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**INDIA AND ADB SIGN \$132 MILLION LOAN AGREEMENT FOR  
STRENGTHENING BIHAR'S POWER SECTOR**

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The Government of India and Asian Development Bank (ADB) today signed a \$132 million loan agreement for strengthening Bihar's power sector. The signatories to the loan were Shri Venu Rajamony, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India, and Shri Prodyut Dutt, Officer-in-Charge, ADB's India Resident Mission. The project agreement was signed by Shri Ganesh Prasad, Secretary and Shri Shambhu Nath Mishra, Joint Secretary on behalf of the Bihar State Electricity Board (BSEB) and the State Government respectively and Shri Prodyut Dutt of ADB.

The project is expected to be completed by 31<sup>st</sup> December 2015. It will provide/transmit additional 472,579 megawatt-hours (MWh) to consumers annually by the end of 2015 and reduce system losses by 3% by 2016 in the seven districts of Bihar.

The major portion of the ADB loan (\$130.3 million) will be used to finance infrastructure such as transmission lines. The remaining (\$1.9 million) will be used for strengthening the internal capacity of the Bihar State Electricity Board (BSEB). The loan will be used to install new transmission lines and to renovate and modernize transmission and distribution facilities to improve the quality and reliability of the state's electricity supply network. ADB will also provide a technical assistance grant of \$300,000 for training and other capacity development to improve project and financial management in BSEB. It will assist BSEB with project implementation and construction supervision, including training in the maintenance and operation of high-voltage distribution systems (HVDS).

Speaking on the occasion, Shri Rajamony, Joint Secretary, Department of Economic Affairs, Ministry of Finance said that the ADB project will be the first ever loan to be extended by a multilateral development bank for strengthening Bihar's power sector. He said that it will help to strengthen the State's transmission and distribution system and

reduce technical and commercial losses. Given that a reliable power supply is critical for facilitating growth and creating employment opportunities, this project will help Bihar in attracting investment and tapping its economic potential in addition to reducing power outages, Shri Rajamony said.

Shri Prodyut Dutt of ADB stated that ADB's development partnership with Bihar has strengthened significantly since 2008 when the Bihar State Highways-I (\$420 million) was approved. Given the strong implementation performance of that loan, the second State Highways loan (\$300 million) was approved in 2010. Going forward, ADB will process an urban development loan for Bihar in 2011 and the second Power Improvement Project in 2014 which will further deepen ADB's partnership with the State, he said.

**DSM/SS/GN**