

No. K-14011/1(N-1)/2014-MRTS-III
Government of India
Ministry of Urban Development

Nirman Bhawan, New Delhi
Dated, 21st August, 2014

To

Chief Secretary,
Government of Maharashtra,
Mumbai – 400032.

Subject: Nagpur Metro Rail Project.

Sir,

I am directed to convey the approval of the Government of India (GoI) for the implementation of Nagpur Metro Rail Project covering a length of 38.215 km at a completion cost of ₹ 8,680 crore (including escalation cost of 7.5% per year based on June, 2012 price level) as per costing details given in the Annexure-I by Nagpur Metro Rail Corporation Ltd. (NMRC) with contribution of GoI in the form of Equity and Subordinate Debt as per the details given in para 5 below and subject to the conditions as given in para 7 below. The project is scheduled to be completed by March, 2018.

2. Nagpur Metro Rail Corporation Ltd. shall function as a Special Purpose Vehicle (SPV) for the implementation of the project which shall be jointly and equally owned by GoI and Government of Maharashtra (GoM).

3. **Legal Framework**

Legal coverage of the project shall be under the the Metro Railways (Construction of Works) Act, 1978, the Metro Railways (Operation & Maintenance) Act, 2002 as amended through Metro Railways (Amendment) Act, 2009 and the Railways Act, 1989 amended from time to time.

4. **Corridor**

Nagpur Metro Rail Project will cover 38.215 km along two corridors as tabulated below:

Description		North-South Corridor	East-West Corridor	Total
From-To		Automotive Square to MIHAN	Prajapati Nagar to Lokmanya Nagar	
Route Length (in km)	Elevated	15.058	18.557	33.615
	At-Grade	4.600	--	4.600
	Total	19.658	18.557	38.215

5. Project Financing

The cost of the project as stated in para 1 above will be financed as per the financing plan given below:

Source	Amount (₹ crore)	% of contribution (excluding State Taxes and Land Acquisition Cost)
GoI Equity	1114	14.32%
GoI Subordinate Debt for 50% Central Taxes	441	5.67%
Government of India Total	1555	19.99%
GoM Equity	1114	14.32%
GoM Subordinate Debt for 50% Central Taxes	441	5.67%
Grant from Nagpur Improvement Trust (NIT)	73	0.94%
Grant from Nagpur Municipal Corporation (NMC)	73	0.94%
Bilateral/Multilateral/Market Loan	4521	58.13%
Total Project Completion Cost (excluding Land acquisition cost and State Taxes)	7777	100%
GoM (SD for State Taxes)	181	
NIT (Grant towards State Taxes)	78	
NIT contribution for Land Acquisition Cost	283	
NMC contribution for Land Acquisition Cost	361	
Total Project Completion Cost	8680	

6. Institutional Arrangement

- i) The project will be implemented by a Special Purpose Vehicle (SPV) namely Nagpur Metro Rail Corporation Ltd. (NMRC). NMRC will be a joint ownership (50:50) SPV of GoI and GoM. The promoters, GoI and the State Government, shall nominate five Directors each to the Board of Directors (BoD), totalling 10 nominee Directors. The Secretary (Urban Development), GoI will be the ex-officio Chairman of the Board. The full-time Managing Director with adequate administrative experience, will be the nominee of the State Government and will be appointed or removed by the BoD only with the prior written permission of GoI. The Managing Director shall not be given any other/additional assignment by the State Government without the prior written permission of GoI. The BoD shall also have Functional Directors, in addition to the 10 nominee Directors.
- ii) **High Powered Committee:** During implementation of the project, the existing High Powered Committee under the chairmanship of the Chief Secretary to the Government of Maharashtra, with other Secretaries concerned as members, will take expeditious decisions on matters relating to land acquisition, shifting of utilities and other structures in the project alignment, rehabilitation of Project Affected Persons, multimodal integration and such other matters where the State

Government has to facilitate quick action including various conditions of sanction of this project.

7. **The conditions of sanction of the project are as under:**

(A) There will be no liability on the part of the Government of India if the ridership does not materialize and/or the project does not make adequate profits/surplus.

(B) **Central Laws**, i.e., the Metro Railways (Construction of Works) Act, 1978, the Metro Railways (Operation & Maintenance) Act, 2002 as amended through Metro Railways (Amendment) Act, 2009 and the Railways Act, 1989 would be applicable. Central Government's decisions with regard to safety, standardization and indigenization of rolling stock across all metro systems would be applicable.

