

Signing of Japanese ODA Loan Agreement with the Government of India

—Supporting Construction of Dedicated Freight Corridor for Realization of Delhi-Mumbai Industrial Corridor—

1. Today, the Japan International Cooperation Agency (JICA) signed Japanese ODA loan agreements with the Government of India to provide Japanese ODA loans of up to a total of 199.035 billion yen for three projects.

2. Since economic reform began in 1991, India has achieved a high economic growth rate, generally between 7 and 9 percent, particularly in the years since 2003. Recently, however, economic growth has decelerated with the real GDP falling to 4.5 percent in the quarter October to December 2012 over the previous year. Going forward, there is a heightened need to provide socioeconomic infrastructure in order to achieve sustainable economic growth.

3. The Government of India has set "faster, sustainable and more inclusive growth" as a goal in its 12th Five Year Plan (2012 to 2017), with an aim of expanding the economy through faster growth and ensuring all citizens enjoy the benefits through inclusive growth. The Government plans to reach approximately one trillion dollars in infrastructure spending within the five-year target period.

4. Features of the Japanese ODA loans in the agreements are described below.

(1) Accelerating the Delhi-Mumbai Industrial Corridor and the Chennai- Bengaluru Industrial Corridor to Support Sustainable Economic Development in India

The Governments of Japan and India, using public-private initiatives, are to develop the Delhi-Mumbai Industrial Corridor (DMIC) and the Chennai-Bengaluru Industrial Corridor (CBIC), including development of industrial areas for supporting economic development in India. For this development, a framework has been put in place through Japan-India summits and cabinet talks. JICA is providing support through Japanese ODA loans and technical cooperation to achieve the development of DMIC and CBIC region.

The DMIC is an integrated regional development project for promoting direct investment in India by Japanese and other companies as well as Indian exports. It will be the largest industrial corridor in India, connecting industrial complexes and harbors in six states from the capital of Delhi to the industrial city of Mumbai with dedicated freight rail and roads. The base of the DMIC framework is the Dedicated Freight Corridor Project (DFC) which will construct dedicated freight rail between Delhi and Mumbai (total projected expenses: approximately 900 billion yen). The Special Terms for Economic Partnership (STEP),^[1] for encouraging the technical transfer of advanced Japanese technology and knowledge to developing countries, apply to this project.

The Chennai Metropolitan Area, which encompasses Chennai, the capital of Tamil Nadu State in southern India, and the surrounding area, has the largest population of any metropolitan area in southern India, and is the political and economic center in that region. Also, as the gateway to Southeast Asia, the Chennai Metropolitan Area is vital for transportation and the flow of goods in the CBIC. The Chennai Metro Project (III) will construct a mass rapid transit system in Chennai, which suffers from severe traffic congestion, and contribute to dramatically alleviate overcrowding on the roads in the Chennai Metropolitan Area. Technical support for the operation, management and maintenance of the subway that will be constructed by the project will be provided by the Delhi Metro Rail Corporation (DMRC) which has established a safe subway operation based on the technical transfer from Japan through past ODA projects.

(2) Creating Infrastructure in Rural Areas for Poor

In 1990, the accessibility of safe water in India was 90 percent in urban areas and 66 percent in rural areas. That had improved to 96 percent in urban and 84 percent in rural after decades, but the facility constructions cannot meet the demand due to the increasing population and economic development, so problems of water volume, quality and service are still remained . The West Bengal Piped Water Supply Project (Purulia) will construct water supply facilities to provide safe and adequate drinking water in Purulia District, State of West Bengal where there are chronic water deficiency and fluoride contamination issue of the ground water.

5. As of October 2012, more than 900 Japanese companies had business operations in India with more than 1,800 bases of operation, representing how economic relations between Japan and India have rapidly strengthened in recent years. JICA has organically coordinated its three types of assistance—loan assistance, technical cooperation and grant aid—in such activities as personnel training with Japanese ODA loans, coordinating with facilities to provide assistance for the 12th Five Year Plan, and will continue to work dynamically for economic growth and poverty reduction in India.

Related Link

➤ [Project Map \(PDF/252KB\)](#)

Reference

1. Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
Dedicated Freight Corridor Project (Phase 2) (II)	136,119	0.20	0.01	40	10	Japan tied
Chennai Metro Project (III)	48,691	1.40	0.01	30	10	
West Bengal Piped Water Supply Project (Purulia)	14,225	1.40	0.01	30	10	General untied

STEP is applied for Dedicated Freight Corridor Project (Phase2)(II).

