



No. K-14011/11/2015-MRTS-IV
Government of India
Ministry of Urban Development
Urban Transport Wing
(MRTS-IV Desk)

Nirman Bhawan, New Delhi
Dated the 9th January, 2017

TO

The Chief Secretary,
Government of Maharashtra,
Mantralaya, Mumbai – 400032.

Subject: Pune Metro Rail Project Phase-1.

Sir,

In continuation of this Ministry's letter of even number dated 07th December, 2016 (**Annexure-II**), I am directed to convey the approval of the Government of India (Gol) for the implementation of Pune Metro Rail Project Phase-1 covering a total length of 31.254 km comprising two corridors i.e. Corridor-1 {Pimpri Chinchwad Municipal Corporation (PCMC) to Swargate} covering length of 16.589 km (11.57 km elevated and 5.019 km underground) with 15 Stations and Corridor-2 (Vanaz to Ramwadi) covering 14.665 km (fully elevated) with 16 Stations at the total completion cost of ₹11,420 crore (including escalation cost of 5% per year based on November, 2015 price level) as per costing details given in the **Annexure-I** with contribution of Gol in the form of Equity and Subordinate Debt as per details given in para 4 below and subject to the conditions as given in para 9 below.

2. Maharashtra Metro Rail Corporation Limited (MAHA-METRO) shall function as a Special Purpose Vehicle (SPV) for the implementation of the project which shall be jointly owned by Gol and GoM on 50:50 equity basis.

3. Alignment: Pune Metro Rail Project Phase-1 will cover 31.254 km with 31 Stations comprising two corridors as below:

| Corridors | Length (in km) | | | No. of Stations | | |
|-------------------------------|----------------|--------------|---------------|-----------------|--------------|-----------|
| | Elevated | Under Ground | Total | Elevated | Under Ground | Total |
| Corridor-1 : PCMC to Swargate | 11.570 | 5.019 | 16.589 | 9 | 6 | 15 |
| Corridor-2 : Vanaz to Ramwadi | 14.665 | Nil | 14.665 | 16 | Nil | 16 |
| Total | 26.235 | 5.019 | 31.254 | 25 | 6 | 31 |

4. **Project Financing :** The cost of the project as stated in para 1 above will be financed as per the financing plan given below:-

| Particulars | Amount (in crore of Rs) | % contribution |
|---|--------------------------------|-----------------------|
| Equity By GOI | 1,310 | 13.41% |
| Equity By GOM | 1,310 | 13.41% |
| Subordinate Debt (SD) for Central Taxes by GOM (50%) | 644 | 6.59% |
| SD for Central Taxes by GOI (50%) | 644 | 6.59% |
| Grant by Urban Local Bodies(ULB) | 28.50 | 0.3% |
| Loan from bilateral/multilateral agencies | 5,831.5 | 59.7% |
| Total | 9,768 | 100.00% |
| SD by GOM for Land Including Resettlement and Rehabilitation (R&R) cost and State Taxes | 302.2 | |
| SD for Land including R&R cost and State Taxes From ULB | 1210.8 | |
| Total | 11281 | |
| Interest During Construction (IDC), to be borne by GoM/Urban Local Bodies (ULB) | 139 | |
| Grand Total | 11420 | |

5. **Institutional Arrangement:** The project shall be implemented by Maharashtra Metro Rail Corporation Limited (MAHA-METRO), a 50:50 joint Special Purpose Vehicle (SPV) of Gol & GoM, which will be formed by reconstitution of Nagpur Metro Rail Corporation Limited (NMRCL), a 50:50 joint SPV of Gol and GoM as requested by GoM vide letter No. MRD-3316/CR-109/UD-7 dated 13.10.2016. Both Gol and GoM, shall nominate five Directors each to the Board of Directors (BoD) of the proposed SPV totalling 10 nominee Directors. The ex-officio chairman of the BoD will be among the five nominee Directors of Gol and the full-time Managing Director (MD), with adequate technical experience, will be among the five nominee Directors from GoM. The MD will be appointed by GoM with the prior written permission of Gol and removed by the BoD only with the prior written permission of Gol. Further, the MD shall not be given any other/additional assignment by the State Government without the prior written permission of Gol. Functional Directors shall be appointed by the SPV as per the requirement.

