

【Press release】

Signing and Exchange of Notes concerning Yen Loans and Grant Aid to India

1. On September 14, following the Japan-India Summit Meeting in Gandhinagar, India, Mr. Kenji Hiramatsu, Ambassador of Japan to India and Mr. Subhash Chandra Garg, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India signed and exchanged notes concerning five yen loan projects and one grant aid project, in the presence of Mr. Shinzo Abe, Prime Minister of Japan, and H.E. Mr. Narendra Modi, Prime Minister of India.

2. Overviews of the loan projects

(1) Project for the Development of Mumbai-Ahmedabad High Speed Rail (JPY 100 billion, approximately INR 5,791 crore)

The project is to construct the high speed rail between Mumbai and Ahmedabad and the training institute based on Japan's Shinkansen system, with a view to establishing the mass and high-frequency passenger transport system. The project is expected to contribute to enhanced domestic connectivity through realizing effective transport system across India.

(2) Project for Upgradation of Environmental Management for Ship Recycling in Alang and Sosiya in Gujarat (JPY 8.52 billion, approximately INR 493 crore)

The project is to upgrade the existing ship recycling yards, in accordance with the ship recycling method which complies with the international conventions, with a view to improving the environmental management and occupational safety health management of ship recycling industry. The project is expected to contribute to enhancing the industrial competitiveness and supporting sustainable and inclusive growth through environmental conservation and sustainable industrial development in India.

(3) North East Road Network Connectivity Improvement Project (Phase 2) (JPY 38.666 billion, approximately INR 2,239 crore)

The project is to improve the National Highway 40 (NH-40) and construct a bypass on NH-54 in North Eastern Region. The project is expected to contribute to the improvement of the intra-regional and international connectivity through regional economic development.

(4) Kolkata East-West Metro Project (III) (JPY 25.903 billion, approximately INR 1,500 crore)

The project is to establish the mass transport system in Kolkata metropolitan area with a view to dealing with increasing transportation demand. The project is expected to contribute to enhancement of the industrial competitiveness through regional economic development and improvement of urban environment against the backdrop of reduction of the traffic congestion

and pollution.

(5) Gujarat Investment Promotion Program (JPY 16.825 billion, approximately INR 974 crore)

The program is to promote improvement of policy framework and institutions related to industrial development for increasing investment in the State of Gujarat through financial supports, with a view to improving the environment for infrastructure investment such as road, electricity, water and sewage. The program is expected to contribute to enhancing the industrial competitiveness through increase in private investment like FDI in the State of Gujarat.

3. Terms and conditions of the yen loans

(1) For the projects mentioned in 2 (1) above

- (a) Rate of Interest: 0.10% per annum
- (b) Repayment period: Fifty (50) years including the grace period of fifteen (15) years
- (c) Procumbent condition: Tied between Japan and India

(2) For the projects mentioned in 2 (2), (3) and (4) above

- (a) Rate of Interest: 1.20% per annum (The part concerning payments to consultants is 0.01% per annum)
- (b) Repayment period: Thirty (30) years including the grace period of ten (10) years
- (c) Procumbent condition: General untied

(3) For the projects mentioned in 2 (5) above

- (a) Rate of Interest: 0.60% per annum
- (b) Repayment period: Fifteen (15) years including the grace period of five (5) years
- (c) Procumbent condition: General untied

4. Overview of the grant aid project

(1) Project for Construction of the International Cooperation and Convention Center in Varanasi (JPY 2.24 billion, approximately INR 129 crore)

The project is to construct the international convention center in Varanasi city, to promote human and cultural exchanges. The project is expected to contribute to enhancing the industrial competitiveness through the development of tourism sector.

Mr. Hiramatsu (left) and Mr. Garg (right) exchanged the notes in the presence of Prime Ministers of Japan and India

