

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:265
ANSWERED ON:09.07.2014
FINANCING URBAN PUBLIC TRANSPORT
Panda Shri Baijayant "Jay"

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) The challenges faced by the Government in financing urban public transport;
- (b) Whether the Government proposes to set up a state owned company to finance urban transportation projects and if so, the detail thereof;
- (c) Whether the company's borrowings is likely to be protected with sovereign guarantee and if so, the details worked out in this regard;
- (d) The details of projects to which long term financial assistance is likely to be provided; and
- (e) Whether the company also proposes to finance public private partnership projects and if so, the details thereof?

Answer

THE MINISTER FOR URBAN DEVELOPMENT (SHRI M. VENKAIAH NAIDU)

(a): The Government of India faces challenges in financing the urban public transport projects. Huge capital investments are required in dealing with the urban transport problems. Whether they are for constructing capital intensive mass transit systems, or funding of buses & their operations or segregated right-of-way for cycles and pedestrians. Urban Transport and Urban Development are State subjects and most of the State Governments and local bodies do not have the required resources and know how to resolve their urban transport problems. Substantial financial burden would devolve on the Government. Financing these projects is a big challenge.

(b):No, Madam.

(c) & (e): Does not arise.

(d):The Central Government encourages high capacity transport systems and would offer financial support either in the form of equity or grant or one time viability gap funding, subject to a ceiling of 20% of the capital cost of the project. We may need to give long term financial assistance to projects where in-principal approval of Metro Projects such as Lucknow, Pune and Nagpur has been conveyed by this Ministry. Ahmedabad Metro is also under active consideration with the Ministry of Urban Development.

Some of the cities such as Guwahati, Bhubaneswar, Vishakhapatnam, Patna, Raipur, Bhopal, Indore, Noida, Tricity of Chandigarh, Panchkula & Mohali along with Delhi Metro Phase-IV which are preparing their Detailed Project Reports, may also need long term financial assistance in future.