

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:7028
ANSWERED ON:08.05.2015
VIABILITY GAP FUNDING FOR PPP PROJECTS
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Will the Minister of PLANNING be pleased to state:

- (a) the salient features of Viability Gap Funding (VGF) Scheme for Public Private Partnership (PPP) projects;
- (b) whether the VGF support for PPP projects to develop India's infrastructure and bring quality public services has been successful;
- (c) if so, the details thereof; and
- (d) the details of projects approved by the Government during the last three years along with the total project cost and VGF support during the said period, year- wise?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF PLANNING AND MINISTER OF STATE FOR DEFENCE
(RAOINDERJIT SINGH)

(a): Under the "Scheme for Financial Support to Public Private Partnerships in Infrastructure (VGF Scheme)" financial support in the form of grants, one time or deferred, is provided to infrastructure projects undertaken in the eligible sectors through public private partnerships with a view to making them commercially viable, subject to fulfilling eligibility criteria specified in the scheme. Viability Gap Funding of up to twenty percent of the total project cost is provided. The Government or statutory entity that owns the project may, if it so decides, provide additional grants out of its budget up to a further twenty percent of the total project cost. Viability Gap Funding under the Scheme is normally in the form of a capital grant at the stage of project construction.

The sectors eligible for Viability Gap Funding under the Scheme are:

- i. Roads and bridges, railways, seaports, airports, inland waterways;
- ii. Power;
- iii. Urban transport, water supply, sewerage, solid waste management and other physical infrastructure in urban areas;
- iv. Infrastructure projects in Special Economic Zones and internal infrastructure in National Investment and Manufacturing Zones;
- v. International convention centres and other tourism infrastructure projects;
- vi. Capital investment in the creation of modern storage capacity including cold chains and post- harvest storage;
- vii. Education, health and skill development, without annuity provision;
- viii. Oil/Gas/Liquefied Natural Gas (LNG) storage facility (includes city gas distribution network)
- ix. Oil and Gas pipelines (includes city gas distribution network);
- x. Irrigation (dams, channels, embankments, etc);
- xi. Telecommunication (Fixed Network) (includes optic fibre/ wire/ cable networks which provide broadband /internet);
- xii. Telecommunication towers;
- xiii. Terminal markets;
- xiv. Common infrastructure in agriculture markets; and
- xv. Soil testing laboratories.

As per Notification No. 3C/1/2012-PPP dated November 4, 2013 issued by Department of Economic Affairs, as regards medical college, VGF would be admissible only if the proposed medical college is located in one of the backward districts identified under various schemes of Government of India, provided there is no medical college in that district as on the date of in-principle approval of VGF by the competent authority.

(b) to (d): The details of the awarded projects, approved by the Empowered Institution/Committee for the Scheme for support to Public Private Partnerships in Infrastructure (VGF Scheme) during the last three financial years along with total project cost (TPC) are at annex which are summarised below:

Financial Year	Total TPC of projects	Total VGF Approved
(Rs. crore)	(Rs. crore)	
2012-13	6,166.67	1,206.76
2013-14	17,207.62	2,534.99
2014-15	3,595.93	596.39

