of livelihood opportunities, modern amenities and services for decent living in rural areas lead to migration of people to urban areas. There are wide gaps in the availability of physical and social infrastructure between rural and urban areas. To address these issues, in the year 2003 the then President of India Dr. A.P.J. Abdul Kalam had enunciated the idea of integrated development of villages leading to urbanization through a mission for Provision of Urban Amenities in Rural Areas (PURA). Dr. Kalam visualized providing four connectivities: physical connectivity, electronic connectivity, knowledge connectivity leading to economic connectivity of rural areas.

1.2 Subsequently, PURA was implemented as a pilot scheme during the 10th Five Year Plan in Basmath (Maharashtra), Bharthana (Uttar Pradesh), Gohpur (Assam), Kujanga (Orissa), Motipur (Bihar), Rayadurg (Andhra Pradesh) and Shahpura (Rajasthan). An evaluation study of these pilot projects by National Institute of Rural Development (NIRD) revealed that the scheme was open-ended without specific guidelines and had no in-built business plan. Besides, it was largely infrastructure-centric without factoring lead economic activities and the site selection was not based on growth potential. It did not allow for convergence with other schemes of rural development or other Departments, hence having limited impact on holistic development of rural areas.

1.3 Based on the findings of the evaluation study by NIRD, comments of various Ministries / Departments, feedback received during consultations with private sector representatives and officials of State Governments, and the recommendations of the consulting team of Asian Development Bank (ADB), the scheme was totally restructured as PURA for implementation on pilot basis during 11th Five Year Plan as a Central Sector scheme.

Some of the salient features of the restructured PURA include:

- a. Convergence of Central and State Government schemes

- b. Implementation in project mode and based on lifecycle cost approach that allows bundling of construction and O&M of infrastructure and amenities
- c. Implementation through a single private partner to ensure simultaneous delivery of key infrastructure required in villages leading to optimal use of resources
- d. Site selection by private partner on basis of socio-economic growth considerations
- e. Agreement between Gram Panchayat and the private partner that makes the restructured PURA a model for empowerment of Gram Panchayats and public accountability

1.4 Planning Commission provided an initial budget of Rs. 248 crore for implementing a batch of pilots under PURA. For the first batch of projects, MoRD invited Expression of Interest for 6-10 projects for which there were 93 applications from reputed private sector players, 45 applicants were qualified for submitting their detailed proposal and concept plans. Finally, 9 project proposals were approved for preparing Detailed Project Reports (DPRs). These projects are scheduled to be located in Andhra Pradesh, Kerala, Maharashtra, Puducherry, Rajasthan and Uttarakhand.

During the process of rolling out these projects, there have been extensive stakeholder consultations and learnings. On the basis of the same, the scheme guidelines are modified and a second batch of 10-15 pilot projects is proposed for which the Planning Commission has made available an additional Rs. 560 crore.

The Working Group for PURA constituted by Planning Commission has recommended that PURA be upscaled as a full-fledged scheme during the 12th Five Year Plan and implemented all over the country.

2. Mission and Objectives of the PURA Scheme:

2.1 **Mission:** Holistic and accelerated development of compact areas around a potential growth centre in a Gram Panchayat (or a group of Gram Panchayats) through Public Private Partnership (PPP) framework for providing livelihood opportunities and urban amenities to improve the quality of life in rural areas.

2.2 **Objectives:** The primary objectives of the scheme are the provision of livelihood opportunities and urban amenities in rural areas to bridge the rural – urban divide.

3. **Strategy:**

3.1 **Public Private Partnership (PPP) – the Distinguishing Feature:** The objectives of PURA are proposed to be achieved under the framework of PPP between Gram Panchayats and private sector partner. Core funding shall be sourced from the Central Sector scheme of PURA and complemented by additional support through convergence of different Central and State Government schemes. However, the onus would be on the State Government to encourage the Private Developer to propose State Government’s schemes. The private sector shall also bring on board its share of investment besides operational expertise. The scheme would be implemented and managed by the private sector on considerations of economic viability but designed in a manner whereby it is fully aligned with the overall objective of rural development. To attract the private sector, there is a need to design the scheme that would be ‘project based’ with well defined risks, identified measures for risk mitigation and risks sharing among the sponsoring authority (Gram Panchayat), Government of India, State Government and the Private Partner.

3.2 **Pilot-testing and Upscaling:** Through the implementation of pilot projects, the unique features of this scheme would be tested on the ground that will provide lessons for upscaling in the future. Besides, the entire process shall help strengthen the institutional ability of a Gram Panchayat to undertake PPP and help pilot-test the viability of PPPs in rural infrastructure development. Based on the experience of the pilots, the scheme would be suitably modified for scaling up in future.

Part II – Planning and Implementation

4. **Planning:** The Private Partner selected to undertake PURA projects shall identify a Gram Panchayat / a cluster of geographically contiguous Gram Panchayats for a population of about 25,000 – 40,000. Whereas, the cluster would be the project area, there may be sub-projects to cover each of the Panchayats within the cluster. Alternatively, a large single Panchayat could individually provide critical mass to make the project viable. The cluster can also be in the nature of a census town or a non-municipal block

headquarter or a rural cluster with a potential growth centre. In the pilot phase, the Private Partner is given the flexibility to identify and select the Gram Panchayat(s) for undertaking PURA projects based on their familiarity with the area or past experience of working at the grassroots level. In this identified PURA area, the Private Partner shall plan for the development / re-development of selected infrastructure services along with economic activities, after undertaking baseline studies.

