

## India Signs Second Loan Agreement with New Development Bank for USD 100 Million for Rajasthan Water Sector Restructuring Project for Desert Areas

Ministry of Finance

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The Loan Agreement for financing of Rajasthan Water Sector Restructuring Project for the Desert Areas was signed between Government of India and the New Development Bank (NDB) on 13<sup>th</sup> February 2018 at New Delhi. This is the first tranche loan of USD 100 million approved by the NDB under the Multi Tranche Financing Facility of USD 345 million for this project.

The objective of this Project is to **rehabilitate the 678 km long Indira Gandhi Canal system built during 1958-63 to prevent seepage, conserve water, and enhance water use efficiency as mandated by both national and state level policies on water use.** The execution of the project would multiple benefits such as:

- i. Arresting the seepage by rehabilitating the deteriorating canal lining of the Indira Gandhi Nahar Project (IGNP) which needs urgent attention;
- ii. Rehabilitation of waterlogged areas;
- iii. Modernization and optimization of the irrigation management practices in the project area by involvement of the water users' associations (WUA) in the command area
- iv. Strengthening of drinking water supply and irrigation facilities in the project area

**The project implementation period is 6 years. Government of Rajasthan will implement the project primarily through Rajasthan Water Resources Department.**

The Loan Agreement was signed by Mr. Govind Mohan, Joint Secretary, Department of Economic Affairs on behalf of the Government of India and Mr. Shaohua Wu, Director General, Project Financing on behalf of the NDB. The Project Agreement was signed by Mr. Shikhar Agarwal, Principle Secretary, Water Resources Department on behalf of the Government of Rajasthan. The representatives of the Government of India, NDB and the Government of Rajasthan also signed Facility Framework Agreement under which NDB has agreed to provide Multi-Tranche Financing Facility for amount aggregating to USD 345 million to the Republic of India for this project.

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