

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2012/Infra/12/25/Pt.I

New Delhi, Dt.20.11.2014


**General Managers,
All Indian Railways**

Subject:- Sectoral guidelines for Domestic/Foreign Director Investment in Railways.

The Government of India, vide Notification No. S.O.2113(E), dated 22nd August, 2014, had permitted FDI in construction, operation and maintenance of the following - Suburban corridor projects through PPP; High speed train projects; Dedicated freight lines; Rolling stock including train sets; and locomotives or coaches manufacturing and maintenance facilities; Railway Electrification; Signaling systems; Freight terminals; Passenger terminals; Infrastructure in industrial park pertaining to railway lines or sidings including electrified railway lines and connectivities to main railway line; and Mass Rapid Transport Systems.

Pursuant to the above decision, Ministry of Railways had approved sectoral guidelines pertaining to Domestic/Foreign Direct Investment in railways. Certain projects have also been identified for such investment. Zonal Railway will have to prepare/update technical/traffic/financial report for the identified projects in preparedness to implement such projects through the identified route for attracting investment. The copy of guidelines can be accessed/down loaded from the website - indianrailways.gov.in/railwayboard.

Ministry of Railways has also approved three Model Concession Agreements for private line (NGR), Joint Venture and BOT models of participative policy of December, 2012. These agreements can also be accessed from the website- indianrailways.gov.in/railwayboard.


(Mukul Saran Mathur)
Executive Director/Traffic/PPP

No.2012/Infra/12/25/Pt.I

New Delhi, Dt.20.11.2014

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2. DAI (Railways)


(R.C. Rai)
Executive Director/Finance/PPP
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No.2012/Infra/12/25/Pt.I

New Delhi, Dt.20.11.2014

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3. Principal Chief Engineer, All Indian Railways
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8. DG/RDSO, Manak Nagar, Lucknow
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10. Director, Indian Railways Institute of Transport Manager, Manak Nagar, Lucknow
11. CMD/MDs, Konkan Railway Corporation, RVNL, DFCCIL, CRIS, IRCON, RITES, CONCOR.



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Executive Director/Traffic/PPP

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(Mukul Saran Mathur)
Executive Director/Traffic/PPP
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Sectoral Guidelines for Domestic/Foreign Direct Investment in Railways

Objective:

To augment capacity, modernize and bring efficiency through technology up-gradation on Indian Railways network and to generate finances for undertaking these activities from both domestic and foreign investors.

General Guidelines:

- i. These sectoral guidelines pertaining to FDI complement the existing FDI guidelines issued by Department of Industrial Policy and Promotion.
- ii. These sectoral guidelines pertaining to FDI do not override any laws/ /regulation/rules issued by other Government Departments regarding Rail projects unless expressly specified in these guidelines or in any of the Concession/Contract agreements pertaining to specific Rail Projects.
- iii. Ministry of Railways (MoR) reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in rail or related sector.
- iv. Adequate safety and security procedures should be in place during project implementation and operation.
- v. No unfair practices leading to unfair competition can be adopted by Investors.
- vi. Holistic approach must be followed to ensure that the complete rail system – all components rail, traction, rolling stock, signaling are compatible to ensure efficient and safe train operation and achieve the objective.
- vii. Projects involving public carriage of passenger would require safety certification from Central government or its authorized entity before it is commissioned.
- viii. For rolling stock operating on IR network, Inspection and Safety Certification will be done by MoR or its authorized entity.
- ix. FDI beyond 49% of the equity of the investee company in sensitive areas (border areas) from security point of view, will be brought before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.
- x. Project proposals for Domestic/Foreign Direct Investment in Railways (except where no administrative approval is required) can be submitted to Adviser(Infrastructure), Railway Board by Investor/Customer/Zonal Railway along with a brief concept note including objective, scope, benefits, market potential, tentative project cost, probable financing options, pricing and economics for consideration of Railway Board.
- xi. PPP Cell along with concerned Directorates will assess the technical and financial viability of the proposal, if felt necessary, with the help of consultants. If the proposal is found fit to proceed further, the concerned Zonal Railway/customer/ investor will be advised for further necessary action. For Projects under Joint Venture (JV) models of the Participative policy 2012, “In principle approval” will be granted by Railway Board.