5. Identified Infrastructure and Urban Amenities:

5.1 A list of infrastructure, urban amenities and economic activities to be provided under PURA are as follows:

Amenities / Activities to be provided under Schemes of MoRD and Ministry of Drinking Water & Sanitation (MDWS) (Mandatory) (a)	Amenities to be provided under Schemes of other Ministries (non-MoRD and State Government Schemes) – illustrative list (b)	Add-on Projects (Revenue earning, people centric projects) – illustrative list (c)
1. Water and Sewerage 2. Construction and maintenance of Village Streets 3. Drainage 4. Solid Waste Management 5. Skill Development 6. Development of Economic Activities	7. Village Street Lighting 8. Telecom 9. Electricity generation, etc.	10. Village based tourism 11. Integrated Rural Hub, Rural Market. 12. Agri – Common Services Centre and Warehousing 13. Any other rural-economy based project

(a) **Mandatory Amenities under MoRD and MDWS Schemes:** The Private Partner shall be responsible for delivering amenities and services such as water and sewerage, construction and maintenance of village streets, drainage, solid waste management, skill

development and development of economic activities under the following ongoing schemes of MoRD and Ministry of Drinking Water & Sanitation (MDWS): Swarnjayanti Gram Swarozgar Yojana (SGSY) / National Rural Livelihood Mission (NRLM), National Rural Drinking Water Programme (NRDWP), Total Sanitation Campaign (TSC), etc. The convergence of these schemes shall be at the level of the District Rural Development Agency (DRDA) through which the funding under these schemes will be made available to the Private Partner.

(b) **Amenities under non-MoRD Schemes:** The PURA may include schemes of other Ministries and State Governments that are available “on tap” as some areas of critical infrastructure (urban amenities) necessary for the project are not within the purview of MoRD such as Ministry of New and Renewable Energy (for village street lighting and electricity generation) and Ministry of Communications and Information Technology (for telecom services) etc. The Private Developer shall access the support under such schemes of relevant non-MoRD Ministries and dovetail into PURA for delivering the identified urban amenities.

The private developer shall be required to propose at least 2 (two) non-MoRD schemes. However the upper limit of convergence of non-MoRD schemes shall be limited to 3 (three) for the purpose of project cost estimation towards determination of Capital Grant. Any non-MoRD Scheme, which entails a bidding process for selection of the executing agency, shall not be included in the PURA Scheme. Only such schemes that are available “on tap” shall be included. The reasonableness of a non-MoRD scheme for incorporation in a PURA project shall be determined by inter-Ministerial Empowered Committee (EC).

(c) **Add-on Projects:** It is necessary that the Private Developer create a pipeline of “commercially viable” and “people centric” projects in the nature of add-ons to the list of urban amenities to be provided. To ensure delivery of all elements of the project, add-ons submitted as part of the Detailed Project Report (DPR) shall become ‘essential’ / ‘mandatory’ for the purpose of performance guarantee. Such add-ons will generate economic and livelihoods opportunities and are preferably developed in partnership with the Gram Panchayat and may inter-alia include:

(i) Village tourism projects – that provide direct employment to locals and opportunities for incomes to local artisans, performing artists, etc

- (ii) Setting up good skill development institution – this would link up with the economic activity initiated in the project
- (iii) Integrated rural business centres – that will help the local economy to upgrade to commercial scale

It is expected that at least one such activity would be included in the project.

6. **Business Model:** The leveraging of public funds with private capital and management expertise for creation and maintenance of rural infrastructure is the essence of the PURA scheme.

6.1. **Funding:** Funding for projects under PURA scheme may come from four sources: mandatory schemes of MoRD & MDWS, non-MoRD schemes, private financing and Capital Grant under PURA.

(a) **MoRD and MDWS Schemes:** As PURA scheme envisages convergence of various schemes and a sustainable framework for long term maintenance of assets, most of the capital expenditure (CAPEX) will have to come from Government schemes. To manage effective coordination in the delivery of schemes that are administered by different ministries and departments, mainly the schemes administered by the Ministry of Rural Development and Ministry of Drinking Water & Sanitation such as SGSY, NRDWP, TSC, etc. will be converged in CAPEX provision of PURA projects. Only community development schemes would ordinarily be included as the Private Partners would find it difficult to manage individual beneficiary schemes. An omnibus provision will be made in all such schemes to allow the execution through the Private Partner in addition to Panchayats or Government Departments. As a concessionaire for the Panchayat or the Government Department, the Developer shall source funding through the identified schemes. The implementation will be done within the guidelines of the respective scheme. However, the service standards shall be as per the norms specified in the Request for Proposal (RfP) document issued during the bidding process. In the specific instance of convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), only those works can be taken which are permitted as per the provisions of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005. An effort shall be made to do manual and unskilled work

components under MGNREGS for those activities which will be common to PURA projects and the permitted list of activities in MGNREGA 2005. Gram Panchayat(s) may take up such works from MGNREGS funds following all the non-negotiables of MGNREGA. Such works carried out through MGNREGS will not form part of project costs under PURA. Similarly, works carried out under Pradhan Mantri Gram Sadak Yojana (PMGSY) will not form part of project costs under PURA.

