

**GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA**

STARRED QUESTION NO:392

ANSWERED ON:20.12.2012

PRIVATE PARTICIPATION IN RAILWAYS

Adityanath Shri Yogi;Naik Dr. Sanjeev Ganesh

Will the Minister of RAILWAYS be pleased to state:

- (a) the salient features of the revised policy for encouraging private participation in rail connecting projects as approved by the Union Cabinet recently;
- (b) whether the private sector participation in Railway projects will be restricted to infrastructure sector only;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the action being taken by the Railways in this regard?

Answer

MINISTER OF RAILWAYS (SHRI PAWAN KUMAR BANSAL)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 392 BY DR. SANJEEV GANESH NAIK AND SHRI YOGI ADITYA NATH TO BE ANSWERED IN LOK SABHA ON 20.12.2012 REGARDING PRIVATE PARTICIPATION IN RAILWAYS.

(a): The recently approved revised policy for encouraging private investment in rail connectivity provides for five participative models. The salient features of which are as under:-

(i) Non-Government Private Line Model: This model provides for augmenting first and last mile connectivity to ports, cluster of industries, logistic parks and large mines which are handling goods for multiple consignors or consignees. Cost of providing such connectivity will be borne by owner/developer. Indian Railway will pay user fee for usage of such infrastructure.

(ii) Joint Venture model: In this model, bankable new line and gauge conversion projects can be undertaken with identifiable stakeholders i.e. user of lines or utilities such as ports, mines, exporters, plants and state governments, with Indian Railway or its nominated Public Sector Undertakings holding a minimum 26% equity in such joint venture.

(iii) Build, Operate and Transfer (BOT) model: In this model, project will be bid out through competitive bidding to the private concessionaire who will Design, Build, Finance, Construct and Maintain the project line. Indian Railways will pay user charges to the concessionaire.

(iv) Capacity augmentation with funding provided by customers: In this model, project advance in full or part can be taken from industrial customers who may be interested in expeditious completion of any project. Indian Railways will pay upto 7% of the amount invested through freight rebate on freight volumes moved on the project section every year till the funds provided are recovered with interest at a rate equal to the prevailing rate of dividend payable by railways to the general exchequer at the time of signing the agreement.

(v) Capacity augmentation through annuity model: In this model, project can be bid out on concession by providing annuity payments to concessionaire. The concession will be for financing and construction.

(b) & (c): Private sector participation in Railway projects is predominantly in infrastructure sector as operations cannot be privatized. The key infrastructure areas which have been identified for private participation are: development of private freight terminals, dedicated freight corridors, redevelopment of stations, port connectivity projects, logistics parks, elevated rail corridor, wagon investment schemes and loco and coach manufacturing units etc. Most of these projects are amenable to private sector participation as they involve rail infrastructure users and can leverage the private sector capabilities for alternative financing and providing value added services.

(d): The requisite enabling policy framework to encourage private participation in terminals, wagon procurement and rail connectivities has been notified.