- xii. All Projects of rail connectivity's under NGR model of the participative policy 2012 will be granted "in-principle approval" by Railway Board. General Manager of concerned Zonal Railway will appraise and approve the project for rail connectivity with existing IR network under advice to Railway Board.
- xiii. In case any project involves adoption of transparent bidding route, the Zonal Railway will get the Project Feasibility Report along with the Detailed Estimates of the Project prepared. Railway Board will undertake market survey, traffic forecasting and financial modeling including identification of risks and risk mitigation measures through an independent financial consultant.
- xiv. Model documents [Request for Qualification (RFQ), Request for Proposal (RFP) and Concession Agreement (CA)] for each type of Project will be prepared by Railway Board. Project specific documents (RFQ, RFP & CA) would be prepared by Zonal Railway based on the model documents approved by Board.
- xv. For Projects pertaining to building rail connectivity's through Non Governmental model (Private Line), through Joint Venture and through Customer Funding under the Participative Model Policy of December 2012, no bidding is required. For NGR and JV projects the project developer/JV will submit the Feasibility Report along with Bankability Report. Final Approvals for such projects will be based on such reports.
- xvi. After necessary technical and financial due diligence the project would be appropriately structured (under various PPP models) by PPP Cell of Railway Board. Entire bid process management including issue and finalization of RFQ / RFP will be done by Zonal Railways.
- xvii. If the project requires VGF, the approval of Ministry of Finance (Department of Economic Affairs) would be taken through PPP-AC procedure by PPP Cell of Railway Board.
- xviii. The concessionaire selected would be free to establish SPVs and bring FDI.
- xix. The monitoring of the approvals of the projects at different levels will be coordinated by Advisor (Infrastructure), Railway Board.
- xx. FDI is not permitted in Rail Operation except in the activities listed in Annexure-I where it is specifically mentioned. Annexure-I provides the permissible activity under each potential area along with limits of FDI and salient features. Annexure-II provides a list of potential projects.

List of Areas/Activity for Private/Foreign Direct Investment

Sl. No	Area	Permitted activity	Salient features of Model	Limit of FDI
1.	Suburban corridor projects through PPP.	All new suburban corridor projects are permissible when launched through PPP route by MoR. The developer can construct, maintain and operate the corridor within the concession period.	<ul style="list-style-type: none"> • Project Development by MOR or its entity. • Land, clearances and utility shifting by MoR. • Design freedom to concessionaire • Model Concession Agreement for urban railways issued by Planning Commission will be adopted with project specific changes. • Revenue stream to be the tariff collected by the concessionaire along with revenue from real estate development, if any. • Concerned State Government to enter into a State Support Agreement. 	100% investment permissible.
2.	High speed train projects.	Construction, maintenance and operation of any new high speed train projects which do not require any linkage with Indian railway Network and which are above 250 kmph including supply of rolling stock can be undertaken by the developer.	<ul style="list-style-type: none"> • Project Development by Developer. • MoR may on best effort basis, if required, acquire land for the project at the cost of developer and facilitate transfer of such land on long term lease • Design freedom to developer. • Tariff freedom to developer subject to maximum limit as specified by the Government or its entity. 	100% investment permissible.
		Construction, maintenance and operation of all new high speed train projects above 250 kmph including supply of rolling	<ul style="list-style-type: none"> • Project Development by MOR or its entity. • Land, clearances and utility shifting by MoR or designated Authority. • Design freedom to concessionaire. • Model Concession Agreement 	100% investment permissible.

