



# World Bank

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## INDIA INVESTING \$1.2 BILLION TO MODERNIZE RAIL TRANSPORT

WASHINGTON, May 9, 1988 -- India is investing \$1.2 billion to modernize its railway system, a major means of transport in the country. The World Bank is supporting the project with a \$390 million loan.

The project will upgrade 4,000 track kilometers located in the main routes linking the country's four major cities--New Delhi, Bombay, Madras and Calcutta. These routes cover only about 20 percent of the tracks but account for 75 percent of the total passenger and freight traffic.

Demand for railway transport is expected to almost double by the year 2000. In 1987, Indian Railways carried 3.6 billion passengers and 278 million tons of freight, including coal, foodgrains and fertilizers. Traffic is expected to grow each year between 4 and 5 percent.

By modernizing existing trains and providing for better maintenance, technical assistance and staff training, the project is expected to result in more efficient use of locomotives and rolling stock, and savings on fuel and maintenance costs.

The government is providing \$816 million to complete the project's financing.

The World Bank loan is for 20 years, including a five-year grace period, with a variable interest rate, currently 7.72 percent, linked to the cost of the Bank's borrowings. It also carries an annual commitment charge of 0.75 percent on the undisbursed balances.

NOTE: Money figures are in U.S dollar equivalents.