

F. No. 2/7/2019-PPP  
Ministry of Finance  
Department of Economic Affairs  
(PPP Cell)

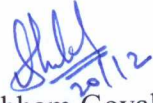
North Block, New Delhi  
Dated 19<sup>th</sup> December 2019  
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**OFFICE MEMORANDUM**

**Subject: Record of Discussion of the 91<sup>st</sup> Meeting of the PPPAC held on 17.12.2019 to consider the proposal of Ministry of Railway for Development of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode**

The undersigned is directed to enclose a copy of Record of Discussion of the 91<sup>st</sup> Meeting of the PPPAC held on 17<sup>th</sup> December 2019 under the Chairmanship of Secretary (DEA and Expenditure) for information and necessary action.

Encl. as above

  
(Shubham Goyal)  
Assistant Director (PPP)  
Ph: 23095150

To

1. CEO, NITI Aayog, Yojana Bhawan, New Delhi
2. Chairman, Railway Board, Rail Bhawan, New Delhi
3. Secretary, Department of Expenditure, North Block, New Delhi
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi
5. MD & CEO, Indian Railway Station Development Corporation (IRSDC), Konnectus Building, Bhavbhuti Marg, New Delhi

Copy to:

1. Sr. PPS to Secretary (EA)
2. JS (IPF)
3. Director (PPP)
4. DD (PPP)

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**Record Note of Discussion of 91<sup>st</sup> Meeting of PPPAC**

The 91<sup>st</sup> Meeting of PPPAC chaired by Secretary, Economic Affairs, was held on 17<sup>th</sup> December 2019 to consider the proposal of Ministry of Railways for Development of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode. The list of participants is *annexed*.

**Development of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode**

**Project Description:** To redevelop the Gwalior, Nagpur, Amritsar and Sabarmati Railway stations on PPP mode under which the private developers shall be responsible for redevelopment, construction and maintenance of the stations and also responsible for estate development activities to provide integrated services to passengers

**Estimated Project Cost for station development component only:** Gwalior: Rs. 300 crore, Nagpur: Rs. 465 crore, Amritsar: Rs. 375 crore, Sabarmati: Rs.156 crore

**Concession period:**

License period for Station Redevelopment: 60 years

Lease Period for Station Estate Development: Lease rights for Station Estate Development: 60 years and lease rights for residential/ city side development for 99 years.

2. Joint Secretary (IPF), DEA informed the PPPAC that four proposals for “In-principle” approval have been received from Ministry of Railways (MoR) for Redevelopment of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis under PPP mode. The proposals have been appraised by the PPPAC members and the Appraisal Notes have been sent to Ministry of Railways.

3. JS (IPF) further stated that the IRSDC intends to redevelop the four stations namely Gwalior, Nagpur, Amritsar and Sabarmati Railway stations on DBFOT basis under PPP mode in which the private developers shall be responsible for redevelopment, construction and maintenance of the stations and also responsible for estate development activities to provide integrated services to passengers. The indicative project cost assessed by

IRSDC towards the station development component for Gwalior Station is Rs.300 crore, Nagpur Station Rs.465 crore, Amritsar Station Rs.375 crore and Sabarmati Station Rs.156 crore with concession period of 60 years for station development and station estate development. However, the concession period proposed for residential development is 99 years, which is as per the cabinet approval.

4. MD&CEO, IRSDC made a presentation on the proposed plan for the 4 stations. In response to the query on project cost, he explained that the indicative cost of station development component has been estimated based on current operational plan and Manual for Specification and Standards for Railway Stations. However, flexibility is to be provided to private developer for the real estate component. The Chair suggested that in PPP mode, the requirements should be specified in output and outcome terms, so that there is scope for private sector to innovate to optimize the project cost and bring in design efficiencies, even for station development component. MD, IRSDC clarified that for smooth operation of stations, it is critical to have the indicative drawing-cum-operation plan, which would help in project cost estimation and project cost is critical from Termination payment perspective and also to safeguard the interest of the Authority. Member (Engineering), Railways also stated that clarity of scope of work for station development component will minimize disputes.

5. JS (IPF) stated that there should be some norm for land to be given for real estate component in comparison to station development component. He further explained that in case of Sabarmati Railway station, the ratio of real estate component is about 20 times of station development component while in case of Amritsar Railway Station, it is about 3 times. While MD&CEO, IRSDC explained that the impact of higher real estate component would be captured in the higher premium (bidding parameter) to be provided by the private developer, the Chair opined that M/o Railways may provide the real estate component up to the level of financial viability only and no excessive land should be provided for real estate development.

6. JS (IPF) pointed out that the RfQ document of Department of Expenditure limits up to 6 bidders, whereas the relevant clause for the same has been deleted from the draft RfQ. It is the international practice to shortlist up to 6 bidders at RfQ stage. Financial Commissioner, Railways stated that limit may be increased up to 11 bidders. The Chair suggested that as long as bidders satisfy the eligibility conditions mentioned in the RfQ, there should not be any cap on the number of shortlisted bidders to increase the participation of bidders. Accordingly, IRSDC should ensure that the RfQ document should have sound eligibility criteria to pre-qualify bidders.

7. JS (IPF) stated that the Rs. 20 as user charge on platform ticket appears to be on higher side and may be reviewed. MD&CEO, IRSDC stated that the user charges are as per the EGoS decision and to increase the overall project viability. Member (Engineering), suggested that details about the user charges should be provided to bidders at RfQ stage to generate interest among bidders. On the issue of notification of user charge, PPPAC agreed that the matter may be left to the discretion of MoR/ IRSDC.

8. On a query whether the proposal needs to be resubmitted to PPPAC for approval, in case of any changes in the RfQ document based on stakeholder consultation with bidders, it was clarified that the proposal would need to be re-submitted in case of any material change in the RfQ.

9 The PPPAC granted the "in-principle" approval to the proposal for Re-development of Gwalior, Nagpur, Amritsar and Sabarmati Railway Stations on Design, Build, Finance, Operate and Transfer (DBFOT) basis subject to the condition that MoR shall obtain prior approval of the PPPAC for any material change in scope of work or project configuration.

10. The meeting ended with vote of thanks to the Chair.

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91<sup>st</sup> Meeting of PPPAC held on 17<sup>th</sup> December 2019

List of Participants

1. Department of Economic Affairs, Ministry of Finance
  - i. Shri Atanu Chakraborty, Secretary, Department Economic Affairs (In Chair)
  - ii. Dr. Kumar V Pratap, Joint Secretary (IPF), Economic Affairs
  - iii. Shri Shubham Goyal, Assistant Director (PPP)
  
2. Department of Expenditure, Ministry of Finance
  - iv. Shri Rajeev Ranjan, Additional Secretary, Department of Expenditure
  
3. NITI Aayog
  - v. Shri S K Saha, Advisor
  
4. Ministry of Railway
  - vi. Shri Vishwesh Chaube, Member (Engineering)
  - vii. Smt. Majula Rangarajan, Financial Commissioner
  - viii. Shri O P Singh, Principal Executive Director, Station Development
  - ix. Shri Narendra, EDF (PPP)
  - x. Shri Parth Sarathi Reddy, Executive Director/ Transformation
  
5. Indian Railway Station Development Corporation
  - xi. Shri S K Lohia, MD & CEO
  - xii. Shri R K Singh, Director, IRSDC
  - xiii. Shri V B Sood, General Manager (Civil)