No.K-14011/1/2007-UT-IV  
Government of India  
Ministry of Urban Development  
(Urban Transport Wing)  

Nirman Bhawan, New Delhi  
Dated the 30th August, 2013

To,

Principal Secretary (Urban Development/Transport)  
All the States/UTs

ADVISORY/CIRCULAR

Subject: Inclusion of feeder buses, public bike sharing and pedestrianisation in the influence zone as an integral portion of the DPRs for Mass Rapid Transit System (MRTS) projects recommended and minimum FIRR of the MRTS proposals.

Sir/Madam,

As you are aware, this Ministry provides financial assistance up to 80% for taking up Traffic and Transportation Studies Project, Feasibility Studies, Comprehensive Mobility Plan (CMP), preparation of DPR (limited to 50%, in case of MRTS), under the scheme of Urban Transport Planning launched w.e.f August, 2008. As per the guidelines of the Scheme, ToR for engagement of Consultants for undertaking the studies/DPRs etc. will have to be got approved by this Ministry, prior to inviting the bids.

2. There is an urgent need for providing in each city a transportation system that is seamlessly integrated across all modes and provides first mile as well as last mile connectivity. The various modes of public transport including intermediate public transport and feeder buses have to work in tandem. Currently, in the ToRs as well as DPRs for Metro Rail Projects received in this Ministry, the basic concept of feeder buses, public bike sharing and pedestrianisation in the influence zone (10 min access/egress time) is left out.

3. While the cost of feeder buses, public bike sharing and pedestrianisation in the influence zone of stations is quite marginal as compared to the total project cost, absence of the same on account of not being part of an integrated solution causes not only great hardship to the public transport users but also affects adversely overall ridership of the MRTS System as well. Resultantly, even though we are able to find funds for the mega MRTS projects, the feeder system suffers on account of non-availability of even those marginal funds and lack of coordination mainly because the same was not provided for in the DPR. The feeder system should cover the entire influence zone of the mega MRTS Projects, even if part of it falls outside the notified
municipal area. Such influence zone may be notified as a Local Planning Area/Metropolitan Area under the relevant statute. The concept of Transit Oriented Development should be enforced in preparing the Land Use Plan for such areas.

4. It has, therefore, been decided that henceforth all the ToRs as well as DPRs of the MRTS projects/proposals shall include feeder buses, public bike sharing and pedestrianisation in the influence zone of the stations in the project cost in the DPR. Even the existing DPRs should be revised to provide for the feeder systems, wherever these have not been provided for.

5. It has also been noticed that while the Financial Internal Rate of Return (FIRR) of metro projects is 0.5% to 4%, the Economic Internal Rate of Return (EIRR) is in the range of 12 to 20%. As such, there is a need to capture the benefits presently accruing to private parties/individuals into the dedicated revenue stream of the project so as to increase the non-fare box revenue and thus the FIRR. In this regard, reference is invited to this Ministry’s OM No. K-14011/8/2012-MRTS dated 20/1/2012 (www.moud.gov.in) on innovative financing for Metro Rail Projects. Recently, the Public Investment Board of the Government of India has considered the project for Jaipur Metro Rail, which has an FIRR of over 8%.

6. Accordingly, to make these projects sustainable, it has also been decided that the FIRR of MRTS projects should preferably be 8% or more for consideration by Govt of India. All the DPRs should be structured/modified accordingly.

Yours faithfully,

(R.K. Singh)
Director (UT-I)
Tel.No.23062798

Copy to:
1) Managing Directors of all Metro Rail Corporations
2) Managing Director, Urban Mass Transit Company Ltd, Nehru Place, New Delhi.
3) Director General, Institute of Urban Transport, Anand Vihar Metro Station
   Bhiding, Delhi
4) Chief Planner, Town and Country planning (TCPO)

Copy Also to:
1) AS/JS&FA/EA/All JSs in MoUD
2) All Directors/DSs/USs/DOs in the UT Division
3) Director (NIC) for uploading on the Ministry’s website.