Early Warning System

WB-P177856

Rail Logistics Project

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), World Bank (WB)
Status	Active
Bank Risk Rating	A
Borrower	Dedicated Freight Corridor Corporation India Limited
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 250.00 million
Loan Amount (USD)	$ 250.00 million
Project Cost (USD)	$ 500.00 million

Project Description

According to World Bank documents, the objectives of the project are the following:

(i) to increase freight modal shift to safe and low carbon transport along the Eastern Dedicated Freight Corridor

(ii) to develop Dedicated Freight Corridor Corporation of India Limited as a sustainable institution to provide rail freight connectivity and multimodal logistics services.

DFCCIL is currently constructing two corridors: Western Dedicated Freight corridor (WDFC) and Eastern Dedicated Freight Corridor (EDFC). EDFC is financed by the World Bank and will link Ludhiana through Delhi towards Kolkata. WDFC, financed by the Japan International Cooperation Agency (JICA) will link Mumbai and Delhi. Once completed, the Western and Eastern DFCs will lead to sharp expansion in rail track capacity. In addition, as track infrastructure created under EDFC project enables (i) movement of high-quality wagons with higher axle loads (32 ton instead of current 25 ton), (ii) higher speeds (100 kmph vs. current 75 kmph) and (iii) longer trains (1.5 kms vs. current 700 m), it virtually unlocks even higher capacity for the freight rail segment. This capacity enhancement will improve efficiencies for the movement of freight trains. When freight is shifted to the DFCs, capacity on the mixed-use lines will be released enabling the development of semi high-speed passenger train services.

The Rail Logistics project is financing construction of two project corridors namely Bhaupur to Deen Dayal Upadhaya (earlier called Mughalsarai) and Khurja to Sahhewal section. The project will also finance last mile connectivity to terminals that will be identified later. Both sections put together cover 835 route kms.

This project builds on a series of earlier project engagements with DFCCIL. The EDFC program was financed through a series of three investment loans namely EDFC1, EDFC2, EDFC3.1 The overall Program Objective was to “meet the growing freight and passenger demand on the eastern corridor (Ludhiana-Delhi-Kolkata) with an improved level of service; and develop institutional capacities of DFCCIL and IR to build and operate the DFC network”. The sections included in each project were:

1. EDFC 1 (P114338; approved in 2011) finances the Khurja –Bhaupur2 section (343 km); restructured in October 2015 to include the Khurja – Dadri section (47 kms); the project is now closed and the section operational.
2. EDFC2 (P131765; approved in 2014) finances the Kanpur – Mughal Sarai section (393 km); the project has closed and the remaining work of the section is included in the current project.
3. EDFC3 (P150158; approved in 2015) finances the Khurja – Ludhiana section (401 km); the project has closed and the remaining work of the section is included in the current project.

The three projects have created a platform for launching the efforts to bring commercial financing, private sector participation and customer-oriented culture to the railway sector in India.

ENVIRONMENT AND SOCIAL REVIEW

The environmental risk is high for the project due to the following reasons: 1. Scale of civil works involved (about 800km of railway corridor, which includes some fresh alignment and resultant impacts. 2. Staffing, capacity and performance of SEMU, E&S officials in the field offices and SESMRC as described above. 3. There continues to be a lag in the implementation of environmental management measures with EDFC2 rated as moderately unsatisfactory at close. 4. This is the first project for DFCCIL with ESF provisions with formal explicit requirements for OHS in ESS2, resource efficiency in ESS3. 5. Potential for impacts on important natural habitats is also possible for corridors other than those supported under the EDFC program for which will be undertaken as part of this project where stipulations of Net Gain in case of Critical Habitats or No Net Loss in case of Natural Habitats would need to be adhered to during those activities.

Investment Description

- International Finance Corporation (IFC)
- Multilateral Investment Guarantee Agency (MIGA)
- World Bank (WB)

Private Actors Description

The Dedicated Freight Corridors is shifting the rail sector to a more commercial structure for delivering infrastructure, increase India’s freight rail network capacity, and create space for improving passenger services. The Government of India has adopted a new institutional framework for construction of the Dedicated Freight Corridors. The Dedicated Freight Corridor Corporation of India Limited (DFCCIL), an infrastructure company set up under the Companies Act (1956), whose shares are currently owned by MOR, will deliver, and manage the DFCs.

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Bank Documents

- Environmental and Social Commitment Plan [Original Source]
- Environmental and Social Review Summary [Original Source]
- Project Information Document [Original Source]
- Stakeholder Engagment Plan [Original Source]

Media

- World Bank Approves $245 Million Loans to Modernize Indian Railways

Other Related Projects

- MIGA-14989 DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED