



## **New Innovation – Funding Urban Transport Projects through an Urban Transport Fund**

**-B.K.Gaikwad,  
Pimpri Chinchwad Municipal Corporation,  
Pimpri,Pune.**

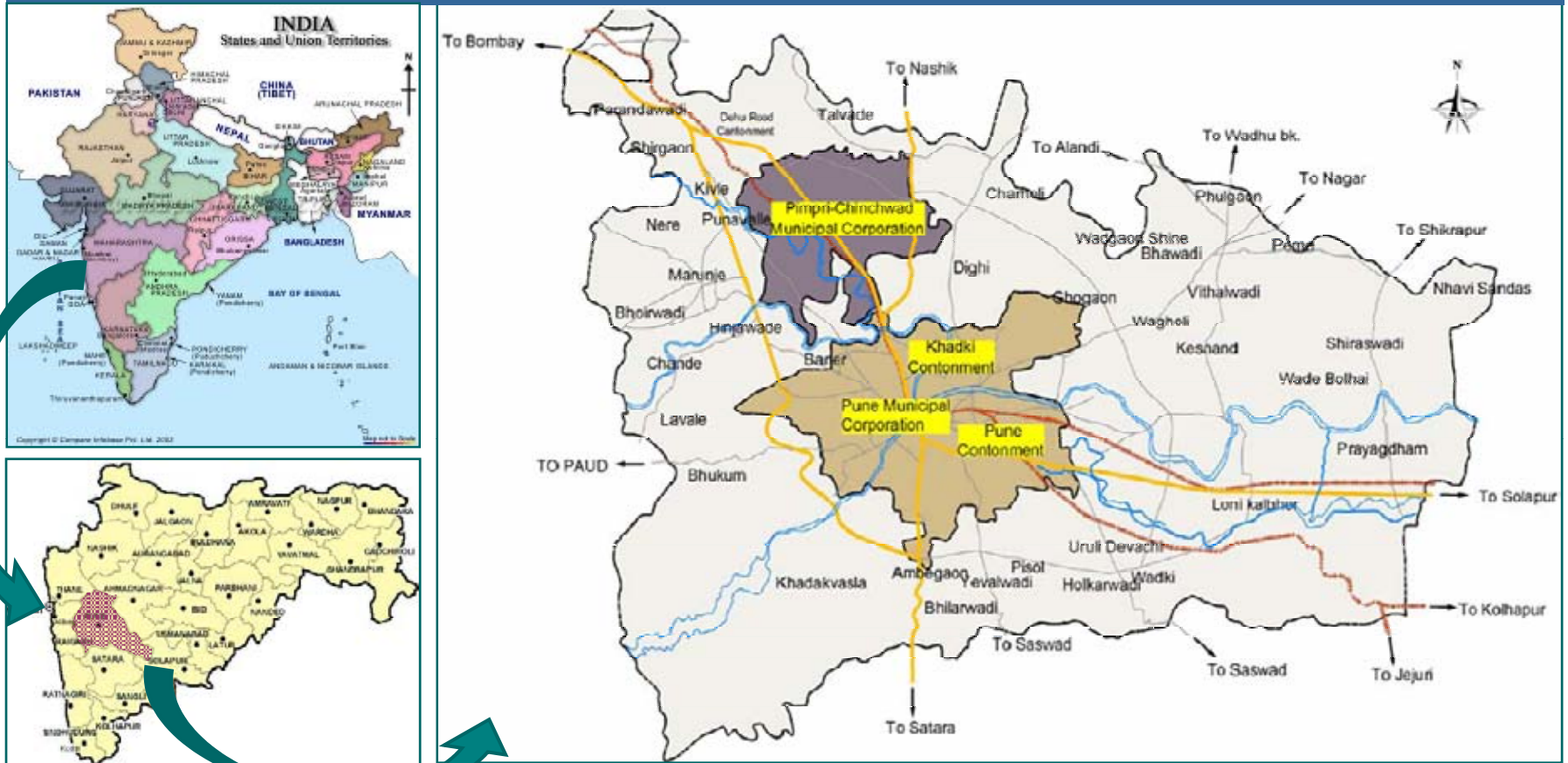
26/09/2013

# Urban Transport Fund For PCMC

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- 1.Introduction & background of city
- 2.Situation of city transportation
- 3.Introduction of UTF concept
- 4.Initiative by PCMC to achieve objectives

# Pimpri Chinchwad at a Glance



- Located towards North of Pune
- Population: 1.7 million (approx)
- PCMC received “BEST CITY “ award From GOI for its best performance in 3.JnNURM
- Area of 177 sq. km.
- Area under Green Cover: 27%
- Credit Rating: AA+ (SO) by CRISIL Rating

## Pimpri Chinchwad at a Glance

- Pimpri – Chinchwad Municipal Corporation (PCMC) constituted in the year 1982
- The body constitutes of
  - Elected wing headed by – Mayor
  - Administrative wing headed by – Municipal Commissioner
- We manage about 177 sq.km.area through 4 Ward Offices
- We have over 40 departments with a workforce of about 7500 employees





# Vibrant city in the state of Maharashtra, India

- Strong industrial base
  - Small & medium industrial units of about 6,000
  - Large industrial units of about 50



