

No.K-14011/36/2009-Metro/MRTS-II (Vol.III)
Government of India
Ministry of Urban Development
(MRTS-II)

Nirman Bhawan, New Delhi-110011
Dated the 18th July, 2013

To

The Chief Secretary,
Government of Maharashtra,
Mantralaya,
Mumbai-400032

Subject: Mumbai Metro Line-3 (Colaba-Bandra-SEEPZ) Corridor

Sir,

I am directed to convey the approval of Government of India (GoI) for implementation of the rail-based Mass Rapid Transit System called the "Mumbai Metro Line-3 (Colaba-Bandra-SEEPZ) Corridor, Mumbai", covering a length of 33.5 km (fully underground) at a completion cost of Rs.23,136 crore (including escalation and Central taxes & duties but excluding State taxes) by the Mumbai Metro Rail Corporation Limited (MMRC), with contribution of GoI in the form of Equity, Subordinate Debt and Senior term debt as per the details given in Para 4 below and subject to the conditions as detailed in Para 7 below.

2. The project is scheduled to be completed in six years from the date of start of work in the Financial Year 2013-14.
3. **Legal Framework:** Legal cover for the proposed Mumbai Metro Line-3 Project 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 the Metro Railways (Amendment) Act, 2009.
4. **Project Financing:** The cost of the Project will be financed as per the pattern given below:-

Source	Amount (Rs. in crore)	Percentage
Equity by Government of India (GoI)	2,402.7	10.4
Equity by Government of Maharashtra (GoM)/MMRDA	2,402.7	10.4
Subordinate Debt by GoI	1,024.5	4.4
Subordinate Debt by GoM	1,615.1	7.0
Property Development + Impact Fee / Betterment Tax	1,000.0	4.3
Stakeholder contribution (Mumbai	777.0	3.4

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International Airport Limited)		
ASIDE fund / MMRDA* Grant	679.0	2.9
JICA# loan as Pass Through Assistance by Gol	13,235.0	57.2
Project completion cost (Including Central taxes)	23,136.0	100.0

Note: State tax / local levy has not been included in the above cost as it is to be borne / waived off by the State Government.

* Mumbai Metropolitan Region Development Authority.

Japan International Cooperation Agency.

5. **Institutional Arrangements:** The existing State level Special Purpose Vehicle (SPV) for implementing the project, namely, the Mumbai Metro Rail Corporation Limited (MMRC) shall be converted into a joint ownership (50:50) SPV of Government of India (Gol) and Government of Maharashtra (GoM), on similar pattern as for Delhi Metro, Bangalore Metro, Chennai Metro and Kochi Metro. The joint ownership company will continue to be named as MMRC. The promoters, the Gol and the GoM, shall nominate five Directors each to the Board of Directors (BoD) of the SPV, which shall have 10 nominee Directors. The Secretary, Ministry of Urban Development (MoUD), Gol shall be the ex-officio Chairman of the Board. The full-time Managing Director with adequate technical experience, will be the nominee of GoM and will be appointed or removed by the BoD only with the prior consent of Gol. The Managing Director shall not be given any other / additional assignment by the GoM without the prior consent of MoUD. The BoD shall proceed to have Functional Directors, in addition to the 10 nominee Directors, forthwith, as per guidelines issued by MoUD.

6. **Committees:** The following Committees will be set up for various levels of management and for issues relating to the project:-

- (i) **High Powered Committee:** During implementation of the project, a High Powered Committee under the chairmanship of the Chief Secretary to the GoM, with other Secretaries etc. concerned, as members, will be set up by the State Government to take expeditious decisions on land acquisition matters, diversion of utilities, shifting of 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.
- (ii) **Empowered Committee:** Gol vide O.M. No K-14011/59/88-UD.II(Pt-III) dated 9th June 1995 had approved the constitution of the Empowered Committee (EC) under the chairmanship of Cabinet Secretary to consider and take decisions on various issues related to funding and implementation of the Multi-modal Mass Rapid Transit System Projects for Delhi. While sanctioning Kochi Metro Rail Project, the Government has approved extension of the role of Empowered Committee to cover all future metro rail projects in India. As such the role of the EC would be extended to cover Mumbai Metro Line-3 also, by including the Chief Secretary, GoM as one of

its members, as has been done for Bangalore, Kolkata (East-West corridor), Chennai and Kochi Metro Projects.

