

India

Railway Sector Investment Program



The Government of India's Eleventh Five Year Plan (FY2007/08–FY2011/12) highlights the need for an efficient transportation system to effectively increase productivity and competitiveness in the world market. Railways make up a significant part of India's transport sector—in FY2009/10, railways carried 7.5 billion passengers and 888 million tons of freight. However, over the past few decades, the railways' share, particularly of freight transport, has gone down steadily. The Indian Railways Vision 2020 estimates that an investment of about Rs14,000 billion (about \$310 billion) is needed from 2011 to 2021.

To help improve the transport network, the Asian Development Bank (ADB) approved

the Railways investment program. The project helps promote greater mobility that supports sustainable socioeconomic development in the country by developing an energy-efficient, safe, reliable, affordable, and environment-friendly railway system along corridors with heavy bulk freight traffic.

ADB's Railway Sector Investment Program project is in line with the strategic directions of ADB's South Asia Department. The strategy focuses on sustainable infrastructure, climate change mitigation and adaptation, human development, regional cooperation and integration, public-private partnership, and good governance.

Project Features

Improved railways. The investment program double-tracks about 840 kilometers (km) of rail routes and electrifies 640 km of rail routes along high density corridors. The double tracking work builds a second track alongside the existing rail route, with associated signaling and electrical work.

Enhanced institutional efficiency. Equipment and support are provided, to push forward the implementation of the new accounting architecture developed with ADB support. The new accounting systems, synchronized with the Government Accounting Standards Advisory Board, is implemented in at least one zone under the investment program, and will be further implemented in all zones of Indian Railways.

Clean Development Mechanism component. Implementation support, including provision of smoke and gas analyzers, are provided to the Ministry of Railways to monitor carbon emission reductions (CERs) and fulfill the requirements for continued CER generation, based on a methodology to be developed with ADB technical assistance, and other Clean Development Mechanism activities.

(continued overleaf)

The multitranche financing facility modality allows ADB to enter into a sustained partnership with the government for a long-term investment, with larger and multiple contracts in parallel with continued support for railway efficiency

Project Features

(continued)

The railway traverses Andhra Pradesh, Chhattisgarh, Karnataka, Maharashtra, and Orissa.

The poverty and social assessment surveyed 11,297 households and held 125 focus group discussions, participated in by men and women; the majority stated that the investment program increases economic and employment opportunities by improving linkages to markets, production centers, and public and social service facilities.

Approximately 21 million people living in the areas influenced by the program experience direct and indirect economic benefits brought about by the investment, and about 5,400 person-years of work are created for laborers during construction.



Annual accident rate is expected to be reduced by 20% by project completion.



Annual CO₂ emission along the project corridors is reduced by 0.9 million due to modal shift from vehicles.

The Project at a Glance

Cost and financing: \$500 million, Ordinary Capital Resources

Project approval date: 31 August 2011

Project themes: Economic growth, Environmental sustainability, Governance, Capacity development

Status of project implementation: Ongoing

Expected loan closing date: 31 December 2018

Executing agency
Ministry of Railways

ADB department
South Asia Department
Transport and Communications Division
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Technical assistance will enhance the Indian Railways' Clean Development Mechanism activities, including possible registration under the United Nations Framework Convention on Climate Change.

Sources: Project information document, <http://www.adb.org/projects/36330-013/main>; ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to India for the Railway Sector Investment Program*. Manila. <http://www2.adb.org/Documents/RRPs/IND/36330/36330-013-ind-rrp.pdf>

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