



# Contract signed between Department of Energy and KFW Development Bank Germany for loans and grants

## Why In News?

On April 29, 2022, the Department of Energy signed a contract with KFW Development Bank Germany for loans and grants to upgrade the energy sector of Madhya Pradesh by equipping it with modern technology.

## Key Point

- Separate loan contracts, separate grant contracts and project contracts were signed for financing Rs.1400 crore for various development works proposed in the three power distribution companies of the State namely East Zone Power Distribution Company, Central Region Power Distribution Company and West Zone Power Distribution Company.
- Power Minister Pradyuman Singh Tomar said that in this mega scheme, a loan of Rs.1120 crore will be given by KFW Development Bank and the government will provide the remaining amount of Rs.280 crore to the Department of Energy.
- These efforts to improve power will enable the work of smart metering, feeder separation to be done in the domain of the three power distribution companies of Madhya Pradesh.
- It may be mentioned that the Ministry of Finance, Government of India, had signed a loan agreement and grant agreement with KFW Development Bank, Germany on December 23, 2021. The Government of Madhya Pradesh is making efforts to strengthen the power sector of the State on the basis of this contract.

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