

F.No.1/35/2024-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
Infrastructure Finance Secretariat
ISD Division
(PIU)

STC Building, Janpath, New Delhi
Dated: 2nd June 2025

Record of Discussion

Subject: Record of Discussion of the 125th Public Private Partnership Appraisal Committee and 48th Empowered Committee for considering the proposal for the 'Redevelopment of Vijayawada Railway Station' of the Ministry of Railways on PPP mode with Viability Gap Funding support.

Reference: 125th PPPAC cum 48th EC meeting held on 07th May 2025.

Sir/Madam,

The undersigned is directed to forward the Record of Discussion of the 125th PPPAC and 48th EC meeting held on 07th May 2025, under the Chairmanship of Finance Secretary & Secretary (EA) for information and necessary action.

2. This issues with the approval of the Competent Authority.


Rahul Singh
(Director)

To,

1. Secretary, Department of Expenditure, North Block, New Delhi
2. CEO, NITI Aayog, Yojana Bhawan, New Delhi
3. Chairman, Ministry of Railways, Rail Bhavan, New Delhi
4. Secretary, Department of Legal Affairs, Shastri Bhawan, New Delhi.

Copy to:

1. Sr. PPS to Finance Secretary & Secretary (EA)
2. Sr. PPS to JS (ISD)

Subject: Record of Discussion of the 125th Public Private Partnership Appraisal Committee (PPPAC) and 48th Empowered Committee (EC) meeting for considering the proposal for the Redevelopment of Vijayawada Railway Station, Andhra Pradesh, on PPP mode with Viability Gap Funding (VGF) support.

1. The 125th PPPAC cum 48th EC meeting was held on 07th May 2025 at 11:00 Hours to consider the proposal of the Rail Land Development Authority (RLDA), Ministry of Railways (MoR) for the Redevelopment of Vijayawada Railway Station on PPP mode with VGF support.
2. List of attendees is placed at **Annexure-I**.
3. Additional Secretary (IPP) welcomed the attendees to the meeting and informed that the project proposal requires the consideration of both PPPAC (as it is a Central Sector PPP project) and EC (as it seeks VGF support). Therefore, the project proposal may be considered concurrently as it will save time and expedite the process. Additionally, the project proposal does not have the RfQ stage and follows a single stage, two envelope bidding process, the PPPAC may consider the proposal for 'In-Principle' and 'Final Approval' simultaneously.
4. With the permission of the Chair, the Additional Secretary (IPP) requested the MoR/RLDA, to make a presentation. ED (RLDA) made a detailed presentation on the Redevelopment of Vijayawada Railway Station project proposal to PPPAC and EC.
5. The basic details of the project are given in the table below:

Table 1: Details of the project

Project Description	Redevelopment of Vijayawada Railway Station under Design, Build, Finance, Operate & Transfer on PPP mode
PPP Model	Design Build Finance Operate Transfer
Sponsoring Authority	Ministry of Railways
Implementing Agency	Rail Land Development Authority
Location	Vijayawada Railway Station at Vijayawada, Andhra Pradesh
Project Components and Capacity	Mandatory Development – Station Redevelopment <ul style="list-style-type: none"> • New East side Station Building (B+G+2): 41,770 sqm • New West side Station Building (G+2): 6,647 sqm • Refurbishing of 10 Nos. Platforms with COP: 40,600 sqm • 12 m wide, 144m long central FOB connecting East and West side Station Buildings and All Platforms: 1,728 sqm • 2 Numbers of 6 m wide, 216.5m long FOBs connecting platforms to Station Building: 2,600 sqm