		<p>stock can be undertaken by the concessionaire in case the project is launched on PPP or under Government to Government Cooperation.</p>	<p>for urban railways issued by Planning Commission will be adopted with suitable customization.</p> <ul style="list-style-type: none"> • Revenue stream to be the tariff collected by the concessionaire along with revenue from real estate development, if any. • Viability Gap Funding from Government of India/Premium for PPP project if required. 	
		<p>Upgradation of the existing Indian Railway network for speed above 120 kmph or semi high speed.</p>	<ul style="list-style-type: none"> • Project Development by MOR or its entity. • Operations and Maintenance by MOR or its entity. • Maintenance of IR owned rolling stock will be undertaken by MoR or its designated Authority. • Right of Way by MoR or designated Authority. • Upgradation of existing infrastructure by Concessionaire. • Concessionaire owned Rolling stock and its maintenance will be permissible with MOR approval. • Revenue stream through Annuity/predefined share of earning. 	
3.	Dedicated freight lines.	<p>Construction, maintenance and operation of freight lines under Non Government Railway model (Private Line) of Participative policy 2012.</p>	<ul style="list-style-type: none"> • Project Report by Developer • In principle Approval by MOR • Revenue sharing and O&M cost as per NGR (Private Line) Model Agreement. • Train operations by private partners also permissible ,only on certain private lines ,with prior approval of MoR 	<p>100% investment permissible. However, in joint venture projects under Participative Policy 2012, 26% equity will continue to be held by Ministry of</p>
		<p>Construction and maintenance of freight lines/mixed</p>	<p>Joint Venture/BOT Model Agreement will govern the conditions.</p>	

		traffic lines on the existing IR network.	Train Operations including maintenance of rolling stock will be undertaken by MoR or designated Authority.	Railways or its PSUs.
4.	Rolling stock including train sets and locomotives or coach manufacturing and maintenance facilities.	Construction, maintenance and operation of new locomotive/wagons/coaches/train sets manufacturing facilities can be undertaken by Developer	<ul style="list-style-type: none"> • No Administrative approval of MOR required in cases where no procurement commitment is made by MOR and no land lease from IR is involved. • MOR may on best effort basis, if required, acquire land for the project at the cost of developer and facilitate transfer of such land on long term lease. • Land for rail connectivity in case required will be provided on lease. • Revenue from open market sales or from exports. 	100% investment permissible.
		Construction, maintenance and operation of new locomotive/wagons/coaches/train sets manufacturing facilities/ maintenance facilities (including POH/Mid-life rehabilitation of rolling stock facility) can be undertaken in case the project is launched on PPP	<ul style="list-style-type: none"> • Land by private/MoR. • Connectivity by MoR. • Bidding route to be adopted with bidding criteria being lowest bid price for identified quantity. 	100% investment permissible.
		Renovation, maintenance and operation of any existing locomotives/wagons/coaches/train sets manufacturing/ maintenance facilities (including POH /Mid-life rehabilitation of rolling stock	<ul style="list-style-type: none"> • BOT/Annuity 	

		facility).		
		For rolling stock manufacturing facilities where MoR has invited bids, the technology shall be brought in India and manufacturing must be done in India with Transfer of Technology to MoR after predefined period.		
5.	Railway Electrification	Construction, maintenance and operation of power transmission lines and its ancillary facilities.	<ul style="list-style-type: none"> • Right of Way by Concessionaire. • Revenue stream will be annuity based on saving in electricity tariff as a result of power purchase from power generating companies. 	100% investment permissible
		Construction and maintenance of railway electrification projects on the existing IR network or new network.	<ul style="list-style-type: none"> • BOT/Annuity • Operation of electric traction on IR owned network will continue to be done by MoR. 	
6.	Signaling system	Construction, maintenance and operation of new rail signal component manufacturing facility.	<ul style="list-style-type: none"> • No Administrative approval of MoR is required in cases where no procurement commitment is made by MoR and no land lease from IR is involved • MoR may on best effort basis, if required, acquire land for the project at the cost of developer and facilitate transfer such land on long term lease • Revenue from open market sales, or in case such units are set up on request of MoR, competitive bidding route to be adopted with bidding criteria being lowest bid price for identified quantity. 	100% investment permissible.

