

KIIFB NEWS LETTER

Vol 1. Issue 8.1



Our Chairman
Shri. Pinarayi Vijayan
Hon. Chief Minister

From the CEO's desk....

One of the questions that I often come across from banks and potential investors is about the safety of their loans extended to KIIFB or investments made in KIIFB instruments. Therefore, now that we are on the verge of mobilizing major sums from banks and through our various financing channels, In this edition, I would like to use my column to elaborate on the very well-structured investor protection mechanisms that Government and the KIIF Board has put in place.

The KIIF Act provides for exploring various avenues for raising funds through the financial instruments approved by SEBI and RBI. The Amendments made in the KIIF Act, and the decisions of the Board of KIIFB provides the following layers of protection to the investors of KIIFB.

The first layer of investor protection is of course, the very unique fact that a share of the Motor Vehicle Tax and cess on petrol has been earmarked as the mandatory revenues of KIIFB. Section-7 of the Act guarantees that the funds received from MVT & Cess on each litre of petrol is mandatorily channelled to KIIFB from the Government Budget every year. Short falls if any to be made up through budgetary support mandatorily under the amended Act.

The second layer of investor protection is that there is an implicit Government Guarantee to all the repayments of borrowings of KIIFB under the Act itself. All the borrowings by KIIFB comes with implicit Government guarantee under KIIF

DEFINING THE FUTURE

(Amendment) Act 2016. Section 9 of the Act provides that the Government shall guarantee the payment of the principal and interest of any fund proposed to be raised by the Board under Section 8.

The third layer of investor protection is explicit Guarantee through a Government order issued on each of the instruments issued by KIIFB. This is the normal practice for all Government guarantees, but in the case of KIIFB, this is an additional layer given that legally Government is mandated to guarantee all KIIFB borrowings under the KIIF Act.

The fourth layer of protection is that the payments to KIIFB from Government for meeting its repayment obligations are de-risked from the liquidity (i.e. Ways and Means Position) of Government. As per the Act, the share of MVT and Cess on petroleum should be transferred to KIIFB in one or more instalments before the last working day of the December of that year. Now Government has approved a real-time escrow mechanism so that Motor Vehicle Tax and Cess on petroleum is escrowed to the bank account of KIIFB on real time. Since this amount is completely isolated from the ways and means position of the State, it will be an additional comfort to the investors and lending institutions.



Our Vice Chairman
Dr. T M Thomas Isaac
Hon. Minister for Finance

The fifth layer of protection is the assurance extended by the Fund Trustee And Advisory (FTAC) through the issue of the Fidelity Certificate. Section 6E (f) of the Act provides that the Fund Trustee and Advisory Commission should ascertain that the funds necessary to discharge the interest and principal amount payable in respect of the securities available with the board as stipulated under the Act through a Fidelity Certificate. The same is placed before the Legislative Assembly along with the Budget documents. The Commission also ensures that the fund required for the payment of interest and principal for 6 months in advance is deposited in a separate bank account of KIIFB.

The sixth layer of protection is that KIIFB, on demand of lending institutions will be selectively putting in place a special debt service reserve account (DSRA). Under this DSRA mechanism, six months' interest and principal payment due to every lending institution/Investor will be parked in a separate bank account through which payments will be disbursed.

In this edition, we have looked at two projects the Model Residential School in Peringome in Taliparamba in Kannur and the Kundannur Fly-over. Both of them are significant – the former in bringing quality education to the Scheduled Caste and Scheduled Tribe Families of that region and the latter in significantly contributing to traffic smoothening for the residents of Kochi.

For those of our readers, who are technically interested, we have put together a note on how we intend to use Geographic Information Systems (GIS) in our technical planning and supervision in our Quality Control framework. The Administrative Inspection Wing is continuing its systematic visits to projects.