2. Project Summaries

(1) Dedicated Freight Corridor Project (Phase 2) (II)

(a) Project Background and Necessity

While the freight transportation volume grows in India by approximately 15 percent per year, the transportation capacity of the freight rail is nearing its limit. The line known as the Golden Quadrilateral connects Delhi (the nation's capital and leading area of consumption and production in the country) to Mumbai (the gateway to the subcontinent) and Kolkata, as well as Chennai in the southeast. Accounting for approximately 65 percent of all the freight transportation in India, this line in particular is projected to have an increase in



Akihiko Tanaka, President of JICA, and Deepa Gopalan Wadhwa, Ambassador of India to Japan, shook hands after signing.

container freight as well as transportation volume in agricultural products and mineral resources. Taking these circumstances into account, bolstering the capacity and speed for a high freight transportation capacity is a priority to achieve further economic growth in India.

(b) Objective and Summary

Coming after the first phase of the project which targeted the area between Rewari and Vadodara, this project will construct a dedicated freight railway between Dadri and Rewari and between Vadodara and Mumbai (a total of approximately 550 kilometers) along the length of the Western Corridor from Delhi to Mumbai (a total of approximately 1,500 kilometers). Under this project, a dedicated freight railway will be constructed, fully automated signals and a communication system will be installed, and equipment including locomotives for enabling high-capacity, rapid transportation will be provided. As this will meet the rapidly increasing need for freight transportation and improve the efficiency of the distribution network, it is expected that this project will make an extensive contribution to the economic development of India. STEP will apply to this Japanese ODA loan, and Japanese technology will be utilized in the execution of the project.

As the area around the Western Corridor, where Delhi and Mumbai are located, is home to a large number of operation bases of Japanese companies, these improvements to the transportation infrastructure, which currently hinders business, are expected not only to contribute to economic development in India, but also bring benefits to Japanese businesses with a presence there.

The funds will be allocated to civil works, rolling stock procurement and consulting services (including construction monitoring and administration improvements).

(c) Executing Agencies

Ministry of Railways

Address: Rail Bhawan, New Delhi-110001, India

Phone: +91-11-2338-9101

and

Dedicated Freight Corridor Corporation of India Limited

Address: Pragati Maidan Metro Station Building Complex New Delhi-110001

Phone: +91-11-2345-4780

(d) Planned Implementation Schedule

(i) Completion of project: April 2018 – when all of the lines are put into service

(ii) Issuing of letters of invitation for consulting services (including construction monitoring): April 2013

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Procurement package title: Civil Works & Track Works

Release date: Pre-qualification has been partially announced

(e) JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.

Contact Transport sector, JICA India Office

Address: 2nd Floor, Dr. Gopal Das Bhawan, 28 Barakhamba Road, New Delhi 110001, India

Phone : +91-11-4768-5500 Fax : +91-11-4768-5555

(2) Chennai Metro Project (III)

(a) Background and Necessity

With a population of 8.7 million people in 2011, the Chennai Metropolitan Area in Tamil Nadu State, the project target area, is the largest metropolitan area in southern India and the fourth largest metropolitan area in the country. The population density in Chennai, the core of the metropolitan area, is 26,000 people per square kilometer (compared to 13,787 in the 23 wards of Tokyo and 12,006 in Osaka), one of the densest cities in the world. With the increase in population and rise in income in the Chennai Metropolitan Area, the number of registered vehicles has grown remarkably. Moreover, commercial and industrial districts have rapidly become dispersed and undergone expansion, leading to a trend of increasingly poor traffic conditions and a more urgent need for the construction of public transportation such as subways. Since it would be difficult to raise the transportation capacity of the existing public transportation (buses and rail) and to improve the road network, building a mass rapid transit system is a priority to alleviate traffic congestion and fight automobile pollution.

(b) Objective and Summary

This project will support the construction of a mass rapid transit system approximately 45 kilometers in total length in the Chennai Metropolitan Area in the southern Indian state of Tamil Nadu. By alleviating traffic congestion and reducing traffic pollution, this transit system will meet the increasing demand for transportation, and contribute to regional economic development and urban environmental improvement. In addition, it is expected that the switch from vehicular traffic to rail will reduce the emissions of greenhouse gases.

The funds will be allocated to civil works for subway construction, rolling stock procurement and consulting services (including bidding assistance, construction supervision and safety management).

(c) Executing Agency

Chennai Metro Rail Limited

Address: Harini Towers, No.7, Conron Smith Road, Gopalapuram, Chennai 600 086, India

Phone: +91-44-2843-0020

(d) Planned Implementation Schedule

(i) Completion of project: August 2015 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including construction monitoring): Consultants have already been hired

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction: Already contracted

(3) West Bengal Piped Water Supply Project (Purulia)

(a) Project Background and Necessity

Purulia District, the target area of this project, is located in West Bengal and has a population of 2.93 million people. This district is 300 kilometers away from the state capital of Kolkata and still underdeveloped. Their literacy rate and income level are low and, approximately 90 percent of the population lives in rural areas. The households poverty level is 43.7 percent, which is prominently higher than the national average of 26.1 percent.

