

## Japanese ODA Loan Agreement with India Dedicated Freight Corridor Project (Phase I) --Promoting Renovation of India's Infrastructure through the Delhi-Mumbai Industrial Corridor --

1. On October 27, JICA (President Sadako Ogata) signed a Japanese ODA loan agreement with the Indian government to provide up to 2,606 million yen for Phase I of the Dedicated Freight Corridor Project. This marks the first time that the Special Terms for Economic Partnership (STEP) [1] scheme has been adopted for a Japanese ODA loan project in India, and the application of Japanese technology will be promoted in the project.
2. Under the Dedicated Freight Corridor Project (DFCP), freight rail lines will be constructed along the Western Corridor between Delhi and Mumbai and the Eastern Corridor between Ludhiana, Delhi and Sonagar. The Japanese ODA loan project (the Project) will focus on constructing approximately 920 kilometers track of the Western Corridor between Vadodara and Rewari, connecting major cities in the states of Gujarat, Rajasthan and Haryana, as well as introducing electric locomotives capable of high-speed, high-capacity transportation. By meeting the high rate of growth expected in freight transportation and optimizing distribution networks, the Project will make a far-reaching contribution towards India's economic development. The loan will be allocated to engineering services to prepare and draw up designs of the Project and prepare bid documents.
3. Since it began taking on economic reforms in 1991, India achieved an annual growth rate of 5 to 8 percent, leading great attention to be focused on India as one of the "BRICs", the group of four countries-Brazil, Russia, India and China- for its remarkable economic growth. Along with this rapid development, the volume of freight traffic has increased at an annual rate of 15 percent, stretching the existing freight rail lines to the limits of their carrying capacity. The development of India's freight railways is therefore a pressing issue for India to continue to grow. In order to enable mass transportation along the trunk railways, the Indian government is expanding routes, introducing high speed-freight cars and improving access to port facilities as part of its 10th (2002 to 2007) and 11th (2007 to 2012) Five-Year Plans.
4. In light of this growth policy of the Indian government and these economic conditions, then-Prime Minister Junichiro Koizumi made a joint statement during the visit to India in 2005 regarding the Japanese government's intention to look into the possibility of supporting the DFCP by Japanese ODA loan. After the declaration, on-going support has been provided toward implementation of the project. As part of these measures, JICA began a development study in May 2006 as a preliminary step for DFCP, and began the assistance in proof examination for running stability in February 2008 on the freight lines that were to be constructed under the Project. The Project took shape with Japan's support, and when Indian Prime Minister Manmohan Singh made a visit to Japan in October 2008, Japanese Prime Minister Taro Aso pledged that Japanese ODA Loan would be provided for the realization of the Western corridor of the Dedicated Freight Corridor Project (Phase I).
5. The DFCP is an important part of "Delhi-Mumbai Industrial Corridor (DMIC) initiative", which is a Japanese-Indian collaborative project for comprehensive infrastructure development to create India's largest industrial belt zone by linking the industrial parks and harbors of the six states between Delhi and Mumbai in order to promote foreign export and direct investment, particularly those in Japan., Under the DMIC initiative, plans are also being implemented to create industrial parks and logistics bases with well-developed infrastructures in the area 150 kilometers to either side of the Western Corridor. In addition to being the region with the heaviest consumption in the country, India's capital metropolitan area around Delhi is making progress in manufacturing, commerce and agriculture. The western coastal region of India, centered on Mumbai, is home to several prosperous deep harbor towns, and container traffic between these ports and the interior is expected to increase rapidly as industrial zones continue to develop.
6. Since more than 250 Japanese companies are located in the area around the Western Corridor, these improvements to alleviate the transportation problems impeding business are expected to be beneficial not only to Indian, but also to the many Japanese businesses which have a stake here. Furthermore, the total amount of the loan allocated to the Project is expected to be among the largest ever, and it is hoped that the cooperative implementation of the Project by Japan and India will become a symbol of the partnership between the two countries.



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[1] STEP is a scheme created to promote " development assistance with a distinct Japanese profile through technology transfer utilizing advanced Japanese technology and know how to a development country.

### (Reference)

Map of India (PDF/343KB)

## Reference

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The table below provides a summary of the loan for the DFCP.

### Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment/ Grace Period (years)	Procurement
		Project	Consulting services		
Dedicated Freight Corridor Project (Phase I)	2,606	-	0.01	40/10*	Tied*

\* Special Terms for Economic Partnership (STEP) is applied to this loan, since the project will draw on Japanese advanced technology and know how.

### Executing Agencies

Ministry of Railways  
Address: Rail Bhawan, New Delhi 110001  
Tel: +91 (11) 23389101

Dedicated Freight Corridor Corporation of India Limited (DFCCIL)  
Address: Pragati Maidan Metro Station Building Complex, New Delhi 110001  
Tel: +91 (11) 23454780

### Planned Implementation Schedule

- (1) Completion of project: November 2011(with completion of engineering service)
- (2) Issuance of the letters of invitation for engineering services: November 2009

### Contact for More Information

For more information of procurement schedule, please contact transport sector, JICA INDIA Office,  
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# Map of India