## Presence of International IT Firms



**Microsoft**

**1m Tech Mahindra**  
IT Services and Telecom Solutions

  
KPIT Cummins  
Infossystems Limited

**Infosys**

**VERITAS**

**SUNGARD**

**IBM**

**ORACLE**

  
**TATA**  
TATA CONSULTANCY SERVICES

 **patni**

# Who benefits from Urban Transport Infrastructure?

## Direct Beneficiaries

- **Citizens / Passengers** of a public transport system
- **Vehicles** using roads & flyover
- **Businesses** based on the infrastructure- advertisers on the system, vendors



## Indirect Beneficiaries



- **Property owners** near the developed transport corridors- gaining from higher potential value of property
- **Business** around the transport system- gaining from better connectivity
- **Local Government**- gaining higher property taxes in the region due to escalation in property prices



## **Traditionally Bus Operating Company Capture Value from Direct Beneficiaries**

- **Traditional revenues of BRTS are**
  - Fare box revenues
  - Sale of monthly passes
  - Advertising revenues
  - Vendor licensing
- **Value capture from indirect beneficiaries is limited**
- **Viability of BRTS development can be enhanced if value from indirect beneficiaries can be captured**



## Unlocking Value from Indirect Beneficiaries in Pimpri-Chinchwad

- Pimpri Chinchwad Municipal Corporation (PCMC) is developing 130 km of Bus Rapid Transit Corridors
- PCMC has set up an Urban Transport Fund (UTF) to fund the project
- The UTF to be managed by a SPV wholly owned by PCMC
- A zone of 100 m on either side of the corridor designated as BRT influence zone

Loading of Transferable  
Development Rights (TDR)

Building permission charges in the  
zone

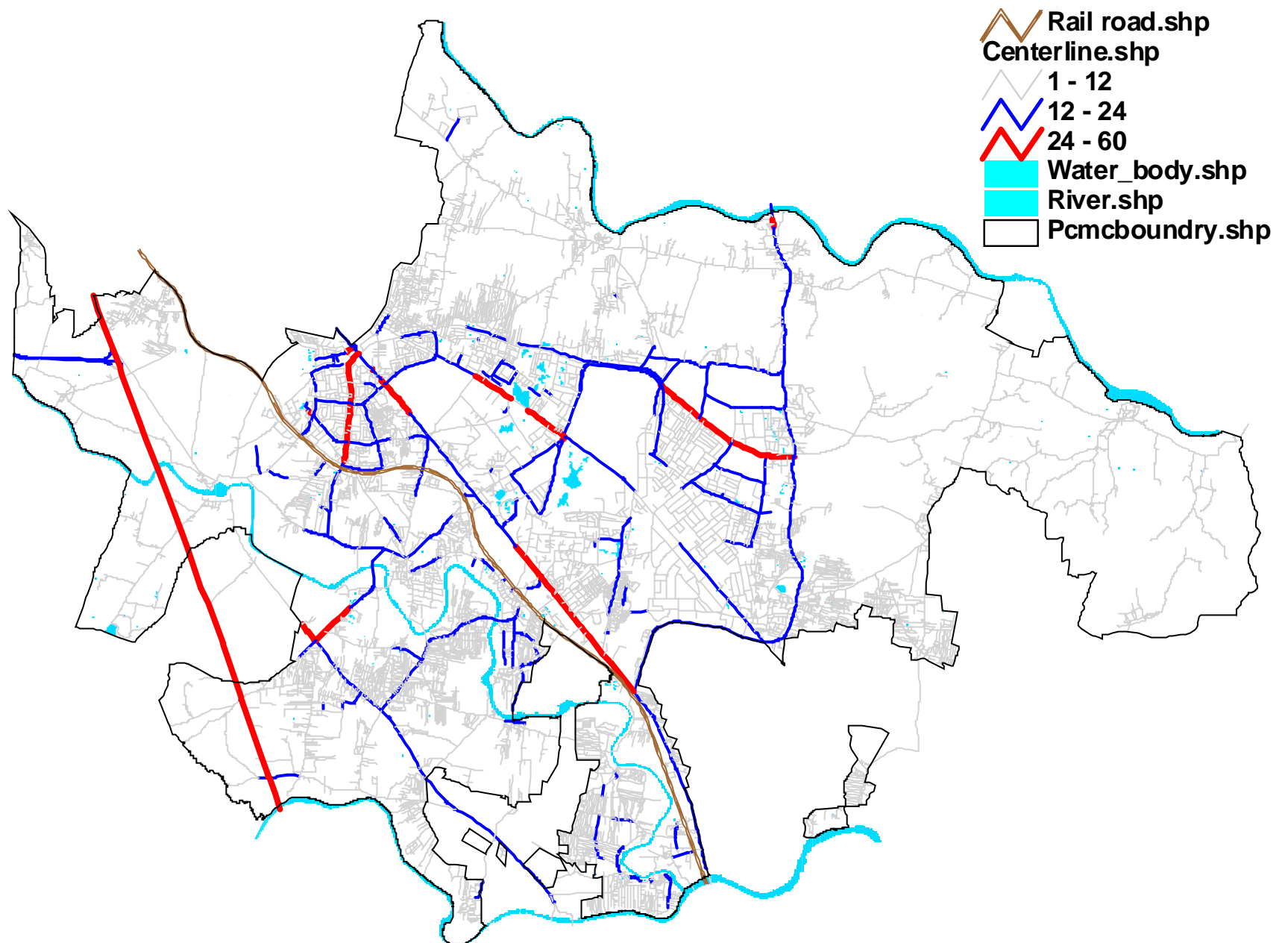
Value unlocked from Indirect  
Beneficiaries

