

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**ADB EXTENDS \$150 MILLION LOAN TO DEVELOP INDIA'S RAILWAY
SYSTEM**

New Delhi: Ashadha 19, 1934
July 10, 2012

Asian Development Bank (ADB) and the Government of India have signed a US\$ 150 million loan for 1st tranche of Railway Sector Investment Program aimed at improving rail freight services and passenger transport routes.

The program will help India improve rail services along some of its busiest freight and passenger transport routes, providing double-track for about 840 kilometers of rail routes and electrifying about 640 kilometers. New signaling will also be installed. ADB will also support accounting reforms to improve operational and financial efficiency at Indian Railways.

The program will (i) reduce fuel consumption and enhance energy efficiency, (ii) reduce pollution, (iii) enhance railway safety, (iv) increase the line capacity, benefiting consumers and producers of goods and services, (v) improve staff productivity, and (vi) incorporate innovating financing modalities by pursuing carbon credits under UNFCCC.

The total cost of the Railway Sector Investment Program is US\$ 1,144.6 million, out of which loan assistance from ADB is US\$ 500 million (in four tranches) and GOI's funding is US\$ 644.6 million. This is the 1st tranche for a total US\$ 343.4 million (ADB loan US\$ 150 million + GOI share US\$ 193.4 million).

The signatories to the loan were Shri Venu Rajamony, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; and Mr. Hun Kim, Country Director for India, on behalf of ADB. The project agreement was signed by Mr. Satish Agnihotri, Managing Director, Rail Vikas Nigam Limited.

Speaking on the occasion, Joint Secretary, Shri Venu Rajamony said that although railways make up a significant part of India's transport sector, constraints on high density railway routes present a chronic challenge. This program should improve energy efficiency, safety, reliability, affordability, and environmental sustainability along key railway routes with heavy traffic, he said.

Mr. Hum Kim, Country Director for India said that our goal is to get people and goods moving more quickly and easily throughout India. Better railways not only help promote environmentally sustainable growth, they build better links between states and open opportunities to more people, he said.

The Indian Railways Vision 2020 highlights the need to remove infrastructure bottlenecks, design and deliver market-driven services, provide safe and reliable operations, and build capacity.

ADB will also provide a program linked technical assistance of US\$ 300,000 to promote sustainable transport modes by monitoring carbon emission reductions from shifting bulk goods from road to rail.

Ministry of Railways is the Executing Agency (EA) and Rail Vikas Nigam Limited (RVNL) is the Implementing Agency (IA) for the program.

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PRESS INFORMATION BUREAU
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**\$67.6 MILLION ADB LOAN TO BOOST INVESTMENT FOR AGRIBUSINESS
INFRASTRUCTURE IN BIHAR**

New Delhi: Ashadha 18, 1934
July 09, 2012

Asian Development Bank (ADB) and the Government of India have signed a \$67.6 million loan that will help improve physical and institutional links to support agriculture in the state of Bihar. The loan will help expand agricultural value chains and facilitate better linkages for small scale farmers with processors, agribusiness entrepreneurs, and service providers in Muzaffarpur and Patna-Nalanda regions of Bihar.

The loan is the first tranche of a \$170 million multitranche financing facility under the Agribusiness Infrastructure Development Investment Program, which was approved by the ADB Board in September, 2010 to boost private sector investment in agribusiness infrastructure in selected regions of Bihar and Maharashtra.

The programme will build physical and institutional links along horticulture integrated value chains (IVCs), which include farmers, processors, agribusiness entrepreneurs, and service providers, a central goal of the Indian government. This will help farmers, traders and other value chain stakeholders to improve their products and processes, become competitive and adapt to changes in end markets.

Public-private partnerships (PPP) to design, build, finance and operate the integrated value chains are a key component of the project. Private investors will provide collection services, grading, packaging, storing, processing and cold-storage facilities to a range of high value chains. This will raise the value addition being done from agricultural activities, by reducing post-harvest wastes and integrating small landholders into the agribusiness value chains.

