

ADB and India Sign \$220 Million Loan Agreement for Improving Road Connectivity and Transport Efficiency on State Highways of Rajasthan

Posted On: 03 JUL 2017 7:42PM by PIB Delhi

The Asian Development Bank (ADB) and the Government of India today signed a \$220 million loan for improving connectivity as well as transport efficiency and safety on State Highways of Rajasthan.

The loan is the first tranche of the \$500 million Rajasthan State Highways Investment Program, approved by ADB Board in May this year, that will upgrade about 2,000 kilometers of state highways and major district roads to two-lane or intermediate-lane standards to meet road safety requirements.

The signatories to the loan agreement were Mr. Raj Kumar, Joint Secretary (Multilateral Institutions), Department of Economic Affairs in the Ministry of Finance, who signed on behalf of the Government of India, and Mr. Kenichi Yokoyama, Country Director of ADB's India Resident Mission, who signed for ADB. The project agreement was signed by Mr. S. L. Sharma, Chief Engineer and Additional Secretary, Public Works Department, the Government of Rajasthan.



Speaking on the occasion, Shri Raj Kumar, Joint Secretary (MI), DEA, M/o Finance said that the project will help improve State Highways and major district roads in Rajasthan. He further said that it will also enhance the capacity of the State public works department in the areas of road asset management, road safety and project management.

After signing the loan Agreement, Mr. Kenichi Yokoyama, Country Director of ADB's India Resident Mission said that one of the focus areas of the program is to attract private sector financing through government capacity building on public private partnership (PPP) development. He said that ADB will finance part of the construction costs for the annuity-based PPP concessions and engineering procurement construction (EPC) contracts, enhance the stability of contract regime, and ensure good governance during project implementation.

The first tranche loan will improve about 1,000 kilometers of State Highways and major district roads. It will have a 25-year term, including a grace period of 8 years, and carry an annual interest rate determined in accordance with ADB's London interbank offered rate-based (LIBOR) lending facility. The total cost of the project is \$1.415 billion, with the government contributing \$465 million and \$450 million coming from the private sector and other concessionaries.

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