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## Press Release

January 17, 2015

### **Signing of Exchange of Notes on Japanese ODA Loan of 50 Billion JPY for the Public-Private Partnership Infrastructure Financing Project**

1. The Exchange of Notes on Japanese ODA Loan for the Public-Private Partnership Infrastructure Financing Project totaling JPY 50 billion, approximately INR 2,620 crore, was signed in New Delhi on January 16th, 2015, between H.E. Mr. Takeshi Yagi, Ambassador of Japan to India, and Mr. Rajesh Khullar, Joint Secretary, Department of Economic Affairs, Ministry of Finance, Government of India.

2. This Japanese ODA loan was initially pledged on the occasion of the Summit Meeting between Prime Minister of Japan, H.E. Shinzo Abe and Prime Minister of India, H.E. Narendra Modi on 1st September, 2014.

The loan for this project is one of the concrete outcomes which will materialize the “intention to realize 3.5 trillion Yen of public and private investment and financing from Japan, including Official Development Assistance (ODA), to India in five years” expressed by Prime Minister Abe at the Summit Meeting.

3. The Government of India has been working on the development of Infrastructure by utilizing private funding under the Public-Private Partnership (PPP). However, in addition to recent declining investment on infrastructure by private companies, commercial banks also find it difficult to provide long-term funding, although they have played a pivotal role in financing infrastructure development so far. This may be due to several factors such as the maturity mismatch between assets and liabilities and the rise of concentration risk in lending to specific sectors including roads and power, etc.

4. Against this backdrop, the Government of Japan decided to provide ODA loan for the Public-Private Partnership Infrastructure Financing Project. The Japanese ODA loan will be provided to the India Infrastructure Finance Company Ltd (IIFCL) so as to enable IIFCL to provide medium to long-term funding to infrastructure developers in India. It is strongly anticipated that this project will contribute to development of social infrastructure under the PPP scheme in India.