Chief Executive Officer, KIIFB

CURRENT PROJECT STATUS

Approved KIIFB Projects as on 27/07/2018

Department Name	Approved projects	
	Number of Projects	Total Amount Rupees in cr.
Agriculture	1	14.28
Transport	2	412.93
PWD-Roads	119	5051.39
PWD-Bridges	40	1026.67
PWD-ROBs	17	523.80
PWD-Flyovers	9	635.50
PWD-Hill Highways	16	1425.67
PWD-Underpass	1	27.59
Water Resources	37	1803.70
SC/ST	8	138.38
Registration	6	89.88
IT	3	1174.13
Tourism	1	39.42
Health	9	1318.57
Higher Education	8	351.21
Sports	19	351.15
Gen. Edn. (Schools)	74	1731.23
Forest	2	212.18
Devaswom	1	141.75
Industries	2	1565.17
Power	8	5200.00
Fisheries and Ports		
LSGD	3	31.69
Housing	1	45.00
Total	387	23311.29

FOCUS DISTRICT

Sector Wise Project Status of Thiruvananthapuram District as on 27.07.2018

Department	Approved		Work Tendered (Including work started)		Work Started/ Work Awarded		Under Appraisal	
	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.
General Education	8	144.38	5	93.86	4	83.86	2	39.87
Higher Education	4	42.6					2	40.74
Housing	1	45						
Industries	1	301.17						
IT	1	100	1	75.6	1	76.6		
Power	1	207.63						
Registration	2	31.61						
SC / ST	3	32.68						
Sports & Youth Affairs	1	34.26	1	30.20			1	5.10
Water Resources Dept.	1	77.86					7	466.25
PWD - Roads	11	508.24	7	272.83	4	114.47	3	182.10
PWD - Hill Highways	3	208.72	1	51.16				
PWD - Bridges	4	53.96						
PWD - Flyovers	3	272.66						
PWD - ROBs	2	50.31						
Total	46	2111.08	15	523.65	9	274.93	16	762.23

Sector Wise Project Status of Kasaragod, District as on 27.07.2018

Department	Approved		Work Tendered (Including work started)		Work Started		Under Appraisal	
	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.	Number of Projects	Total Amount Rupees in cr.
Fisheries & Ports							1	145.20
General Education	7	97.70	5	67.86	5	67.86	1	11.06
Higher Education							2	46.29
Labour & Skill Development							1	107.41
Power	2	586.20						
PWD - Roads	7	338.98	2	107.27			2	96.88
PWD - Hill Highways	4	298.95	2	138.57				
PWD-ROBs	1	19.60						
Registration	1	10.09						
SC / ST	1	13.9	1	13.028	1	10.904		
Sports & Youth Affairs	1	17.04	1	10.13	1	9.61	1	30.80
Water Resources	2	125.12	1	48.48	1	42.48		
Total	26	1507.58	12	385.338	8	130.854	8	437.64

FOCUS PROJECT - 1

Model Residential Schools (MRS) at Peringome, Thaliparamba, Kannur

It is the avowed policy of the State Government to ensure significant improvements to the facilities extended to the SC student population of the state . Given that, traditionally, most of them reside in remote places , located far away from the Educational Centres, enrolment rates in schools are poor. This then translates to under employment and below par living conditions of this segment of our less privileged population.

Model Residential Schools, started in 1999 , with the purpose of improving the lot of the SC student community, have generally been acclaimed as a success. Encouraging academic results, greater pass percentage in Matriculation and correspondingly increased chances of employment provided impetus for the announcement of a new set of MRS Construction Projects under the SC Department in the Revised budget speech of 2016-17. The project has since been approved by KIIFB , with an outlay of Rs.14.70 crore.

Accordingly , the Detailed Project Report prepared

by the Kerala State Construction Corporation for the construction of the Model Residential School at Peringome in Thaliparamba, Kannur , mainly cater to 210 students. The project proposes construction of a School building, hostel building for 210 boys(Classes V to X) , Staff quarters- (Type II quarters - 1 block of 6 units) and a Canteen block. The project also involves construction of compound walls along the periphery and construction of internal roads for connecting buildings .

The MRS will be constructed in an extent of 10 acres of land owned by the SC Department in Thaliparamba. A school building with a built-up area of 2748.00 sqm, hostel for 210 boys with a built-up area of 2290.00 sqm, a canteen with kitchen and dining block for students and staff with a built-up area of 579.00 sqm is envisaged. The Type II quarters – 6 units has a total built-up area of 600.00 sqm.

The Project has been tendered and allied activities are expected to be completed soon .

