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**ADB GIVES \$300 MILLION LOAN FOR UPGRADING STATE HIGHWAYS
IN MADHYA PRADESH**

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The Government of India and Asian Development Bank (ADB) today signed a \$300 million loan agreement, ADB's third intervention in the state of Madhya Pradesh (MP) in the transport sector. 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 Shri Prodyut Dutt, Officer-in-Charge, ADB's India Resident Mission. The project agreement was signed by Shri K.K. Singh, Principal Secretary, on behalf of the Government of Madhya Pradesh and Shri Prodyut Dutt of ADB.

The loan will help upgrade about 1,000 km. of State highways in the eastern and west central parts of the State. As part of the loan package, ADB is additionally providing technical assistance/grant worth \$1 million to support road safety and private sector participation in state highway development and maintenance.

Madhya Pradesh Rural Development Corporation (MPRDC) has already been implementing the first two ADB assisted projects under Loan 1959-IND: Madhya Pradesh State Roads Sector Development Program and Loan 2330-IND: Madhya Pradesh State Roads Sector Project II. The second project approved in 2007, is scheduled to end in December 2011.

The new loan will continue ADB's support for the development of the entire highway network and capacity enhancement of MPRDC, particularly in those areas which were not covered in the previous two loans, to build upon the success of the organization as an implementation agency. With completion of this project, the entire state highway network of Madhya Pradesh will have been upgraded.

Speaking on the occasion, Shri Rajamony, Joint Secretary, Department of Economic Affairs, Ministry of Finance said that the Government emphasizes investment for inclusive and sustainable growth through innovative financing modalities, including Public Private Partnership (PPP). Madhya Pradesh has recorded impressive growth performance of more than 7% per annum since fiscal year 2005, deriving substantially from efficient infrastructure development programs. He said that the project will help sustain high economic growth and reduce poverty in the state.

Shri Prodyut Dutt of Asian Development Bank said that under the Country Partnership Strategy (2009-2012), ADB supports road sector development as a core infrastructure operation to facilitate sustainable economic growth in India. As a long-standing development partner for Madhya Pradesh, as of today, ADB has approved 15 loans amounting to \$2.57 billion covering the power, urban, state road, and rural road sectors. ADB has also helped the state through a public resource management loan.

DSM/SS/GN