

K-15016/69/2016-SC-I
Government of India
Ministry of Urban Development
Smart Cities-I

Nirman Bhawan, New Delhi
Dated: 26th July 2016

OFFICE MEMORANDUM

Subject: Financing of Smart Cities- Debt Financing Options from Multilateral Institutions

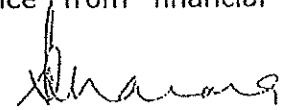
According to para 11.3 of Mission Statement and Guidelines, funds provided by the Government of India and the State Government will meet only a part of the cost of Smart city projects. Smart Cities have to leverage funds from financial institutions. Some of the ways of accessing funds from financial institutions, including multilateral and bilateral institutions are given below.

- i) World Bank/ ADB: There are two routes to get WB/ ADB loan funding.
 - Through National Financing Institutions (NFIs) such as the SBI and IIFCL. SPVs may approach SBI or IIFCL with their Project Proposals for on-lending of World Bank/ ADB loans. NFIs would do detailed techno-commercial appraisal and release the funds directly to SPVs.
 - OR
 - The State Governments provide guarantee for loans from WB/ADB and Cities may send their loan proposals in the Preliminary Project Proposals Format (PPPF) prescribed by DEA (copy enclosed at Annexure '1') to MoUD through the State Governments.

- ii) Asian Infrastructure Investment Bank (AIIB): The Asian Infrastructure Investment Bank (AIIB) is a new development bank established recently to provide long term concessional finances to fund infrastructure projects. The AIIB will initially charge a fixed spread to LIBOR to its loan. The Operational Policy on Financing of the AIIB is available at their website (www.aiib.org). The details of AIIB loan pricing can be accessed at <http://www.aiib.org/uploadfile/2016/0226/20160226062223493.pdf> (copy enclosed at Annexure 2). Cities may send their loan proposals to the MoUD in the same PPPF format prescribed by DEA to the MoUD through the State Governments.

2. A Committee in the MoUD was constituted to prepare a Guidance Note, containing the process for accessing funds, documents required for screening, format for sending project proposals and documents required to access WB/ADB loan from NFIs. The Guidance Note is attached as Annexure-3. The Smart Cities may use the Guidance Note to prepare their project proposals. All project financing proposals, including the PPPF, should be based on the Guidance Note.

3. States/ Smart Cities are requested to prepare the project proposals in the prescribed formats and projects costing more than Rs. 100 cr. should be included, only. Once a pipeline of projects has been created, the States may inform MoUD to provide handholding assistance to access debt finance from financial institutions.



(Sanjay Sharma)
Under Secretary (SC-I)
Tel.No.23062908

To

The Principal Secretaries (UD) of all the States and Mission Directors of Smart Cities of all States.

Copy forwarded to:

Municipal Commissioners of Smart Cities / CEOs of all Smart Cities

Preliminary Project Proposal Format

1.	Name of the Project					
2.	Sectoral area					
3.	Total Financial outlay					
4.	Details of the external development agencies (and the amount sought from each)					
5.	Financial arrangement					
	Total external assistance	Counterpart funds being made available by				Total
		Implementing agency	State Government	Central Government	Others, if any	
6.	Project duration (dates/months/years)					
7.	Location of project					
8.	Previous phases, if any					
9.	Statutory clearances required					
10.	Statutory clearances obtained					
11.	Details of Feasibility Studies done, if any					
12.	Implementing agency					
13.	Basic design of the project					
	- Goals and Objectives					
	- Activities involved					
	- Outputs of the project					
	- Outcome of the project					
	- FC and TC component					
14.	Target population / groups					
15.	Detailed Action Plan (Year wise)					
	Year					
	2016-17					
	2017-18					
	2018-19					
	2019-20					
	2020-21					
16.	Quantitative and qualitative (verifiable) target indicators					
17.	Environmental sustainability of the project					
18.	Land acquisition / Resettlement and					

	project	
18.	Land acquisition / Resettlement and Rehabilitation Involved	
19.	Linkages with Similar Projects	
(i)	Information regarding similar projects undertaken previously (add evaluation reports, if any)	
(ii)	Does the project form part of the sectoral project? If yes, who are the other partner with details of the specific activities being undertaken by them	
20.	Finance Plus Element	
I.	Systemic or Transformational Impact	
	i. Does the proposal have elements of sustainable systems re-engineering and or sustainable process re-engineering which would lead to improved systems, business processes or delivery mechanisms?	
	ii. Does the proposal involve capacity building/institution building that can foster better outcomes on a long term sustainable basis?	
	iii. Does the proposal have focus on service delivery/improvement (rather than only asset creation) in a sustainable manner-which otherwise has not been the norm in the project implemented in the sector-e.g. focus on levels of reduction of water loss, focus on number of hours power/water is available per day, reduction in waterborne diseases?	
	iv. Does the proposal bring together otherwise disparate attempts/schemes to one synergetic platform, which has not been possible hitherto (e.g. nutrition, gender issues,	

	livelihoods)?	
	v. Does the proposal seek to create additional choice for the citizens to access required service/entitlements?	
	vi. Does the proposal involve energy efficiency and environmental benefits without making the project/outcomes expensive?	
	vii. Are knowledge transfer, technology transfer and best practices transfer from international experience envisaged with adequate long term engagement for ensuring sustainability in Indian context?	
	viii. Does the proposal have institutional improvement measures: e.g. (a) Accounting Reforms (moving from single entry cash based accounting system to double entry accrual system of accounting (b) Ring fencing of finances/activities including corporatization wherever needed (c) creation and implementation of appropriate revenue models e.g. tariff reforms or alternative revenue structuring?	
	ix. Does the proposal address issues of real sector reforms e.g. Development of sectoral policies, development of institutional structures, setting up of regulatory framework/regulators?	

	x. Does the proposal have elements that are transformational in nature – which if implemented could transform the way systems function or the way delivery of services are done?	
II.	II. Innovation and Piloting of new Approaches	
	(i) Does the proposal have innovative elements and new approaches that have not been tried in the sector and have reasonable chance of changing for the better the way things are done in the sector and have some chance of scalable replication?	
	(ii) Does the proposal look at financial sustainability and O & M related issues which otherwise has not been the norm in the sector?	
III	Innovation in financing and Leveraging	
	i. Does the proposal use different/ innovative financing products/ modalities?	
	ii. Does the proposal involve co-financing from other financing agencies?	
	iii. Does the proposal catalyse private sector financing in different ways and especially to create leverage?	
	iv. Does the proposal involve CDM and accrual of carbon credits as a natural by-product of core development projects which can be a way of financing the project?	