		Construction and maintenance of new signaling system on IR network or on any new network	<ul style="list-style-type: none"> • BOT/ Annuity 	
		Upgradation of signaling system on IR network	<ul style="list-style-type: none"> • Annuity 	
		Signal equipments should be based on fail-safe design and meet functional requirements. Software based vital signaling equipments/systems should be validated and certified by a reputed Independent Safety Assessor (ISA) company to comply to Safety Integrity Level 4 (SIL4).		
7.	Freight terminals/ Logistics Parks.	Construction/upgradation, maintenance and operation of non-IR owned freight terminals.	<ul style="list-style-type: none"> • Complete private investment • MoR to facilitate rail connectivity under appropriate model • Train operation including maintenance of IR owned rolling stock will be undertaken by MoR. • Railway Land for connectivity at Re.1/- per annum. • Revenue sharing under Concession Agreement. • Rolling stock can be procured under extant policy of MoR. 	100% investment permissible.
		Construction/upgradation and maintenance of any new/existing freight terminal owned by MoR.	<ul style="list-style-type: none"> • Transfer of Assets at pre specified nominal value • Rail Connectivity by MoR • Revenue sharing under concession Agreement • Train operations and maintenance of IR owned Rolling Stock at such terminals will be the responsibility of MoR. 	

8.	Passenger terminals	Construction/ Redevelopment, terminal management and maintenance of passenger terminals.	<ul style="list-style-type: none"> • Real estate development to be the revenue stream • Bidding Criteria to be the premium paid by the concessionaire • Train operation including maintenance of IR owned rolling stock will be undertaken by MoR. 	100% investment permissible.
		Construction, maintenance, terminal management and train operation at passenger terminals on standalone private passenger corridors/suburban corridors/high speed lines under concession from MoR.	<ul style="list-style-type: none"> • BOT/Annuity 	
9.	Railway Technical Training Institutes.	Investments in construction, maintenance and operation of any training/education facility either of MOR or outside MOR pertaining to training/providing education in areas pertaining to railways.	<ul style="list-style-type: none"> • Land by private/railway • Revenue stream on competitive bidding for identified number of trainees. 	100% investment permissible.
10.	Testing facilities and laboratories.	Construction, maintenance and operation of any new testing facilities pertaining to railway activities including laboratories.	<ul style="list-style-type: none"> • Land by private/ railway • Revenue from open market sales, or in case such units are set up on request of MOR, competitive bidding route to be adopted with bidding criteria being lowest bid price for identified quantity. 	100% investment permissible.

		Renovation, maintenance and operation of any existing testing facility pertaining to railway activities including laboratories.	<ul style="list-style-type: none"> • BOT/Annuity 	
11.	Concessioning of standalone passenger corridors (branch lines, hill railways etc).	<p>Renovation, operation and maintenance of standalone passenger corridors including branch lines, hill railways</p> <p>Only operation by private operator on payment of Track Access Charge but maintenance including maintenance of IR owned rolling stock by MoR.</p>	<ul style="list-style-type: none"> • Transfer of Assets at pre specified nominal value • Right of Way by IR • Bidding criteria will be minimum grant / maximum premium/Track Access Charge offered. • Concession period will be 10-15 years. 	100% investment permissible.
12.	Non-Conventional Sources of Energy.	<p>Construction, maintenance and operation of facilities producing power through non-conventional sources of energy (solar, tidal or wind).</p> <p>Construction, maintenance and operation of facilities producing biodiesel/Alternate Fuel.</p>	<ul style="list-style-type: none"> • Land lease by MoR at Re.1/- per annum if power is produced for use on IR or else at commercial rates in other cases • Revenue from open market sales, or in case such units are set up on request of MOR, competitive bidding route to be adopted with bidding criteria being lowest bid price for identified quantity. • Appropriate Power Purchase Agreement will be structured. 	100% investment permissible.
13.	Mechanized Laundry	Construction, maintenance and operation of facilities	<ul style="list-style-type: none"> • Land lease by MoR at Re.1/- per annum • Bidding criteria will be the lowest tariff for identified units 	100% investment permissible.
14.	Rolling stock procurement	Purchase/leasing for use on IR	<ul style="list-style-type: none"> • Extant policy of MoR to be 	100% investment