(b) **Non-MoRD Schemes:** The Private Partner shall also be responsible for delivering certain services under schemes of other Ministries and State Governments, as per the guidelines of those schemes. The concerned Ministry may make funding available under those schemes through DRDA.

(c) **Private Funding:** It is possible that the essential infrastructure may not get fully funded by Government schemes wherein the Developer shall invest some capital of its own to fund the CAPEX of such infrastructure and to meet the operations and maintenance (O&M) costs. O&M of infrastructure assets and provision of services will be for a project period of 10 years. Financing of commercially viable add-on projects will be done fully through private funding.

(d) **Capital Grant under PURA:** The Private Developer is given flexibility to choose suitable revenue generating / self-sustainable projects as add-ons, in consultation with the Panchayat and it is expected that this would partly subsidise the maintenance cost of infrastructure. Since the “returns” for the Developer will be only from the revenues that can be generated within the overall framework of the rural economy and the revenue base will continue to be thin, there is a provision of Capital Grant under PURA scheme. The viability gap that may exist in a PURA project will be met from the Capital Grant under which upto 35% of project cost can be given as a grant to the pilot projects.

6.2 **Project Cost:** The project cost for the purpose of determining Capital Grant shall be reckoned by total of (i) CAPEX, (ii) Operating expenditure (OPEX) of essential infrastructure (Urban amenities) and Add-on infrastructure for a period of ten years, and (iii) deficits on the Return on Investment (ROI) for the private sector. The total cost of each PURA project shall not exceed Rs. 120 crore.

6.3 The illustrative list of urban amenities along with their funding source and implementation modality is as follows:

Type of Infrastructure	Funding	Implementing Agency
Core Facilities / External infrastructure linkages to the PURA area (road to the village, electricity to the village, bulk water supply, etc.)	Under existing schemes of Government of India / State Government	Government of India / State Government or their agencies
Urban Amenities: A. MoRD and MDWS Schemes (drinking water supply and sewerage, construction & maintenance of village streets, drainage, solid waste management, skill development, and development of economic activity) B. Schemes of other Ministries (telecom, street lighting, electricity, etc. outside of MoRD ambit)	Existing MoRD and MDWS schemes and funding by Private Developer under PURA Existing schemes of non-MoRD Ministries and funding by Private Developer under PURA	Private Developer – Build Operate and Transfer (BOT) model under PURA Private Developer - Build Operate and Transfer (BOT) model under PURA
Add-on Facilities: (village linked tourism, rural marketing centre, agriculture common services centre, industrial estate for village industries, technical / vocational training institutions, etc.) – illustrative list	Private Developer	Private Developer

7. **Land:** A necessary element for PURA projects is the availability of land. For the public amenities, land will be made available free of cost by Gram Panchayat / State Government. For add-on facilities, if land is provided by Gram Panchayat / State Government, the revenue will be appropriately shared between Gram Panchayat and private partner through mutual agreement and such add-on facilities shall revert back to Gram Panchayat / State Government at the end of the concession period. If land is not provided by Gram Panchayat / State Government, it will be purchased by the Private Developer from the open market, but its cost will not be included in the project costing. As PURA envisages creation of livelihood opportunities, while approving the DPRs it will be ensured that the transfer of common lands for PURA projects from Gram Panchayat / State Government does not affect livelihoods security of local poor. Furthermore, PURA is an attempt to kickstart a process of creation of livelihoods and urban amenities in a potential growth centre in rural areas. Hence, PURA project will not be allowed to become an instrumentality for undertaking Rehabilitation & Resettlement (R&R) of Project Affected Persons (PAPs) in and around an ongoing / proposed economic project.

8. **Selection of Private Developers:**

8.1 **Bidding Process:** For the pilot projects, the bidding process entails only technical bidding and no financial bid is envisaged. However, the intention of the Government is to evolve an appropriate model of financial bidding which would be in consonance with the core principles of PURA 2.0. At the time of upscaling the scheme a unique financial bidding would be introduced.

(a) The selection of Private Developers would be done through an open competitive bidding process. An 'Expression of Interest' (EoI) would be called from reputed infrastructure development companies through an open advertisement (salient features of EoI placed at Annexure I). The interested bidders shall submit their response on the basis of which short-listing shall be done. The list of qualified applicants shall be circulated to all the State Governments to facilitate their obtaining requisite clearances during the Request for Proposal (RfP) stage.

(b) The draft Request for Proposal (RfP) document would be issued to the short-listed bidders who will be invited to a pre-bid conference for consultations. Thereafter, the final

RfP document (salient features of RfP document placed at Annexure II) shall be issued. The short-listed bidders shall submit their detailed proposals which will include Concept Plans (salient features of a Concept Plan placed at Annexure III) along with the consent from the participating Gram Panchayat (s) and the concerned State Governments. A format for the consent letter shall be provided as part of the bidding documents.