ASIAN INFRASTRUCTURE
INVESTMENT BANK

SOVEREIGN-BACKED LOAN AND GUARANTEE PRICING

January 2016

1. Sovereign-Backed Loan Pricing

The Bank will initially charge a fixed spread to LIBOR (Lending Spread).

A. The fees and spread applicable to sovereign-backed loans are set out in Table 1:

Table 1. Fees and Lending Spread applicable to Sovereign-backed Loans

Fee/Spread	Rate	Charged on	One-time/recurring
Front-end Fee	0.25%	Loan principal	One-time
Commitment Fee	0.25%	Undisbursed loan balances	Recurring
Lending Spread ¹	0.75% to 1.40%	Disbursed and outstanding loan balances	Recurring

¹ The Lending Spread varies depending upon maturity, as set out in Table 2 below.

B. The Lending Spread consists of four components: the contractual lending spread, the maturity premium, the risk premium and the projected funding spread to LIBOR. The individual components of the Lending Spread as well as the overall Lending Spread applicable to different maturity categories are set out in Table 2:

Table 2. Lending Spread Components and overall Lending Spread

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%
Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
Projected Funding Spread to LIBOR	0.15%	0.20%	0.20%	0.25%	0.25%	0.25%
Lending Spread	0.75%	0.90%	1.00%	1.15%	1.30%	1.40%

2. Sovereign-Backed Guarantee Pricing

The fees and charge for sovereign-backed guarantees are set out in Table 3:

Table 3. Fees and Charges Applicable to Sovereign-backed Guarantees

	Rate	Charged on	One-time/recurring
Front-end Fee	0.25%	Guarantee amount	One-time
Processing Charge	Up to 0.50%	Guarantee amount	One-time
Standby Fee	0.25%	Undisbursed amount of financing benefiting from AIB guarantee	Recurring
Guarantee Fee	0.50% + Maturity Premium	Financial exposure under the guarantee (present value of the guaranteed payments at earliest call dates)	Recurring

The Guarantee Fee includes an annual maturity premium as set out in Table 4:

Table 4. Maturity Premium for Sovereign-backed Guarantees

Average Maturity	up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%

Guidance Note for Smart Cities

Process for accessing funds

The cities would need to identify the financially viable Smart City projects for which they would like to borrow. A techno-economic viability study needs to be undertaken initially for the identified project (Box 1).

Box 1: Techno-Economic Viability Study

Techno-Economic Viability (TEV) Study provides an appraisal of technological parameters of the project and its impact on the financial/ commercial viability of the project and forms part of the Detailed Project Report (DPR). A TEV study is a risk mitigation exercise and is considered by banks and financial institutions prior to their lending decision for projects.

No project can be absolutely risk less. Hence the analysis of the degree of technical risk and associated financial viability through a TEV Study is to assist lenders take a view on the acceptability of the degree of risk involved in a project. TEV study would include an analysis of technological risk, market risk, regulatory risk, and financial risk. A critical evaluation of these parameters is essential for a meaningful TEV study.

Projects under Smart Cities with their antecedent issues like being a relatively new field for the lenders, use of variety of technologies at different stages of development, risk of technology obsolescence, complexity in implementing the project, and in collecting the user charges makes it critical to have the TEV study done from credible consultants and to ascertain its impact on the financial viability of the project.

A smart city project proposal format is annexed at Annexures II, III and IV, which needs to be filled up for every Smart City project seeking finances from MDBs. A list of documents required for the screening of smart city proposals is placed at Annexure-I. The routing of the funds would be as described below.

1. World Bank and ADB would provide line of credit to National Financial Institutions (IIFCL and SBI).
2. Implementation of the Mission at City level would be through SPV, created with equal equity contribution from State Government and Urban Local Body with a provision of getting a Private Sector Partner with minority shareholding at a later stage.
3. SPVs will approach NFIs with their project proposals:
 - NFI would do detailed techno-commercial appraisal and environmental and social due diligence;
 - NFI may seek additional support from concerned state government or Urban Local Body (ULB) in the form of guarantees;
 - NFI lending would be governed by its lending policy;
 - NFI would monitor the project and report to Government of India and World Bank/ ADB.
4. The Technical Assistance/ Grant to NFIs would be shared with their subsidiaries IIFCL Projects Limited and SBI Capital Markets limited (SBI Caps) to develop financial appraisal and syndication capabilities. The SPV/ ULB may also engage them separately, based on mutual understanding on commercial terms, to develop bankable/ financially viable project(s) and/or achieve financial closure of said project (s).

The MoUD, Multilateral Development Banks (MDBs, namely World Bank and ADB) and the National Financial Institutions (NFIs, namely SBI and IIFCL) would jointly undertake an initial screening of the projects based on the proposals submitted by the cities and finalize a list of projects to be taken up for loan assistance under the proposed lines of credit.

The MDBs and NFIs (along with their subsidiaries, as the case may be) will thereafter work directly with the cities to structure the identified Smart City projects in a technically sound and financially viable manner while ensuring compliance with all fiduciary and environmental and social safeguard requirements. Thereafter, the cities/SPVs will need to pose these along with detailed project appraisal formats to the NFIs for seeking loans. Once the projects are appraised by the lender and approved for loan, the smart cities/SPVs will initiate the procurement and the implementation work and seek financial closure in a timely manner.