Incremental Property Taxes

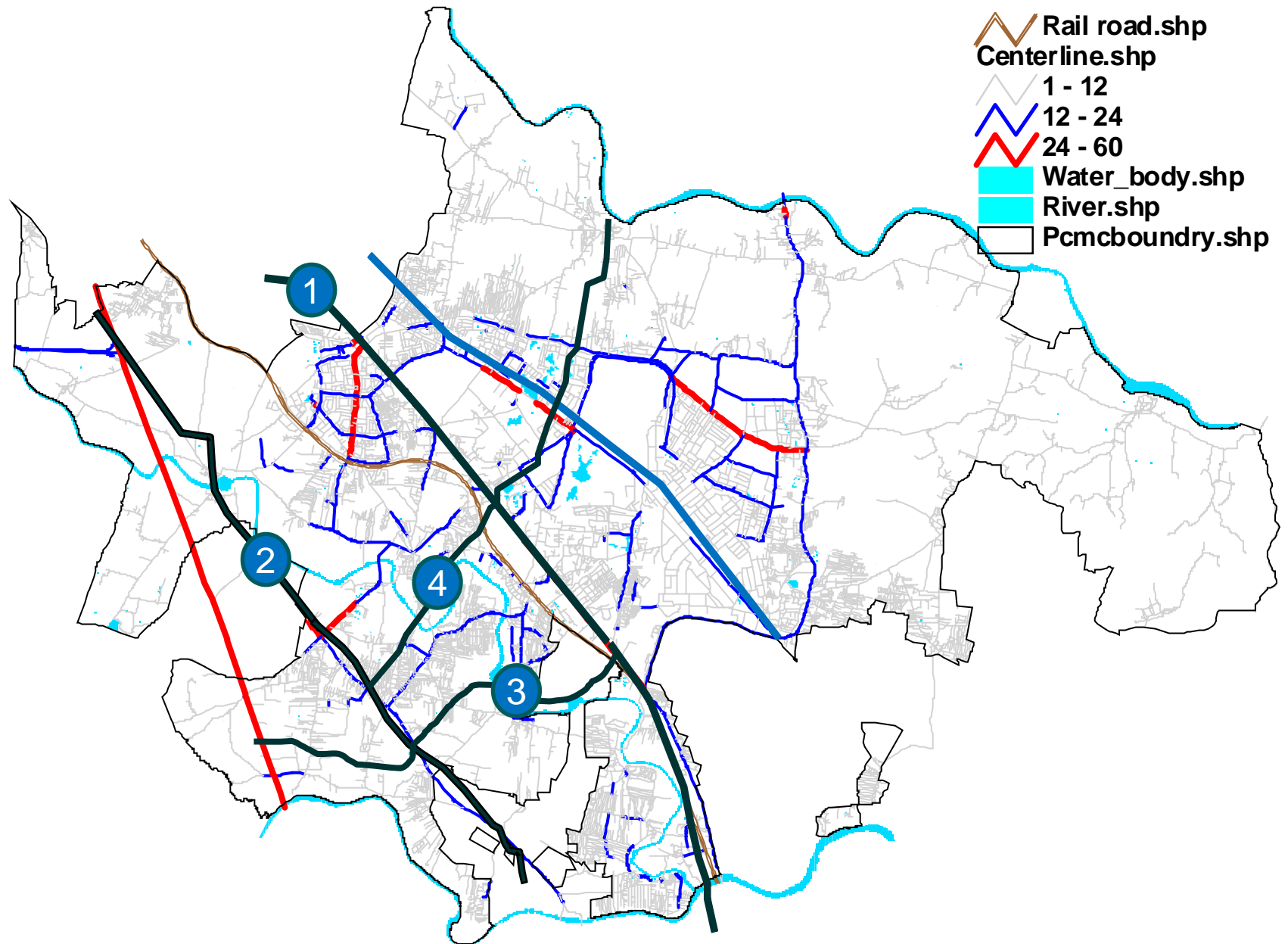
Advertisements

## **Implementing the Concept at Pimpri Chinchwad**

# Existing Road Network

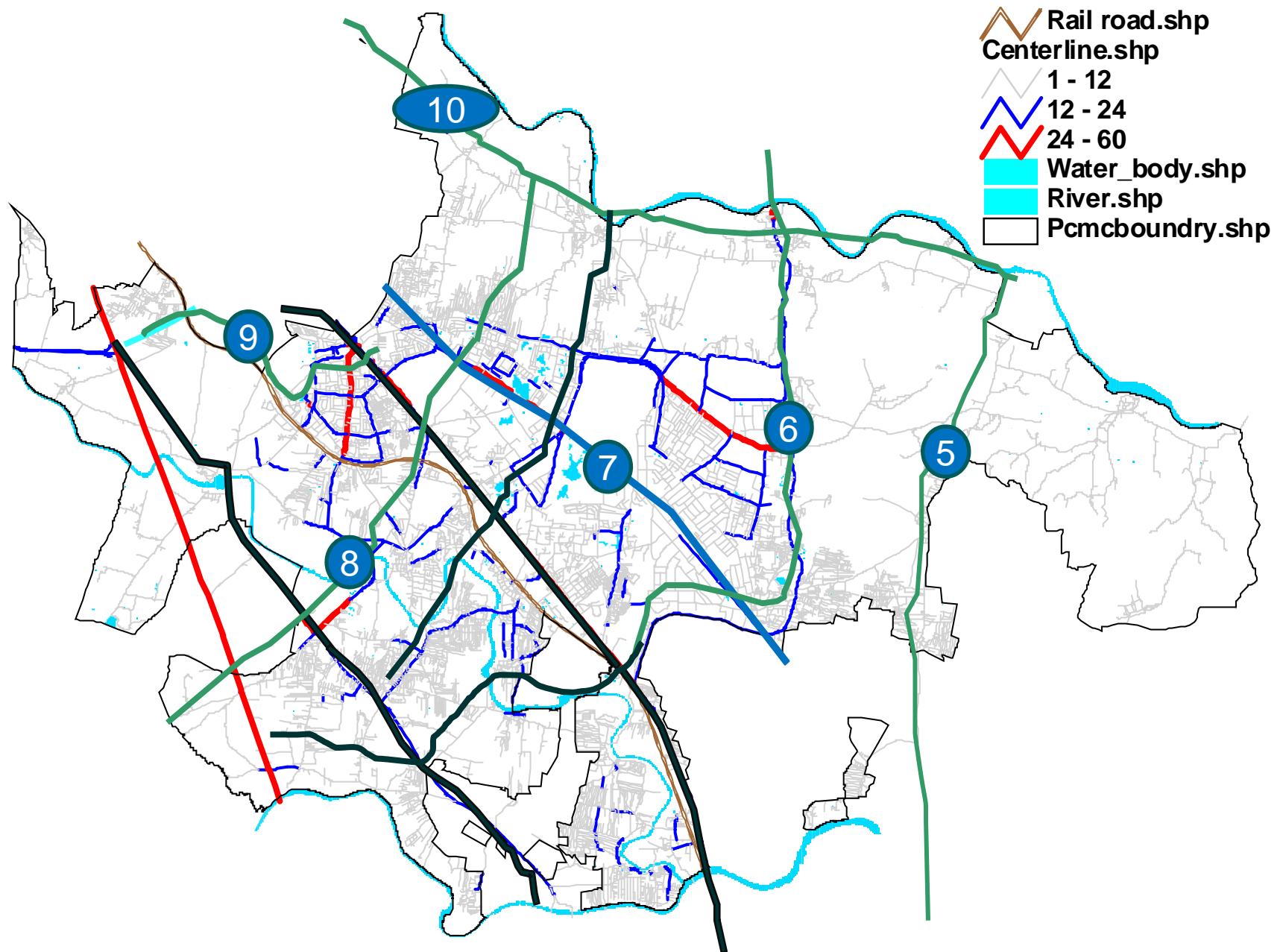


## Rs. 750 Cores of Projects under Implementation





# Overall Mobility Network to be Serviced by BRT



## Funding Model

Title

Rs Crores

<b>Total Project cost</b>	<b>1500</b>
Funding model	
JNNURM (GoI and GoM)	475
PCMC internal sources	100
Debt from DFI, Multi laterals, Banks	650
Internal accruals and exploitation of land	275
<b>Total sources</b>	<b>1500</b>