The Government of India is promoting piped water supply as a national policy. The Government of West Bengal State also has a strategy which shifts completely from hand pump tubewells to piped water supply throughout the state. However, the percentage of population covered by piped water supply is only 16.8 percent in Purulia District, which is lower than the average of 38.0 percent in West Bengal, and one of the lowest rates in the State.

The surface water in Purulia District is limited, so a majority of residents rely on ground water for living. But due to water demand increased, the ground water level sinks especially during dry season, causing chronic water shortages. Furthermore, natural fluoride in some of ground water exceeds the level of the World Health Organization guidelines. Water supply infrastructure development is therefore a high priority.

(b) Objective and Summary

This project will construct water supply facilities to provide safe and adequate water to people in the Purulia District in West Bengal where there is chronic water deficiency and fluoride contamination issue in the ground water. The project will improve the health of people and their living hood.

The project scope includes intake, water treatment plants, main transmission, pumps and reservoirs, as well as distribution networks. In addition, Institutional Capacity Development and Information, Education and Communication (IEC) programs will be implemented in order to operate and maintain the facilities at the community level.

The funds will be allocated to building the water supply facilities, institutional capacity development,

IEC program and consulting services (including bidding assistance and construction monitoring).

(c) Executing Agency

Public Health Engineering Department, Government of West Bengal
Address: 7th floor, New Secretariat Building, 1.K.S.Roy Road, Kolkata 700098, West Bengal, India
Phone: +91-33-2248-1813

(d) Planned Implementation Schedule

- (i) Completion of project: February 2019 – when the facilities are put into service
 - (ii) Issuing of letters of invitation for consulting services (including construction monitoring): April 2013
 - (iii) Tender announcement of initial procurement package for international competitive bidding on project construction:
Procurement package title: Construction of Water Supply Facilities
Release date: April 2015
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Note

- [1] These special Japanese ODA loan terms were established to provide greater visibility of Japanese aid through the transfer of advanced technology and expertise to developing countries.

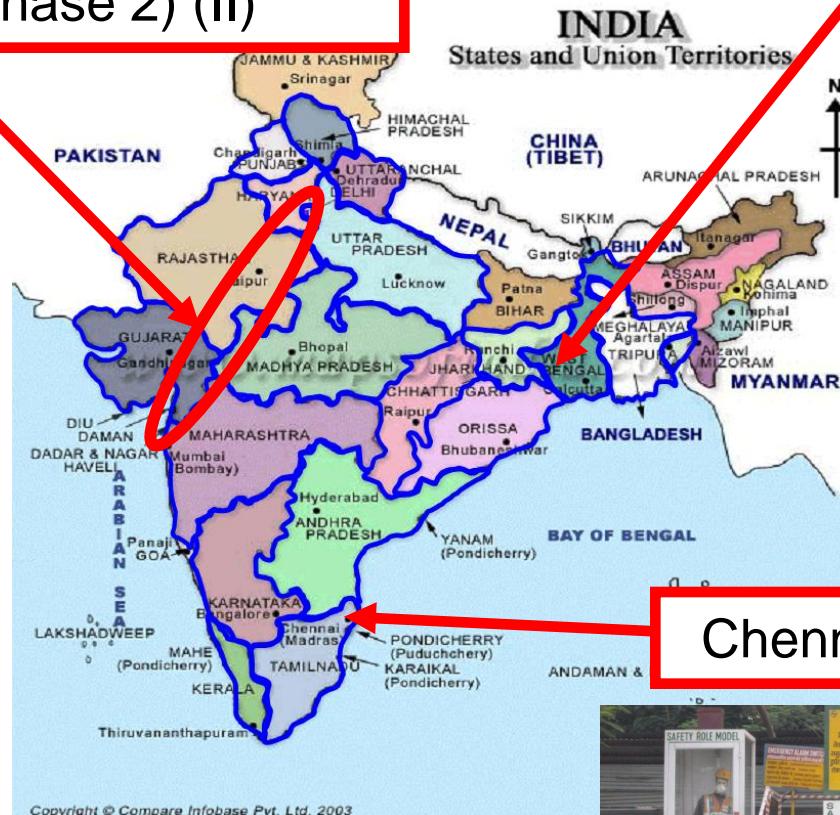
[Project Map]

West Bengal Piped Water Supply Project (Purulia)

Dedicated Freight Corridor Project (Phase 2) (II)



Existing lines near Jawaharlal Nehru Port, Mumbai



The river for source of water



The well for current water supply

Chennai Metro Project (III)



Safety measures for civil works



Construction site