

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**INDIA AND ADB SIGN AN AGREEMENT FOR US \$ 200 MILLION ADB LOAN TO
SUPPORT THE PROVISION OF RELIABLE AND 24-HOUR ELECTRICITY TO
RURAL HOUSEHOLDS IN MADHYA PRADESH**

**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 second and final \$200 million tranche of an ADB loan to support the provision of reliable, 24-hour electricity to rural households in Madhya Pradesh.

The Madhya Pradesh Energy Efficiency Improvement Investment Program will open up business, employment and better educational opportunities for the poor. It will also support the second phase of the state's ongoing \$1.1 billion feeder separation program to improve power distribution infrastructure in 32 districts.

At present the overuse of electricity for irrigation provided through a single distribution feeder leaves households short of power for much of the day. Ageing and overloaded distribution lines and transformers also result in large transmission losses. ADB's loan funds will establish separate power feeders for households and agricultural use, install high-voltage distribution systems, provide new power connections and improve the financial sustainability of the distribution companies.

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 M. Dhariwal, Deputy Secretary (Energy Deptt.), signed on behalf of the state government of Madhya Pradesh along with Shri A.K. Asthana, Chief Engineer, Shri A.K. Jatav, General Manager and Shri M.K. Jhavar, Director (Finance & Accounts) on behalf of three Discoms-East, Centre and West respectively.

“Poor and vulnerable consumers, as well as social service providers such as hospitals and schools, are particularly disadvantaged by low quality power supplies, so this program will bring them direct benefits,” Shri Prabodh Saxena said.

“The investment program will help ensure a constant, reliable supply of electricity to more than 2.6 million households, as well as providing new power connections to \$1.3 million homes,” said Hun Kim, Country Director of ADB's India Resident Mission.

ADB is also providing technical assistance of \$1 million to train women entrepreneurs on how to take advantage of new economic opportunities that will emerge with an uninterrupted power supply in their rural communities. Another technical assistance of \$600,000 is under preparation for training the Meter Readers.

ADB's second tranche loan has a 25-year term with a grace period of five years and interest determined in accordance with ADB's LIBOR-based lending facility. The technical assistance grant comes from ADB's concessional Technical Assistance Special Fund. The government of Madhya Pradesh and three state distribution companies will provide counterpart funds of \$156 million for the \$556 million investment program. The program will be carried out by the three distribution companies and is expected to be completed by February 2015.

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