	<ul style="list-style-type: none"> • 1 Floor Office Space in MLCP Building: 4,457 sqm • G+2 Parking in MLCP: 13,371 sqm • Sky Walk connecting MLCP to East Station Building: 1,656 sqm • Relocation of Staff Quarters : 106 Nos. • Solar Energy: 5,900 KWp Non-Mandatory Development – Commercial Redevelopment <ul style="list-style-type: none"> • 7 Floor Commercial over East side Station Building: 57,134 sqm • 2 Floor Commercial over East side MLCP: 8,914 sqm • Station Estate development (B+G+4 Floors): 15,900 sqm 		
Concession Period	License period for Station Redevelopment: 60 years Lease Period for Airspace development: 60 years		
Total Project Cost	INR 661.11 crore (Mandatory Component) INR 285.49 crore (Non-Mandatory Component)		
Estimated Capital Cost with Break-up under major heads of expenditure	Mandatory Component Cost		
	S. N	Description	Cost (INR in crore)
	1	Station building – East	192.09
	2	Food Court	7.79
	3	Station building - West	31.73
	4	Central FOB	18.62
	5	Platform Refurbishing and Roofing	62.14
	6	F.O.B (2 Nos)	28.34
	7	Sky Walk	8.39
	8	Parking Floors	33.48
	9	Railway Offices Floor	9.95
	10	Temporary Accommodation for Relocated Offices	3.48
	11	Demolition works	10.45
	12	Residential Quarters	37.73
	13	Site Development	35.76
	14	S&T Works (Office Areas Related)	13.79
	15	OHE Modification works	3.48
	16	External Electrical works (Substation, Solar Power Generation & Lighting etc.)	56.44
	17	CRRM	-13.32
	18	Services and Add-ons for Station Building	37.40
		Subtotal for Station Building	577.75

		Escalation from July 2023 to Dec 2024 @ 2.17% as per WPI- All Commodities	12.53
		Total Station Development Cost	590.28
		Interest During Construction (IDC), Escalation During Construction & Misc. Charges	70.83
		Total Project Cost (TPC)- Mandatory	661.11
	Non-Mandatory Component Cost		
	S. N	Description	Cost (INR in crore)
	1	Commercial Building	103.34
	2	Hotel Cost @ 35 Lacs per Key	61.60
	3	Commercial Floors (MLCP)	19.91
	4	Services and Add-ons for Commercial	3.08
		Sub Total for Commercial Floors	187.93
	5	Escalation from July 2023 to Dec 2024 @ 2.17% as per WPI- All Commodities	4.08
	6	Station estate development (C2- Commercial Building)	52.25
	7	Services and Add-ons for Commercial	0.78
		Sub Total for Commercial Floors	53.04
	8	Escalation from July 2023 to Dec 2024 @ 2.17% as per WPI- All Commodities	1.15
		Total Commercial Development Cost	246.2
		Interest During Construction (IDC), Escalation During Construction & Misc. Charges	39.29
		Estimated Project Cost (EPC)- Non- Mandatory	285.49
Revenue Streams of the Project	Revenue Source		% of Total Revenue
	Parking Revenue (Staff Parking)		0.6%
	Parking Revenue (Visitor Parking)		2.5%
	AC Lounge		0.5%
	Advertisement Revenue		5.7%
	Cloak Room		0.7%
	Retiring Rooms		0.9%

	Food Court	7.0%
	Retail Area - Platform Level	3.3%
	Retail Area - Concourse	9.6%
	Revenue from C2 Commercial Plot	7.0%
	Retail – Commercial from the airspace	34.1%
	Mid-Scale Hotel	28%
Source of Financing	The funds to meet the capital expenditure of the Railway Station shall be arranged by the concessionaire through debt, equity, grant and internal accruals.	
VGF	<ul style="list-style-type: none"> The VGF shall be provided in accordance with the VGF guideline, i.e., up to 40% of the Total Project Cost of INR 661.11 crore (out of which 20%, i.e. INR 132.22 crore, shall be provided by Gol and 20%, i.e. INR 132.22 crore, shall be provided by the Ministry of Railways) or the actual quote, whichever is less If the VGF quoted by the selected bidder exceeds the Gol contribution (i.e. 20% of the total project cost), then the Ministry of Railways will provide the remaining balance of VGF quoted by the bidder to a maximum of 20% of the total project cost. 	
Land Details	The PSA would provide 50.14 acres of land on a license basis for station redevelopment and lease basis for airspace development and station estate development.	
Financial Viability	Project IRR: 13.43% Equity IRR: 16.27% Project NPV: INR 420 crore	
Bidding parameter	Lowest VGF	
Bidding process	Single stage Two Envelope Bid	

