



INFRASTRUCTURE
Building for Growth

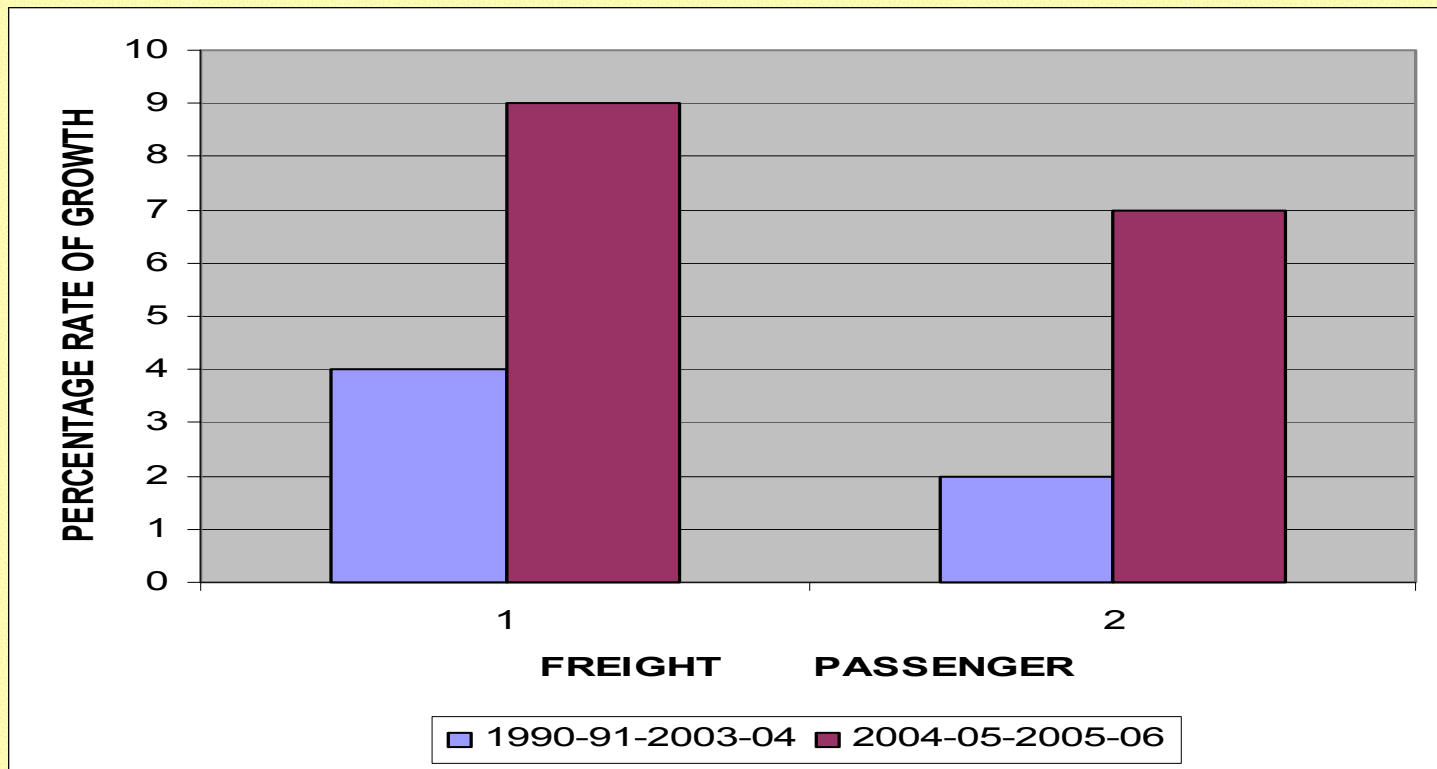
BUILDING RAILWAY INFRASTRUCTURE – CHALLENGES AND OPPORTUNITIES

7 OCTOBER 2006

Ministry of Railways



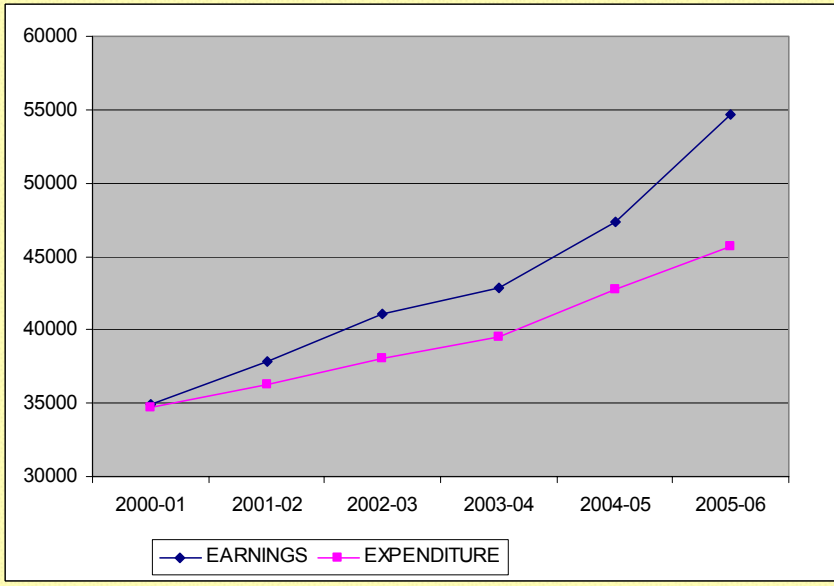
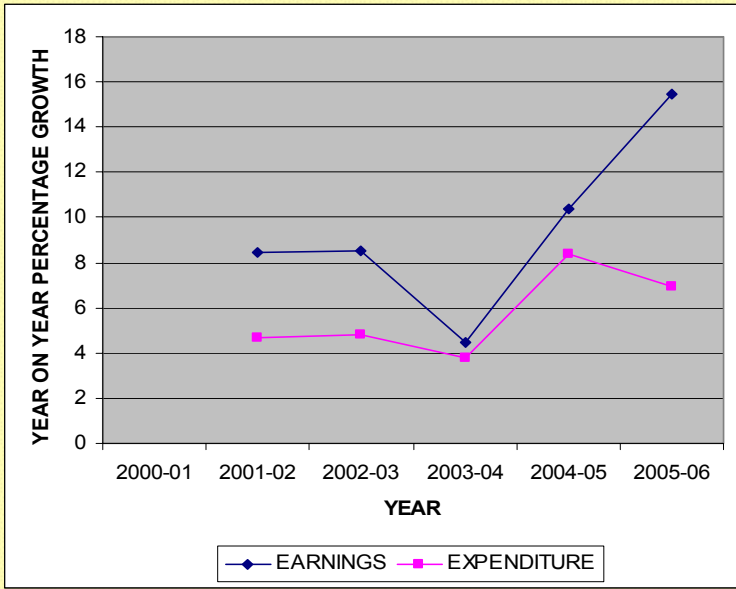
Paradigm Shift - Takeoff To High Growth





Trend Of Earnings And Expenditure

Rs. in Crores





FINANCIAL RESULTS

	2000-01	2003-04	2005-06
Internal Generation (Rs. cr.)	2,350	6,902	13,612
Fund Balances (Rs. cr.)	359	5,228	12,654
Operating Ratio (%)	98	92	84



Drivers of Growth

- Intensive asset utilisation (track, wagons, coaches, locos)
- Increase in axle load and improvement in turn-round of wagons
- Lowering of unit costs through higher volumes
- Focus on customers
- Differentiated strategy for social and commercial segments of operation
- Dynamic and market-driven tariff for freight and premium passengers
- Reduction of tariffs in real terms



Outlook for Future-Will It Endure?

- GDP on a high-growth trajectory
- Railways on a perfect launching pad for a take-off
- Freight traffic to grow at 8-10% p.a.
- Passenger traffic to grow at 6-8% p.a
- Infrastructure needs to be in place to fully capitalise on the opportunity
- Chance to realise the vision to emerge as a world class Railway



Key Priorities

- Continued focus on customers
- Thrust on operational improvement and lowering of unit costs
- Rolling stock to match growth
- Targetted investment for augmentation of capacity and removal of bottlenecks
- Harnessing new technology
- Policy and Institutions to catalyse and absorb investments



Shelf of Projects

- 268 Projects- Rs.54371 crores to complete
- Approximately 8000 kms of new lines, 7900 kms gauge conversion, 3300 kms of doubling, 2200 kms of electrification and 245 kms of suburban projects.
- MOUs with several State Governments for partnership in rail projects
- RVNL mobilising non-budgetary resources
 - 49 projects (26 on GQ and 23 on Port Connectivity) – Rs.12,000 Crores
 - Project specific SPVs
 - Total government equity Rs.1500 crores



