

## New Metro Rail Policy

### Why in news?

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- Recently Union Cabinet approves new Metro Rail Policy.
- The policy seeks to enable realization of metro rail aspirations with the use of PPP models.

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### What are the highlights of Metro Rail policy?

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- It focuses on compact urban development, cost reduction and multi-modal integration

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- It opens a big window for private investments across a range of metro operations.

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- PPP component is made mandatory for availing central assistance for new metro projects.

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- Innovative forms of financing of metro projects have been made compulsory.

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- **Last mile connectivity** - It seeks to ensure it by focusing on a catchment area of 5 km on either side of metro stations to provide necessary last mile connectivity through feeder services

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- Walking, cycling pathways and introduction of para-transport facilities are planned for this.

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- **Optimal utilization** - Urban Metropolitan Transport Authority (UMTA) has been made mandatory,

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- It is mandated to ensure complete multi-modal integration for optimal utilization of capacities.  
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- **Third party Assessments** - Independent assessment by agencies to be identified by the Government, whose capacities would be augmented, as required in this regard.  
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- **Urban transformation** - Transit Oriented Development (TOD) to promote compact and dense urban development along metro corridors.  
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- TOD reduces travel distances besides enabling efficient land use in urban areas.  
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- **Fare Fixation** - It empowers States to make rules and regulations and set up permanent Fare Fixation Authority for timely revision of fares.  
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### **How does the policy envisage private sector participation?**

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It calls for any of the following models -

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- **Cost plus fee contract** - Private operator is paid a monthly/annual payment for Operation and maintenance of system.  
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- This can have a fixed and variable component depending on the quality of service.  
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- **Gross Cost Contract** - Private operator is paid a fixed sum for the duration of the contract.  
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- Operator to bear the O&M risk while the owner bears the revenue risk.  
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- **Net Cost Contract** - Operator collects the complete revenue generated for the services provided.  
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- If revenue generation is below the O&M cost, the owner may agree to compensate.  
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**Source: PIB**

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