



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
- 301km Gandhidham-Palanpur GC
- 112km Krishnapatnam Port New line
- 82km Haridas Paradeep New Line
- 62km Bharuch Dahej GC
- Angul Sukinda NL in pipeline
- Likely Generation of non railway resources US\$ 800 million

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

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

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
- Wagon Investment Scheme generated between 2005-2008 US \$ 300 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-Textmaco 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

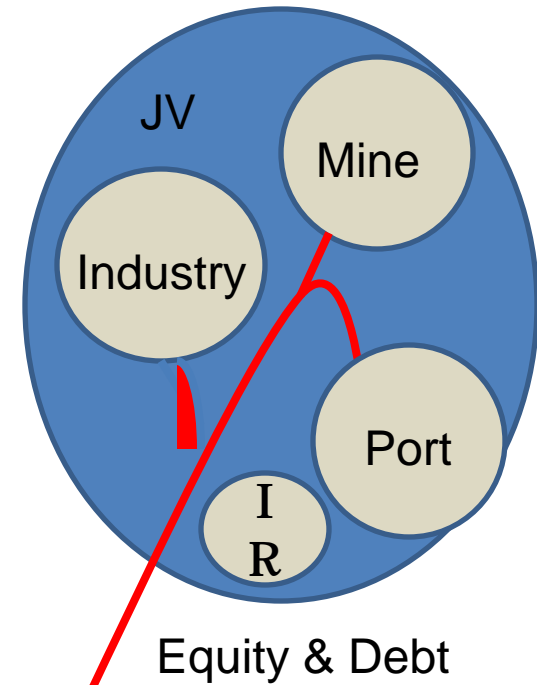
Multi user facility



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**

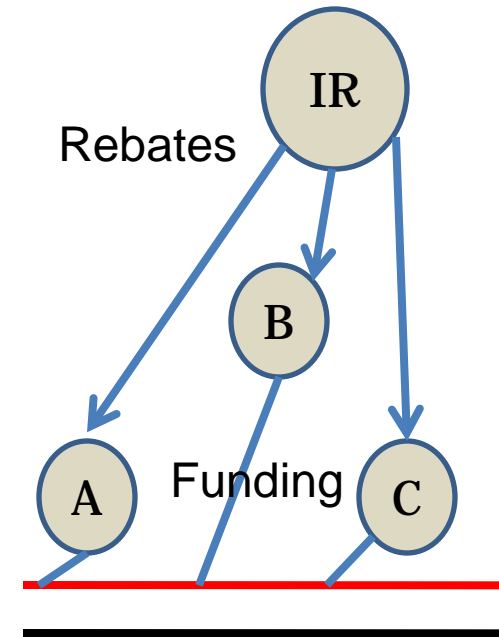




Capacity Augmentation with Customer Funding



- 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

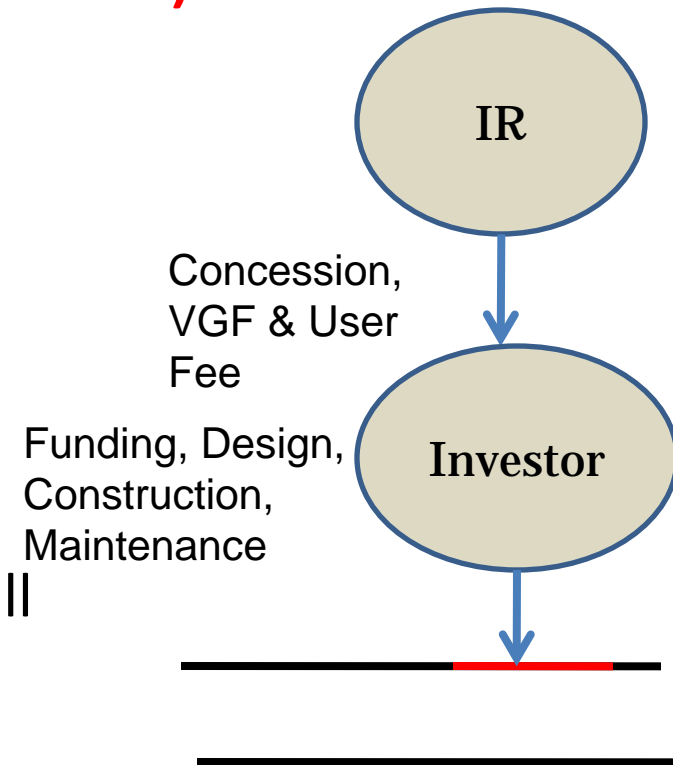




Build Own Transfer (BOT)



- 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

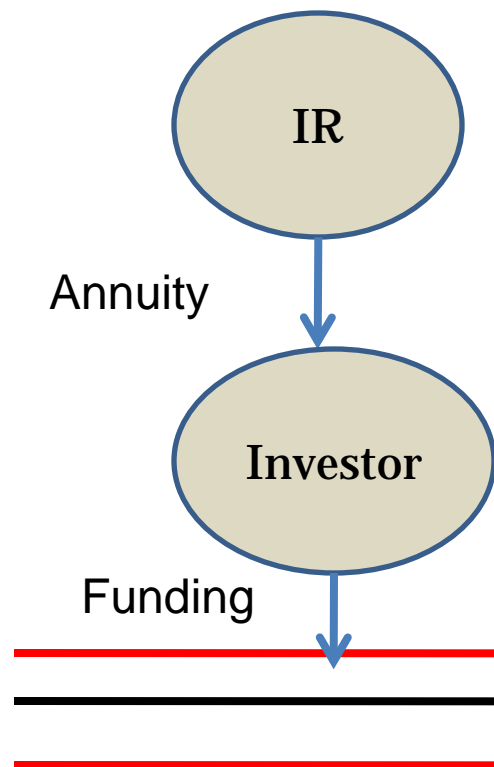




Capacity Augmentation-Annuity Model



- 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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