

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:3705
ANSWERED ON:11.12.2009
SUBSIDY TO METRO PROJECT
Rathod Shri Ramesh

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether the Government plans to give a subsidy for the Metro Project in Hyderabad; and
(b) if so, the details and present status thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a) & (b): The Ministry of Finance have informed that the proposal of Government of Andhra Pradesh (GoAP) for Hyderabad Metro (MRTS) project was granted 'in principle' approval for grant of Viability Gap Funding (VGF) of Rs.2362.88 crore for a total project cost of Rs.11,814 crore under the Scheme for Financial Support to Public Private Partnership (PPPs) in Infrastructure. The Financial Bid was opened by GoAP and the lowest bidder offered payments during different stages of Concession Period and did not seek any Grant.

Government of Andhra Pradesh informed in August, 2008 that the proposal did not require VGF and the lowest bidder in turn offered payments on different dates of the concession period as per the Concession Agreement executed between GoAP and M/s Maytas Metro Ltd. (MML).

The Concessionaire failed to fulfill the contractual obligations of furnishing the Performance Security of Rs.240 crore and achieving Financial Closure within the stipulated time. The Contract was terminated and the Bid Security of Rs.60 crore alongwith Rs.11 crore paid by them at signing the Agreement was forfeited. GoAP has initiated the process of selection of new developer through fresh competitive bidding which is expected to be completed in about 5 months. GoAP has also requested to extend the validity of 'in principle' approval for grant of VGF of Rs.2362.88 crore for Hyderabad Metro Rail Project. The Total Project Cost will remain the same and the GoAP would follow the Model Concession Agreement.

Extension of the validity period of VGF support was given on 10.8.2009 by Ministry of Finance, Department of Economic Affairs, subject to all the project documents, while granting 'in principle' approval, being utilized for the bidding process started afresh.