

By Speed Post

No.5/10/2/2004-DBA-I
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Udyog Bhawan, New Delhi
Dated the July, 2004

To

M/s. Bharuch Eco Aqua Infrastructure Limited (BEAIL)
Ankleswar
GUJARAT.

Subject : Approval & terms and conditions for Upgradation of Infrastructure facilities at Chemical/Pharma cluster, Ankleswar, Gujarat for under Industrial Infrastructure Upgradation Scheme (IIUS), 2003.

Sir,

I am directed to convey the approval of the Government of India (GoI) for Upgradation of Infrastructure facilities at Chemical/Pharma Cluster, Ankleswar under the Industrial Infrastructure Upgradation Scheme (IIUS) at a tentative cost of Rs. 152.83 Crores. Central grant for the project is subject to compliance of the guidelines (copy enclosed) issued under the IIUS, and the terms and conditions stipulated hereafter.

2. The eligible activities and break-up of project cost as approved tentatively by the Apex Committee constituted under the IIUS are as follows:

Sl.	Component	Amount (Rs. Crores)	Contribution from GoI (Rs. Crores)
i.	Conveyance facility for disposal of effluent into the deep sea	123.20	30.86
ii.	Augmentation of existing effluent disposal system in Ankleswar	12.00	7.20
iii.	Establishment of the Clean Technology Development	9.79	7.34
iv.	Upgradation of Disaster Management and Prevention Centre	1.00	0.50
v.	Centre for Excellence	6.84	4.10
	Total Tentative Cost	152.83	50.00

3. The Funding pattern of the above project cost will be as follows:

Sl. No	Source	Amount (Rs. Crore)
i.	Grant from Government of India (under IIUS Scheme):	50.00
ii.	Contribution by users (Ankleswar Industry)	31.46
iii.	Contribution by GIDC/Subsidy	47.57
iv.	Debt Finance	23.79
	Total Tentative Cost	152.83

4. In case the project is not started within a reasonable period of time say 6 months from the date of sanction, the Apex Committee will withdraw the sanction so that the limited resources available under the scheme could be re-allocated to other deserving projects.

5. Implementation schedule:

Duration of the project – 24 Months.

6. BEAIL will execute a bond with two sureties to the President of India that:-

- (a) BEAIL will abide by the conditions of the grant by the target dates, if any, specified therein,
- (b) BEAIL will not divert the grants and entrust execution of the scheme or work concerned to another institution(s) or organization, and
- (c) BEAIL shall abide by any other condition specified in this approval letter and in the event of failing to comply with the conditions or committing breach of the bond the BEAIL and the sureties individually and jointly will be liable to refund to the President of India the entire amount of the grant with interest at 6% per annum thereon.

7. Terms & Conditions

A. SPV related

- i. One nominee of the Government of India, the State Government and R&D institution concerned with the industrial cluster each shall be

appointed on the Board of Directors/Governing Body/Executive Body of the Special Purpose Vehicle (SPV) formed under this scheme i.e. the BEAIL.

- ii. The SPV shall have an independent Managing Director and independent Finance Director, who would also be on the Board of Directors.
- iii. In case GoI is of the opinion that the implementation of the project or operation of the SPV is not satisfactory or in case of disputes among the Board members, the GoI would have the powers to alter the composition of the Board and effect a change in the management of the SPV or issue such directions as may be necessary. The articles of association of the SPV shall be suitably modified to enable GoI to enforce, if required the above conditions stipulated while sanctioning the grant.
- iv. The SPV shall have Resource person(s) appointed for Technology, Best management practices and Information & Communication Technology (ICT) as approved by the DIPP.
- v. The SPV shall create a Project Account (Trust & Retention Account) with a Trustee Bank and provide the details to GOI.
- vi. The SPV shall set up a separate Reserve Fund Account for O&M purposes and to create and maintain a reserve corpus on a project specific or combined basis to be utilized for cash-flow management in case of revenue shortfalls for capital replacement or refurbishments.
- vii. The SPV shall decide on methodology of time-sharing, user changes and other operating parameters well in advance before implementation of each sub-project.

B. Cost Estimate

- i) Before incurring any expenditure the detailed estimates and drawings for all components, with due certification from a Chartered Engineer, should be submitted to DIPP for approval.
- ii) The cost estimates for various components under the scheme should satisfy the following requirements:

- a) The cost estimates for roads and construction of buildings, should be as per the Schedule of Rates (SOR) of the State Government.
- b) For all other components of the project, the cost estimates should be as approved by the DIPP or any other agency designated by the DIPP.