		network/private lines	applicable.	permissible.
15.	Bio-toilets	Installation and maintenance of Bio-toilets in passenger coaches	<ul style="list-style-type: none"> • Annuity 	100% investment permissible
16.	Technological solutions for manned and unmanned level crossings	<ul style="list-style-type: none"> • Construction and maintenance of ROB/RUB /Limited Height Subway • Installation and maintenance of Safety Systems for level Crossing gates. 	<ul style="list-style-type: none"> • BOT/ Annuity • For ROB/RUB revenue collection through Toll 	100% investment permissible
17.	Technological solutions to improve Safety and reduce accidents	<ul style="list-style-type: none"> • Installation and maintenance of Asset failure detection systems (Track/ OHE/ Rolling Stock/Signaling etc.) • Automatic self propelled Track/ OHE parameter recording cars . 	<ul style="list-style-type: none"> • Annuity 	100% investment permissible

Projects identified for domestic/foreign direct investments in Railways

The list of projects mentioned below is indicative and new projects can be added or listed projects can be deleted depending on the outcome of project specific detailed technical/financial due diligence by Ministry of Railways (MoR) after submission of the techno economic feasibility report and financial/revenue model. Similarly the models of execution indicated are also indicative and can be changed depending on assessment later. The projects will be implemented only when found to be financially viable and bankable with VGF admissible (20% of the cost of the project or as modified from time to time) as per current VGF policy of Ministry of Finance.

1. Suburban Corridor projects through PPP

S.No.	Project	Kms	Cost (Rs Crore)	Probable Mode of Execution	Bidding Parameter
1.	CSTM-Panvel	49	14,000	DBFOT	Premium/Viability Gap Funding(VGF)

2. High speed train projects

S.No.	Project	Kms	Cost (Rs Cr.)	Probable Mode of Execution	Bidding Parameter
1.	Mumbai-Ahmedabad High Speed Corridor	534	63,180	DBFOT/ Government to Government cooperation.	Premium/VGF
2.	Chennai-Bangalore-Mysore	-	-	DBFOT/ Government to Government cooperation.	Premium/Viability Gap Funding(VGF)

3. Freight lines

S.No.	Project	Kms	Cost (Rs. In Crore)	Probable Mode of Execution	Bidding Parameter
	New Lines				
1	Dankuni-Gomoh	282	4500	BOT/Annuity	VGF/Annual premium.
2	Whitefield-Kolar (52.9 km)	52.9	353.45	BOT/Annuity	VGF/Annual premium.
3	North- South DFC	-	-	BOT/ Annuity	VGF/ Annual premium
	Doubling				
4	Ajmer-Bangurgram (48.43 km)	48.43	144.57	BOT/Annuity	VGF/Annual premium.
5	Durg-Rajnandgaon 3rd line	31	152.99	BOT/Annuity	VGF/Annual premium.
6	Wardha(Sewagram)-Nagpur 3rd line (76.3 km)	76.3	297.85	BOT/Annuity	VGF/Annual premium.

