

**Press Information Bureau
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**The Government of India, the World Bank and the representatives of Five States sign the Loan Agreement for
Additional Financing of \$137 Million for the Dam Rehabilitation and Improvement Project (DRIP)**

The World Bank, the Government of India and representatives of 5 States of Government of India and Implementing Agencies signed here in New Delhi today the Loan Agreement for **Additional Financing** of \$137 Million for the Dam Rehabilitation and Improvement Project (DRIP) that will help rehabilitate and modernize over 220 selected large dams in the States of Karnataka, Kerala, Madhya Pradesh, Odisha, Tamil Nadu and Uttarakhand.

In 2010, the Bank's Board approved \$350 million to finance the Dam Rehabilitation and Improvement Project to improve the safety and sustainable performance of over 220 selected dams in India. This Ongoing Project has so far benefitted 25 Million Primary Beneficiaries from urban and rural communities providing them water and livelihood opportunities.

Speaking on the occasion, Mr. Sameer Kumar Khare, Additional Secretary, Department of Economic Affairs, Ministry of Finance said that Fostering rapid and sustained agricultural growth is a key priority for the Government of India. Due to erratic rainfall patterns, dams play a key role in storing water for irrigation and other uses. He further said that this Project will help improve safety and operational performance of large and small dams in India leading to sustained rural development.

The Loan Agreement was signed by Mr. Sameer Kumar Khare, Additional Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India; and Mr. Junaid Ahmad, Country Director, World Bank India, on behalf of the World Bank, and the representatives from the State Governments of Karnataka, Kerala, Odisha, Tamil Nadu and Uttarakhand.

The additional funding of \$137 million signed today will be used for construction of an additional spillway for Hirakud Dam in Odisha State as well as continue to help in rehabilitation and improvement of other dams including strengthening the institutional, legal and technical framework for dam safety assurance within the Government of India and in the participating States.

Mr. Junaid Ahmad, Country Director World Bank said that Infrastructure management often falls prey to a costly 'build-decay-rebuild' cycle. He further said that breaking this pattern by ensuring that dams are well managed, properly maintained and efficiently operated is essential. He concluded that this will ensure the welfare and safety of communities and sustain economic growth. DRIP is delivering these important objectives.

India is home to more than 5200 large dams and another 400 that are under construction having a total storage capacity of more than 300 billion cubic meters. Rainfall, which occurs mainly in intense and unpredictable downpours within short monsoon seasons, is of high temporal and spatial variability and does not meet year-round irrigation and other water demands. Considering this, storage of water is essential for India. The dams play a key role in fostering rapid and sustained agricultural and rural growth and development – a key priority for the Government of India since independence.

These dams benefit millions of people who rely on their waters for livelihood, and therefore need to be strengthened with more investment in their operations and maintenance. Flood protection measures in many dams need to be supported as well, as their failure could pose serious risks to downstream communities.

The World Bank has so far invested \$280 million in the Project that acts as a "lighthouse", showcasing how best to make dams fully operational and safe in a technically sound and sustainable manner.

Mr. Chabungbam Rajagopal Singh and Mr. Arun Kumar Kolsur, Task Team Leaders for the Project said that *in addition to the 25 Million Primary Beneficiaries from both urban and rural communities who are directly dependent on the project for their water supply and livelihood, the project will benefit downstream communities at risk due to flooding.*

The \$137 Million Loan from the International Bank for Reconstruction and Development (IBRD), has a 3-year grace period, and a final maturity of 16 years.

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