The exact time taken to achieve financial closure of projects would depend on its technical and financial feasibility, completeness of submitted documentation and the requisite clearances being in place, project meeting the required environmental and social safeguards (Box 2), level of complexity of the project/ agreement, promptness of the borrower in addressing the queries, consortium arrangement, signing of the loan agreement, etc. and should typically take 6 – 8 months before the proposal is forwarded to MDBs for further processing. NFIs will claim the funds from MDBs on reimbursement basis after final approval by the MDBs.

After financial closure of the project, the SPV needs to open a trust/ escrow account with the lending NFI/ lead bank. The Borrower SPV should ensure that all inflows and outflows for the project, including equity and debt, flow from the escrow account. Lenders would require a confirmation from the Borrower SPV regarding closure of all other current accounts specifically related to the project before opening the escrow account.

Box 2: Environment and Social Safeguard Compliance

To avail funds under the line of credit from the MDBs, a SPV is required to meet the environmental and social safeguards as mentioned in the annexed Format for Project Proposal. For PPP projects, the procurement by Private Party also needs to pass the procurement (fiduciary) norms of the MDBs.

SPV further needs to ensure that if the said project is falling under High Impact categories, as defined by the World Bank, it is likely to impact (adverse or moderate) the environmental and social aspects of the investments and/or requires mandatory environmental clearance as per the EIA notification S.O 1533 (E) dated Sept 2006, published by Ministry of Environment and Forests. Such projects would require an Environmental and Social Assessment (ESA) to be conducted by an independent agency (other than the agency designing the project).

For ADB financed projects, the NFI would categorize the project, and request safeguard documents such as Environmental Impact Assessment (EIA) / Initial Environmental Examination (IEE), Resettlement Plan, Indigenous People Plan (IPP), commensurate with the impacts assessed. During project implementation periodic safeguard monitoring reports would be requested by the
NFI.

Lending NFIs may stipulate some part of promoter contribution to be infused upfront, before debt disbursement may begin, to show promoter's commitment towards the project. The stipulated amount of upfront equity should be infused in Borrower SPV, mandatorily through the escrow account. After each debt disbursement, the Borrower needs to provide certification to lenders on end-use of funds through monthly escrow statements.

The lending NFIs may need to appoint specific consultants to advise them on technical / financial / legal aspects etc. related to the project. Generally, lenders appoint the following consultants before any debt is disbursed:

- a) Independent Engineer for project cost vetting, validation of technical information, DPR approval, project monitoring during construction and operation phase, etc;
- b) Legal Counsel to vet the project documents and agreements, clearances, constitutional documents of SPV (memorandum and articles of association), board resolutions related to project implementation, etc;
- c) Insurance Advisor to advise on insurance package required for project assets during construction as well as operational phase of project, and adequacy and sufficiency of policies during project operations.

All costs incurred with respect to the above are to be met by the borrower. This will also include costs borne by the NFIs to structure the identified Smart City Project after mutual understanding between the NFI and borrowing SPV/ ULB.

The SPV needs to provide quarterly construction monitoring report to lenders in prescribed format detailing the amount infused as debt and equity and utilization thereof as well as physical and financial progress during the quarter. The progress should be in consonance with the Lender's Independent Engineer report for the same period.

Selection of Engineering, Procurement and Construction (EPC) Contractor should be transparent and the financial capacity and the technical competence of EPC Contractor should be considered before awarding the contract.

NFIs may agree for a pre-payment clause, whereby the borrower will have the right to pre-pay the loan availed through the lines of credit available from MDBs.

Limit on debt funding by NFIs

Besides NFI funding, supplementary sources of funding may be needed for projects. Many projects would be funded on debt-equity ratio of 70:30. As per IIFCL guidelines, they can fund only 20% of the Total Project Cost (TPC) while maximum one-third funding of debt component can be done through SBI. So, 27% or more of TPC may have to be mobilized from other debt funding sources. Even if a new lender takes a higher share, the NFI will retain the lead position. Further, RBI guidelines towards exposure norms and definition of infrastructure lending would also have to be adhered to by NFIs. Another important consideration in this context is compensation for Resettlement & Rehabilitation (R&R) is to be done only from equity.

A list of nodal officers of various institutions along with their contact details is available at Annexure-V.

Documents required for screening of Smart Cities Proposals

As part of the Smart City project financing proposal, the SPV will need to provide the following documents to facilitate initial screening:

1. Details of the company structure including details about the company's management and organization structure, business operations, financial management system, promoter's profile, financial structure, business plan and financials.
2. Technical details of the project such as scope of the project, location and site details, technical arrangements, project structure and implementation arrangements such as PPP, EPC, DBFOT, management contract, etc, details of the various components such as plant and machinery, raw materials, manpower requirements, utility requirements, implementation schedule, post commissioning operations and maintenance plan, and concession agreement details for PPP projects.
3. Financial cost of the project including the cost of land, building, plant and machinery, pre-operative expenses and other preliminary expenses, phasing of capital expenditure, recurring operation cost, working capital requirements, capital cost comparison for various alternatives, etc.
4. Project readiness status including status of key statutory approvals and clearances that may be required for project implementation from various national, state and local agencies. The key statutory approvals and clearances required for implementation of the project must be identified and sought prior to submission of the detailed proposal for sanctioning the loan. The key approvals may include (but not limited to) land acquisition related approvals and clearances, environmental clearances, forest clearances, railway board approval, defense approval, local government's approval, utility shifting approvals, etc.
5. Financial viability assessment should be provided including the detailed revenue model along with underlying demand and supply assessment, the proposed capital structure as well as the key projected financials, project IRR and profitability and sensitivity analysis. This should also include key trends, gross profit margin, net profit margin mentioned separately along with comparison with industry margin and explanation for any significant

deviations, if any, from industry margin; description of key indicators such as DSCR (average, minimum and maximum vis-à-vis assumptions on repayment), IRR and sensitivity analysis also to cover, where warranted, variations in process yields, delays in implementation, cost overrun, etc. Assumptions related to cost of production and profitability, projected balance sheets and cash flows, capacity utilization assumed, turnover assumed, raw material consumption, utilities consumption etc. based on performance guarantees of suppliers, and technical collaborator may be attached as Annexure. Assumptions should have a strong co-relation to the demonstrated performance of the company in the past or with industry standards.