7	Kazipet-Vijaywada 3rd line with electrification (219.64 km)	219.6	1054.35	BOT/Annuity	VGF/Annual premium.
8	Bhadrak-Nergundi 3rd line (80 km)	80	837.33	BOT/Annuity	VGF/Annual premium.
9	Sambalpur-Talcher (174.11 km)	174.1	679.27	BOT/Annuity	VGF/Annual premium.
10	Manoharpur- Bondamanda 3rd line (30 km)	30	258.2	BOT/Annuity	VGF/Annual premium.
11	Rajkharswan- Chakradharpur 3rd line (20 km)	20	174.49	BOT/Annuity	VGF/Annual premium.

4. Rolling stock including train sets and locomotives or coach manufacturing and maintenance facilities

S.No	Project	Quantity	Cost (Rs. in Crores)	Probable Mode of Execution	Bidding Parameter
1	Rail Coach Factory, for manufacture of modern 3 phase MEMU/EMU coaches equipped with IGBT technology at Kachrapara. (<i>Subject to confirmation of requirement</i>)	500 EMU/ MEMU coaches annually	1,200	BOT/BOO/JV/ Annuity	Lowest price per EMU/MEMU
2.	Rail coach factory for manufacturing of Aluminum coaches at Palakkad (<i>Subject to confirmation of requirement</i>)	400 coaches per annum	550	BOT/BOO/JV/ Annuity	Lowest price per coach
3.	Periodic overhauling of wagons at Sonpur	180 wagons per annum	300	BOT/BOO/JV/ Annuity	Lowest price of POH per wagon
4.	Midlife rehabilitation of coaches at Anara	250 coaches per annum	185	BOT/BOO/JV/ Annuity	Lowest price of rehabilitation per coach.
5.	Locomotive maintenance depots.	Barauni (ECR) Daund (CR) Mughal- sarai (ECR) Bonda- munda (SER)	Rs. 300 crore	BOT/BOO/ BOOT/Annuity	Lowest maintenance cost per locomotive.

5. Railway Electrification Projects

S.No	Project	Kms	Cost (Rs Crores)	Probable Mode of Execution	Bidding Parameter
1	Katwa-Azimganj-Nalhati & Azimganj-Tildanga/New Farakka	200	229.26	BOT/Annuity	VGF/Annual premium.

6. Signaling System

S.No	Project	kms	Cost (Rs. in crores)	Probable Mode of Execution	Bidding Parameter
1.	Agra-Gwalior, A route: provision of automatic signaling along with train protection system to enhance line capacity.	118	250 Cr.	BOT/Annuity	VGF/Annual premium.
2.	Gwalior – Burhpura A route: Provision of automatic signaling along with train protection system to enhance line capacity	126	280 Cr.	BOT/Annuity	VGF/Annual premium.
3.	Burpura-Bina, A Route: Provision of automatic signaling along with train protection system to enhance line capacity.	126	270 Cr.	BOT/Annuity	VGF/Annual premium.

7. Passenger Terminals

S.No	Project
1	Habibganj
2	Shivaji Nagar
3	Anand Vihar
4	Bijwasan
5	Chandigarh
6	Surat
7	Gandhinagar
8	Manglore
9	Ernakulam
10	Vijayawada
11	Nagpur
12	Byappanahalli
13	New Bhubneshwar

8. Railway Technical Training Institutes.

S.No	Project	Quantity	Cost (Rs. in crores)	Probable Mode of Execution	Bidding Parameter
1.	Advanced Training Institute (ATI) for training of Technical staff and Loco Pilots	6 Training Centres – with Driving Simulators Mughalsarai (ECR) Kurla (CR) Asansol (ER) Vishakapatnam (ECoR) Kanpur (NCR) Avadi (SR)	120	BOT/BOO/JV/Annuity	Lowest cost for identified quantity.

9. Mechanized Laundry

S.No	Project	Quantity	Cost (Rs. In crores)	Probable Mode of Execution	Bidding Parameter
1.	Mechanized laundries at identified locations of different capacities.	1T/2T/3T/5T per day	100	BOT/BOOT/BOO/JV/Annuity	Lowest Cost for identified quantity.
