PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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CAG's Audit Report on Implementation of Bangalore Metro Rail Project by Bangalore Metro Rail Corporation Limited Presented

The Performance Audit Report No. 7 of 2026 of the Comptroller and Auditor General of India on Implementation of Phase 1 and Phase 2 of Bangalore Metro Rail Project by Bangalore Metro Rail Corporation Limited (BMRCL) was placed in the Parliament here today.

BMRCL is a 50:50 JV of Government of India (GoI) and Government of Karnataka (GoK). The commercial operations of Phase 1 commenced in a phased manner from October 2011 and was completely operational in June 2017 for a total length of 42.30 km. The commercial operations of Phase 2 were partly commenced during January 2021 to March 2023 for a length of 27.36 km and balance length is planned to be completed by December 2026. The Performance Audit was conducted covering planning, implementation, monitoring and operations of Phase 1 and 2 (excluding 2A and 2B) since inception up to March 2021. The physical and financial progress of selected contracts were reviewed up to 31 March 2023.

The main audit findings are as under:

Planning and Selection of Technology

DPRs for Phase 2 were prepared in absence of the Comprehensive Mobility Plan (CMP), Transit Oriented Development (TOD)/ Land Use Policy (LUP) for planning, designing and transforming urban areas to make the best use of public transport network. Audit also noticed that Phase 2 could not be implemented as of 2021 and actual Peak Hour Peak Direction Traffic (PHPDT) achieved in 2021 for Phase 1 was far below the projections (below 15,000) and ranged between 6,429 and 8,852. Despite above, there was no study to show how ridership could be improved to justify investment in Heavy Metro.

For Phase 1 and 2, the Financial Internal Rate of Return (FIRR) and Economic Internal Rate of Return (EIRR) were calculated based on ridership figures which appeared to be overestimated as the envisaged ridership could not be achieved. Moreover, no detailed study had been done to understand the reasons for low ridership.

Land Management

Land requirement for metro corridors was not properly assessed in DPRs of Phase 1 and 2. BMRCL acquired 62.67 hectares as against projected 45.24 hectares for Phase 1 and 145.16 hectares as against projected 165.09 hectares for Phase 2. Land of 165.09 hectares included 55 hectares proposed for Property Development, which was yet to be acquired as of March 2023. Further, improper land estimation coupled with delays in acquisition resulted in increase in cost of land acquisition by ₹6,603.39 crore (Phase 1: ₹835.81 crore and Phase 2: ₹5,767.58 crore) as of 31 March 2023.

BMRCL adopted either non-agriculture land rates for agriculture land or added certain attributes to agriculture lands which were applicable to converted land. This resulted in excess payment of land compensation to landowners to the extent of ₹294.72 crore.

BMRCL paid additional compensation of ₹186.86 crore as interest at 12 *per cent*, due to delay in issue of Final Notification for land acquisition beyond prescribed period of 270 days.

BMRCL adopted higher percentage than up to 5 *per cent* for the properties having frontage, two roads, without drainage/ high tension line, etc., as prescribed by GoK, resulting in payment of excess compensation of ₹31.35 crore to the landowners in case of Phase 2.

Project Execution and Contract Management

BMRCL did not have a Procurement Manual. Further, there was no uniformity in preparation of cost estimates and there were no established guidelines for deciding project duration, size of Package, time period allowed for sale of tender documents and for regulating release of advances to contractors and fixation of interest rates on advances.

BMRCL included taxes amounting to ₹1,098.28 crore in the cost estimates of nine civil contracts resulting in increase in project cost by ₹1,222.40 crore.

Audit noticed delays in handing over the land in 13 contracts which ranged between 12 and 1,305 days (beyond the allowable 90 days).

Financial Management and Innovative Financing

In view of insufficient revenue to meet External Debt Repayment obligations due to continuously incurring cash losses during the period from 2013-14 to 2021-22, BMRCL is completely dependent on GoK to service the debt raised for the project as of 31 March 2023.

Actual Non-Farebox Revenue (Non-FBR) on actual Farebox Revenue (FBR) was in the range of 8.85 to 49.54 *per cent* but when compared to the estimated minimum 10 *per cent* on the projected FBR, BMRCL achieved Non-FBR between 1.39 and 8.62 *per cent*.

In Phase 1, out of the identified eight parcels of 42.60 acres, only one property (14 acre) was developed. Further, financial viability of corridors under Phase 2 was considered, with income projections of ₹21,282 crore during 2016-17 to 2041-42 from Property Development in an additional 55 hectare of land, which was yet to be acquired as of March 2023.

BMRCL developed built-up area of 2.46 lakh sft in the Metro stations for Property Development, of which 2.23 lakh sft built-up area had been lying vacant for years, thereby losing the opportunity to earn Non-FBR (lease rent) of ₹38.53 crore during the period 2019-22. Further, there was no guiding Asset Management Policy to monetize the empty spaces in stations/ areas identified for Property Development.

Operation and Maintenance

During 2016-17 to 2022-23, the actual Farebox Revenue (FBR) earned for both Phase 1 and 2 was ₹1,758.13 crore (22.72 *per cent*) as against the projected FBR of ₹7,736.70 crore.

BMRCL could not achieve the projected ridership and PHPDT against the year 2007 even by the year 2023 due to non-integration of Metro with Bengaluru Metropolitan Transport Corporation, lack of last mile connectivity, lack of adequate parking facility, etc.

The feeder modes to Metro were poorly organized and lacked connectivity with interior residential zones. Further, footfall in BMTC buses reduced from 51.30 lakh per day in 2014-15 to 27.49 lakh per day in 2022-23. Even after introduction of Metro, the combined ridership of BMTC buses and Metro is lesser than the earlier ridership of BMTC buses, which indicates that the Metro has not been able to attract enough private vehicle users that can result in an overall increase in public transport ridership.