



No. K-14011/3/2018-MRTS-III
Government of India
Ministry of Housing and Urban Affairs
Urban Transport Division

Nirman Bhawan, New Delhi.
Dated: 6th June, 2019

To,

Chief Secretary,
Government of Gujarat,
New Sachivalaya, Gandhinagar,
Gujarat.

Subject: Approval for Surat Metro Rail Project comprising two corridors, viz. (i) Sarthana to Dream City and (ii) Bhesan to Saroli.

Sir,

In continuation of this Ministry's sanction letter of even number dated 9th March, 2019 conveying the approval of the Government of India (GoI) for Surat Metro Rail Project for a total length of 40.35 km in two corridors viz. Sarthana to Dream City (21.61 km) and Bhesan to Saroli (18.74 km), at a total completion cost of ₹12,020.32 crore, I am directed to convey herewith the detailed terms of sanction, as follows:

2. The Project shall be implemented within a period of 05 years from the date of approval. This project shall be implemented by the existing Special Purpose Vehicle (SPV) i.e. Gujarat Metro Rail Corporation (GMRC) Limited, a 50:50 Joint Venture company of Government of India (GoI) and Government of Gujarat (GoG).

3. Legal Framework

Legal cover for Surat Metro Rail Project shall be under the Metro Railways (Construction of Works) Act, 1978; the Metro Railways (Operation & Maintenance) Act, 2002; Metro Railways (Amendment) Act, 2009 and the Railways Act, 1989, as amended from time to time.

4. Corridor

Surat metro rail project covers 40.35 km in two corridors as below:

Line No.	Name of Corridor/Line	Total Stations		Length in Km	
		Elevated	Underground	Elevated	Underground
1	Sarhana- Dream City	14	06	15.14	6.47
2	Bhesan- Saroli	18	-	18.74	-
Total		32	06	33.88	6.47
Grand Total		38		40.35	

Line 1 has one station (Majura Gate) which shares concourse with line 2. Dream City and Bhesan depot will fulfil the requirement of Surat Metro Project.

5. Cost of the project and Project Financing

The completion cost of the project is ₹12,020.32 crore (including taxes, land and R&R hutments, IDC, PPP component). Component-wise break-up cost is placed at **Annexure-1** and project financing pattern is as below:

S.No.	Source	Amount (Rs. in crores)	% Contribution
1	Equity by Gol	1487.53	15.70%
2	Equity by GoG	1487.53	15.70%
3	SD for Central Taxes by GOG (50%)	407.71	4.30%
4	SD for Central Taxes by GOI (50%)	407.71	4.30%
5	Loan from bilateral/ multilateral agencies	5434.25	57.35%
6	Upfront VCF and proceeds from Monetization	250.00	2.65%
7	Total cost excluding Land, R&R and PPP component	9474.73	100.00%
8	Subordinate Debt for Land Including R&R cost by GoG	1234.00	
9	SD for State Taxes by GOG	677.59	
10	Sub Total	11386.32	
11	PPP component	452.00	
12	Sub Total	11838.32	
13	IDC for Loan	182.00	
14	Total completion cost	12020.32	

6. Institutional Arrangement

This Project shall be implemented by Gujarat Metro Rail Corporation Limited (GMRC) (former Metro-Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited), a 50:50 Joint Venture of Government of India and Government of Gujarat.

7. **High Powered Committee**

The existing High Powered Committee under the Chairmanship of the Chief Secretary of the Government of Gujarat, with other Secretaries concerned as members, will take expeditious decisions on land acquisition matters, diversion of utilities, shifting of structures 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.

8. **Conditions of Sanction**

- 8.1 There shall 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.
- 8.2 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 shall be applicable. Central Government's decisions with regard to safety, standardization and indigenization of rolling stock across all metro systems shall be applicable.
- 8.3 The project shall be implemented by a 50:50 jointly owned Special Purpose Vehicle (SPV) of Govt. of India and Govt. of Gujarat, i.e. Gujarat Metro Rail Corporation (GMRC) Limited.
- 8.4 Gol and GoG, shall nominate five Directors each to the Board of Directors (BoD), of SPV totalling 10 nominee Directors. The ex-officio Chairman of BoD shall be amongst the five nominee Directors from Gol and the full-time Managing Director (MD) with adequate technical experience, among the five nominee Directors from GoG, will be appointed with the prior permission of Gol. The Managing Director shall not be given any other/additional assignment by GoG without the prior written permission of MoHUA.
- 8.5 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.
- 8.6 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.