## Capturing Indirect Benefits for Debt Syndication

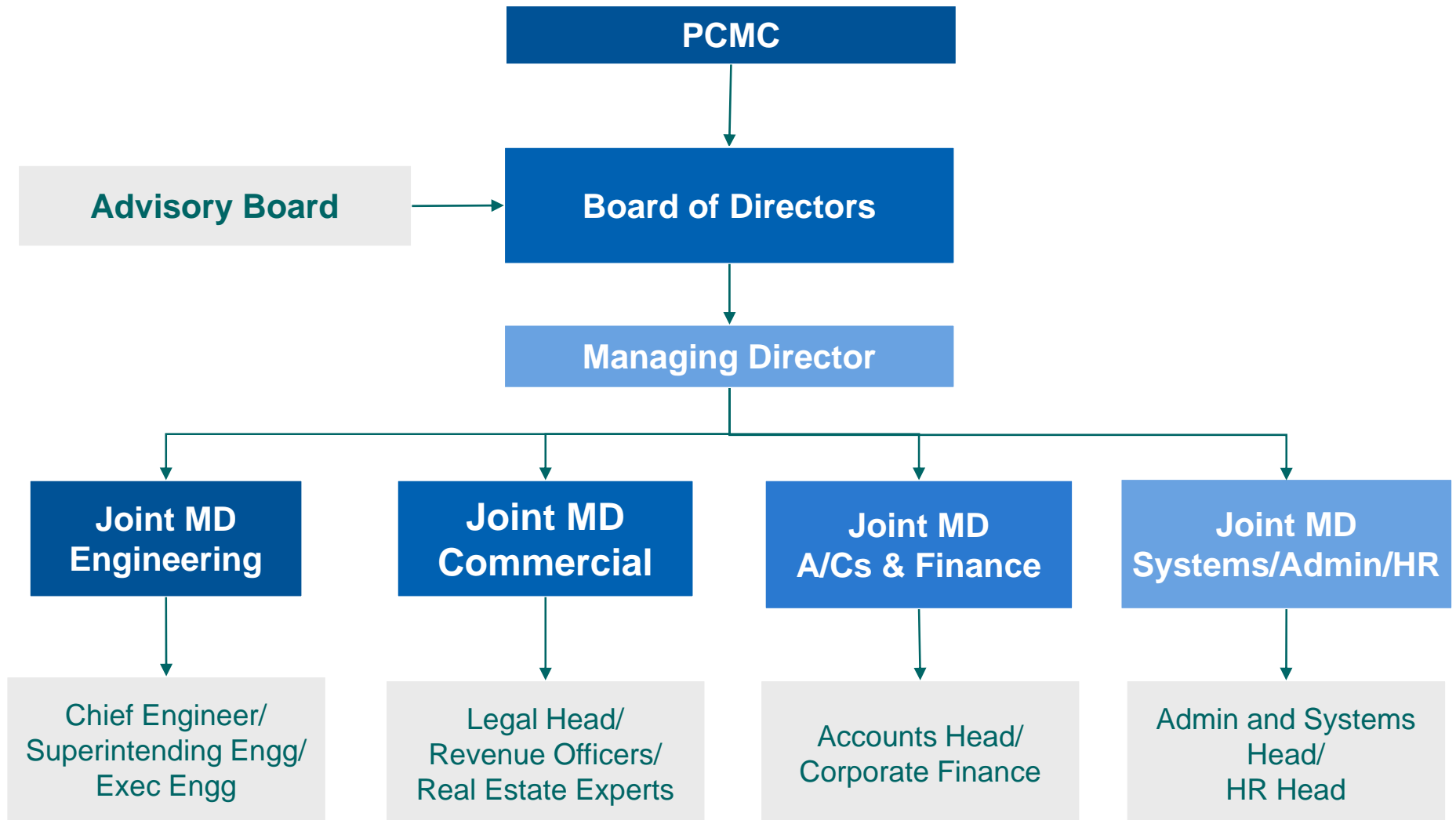
- Created an Urban Transport Fund (UTF); is managed by PCMC Infrastructure Company
- Designated 100 mtr on either side of BRT corridor as BRT Corridor Zone
- Revenue sources accorded to the UTF from BRT Corridor Zone
  - Ceiling FSI raised to 1.80 from existing 1.0
  - Allowed Transfer of Development Rights (TDR) from other zones to BRT corridor on payment of premium
  - Other incomes like advertisement, incremental property tax
- Land resources have been identified on the corridors for using land as a resource
- UTF is currently operational
  - General Body has approved the modification to DC rules
  - Currently income earned is tagged so as to transfer the funds to the SPV company

## **PCMC Infrastructure Company**

- **Prepared the Business Plan**
  - **Construct operate and maintain the BRT corridors**
  - **Manage the UTF; collect and deploy revenues**
  - **Vehicle for debt funding**
- **World Bank has funded the flyover component of the two BRTS corridor for Rs 169.77 Cr.**



# Organizational Structure



## **Strengths of the Implementation Model**

## **Rationale for SPV**

- **The SPV is 100% owned and controlled by PCMC**
- **Will help PCMC to raise long term loans (12 yrs +) from multilateral agencies WB, ADB**
- **SPV ensures focused and timely implementation, necessary for projects with borrowing**
- **SPV can focus on generating the revenues for the projects**
- **Existing employees can be deputed to the SPV, and can be given more focused role in SPV for timely implementation .**
- **Strengthens the transit corridor densification approach for project sustainability**

## Design of the fund

- **Notified 100 m on either side of BRT route as BRT corridor zone**
  - Increased ceiling FSI from 1 to 1.80
  - 0.80 loading is through TDR with payment of a premium
- **Advantages**
  - Does not release additional FSI in the city; only realigns the FSI from other zones to BRT Corridor
  - Will protect the value of TDR and make it more attractive hence encourage implementation of Development Plan (DP)
  - PCMC can plan higher order infrastructure in BRT corridor and facilitate focused service provision by densification
  - Ensures the attractiveness of mass transit and protection to environment
- **How is this different from FSI bank?**
  - FSI bank releases additional FSI in the market; impacts real estate prices
  - TDR becomes unattractive and implementation of DP suffers



## Common questions

- **Why increase by only 0.80 and not more?**
  - Follow approved practice and not attract litigation by going for more.
  - Keep the infrastructure provisioning within manageable limits and improve it by focused provisions
  - Maintain equilibrium between generation and absorption of TDR
- **Why change the philosophy of spreading away from main roads?**
  - Densification supports use of mass transit and increase its attractiveness
  - Can sustain development by increasing earnings (premium) from direct beneficiaries

