

**No. K-14011/57/2011-MRTS-IV/UT-II**

Government of India  
Ministry of Urban Development  
(Urban Transport-II)

Nirman Bhawan, New Delhi  
Dated 17<sup>th</sup> November, 2014

To

Chief Secretary,  
Government of Gujarat,  
Gandhinagar-382010.

**Subject: Ahmedabad Metro Rail Project Phase-1.**

Sir,

I am directed to convey the approval of the Government of India (GoI) for the implementation of the rail-based Mass Rapid Transit System called the "Ahmedabad Metro Rail Project Phase-1" covering a length of 35.96 km at a completion cost of ₹ 10,773 crore (Rupees Ten Thousand Seven Hundred Seventy Three Crore only) (including escalation cost of 7.5% per year based on April 2014 price level) as per costing details given in the Annexure-I by Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited with contribution of GoI in the form of Equity and Subordinate Debt as per the details given in para 5 below and subject to the conditions as given in para 7 below. The project is scheduled to be completed in four years i.e. by March, 2018.

2. Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited shall function as a Special Purpose Vehicle (SPV) for the implementation of the project which shall be jointly and equally owned by GoI and Government of Gujarat (GoG).

**3. Legal Framework**

Legal cover for the proposed Ahmedabad Metro Rail Project Phase-1 shall be under 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 amended from time to time.

**4. Corridor**

Ahmedabad Metro Rail Project Phase-1 will cover 35.96 km along two corridors as tabulated below:

Description		North-South Corridor	East-West Corridor	Total
From-To		APMC to Motera Stadium	Thaltej Gam to Vastral Gam	
Route Length (in km)	Elevated	15.42	14.20	29.62
	Underground	Nil	6.34	6.34
	Total	15.42	20.54	<b>35.96</b>

## 5. Project Financing

The cost of the project as stated in para 1 above will be financed as per the financing plan given below:

	North-South Corridor	East-West Corridor	Total	In %
Gol Equity	884.50	527.50	1412	14.06
Gol SD for CT (50%)	365.50	212.50	578	5.75
<b>Govt. of India Total</b>	<b>1250.00</b>	<b>740.00</b>	<b>1990</b>	<b>19.81</b>
GoG Equity	884.50	527.50	1412	14.06
GoG SD for CT (50%)	365.50	212.50	578	5.75
PTA (1.4% JICA Loan) / 12% Market Borrowings	3812.00	2254.00	6066	60.38
<b>Total</b>	<b>6312.00</b>	<b>3734.00</b>	<b>10046</b>	<b>100.00</b>
GoG SD for Land (100%)	431.00	296.00	727	
<b>Total Completion Cost</b>	<b>6743.00</b>	<b>4030.00</b>	<b>10773</b>	

## 6. Institutional Arrangement

- i) The project will be implemented by a Special Purpose Vehicle (SPV) namely Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited. MEGA will be a joint ownership (50:50) SPV of Gol and GoG. The promoters, Gol and the State Government, shall nominate five Directors each to the Board of Directors (BoD), totalling 10 nominee Directors. The Secretary (Urban Development), Gol will be the ex-officio Chairman of the Board. The full-time Managing Director with adequate administrative experience, will be the nominee of the State Government and will be appointed or removed by the BoD only with the prior written permission of Gol. The Managing Director shall not be given any other/additional assignment by the State Government without the prior written permission of Gol. The BoD shall also have Functional Directors, in addition to the 10 nominee Directors.
- ii) **High Powered Committee** : During implementation of the project, the existing High Powered Committee under the Chairmanship of the Chief Secretary to the Government of Gujarat, with other Secretaries concerned as Members, will take expeditious decisions on matters relating to land acquisition, shifting of utilities 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.

## 7. CONDITIONS OF SANCTION

- (A) 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.
- (B) **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.
- (C) 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.
- (D) 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.
- (E) 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.
- (F) **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.
- (G) **Cost Escalation** : Any cost escalation due to (i) changes in the statutory Central duties/levies and (ii) exchange rate variation beyond 7.5% per year within the approved project scope and approved time cycle shall be shared equally by the Government of India and the State Government as has been done in the case of Delhi Metro, Bangalore Metro Phase-1 & 2, Mumbai Metro Line-3, Chennai Metro etc. Any other cost escalation due to price escalation within the approved project time period, inclusion of essential items not referred to in the DPR and also any other cost escalation due to change in scope or delay beyond the approved time cycle shall be borne/met/arranged entirely by the State Government. The financial liability of Government of India would be limited to Rs.1990 crore, unless the cost escalation is in accordance with above.
- (H) 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 Government from its own resources.
- (I) **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.
- (J) **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.
- (K) 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.