FOCUS PROJECT - 2

Kundanoor flyover in Ernakulam District

This flyover is proposed to be constructed at Kundanoor junction in Ernakulam district, which is a major traffic interception on NH 66 that connects the southern and northern districts of the state, and is located at the intersection of NH 66 (Old NH 47), NH 85 (Old NH 49) and NH 966B (Old NH 47A) , which is one of the busiest road intersections in Kerala.

The increasing passenger and cargo traffic through Cochin port, the increase in business volumes of industries in the region and the rush of tourists from all over the world etc. result in heavy traffic through this junction. The flyover, on commissioning, will provide relief to the severe traffic congestion resulting in choking and delaying of vehicle movement through

this junction. The proposal has been made as a comprehensive junction improvement solution essential to solve the current traffic woes at the location.

The total length of the Flyover is 700m including the approach portion of 280.0m. The proposed flyover is a six-lane continuous bridge.

The Project, announced in the Budget Speech 2016-17, has been approved by KIIFB at a cost of Rs.82.74 cr. The work is executed by the Roads & Bridges Corporation of Kerala Ltd.

The work on this Project has started by the beginning of 2018 and progressing in a fast pace. As per the implementation schedule, a period of 24 months is required for completion.

PROPOSED KUNDANOOR FLYOVER



PROPOSED KUNDANOOR FLYOVER



Geospatial Technology for Infrastructure Development – KIIFB Approach

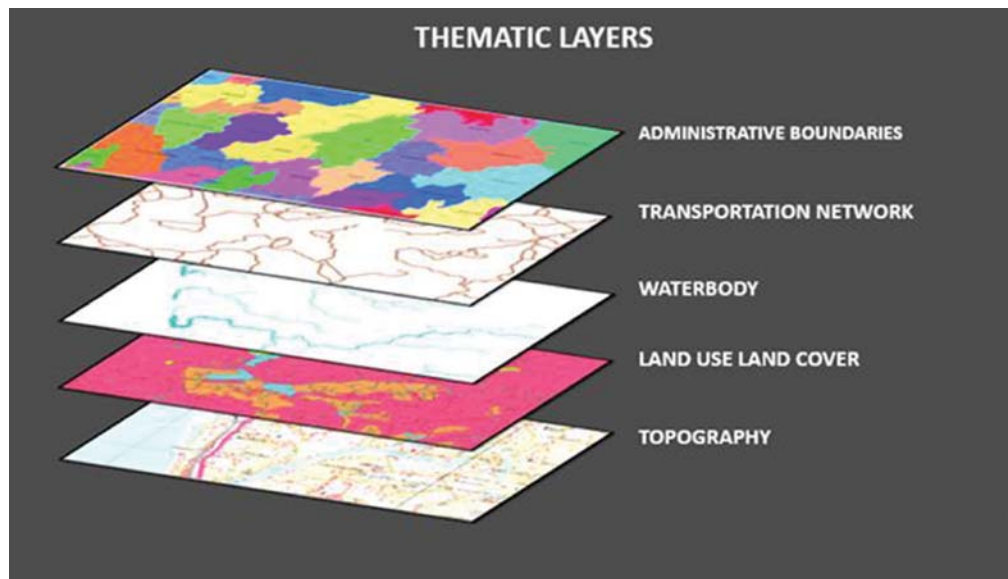
The management of social, economic, and environmental challenges as a result of rapid urbanization is one of the major issues facing governance mechanisms in the developing world. From the governance perspective, infrastructure needs to be built up to cater to the expanding population. Necessities such as roads and public transportation, appropriate sewers and water treatment facilities, clinics, schools and housing have to be provided. Infrastructure may be seen as the base from which economic development can be achieved. It holds a cause-effect relationship with economic growth in the sense that infrastructure promotes economic growth and vice versa.

Geographical Information Systems (GIS) Explained

A collection of data and tools for working with the data relating to a phenomenon in the real world and stored in either analog or digital form is what we commonly call as an Information System. When we add the aspect of location to this information, it becomes geographic. In other words, geographic information is information that can be related to a particular location defined in terms of coordinates (x, y and z equating to longitude, latitude and elevation respectively). Examples include rainfall received at a particular place, soil samples collected, location of electric poles, water tanks, houses etc.