8.2 Evaluation of Proposals: Response to EoIs shall be evaluated vis-à-vis the pre-qualification criteria as laid out in the EoI. At the stage of submission of bids in response to the RfP, there would be no financial bidding. The bidders would be evaluated on their technical capability and assigned scores as per the pre-approved evaluation methodology. The proposals / Concept Plans received from various bidders will be evaluated by a Project Screening and Monitoring Committee and scored and ranked as per the criteria set out in the RfP document. The top ranked bidders would be selected and mandated to prepare DPRs (salient features of a DPR placed at Annexure IV). The Project Screening and Monitoring Committee (which includes a representative of the State Government) shall appraise the DPRs for correctness and accuracy. Based on the views and comments of State Government, the DPRs and Capital Grant shall be sanctioned by an inter-Ministerial Empowered Committee (which includes representative of the State Government) and the prescribed agreements executed. In the pilot phase, while there will be an emphasis upon rural development priorities, there shall also be an effort to dovetail the Developers' perspective on an economically viable project. Each proposal shall also be examined from the point of view of inclusiveness and balanced geographic spread.

8.3. Agreements between Stakeholders: Following agreements will be executed delineating the roles, responsibilities, liabilities and obligations of different stakeholders:

(a) **Concession Agreement:** There shall be a Concession Agreement (salient features of Concession Agreement placed at Annexure V) between the Gram Panchayat as the sponsoring authority (grantor), District Rural Development Agency (DRDA) as funding agency and the Private Developer (concessionaire). The Concession Agreement shall include details of minimum service level standards, performance guarantees, etc. The Concession Agreement will also enable the Private Developer to collect reasonable user charges for the services and amenities provided. Although user charge for the urban amenities to be provided under Government schemes is not compulsory in nature, it is

desirable that some fees to the extent that it can be reasonably borne by the beneficiaries be charged.

(b) **State Support Agreement:** There shall be a State Support Agreement (salient features of State Support Agreement placed at Annexure V) between the Central Government, State Government and the Private Developer. The commitment of State Government for its own share in scheme funds and for delivering the core facilities like roads, bulk water and power to the PURA area within defined time-lines shall be made as part of this agreement. The roles, responsibilities and commitments of concerned Central Ministries shall also be detailed in this agreement.

8.4. **Project Committees:**

(a) A Project Screening and Monitoring Committee (PSMC) is constituted under the chairpersonship of Joint Secretary, Department of Rural Development (DoRD) which shall examine and evaluate the responses to EoI, proposals including Concept Plans submitted in response to RFPs and the DPRs prepared by Private Developers. The PSMC shall also be responsible for monitoring of progress of sanctioned projects. The members of the PSMC shall be as follows:

- (i) Joint Secretary, DoRD – Chairperson
- (ii) Representative of concerned State Government - Member
- (iii) Representative of Ministry of Drinking Water & Sanitation - Member
- (iv) Representative of line Ministries whose schemes are proposed - Member
- (v) Representative of Ministry of Panchayati Raj - Member
- (vi) Representative of Integrated Finance Division - Member
- (vii) Director (PURA) – Member Convener

The Committee may associate any other officer / person to assist it.

(b) An inter-Ministerial Empowered Committee (EC) under the chairpersonship of Secretary, MoRD comprising the following is constituted for approving the project proposals. The EC shall give approval to different stages of project transaction and take all decisions incidental to the project.

- (i) Secretary, Rural Development - Chairperson
- (ii) Secretary, Department of Economic Affairs / or representative not below the rank of Joint Secretary - Member
- (iii) Secretary, Planning Commission / or representative not below the rank of Joint Secretary - Member
- (iv) Secretary, Drinking Water & Sanitation / or representative not below the rank of Joint Secretary - Member
- (v) Secretary, Ministry of New and Renewable Energy / or representative not below the rank of Joint Secretary - Member
- (vi) Secretary, Ministry of Panchayati Raj / or representative not below the rank of Joint Secretary – Member
- (vii) Secretary, Department of Legal Affairs / or representative not below the rank of Joint Secretary – Member
- (viii) Additional Secretary and Financial Advisor, MoRD - Member
- (ix) Principal Secretary / Secretary, Rural Development of the concerned State Government - Member
- (x) Joint Secretary (PURA), Department of Rural Development - Member Convener

The Empowered Committee may invite any other officer or expert according to need.

