

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

....

**INDIA SIGNS LOAN AGREEMENT WITH ADB FOR US \$350 MILLION LOAN TO
UPGRADE DISTRICT ROADS IN STATE OF MADHYA PRADESH**

New Delhi, February 23, 2015
Phalgun 4, 1936

The Government of India and the Asian Development Bank (ADB) India signed here recently an agreement for a US \$350 million loan to upgrade district roads in the state of Madhya Pradesh.

The Madhya Pradesh (MP) District Connectivity Sector project will improve about 1,600 kilometers of major district roads in Madhya Pradesh through lane widening, surface improvements, strengthening of culverts and bridges.

Shri Tarun Bajaj, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, who signed the loan agreement on behalf of Government of India said that the project will lead to improved road transport connectivity in Madhya Pradesh (MP) through reconstruction and rehabilitation of major district roads to all-weather standards. The project will have innovative elements like creation of State Highways Fund on PPP model, toll plus annuity on hybrid model of BOT (Toll) & BOT (Annuity), Border Checkposts, also on PPP model to increase the revenue and control overloading and damage to state roads.

Speaking on the occasion, Ms. Teresa Kho, Country Director of ADB's India Resident Mission, who signed the agreement for ADB said that the loan is ADB's first in the district roads sector in India, and will address a neglected part of ongoing road network upgrades in the country for these secondary roads, which provide a key link between rural roads and state highways. She further said that this will help to cut travel times, improve traffic flow and road safety, and provide better access to markets and social services for poor and remote communities. The project agreement was signed by Sh. Vivek Aggarwal, Secretary, Public Works Department, Government of Madhya Pradesh, and Shri Arun Paliwal, General Manager, Madhya Pradesh Road Development Corporation (MPRDC).

In addition to improving the roads, the project envisages to include five-year performance-based maintenance contracts integrated as an adjunct to the construction contracts, to ensure road assets are constructed to higher standards and well maintained after initial work is completed. The project roads will also be covered under an accident response system being developed by the state, with assistance under ADB's prior loans.

ADB's loan will cover 70% of the total project cost of \$500 million, with the state government of Madhya Pradesh providing the balance of \$150 million. It is expected to be completed by April 2018. Madhya Pradesh has a road network of about 127,000 km, including 4,700 km of national highways, 11,000 km of state highways, and 20,000 km of major district roads. Rural roads make up the balance.
