

# World Bank Approves \$225 Million Rajasthan Highway Modernisation Project

April 13, 2026



**The World Bank’s Board of Executive Directors has approved \$225 million in financing for a major infrastructure project aimed at improving highway efficiency, resilience and safety across the Indian state of Rajasthan.**

The Rajasthan Highway Modernisation Project is expected to benefit more than 3 million people while strengthening connectivity across key economic corridors, supporting job creation in agriculture, industry, mining and tourism.

Rajasthan, one of India’s largest states, plays a critical role as a gateway connecting around 40% of the country’s markets. Despite recording annual growth of 11% between 2015–16 and 2023–24, its road infrastructure has struggled to keep pace with economic expansion.

The programme will support the transformation of the Rajasthan State Highway Authority into a more modern, service-oriented agency, alongside the upgrade and maintenance of approximately 800 kilometres of highway corridors. These improvements are designed to enhance reliability, climate resilience and safety for road users.

A strong focus will be placed on road safety management, with measures aimed at reducing fatalities and improving overall travel conditions. Digital systems will be deployed across around 250 kilometres of high-risk and high-density corridors to strengthen enforcement and traffic management, including in major tourist hubs such as Jaipur and Jodhpur.

The project also introduces India’s first Step-Up Loan (SuL), an innovative financing mechanism designed

to ease fiscal pressure during the early stages of delivery. The structure allows for lower initial repayments, with costs increasing once the project becomes operational and better positioned for refinancing.

By leveraging public-private partnerships and market borrowing, the initiative is expected to mobilise nearly \$295 million in private capital, reducing reliance on state funding while supporting more efficient mobility and lower transportation costs.

“Strong, sector-focused reforms paired with private investment can deliver more and better-paying jobs for people,” said Paul Procee, the World Bank’s Acting Country Director for India. “The project will ensure more women and young people can seamlessly connect to places for jobs in economic corridors, boosting industrial competitiveness and tourism.”

The project aims to increase the share of roads in good or fair condition from 40% to 70%, while reducing travel times between key logistics and economic nodes.

“Strengthening road safety and long-term highway performance is central to Rajasthan’s infrastructure transformation,” said Reenu Aneja, Task Team Leader of the project. “Through a new ‘Road as a Service’ approach, the project shifts the focus beyond construction to a service-delivery model that supports performance-based management, road safety, and user experience over the asset lifecycle.”

The financing is provided through the International Bank for Reconstruction and Development (IBRD), with a final maturity of 35 years and a five-year grace period.