

Japan to make in India 75% of Chennai metro coaches

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New Delhi: In a first, the government has brought Japanese funding agency, JICA, on board to ensure that three-fourth of metro rail coaches to be supplied by Japanese companies are manufactured in India. The Japanese firms can either set up their own plants here to produce the coaches or collaborate with Indian firms.

This agreement has been signed with JICA for funding of the second phase of Chennai Metro project. The Japan International Cooperation Agency (JICA) will extend ₹20,196 crore for the 52-km project. This special agreement is being seen as a positive signal for proposing similar arrangement for future Metro and other rail projects to push the 'Make in India' initiative.

JICA's special official development assistance (ODA) for rail and metro rail project specifies that at least 30% of the total value of the contracts financed under the scheme will be accounted for goods from Japan and services provided by Japanese companies. In the case of metro rail projects, it meant procurement of rail coaches.

TOI has learned that after several rounds of meeting between the urban affairs secretary and Japanese ambassador, both sides agreed to push the manufacturing of rolling stock in India for the Chennai Metro project. "It was decided that the Japanese side will encourage Japanese rolling stock manufacturers to promote assembly in India,

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thereby achieving cost reduction based on the recently awarded rates, and enable 75% of coaches to be manufactured in India either through collaboration with companies based in India or by setting up of an independent manufacturing unit," said the minutes of the latest meeting.

As per the agreement, the Indian side will share the recently awarded rates of rolling stock with the Japanese side, which would be shared with their rolling stock manufacturers.

Under the special ODA scheme, JICA provides loan at barely 0.3% interest and the repayment period is 40 years with another 10 years as grace period. The loan under this scheme can cover up to 100%.

Last month, public sector undertaking, BEML, had bagged a contract for ₹3,015 crore for Mumbai Metro corridor, which the urban affairs ministry had termed as one of the biggest success stories under the 'Make in India' initiative.