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GOVERNMENT OF INDIA**

INDIA AND ASIAN DEVELOPMENT BANK (ADB) SIGN \$275 MILLION LOAN AGREEMENT TO IMPROVE RURAL ROADS CONNECTIVITY IN STATES OF ASSAM, CHHATTISGARH, MADHYA PRADESH, ODISHA, AND WEST BENGAL

New Delhi, February 11, 2014
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The Government of India and Asian Development Bank (ADB) today signed a \$275 million loan agreement to continue improving rural roads in five States including the States of Assam, Chhattisgarh, Madhya Pradesh, Odisha, and West Bengal.

The loan represents the second tranche of a \$800 million financing facility under the Rural Connectivity Investment Program. The loan will construct 3,693 kilometers of all-weather rural roads in the five states, benefiting nearly 1,800 rural habitations.

The signatories to the loan agreement were Shri Nilaya Mitash, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India and Ms. M. Teresa Kho, Country Director (INRM), on behalf of ADB. The project agreements were signed by Shri Y S Dwivedi, Director (RC), Ministry of Rural Development (MoRD), Shri M C Boro, Commissioner and Special Secretary, Govt. of Assam, Shri Sudhir Kumar Agarwal, Chief Executive Officer, CGRRDA, Govt. of Chhattisgarh, Ms. Alka Upadhyaya, Chief Executive Officer, MPRRDA, Govt. of Madhya Pradesh, Shri Bhaskar Khulbe, Additional Chief Secretary & Principal Resident Commissioner, Govt. of West Bengal and Shri C.J. Venugopal, Principal Secretary, Govt. of Odisha.

Speaking on the occasion Shri Nilay Mitash, Joint Secretary (Multilateral Institutions), Department of Economic Affairs said that the project will help construct all-weather roads in rural areas that will improve access to markets, district headquarters, health and education facilities, and other centers of economic activity.

Ms. M. Teresa Kho, Country Director (INRM), ADB said that weak rural connectivity affects economic growth in rural areas and has a strong link to poverty, particularly in these five states. The second stage of this loan will invest in physical infrastructure, improve road design, road safety, and asset management.

The Ministry of Rural Development (MORD) is the executing agency of the project at the central level, while the governments of Assam, Chhattisgarh, Madhya Pradesh, Odisha, and West Bengal are charged with overall implementation at the state level for a period of 43 months. The second tranche is expected to be completed in June, 2017. The

implementing agencies at the state level will be the respective State Rural Roads Development Agencies.

The second tranche from the ordinary capital resources of ADB has a 25-year term including a grace period of 5 years, commitment charge of 0.15% per year (on un-drawn balance), Maturity Premium of 0.10% (by straight line method) and interest rate to be determined in accordance with ADB's LIBOR-based lending facility. The Government of India will provide counterpart funds of \$81.56 million for a total second tranche project investment cost of \$356.56 million.
