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PHD Chamber of Commerce and Industry



Indian State of West Bengal Gets US\$135 million World Bank Loan to Improve Efficiency, Reliability of Electricity Supply

The World Bank's Board of Directors approved a US\$135 million loan to the Indian state of West Bengal to improve the operational efficiency and reliability of electricity supply in selected areas in the state.

West Bengal is strategically located along the corridor to the Northeast and to Southeast Asia and plays an important role in facilitating and promoting regional power trade. The state is already facilitating electricity trade with Bangladesh.

Rapid economic growth in West Bengal has resulted in a growing electricity demand at a rate of 4.5 percent in the past five years. The number of consumers served by the West Bengal State Electricity Distribution Company Limited (WBSEDCL) has more than doubled in the past six years to almost 20 million consumers. The main increase has been in rural areas as the state has reached close to universal electricity access. However, this growth has also put a strain on the finances of electricity distribution companies (Discoms). The COVID-19 crisis has added to this strain, as electricity demand from commercial and industrial sectors—proportionally the largest sources of revenue for Discoms—has plummeted.

The project aims to reduce distribution system losses, increase the capacity of the distribution network to meet the growing load demand, improve the overall reliability of the system, make the network resilient to climate disasters, and improve the institutional capacity of WBSEDCL.

The Government of India, through its major programs such as Deendayal Upadhyaya Gram Jyoti Yojana and Sahaj Bijli Har Ghar Yojana, has been able to expand electricity access to nearly every household in the country. The project will support the implementation of the Government of India's 24x7 Power For All Program in the state and support WBSEDCL in transitioning toward a leading public sector utility in India.

The project will be financed by the Government of West Bengal and loans from the Asian Infrastructure Investment Bank (AIIB) and the World Bank.

The US\$135 million loan from the International Bank for Reconstruction and Development (IBRD) is a variable spread loan that has a maturity of 17 years, including a grace period of seven years.

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Warm Regards,

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