6. The capital structure should also be detailed in terms of debt-equity ratio, proposed borrowing, proposed debt repayment model as well as credit enhancement measures along with all the assumptions.
7. Fiduciary compliance details must include details relating to procurement practices and financial management practices adopted by the SPV and/or the ULB including budgeting, accounting and financial reporting as well as auditing practices and must be aligned with commercial borrowing practices.
8. Environmental and social safeguards compliance details must be provided as per the prescribed checklist and formats in the annexure.
9. Risk assessment and mitigation strategies should be included for all risks, including the market, operational, financial and sector specific risks.
10. Key documents related to the SPV and other projects being implemented by the SPV should be provided as annexure.

Annexure-II

Outline of the Format for Smart City Project Proposals

S.No.	Key Sections	Required Details
1	Introduction	
2	The Company	Promoter's Profile Brief History of Company (City SPV) Brief History of the Parent ULB Management and Organization of City SPV . Capital Structure of the Company (City SPV) Present Arrangements with Banks/ Financial Institutions and Position of Account <ul style="list-style-type: none"> • City SPV • Parent ULB Past Performance and Financial Position of Company and Group Companies (including credit rating) <ul style="list-style-type: none"> • City SPV • Parent ULB
3	Project Details	Scope Location Technical Arrangements/ Collaboration Project Structure and implementation arrangement (including nature of project – PPP/EPC/DFBOT etc.) Plant & machinery Raw Material Utilities Manpower Implementation Schedule Concession agreement details (for PPP projects) including Concessioning Authority, Concession Period, Construction period, Concession agreement date and Concessionaire's obligations, Operation & Maintenance plan for the project
4	Cost of Project	Assumptions, Land, Buildings, Plant & Machinery, Movable Fixed Assets, Preliminary expenses, Pre-operative Expenses, Phasing of capital expenditure, Estimated recurring operating cost (post commissioning), Contingency, Margin of Working Capital, Expenditure Incurred on the project and Capital Cost Comparison
5	Project Readiness – status of statutory approvals and clearances	Land Acquisition Status, Environmental Clearance, Forest Clearance, Railways Approval, Defense approval etc., Pollution control board clearance, Panchayat approvals etc.

		and Utility Shifting details, approvals of designs/ DPRs by competent authorities.
6	Financial viability assessment	Detailed revenue model (including the underlying demand and supply assessment) Assumptions including Rate of Interest – To be decided by lender based on its cost of funds Projected Financials including P/L Statement, Cash Flow Statement, DSCR projections, Balance Sheet, etc. Sensitivity analysis Project IRR, Economic rate of return (ERR) SWOT analysis Sources of Revenue & Mechanism of payments Sources of Equity
7	Capital structure	Proposed borrowing (amount, instrument and assumed covenants) Proposed debt repayment model Proposed credit enhancement mechanism
8	Working Capital Arrangements	
9	Market & Selling Arrangement	
10	Fiduciary compliance details	Procurement and Financial Management
11	Safeguards compliance details	Environmental and Social Safeguards
12	Risk assessment and mitigation for the projects	Demand & supply risks, implementation risks, technology obsolescence and entry barrier
13	Documents required	MoA, AoA, Certificate of Incorporation, details of Board of Directors of SPV, Directors PAN Card, DIN, KyC documents etc. Other Documents such as Concession Agreement, EPC Contract, O&M Contract etc. Provision of borrowing must be there in Article of Association Drawing power – Board resolution

FORMAT FOR SMART CITY PROJECT PROPOSAL FOR BORROWING FROM THE WORLD BANK AND ADB

1. INTRODUCTION

Brief introduction giving the name of the SPV, whether it is existing or new, key operations, location and business operations etc.

Present, proposed and aggregate cost

Proposed means of finance

Scope of appraisal

2. THE COMPANY

Name :
 Date of Incorporation :
 Constitution : Public/ Private
 Sector :
 Location :
 Registered Office : Address
 Project site : Address

Capacity

Project	Capacity of the facility being created		
	Existing	Proposed	Total

2.1 Promoters Profile

Details of the promoters/Directors - age, academic background, professional experience, any important positions held / holding, financial statements along with details of their investments, long term loans and advances in the projects.

2.2 Brief History of Company

From date of incorporation, original activity, changes in operations, key projects, details of earlier public issues, response to these, mergers

2.3 Management and organization

2.3.1 Board of Directors

2.3.2 Organization: Detailed profiles of only chief executive officer (MD/ ED)

2.3.3 Other Senior management details as under:

Name of Executive	Designation	Responsibility

(Further details such as academic qualifications and professional experience may be presented as annexure)

- Assessment of management style and quality of people wherever-possible
- Comments on the nature of financial controls that exist or proposed to be adopted, system for monitoring and control of production and marketing after commencement of production.

2.3.4 Project Management

Key executives handling the proposed management
(Existing and Proposed Organization Charts maybe presented as Annexure).

2.4 Capital Structure of the Company (As on Xx/Xx/20Xx)

In tabular form as under:

	Rs lacs
Authorised Share Capital Xx equity shares of Rs.x/each similar details of any other type of shares	
Issued and Subscribed Capital Xx equity shares of Rs.x/each similar details of any other type of shares	
Paid-up Capital Xx equity shares of Rs.x/each similar details of any other shares	

Share holding pattern as on Xx/Xx/20Xx in tabular format

Details of steps taken, if necessary, by the company to increase the authorised share capital commensurate with proposed financial plan

2.5 Present arrangement with Bank/ Financial Institution and Position of Accounts

2.5.1 For the smart city SPV

2.5.2 For the ULB

2.6 Past performance and Financial Position of Company and Group Companies/ Company

The following key indicators for the past three accounting periods (mention whether based on audited / unaudited results; changes, if any, in accounting periods) should be used for smart city SPV as well as the ULB:

Year ended day, month	□	□	□
Equity Share Capital			
Reserves and Surplus			
Net Worth			
Term Loans			
Debentures			
Net Fixed Assets			
Total Outside Liability			
Total Net Worth			
Current Ratio			
Net Revenue			
Gross Profit			

Interest			
Depreciation			
Operating Profit			
Other income			
PBT			
IT			
PAT			
PBDIT / Revenue (%)			
PAT / Revenue (%)			
Dividend (%)			
Net Cash Accruals			
RONW			
EPS			

Comments on trends in key indicators and reasons for any shifts

Group Companies

Mention of relevant companies (maybe beyond the Section 370 (B), Companies Act definition if promoters have sufficient interest or the operations of these companies have bearing on the existing/proposed operations of the company).