6. **High Powered Committee:** During implementation of the project, the existing High Powered Committee under the chairmanship of the Chief Secretary to the GoM, 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. **Legal Framework:** Legal cover for the Pune Metro Rail Project Phase-1 shall be under the Metro Railways (Construction of Works) Act 1978, the Railways Act 1989 and the Metro Railways (Operation and Maintenance) Act, 2002 as amended through Metro Railways (Amendment) Act, 2009 and as amended from time to time.
8. **Implementation Period:** The project is scheduled to be completed in Five (5) years from the date of start of work.
9. The conditions of sanction of the project are as under:
- (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 project shall be implemented by a 50:50 joint owned Special Purpose Vehicle (SPV) of GOI and GoM.
 - (D) GoI and GoM, 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 among the five nominee Directors from GoI and the full-time Managing Director (MD) with adequate technical experience, among the five nominee Directors from GoM, will be appointed with the prior written permission of GoI. The Managing Director shall not be given any other/additional assignment by GoM without the prior written permission of MoUD.
 - (E) 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.
 - (F) 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.
 - (G) 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.
 - (H) **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.

- (I) **Cost Escalation:** Gol's funding, in the form of equity and subordinate debt will be ring-fenced to 20% of the total project cost i.e. Rs. 1,954 crore and this should be suitably incorporated in the Memorandum of Association and / or Shareholders Agreements. Any other 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 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 by the State Government, without recourse to Gol financing. This too would be suitably incorporated in the Memorandum of Association and or Shareholders Agreement. Gol share will not be released till the tripartite Memorandum of Understanding (MoU) is signed.
- (J) 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.
- (K) **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.
- (L) **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.
- (M) 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. The additional staff as may be required at Government of India (MoUD) or State Government level to handle extra work load on account of this project, during construction, operation and maintenance phase, shall be provided by the Government / the SPV and shall be chargeable to the project. To the extent possible the staff would be on contract basis so that no permanent liability is created on the Government.
- (N) **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.
- (O) **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.

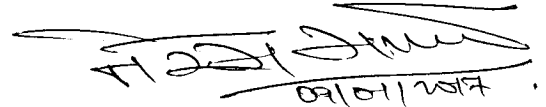
- ii. The State Government should provide multimodal integration, including sub-urban railways (by involving Ministry of Railways) to provide a well-connected network in the region.
- iii. The State Government should ensure that the metro rail project provides for first and last mile connectivity, accessibility 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.
- (P) **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.
- (Q) **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.
- (R) **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.
- (S) **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.
- (T) **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.
- (U) **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
- (V) **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.
- (W) **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.
- (X) **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.

- (Y) All Metro stations should be designed and constructed with toilets in the paid area. The toilets should be part of the project cost.

10. The sanction of funds in respect of Gol's Contribution and Pass Through Assistance (PTA) for the Project will be from the Plan Budget of Ministry of Urban Development (MoUD) under Major Head – 4217, Sub Head / Detailed Head - 14.09.54 towards equity, while the Loans will be from the Major Head - 6217, Sub Head / Detailed Head – 19.09.55 and 19.21.55 towards Pass Through Assistance (PTA) and Subordinate Debt (SD), respectively against Demand No. 95 in the Demand for Grants of Ministry of Urban Development from the year 2016-17.

11. This issues with the concurrence of the Integrated Finance Division of this Ministry and approval of the competent authority.

Yours faithfully,



(Naresh Bhardwaj)

Under Secretary to the Government of India

Email- naresh.bhardwaj@nic.in

Tel/Fax.- 23062964

Copy to:-

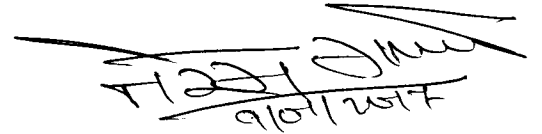
1. Principal Secretary to Prime Minister, Prime Minister's Office, New Delhi.
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi.
3. Chairman, Railway Board, M/o Railways, Rail Bhawan, New Delhi.
4. Home Secretary, Ministry of Home Affairs, North Block, New Delhi.
5. Secretary, Department of Expenditure, M/o Finance, North Block, New Delhi.
6. Secretary, Deptt. of Economic Affairs, M/o Finance, North Block, New Delhi.
7. Secretary, Department of Revenue, M/o Finance, North Block, New Delhi.
8. Secretary, Ministry of Road Tpt. & Highways, Sansad Marg, New Delhi.
9. Secretary, M/o Environment & Forests, Indira Paryavaran Bhawan, Jor Bagh Road, Ali Ganj, New Delhi.
10. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi.
11. Secretary, Ministry of Statistics & Prog. Imp., Sardar Patel Bhawan, New Delhi.
12. Secretary, Ministry of Culture, 'C' Wing, Shastri Bhawan, New Delhi.
13. The Joint Director(IB), 35, Sardar Patel Marg, Chanakyapuri, New Delhi.