(C) The Special Purpose Vehicle (SPV), which shall implement this project, shall generally adopt the guidelines of Department of Public Enterprises, the Department of Economic Affairs and the Central Vigilance Commission as necessary to strengthen the Corporate Governance and shall be subject to the Parliamentary scrutiny.

(D) The SPV shall be bound by such directions on question of policy, as the Central Government may give in writing from time to time after giving due opportunity to the SPV to express its views before giving any direction.

(E) The complete cost of land acquisition, resettlement and rehabilitation (including escalation) shall be met by the State Government. The State Government would ensure that land acquisition does not become reason for delay in implementation of the project.

(F) **Procurement of Additional Rolling Stock:** Government of India will not share any cost towards procurement of additional rolling stock in the second and subsequent years of operation, as this would not be a part of the project cost.

(G) **Cost Escalation:** Government of India support shall be ring fenced to 20% of the project cost. Any cost escalation due to changes in the statutory central duties/levies shall be shared equally between the project promoters. Any other cost escalation due to price escalation, exchange rate variation, and change in scope or avoidable delay within and beyond the approved time cycle as well as inclusion of essential items not reflected in DPR shall be entirely borne by the State Government. The state/local taxes shall be entirely waived/reimbursed by the State Government and will not be included in the project cost.

In view of the fact that the extent of ridership on the proposed metro as well as the revenue generation by the SPV besides fares, through property development, advertisement, etc. would depend entirely on the various policies/action plans of the State Government/Urban Local Body, the financial liability of Government of India would be limited to ₹ 1555 crore.

(H) Government of India would not finance cash losses and capital expenditure during the operational phase and its requirements would be financed by the SPV and/or the State Government from its own resources.

(I) Taxes

- a. The State Government will either exempt the SPV from its State/local taxes and duties/levies or reimburse the same.
- b. The State/local taxes would not form part of the project cost to be shared by the Government of India.
- c. There will be no waiver of Central taxes/duties by the Government of India.

(J) Repayment of Loan: In case of SPV not being able to repay the loan (as and when it becomes due), the responsibility for the same shall be borne by the State Government, and not by the Government of India.

(K) The State Government is also advised to rework the DPR on realistic basis with adequate deliberation on the issues, if any, raised by various stakeholders before going ahead with implementation to ensure sustainability of the project.

(L) Dedicated Urban Transport Fund: The State Government should set up a dedicated urban transport fund at the state level as well as at the city/metropolitan area level to create pool of resources for replacement of assets and providing operational subsidies, if any, not only for this project but other Urban Transport projects as well.

(M) Multimodal Integration

- a. Integration of various modes of transport which would act as feeder/evacuation system to the proposed metro for improved ridership including adequate parking space for bicycles & cars and bus/taxi/auto stands at the stations, improvement in city bus service to introduce modern ITS-enabled buses, should be given high priority by the State Government.
- b. The State Government should provide multimodal integration, including sub-urban railways (by involving Ministry of Railways) to provide a well-connected network in the region.
- c. The State Government should ensure that the metro rail project provides for first and last mile connectivity, accessibility and appropriate security arrangements.
- d. The State Government should provide common mobility card to provide integrated ticketing and seamless travel across all modes and all operators in the city.

(N) Comprehensive Mobility Plan: The State Government should prepare a Comprehensive Mobility Plan (CMP) as per the guidelines of Ministry of

Urban Development, Government of India and notify the same under the relevant Statute.

(O) Price-Based Measures to promote and facilitate Metro Rail Ridership: The State Government should ensure price-based measures to promote and facilitate Metro Rail ridership, as part of integrated traffic rationalization plan and Comprehensive Mobility Plan for the city with a view to ensure that the projected ridership is realized.

(P) Land Use Densification: Land Use densification around the stations also needs to be done to increase the rider-ship and decrease the overall travel demand.

(Q) Periodic Fare Revision: A suitable arrangement, independent of the SPV formed to implement the Metro Rail project, shall be provided for periodic fare revision for the Metro Rail as well as other competing modes. A mutually agreed schedule for periodic revision of fares for the metro rail as well as other modes of transport will also be incorporated by the Ministry of Urban Development, Government of India in the Memorandum of Understanding to be signed with the State Government.

