

GOVERNMENT OF INDIA AND THE ASIAN DEVELOPMENT BANK (ADB) SIGN \$105 MILLION LOAN TO SUPPORT HYDROPOWER TRANSMISSION IN HIMACHAL PRADESH

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Ministry of Finance

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The Asian Development Bank (ADB) and the Government of India today signed a \$105 million loan to continue financing the transmission system upgrades in Himachal Pradesh for increased supply of hydropower to the state and the national grid.

The tranche 3 loan is part of the \$350 million multi-tranche financing facility (MFF) for Himachal Pradesh Clean Energy Transmission Investment Program approved by the ADB Board in September 2011. The program is aimed at developing and expanding the transmission network to evacuate clean and renewable power generated from the State's hydropower sources to load centers within and outside the State. It also supports the institutional capacity development of the state transmission utility, Himachal Pradesh Power Transmission Corporation Limited (HPPTCL), as the executing agency for this project.

The signatories to the loan agreement were Mr. Sameer Kumar Khare, Additional Secretary (Fund Bank and ADB), Department of Economic Affairs, Ministry of Finance, who signed on behalf of the Government of India; and Mr. Kenichi Yokoyama, Country Director of ADB's India Resident Mission, who signed for ADB.

"This particular loan will help Government of Himachal Pradesh to benefit electricity consumers in the state and throughout northern India, by increasing the transmission system capacity for inflow of the hydropower generated in the state into India's national grid," said Mr. Khare after signing the loan agreement.

"This last tranche under the MFF will help sustain confidence among existing and potential hydropower developers about the availability of sufficient transmission capacity for evacuation of power from hydropower generation sources in Himachal Pradesh," said Mr. Yokoyama.

The loan will have a 25-year term, including a grace period of 5 years, an annual interest rate determined in accordance with ADB's lending facility based on the London interbank offered rate (LIBOR), and a commitment charge of 0.15% per year.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 67 members—48 from the region. In 2017, ADB operations totaled \$32.2 billion, including \$11.9 billion in cofinancing.

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