

A.K.MITAL



सत्यमेव जयते



एक कदम स्वच्छता की ओर

अध्यक्ष, रेलवे बोर्ड
एवं

पदेन प्रमुख सचिव, भारत सरकार
रेल मंत्रालय

रेल भवन, नई दिल्ली-110 001
CHAIRMAN, RAILWAY BOARD

&
EX-OFFICIO PRINCIPAL SECRETARY,
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAIL BHAVAN, NEW DELHI-110001

No. 2014/W-1/Genl./SPV/States

10th February, 2016

Dear General Manager,

Sub: Projects to be taken up in SPV Model through State JVs.

Expansion of Railway network to backward and remote areas acts as a catalyst for economic and industrial development of the area. We have been receiving a large number of demands to sanction new projects. However, due to limited availability of funds, we are not in a position to complete the ongoing projects and to take up new projects.

2. To address the issue, State Governments were requested to form Joint Venture (JV) Companies with Ministry of Railways for development of rail infrastructure in the respective States. Seventeen States have consented to form JVs, out of which five have already signed MOUs with the Ministry. Cabinet has also approved the concept of JV with State Govts. on 03/02/2016. Broad terms of the arrangement with State Govts. are annexed.

3. Hon'ble MR has desired that meetings should be held with the Chief Secretaries of the States including those who have not yet consented for formation of JVs (as per list indicating the States to be contacted by Zonal Railways, also annexed) to identify the projects which can be taken up under SPV model. The States which have not yet consented for formation of State JVs, may also be requested for the same.

4. The details of identified projects may be sent to ED/Works, Railway Board by 15.02.2016.

With best wishes,

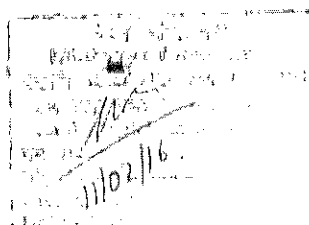
Yours sincerely,

A.K.MITAL

O/c

(A.K.Mital)

General Managers
All Indian Railways



BROAD TERMS OF JOINT VENTURES (JVS) WITH STATES

- Joint Venture company will be formed with equity participation of MoR (limited to maximum 50%) and concerned State Government(s). Each such JV can also form project specific subsidiary(ies) (Project SPVs) with equity participation from ports, Public Sector Undertakings (PSUs), Industries etc.
- Each JV would have an initial paid up capital of Rs. 100 crore based on the quantum of projects to be undertaken, the authorized equity share capital and the paid up capital can be enhanced from time to time with the approval of Railway Board and the State Government.
- JVs would undertake project development works for an identified basket of projects, which will inter-alia include surveys, preparation of Detailed Project Report (DPR) and getting requisite approvals, processing for sanctioning of identified projects and implementation of the sanctioned project. Once the project is sanctioned, the land acquisition will be done by the State Government and project implementation by the concerned Zonal Railway, any Railway PSU or any other agency as decided by the JV/Project SPV in consultation with Ministry of Railways.
- JVs will be structured as lean organizations with bare minimum permanent staffing. JVs would be permitted to take officials including board level officers from the State Government/MoR on deputation terms. Salary and perks of the officials of these JVs shall be at par with Schedule 'A' public sector companies of Central Government. The JV may also engage services of experts in the field of railway infrastructure from outside of the state government or Ministry of Railways.
- The JVs would have corporate headquarters at the concerned State capital. The JV will have one part time Chairman, one full time Managing Director, two full time Directors and 6 part time Directors. The JV would have two part time Directors each from the State Government and MoR. Two part time independent Directors shall be drawn from private sector/Public Sector Units/ educational institutes and shall be experts in the respective fields. The JV shall also be mandated to take decisions regarding additions and alterations in the scope of work with overall objective & mandate of the work being same as agreed upon in the sanction of the work.
- JVs can form project specific subsidiary companies (Project SPVs), which may have equity holding by other stakeholders like banks, PSUs, Ports, mining companies etc. as well, to cater to a specific project.
- A Concession Agreement for 30 years period will be signed between the Railways and the Project SPV. The ownership of the land acquired for the project will vest with the Project SPV. The cost of land will also be funded by the Project SPV at the time of acquisition of land in case of viable projects. Operations and Maintenance will be the responsibility of Indian Railways, cost of which will be chargeable to the Project SPV.
- Railways will have the right to exercise option of taking over the assets at the end of the concession period of 30 years or upon termination of the concession, on mutually agreed conditions. If railways choose to exercise this option of taking over the assets at the end of the concession period or upon termination of the concession, the land cost would be reckoned only as per the original historical cost at which the land was acquired. This however would be without the obligation to take over the accumulated liabilities of the SPV/Project.

**NOMINATED RAILWAY TO COORDINATE WITH
STATE CHIEF SECRETARY FOR SPV**

Railways	State
NR	J&K, Himachal Pradesh, Uttarakhand, Punjab, Haryana
NER	Uttar Pradesh
ECR	Bihar, Jharkhand
ER	West Bengal
WCR	Madhya Pradesh
CR	Maharashtra, Goa
WR	Gujarat
NWR	Rajasthan
SECR	Chhattisgarh
SCR	Andhra Pradesh, Telengana
SR	Kerala, Tamil Nadu
SWR	Karnataka
NFR	Assam, Meghalaya, Mizoram, Tripura, Sikkim, Arunachal Pradesh, Nagaland and Manipur
ECOR	Odisha