



No. K-14011/5/2017-UT-II
Government of India
Ministry of Housing and Urban Affairs
Urban Transport Division

Nirman Bhawan, New Delhi.
Dated: 9th March, 2019

To,

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

Subject: Approval for Ahmedabad Metro Rail Project Phase II comprising two corridors, viz. (i) Motera Stadium to Mahatma Mandir and (ii) GNLU to GIFT City.

Sir,

I am directed to convey the approval of the Government of India (GoI) for Ahmedabad Metro Rail Project Phase II for a total length of 28.254 km in two corridors viz. Motera Stadium to Mahatma Mandir (22.838 km) and Gujarat National law University (GNLU) to GIFT city (5.416 km), at a total completion cost of ₹5384.17 crore as per financing plan in **para 5** and subject to the conditions as given in **para 8** below. The Project will be implemented within a period of 05 years from the date of approval.

2. This project will 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 Ahmedabad Metro Phase-II 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

Ahmedabad metro rail project phase-II covering 28.254 km in two corridors as below:

Corridor/Line	Name of Corridor/Line	Total Stations	Length in km
		Elevated	Elevated
1	Motera Stadium to Mahatma Mandir	20	22.838
2	GNLU to GIFT city	2	5.416
Total		22	28.254

Line 1 has one station (GNLU) which shares concourse with line 2. Gyaspur depot of Ahmedabad & Gandhinagar Metro Phase-I will fulfill the requirement of Phase-II after suitable augmentation and other than that a stabling depot proposed at Indroda Circle.

5. Cost of the project and Project Financing

The completion cost of the project is ₹5384.17 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	757.11	15.28%
2	Equity by GoG	757.11	15.28%
3	SD for Overall Taxes (Post GST) by GoG (2/3)	468.06	9.44%
4	SD for Overall Taxes (Post GST) by Gol (1/3)	234.03	4.72%
5	Loan from bilateral/ multilateral agencies	2739.38	55.28%
6	Total cost excluding Land, R&R and PPP component	4955.69	100.00%
7	Subordinate Debt for Land Including R&R cost by GoG	262.48	
8	Sub Total	5218.17	
9	PPP component (AFC for Stations)	92.00	
10	Sub Total	5310.17	
11	IDC for Loan to be borne by GoG	74.00	
12	Total completion cost	5384.17	

6. Institutional Arrangement

This Project is 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 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.

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 would be applicable. Central Government's decisions with regard to safety, standardization and indigenization of rolling stock across all metro systems would be applicable.

8.3 The project shall be implemented by a 50: 50 joint owned Special Purpose Vehicle (SPV) of Govt. of India and Govt. of Gujarat.

8.4 Govt. of India and Govt. of Gujarat, shall nominate five Directors each to the Board of Directors (BoD), of SPV totalling 10 nominee Directors. The ex-officio Chairman of BoD will 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 Govt. of Gujarat, will be appointed with the prior permission of Gol. The Managing Director shall not be given any other/additional assignment by Govt. of Gujarat without the prior written permission of Ministry of Housing and Urban Affairs, Gol.

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 would 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 would not be a part of the project cost.

8.9 **Cost Escalation:** Gol's proposed funding in the form of equity and subordinate debt will be completely ring-fenced to Rs. 991.14 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. This should be suitably incorporated in Memorandum of Association (MoA) and /or shareholder Agreement. 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 State government. This should be suitably incorporated in Memorandum of Association (MoA) and/or Shareholder Agreement.

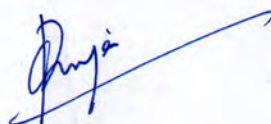
8.10 The Government of India would not finance cash losses and capital expenditure during the operational phase and its requirements would be financed by the SPV and/ or the State Govt. from its own resources.

8.11 **Taxes:**

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

8.12 **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.

8.13 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.



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 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.

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.

8.25 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.

8.26 Expenditure on O&M and debt servicing should be the responsibility of the SPV. In case the SPV fails in respect of this, the losses will be borne by the State Government, in terms of Para (D) (iv) (D) of Metro Rail Policy, 2017.

8.27 The project timeline should be reduced to the maximum limit and at least one section of the project should be completed in four years.

8.28 90% of land required should be in the possession of the SPV before start of the work.



8.29 The external assistance will flow on back to back basis as per the standard arrangement of Department of Economic Affairs.

8.30 The SPV should 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.

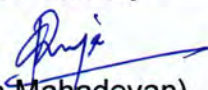
8.31 Keeping in view the overarching fiscal consolidation path, the state government should ensure flow of realisable VCF in the SPV account in terms of Para (D) (vii) (b) of Metro Rail Policy, 2017 for meeting O&M, escalation, debt servicing etc. of the project, in a manner that will reduce burden on the State exchequer.

8.32 The State Government should enable the SPV to raise cheaper long term debt in the domestic market by allowing it to issue corporate debt bonds 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 #182 of Computer No.9034509 dated 01/03/2019.

Yours Faithfully



(Priya Mahadevan)

Under Secretary to the Govt. of India
Telefax: 23061358

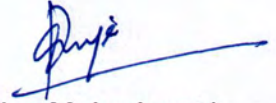
Copy to:

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. 9/CM/2019 (i) dated 21.02.2019.
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

Component wise cost of Ahmedabad Metro Rail Project Phase-II

(Rs. In Crore)

S. N.	Item	Corridor-1 Motera Stadium to Mahatma Mandir (22.84 Km)	Corridor-2, GNLU to GIFT city (5.42 Km)	Total
1	Land	144	6.82	150.82
2	Alignment and Formation	870.08	200.54	1070.62
3	Station Buildings	730	102	832
4	Depot	138	0	138
5	Permanent Way	178.04	35.77	213.81
6	Traction & power supply	359.4	59.62	419.02
7	Signalling and Telecom.	228.3	42.45	270.75
8	Automatic Fare Collection (AFC) system	70	10.5	80.5
9	Platform Screen Doors	60	9	69
10	R & R incl. Hutments etc.	87.48	20.77	108.25
11	Shifting of Miscellaneous Utilities	137.04	32.53	169.57
12	Rolling Stock	168	72	240
13	Security	7.4	1.11	8.51
14	Staff quarter for O & M	36.32	8.62	44.94
15	Multimodal Integration and Last mile connectivity	60	9	69
16	Total of all items except Land	3130.06	603.91	3733.97
17	General Charges incl. Design charges @ 5 % on all items except land	156.50	30.19	186.69
18	Total of all items including G. Charges except land	3286.56	634.10	3920.64
19	Contingencies @ 3 %	98.60	19.02	117.62
20	Gross Total	3385.16	653.12	4038.28
	Total Cost with land	3529.16	659.94	4189.10
21	Central and state Taxes	528.83	103.69	632.52
22	Gross Total	4057.99	763.63	4821.62



23	Escalation cost @ 5% per year upto project Completion on all items except contingencies and Land including R&R	409.76	78.79	488.55
24	Total Completion Cost	4467.75	842.42	5310.17
25	IDC to be borne by the GoG			74
26	Grand Total			5384.17

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