

ADB, India Sign \$120 Million Loan to Improve Rail Infrastructure (Download PDF)

(August 10, 2018)

The Asian Development Bank (ADB) and the Government of India today signed a \$120 million loan agreement to improve railway infrastructure. **The loan would help in:** Completing double-tracking of about 840 kms.



Image of Indian Railways Gets 100 % FDI In 17 Key Areas

- Electrification of railway tracks of about 640 kms along high-density corridors in India
- Improve operational efficiency of the country's railway networks
- Implementation of new accounting systems
- Additional safety measures including collision avoidance equipment

The loan to have a 20-year term, including grace period of 5 years and has an annual interest rate determined according to ADB's London interbank offered rate.

The loan is part of the \$500 million multi-tranche financing facility for railway sector investment programme approved by the ADB board in 2011.

The loan proceeds to be used for busy freight and passenger routes in Chhattisgarh, Odisha, Maharashtra, Karnataka and Andhra Pradesh, including "Golden Quadrilateral" corridor that connects Chennai, Kolkata, Mumbai and New Delhi.

Significance for Common Man

The programme would help develop an energy-efficient, safe, and reliable railway system. The system would result in:

- reduced travel time along project rail routes
- improved operational and financial efficiency

ADB

- ADB is regional development bank which aims to promote social and economic development in Asia.
- It was established in 1966. It is headquartered in Manila, Philippines.
- It has 67 members, of which 48 are from within Asia and the Pacific and 19 outside.
- The ADB has been modelled closely on World Bank.
- It has similar weighted voting system where votes are distributed in proportion with members' capital subscriptions.
- As of 2014, Japan was largest shareholder (capital subscription) having 15.7 % shares followed by US (15.6%), China (6.5%), India (6.4%) and Australia (5.8%). ADB has been providing loans to India for different developmental projects.

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