## How does the Model Operate?

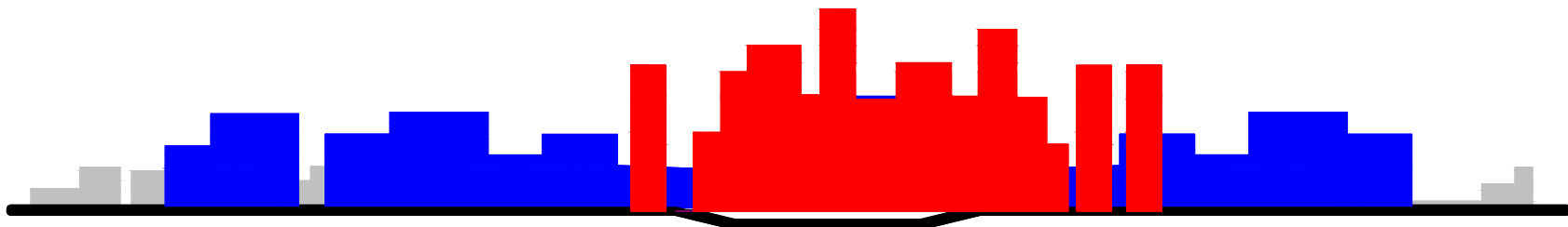
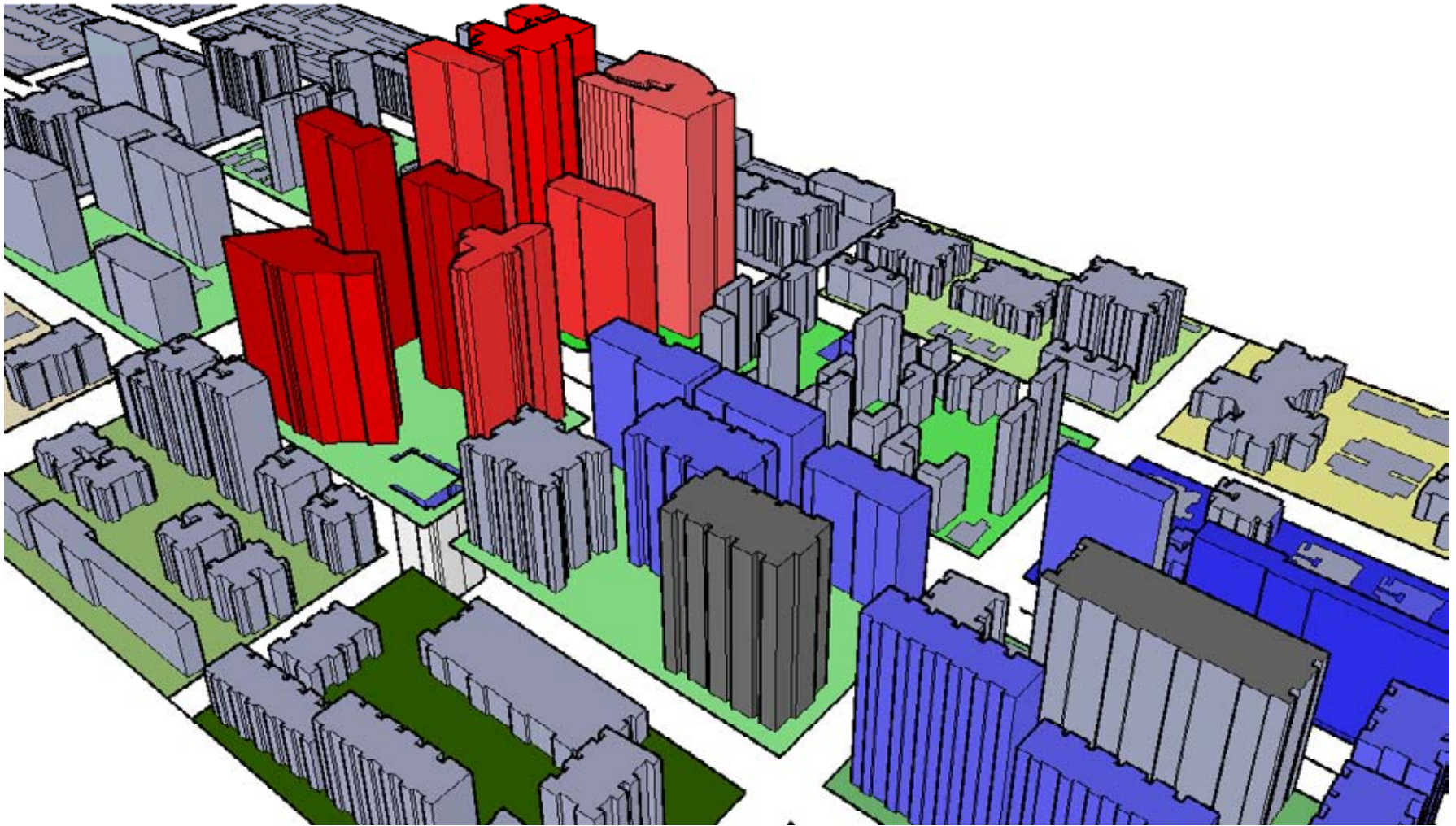
No.	Roads	Area in lakh sqmtr				
		Gross area in BRT corridor	Vacant area (A)	Developed area (B)	Current Built up * (B x 0.80)	Scope for future devp **(A x 0.80)
1	Aundh Ravet	28.80	13.90	14.90	11.92	11.12
2	Old NH-4	25.40	2.54	22.86	18.29	2.03
3	Nashik Phata to Wakad	15.58	4.00	11.58	9.26	3.20
4	Kalewadi to Dehu-Alandi (via KSB Chowk)	22.40	11.00	11.40	9.12	8.80
5	Dehu Alandi Road	29.54	19.10	10.44	8.35	15.28
6	Pune Alandi Road	18.94	9.60	9.34	7.47	7.68
7	Nashik Phata to Moshi	20.72	6.00	14.72	11.78	4.80
8	Kiwale - Bhakti Shakti	10.60	5.50	5.10	4.08	4.40
	<b>Total</b>	<b>171.98</b>	<b>71.64</b>	<b>100.34</b>	<b>80.27</b>	<b>57.31</b>
* Assumed 1 FSI and netting out 20% for open spaces and reservations						
** After assuming 1 FSI on vacant area and netting out area for open spaces and reservations						