6. The primary purpose of the project is the redevelopment of Vijayawada Railway Station in Andhra Pradesh to enhance passenger amenities, improve transport connectivity, alleviate congestion, and stimulate tourism and economic growth in the surrounding area. Vijayawada has a population of approximately 68 lakhs, and it is top 10 busiest railway stations in India, with over 370 passenger trains halting daily. The station currently features 10 platforms, 24 tracks, and 4-foot overbridges and shares traffic with nearby satellite stations such as Krishna Canal Junction, Gunadala, and Rayanapadu. Presently, the station handles around 57,000 daily boardings and a total footfall of approximately 1,14,000 passengers, both of which are projected to nearly double over the next 40 years. The master plan is designed to handle daily passengers of 2,00,000 passengers and Peak Hour Traffic (PHT) of 20,000 passengers for the next 40 years. The redevelopment of the station will be executed under a Design Build Finance Operate Transfer (DBFOT) model, with a concession period of 60 years, including a 3-year construction phase.
7. The Station Building will be constructed on 50.14 acres of land, with a total floor area of approximately 1,54,176.80 sqm, designed to accommodate 20,000 PHT. The scope consists of two components: mandatory development obligations, which include Station

Redevelopment (East Side station building, West Side station building, Foot over bridges, sky walk, Multi Level Car Parking) covering 72,229 sqm, and non-mandatory development obligations, which encompass an Airspace Area of approximately 57,134 sqm, Multi Level Car Parking office Area (4th and 5th floors) of 8,914 sqm, and Station estate development of 15,900 sqm.

8. The total estimated cost for both the mandatory and non-mandatory components of the project is INR 946.60 crore. Of this, only the mandatory development component—amounting to INR 661.11 crore—is considered as the Total Project Cost (TPC) for VGF purposes. A total VGF of 38.72% (INR 256 crore) is requested by the Authority, with 20% (INR 132.22 crore) being sought as a grant from the Government of India under the VGF Scheme. The remaining 18.72% (INR 123.78 crore) will be funded by the MoR. The non-mandatory component will be developed by the Concessionaire based on market assessment, and the net revenue generated from it may be used to offset the VGF requirement for the station redevelopment.
9. After the presentation, the Chair asked the members for their observations.
10. DD, Department of Expenditure, raised the following observations:
 - a) What is the rationale for including the residential staff quarters in the station redevelopment project under mandatory development? Who will be responsible for the operation and maintenance of these quarters?
 - b) The proposed project includes three types of commercial components under non-mandatory scope. Is VGF applicable to the non-mandatory scope? What is the bidding parameter considered for the project?
 - c) In the initial proposal, the Authority sought 75% VGF, whereas the current proposal reflects a reduced VGF of 38.72%. Is there potential for further reduction in the VGF requirement?
 - d) The project is currently proposed under the DBFOT model; however, the Authority may consider evaluating its feasibility under the HAM model to address the complexity of the project.
 - e) Are there adequate private sector entities interested in developing the railway stations? If not, how will the expected efficiency be achieved through the DBFOT model?
 - f) As per PIB's 2023–24 recommendation, MoR should levy reasonable user charges at redeveloped railway stations. Has the user fee been factored into the financial analysis?
 - g) The estimated CAPEX cost per sq ft is on the higher side. It is recommended to align the CAPEX cost with CPWD norms and benchmark it against similar projects.

11. PD, NITI Aayog raised the following observations:

- a) The urban roads and existing bridges over the canal currently act as bottlenecks, hindering the commercial development of the railway station. The Authority should conduct a traffic flow analysis and coordinate with the State Government and Urban Local Body to explore options for road expansion.
- b) This being the first of its type project, efforts should be made by the MoR for the success of the project. Failure to attract bids may have an impact on the future pipeline of Railway Station development projects in PPP mode. Proactive stakeholder engagement by the Authority may enhance the likelihood of successful bidding for the project. Further, the MoR shall ensure legal vetting of the bidding documents before tendering.
- c) The proposed project differs significantly from previous railway station redevelopment initiatives. Due to changes in revenue streams, it requires VGF support, which is 38.72% of TPC as proposed by the Authority. This VGF requirement is based on financial modelling of the Authority, and it is just an estimate. The market assessment of the VGF requirement may differ from Authority's assessment. As the VGF requirement shall be discovered by the market through bidding, full VGF support of 40% of TPC may be approved.

