Metro Rail may privatise operation, maintenance

MADHUMITHA VISWANATH
@ Chennai

THE operation and maintenance of Chennai Metro Rail may be privatised, once the construction work of second phase is completed, according to a comprehensive detailed project report of the Chennai Metro Phase-II.

The CMRL is likely to explore the concept of public-private partnership (PPP), an alternate option of financing in its three-corridor phase II project, which is estimated to cost the exchequer ₹69,180 crore. Construction for 52 km under Phase II is likely to start by this year-end and the entire project is proposed to be completed by 2025 or 2026.

This comes in the wake of the CMRL already floating an expression of interest to attract private companies with expertise in running trains under phase-I, but there have been no takers till now.

Sources privy to the matter said that one such attempt was made in 2012, but it was later dropped. But now it is believed that the scenario maybe favourable to privatisation as Phase-II is likely to see an increase in ridership as it will link North Chennai to South Chennai as far as Siruseri.

It is learnt that outsourcing of train operations may not reduce ticket fares. But it may cut down on operational expenses of the CMRL which depends on government subsidies to operate.

It may be recalled that Mumbai Metro Rail and Hyderabad Metro Rail have outsourced train operations to international companies while Delhi, Kolkata and Bangalore have opted to run trains on their own.

While a PPP model can be taken up for construction or operation and maintenance (O&M) of a government project, risk factor appears to be at a minimum and is shared by both entities in the O & M services category. "The government will be bearing risks associated with construction and revenue while the rest with respect to operation, maintenance and management will be taken up by private players after construction," said the report released recently.

The revenue part of the project will be managed by the government as the risk associated with it depends on regional growth, connectivity and route over which government has more control. Also, the report said that tariff is another factor which is not flexible enough to be transferred to a private entity.

Construction has been taken up by the government as the cost of financing in a PPP model for a private entity is higher than the cost of financing for the government. Officials said though a private entity would manage the construction risk in a better manner, overall cost would have been much higher.

Lifeline

Phase-II expected to open by **2025** is likely to have **19.2 lakh** ridership in all three corridors

The three corridors put together will have **128** stations, covering a distance of **118 km**

For the last-mile connectivity, there will be provision for **122** feeder buses and **809** bicycles