Name of the company, date of establishment, operations, key financial indicators

3. PROJECT DETAILS

3.1 Scope

Brief Introduction of the project

Proposed operations and outcomes

Relation to present operations in case of existing company i.e. backward/forward integration,

Diversification.

Size of the project (installed capacity)

Technical collaboration if any.

Whether being set up under any special Government scheme, related benefits.

Proposed target beneficiaries and arrangements.

Any other special features of the project

3.2 Location & Site

Located at xx.

Distances from nearest-city, raw material and product markets, transportation - railway station, airport, port, highways, infrastructural facilities.

Amenities for employees.

Locational advantages

Disadvantages if any with effective measures proposed to counter these factors, their impact on project cost/operating costs

Incentives offered by virtue of location.

Land details

Area, adjoining plots, nature of land (agricultural/industrial), results of soil tests, if any, to assess suitability of proposed installation.

Details of project developer/ operator.

Status of land acquisition.

Technical analysis/scope of work/Technical feasibility/viability

3.3 Technical Arrangements / Collaboration

Details of collaborator

Background

Financial performance

Experience in the scope of services being offered,

Earlier projects in India (in case of foreign collaborator) and overseas, status and performance of these projects.

Arrangements:

Brief details of agreement (only the salient features, complete details, if relevant might be presented as an annexure).

Scope of services being offered by collaborator with specific comment on arrangements for design and technical documentation, supply of machinery, training & transfer of technology, continuing technical assistance, R&D, etc.

Remuneration/compensation.

Guarantees for production/operational quality and quantity parameters and enforceability, payment terms.

3.4 Project structure and implementation arrangement (including nature of project – PPP/EPC/DBFOT etc)

Details of the project design. How the project is proposed to be implemented? What are the alternative implementation modalities considered and what is the final selected implementation modality along with a rationale (including cost benefit analysis). Also the preliminary details of the selected implementation modality. For instance, in case of a PPP, the details may include the concession period, broad scope of work for the concessionaire, the financial structure etc.

3.5 Machinery

Brief details of the main project

Special technical features, if any, that might have a bearing on operation cycle, quality of products, utilities consumption'

Comment on flexibility in terms of change in

Raw materials

Product mix.

Or any other possible changes in the future.

Arrangements for the acquisition of the same, if not already covered in technical arrangements section.

Original Manufacturer/Suppliers/third party credentials.

3.6 Raw Material (wherever applicable)

Proposed raw material

Reasons for its (their) choice if alternatives are available.

Requirements, availability and proposed arrangements.

Comment on adequacy of proposed arrangements.

Options available to the company to change raw material in the event of non-availability/change the source of supply.

3.7 Utilities

3.7.1 Power with specific comment on availability, arrangements made and standby arrangements

3.7.2 Water

Requirement (with basis of assessment),

Availability

Proposed arrangements with relevant Boards/ local bodies for supply of power, water, etc)

In case of expansion project, existing arrangements for main utilities like Power, water, etc. may be mentioned.

Proposed consumption of utilities to be benchmarked against actual consumption level in case of similar technologies

3.8 Manpower

Proposed requirement of skilled, semi-skilled, unskilled, technical, supervisory and administrative office staff.

Availability of the same.

Whether the location presents any advantages/disadvantages in hiring and retaining staff.

Whether project cost provides for any facilities like housing and other amenities for staff

3.9 Schedule of Implementation

Present status of project

Progress of work at the time of appraisal.

Table showing commencement and completion of key steps in the project.

Comments on factors which may affect adherence to schedule.

Past record of promoters to be considered. Schedule should not be optimistic and should consider time taken for acquisition of land, for placing orders for capital goods and for tying up funds for the project

3.10 Concession agreement details (for PPP projects)

In case the project proposed for borrowing is being implemented as a PPP (including wider range of modalities such as DFBOT, DBOT, management contracts, service agreements etc), the key details to be provided include concessioning authority, concession period, construction period, concession agreement date and concessionaire's key obligations and payment mechanisms.

3.11 Operations and maintenance plan for the project

The key details of the O&M plan must be described briefly as per the selected implementation modality including the institutional and financial details of the agency that has to undertake the responsibility for O&M, proposed financial mechanism to cover the O&M cost etc.

4. COST OF PROJECT

(Based on the project, further segregation such as Rupee component/foreign currency; phase-wise project cost, etc. may be given).

4.1 Land

Rs. Xxxx

*Total area required.
Status of acquisition.
Basis of cost estimates.
Topography of land acquired.
Demands on site development.
Provisions made in the project cost for the same. Basis*

4.2 Buliding

Rs. Xxxx

*Main items of civil works –
Mention of any special construction proposed. Reasons for the same.
Cost per unit area.
Basis of cost estimates.
Profiles of architect/contractor/civil works consultants in Annexure
Reasonableness of the same.
Further and complete details in Annexure*

4.3 Plant & Machinery

Rs. Xxxx

Plant & Machinery – Imported

MENTION ONLY MAIN (ON THE BASIS OF COST OR RELEVANCE TO THE PROCESS) ITEMS IN THIS CATEGORY

Basis of cost estimates. Details and comparative quotes from other machinery suppliers considered.

Buying arrangements. If through a third party, details of the arrangements and its effect on the cost of the machine.

Mention whether the provision is inclusive/exclusive of all applicable taxes/duties.

Details of any customs/CVD benefits assumed.

