Experiences with PPP in Rail Projects

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PPP-Indian Experience

Joint venture Route for Port Connectivity's

- 267 km Surendranagar-Pipavav GC
- 301 km Kutch Railway Company
- 189 km Hassan Manglore GC
- 301 km Gandhidham-Palanpur GC
- 112 km Krishnapatnam Port New line
- 82 km Haridas Paradeep New Line
- 62 km Bharuch Dahej GC
- Angul Sukinda NL in pipeline
- Likely Generation of non railway resources US$ 800 million

Container Operations

16 Container operators granted permission for providing Container Services generating US$ 500 million between 2006-2011

Elevated Rail Corridor, Mumbai

- DBFOT Concession to private sector
- Cost estimated as US$ 5 billion

Non Government Private Lines

- Mundra Port Connectivity with payment of User Charges from IR
- Full financing, O&M by Private owner
- Access charge to IR

Coal and Iron Ore Connectivity Projects

- Involve State Governments
- Involving Mining Industry
PPP-Indian Experience

Wagon Investment Schemes

- Own your wagon scheme between 1992-2005 generated US $250 million

Redevelopment of Stations

- 50 stations identified
- Separate company Indian railway Station Development Corporation formed

Private Freight Terminals

- A new business opportunity to the investor who gets rail access to handle third party cargo.
- 35 Applications for PFT have been received

Wagon Leasing Schemes

- M/s. GATX and M/s Touax-Texmaco have been registered under the scheme as Wagon leasing companies

Rolling Stock Manufacturing Units

- Diesel and Loco manufacturing Units
- Coach and Wagon manufacturing Units
Policy Framework to encourage building last mile connectivity's

• Proposes 5 models
• Three models harness interests of strategic investors to implement projects
• Two models are amenable to competitive bidding
• Minimum Concession period
• Concession period linked with traffic adjustable to check windfall gains
• Railways pay user charges to developer
Non Governmental Railway Private Line

- **Ports, large mines, logistic parks or cluster of industries** which are handling consignments for multiple users can build and maintain rail line on private land - *common user principle*
- Pure **private funding** including land
- Train Operation by IR- Railway recovers cost of operation
- Maintenance by developer or railway
- **Traffic & revenue risk with infrastructure provider**
- Infrastructure provider will get a *user fee equivalent to 95% of apportioned traffic revenue* for the line net of cost of operation
Joint Venture Model

• For **Bankable** projects with identifiable strategic stakeholders (**State Govt**, **ports, mines, industries**)
  • To be implemented by formation of JV with **Railways with a minimum of 26% equity**.
  • Construction and funding to be done by JV
  • Maintenance by IR/ JV
  • Normal concession period **30 years**.
  • Concession period beyond 25 years linked with materialization of traffic
  • User fee to JV by **apportionment of freight revenue on distance basis**
Capacity Augmentation with Customer Funding

- Construction of Double Line/Third line/Fourth line through **funding by major customers** who want such projects in full or part
- It is pure financing of a railway project through project advance with construction, maintenance, operation by Railways
- IR to return up to **7% of the amount invested through freight rebate** every year till full amount is recovered with interest rate equal to dividend rate
Build Own Transfer (BOT)

- Generally for **freight oriented lines** like dedicated freight corridors.
- Award of concession through competitive Bidding Process
- Concessionaire will **Design, Build, Finance, and Maintain**
- Viability Gap Funding from Government will be the bid parameter
- Train operation & revenue collection by IR
- Concessionaire to be given **user fee equivalent to 50%** of the apportioned freight
- Normal Concession period will be 25 years with a traffic review after 20 years to increase or decrease the concession period
Capacity Augmentation- Annuity Model

- Construction of Double Line/Third line/Fourth line where specific users are not identified.
- Award of concession through competitive bidding on annuity payment basis for financing and construction.
- **Annuity is the bidding parameter**
- Ownership of line with Railways
- Operation and revenue collection by Railways
- IR to provide *annuity as user charges*
Thank You

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