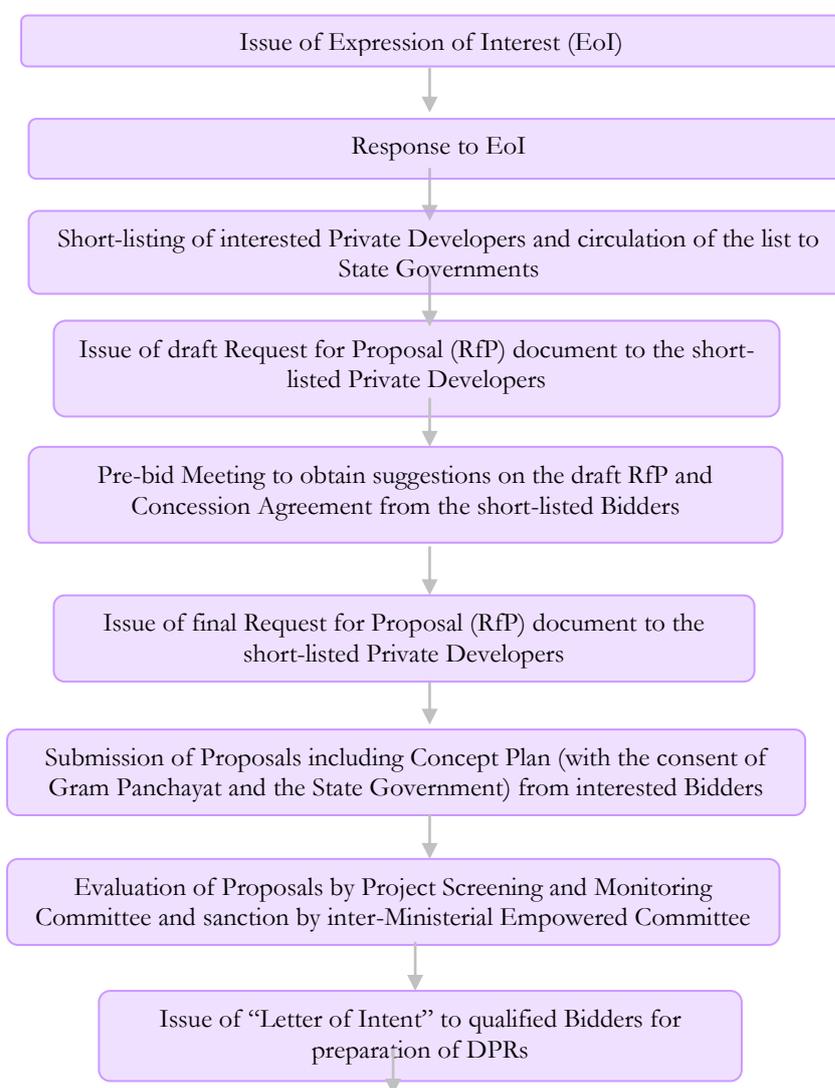
(c) State–level Coordination Committee (SLCC) an inter- departmental committee under the chairpersonship of the Chief Secretary would be constituted by the State Government for effective coordination amongst the related departments.

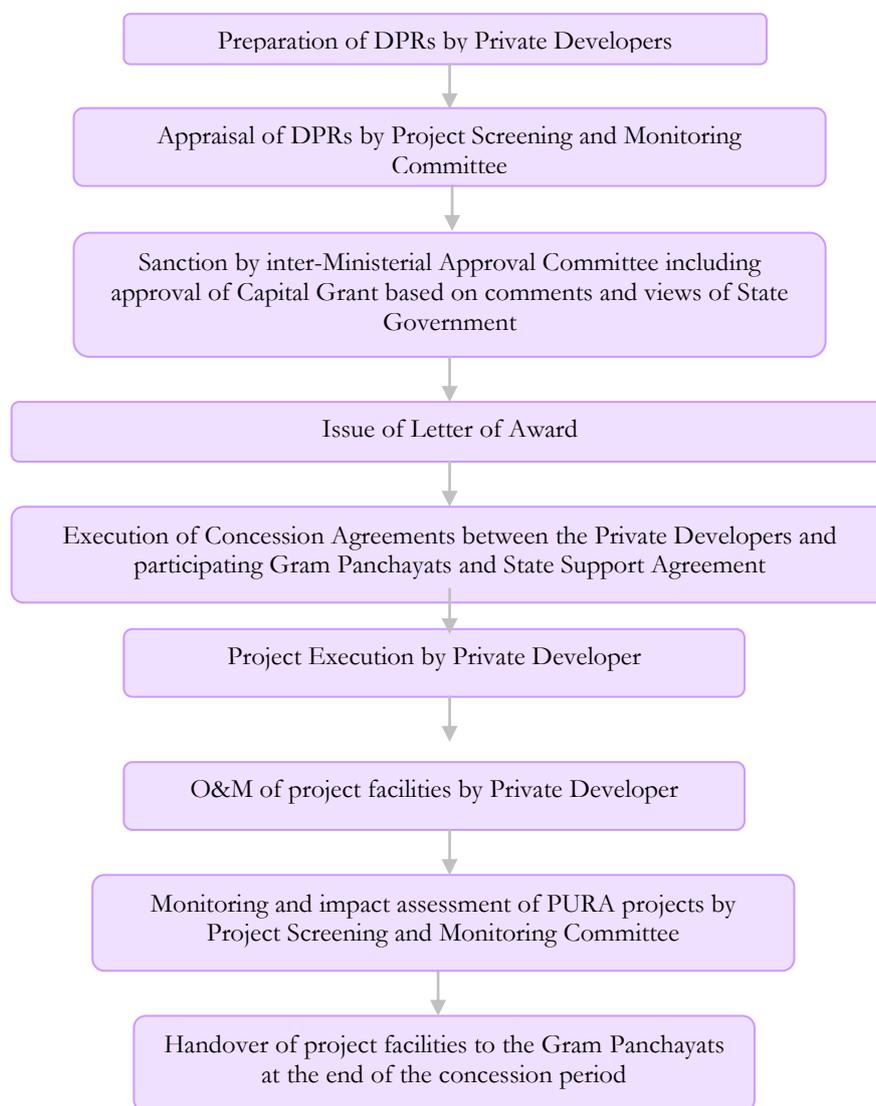
- (i) Chief Secretary – Chairperson
- (ii) Finance Secretary
- (iii) Secretary, Drinking Water Supply
- (iv) Secretary, Panchayati Raj
- (v) Secretary, New & Renewable Energy
- (vi) Secretary, Rural Development – Convenor
- (vii) Representative of MoRD

The SLCC may invite any other person to participate in the meetings.