- (L) **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.
- (M) **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.
- (N) **Comprehensive Mobility Plan** : The State Government should prepare a Comprehensive Mobility Plan (CMP) as per the guidelines of Ministry of Urban Development, Government of India and notify the same under the relevant Statute.
- (O) **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.
- (P) **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.
- (Q) **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 modes as per a mutually agreed schedule and this would be incorporated in the Memorandum of Understanding to be signed with the Government of Gujarat.
- (R) **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.

- (S) **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.
- (T) **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
- (U) **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.
- (V) **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.
- (W) **Memorandum of Understanding** : The State Government, the SPV and the Government of India (GoI) shall enter into a tripartite Memorandum of Understanding (MoU) regarding detailed terms and conditions for implementation of the project in accordance with sanction of the Union Cabinet. GoI funds would be released only after the tripartite MoU has been signed.
8. The expenditure involved will be debited to the following Heads under Demand No.103 of the Ministry of Urban Development for the year 2014-15 :-
- (i) **GoI's Equity Head:** Major Head 4217 – Capital Outlay on Urban Development (Plan), Sub-Major Head 60 – Other Urban Development Schemes, Minor Head 60.190 – Investment in Public Sector and Other Undertakings, Sub-Head 08 – Other Metro Projects, Object Head 08.06 – Ahmedabad Metro Rail Corporation, Detailed Head 08.06.54 – Investment from the Budget Grant (Plan);
- (ii) **PTA Head:** Major Head 6217 – Loans for Urban Development (Plan), Sub Major Head 60 – Other Urban Development Scheme, Minor Head 60.191 – Loans to Municipal Corporations, Sub Head 17 – Pass through Assistance to Other Metro Project, Object Head 17.06 – Ahmedabad Metro Rail Corporation, Detailed Head 17.06.55 – Loans and Advances and
- (iii) **SD Head:** Major Head 6217 – Loans for Urban Development (Plan), Sub Major Head 60 – Other Urban Development Scheme, Minor Head 60.191 – Loans to Municipal Corporations, Sub Head 18 – Sub Ordinate Debt : Interest free loan, Object Head 18.10 – Ahmedabad Metro Rail Corporation, Detailed Head 18.10.55 – Loans and Advances.
9. This issues with the concurrence of the Integrated Finance Division of this Ministry vide their Dy.No.1364/US(D-II)/FD/14 dated 31-10-2014.

Yours faithfully,



(Smt. S.V.R. Ramana)  
Under Secretary to the Govt. of India  
Ph. 2306 2479

**Copy to :-**

1. Principal Secretary to Prime Minister, Prime Minister's Office, New Delhi.
2. Member Secretary, Planning Commission, Yojana Bhavan, 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, Rail Bhawan, New Delhi.
6. Secretary, Ministry of Environment and Forests, New Delhi.
7. Secretary, Ministry of Statistics and Programme Implementation, Sardar Patel Bhavan, Sansad Marg, New Delhi.

Copy also forwarded, for information, to:

1. Director, Cabinet Secretariat - with reference to their communication No. 45/CM/2014(i) dated 20<sup>th</sup> October, 2014.
2. Additional Chief Secretary, Urban Development & Urban Housing Department, Government of Gujarat, 14/9, Sardar Patel Bhavan, Sachivalaya, Gandhinagar-382010 (Gujarat).
3. Vice Chairman & Managing Director, Metro Link Express for Gandhinagar and Ahmedabad (MEGA) Company Limited, Nirman Bhavan, Opp. Sachivalaya Gate No.4, Sector-10 A, Gandhinagar-382010.
4. Resident Commissioner, Government of Gujarat, Gujarat Bhavan, New Delhi.

Internal copies for information to:

PS to UDM/PS to MoS(UD)/PSO to Secretary(UD)/PS to JS&FA/PPS to JS(UT)/PS to OSD(UT) & EO JS/All Directors and Deputy Secretaries of UT Wing.



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**ANNEXURE-I**

**Component wise break-up for the Non-Recurring Cost :**

Description	Costs at April 2014 price level (₹ in crore)
Land	705.84
Alignment & Formation	1593.76
Station Buildings	1745.65
Depot	318.62
P-Way	369.78
Traction & power supply	436.54
S and T Works	960.01
R & R hutments	125.78
Misc.	260.38
Rolling stock	905.54
Security	11.12
Staff quarter for O&M	49.64
Capital Expenditure on Multi Modal Traffic Integration	67.98
General Charges @5% (except land)	342.24
Contingency @3%	215.61
<b>Total</b>	<b>8129.00</b>
Total Taxes & Duties (except State Taxes which are proposed to be exempted) (excluding GC and Contingency Charges on taxes)	1197.31
<b>Total</b>	<b>9326.31</b>
Escalation Cost @ 7.5% per annum up to project completion	1348.69
IDC	98.00
<b>Total completion cost</b>	<b>10773.00</b>

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