- (iii) **Empowered Group of Ministers (EGoM):** While sanctioning Kochi Metro Project, the Government has approved extension of the role of EGoM on MRTS to cover all the future metro Rail projects in India. Accordingly, the role of the Empowered Group of Ministers (EGoM) set up to take all policy decisions and review the progress of MRTS project in Delhi and other Metro Rail Projects would be extended to Mumbai Metro Line-3 Project also, by including the Chief Minister, Maharashtra as one of its invitees when matters relating to Mumbai Metro are considered.

7. **Conditions:** The conditions of Sanction of the Project are as under:-

- (a) Government of Maharashtra (GoM) would ensure price based measures to promote and facilitate Metro rider-ship, as part of an integrated traffic rationalization plan and Comprehensive Mobility Plan for the Mumbai city with a view to ensure that the projected rider-ship is realized.
- (b) Integration of various mode of transport which would act as feeder / evacuation systems to the proposed Metro for improved rider-ship including adequate parking space at Stations, improvement in city bus service to introduce modern ITS enabled buses, National Common Mobility Card 'More' and integrated ticketing across all modes and all operators would be given high priority by the GoM.
- (c) The GoM, the Gol and the SPV shall enter into a tripartite MoU detailing terms and conditions of implementing the project in accordance with the sanction of the project by the Gol.
- (d) A suitable arrangement, independent of the SPV, shall be provided for periodic and automatic fare revision for not only the proposed Metro, but also for other competing modes. A mutually agreed schedule for periodic revision of fares for the metro as well as other modes of transport will also be incorporated by MoUD, Gol in the Memorandum of Understanding to be signed with the GoM.
- (e) The GoM would ensure that land acquisition does not become reason for delay in implementation of the project.
- (f) The complete cost of land acquisition, resettlement and rehabilitation (including escalation) shall be met by the GoM through its share of subordinate debt. In case of escalation of land acquisition cost, the subordinate debt component of the GoM shall be accordingly increased.

- (g) Any cost escalation due to changes in the statutory central duties / levies and exchange rate variation shall be shared equally between the GoI and GoM. Any other cost escalation due to price escalation, change in scope or avoidable delay within and beyond the approved time cycle as well as inclusion of essential items not reflected in DPR shall be entirely borne by the GoM. The State / local taxes shall be entirely waived / reimbursed by the State Govt. and will not be included in the project cost.
- (h) GoI 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) In view of the fact that the extent of rider-ship on the proposed metro as well as the revenue generation by the SPV besides fares, through property development, advertisement etc. would depend entirely on the various policies / action plans of the GoM / Urban Local Body, the Govt. 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 GoM from its own resources.
- (j) In case of SPV not being able to repay the loan (as and when it becomes due) on account of cash losses, the responsibility for the same shall also be borne by the GoM and not by GoI.
- (k) The additional staff as may be required at Government of India (MoUD / MoR) 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.
- (l) GoM would ensure that electric power is made available to the project on a 'no profit no loss' basis.
- (m) The GoM and / or the city corporation would come up with parking policy and advertisement policy for the city as advised by the MoUD, GoI.
- (n) GoM would facilitate Property Development by the SPV near stations, depots and metro alignments to the extent possible. It would also undertake Transit Oriented Development (TOD) for the Mumbai Metro Corridor and its influence zone, for planned development of the region as well as to increase the rider-ship and decrease the overall travel demand.
- (o) The State Govt. would set up a dedicated urban transport fund at State level & city level in consultation with MoUD, GoI through levy

of dedicated taxes / levies, betterment tax/impact fee, development charges and higher FAR in the influence zone of Metro Railway stations as envisaged in National Urban Transport Policy, 2006 to create pool of resources for part financing this project, replacement of assets and providing operational subsidies, if any, not only for this project but other Urban Transport projects as well.

