Metro Rail may privatise operation, maintenance

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 1, 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 may be favourable for private participation as Phase 2 is likely to see an increase in ridership as it will link North Chennai to South Chennai as far as St. Thomas.

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 PPT model can be taken up for construction or operation and maintenance (O&M) of a government project, risk factors appear 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 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 PPT 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.