Further details to be given in Annexure

Plant & Machinery – Indigenous

MENTION ONLY MAIN (ON THE BASIS OF COST OR RELEVANCE TO THE PROCESS) ITEMS IN THIS CATEGORY

Basis of cost estimates. Details and comparative quotes from other machinery suppliers considered.

Buying arrangements. If through a third party, details of the arrangements and its effect on the cost of the machine.

*Mention whether the provision is inclusive/exclusive of all applicable taxes/duties.
Further details to be given in Annexure*

4.4 Movable Fixed Assets

Rs. XXXX

*Items provided under this head.
Brief description if significant, in terms of cost or importance in the process.
Details to be given in annexure*

4.5 Preliminary expenses

Rs. XXXX

*Provisions made under this head (with cost provisions in parentheses)
Assumptions or basis for key items like issue expenses, loan syndication expenses, etc*

4.6 Pre-operative expenses

Rs. XXXX

*Provisions made under this head (with cost provisions in parentheses).
Assumptions or basis for key items like interest during construction, etc.*

4.7 Phasing of capital expenditure

The capital expenditure should be described here as per the proposed phases of implementation which can inform the capital investment planning and resource deployment.

4.8 Contingency

Rs. XXXX

*Reasons for providing contingency/escalation / firmness of project cost.
Details regarding basis and amount contingency provided.
Detailed working if necessary, as annexure. Due consideration of*

- a) *Industry characteristics.*
- b) *Inflation factors for implementation spread over more than 2 years.*
- c) *Possibility of forex fluctuation.*

*Emphasis on avoiding overstatement as well as understatement of project cost; analysis of the reasons if any for cost over-run of project implemented earlier by company/group.
Possibilities of recurrence to be examined.*

4.9 Estimated recurring operating cost

The detailed element wise O&M cost details to be provided for the proposed project.

4.10 Margin of Working Capital

Rs. XXXX

*Basis for working capital requirement calculations (i.e. existing norms, discussion with the bankers, study of operations etc)
Details of norms for each of current assets & liabilities as a table. Provision made in project cost as margin for working capital.*

*Adequacy of same vis-à-vis existing & projected profitability of the company
Detailed working as annexure.*

4.11 Expenditure incurred on Project

Rs. XXXX

Expenditure incurred on the project as on date xxxx.20xx

Key items on which the monies have been spent. Sources of funds for the same.

Phase-wise requirement of funds as annexure.

4.12 Capital Cost Comparison

Comparison of capital costs with similar projects implemented.

In cases where the special nature/complexity of the project does not lend itself to such a comparison.

Comparison of key items of a project cost such as proposed main plant & machinery with other suppliers.

Capital costs per unit of installed capacity.

5. Project readiness – status of approvals and clearances:

The key statutory approvals and clearances required for the implementation of the project must be identified and sought prior to submission of the detailed proposal for sanctioning the loan. The key approvals may include (but not limited to) land acquisition related approvals and clearances, environmental clearances, forest clearances, railway board approval, defense approval, local government's approval, utility shifting approvals etc.

Details in tabular format:

Approval/ Consent	Agency	Status

Comments on the status of any significant approval which may have bearing on the successful implementation of the project

6. FINANCIAL VIABILITY ASSESSMENT

- This section should detail out the financial assessment of the project including the detailed revenue model along with underlying demand and supply assessment, the proposed capital structure as well as the key projected financials, Project IRR, and profitability and sensitivity analysis*
- Assumptions about cost of production and profitability, projected balance sheets and cash flows as Annexure. Assumptions should have a strong correlation to the demonstrated performance of the company in the past or with industry standards.*

- *Basis of capacity utilization assumed. Turnover assumed. Any significant assumptions made regarding raw material consumption, utilities consumption etc. based on performance guarantees of suppliers, technical collaborator.*
- *Any special assumptions made regarding tax/duty benefits assumed.*

Key performance Indicators in tabular format as under

	Year I / 201x	Year II/ 201x	Year III/ 201x
Capacity			
Revenue (Rs.)			
Gross Profit			
Operating Profit			
Profit after tax			
Gross Profit / sales (%)			
Operating Profit / Sales (%)			
Dividend (%)			
Earnings Per Share (Rs.)			
Current Ratio			
Asset Coverage Ratio			
DSCR			
- Maximum			
- Minimum			
- Average			
Breakeven Point (%)			
Cash Breakeven (%)			
Average Cost of raising resources			
Internal Rate of Return			
- Before Tax			
- After Tax			
Return on Net Worth			
Dividend payout ratio (for equity / preference shares)			
Financials of Sponsor entity			
Revenue Stream/User fees/Tax etc.			

Key trends, gross profit margins, net profit margins to be mentioned separately. Comparison with industry margins. Explanation for any significant deviations, if any, from industry margins.

Description of key indicators such as DSCR (average, minimum and maximum vis-à-vis assumptions on repayment), IRR and BEP (break-even point).

Sensitivity Analysis also to cover, where warranted, variations in process yields, delays in implementation, cost overrun, reduction in import tariff, etc.
 Table indicating sensitivity of key financial indicators to parameters for which a sensitivity analysis has been carried out

	Avg. DSCR	BEP	IRR
Base Case			
Case A			
Case B, etc.			

7. CAPITAL STRUCTURE

	Rs. In lacs	%
Equity*		
- Promoter		
- Public internal accruals		
Debt		
- Rupee		
- Foreign		

Description of proposed means of raising funds under each component

Schedule/status of each component

Shareholding pattern after proposed raising of equity

Debt Equity ratio, promoters' contribution (mention means of the same and comment on their ability to raise) as percentage of project cost, core promoters' contribution as percentage of project cost.

Provide the details of the proposed borrowing including the assumed amount, instrument and assumed covenants as well as debt repayment model and credit enhancement/repayment security mechanism proposed.

8. WORKING CAPITAL ARRANGEMENTS

Details of present arrangements, in case of existing companies.

Proposed arrangements & requirements for proposals

9. MARKET AND SELLING ARRANGEMENTS

Type of end users / distribution arrangements / mode of payment / user fee etc.

