



Presentation on RLDA



Background

- ❖ In the context of reduced budgetary support and high cost of market borrowings :

Commercial development of vacant lands, not required in the near future for railway operations, identified as one of the non-tariff measures to raise revenue

- ❖ Various Parliamentary Committees recommended commercial use of the valuable railway land .
- ❖ Planning Commission, while approving 9th Five Year Plan document, stressed the need for additional resource generation by non-tariff measures. Para 2.1.50 (iii) of the IXth Five Year Plan reads as under:

“Railways being owners of vast tracks of lands can supplement their financial resources by certain non-tariff measures like utilization of land/air-space for commercial purposes.”



Creation of RLDA

- ❖ In order to give greater thrust to this important aspect, Railways decided to set up a separate Authority.
- ❖ The amendment, by insertion of Chapter-IIA, to Railways Act, 1989
 - ❖ paved the way for establishment of Rail Land Development Authority (**RLDA**)
 - ❖ Gave Railways statutory powers for developing any railway land for commercial use by amendment to Section 11 of the Act under new Clause (da).
- ❖ RLDA came into existence and started functioning since January, 2007 with objective:-

“to generate non-tariff revenue through commercial development of vacant railway land/airspace.”



Organization

- ❖ RLDA Board consists of-
 - ❖ Chairman (ex officio): Member Engineering (ME)
 - ❖ Vice Chairman is the Chief Executive
 - ❖ 4 Members
- ❖ RLDA is “Government Body/Authority” and not “PSU”
- ❖ Funds are received from Demand No. 2



Powers of RLDA

- ❖ RLDA draw power from Amendment in IR Act 2005
- ❖ RLDA is governed by RLDA (Constitution) Rules, 2007 – available in website of IR and RLDA
- ❖ Full Powers for Commercial Development of Railway Land entrusted to it by the Railway Board.
- ❖ To enter into Agreements on behalf of Central Government & execute contracts as per Section-4E of the Railway Act 1989.
- ❖ Authorized to create SPVs, Joint Venture Companies for project development after obtaining requisite approvals.
- ❖ Freedom to lay down its procedure for transaction of its business



Functions of RLDA

- ❖ To prepare scheme or schemes so as to monetize railway land for generating revenue by non tariff measures through –
 - ❖ Commercial /Residential Development (With approval of MoR)
 - ❖ Re-development of Colonies, Rly Stations, Offices
 - ❖ JVs / SPVs
 - ❖ Own development by raising funds (With approval of Central Govt)
- ❖ To carry out any other work or function as may be entrusted to it by the Central Government or a railway administration by order in writing.
- ❖ To develop and provide consultancy, construction or management services and undertake operation in India in relation to the development of land and property;

- ❖ Commercial Development
- ❖ Multi Functional Complexes (MFCs)
 - ❖ Through PSUs
 - ❖ Through Private Developers
- ❖ Redevelopment of Railway Colonies
- ❖ Station Redevelopment through IRSDC (a JV created with IRCON , RLDA has 49% stake)



Distribution of Revenue

- ❖ 100% Revenue is transferred to Division under sundry earning “**Z-243**” (Rly Bd No. 2007/Ac-II/1/7 dt 14.2.2008). Revenue means:-
 - ❖ Receipts of Lease Premium and Annual Lease Rent from Developer
 - ❖ Interest on Lease Premium and Annual Lease Rent
 - ❖ Forfeiture of EMD, Security Deposit, Lease Premium
 - ❖ Interest earning on investment of Revenue
- ❖ A part of Revenue can be retained by RLDA subject to:-
 - ❖ Maximum retention – 5%
 - ❖ Total Accumulation cannot exceed Rs 15 Crore at anytime
- ❖ Revenue normally transferred annually after handing over of site to Developer

- ❖ Sites found viable for commercial development to be leased out through transparent bidding process after feasibility consultancy study through professional consultants.
- ❖ For Residential Development, prior approval of Railway Board is required.
- ❖ Proposed development confirming to local development norms
- ❖ Lease period - depending on commercial development
- ❖ The land along with the assets thereon to revert back to the Railways after expiry of lease term
- ❖ Provision for premature termination (only in rare & exceptional circumstances) of lease in case of requirement of such land of railways before expiry of lease period. Compensation to be paid by railway.

- ❖ No provision for out right sale of any plot of land. Leasing through transparent tendering system.
- ❖ Agreement is executed by RLDA with Developer on behalf of railway
- ❖ A copy of agreement is sent to Railway for information & record
- ❖ Handing over of site to Developer through “Joint Handing over note” signed by Railway, RLDA and Developer
- ❖ All approvals, design and construction by Developer independently - no involvement of railway
- ❖ However, periodic review by zonal railway – as RLDA is not present at all places

Various Models for Commercial Development

- ❖ The best model of Commercial Development in terms of the best possible revenue returns is decided among following:
 - ❖ Upfront Lease Premium Model
 - ❖ For Smaller Projects with B.G.
 - ❖ For Bigger Projects with Escrow Account
 - ❖ Annual Lease Premium Model
 - ❖ Present Value Model
 - ❖ Revenue Share Model
 - ❖ Built Up Area Sharing Model
 - ❖ Joint Development/Venture Model