C. Release /Utilisation

- i. GoI's disbursement may be effected to a no-lien account with proportionate contribution from promoters deposited in the no-lien account. The deposits in the non-lien account may be utilised only for authorised expenditure for the approved sub-projects.
- ii. The contribution by the promoters would be brought in on pro-rata basis. The sub-projects may be taken up in a sequence such that the amount already brought in together with the proportionate grant would be sufficient to complete the respective sub-projects.
- iii. BEAIL shall provide DIPP with the details of the Project Account (Trust and Retention Account) along with the Trustee Manager details before disbursement of 20% of funds sanctioned above into this account within two days from receipt of this letter.
- iv. The grant sanctioned by GoI would be utilized only for the sub-projects mentioned in this letter. Any deviation there from would require the approval of Government of India in writing.
- v. BEAIL shall not obtain grant from any other agency for implementing the eligible activities mentioned in this letter.
- vi. BEAIL will furnish a utilization certificate for amounts released through this sanction before the next release of funds.
- vii. Managing Director, BEAIL would be the Drawing and Disbursing Officer for the release of the amounts under this sanction.
- viii. BEAIL shall submit performance-cum-achievement report before applying for the next instalment as grant.
- ix. BEAIL shall maintain separate account of the grants-in-aid received from the Government.

- x. BEAIL shall arrange additional funds, if any required, to meet time and cost overruns.
- xi. BEAIL shall seek compliance with statutory approvals and clearances as applicable before implementation.
- xii. BEAIL shall undertake all procurement of goods, equipment & services or any other item through a transparent and competitive procurement process as per State/ Government of India norms.
- xiii. BEAIL shall undertake audit of its accounts to the satisfaction of GOI, independent auditor and cooperate in the audit.
- xiv. The BEAIL shall complete process for transfer of the roads and Right of Way as per proposal to Govt. of India for this project.

D. Assets

- i. The assets acquired out of Government assistance should not be without the prior sanction of the Government be disposed of, encumbered or utilised for the purpose other than for which the funds have been released.
- ii. A register of permanent and semi-permanent assets acquired wholly or mainly out of the funds be maintained on the basis of Form GFR –19.
- iii. A return of such assets acquired during a financial year should be furnished in the Form-GFR-19.

E. Monitoring

- i. The Govt. of India shall appoint an independent auditor, independent engineer or an independent monitoring agency to ensure that the funds released by it are utilised for the purpose for which these are sanctioned.
- ii. The grant so paid to BEAIL shall be open to inspection by the sanctioning authority/CAG/Internal Audit Party of the Chief Controller of Accounts, Ministry of Commerce & Industry, New Delhi wherever BEAIL is called upon to do so.
- iii. The BEAIL shall report on the physical progress as well as the expenditure incurred in the project to the Government of India every quarter.

- iv. The project cost would be reviewed by GoI and the Monitoring Committee after all the quotations are obtained on competitive basis and the grant would be suitably adjusted depending on the outcome of such review

8. Administrative Expenses:

- i. A sum of 3% of the Central Grant will be kept for administrative expenses which shall be incurred by or under directions of the DIPP.
- ii. Expenses incurred towards development of project, appraisal of the project proposal, monitoring as well as evaluation of the scheme by a professional independent agency, best practices (transfer) within/outside the country, cluster networking within or outside the country and any other incidental expenses will be charged under the administrative expenses.

9. Role of the State Government:

- i. All expenditures incurred by the SPV shall have to be verified and countersigned by the Secretary/Commissioner, Industries Department, Government of Gujarat.
- ii. Secretary/Commissioner of Industries, Government of Gujarat shall supervise and monitor the implementation of the project.

In case of any dispute, Secretary, Department of Industrial Policy & Promotion, Government of India, will be the sole “Arbitrator” and his decision will be binding on the implementing agency.

Yours faithfully,

(T.J. Banerjee)
Under Secretary to the Govt. of India

Copy to :

1. Pay & Accounts Officer, Ministry of Commerce and Industry, Deptt. of IPP.
2. Secretary, Industries Department, Govt. of Gujarat, Gandhinagar.
3. Secretary, Finance Deptt., Govt. of Gujarat.
4. Director of Industries & Commerce, Govt. of Gujarat.
5. Office of the Comptroller & Auditor General, New Delhi
6. Accountant General, Gujarat, Gandhinagar.
7. Director of Audit, Commerce, Works & Misc., AGCR Building, New Delhi.
8. Finance-II Section, Deptt. Of IPP, Udyog Bhawan, New Delhi.
9. B&A Section, Deptt. of IPP, Udyog Bhawan, New Delhi.
10. Infrastructure Development Finance Company Limited, Ramon House, H.T. Parekh Marg, 169, Backbay Reclamation, Mumbai 400 020.
11. Sanction file/Guard file.

(T.J.Banerjee)
Under Secretary to the Government of India
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