

## 5. EXTERNAL ASSISTANCE

This Annex gives in brief the nature and magnitude of assistance in the form of Loans, Grants and Commodities being received from foreign countries and International Organizations. The estimates of receipts of external assistance and repayments of principal and payment of interest during the years 2017-2018 and 2018-2019 are summarized in the following table:-

(In ₹ crores)

	Actuals 2016-2017	B.E. 2017-2018	R.E. 2017-2018	B.E. 2018-2019
1. Loans	44,191.49	46,070.00	42,212.00	40,881.00
2. Less-External loans for State Projects	...	...	-12,732.00	14,016.00
A. Net external Loans (1-2)	44,191.49	46,070.00	29,480.00	26,865.00
B. Cash Grants	1,299.59	1,948.00	1,513.00	1,387.00
C. Commodity Grant Assistance	...	1,112.00	2,168.00	1,280.00
<b>D. Total(A+B+C)</b>	<b>45,491.08</b>	<b>49,130.00</b>	<b>33,161.00</b>	<b>29,532.00</b>
E. Repayment of loans	26,194.89	30,281.00	27,066.00	29,455.00
<b>F. External Assistance (Net of Repayments) (D-E)</b>	<b>19,296.19</b>	<b>18,849.00</b>	<b>6,095.00</b>	<b>77.00</b>
G. Interest Payment on loans	5,144.28	5,768.00	5,792.00	6,188.00
<b>H. External Assistance (Net of Repayments &amp; Interest Payments) (F-G)</b>	<b>14,151.91</b>	<b>13,081.00</b>	<b>303.00</b>	<b>-6,111.00</b>

As per the new policy guidelines issued by Ministry of Finance on 8<sup>th</sup> December, 2015 on Official Development Assistance (ODA) for Development Cooperation with Bilateral partners, it has been decided that ODA may also be accepted from other countries besides the existing bilateral partners. It has also been decided to accept offers for bilateral assistance, in addition to the assistance on the normal route, in the form of special loans (i.e. loans which have conditions for sourcing of procurement of executing agency from the funding country).

Bilateral Development Assistance can also be received by the Government if the assistance is routed through or co-financed with a Multilateral Agency and the proposed programme/project is to be implemented by the Multilateral Agency under its own rules and procedures. Such arrangements should be evolved between the participating Multilateral and Bilateral Agencies as part of their policies. Such co-financed programmes or projects would be governed by the procedures applicable to the Multilateral Agency spearheading the programme/project.

A brief write-up on the Assistance being extended by different countries and organizations is given below:

### A BILATERAL

#### I. FRANCE

The Government of France has been extending development assistance to India since 1968. French development assistance is being provided through the French Agency for Development (AFD). The priority areas for AFD financing in India are energy efficiency, renewable energy, urban infrastructure (public transport, water). Some of the major on-going projects through AFD assistance are 'Kochi Metro Project' preservation of bio-diversity, and 'Bengaluru Metro Rail Project-II'.

#### II. GERMANY

The Federal Republic of Germany is providing financial and technical assistance to India since 1958. Financial Programmes assisted by Germany are implemented through KfW, the German Government's Development Bank and Technical Assistance Programmes are through GIZ. The present priority areas for bilateral Development Cooperation are: Energy, Environmental Policy, Protection and Sustainable use of Natural Resources, Sustainable Economic Development.

Some of the major on-going projects through KfW assistance are 'Sustainable Municipal infrastructure financing in Tamil Nadu', 'Shoogtong-Karcham Hydropower Project-HP', 'Green Energy Corridor Intra Transmission System' in HP, AP and HP Forest Ecosystem climate Proofing.

**III. JAPAN**

Japan has been extending official development assistance (ODA) to India since 1958. Japanese ODA in the form of loans, Grant Aid and Technical Assistance to India is received through Japan International Cooperation Agency (JICA). Japan is the largest bilateral donor to India. JICA projects are spread across sectors like Transport, Power, Irrigation, environment & investment promotion.

Some of the major on-going projects through JICA assistance are 'Delhi Mass Rapid Transport System Project', 'Dedicated Freight Corridor project', 'Kolkata East-West Metro project', 'Chennai Metro Project', 'Bengaluru Water Supply & Sewerage project', 'Bengaluru Metro Rail project', 'Ahmedabad Metro project', 'TN Transmission System Improvement Projects'.