Stability of the environment

Strategic advantages of firms having similar market focus and product/ service line with respect to leadership/ position in technology, cost, distribution and product differentiation.

Level of competition based on:

Potential entrant,

Substitute products,

Entry exit barriers,

10. FIDUCIARY COMPLIANCE DETAILS

Financial Management:

Information should be provided by the SPV and/or the ULB for each of the following points:

- *Budget reliability. The government budget is realistic and is implemented as intended. This is measured by comparing actual revenues and expenditures (the immediate results of the PFM system) with the original approved budget.*
- *Transparency of public finances. Information on PFM is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access to fiscal and budget documentation.*
- *Management of assets and liabilities. Effective management of assets and liabilities ensures that public investments provide value for money, assets are recorded and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.*
- *Policy-based fiscal strategy and budgeting. The fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.*
- *Predictability and control in budget execution. The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.*
- *Accounting and reporting. Accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.*
- *External scrutiny and audit. Public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.*

Procurement

Information should be provided for compliance with the following principles for undertaking procurement:

- *Ensure economy and efficiency in the implementation of the project, including the procurement of the goods and works involved;*
- *Providing the same information and equal opportunity to compete in providing goods and works to all eligible bidders from developed and developing countries;*
- *Encouraging the development of domestic contracting and manufacturing industries in the country of the borrower;*

- *Ensuring transparency and competitiveness in the procurement process; and*
- *The procurement should be undertaken by the borrower in accordance with established private sector or commercial practices acceptable to the Multilateral Development Banks. With respect to ADB funded projects, goods, works, services as well as bidders are required to be procured from one of the ADB member countries.*

11. RISK ASSESSMENT AND MITIGATION

- 11.1 Demand & Supply risks
- 11.2 Implementation risks
- 11.3 Technology obsolescence
- 11.4 Entry barrier

12. DOCUMENTS REQUIRED

- 12.1 MoA, AoA, Certificate of Incorporation, details of Board of Directors of SPV, Directors PAN Card, DIN etc.
- 12.2 Other Documents such as Concession Agreement, EPC Contract, O&M Contract etc.

Annexure - III

**ENVIRONMENTAL AND SOCIAL SAFEGUARD COMPLIANCE
DETAILS FOR WORLD BANK PROJECTS**

S.No.	Screening Criteria	Assessment of category (High/ low)*	Explanatory note for categorization
1	Is the project in an eco-sensitive area or adjoining an eco-sensitive area? (Yes/No) If Yes, which is the area? Elaborate impact accordingly.		
2	<p>Will the project create significant/ limited/ no social impacts?</p> <ul style="list-style-type: none"> ▪ Land acquisition resulting in loss of income from agricultural land, plantation or other existing land-use. ▪ Land acquisition resulting in relocation of households. ▪ Any reduction of access to traditional and river dependent communities (to river and areas where they earn for their primary or substantial livelihood). ▪ Any displacement or adverse impact on tribal settlement(s). ▪ Any specific gender issues 		
3	<p>Will the project create significant / limited / no environmental impacts during the construction stage? (Significant / limited / no impacts)</p> <ul style="list-style-type: none"> ▪ Clearance of vegetation/ tree-cover ▪ Direct discharge of construction run-off, improper storage and disposal of excavation spoils, wastes and other construction materials adversely affecting water quality and flow regimes. ▪ Flooding of adjacent areas ▪ Improper storage and handling of substances leading to contamination of soil and water ▪ Elevated noise and dust emission ▪ Disruption to traffic movements ▪ Damage to existing infrastructure, public utilities, amenities etc. ▪ Failure to restore temporary construction sites 		

S.No.	Screening Criteria	Assessment of category (High/ low)*	Explanatory note for categorization
	<ul style="list-style-type: none"> ▪ Possible conflicts with and/or disruption to local community ▪ Health risks due to unhygienic conditions at workers' camps ▪ Safety hazards during construction 		
4	<p>Will the project create significant / limited / no environmental impacts during the operational stage? (Significant / limited / no impacts)</p> <ul style="list-style-type: none"> ▪ Flooding of adjacent areas ▪ Impacts to water quality due to effluent discharge ▪ Gas emissions ▪ Safety hazards 		
5	Do projects of this nature / type require prior environmental clearance either from the MOEF or from a relevant state Government department? (MOEF/ relevant State Government department/ No clearance at all)		
6	Does the project involve any prior clearance from the MOEF or State Forest department for either the conversion of forest land or for tree-cutting? (Yes/ No). If yes, which?		
7	Please attach photographs and location maps along with this completed Environmental Information Format For Screening.		

***Note:**

High impact categories: A proposed investment will be classified as High impact category, if it is likely to impact (adverse or moderate) the environmental and social aspects of the investments. The High Category investments will also include all those investments which require the mandatory environmental clearance as per the EIA notification S.O 1533 (E) dated Sept 2006, published by Ministry of Environment and Forests.

The investments categorized as "High" would require conducting an Environmental and Social Assessment (ESA) by an independent agency (other than the agency designing the project) and the scope of the assessment will be decided based on the nature of the investment and the environmental and social sensitivity of the area. The ESA shall examine all the potential negative and positive environmental and social impacts of the investment, compare them with those of feasible alternatives (including the "without investment" situation), and recommend any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.

Low impact categories: Low impact category investments are those which are likely to cause minimal or no adverse environmental impacts on human populations or the physical environment. The impacts in case of low category investments are largely localized and are temporary in nature. In such cases, detailed ESA would not be required.

These investments would require the preparation of an Environmental and Social Mitigation Plan as a part of the DPR either as a separate chapter or a volume (as needed), analysing the environmental and social issues and providing the corresponding mitigation measures. There will also be a separate section in the summary of the document mentioning the key mitigation measures proposed through the Environmental Social Management Plan (ESMP).

