



Government of India  
Ministry of Road Transport & Highways  
(PPP Zone)

Transport Bhawan,  
1, Parliament Street,  
New Delhi - 110001

No. RW/NH-37011/15/2015-PPP

Dated the 16<sup>th</sup> October, 2015

CIRCULAR

**Subject: Cost Norms in respect of National Highway Projects to be implemented on Hybrid Annuity Mode.**

For National Highway Projects to be implemented on Hybrid Annuity Mode, assessment of various centages taken for calculating the Estimated Project Cost is essential. This circular seeks to clarify the method of arriving at the Estimated Project Cost for appraisal purposes.

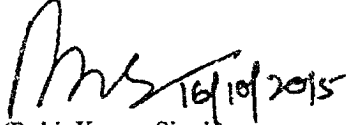
2. The Estimated Project Cost for Hybrid Annuity Projects shall include escalation (for the time between project preparation and appointed date), contingencies, IC/Pre-operative expenses, financing charges and interest during construction over and above the Civil Cost. For example, a Project with Civil Cost of Rs 100 Crores will include the following components in the Estimated Project Cost.

Sl.	Items	Amount (Rs. in crore)
I.	Base Civil Cost at the time of project preparation	100.00
II	Escalation @ 5% (Considering 1 year time between project preparation and appointed date)	5.00
III	Contingencies @ 1% of Civil Cost (I+II)	1.05
IV.	Total EPC Cost (I+II+III)	106.05
V.	IC/Pre-operative expenses @ 1% of Total EPC Cost (IV)	1.060
VI	Financing Charges @2% of debt amount upto EPC Cost of Rs 500 crore, @1.5% for EPC more than Rs 500 crore and less than Rs 1000 crore, @1% for EPC cost more than Rs 1000 crore	0.730
VII	Interest During Construction @ 11.7% per annum on Debt*	7.44
VIII	Centages over EPC cost (V+VI+VII)	9.23
IX	Estimated Project Cost (IV+VIII)	115.28 say 115 (1.15 times base civil cost at the time of project preparation)

\* Assuming construction period of 2.5 yrs and debt borrowed as 27%, 52% and 21% during the first year, second year and in last six months respectively.

*Muz*  
16/10/2015

3. This issues with the concurrence of Internal Finance Division of this Ministry No. 1870 dated 09.10.2015 and with the approval of the Competent Authority.

  
(Rohit Kumar Singh)

Joint Secretary to the Government of India  
Tel. No. 23753991

To.

1. Finance Secretary, Department of Economic Affairs, Ministry of Finance, New Delhi.
2. Secretary, Department of Expenditure, Ministry of Finance, New Delhi
3. CEO, Niti Ayog, Yojana Bhawan, New Delhi.
4. Adviser (PAMD), Niti Ayog, Yojana Bhawan, New Delhi.
5. Chairman, NHAI, New Delhi.
6. AS&FA, MoRTH.
7. DG (RD) & SS, MoRTH.
8. ADG-I, ADG-II; MoRTH.
9. Co-ordinator-I, Co-ordinator-II. Co-ordinator-III; MoRTH.

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1. PS to Hon'ble Minister(RTH&S)
2. PS to Hon'ble MOS(RTH&S)
3. Sr. PPS to Secretary, RT&H