9. **Implementation:** The rollout of the implementation action plan over the concession period shall be outlined in the DPR. The Private Developer shall put in place an implementation action plan for the different sub-projects of PURA over a construction period of maximum three years and an operations and maintenance (O&M) period of ten years from the commercial operation date or the date of completion of construction. In order to ensure proper monitoring and supervision of performance by the Private Developer, an Independent Engineer will be provided to the PURA cluster of Gram Panchayat(s) to supervise and monitor performance during the project life cycle.

10. **Flowchart of PURA Project Cycle:**





11. Project Management and Control:

11.1 A dedicated project management team in the PURA Division of MoRD shall oversee and coordinate all activities pertaining to the implementation of the scheme under the overall guidance of Project Screening and Monitoring Committee. Asian Development Bank (ADB) is supporting MoRD through a Technical Assistance (T.A.) programme for policy framework development, institutionalisation of PPP unit within MoRD, capacity building of MoRD and identified Gram Panchayats and rollout of pilot projects.

The State Government shall designate Principal Secretary, RD & PR as a Nodal Officer to facilitate the rollout and implementation of PURA projects.

11.2 Appropriate management control, reporting and quality assurance mechanisms shall be put in place to enable timely evaluation and impact assessment of the PURA scheme.

11.3 To enhance the generic acceptability of the PURA scheme and to improve the quality of projects therein, appropriate capacity building of Gram Panchayat(s), officials of DRDAs and State Governments shall be undertaken along with an outreach and communication plan, as part of the ADB T.A. programme.

Part III – Release of Funds

12. **Estimation of Capital Grant and Release:** Though Capital Grant will be limited to a maximum of 35% of project cost, the actual Capital Grant admissible will vary from project-to-project. The total Capital Grant approved for the pilot projects during the 11th Five Year Plan shall be borne from the Plan outlay of Rs. 248 crore. Additionally, a budget of Rs. 560 crore has been provided for undertaking a second batch of 10-15 PURA pilot projects. During this pilot phase, the cost of each PURA project shall be limited to a maximum of Rs. 120 crore, for the purposes of determining Capital Grant. The Detailed Project Report (DPR) would form the basis for determining the exact amount of Capital Grant required for each pilot project. The final cost composition and Capital Grant would be approved by an inter-Ministerial Empowered Committee constituted for the purpose. The grant will be released in four installments (linked with completion of milestones) as follows, assuming that the concession will be for ten years and the construction phase will be of three years:

- a) 1st installment (25%) - on signing of the concession agreement
- b) 2nd installment (25%) - on completion of one year from date of signing of concession agreement
- c) 3rd installment (25%) - on completion of two years from date of signing of concession agreement
- d) 4th installment (25%) - on completion of construction of those sub-projects as approved in the DPR

However, in cases where milestones are achieved before the afore-mentioned time projections, the release of installments may be accordingly re-scheduled.

13. Funds Flow:

13.1 The sanctioned installment of Capital Grant shall be released by MoRD to the District Rural Development Agency (DRDA) which will be kept in an escrow account. It shall be released to the Private Developer upon completion of approved milestones linked to time-lines after certification by the Independent Engineer and concurrence of the concerning Gram Panchayat(s).

13.2 The funds under other schemes of MoRD shall also be released to the Private Developer through placement of funds in the same escrow account managed by DRDA upon certification by the Independent Engineer and concurrence of the concerning Gram Panchayat(s). Similarly, other Ministries for non-MoRD schemes in a PURA project may make funding available under those schemes through DRDAs.

13.3 The reports of the Independent Engineer shall be read out in the Gram Sabha and documented as part of the Gram Sabha meeting proceedings. The Gram Panchayat(s) shall give their concurrence within one week of certification by Independent Engineer, failing which they have to assign reasons thereof. The matter shall then be referred to the District Magistrate / Deputy Commissioner / Collector who will examine the same and decide within one week's time.

13.4 The Project Director, DRDA is responsible for timely release of funds by DRDA as per guidelines.

13.5 The Private Developer shall maintain a project escrow account for all receipts and payments on account of PURA project.

14. Cost of Independent Engineer: The fees of the Independent Engineer will be released through DRDA, but not included in the project cost estimation for determination of Capital Grant. However, project preparation costs such as expenses incurred on preparation of DPRs and related bank guarantee charges would be allowed in the project

cost estimation for determination of Capital Grant. The methodology used to determine the quantum of such costs to be included shall be provided in the RfP.

Part IV – Miscellaneous

15. **Financial Management, Accounting and Reporting:** The process for financial management, accounting and reporting shall follow the norms outlined in the manual / rules for PURA projects.
16. **Audit:** The auditing process and criteria for audit shall follow the guidelines issued by Government of India from time to time.
17. **Grievance Redressal and Dispute Resolution:** An appropriate grievance redressal mechanism shall be constituted under the chairpersonship of the concerned District Magistrate / Deputy Commissioner / Collector of the district wherein the PURA project is being implemented for handling local level grievances. Similarly, a mechanism for grievance redressal shall also be institutionalized under the chairpersonship of Joint Secretary, MoRD for handling grievances wherein intervention of MoRD is required.
18. **Arbitration:** Secretary, MoRD is the authority to arbitrate grievances and disputes, wherever required.
19. **Risk Management:** The key risks associated with the implementation of PURA pilot projects may involve Central Government, State Government, Gram Panchayat or the Private Developer. The risk mitigation in this regard will be guided by legally vetted Concession as well as State Support Agreement. In case of default by any of the stakeholders, the affected stakeholder will be appropriately compensated as per provisions in the relevant agreement.