## Scale of Development Assumed

Corridors / Period	2010 - 2014	2015 - 2019	2020 - 2024
Aundh Ravet	50%	25%	25%
Old NH-4	50%	25%	25%
Nashik Phata to Wakad	50%	25%	25%
Kalewadi to Dehu-Alandi (via KSB Chowk)	50%	25%	25%
Dehu Alandi Road	25%	40%	35%
Pune Alandi Road	25%	25%	50%
Nashik Phata to Moshi	40%	35%	25%
Kiwale - Bhakti Shakti	40%	35%	25%

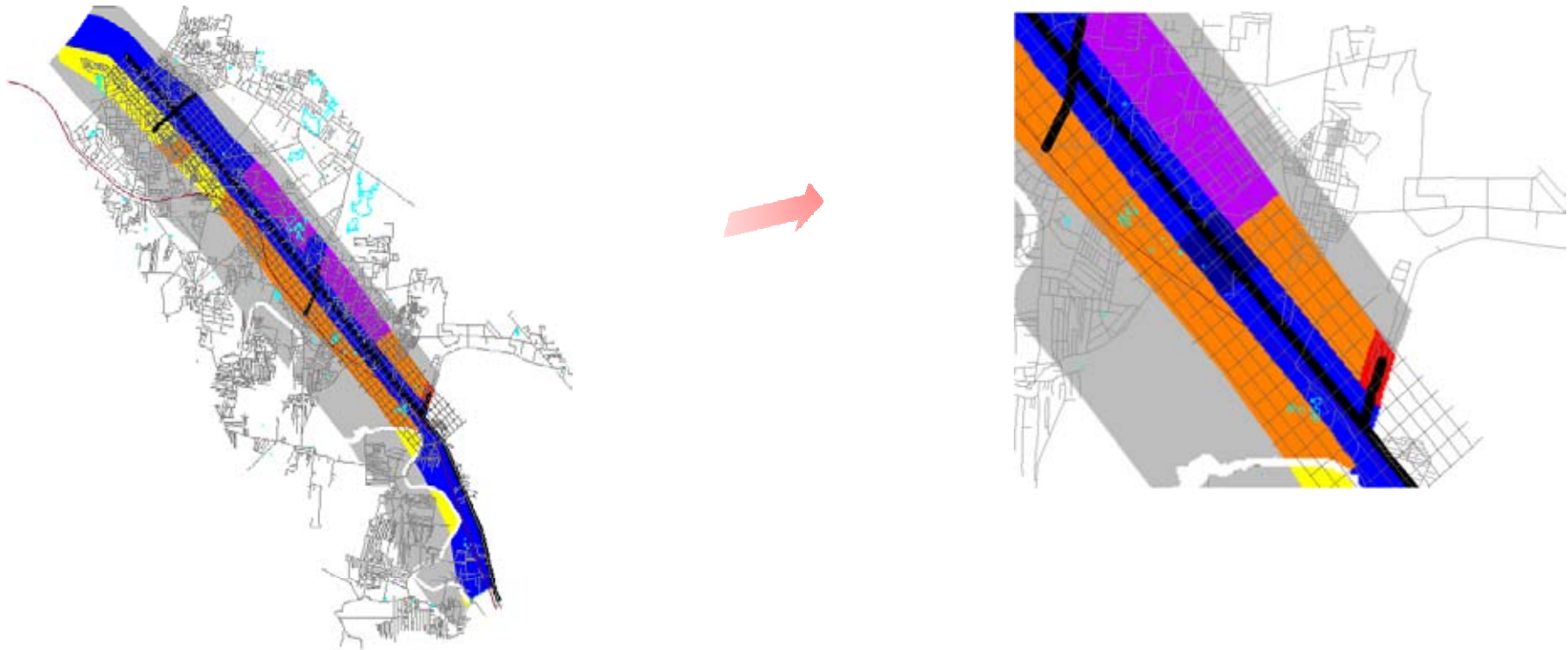
- **57.31 Lakh sq. m. of vacant land development will demand 14.90 Lakh sq. m. TDR**
- **40% of existing properties will get redeveloped – 32.10 Lakh sq. m. of redevelopment; demand for TDR – 8.34 Lakh sq. m.**