Part B

(Please tick mark in the appropriate column and provide relevant information in Col.6)

Sl. No	Social Screening Questions	Probable social Impacts			
		Yes	No	Possible	Extent/Number/Remarks
1	2	3	4	5	6
1	Is land in the possession of Municipality? What is the area?				
2	Is the current ownership status of the proposed site clear? Who is the current owner?				
3	Is there any land transfer formalities to be completed before using the site for proposed function?				
4	Will there be loss of perennial crops (yielding and/or fruit bearing and other trees)?				
5	Will the project displace residential structures (houses)?				
6	Will the project displace commercial structures (shops, workshops, factory and other establishments)?				
7	Will there be loss of structures other than buildings? (Compound wall/gate/water tanks/ slabs/ wells/ septic tanks, etc.				
8	Are any cultural properties (place of worship, religious structure, memorial, monument, cemetery, etc.) affected or displaced?				

Sl. No	Social Screening Questions	Probable social Impacts			
		Yes	No	Possible	Extent/Number/Remarks
		3	4	5	6
1	2				
9	Are any community properties (hand pump, well, tap, chabutra, community hall etc.) affected or displaced?				
10	Are any tenants running enterprises or operating from the structures that would be displaced?				
11	Are there any tenants residing in the structures that would be displaced?				
12	Are there residential squatters within the proposed site boundary?				
13	Are there commercial squatters/ vendors/ hawkers within the proposed site boundary?				
14	Will there be loss of incomes and livelihoods of employees of affected establishments/ structures?				
15	Will people lose access to common facilities, services, or natural resources?				
16	Will there be loss of existing access to private properties and services?				
17	Is there any Tribal community members residing in group/cluster in close proximity to the site?				
18	Is there possibility of any conflict/Grievances by the surrounding land users due to proposed activities on the site?				

S. No	Environmental Aspect	Possible Impacts			
		Yes	No	Possible	Extent/Affected Number/Remark
		3	4	5	6
1	2				
19	Does the site currently have any important environmental features like trees, water courses, etc.?				
20	Are there any ecologically sensitive areas – E.g. mangroves or other protected areas – within close proximity (~50m) of the site?				

S. No	Environmental Aspect	Possible Impacts			
		Yes	No	Possible	Extent/Affected Number/Remark
21	Are there any sensitive human receptors – E.g. school or hospital – within close proximity (~50m) of the site?				
22	Does the access to the candidate site pass through or close to any sensitive receptor – human or ecological – mentioned above?				
23	Will the activities proposed at the site increase the potential for noise, air and/or water pollution?				

Annexure – IV

**ENVIRONMENTAL AND SOCIAL SAFEGUARD COMPLIANCE
DETAILS FOR ASIAN DEVELOPMENT BANK PROJECTS**

The following checklists are indicative of the information required for environmental and social safeguards for ADB funded projects. The actual safeguard requirement would be as per the Environmental and Social Safeguard Framework of the respective NFI agreed with ADB.

Involuntary Resettlement Impact Categorization Checklist

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
Involuntary Acquisition of Land				
1. Will there be land acquisition?				
2. Is the site for land acquisition known?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing Right of Way (ROW)?				
5. Will there be loss of shelter and residential land due to land acquisition?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
Involuntary restrictions on land use or on access to legally designated parks and protected areas				
10. Will people lose access to natural resources, communal facilities and services?				

11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				
Information on Displaced Persons:				
Any estimate of the likely number of persons that will be displaced by the Project? If yes, approximately how many? _____	[]	No	[]	Yes
Are any of them poor, female-heads of households, or vulnerable to poverty risks?	[]	No	[]	Yes
Are any displaced persons from indigenous or ethnic minority groups?	[]	No	[]	Yes

Note: The project team may attach additional information on the project, as necessary.

Indigenous Peoples Impact Screening Checklist

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
A. Indigenous Peoples Identification				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
B. Identification of Potential Impacts				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?				
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
C. Identification of Special Requirements <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples ?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?				

D. Anticipated project impacts on Indigenous Peoples

Project component/ activity/ output	Anticipated positive effect	Anticipated negative effect
1. LIST ALL PROJECT COMPONENTS / ACTIVITIES / OUTPUTS HERE	INDICATE EFFECTS TO INDIGENOUS PEOPLES OR PUT N/A AS NECESSARY	
2.		
3.		
4.		
5.		

Note: The project team may attach additional information on the project, as necessary.

Rapid Environmental Assessment (REA) Checklist

Country/Project Title:

Sector Division:

Screening Questions	Yes	No	Remarks
A. PROJECT SITING IS THE PROJECT AREA ADJACENT TO OR WITHIN ANY OF THE FOLLOWING ENVIRONMENTALLY SENSITIVE AREAS?			
▪ CULTURAL HERITAGE SITE			
▪ LEGALLY PROTECTED AREA (CORE ZONE OR BUFFER ZONE)			
▪ WETLAND			
▪ MANGROVE			
▪ ESTUARINE			
▪ SPECIAL AREA FOR PROTECTING BIODIVERSITY			
B. POTENTIAL ENVIRONMENTAL IMPACTS WILL THE PROJECT CAUSE...			

Screening Questions	Yes	No	Remarks
▪ impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?			
▪ disturbance to precious ecology (e.g. sensitive or protected areas)?			
▪ alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site?			
▪ deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?			
▪ increased air pollution due to project construction and operation?			
▪ noise and vibration due to project construction or operation?			
▪ involuntary resettlement of people? (physical displacement and/or economic displacement)			
▪ disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STIs and HIV/AIDS) from workers to local populations?			
▪ creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents?			

Screening Questions	Yes	No	Remarks
▪ social conflicts if workers from other regions or countries are hired?			
▪ large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
▪ risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?			
▪ community safety risks due to both accidentals and natural causes, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			
▪ generation of solid waste and/or hazardous waste?			
▪ use of chemicals?			
▪ generation of wastewater during construction or operation?			

For ADB financed projects, the NFI would categorize the project, and request safeguard documents such as Environmental Impact Assessment (EIA)/ Initial Environmental Examination (IEE), Resettlement Plan, Indigenous People Plan (IPP), commensurate with the impacts assessed. During project implementation periodic safeguard monitoring reports would be requested by the NFI.

Annexure-V

NODAL OFFICERS

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B) Subsidiaries of NFIs

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