Vision 2015

- Doubling and port connectivity – 6000 Kms.
- Gauge conversion- 12,000 Kms.
- Dedicated Freight Corridors-11,500 Kms.
- Upgradation of feeder routes of DFC- 15,000 Kms.
- Asset renewal/upgradation–All HDN routes
- Modernization of passenger and freight terminals
- Augmentation of manufacturing capacity of rolling stock.
- Approximate investment – Rs.3,50,000 crores(provisional) including work in progress



Investment planning

- Some projects such as freight terminals and logistics parks exclusively with private finance
- Economically remunerative projects
 - High –priority and short- gestation projects through internal resources.
 - Other remunerative projects through PPP
- Socially relevant projects through budgetary resources
- PPP to emerge as a serious option for remunerative projects



Avenues for PPP

- Dedicated Freight Corridor Project.
- World Class Railway Stations, Passenger amenities and Commercial utilization of surplus land.
- SPVs for manufacturing locomotives/ coaches/other railway equipment
- Hospitality, Tourism and Catering
- Operation of Container Trains.
- Other opportunities for PPP



Dedicated Freight Corridor

- Initially the Western and Eastern routes
 - 2700 Kms (5000 kms of track)
 - approximate cost - Rs.22,000 Crores.
- Subsequently other corridors
- Execution by a mix of EPC and PPP in construction.
- Opportunity for innovations on design, construction and maintenance to achieve optimal life cycle costs.
- Opportunity for freight terminals, logistics parks and ICDs.



World Class Railway Stations

- Modernization of railway stations of major cities.
- Initially 16 stations identified.
- Concession to use air space above platform along with construction and maintenance of operational/passenger handling areas free of cost.
- Repossession of the assets after the concession period

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World Class Railway Stations

List of stations tentatively identified

1	New Delhi	9	Bhubaneswar
2	Chhatrapati Shivaji Station, Mumbai	10	Chandigarh
3	Howrah	11	Lucknow
4	Chennai Central	12	Mathura
5	Amritsar	13	Pune
6	Ahmedabad	14	Patna
7	Bangalore	15	Secunderabad
8	Bhopal	16	Thiruvananthapuram



PPP in Rolling Stock

- Substantial gap between requirement and available loco/coach manufacturing capacity .
- JVs for capacity augmentation.
- Announcement of long-term procurement programme for wagons



Hospitality, Tourism And Catering

- IRCTC is spearheading
 - Budget hotels on BOT model
 - Food Plazas on BOT,
 - Static and On-board catering services
 - Luxury trains
 - Call Centers
 - Car Rentals



Operation of Container Trains

- Decision to allow private operators in container service already taken.
- 14 firms, including CONCOR, have qualified
- Model Agreement expected to be finalized shortly.
- First train of a private operator, other than CONCOR, to be operational in October, 06 itself.

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Operation of Container Trains.

List of Qualified Operators

1	Dinesh / Emirates (ETA)	8	Pipavav Rail corp. Ltd. (PRCL)
2	Delhi Assam Roadways Corp. Ltd.	9	Gateway Distri Parks Ltd.
3	J.M. Baxi & Co.	10	CONCOR
4	SICAL Logistics	11	Hind Terminals Pvt. Ltd. & MSC Agency (India) Pvt. Ltd.
5	Central Warehousing Corp	12	MICT (P&O Ports)
6	Bothra Shipping Services	13	India Infrastructure & Leasing
7	Reliance Infrastructure Engg. Pvt. Ltd. & Sonata Investment Ltd.	14	Adani Logistics



Other Opportunities for PPP

- Super-specialty Hospitals.
- Construction of private sidings, ICDs and Rail side warehouses.
- Wagon Investment Scheme.
- Port connectivity and other Infrastructure Projects through Rail Vikas Nigam Limited.
- Parcel Services.



Institutional Mechanism For PPP

- A dedicated PPP Cell in the Railway Board.
- Rail Land Development Authority (RLDA)
- IRCTC and RVNL
- Freight Marketing Directorate of the Railway Board

All the above are working to promote private investment.



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Thank You For Your Attention