

## **Railways' New 'R3i Policy' Aims At Attracting Private Sector Participation in Rail Connectivity**

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New R3i policy (Railways' Infrastructure for Industry Initiative) which was recently formulated by the Ministry of Railways is aimed at attracting private sector participation in rail connectivity projects so that additional rail transport capacity can be created.

The primary objective of this policy is to retain and increase rail share in freight traffic. It also aims at making rail option more competitive for prospective customers by sharing their burden in getting rail connectivity and allowing them to get a share in the freight revenues generated through freight traffic moving via new line.

This policy shall not be applicable to lines intending to provide connectivity to coal mines and iron ore mines directly or indirectly.

Only those new line proposals which are 20 kms or more in length excluding the length of siding which may take off from this line) shall be eligible under this policy. The policy allows for four models viz., (a) Cost sharing-freight rebate model, (b) Full contribution- Apportioned earning Model, (c) the SPV model and, (d) the Private Line Model.

With the Indian economy growing at a rate of 8 per cent over the past few years, new areas are opening for investment many of which do not have any rail connectivity.

These have significant potential for freight traffic and therefore Indian railways has to be proactive in seizing these opportunities in order that the high rate of growth of freight traffic in the last few years can be sustained. However, with too many competing demands, resources are a constraint and alternative sources of funding through private sector participation must be explored and encouraged. This policy explores such alternative sources.

This new policy document also includes the eligibility criteria and other relevant details which can be seen at Ministry of Railways' website <http://www.indianrailways.gov.in>