Copy also forwarded, for information to:

1. Director, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi- with reference to their DO letter No. 49/CM/2016 dated 07.12.2016.
2. Principal Secretary (UD-1), Urban Development Department, Govt of Maharashtra, Mantralaya, Mumbai – 400032.
3. Commissioner, Pune Municipal Corporation, PMC Building, 4th Floor, Shivaji Nagar, Pune-411005.
4. Resident Commissioner, Government of Maharashtra, Maharashtra Sadan, Copernicus Marg, New Delhi-110001.
5. Managing Director, Nagpur Metro Rail Corporation Limited (NMRCL), Metro House, 28/2 Anand Nagar, C.K. Naidu Road, Civil Lines, Nagpur-440001.

Internal copies for information to:

PS to UDM / PS to MOS(UD) / PSO to Secretary(UD) / PPS to AS(UD) / PS to JS&FA / PPS to OSD(UT) & E.O. JS / All Directors and Deputy Secretary of UT Wing.



(Naresh Bhardwaj)
Under Secretary to the Government of India
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Annexure-I**COMPONENT-WISE COST OF PUNE METRO RAIL PROJCT PHASE-1**

| Description | Costs at November, 2015 Price Level (Rs. in crore) | | |
|--|---|--------------------------------------|------------------|
| | Corridor – 1: PCMC to Swargate | Corridor- 2 : Vanaz to Ramwadi | Total |
| Alignment & Formation | 901.21 | 503.77 | 1,404.98 |
| Station Buildings | 1,681.09 | 610.76 | 2,291.85 |
| Depot | 150.00 | 150.00 | 300.00 |
| P-Way | 149.85 | 134.79 | 284.64 |
| Traction& power supply | 207.23 | 161.99 | 369.22 |
| S and T Works | 357.75 | 327.49 | 685.24 |
| Misc. | 119.15 | 55.57 | 174.72 |
| Rolling stock | 805.62 | 296.81 | 1,102.43 |
| Security | 20.00 | 20.00 | 40.00 |
| Cost without land and R&R hutment | 4,391.90 | 2,261.18 | 6,653.00 |
| General Charges @5% | 219.60 | 113.06 | 332.66 |
| Contingency @3% | 138.34 | 71.23 | 209.57 |
| Total Cost without Land and R&R | 4,750.00 | 2,445.00 | 7,195.00 |
| Central Taxes at November 2015 Price level | 739.23 | 355.42 | 1094.65 |
| Estimated cost with Central Taxes at November 2015 Price level | 5,489.23 | 2,800.42 | 8,289.65 |
| Total Cost with Central Taxes and escalation factor @ 5.00% p.a. excluding Land, R&R, State Taxes & IDC | 6,488.00 | 3,280.00 | 9,768.00 |
| Cost of Land | 503.94 | 282.77 | 786.71 |
| R&R hutment | 62.40 | 55.58 | 117.98 |
| 3% contingencies | 16.99 | 10.15 | 27.14 |
| Total Land & RR cost including 3% contingencies | 583.33 | 349.00 | 932.33 |
| Total cost with central taxes and including Land and R&R at Nov. 2015 price level | 6,072.00 | 3,149 | 9,221.00 |
| Total completion cost with central taxes and escalation factor @ 5.00% pa excluding State taxes and IDC | 7,071.00 | 3,629 | 10,700.00 |
| State Taxes | 384.00 | 197.00 | 581.00 |
| Interest During Construction (IDC) | 92.00 | 47.00 | 139.00 |
| Total Completion Cost | 7547.00 | 3873.00 | 11,420.00 |

K-14011/11/2015-MRTS-IV
Government of India
Ministry of Urban Development
Urban Transport Wing,
(MRTS-IV Desk)

Nirman Bhawan, New Delhi
Dated : 07 December, 2016

To,

Chief Secretary
Government of Maharashtra
Mumbai

Subject: Approval of Pune Metro Rail Project Pahse-1

I am directed refer to GoM's letter no PMR-3315/C.R.08/UD-7 dated 7.12.2016 & Cabinet Secretariat DO letter no. 49/CM/2016 dated 07.12.2016 and to state that the Government of India has approved the Pune Metro Rail Project Phase-1 to be implemented by Maharashtra Metro Rail Corporation Ltd. (Maha-Metro) which will be formed by reconstitution of the Nagpur Metro Rail Corporation Ltd. The approved funding pattern is as below:

| Particulars | Amount (in crore of Rs) | % contribution |
|---|-------------------------|----------------|
| Equity By GOI | 1,310 | 13.41% |
| Equity By GOM | 1,310 | 13.41% |
| Subordinate Debt (SD) for Central Taxes by GOI (50%) | 644 | 6.59% |
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| Total | 11281 | |
| Interest During Construction (IDC), to be borne by GoM/Urban Local Bodies (ULB) | 139 | |
| Grand Total | 11420 | |

2. The detailed sanction order containing the conditions of sanction by the Government of India will be communicated in due course.

S.Ramana
7/12/16
(Mrs. S.V.R. Ramana)
Under Secretary to the Government of India
Tele -23062479