- 8.7 The complete cost of land acquisition, resettlement and rehabilitation (including escalation) shall be met by the State Government. The State Government shall ensure that land acquisition does not become reason for delay in implementation of the project.
- 8.8 **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 will not be a part of the project cost.
- 8.9 **Cost Escalation:** Government of India will provide financial support to Surat Metro Rail Project consisting of two metro corridors in the form of equity and subordinate debt (for part of taxes), subject to an overall ceiling of 20% of the cost of the project excluding private investment, cost of land, Rehabilitation and Resettlement (R&R). Gol's proposed funding will be completely ring-fenced to Rs. 1895.24 crore which includes equity and subordinate debt for central taxes (customs duty and CGST) in terms of Para E (iii) (c) of Metro Rail Policy, 2017. Any subsequent cost escalation due to price escalation or exchange rate variation leading to increase in the cost of the project within or beyond the approved project time limit, inclusion of any item not referred to in DPR and also any other cost escalation due to change in scope or delay beyond the approved time cycle shall be borne/met/arranged by the SPV. In case SPV fails, the liabilities shall be borne by the Government of Gujarat. This should be suitably incorporated in Memorandum of Association (MoA) and/or Shareholder Agreement.
- 8.10 The Government of India shall not finance cash losses and capital expenditure during the operational phase and its requirements shall be financed by the SPV and/ or the State Govt. from its own resources.
- 8.11 **Taxes:**
- i. The State Government shall either exempt the SPV from its State/local taxes and duties/levies or reimburse the same.
 - ii. The State/local taxes shall not form part of the project cost to be shared by the Government of India.
 - iii. There shall be no waiver of Central taxes/duties by the Government of India.
- 8.12 **Repayment of Loan:** In case of the 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.



8.13 The State Government is 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.

8.14 **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.

8.15 Multimodal Integration:

- i. Integration of various modes of transport which will 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.
- ii. 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.
- iii. The State Government should ensure that the metro rail project provides for first and last mile connectivity, accessibility and appropriate security arrangements.
- iv. The State Government should provide common mobility card to provide integrated ticketing and seamless travel across all modes and all operators in the city.

8.16 **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.

8.17 **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.

8.18 **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.



- 8.19 **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.
- 8.20 **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.
- 8.21 **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.
- 8.22 **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.
- 8.23 **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.
- 8.24 **Memorandum of Understanding:** The State Government, the SPV and the Government of India shall enter into a tripartite Memorandum of Understanding regarding detailed terms and conditions for implementation of the project in accordance with sanction of the Union Cabinet. The share of Govt. of India will not be released till the tripartite MoU is signed.
- 8.25 Metro stations should be designed and constructed with toilets in the paid area. The toilets should be part of the project cost and meet the needs/ requirements of the Persons with Disabilities.
- 8.26 The State Government will endeavour to economise on the cost of the project through value engineering, minimum land acquisition, adoption technological innovation during project life cycle.



- 8.27 Expenditure on O&M and debt servicing should be the responsibility of the SPV. In case the SPV fails in respect of this, the liabilities will be borne by the Government of Gujarat in terms of Para (D) (iv) (d) of Metro Rail Policy, 2017.
- 8.28 The project should be completed in five years.
- 8.29 Project may only be undertaken after 90% land is in possession of the SPV.
- 8.30 The external assistance, if any, will flow on back-to-back basis as per the standard arrangement of Department of Economic Affairs.
- 8.31 The SPV will explore the possibility of PPP in other areas of activities related to the metro project in terms of Para (E) (iii) (b) of Metro Rail Policy, 2017.
- 8.32 Interest during construction on external loan will be arranged by SPV from internal resources. In case the SPV fails in this regard, the liabilities will be borne by the Government of Gujarat.
- 8.33 Keeping in view the overarching fiscal consolidation path, Govt. of Gujarat should ensure flow of realizable VCF in the SPV account in terms of Para (D) (vii) (b) of Metro Rail Policy, 2017 for meeting O&M, escalation, debt servicing etc. of the project in a manner that will reduce burden on the State exchequer.
- 8.34 The Government of Gujarat should enable the SPV to raise cheaper long term debt in the domestic market by allowing it to issue corporate debt bond in terms of Para (D) (xi) of Metro Rail Policy, 2017.