The Need for GIS

It is very common to have infrastructure projects that are very complex, span over multiple years and go through many administrative hierarchies for which reasons, they require to be planned very carefully and executed efficiently. Implementing agencies will have to balance the needs of residential neighbourhoods, agricultural areas, and business concerns. In addition, local governments will have to factor into these decisions the requirements of regional, state, and national agencies as well as that of special interest groups. This equates to large amounts of data in real time necessitating effective information management.



For agencies involved in infrastructure development, some of the major questions that arise are identification of the under developed areas, necessity of a development work in an area and the most suitable way of implementation. Answers to these questions relate to aspects of location and will involve the analysis of relations across a number of factors such as elevation, accessibility in terms of road network, drainage, settlements etc as shown in the figure. The spatial analytical tools available within a GIS environment enables the analysis of these interrelationships and the formulation of answers.

GIS in KIIFB

The idea to have GIS made operational in KIIFB is to have infrastructure development plans visualised and ‘what if’ scenarios analysed so that the investment made towards a given project can be put to the best possible use. The primary requirement for this is reliable and accurate geospatial data. Individual project drawings existing in CAD format are to be extracted from Detailed Project Reports (DPR) and geo-referenced so that they can be plotted on a base map of adequate scale. Spatial scales of 1:5,000 or finer are required for information to be visualised and spatially analysed for monitoring and management purposes as well as answering questions on project suitability and sustainability. Along with existing CAD drawings additional geometric information can be brought in from the field using Global Positioning Systems (GPS) and images captured by Drones. Furthermore, through the integration of Building Information Modelling (BIM) and GIS deeper insights are enabled, thanks to the possibility of visualising the impact of management decisions in the implementation of a project.

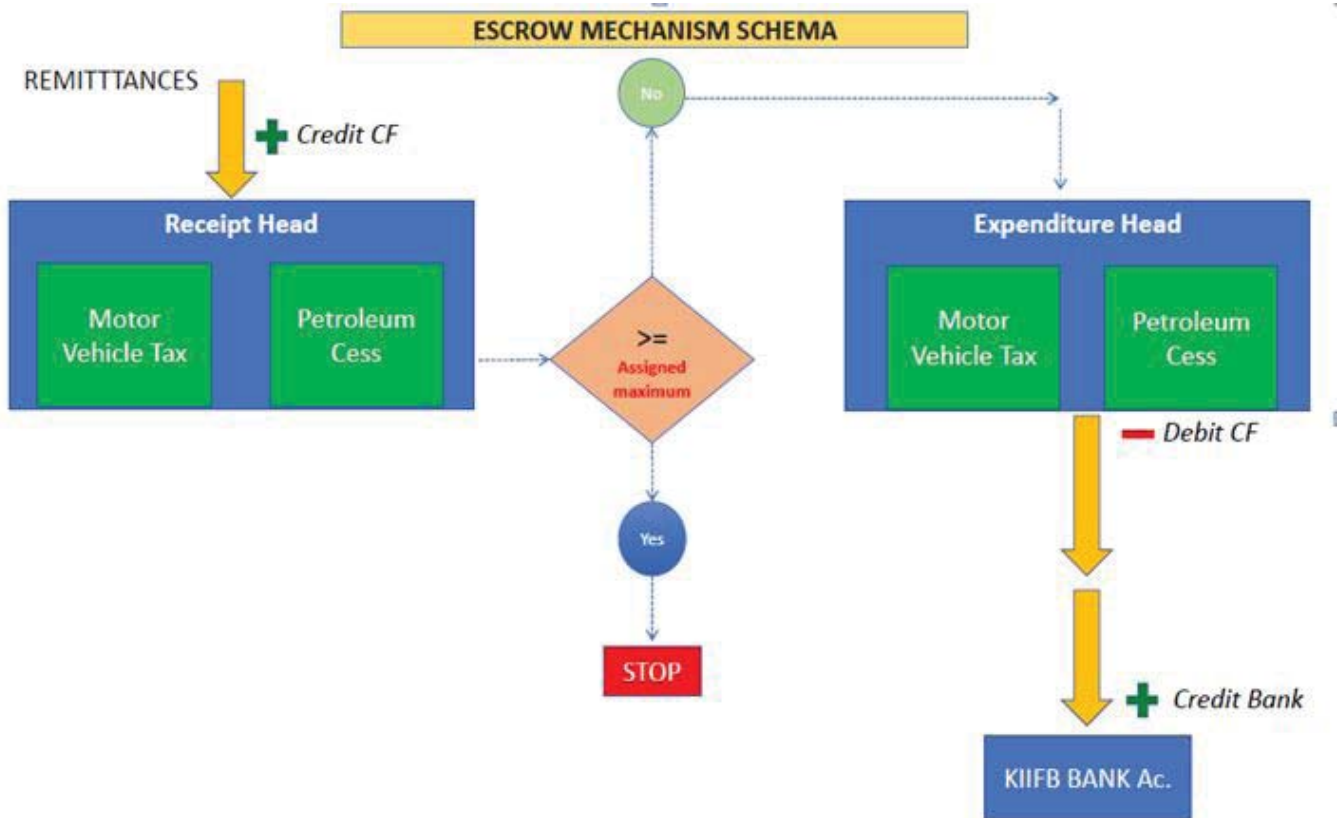
Escrow Mechanism for devolution of funds to KIIFB