## Estimated Premium on TDR in BRT corridor; income Rs. 1745 Crore



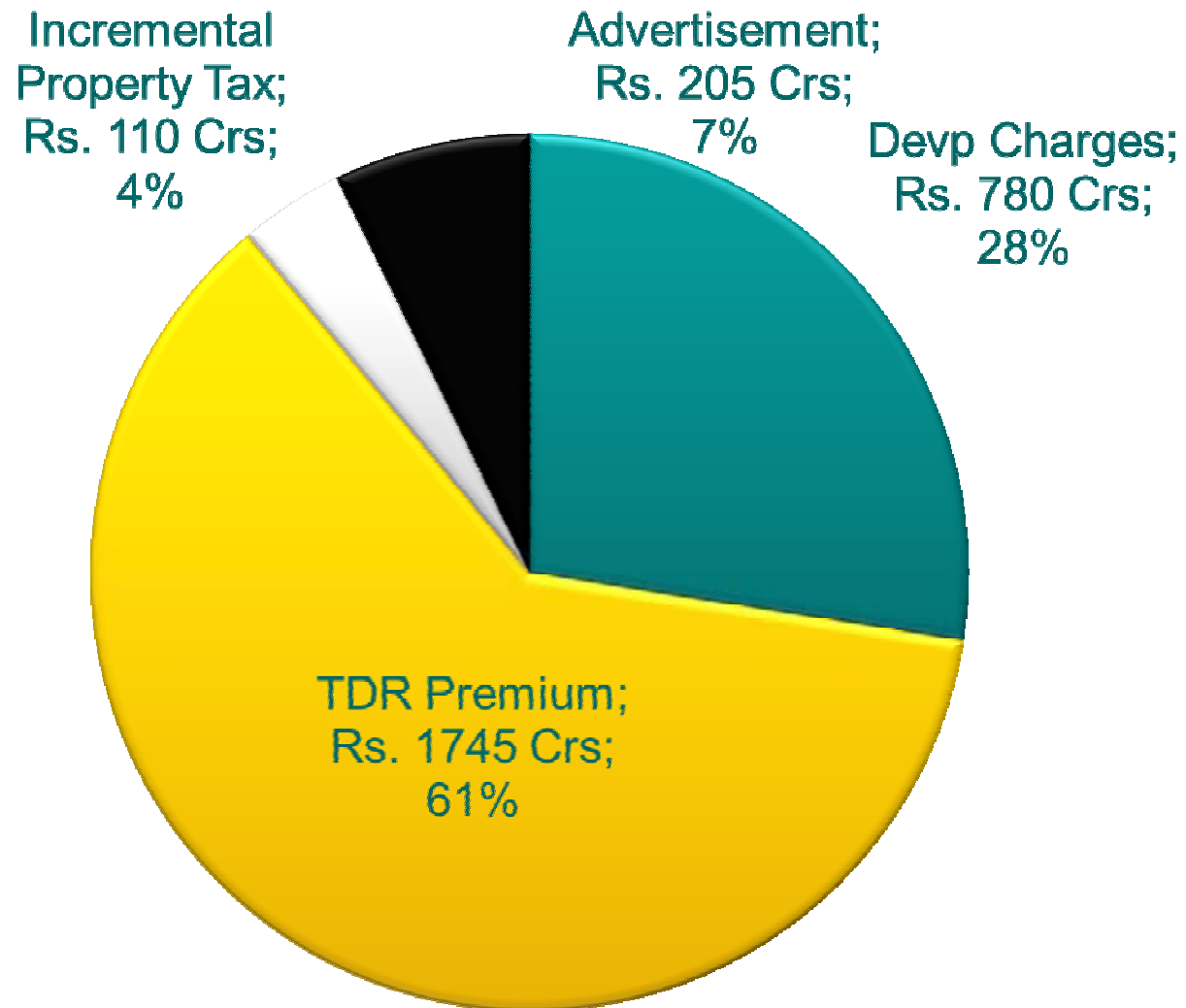


## Other Income from 100 m BRT Corridor



- **Development charges potential – Rs 780 Crores**
- **Other incomes**
  - Advertisement & Incremental property tax – Rs. 315 Crores

## Total income potential of BRT corridors – Rs. 2945 Crs



## Total income Unlocked (UTF) on BRT corridors – Rs. 92 Cr

Revenue Sources	Revenue Generated (FY 2009-10)	Revenue Generated (FY 2010-11)	Revenue Generated (FY 2011-12)	Revenue Generated (FY 2012-13)
Building Permission	4.78	11.12	20.13	20.39
Town Planning	0.43	6.12	13.50	8.37
Advertisement Licenses	0.30	0.51	0.54	0.40
Engg Fee (Excavation & Repair)	2.25	0.23	0.82	0.59
Other (Penalties)	0.12	0.26	0.57	0.52
<b>Total</b>	<b>7.88</b>	<b>18.24</b>	<b>35.56</b>	<b>30.27</b>

## Deployment of UTF on BRT corridors – Rs. 60 Crs

Revenue Sources	Revenue Utilised (FY 2009-10)	Revenue Utilised (FY 2010-11)	Revenue Utilised (FY 2011-12)	Revenue Utilised (FY 2012-13)
BRTS Road Infrastructure under JnNURM & World Bank	3.92	15	37.50	2.91

**Closing balance in UTF account as on 31<sup>st</sup> March 2013 is Rs. 32 Cr**

## Before implementation of Mumbai Pune – BRT corridor



**CHINCHWAD - NH4**



**KASARWADI - NH4**



**DAPODI - NH4**



## Mumbai Pune – BRT corridor after implementation





## Mumbai Pune – BRT corridor after implementation





**Construction of Flyover & ROB at Nashik Junction on old Mumbai Pune**

**NH-4 including Bridge on River Pawana**