Annexure I – Salient features of Expression of Interest (EoI)

1. EoIs shall be invited from private sector entities having experience in development / construction and management of community-oriented infrastructure projects, either as a single entity or as a consortium who meet following qualification criteria:

- (i) A minimum net worth of Rs. 25 crore,
- (ii) Experience of developing infrastructure projects having a cumulative value of at least Rs. 50 crore.

2. Community-oriented infrastructure includes water supply and sewerage, agri-business infrastructure, solid waste management, public roads, power distribution, social infrastructure like health, education, etc.

3. The applicants will be required to submit necessary documents / certificates in support of the qualification mentioned above and shall include organizational brochures and audited annual financial statements (for the last three financial years).

4. The list of qualified applicants shall be circulated to all the State Governments to facilitate their obtaining requisite clearances during the RfP stage.

Annexure II – Salient features of Request for Proposal (RfP) document

The applicants shortlisted at the EoI stage will be issued the Request for Proposal (RfP) document. The RfP shall contain the following key features:

1. **Scope of Work:** The Private Developer is required to construct, develop or redevelop as applicable, operate and maintain the urban amenities and add-on facilities throughout the concession period and demonstrate performance standards prescribed for each of the amenities / facilities.

2. **Experience to be demonstrated by the bidder:** Bidders who intend to undertake the PURA project would be required to demonstrate the following experience:

(i) Having undertaken infrastructure projects in the past, preferably on a PPP mode

(ii) Ability and resources to engage with the stakeholders concerned to create a sustainable project

(iii) Ability to raise finances to meet capital and operating expenses (as required) for the project

3. **Definition and Structure of Participating Entity:** The bidder may apply as a single entity or as a group of entities (“Consortium”) to implement the project as per the following guidelines:

(i) A single entity shall be a company and would need to meet the selection criteria on its own (along with defined Associates)

(ii) A consortium may consist of maximum of 6 members and the Lead Member shall necessarily be a company. Experience of all the members in the Consortium would be considered for meeting the technical eligibility criteria. However, the financial eligibility requirements would need to be satisfied by the “Lead Member” of the consortium. Other members of a consortium could be of any legal structure such as a firm, company, corporation, society, trust, Government, State or agency of a State.

4. **Formation of a Special Purpose Vehicle (SPV):** A single entity may form a Special Purpose Vehicle (SPV)¹, to undertake the project. However, formation of a SPV would be mandatory for a consortium.

5. **Conditions for formation of the SPV:** A single entity forming a SPV to implement the project shall have an equity share of at least 51% in the SPV at all times during the concession period. In case of a consortium:

(i) The Lead Member should hold equity share capital of not less than 51% (fifty one percent) of the subscribed and paid up equity of the SPV at all times during the concession period

(ii) The other members whose technical capability has been utilized for the purposes of qualification should hold equity share capital not less than 11% (eleven percent) of the subscribed and paid up equity of the SPV for a period of five years from the date of signing of the concession agreement. For a society or trust whose technical capability has been utilized for the purposes of qualification, the norms for equity share shall be detailed in the RfP document.

6. **Criteria for evaluating the capability of the Bidder:** The ability of a bidder to undertake the PURA project would be evaluated through two parameters:

(i) Technical Capability

(ii) Financial Capability

(i) **Technical Capability:** The technical capability requirements are as set out below:

Project experience in development / construction of core infrastructure - which may include irrigation, roads, water supply, sewerage, drainage, solid waste management, power, Information and Communication Technology (ICT), etc - projects of at least Rs. 50 crore. Based on this experience, bidders shall be scored and short-listed.

(ii) **Financial Capability:** The bidder shall demonstrate a financial capability of having minimum net worth of Rs. 25 crore. No scoring is envisaged.

7. **Evaluation and Selection of Bidders:** The bidders would be evaluated on their technical capability and assigned scores as per the evaluation methodology in the RFP document. The bidders would be ranked on the basis of an experience score and selected. A “Letter of Intent” would be issued to the selected Private Developers.

¹ A company formed as a private limited company under Companies Act, 1956

Annexure III – Salient features of Concept Plan

As part of the response to the RfP, the bidder shall submit a Concept Plan and consent of the identified Gram Panchayat(s) and the concerned State Government. The Concept Plan would need to set out the project area details, the approach and strategy for implementation, project components, etc. The Concept Plan submitted by the bidder would be reviewed by a Project Screening and Monitoring Committee within MoRD to check for compliance to norms and objectives of the PURA Scheme. The indicative contents of the Concept Plan are as follows:

1. **Details of the cluster**
2. **Concept description and demonstration that the same adheres to “PURA” principles:**
 - (i) A brief description of the urban amenities and add-on facilities.
3. **Identify and propose infrastructural improvements:**
 - (i) Capital and O&M costs
4. **Implementation Plan:**
 - (i) In-principle approval of the participating GPs and others
 - (ii) Resources and utilization
 - (iii) Timelines
 - (iv) Key interventions and plan
5. **Viability analysis:**
 - (i) Financing Plan, duly identifying the Central Government / State Government schemes available
6. **Next steps:**
 - (i) Development studies – scope / time / costs
 - (ii) Key risks and mitigation measures