The programme would also enhance livelihoods by benefitting farmers, the landless poor and women through creation of additional employment opportunities along the integrated value chains and ancillary industries thereby raising their income, and improving off-farm income opportunities for the rural poor.

The signatories to the loan were Mr. Venu Rajamony, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance,

on behalf of the Government of India; and Mr. Hun Kim, Country Director for India, on behalf of ADB. The project agreement was signed by Dr. N. Vijaya Lakshmi, Secretary (Agriculture) on behalf of the State Government of Bihar.

Speaking on the occasion Shri Rajamony said that the Agribusiness Infrastructure Development Investment Program fills gaps in agribusiness infrastructure value chains from farm gate to market. This innovative and integrated approach will promote a more inclusive agribusiness value chain and promote efficient and market-oriented farming among smallholder farmers. He said that the Program aims to leverage private sector investment and management into agri-business infrastructure through public-private partnership mode.

Mr. Kim said that the pioneering nature of the investment program is the introduction of integrated value chains and application of public-private partnerships in the agribusiness sector. He said that this will help scale-up future models for agribusiness operations in India.

The Department of Agriculture, Government of Bihar, is the executing agency of the project, which is expected to be implemented over a period of six years, completing in 2017.

This first tranche loan from the ordinary capital resources of ADB has a 25-year term, including a grace period of 5 years, commitment charges of 0.15% and interest rate in accordance with ADB's LIBOR-based lending facility.

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PRESS INFORMATION BUREAU
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**INDIA'S NORTH EASTERN REGION TO SEE BETTER ROAD CONNECTIVITY
THROUGH ADB LOAN**

New Delhi: Ashadha 18, 1934
July 09, 2012

Asian Development Bank (ADB) and the Government of India have signed a \$74.8 million loan to improve connectivity with the north eastern region of the country.

The loan constitutes the first tranche of the North Eastern State Roads Investment Program, a \$200 million multi-tranche finance facility (MFF), expected to be executed in two tranches. Under the facility, a total of 433.7 km roads would be improved/upgraded/ constructed in six states- Assam, Manipur, Meghalaya, Mizoram, Sikkim and Tripura.

This will be ADB's first Transport sector project in NE region to develop and implement road investments that follow widely-recognized best practices in engineering design, pre-construction activities and project management. The program envisages enhanced and Information Technology based capacity development of the state implementing agencies / PWDs for improved road asset management, planning and project management. A road safety programme has also been incorporated with coordinated engineering, enforcement and education components.

The 1st tranche, which was signed, will improve around 200 kilometers of road in the isolated states of Assam, Meghalaya and Sikkim. Improvements will include widening of existing sections of roads, strengthening pavements, raising embankments, and providing permanent structures at river crossings.

The signatories to the loan were Mr. Venu Rajamony, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; and Mr. Hun Kim, Country Director for India, on behalf of ADB. The project agreements were signed by Mr. P.R. Meshram, Director in the Ministry of Development of the North Eastern Region and Commissioners and Secretaries of the states of Assam, Meghalaya and Sikkim.

Speaking on the occasion, Shri Rajamony said that building better roads will reduce isolation of northeast India and open up growth and development opportunities in some of the country's poorest states. He said that the improved surface-transport connectivity in the region is expected to contribute to economic growth and poverty reduction and will facilitate delivery of various development schemes in other sectors within the region.

Mr. Kim said that better roads in the region will also significantly improve the investment climate for the private sector, both domestic and foreign.

The 1st tranche loan of US\$ 74.8 million from ADB makes up to 68% of the total 1st tranche project cost of US\$ 109.8 million, with the central and state governments providing counterpart finance of \$35 million. The project is expected to be completed by December, 2016. Ministry of Development of North Eastern Region (MDONER) is the National Executing Agency for the program.

This loan from the ordinary capital resources of ADB has a 25-year term, including a grace period of 5 years, commitment charges of 0.15% and interest rate in accordance with ADB's LIBOR-based lending facility.

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