

Press Release

The Government of India has agreed to provide assistance for implementation of the Upgradation of Southern Railway Line from Colombo - Matara under the funds pledged for Tsunami recovery activities. The total cost of the project is estimated at US\$ 212.4 million of which US\$ 167.4 million is expected from foreign sources and the balance US\$ 45 million will be financed by the Government of Sri Lanka. Out of US\$ 167.4 million expected from foreign sources, US\$ 100 million was provided by the Government of India under a credit line in 2008. The Government of India has agreed to provide the balance US\$ 67.4 million under a supplementary credit line. Accordingly, the Government of India will finance the entire sum of foreign fund requirement of the project.

The project includes two Phases. The total foreign fund requirements for Phase I and Phase II are US\$ 130 million and US\$ 37.4 million respectively. The Phase I is being implemented under the US\$ 100mn credit line. The proceeds of the US\$ 67.4 million credit line will be used to meet the balance foreign fund requirement for the Phase I and the total foreign fund requirement for the Phase II. The main activities of the project are supply of materials for rail track rehabilitation from Colombo to Matara, execution of work for rail track rehabilitation from Kalutara to Matara, purchase of 20 Diesel Multiple Units (DMUs), three units of locomotives, spare parts for the existing M8 class locomotives and supply of Plant & Machinery for maintenance of the existing DMUs.

The project will upgrade the track from Colombo to Matara to the standard allowing a maximum speed of up to 120 kmph. It will increase the average operating speed from 40 kmph at present to 80 kmph allowing a passenger express train to cover the Colombo - Galle distance approximately within 2 hours. Further, 20 No. of DMUs and 3 locomotives will increase the train capacity as well as frequency of train operations. They will alleviate the existing capacity constraints of trains and prolong the life of the existing fleet by reducing the pressure on it. The DMUs will be designed for long distance and intercity travel and they will improve the long distance and intercity train service. The project will also provide rolling stock maintenance facilities at Alutgama, Galle and Colombo.

The credit agreement was signed today by Dr. P.B. Jayasundera, Secretary, Ministry of Finance and Planning and Mr. Prabhakar Dalal, Executive Director, Export- Import Bank of India on behalf of the Governments of Sri Lanka and India respectively. H.E Ashok K Kantha, the High Commission for India also attended the signing ceremony.

Ministry of Finance & Planning
Colombo
10th March 2010