9. The sanction of the funds for the project will be from the Plan Budget, Ministry of Housing Urban Affairs under MH-4217, Sub-Major Head 60 - Other Urban Development Schemes, Minor Head 60.190- Investment in Public Sector and other undertakings, Sub-Head 14 – MRTS and Metro Projects, Sub Head 14.15.54 – Investment (Plan); and loans will be from the MH-6217, 60 - Other Urban Development Schemes (Sub Major Head), 60.190 – Loans to public sector and other undertakings (Minor Head), 01 – MRTS and Metro projects (Sub Head), 01.02 – Subordinate Debt to Metro Projects (Detailed Head), 01.02.55 - Loans and Advances (Plan).

10. This issues with the concurrence of the Internal Finance Division of this Ministry accorded vide their E-Note 97 dated 3rd April 2019 of Computer No. 9051984 of the concerned file, as per the approval of the project by Public Investment Board (PIB) in its meeting dated 06.03.2019, that of the Hon'ble Prime Minister under Rule 12 of Govt. of



India (Transaction of Business) Rules, 1961 on 09.03.2019, and as per the Ex-post facto approval of the Union Cabinet on 13.03.2019.

Yours Faithfully



(Priya Mahadevan)

Under Secretary to the Govt. of India

Telefax: 23061358

Copy to:

1. Principal Secretary to Prime Minister, Prime Minister's Office, New Delhi.
2. CEO, NITI Aayog, Yojana Bhawan, 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, Ministry of Railways, New Delhi.
6. Secretary, Ministry of Environment & Forests, New Delhi.
7. Secretary, Ministry of Statistics and Programme Implementation, Sardar Patel Bhawan, Sansad Marg, New Delhi.
8. Secretary, Ministry of Housing Urban Affairs, New Delhi.
9. Principal Secretary, Urban Development and Urban Housing Department, Government of Gujarat, New Sachivalaya, Gandhinagar.

Copy also forwarded, for information to:

1. Director, Cabinet Secretariat with reference to their communication No. 12/CM/2019 (i) dated 14.03.2019.
2. PS to MoS (I/C) for Housing and Urban Affairs.
3. Chief Controller of Accounts, MoHUA
4. JS & FA / OSD (UT) & e.o. JS, MoHUA, New Delhi.
5. All Directors & Deputy Secretaries in UT Division of MoHUA, New Delhi.
6. Sanction Folder.



(Priya Mahadevan)

Under Secretary to the Govt. of India

Ph. 23061358.

Annexure-1

SURAT METRO - COMPONENT COST

(Rs. In Crore)

S. N.	Item	Corridor-1 Sarhana- Dream City (21.61 Km)	Corridor-2, Bhesan to Saroli (18.74 Km)	Total
1	Land including R&R	728.56	504.94	1233.5
2	Alignment and Formation	1264.68	790.38	2055.06
3	Station Buildings	1758.36	633.03	2391.39
4	Depot	170	170	340
5	Permanent Way	202.65	162.68	365.33
6	Traction & power supply	322.41	275	597.41
7	Signalling and Telecom.	250.44	218.66	469.1
8	Automatic Fare Collection(AFC) system	70	63	133
9	Platform Screen Doors	60	54	114
10	Shifting of Miscellaneous Utilities	135.6	118.44	254.04
11	Rolling Stock	360	216	576
12	Security	7.4	6.66	14.06
13	Staff quarter for O & M	36.2	32.74	68.94
14	Multimodal Integration and Last mile connectivity	60	54	114
15	Total of all items except Land	4697.74	2794.59	7492.33
16	General Charges incl. Design charges @ 5 % on all items except land including R&R	234.89	139.73	374.62



17	Total of all items including G. Charges except land	4932.63	2934.32	7866.95
18	Contingencies @ 3 %	147.98	88.03	236.01
19	Gross Total	5080.61	3022.35	8102.95
20	Total Cost with land	5809.17	3527.29	9373.46
21	Central Taxes	518.39	296.85	815.24
22	State Taxes	425.89	251.56	677.44
23	Gross Total	6753.45	4075.69	10829.14
24	Say	6753.00	4076.00	10829.00
25	Escalation cost @ 5% per year up to project Completion on all items except contingencies and Land including R&R	633.27	376.05	1009.32
26	Total Completion Cost	7386.27	4452.05	11838.32
27	IDC	182.00		
31	Grand Total	12020.32		

