

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**INDIA AND ADB SIGN LOAN AGREEMENT FOR US \$ 50 MILLION TO SUPPORT
ELECTRICITY TRANSMISSION AND DISTRIBUTION CAPACITY IN ASSAM**

**New Delhi: Phalguna 08, 1933
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The Government of India and the Asian Development Bank (ADB) today signed an agreement for the third and final \$50 million tranche of an ADB loan.

This is the third and last tranche of total \$ 320.6 million MFF, out of which loan assistance from ADB is \$ 200 million and financing by Government of Assam is US\$ 120.6 million. Tranches 1 and 2 are already under implementation.

The Assam Power Sector Enhancement Investment Programme is designed to meet growing demand for electricity in one of India's poorer states, where the large rural population relies mainly on the agriculture and manufacturing sectors for income. Weaknesses in the transmission of power have affected the competitiveness of businesses.

The programme will help ASEB add an additional 430 MVA substation capacity and reduce system losses by 4%. Part of the loan will be used to enhance energy efficiency through renovation and modernization of existing 33/11 kV substations, the introduction of high voltage distribution systems, and conversion to aerial bunched cables for some high voltage and low voltage lines in the urban areas. The programme is expected to benefit around 1 million households, businesses, hospitals and schools in the state.

The signatories were Shri Prabodh Saxena, Joint Secretary (Administration & Bilateral Cooperation), Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India, and Mr. Hun Kim, ADB Country Director for India. Shri Hemanta Narzary, Commissioner & Secretary Power signed on behalf of the State Government of Assam along with Shri S.C. Das, Chairman, Assam State Electricity Board.

“This loan will help strengthen the state's transmission and distribution system, and reduce technical and commercial losses,” Mr. Prabodh Saxena said. “Given that a reliable power supply is critical for

facilitating growth and creating employment opportunities, this project will help Assam attract investment and tap its economic potential, in addition to reducing power outages."

"Increased access to electrical power in remote communities can help meet growing demand and cut poverty," said Mr. Hun Kim.

The loan has a 20-year term, including a five-year grace period with an annual interest rate determined in accordance with ADB's LIBOR-based lending facility. The project is expected to be completed by 30 June, 2014.

DSM/SS/GN