(R) Unified Metropolitan Transport Authority: The State Government should set up a Unified Metropolitan Transport Authority (UMTA), duly backed by legislation, to facilitate coordinated planning and implementation of projects related to urban transport and their integrated management.

(S) Traffic Information Management Control Centre: The State Government should set up a traffic information management control centre for effective traffic monitoring and enforcement as well as for data generation and data collection for future planning.

(T) National Public Transport Helpline: The State Government should implement National Public Transport Helpline to provide information regarding various aspects of public transport such as routes, arrival/departure times, route planning, ticketing etc. in the city.

(U) Parking Policy: The State Government should come up with a parking policy wherein parking fee represents the true value of the land occupied, which is used to make public transport more attractive; banning of parking on arterial/ring roads; provision of multi-level parking centres in city centres with park-and-ride facility etc.

(V) Advertisement Policy: The State Government should come up with an advertisement policy which taps advertisement revenue on public transport, intermediate public transport, public utilities and street furniture.

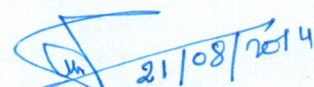
(W) Memorandum of Understanding: The State Government, the SPV and Government of India (GoI) shall enter into a tripartite Memorandum of Understanding (MoU) regarding detailed terms and conditions for implementation of the project in accordance with sanction of the Union Cabinet and various conditions of approval as mentioned in this sanction

letter. Gol funds would be released only after the tripartite MoU has been signed.

(X) Any additional staff as may be required at the Ministry of Urban Development, Government of India to handle extra work load on account of this project, during construction, operation and maintenance phase, shall be provided by the SPV and shall be chargeable to the project. To the extent possible the staff would be on contract basis so that no permanent liability is created.

8. This issues with the concurrence of the Integrated Finance Division of this Ministry vide their Dy. No.1003/US(D-II)/FD/2014 dated 21/08/2014.

Yours faithfully,


(Lohrii Kapani)

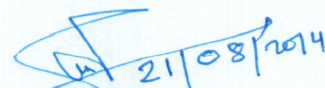
Under Secretary to the Govt. of India
Ph. 2306 3480

Copy to:

1. Principal Secretary to Prime Minister, Prime Minister's Office, New Delhi.
2. Member Secretary, Planning Commission, Yojana Bhavan, New Delhi.
3. Secretary, Department of Expenditure, Ministry of Finance, New Delhi.
4. Secretary, Department of Economic Affairs, Ministry of Finance, New Delhi.
5. Chairman, Railway Board, New Delhi.
6. Secretary, Ministry of Environment and Forests, New Delhi.
7. Secretary, Ministry of Statistics and Programme Implementation, Sardar Patel Bhavan, Sansad Marg, New Delhi.
8. Secretary, Ministry of Urban Development, New Delhi.

Copy also forwarded, for information, to:

1. Director, Cabinet Secretariat with reference to their communication D.O.No.38/CM/2014 dated 21.08.2014.
2. Principal Secretary, Urban Development Department, Government of Maharashtra, Mumbai, Maharashtra.
3. Chairman, Nagpur Improvement Trust, Nagpur, Maharashtra.
4. Resident Commissioner, Government of Maharashtra, New Maharashtra Sadan, New Delhi.
5. PS to UDM.
6. JS (UT), MoUD, New Delhi.
7. JS & FA, MoUD, New Delhi.
8. OSD(UT) & E.O. JS, MoUD, New Delhi.
9. All Directors & Deputy Secretaries in UT division of MoUD, New Delhi.


(Lohrii Kapani)

Under Secretary to the Govt. of India
Ph: 2306 3480

ANNEXURE-I

Component wise break-up for the Non-Recurring Cost

Description	₹ in Crore (at June, 2012 price level)
Land	624.30
Alignment & Formation	993.97
Station Buildings	974.95
Depot	292.00
P-Way	253.86
Traction & power Supply	678.83
S and T Works	746.63
R & R hutments	120.00
Misc.	188.68
Rolling stock	586.50
Security	20.00
Feeder Buses	97.11
General Charges @ 5% (except land)	247.63
Contingency @ 3% (except land)	156.01
Contingency @ 3% on Land	18.73
Total	5999.20
Total Taxes & Duties (excluding GC and Contingency Charges on taxes)	862.80
Total	6862.00
Escalation Cost @ 7.5% per year up to project completion	1818.00
Total	8680.00