Under the KIIF Act, the State Government is required to transfer the petroleum Cess and 50% of Motor Vehicle Tax collected in the state to KIIFB. The Act mandates that the transfer has to be made prior to the last working day of December. In the financial year 2016 and 2017, the State Government in compliance with the provisions of the KIIF Act, transferred the share of Cess and Motor Vehicle Tax due to KIIFB in lump sum instalments prior to December 31st.

Pursuant to the recommendation by the Fund Trustee and Advisory Commission (FTAC), in its second meeting, KIIFB has been in discussion with the State Government for transitioning to the Escrow Mechanism, whereby Motor Vehicle Tax and Cess will be directly transferred

from the State Government to the KIIFB's bank account on a daily basis.

The State Government approved the proposal of KIIFB has vide Government Order dated July 07, 2018 accorded sanction for putting in place a direct debit mechanism for transfer of KIIFB's share of cess and MVT on a T+1 basis to the accounts of KIIFB. KIIFB and Government is now in the process of putting in place the necessary systems for operationalising the escrow mechanism. In terms of the approved mechanism, MVT and Cess collected in the state will be made to the account of KIIFB on a T+1 basis as per the norms set in the Act., Since this mechanism ensures regular transfer of the revenues to KIIFB account, it will be an additional comfort to the investors.



From our Inspection Notes....

Administrative Inspection Wing has conducted a preliminary review of the progress of implementation of two mega projects under Education Sector viz. "Up-gradation of 141 High Schools as Centre of Excellence" and "Betterment of Infrastructure facilities in 229 Schools". The Infra Division of KITE which is the SPV of the project is the implementation agency. Out of the 323 schools in both Projects, approved by KIIFB, 208 were tendered and works awarded for 172. In majority of the cases there are deviations from the DPR. The construction works in various sites are in slow pace due to demolition of existing buildings. A detailed inspection will be conducted by AIW after obtaining more information from SPV.

The tender formalities and physical progress of the project "WSS to Kasaragod Municipality and Chemmanad Panchayat" was also inspected by the Administrative Inspection Wing during this month. The project at a cost Rs. 76 cr. is proposed to be implemented in 5 packages, out of which Package I, 'Check Dam across Chandragiri River' has been cancelled as the work is originally

related to Irrigation Department and Package V related to Chemmanad Panchayat is not tendered due to the non-availability of land. The Packages II, III and IV were tendered and the work is going on. It is expected that 73377 people from Kasargod Municipality and 74156 people from Chemmanad panchayat will be benefitted from the project on completion.

The supply and erection of raw water pump sets and transformers, construction of substation building, construction of 11 LL OHSR at Bovikkanam and laying of raw water and clear water pumping main under Package II were going on. In Package III, construction of 55 MLD water treatment plant, clear water sump, supply and erection of clear water pump set & transformer etc. are in progress. Construction of 21 LL under Package IV has been completed up to column level and trenching work for 5 LL capacity OHSR at Vidyanagar has been completed. On the other hand, 8 LL OHSR at Pulikkunnu and laying works under this package have delayed. The laying is delayed due to the proposed widening of National Highway.