Annexure IV – Salient features of Detailed Project Report (DPR)

The bidders selected through the RfP stage, would be required to prepare a DPR for the Panchayat(s) based on the Concept Plan submitted earlier. The DPRs would need to be submitted within six months from issue of “Letter of Intent” by MoRD. The Project Screening and Monitoring Committee shall scrutinize the DPRs for correctness and accuracy. Based on the views and comments of State Government, the final approval of DPRs and sanction of capital grant will be accorded by MoRD which reserves the right to make further modifications to the DPRs. In the event that MoRD decides to abandon a project after the approval of DPR, the course of action shall be as per provisions made in the RfP document.

The DPR would need to provide baseline information on the existing infrastructure scenario, infrastructure improvements required and the detailed cost estimates for the same along with the plan for implementation. Periodic assessment of service level standards for various urban amenities and the mechanism to address changes in service delivery levels would also need to form part of the DPR. The indicative contents of the DPR are:

1. Project description:

- (i) Idea
- (ii) Cluster details and description
- (iii) Urban amenities and add-on facilities
- (v) Ongoing and proposed MoRD and non-MORD schemes in the cluster

2. Operating Framework:

- (i) Compliance with guidelines of PURA scheme
- (ii) Demand assessment - Future requirement of amenities leading to sizing and coverage
- (iii) Baseline information for the urban amenities and add-on facilities (to be certified by the Independent Engineer and concurred by the Gram Panchayat).
- (iv) Usage surveys and willingness to pay surveys, if relevant
- (v) Methodology for periodic assessment of service level standards and mechanism to address change in delivery standards.

3. Indicative bill of quantities, cost estimates and financing plan

4. Feasibility analysis and Capital Grant amount required

5. Timelines for implementation

Annexure V - Salient features of the Concession and State Support Agreements

On approval of the DPR by MoRD, MoRD will issue a Letter of Award to the Private Developer. Subsequently, the Private Developer would execute the Concession Agreement and the State Support Agreement with respective parties. The Concession Agreement shall contain the standard clauses relating to definitions, conditions precedent, representation and warranties, force majeure, assignment and charges, liability and indemnity, dispute resolution, governing law and jurisdiction, variation, waiver, entire agreement, severability, third parties, successors and assigns, notices, language, counterparts, etc. Provisions relating to performance obligations, key events of default and recovery of payments are described below:

1. Key obligations of MoRD:

- (i) Selection of Private Developer(s) for implementing the PURA projects
- (ii) Timely disbursement of Capital Grant
- (iii) Making available funding under different ongoing schemes of MoRD
- (iv) Establishing a Project Screening and Monitoring Committee for review of Proposals and DPRs submitted by the bidders
- (v) Appointment of an Independent Engineer (IE) to monitor the implementation and performance obligations of the concessionaire throughout the concession period. The IE shall be an experienced firm familiar with projects of this nature

2. Key obligations of State Government:

- (i) Discharging its obligations under the State Support Agreement executed between the State and concessionaire
- (ii) Facilitate obtaining necessary approvals / clearances from the concerned authorities for implementation of the project
- (iii) Extend necessary assistance to GPs for discharging their obligations under the concession agreements
- (iv) Making available its own share in scheme funds and external infrastructure linkages such as road, bulk water supply and power supply to the PURA area within defined time-lines

3. Key obligations of the Private Developer:

- (i) Design, engineer, finance, procure, construct, rehabilitate / develop (as applicable) and subsequent operation & maintenance of the urban amenities and add-on facilities
- (ii) Adherence to performance standards of various services / facilities as per applicable Central Government / State Government rules / laws. Further, the services provided by the Private Developer should align fully with the overall objective of PURA scheme entailing rural development and social sustainability
- (iii) Undertaking necessary procedural activities required to obtain grants under various MoRD and non-MoRD schemes available for developing the urban amenities / facilities proposed in the DPR
- (iv) Providing necessary information to Independent Engineer and Gram Panchayat to enable them to perform their functions under the agreement.

4. Key obligations of the Gram Panchayat(s):

- (i) Concurrence to the Private Developer as per agreed milestones
- (ii) Handover / allow access to project site / facilities to the concessionaire
- (iii) Provide all necessary clearances and approvals required for implementation of the project in a time bound manner
- (iv) Support in provision of the core facilities required by the concessionaire for providing the amenities / facilities to the desired performance standards. Example: Bulk water supply, electricity, approach roads to the Panchayats, etc

5. Key events of default by Concessionaire:

- (i) Non-completion of the construction / development / rehabilitation activities within the stipulated time frames
- (ii) Non-achievement of any of the project milestones within the stipulated period
- (iii) Failure to operate and maintain the facilities as per the standards, specifications, and the guidelines applicable in respect thereof
- (iv) Abandonment of project

6. Termination due to Concessionaire event of default – Modes of recovery: The afore-mentioned events of default could lead to the termination of the two Agreements. In such a scenario, the grant paid by MoRD to the Concessionaire would be recovered either from the escrow account or through forfeiture of the performance security.