- (p) All relevant Central laws i.e. The Metro Railway (Construction of Works) Act, 1978, the Delhi Metro Railways (Operation and Maintenance) Act, 2002, as amended from time to time, would be applicable to the project.
- (q) MoUD, Gol will take necessary steps in regard to standardization and indigenization of rolling stock across all metro systems.
- (r) MoUD, Gol will work out details with regard to a Central Agency for safety certification for all metro systems.
- (s) The SPV 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 audit by C&AG and scrutiny by Parliament and State Legislature.
- (t) 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.
- (u) GoM will ensure committed revenue stream to an escrow account to avoid situation of default in debt servicing and losses. The revenue stream may come from escalation in property tax due to increase in FAR/FSI in the catchment area, in tax collections through levy on road vehicles, parking etc.
- (v) The GoM would re-negotiate with MIAL so as to restrict commercial and advertisement rights to MIAL on the three stations funded by them to only 500 sq. m for thirty years since the commercial operation date of this project.

8. A tripartite MoU shall be signed between the MoUD (Gol), GoM and MMRC, at the earliest, duly incorporating various conditions of sanction as mentioned in the sanction letter.

9. The sanction of funds in respect of Gol's Contribution & PTA for the project will be from the Plan Budget of MoUD under MH-4217, Sub Head / Detailed Head 08.03.54 towards Equity, while the Loans will be from the Major Head 6217, Sub Head / detailed Head 17.03.55 and 18.07.55 towards Pass

Through Assistance (PTA) against JICA Loan and Subordinate Debt, respectively, from the year 2013-14.

10. This issues with the concurrence of the Integrated Finance Division of this Ministry vide their Dy. No. 770/US (D-II)/FD/13 dated 10.7.2013.

Yours faithfully,



(B.K. Pati)

Under Secretary to the Govt. of India
Telefax: 2306 1294

Copy to:

1. Principal Secretary, Urban Development Department, Government of Maharashtra, Mantralaya, Mumbai.
2. Metropolitan Commissioner (MMRDA), MMRDA Building, Bandra Kurla Complex, Mumbai – 400051.
3. Managing Director, Mumbai Metro Rail Corporation Ltd., MMRDA Building, Bandra Kurla Complex, Mumbai-400051.
4. Resident Commissioner, Government of Maharashtra, Maharashtra Sadan, Copernicus Marg, Near Mandi House, New Delhi-110001

Copy forwarded for information, to:

1. Principal Secretary to the Prime Minister, Prime Minister's Office, South Block, New Delhi.
2. Secretary, Planning Commission, Yojana Bhavan, New Delhi.
3. Chairman, Railway Board, Ministry of Railways, Rail Bhavan, New Delhi.
4. Secretary, Department of Economic Affairs, Ministry of Finance, North Block, New Delhi.
5. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi.
6. Secretary, Ministry of Environment & Forests, Paryavaran Bhavan, CGO Complex, New Delhi.

7. Secretary, Ministry of Statistics & Programme Implementation, Sardar Patel Bhavan, Sansad Marg, New Delhi.
8. Secretary (UD), Ministry of Urban Development, Nirman Bhavan, New Delhi.
9. Director (Cabinet), Cabinet Secretariat, Rashtrapati Bhavan, New Delhi, with reference to their communication No.24/CM/2013 (i) dated 1.7.2013.
10. PS to UDM.
11. JS & FA, MoUD / OSD(UT) & E.O.JS, MoUD, New Delhi
12. JS (UT), MoUD, New Delhi
13. Director (UT) / Director (MRTS-I) / Director (UT-II) / Deputy Secretary (MRTS-II) MoUD, New Delhi.



(B.K. Pati)
Under Secretary to the Govt. of India