

【Press Release】

Exchange of Notes concerning Yen Loans to India for the Chennai Metro Phase 2 (I) and 2 Others

1. On December 21, Mr. Kenji Hiramatsu, Ambassador of Japan to India, and Dr. C.S. Mohapatra, Additional Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, signed and exchanged notes in New Delhi concerning the provision of three yen loan projects (total loan provision of up to JPY 105.497 billion, approximately INR 6,668.465 crore). As a result, Japanese ODA Loan commitment to India reached JPY 421.955 billion, approximately INR 26,671.776 crore and the all-time-high in FY2018. In addition, India is the largest recipient country of Japanese ODA Loan in FY2018 as well as in FY2017 on the commitment basis.

2. Overview of the projects

(1) Loan to construct a subway system in Chennai, a metropolitan area suffering from severe and chronic traffic congestion

This project is to provide a loan to the Government of India for the construction of a subway system in Chennai, the capital of Tamil Nadu State. It is expected that approximately 330 thousand people will use the 3rd line between Madhavaram Milk Colony Station and Sholinganallur Station (about 36.0 km) and it will reduce the traveling time between the two stations from the current two hours and fourteen minutes by automobile, to one hour and 8 minutes by 2029 (in 2 years after completion). It is also expected that approximately 760 thousand people will use the 5th line between Madhavaram Milk Colony Station and Chennai Mofussil Bus Terminus Station (about 16.0 km) and it will reduce the traveling time between the two stations from the current 46 minutes by automobile, to 30 minutes.

This project is thus expected to contribute to the development of the regional economy and the improvement of the urban environment by easing traffic congestion.

(Yen loan project “Chennai Metro Project (Phase 2) (I)” (loan up to JPY 75.519 billion, approximately INR 4,773.556 crore))

(2) Loan for the improvement of income levels of dairy farmers in India

This project is to provide a loan to the Government of India for the enhancement of farmers' access to the modern distribution network, improvement of dairy machinery and distribution infrastructure, capacity building of dairy cooperatives in the several eligible states under the agreement between JICA, National Dairy Development Board, and Ministry of Agriculture and Farmers' Welfare. It is expected that 150 thousand dairy farmers will newly join dairy cooperatives, and the farmers' market will expand with modernized dairy product value chain.

This project is thus expected to improve the income levels of dairy farmers through increasing the sales of milk and dairy products.

(Yen loan project "Project for the Dairy Development" (loan up to JPY 14.978 billion, approximately INR 946.759 crore))

(3) Loan for the institution building and policy development related to Sustainable Development Goals (SDGs) in India

This program is to contribute to achieving SDGs by 2030 through providing a loan for strengthening the implementation system and the policy framework related to SDGs in India, with a view to promoting SDGs in social development sector. For example, this program supports social sector development such as the enhancement of the ratio of the pregnant women who have access to safe medical check-up from 64 percent in 2016 to 75 percent in 2019, and the ratio of population who are provided with enough amount of safe drinking water from 82 percent in 2016 to 90 percent in 2019 in least developed regions.

(Yen loan project "Program for Japan-India Cooperative Actions towards Sustainable Development Goals in India" (loan up to JPY 15 billion, approximately INR 948.15 crore))

3. Loan terms

(1) For Projects 2 (1) above

- i. Interest rate: 0.2% per annum (0.01% per annum for consulting services)
- ii. Repayment period: 40 years (including a 12-year grace period)
- iii. Procurement terms: Tied

(2) For Project 2 (2) above

- i. Interest rate: 0.85% per annum (0.01% per annum for consulting services)
- ii. Repayment period: 15 years (including a 5-year grace period)
- iii. Procurement terms: General untied

(3) For Project 2 (3) above

- i. Interest rate: 1.45% per annum
- ii. Repayment period: 30 years (including a 10-year grace period)
- iii. Procurement terms: General untied