About Railway Land



High potential sites

- ❖ Located :-
 - ❖ In Metro cities
 - ❖ In vicinity of railway stations
 - ❖ Railway Colonies
 - ❖ Airspaces of railway stations/ tracks

- ❖ Guidelines issued by Rly Bd. – No. 2008/LML/2/17 dated 28.4.2009
- ❖ Land not required in the near future by the Railway and having potential for commercial development to be identified for undertaking commercial development by Railway/RLDA and advised to Rly Bd with approval of GM.
- ❖ Subject to Railway having unimpaired title of Land & records, plans and mutation in name of railway.
- ❖ Site should be free from encroachment, encumbrances, structures and material or railway to remove all these before handing over of the site to developer.
- ❖ Clear & precise demarcation of site boundaries and area is not necessary at the time entrustment.
- ❖ Exact area & boundaries to be decided jointly by Rly & RLDA after market study by RLDA. No approval of Rly. Bd required.



Land Use on Railway Land

- ❖ As per Railway Act, RLDA can take up commercial development on any railway land (as entrusted)
- ❖ Railway Land is mostly classified as “Railway Transportation Purpose/ Railway Land” in the City Master Plans.
- ❖ As per Rly Bd letter no. 2008/LML/2/17 dt 28.4.2009, railway land to be shown as “Railway Land” in case of change in master plan. However it should preferably be “Mix Use” so as to avoid need for Change of Land Use (**CLU**).
- ❖ RLDA can do development as per local DCR norms;
- ❖ As such, NOC or CLU has to be obtained. .by RLDA
- ❖ Developer to seek requisite other approvals to plans/ scheme from local bodies including payment of necessary charges.

- ❖ The ownership/title of Land continue to be with Zonal Railway - active co-operation needed at all stages
- ❖ Application for CLU has to be signed by Railway as owner
- ❖ Railway to keep the land free from all encroachments and encumbrances till the land is handed over to the Developer
- ❖ To provide electricity, water and sewerage connection /supply at usual rates to developers during construction stage
- ❖ To provide access to the developer to bring these utilities, if not available with Railway, free of any way and leave charges
- ❖ Cost of u/g utility diversion beyond 3% of cost of construction of MFC to be borne by Railway or to be adjusted in future revenues payable to Railway



Commercial vs. Residential Development

- Commercial area in a city normally consists of 3-5% of the city area.
- Full utilization of large railway land not possible through only commercial development
- Development as per the city development plan
- Value of Residential & Commercial keeps on changing
- **Vacation of Residential –**
 - No difference w.r.t. commercial development
 - after expiry of lease - no legal rights with Lessee/Sub-Lessee.

EARNINGS TRANSFERRED TO RAILWAYS

WHICH HAS IMPROVED O.R.

ZONAL RAIWLAY	AMOUNT IN Rs Crores
NR	1269
NCR	31.50
SWR	16.50
NWR	11.25
WR	10.75
ECR	8.0
CR	7.85
SCR	6.35
WCR	3.0
ECoR	2.0
SR	1.50
TOTAL	1368



Way Ahead



5 Year Plan

- ❖ Over night development not possible
- ❖ Activities involved in development:
 - ❖ Identification of Sites
 - ❖ Preparation of Plans for entrustment
 - ❖ Entrustment of Sites by Railway Board
 - ❖ Engagement of Consultants for de-risking the sites
 - ❖ Estimation of Revenue potential
 - ❖ Marketing and Bidding
 - ❖ Marketing time

5 Year Plan

	Unit	16-17	17-18	18-19	19-20	20-21	Total
Identification of Sites	Nos.	70	70	60	50	45	295
	Cr.	75000	25000	20000	15000	15000	1,50,000
Entrustment of Sites	Nos.	50	60	65	55	50	280
	Cr.	50000	30000	25000	20000	15000	1,40,000
Engagement of Consultants	Nos.	40	60	60	50	50	260
	Cr.	10000	20000	18000	15000	15000	78,000
CLU/ NOC /OSR	Nos.	3	14	45	70	80	212
	Cr.	300	1500	15000	20000	25000	61,800
Valuations	Nos.	43	33	70	65	80	291
	Cr.	3000	5000	15000	20000	25000	68000
NITs	Nos.	45	35	75	75	100	330
	Cr.	3000	5000	15000	20000	25000	68000
Selection of Developers & award of Tenders	Nos.	35	40	60	55	85	275
	Cr.	3175*	4200*	6500¥	14000¥	24000¥	51875¥
Earning (Cr.)	Cr.	70	1000	2000	6000	10000	19,070



ASSISTANCE

- ❖ Areas where RLDA needs cooperation from Zonal Railway
 - ❖ In entrustment of sites – only 1 site entrusted in last 1 yr
 - ❖ Delay in approval plans – in case of MFCs
 - ❖ Delay in handing over / removal of encumbrances
 - ❖ Stoppages of work
- ❖ Mentioning vacant entrustable land parcels in Inspection Notes by Finance Officials.



Thanks