12. AS(IPP) raised the following observations:

- a) The traffic projections considered are for 40 years, i.e. for the horizon year (FY20 + 40 years). However, the concession period is for 60 years. What is the rationale for this consideration?
- b) The Draft Concession Agreement (DCA) outlines Key Performance Indicators (KPIs) for each activity. However, the DCA does not provide an explicit mechanism for calculating the performance and penalties/ damages for each activity. The Authority to incorporate the same.
- c) Under the scope of work, the Concessionaire is to develop office space in the station buildings on both the east and west sides, as well as one floor of the Multi-Level Car Parking, and hand these areas over for the Authority's exclusive use. The DCA, however, does not adequately define the O&M responsibilities for these premises. It is therefore recommended that the DCA explicitly set out the O&M requirements and establish clear KPIs for the office areas.
- d) Based on prevailing CPI and WPI norms, an annual escalation of 5 % should be applied to construction-period costs. The current financial model instead assumes 2.17 % for Capex during 2023-25 and 3% thereafter until completion. Therefore, it is recommended to consider the 5% escalation for Capex during the construction period.

- e) VGF support upto 40% of the TPC is allowed for economic sector projects. The VGF requirement of 38.72% of TPC is Authority's assessment and market assessment may differ. VGF requirement is discovered by the market through bidding. For example, if market demands 39% VGF, the bid will fail. Therefore, full VGF support of 40% of TPC may be approved.

13. The Chair made the following observations:

- a) Which is the major railway station serving the Amaravati capital region? What is the current road connectivity from Vijayawada city to the railway station? Additionally, what is the width of the municipal road that connects to the railway station approach road? What is the envisaged road improvement plan, and what are all the existing bottlenecks/choke points for the railway station?
- b) Does the Concessionaire have the design flexibility to develop the project proposal? How many foot-over bridges currently serve the station, and how many new foot-over bridges are proposed? The newly proposed 3 m wide sideways foot-over bridge seems too narrow and may not handle the heavy passenger flow and dense habitation on both sides of the station. Are these foot-over bridges access-controlled?
- c) What is the total land parcel allocated to the Concessionaire? Has the railway track area been included in the total land parcel?
- d) What is the maximum potential of the proposed site, and what is the total Built-up Area (BUA) allocated for station redevelopment and commercial development? Is it in line with state bylaws?
- e) Does the Concession agreement clearly specify about the Floor Area Ratio (FAR)? Are we considering the entire FAR potential in the proposed scope? What is the allowed FAR? Are we giving the entire allowable FAR to the Concessionaire? Can we transfer the excess FAR to other land parcels?
- f) As per the proposal, the commercial development rate per square meter is around INR 30,000 per sqm. Is this rate sufficient for commercial development?
- g) What assumptions were considered when estimating the revenue? Has it been benchmarked? Who is entitled to collect the revenue streams of the project, such as Parking Revenue, AC Lounge, Advertisement Revenue, Cloak Room, Food Court, Retail Area, Mid-Scale Hotel, and C2 Commercial Plot, etc.?
- h) Where is the proposed Hotel located, what is its total capacity and what rent is considered? Additionally, the total revenue from the Hotel during the concession period is estimated to be INR 10,319 crore. Is this the Gross or Net revenue?

- i) Who will be responsible for station operation and maintenance? The O&M cost considered for 60 years is INR 8972 crore. What is the current O&M cost per year? Is the Manpower cost included in the O&M cost?

14. MoR / RLDA submitted the following to the queries raised by the EC Members: -

- a) **Residential Staff Quarters:** As part of the station redevelopment, 106 No. of existing residential quarters are planned to be demolished and relocated. That is why residential staff quarters are included in the scope of mandatory development of the Concessionaire. The maintenance of these quarters will be the Authority's responsibility.
- b) **VGF and Bidding Parameter:** After considering all possible avenues for optimization, the estimated VGF requirement is 38.72% of the TPC. The same cannot be further reduced. The VGF requirement is estimated on the mandatory component only. The bidding parameter for the project is the lowest VGF sought by the bidder. Therefore, the actual VGF requirement shall be discovered by the market, which may differ from the Authority's assessment.
- c) **HAM Model:** The proposed VGF is below 40%, which is in line with the VGF guidelines. DBFOT mode includes financial risk to be taken by the Concessionaire and is preferable to HAM within the limits of financial viability.
- d) **Private sector entities:** There are multiple players interested in the station redevelopment.
- e) **User Fee:** The Authority is responsible for collecting user fees such as platform tickets and passenger charges. As per the current proposal, no share of these fees is allocated to the Concessionaire and hence the same have not been factored in the financial analysis.
- f) **Urban Roads & Bridges:** A traffic study has been conducted to align with the station's redevelopment and associated commercial development. The proposal for expanding roads and bridges has already been discussed with the State Government and the Urban Local Body.
- g) **Efforts to make the Project Successful:** Proactive efforts like Stakeholder consultation, market sounding, legal vetting of the bidding documents, etc., will be undertaken prior to the bidding process.
- h) **Traffic projections-** The traffic assessment is done for the full 60 years of the concession period. The escalated traffic projections are considered for a period of 40 years. After 40 years, the traffic shall stabilize, which is considered for the next 20 years.

