

Record EIB loan in India: EUR 500m for Bangalore Metro



Bangalore Metro Rail Project – Line R6

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EIB

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The European Investment Bank (EIB) will provide EUR 500 million to support the construction of a new 18 station Rapid Transit line in Bangalore and the purchase of 96 train cars for use on the line. This support for investment to expand the second longest urban metro system in the country is the largest ever EIB loan in India and also the largest ever support for sustainable transport outside Europe.

The loan agreement was formally exchanged by Andrew McDowell, EIB Vice President and representatives of the Ministry of Finance of the Republic of India at the 14th India – European Union summit. The formal exchange of contracts was attended by Narendra Modi, Prime Minister of India, Donald Tusk, President of the European Council and Jean-Claude Juncker, President of the European Commission, and other senior political representatives from India and the European Union.

The new support for investment by Bangalore Metro Rail Corporation to improve city transport is the largest ever support for sustainable transport outside Europe and will cut travel times for some journeys from 2 hours today to 15 minutes when the new line is complete.

The Asian Infrastructure Investment Bank is expected support the project in the first ever joint financing between the EIB and AIIB.

“Daily travel for hundreds of thousands people on the Namma Metro will be transformed by expanding urban transport in Bangalore. The impressive Reach 6 project shows how a world city is providing 21st century sustainable transport for its citizens. The EUR 500 million financing agreed with the European Investment Bank, the Bank of the European Union, demonstrates Europe’s commitment to support world class climate related investment across Asia and the increased momentum of EIB financing for urban transport across India. This new loan follows backing for the impressive Lucknow Metro announced with Prime Minister Modi last year and stronger engagement here in India through our New Delhi office opened last March.” said Andrew McDowell, European Investment Bank Vice President responsible for South Asia. The EIB is the world’s largest international public bank and is owned by the 28

European Union member states.

Speaking at the summit, the EU Ambassador to India H.E. Tomasz Kozłowski said that “The loan for the Bangalore Metro will contribute greatly to a project that will reduce traffic congestion and pollution in a city that has seen explosive growth in recent years.”

“Successful implementation of Phase 1 of Bangalore Metro has transformed sustainable transport in the city. Working with the European Investment Bank is both helping to finance new stations and trains, and share technical experience from projects around the world.” added Pradeep Singh Kharola, Managing Director of Bangalore Metro Rail Corporation Limited, a joint venture of the Government of India and the Government of Karnataka.

Once operational in 2021 the new 22km Reach 6 metro line will transform transport in the southern Indian city. The project includes both underground tunnels and elevated tracks. Economic activity in the Karnataka State capital will benefit from reduced journey time and lower costs. The improved transport links are also expected to reduce green-house gas emissions.

Reach 6 is a key part of the second phase of the Bangalore Metro and a key component of the future rail link to Bangalore Airport. More than 800 people are expected to be employed during construction.

The loan agreement was signed by Andrew McDowell, European Investment Bank Vice President at the Ministry of Finance of the Republic of India ahead of the 14th India – European Union summit. Representatives of the Ministry of Finance, Bangalore Metro Rail Corporation and the Asian Infrastructure Investment Bank are present at the contract signature.

The Bangalore Metro is the first infrastructure project to be jointly financed by the European Investment Bank and the Asian Infrastructure Investment Bank. It is the EIB’s second sovereign loan with the Republic of India.

The European Investment Bank is one of world’s largest financiers for transport worldwide. Over the last five years it has provided more than EUR 70 billion for transport investment around the world.

As well as providing EUR 450 million for construction of the new Lucknow Metro, In recent years the EIB has supported investment in urban transport across Asia in Hanoi, Vientiane and Bangladesh. The EIB is also backing expansion of sustainable transport across Europe, Latin America and Africa including in London, Paris, Dublin, Buenos Aires, Antananarivo and Cairo.