

Rlys may have to pump in ₹12K cr for freight corridor

Had sought participation of pvt players but efforts have proved inconclusive

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In what is proving to be another attempt at public-private partnership (PPP) foundering, the Ministry of Railways may have to end up building a crucial ₹12,000-crore stretch of a dedicated freight corridor from its own pocket, drawing the curtains on the hunt for a suitor, multiple senior officials have told *Business Standard*.

"A proposal was moved to the Railway Board to construct the 371-km stretch between Sonnagar and New Andal through a railway organisation itself," a senior executive of Dedicated Freight Corridor Corporation (DFCC) said.

The 538-km stretch between Sonnagar, Bihar, and Dankuni, West Bengal, was envisaged as the railways' high watermark in monetising operations, allowing private players to benefit from the traffic on the Eastern Dedicated Freight Corridor (EDFC).

But after several years of failed deliberations, the ministry is inclined to taking up 75 per cent of the project in engineering procurement and construction (EPC) mode, a senior government official confirmed.

"The hybrid design build finance operate transfer (DBFOT) was a project-specific model designed for this stretch. The plan was to bring in a private player to build and maintain the infrastructure — to isolate the concessionaire from freight traffic volatility, the provision of availability charge was made," said a senior railway official who was among the architects of that PPP model.

The private player was to be paid a fixed amount for making the corridor available for around 20 hours, irrespective of how many trains used the route each day, with variation clauses in place.

He added several private parties had shown an interest.

"We were hoping to look for a private player under this revised framework. However, after months, the hybrid DBFOT is yet to be approved by the Union Cabinet. It is a crucial stretch with multiple nodes stretching out to essential commodities like coal and steel. Internally, we want to ensure its completion quickly and the PPP plan may go against that," a senior railway ministry official said, adding, due approvals, including from the Cabinet, would be required before proceeding with



2019: Railways launched an ambitious proposal to redevelop marquee stations like New Delhi and Mumbai CSMT in public-private partnership (PPP) mode

Status: Despite significant private interest, the plan ran into obstacles. In 2022, Cabinet approved a revised plan scrapping PPP for major stations. Financial bids opened

2020: Railways initiated a plan to run private trains, inviting industry to participate in ₹30K-crore tender

Status: Plan reportedly scrapped after concerns over viability

2021: Finance Minister Nirmala Sitharaman reignited the plan to bring private investment into eastern freight corridor through PPP

Status: Railways found partial success in finding private investors after several revisions to their PPP model. Latest model awaits Cabinet approval; talks on executing the project in EPC mode

2021: Railways gets 1/4th share in Centre's ₹6-trn National Monetisation Pipeline

Status: Monetisation targets missed in previous two fiscal years

the plan.

"The project cost is close to ₹12,000 crore now and we await approval to begin work on our own as in the rest of the corridors," the executive quoted above said.

The ministry passed on this paper's queries to the DFCC, which did not respond till print time.

The project was conceptualised years ago, but saw scarce progress. Union Finance Minister Nirmala Sitharaman had announced PPP ambitions of the Centre for the EDFC in her 2021-22 Budget speech, but the project lay still.

The ministry had earlier struggled to monetise its assets owing to its reluctance to surrender operational control to private partners, which made the latter apprehensive about their functional autonomy during the concession period.

In this case, it ended up breaking the corridor into two bits of roughly 270 km each. The Sonnagar-Gomoh section was then extended till Andal in West Bengal.

In its 101st meeting, the PPP Appraisal Committee, chaired by the finance ministry, had told the railways its proposal for private participation in the 261-km Sonnagar-Gomoh stretch was more like an EPC contract with annuity payments than a PPP model. Later, in December 2021, it had granted in-principle approval to the revised hybrid DBFOT model for the section, albeit asking the railways to address minor concerns.

Notwithstanding Dankuni-Sonnagar, the EDFC is expected to be completed by June 1, while the Western DFC is slated to take slightly longer due to contractor issues and land acquisition delays.