- i) **Mechanism for KPI based penalties:** Noted. The same will be updated in the concession agreement.
- j) **O&M responsibilities:** Clarity about the O&M responsibilities of assets constructed by the Concessionaire and handed over to the Authority shall be provided in the concession agreement.
- k) **Connectivity:** Vijayawada is well connected by both road and rail to major cities such as Hyderabad, Chennai, and Kolkata. The proposed station will serve as a key transit hub for the Amaravati capital region, located approximately 20 kilometres from the capital area. All roads leading to the railway station pass over a canal and experience heavy congestion at multiple entry points. The width of the connecting municipal road is 24 meters. The road improvement plan, including widening, is currently in progress and will be finalized by the concerned state authorities.
- l) **Design Flexibility:** The master plan is indicative only. The Concessionaire shall have the flexibility to undertake station redevelopment, provided that all functional areas meet the standards and requirements set by the Authority. For non-mandatory developments, the Concessionaire may design and execute projects based on prevailing market demand.
- m) **Foot Over Bridges (FOBs):** There are a total of four existing FOBs, out of which three are planned for dismantling and one will be retained as is. A new central FOB, 12 meters wide, shall be constructed along with two side FOBs, each 3 meters wide. The side FOBs connect the outer areas on both sides of the station, while the central FOB links the east and west sides of the station. Additionally, the majority of the traffic flow is from the east side only; the west side station has restrictions for expansion due to the hill. Currently, none of these FOBs are access-controlled.
- n) **Land:** A total of 50.14 acres has been identified for the proposed project. This land will be allocated to the Concessionaire for a period of 60 years for the redevelopment of the railway station and associated commercial development. The allocated land parcel of 50.14 acres includes the area occupied by railway tracks.
- o) **BUA and FAR:** The maximum potential of the proposed site is approx. 5,91,000 sqm (including railway tracks and platforms). The total BUA for station redevelopment and commercial development is 1,54,177 sqm and it is as per state bylaws. Out of which, 72,229 sqm is for station redevelopment (mandatory component) and 81,948 sqm is for commercial development (non-mandatory component). As per the state bylaws, the allowable FAR is 2.9, and the same is mentioned in the concession agreement. Neither the entire FAR protentional is being considered in the proposed scope, nor is the same being given to the Concessionaire. The FAR given to the Concessionaire for the proposed project is 0.8. The balance FAR may be transferred to the other projects to be undertaken adjacent to the proposed site.

- p) **Capex Estimation:** The CAPEX cost is based on CPWD 2021 rates with added escalation. It is further benchmarked with similar projects. The commercial development rate of INR 30,000 per sqm represents the bare shell construction cost for developing commercial space. Additional costs will apply based on the specific development components the Concessionaire intends to develop.
- q) **Revenue Assumptions and Collection:** The revenue assumptions have been benchmarked with the prevailing rates in Vijayawada. The Concessionaire shall be entitled to collect revenues generated from the commercial development. However, revenues from station redevelopment components—such as parking, AC lounges, and cloakrooms—shall be collected by the Concessionaire in accordance with the fee structure notified by the competent Authority.
- r) **Hotel:** The hotel is proposed under the airspace development, and the Concessionaire is free to decide the capacity. For the financial analysis, 150 rooms with INR 3050 per Day and 70% of occupancy are considered. Additionally, the total revenue during the concession period, as highlighted, is the Gross revenue (topline), and in the modelling, all the expenses are deducted separately.
- s) **Station Facility and O&M Cost:** The Concessionaire shall handle day-to-day housekeeping, minor repairs, and electricity charges of the station facility. The rest of the O&M of the station facility shall be managed by the Authority. The current annual cost for station housekeeping is approximately INR 8 crore, excluding expenses of staff salaries.

Recommendations:

15. After detailed deliberations, the PPPAC unanimously recommended the proposal for “Redevelopment of Vijayawada Railway Station under Design, Build, Finance, Operate & Transfer on PPP mode” for consideration of the competent Authority for giving administrative approval.
16. The EC unanimously recommended granting 'In-Principle Approval' for VGF support to the proposal for “Redevelopment of Vijayawada Railway Station under Design, Build, Finance, Operate & Transfer on PPP mode” under the VGF Scheme to the Competent Authority, as per the VGF Scheme and Guidelines, with the following conditions:
- a) The recommendation for the in-principle approval of the VGF is as follows:

Project	TPC (INR crore)	Maximum CAPEX Grant (VGF) @ 40% of TPC (INR crore)	Gol Share under the VGF Scheme (INR crore)
Redevelopment of Vijayawada Railway Station	661.11	264	132

- b) The Authority confirmed that the financial assumptions have been benchmarked with similar projects and are as per prevailing rates (such as SOR).
 - c) The Authority, in collaboration with the Local Authorities/ State Government, shall ensure proper connectivity to the railway station so as to unlock the maximum potential of the commercial development.
 - d) The Authority shall ensure that the proposed connectivity through the Foot over Bridge is adequate.
 - e) The Authority shall clearly specify allowable FAR for the proposed project in the Concession Agreement.
 - f) The VGF disbursement shall be done as per the VGF Scheme and Guidelines. This shall clearly be indicated in the bidding documents.
17. Revalidation of the recommendation of the project proposal by the PPPAC/EC is not required for the following post-recommendation changes in the project cost/bid documents:
- a) Any change in the date/time period for any time-bound actions like appointed date, financial close, construction period, etc.
 - b) Non-substantial change in risk allocation.
 - c) Any other changes/modifications (except as stated above) in the project proposals with the overall objective of making the projects successful.
 - d) Further, the MoR will decide whether the changes proposed post recommendations of the project proposals by the PPPAC fall within the threshold criteria as stated above. All such changes with the threshold criteria as stated above shall be appraised at the level of Chairman MoR without any further need for revalidation by the PPPAC, and MoR shall proceed with the process accordingly.
18. However, the following changes shall warrant revalidation of the recommendation of the project proposal by the EC:
- a) Any change in the formulation of pre-determined user charges/tariffs.
 - b) Any change in the concession period by more than 20%.
 - c) Any changes having an impact on the In-principle approved amount of VGF for GoI on the higher side.

19. Necessary amendments to the bid documents to incorporate the decision of the PPPAC/EC shall be undertaken by MoR. Further, MoR shall get legal vetting of the bid documents done to ensure that there are no discrepancies in the contract documents and to circulate to the members of the EC for the record.
20. 'Final Approval' for VGF support is contingent upon the compliance of all conditions of the VGF Scheme.
21. The meeting ended with a vote of thanks to the Chair.

List of the participants of the 125th PPPAC and 48th EC

a) Department of Economic Affairs, Ministry of Finance

1. Shri Ajay Seth, Secretary, EA- In Chair
2. Ms. Anuradha Thakur, OSD(EA)
3. Shri Solomon Arokiaraj, AS (IPP)
4. Shri Rahul Singh, Director (PIU)
5. Shri Rajender Singh, SO (PIU)
6. Shri Manjeet Yadav, ASO (PIU)

b) Department of Expenditure

1. Shri Ranganath Audam, Deputy Director

c) NITI Aayog

1. Shri. Partha Reddy, Programme Director

d) Department of Legal Affairs

1. Shri Kasibhatla, Joint Secretary and Legal Adviser

e) Ministry of Railways

1. Shri Tarun Kumar Goyal, Member/Planning
2. Shri Sanjeev Garg, ED/U&RRT
3. Shri Ghanshyam, Director/GS/SD-III
4. Shri Manoj Garg, Vice Chairman
5. Shri Vinod Kumar, ED/SP
6. Shri S. Vishnu Vardhana Rao, CPM/SC