**IV. RUSSIAN FEDERATION**

Development Corporation between India and the Russian Federation (erstwhile USSR) started in the early sixties. Kudankulam Nuclear Power Project units 1&2 have been built under an Inter-Governmental Agreement (IGA) signed in November 1988 and amended through a supplement in June 1998, wherein state credit up to US\$ 2600 Million, at an interest rate of 4% per annum, has been extended to cover the 85% portion of the cost incurred for the supplies and service provided by the Russian Federation.

A protocol No 2 to the Agreement dated December 5, 2008 was signed in July 2017 for construction of additional nuclear power plants (Units 5&6) at Kudankulam.

**B MULTILATERAL****I. ASIAN DEVELOPMENT BANK (ADB)**

ADB is a major regional financial institution established in 1966 and India is a founding member of ADB. It was decided to commence borrowing from ADB in 1986 to broad base our resources. ADB loans carry a variable interest rate (6 month LIBOR plus variable spread (0.04 to 0.60) with a maximum maturity of 25 years including a grace period of 5 years. Commitment charges on the un-disbursed loan amount was applicable at 0.15% p.a. on loans negotiated after 2nd October 2010.

ADB'S operations now extend beyond the power, transport & urban sectors into financial institution sustainable livelihoods, skill development, and integrated water resources management, Agribusiness Infrastructure Development Investment & Tourism. Some of the major on-going project through ADB assistance on Government account are 'MP District Connectivity Sector Project', 'Rural Connectivity Investment Program Project-3', 'SASEC Road connectivity Investment Programme'.

ADB also provides sovereign guaranteed loans mainly to Power Sector CPSUs and Financial Institutions.

**II. EUROPEAN UNION BANK**

The European Investment Bank is the European Union's financing institution which was established in 1958 under the Treaty of Rome to provide financing for capital investment. The EIB will lend India 450 million (₹3300 crore approximately towards constructing 23KM long Lucknow Metro rail line.

**III. GLOBAL FUND ORGANIZATION**

The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) is an international financing organization that aims to attract and disburse additional resources to prevent and treat HIV and AIDS, Tuberculosis and Malaria. The organization began operations in January, 2002. GFATM assisted programmes in India are implemented by Ministry of Health and Family Welfare.

There are three on-going projects presently executed with the assistance of Global Fund Assisted Aid control Project 'Increasing Access and promoting comprehensive Care', 'Support and Treatment', 'Intensified Malaria Control Project-3' and 'Tuberculosis'.

**IV. INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)**

International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13th specialized agency of the United Nations since 1979. IFAD has assisted in 32 Government projects in the Agriculture, Rural Development, Tribal Development, Women's Empowerment, Natural Resources' Management and Rural Finance Sector.

At present, total 18 projects assisted by IFAD are under implementation. Some of the major on-going projects are integrated Livelihood Support Project and Jharkhand Tribal Improvement and Livelihood Project.

**V. NEW DEVELOPMENT BANK (NDB)**

NDB has been established by BRICS (Brazil, Russia, India, China and South Africa) countries in Shanghai, China. The first loan extended by NDB loan in India is for USD 350 million to finance major district roads in Madhya Pradesh.

**VI. ASIA INFRASTRUCTURE INVESTMENT BANK (AIIB)**

Asia Infrastructure Investment Bank (AIIB) is multilateral bank extending loans primarily in energy, transportation and telecommunication, rural infrastructure and agriculture development. In India, two loans have been signed with AIIB in power and road sector in 2017.

**VII. UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)**

The overall mission of the UNDP is to provide assistance to programme countries through capacity development in Sustainable Human Development (SHD) in the form of grant. The current Country Programme (CP) 2013-17 would concentrate on namely democratic governance, poverty reduction, HIV, energy & environment, Sustainable Development and Gender Equality. The Country Programme is focused on economically backward States.

**VIII. WORLD BANK GROUP**

The World Bank is one of the UN's specialised agencies. India has been accessing funds from the World Bank mainly through IBRD and IDA for various development projects.

**VIII (a) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)**

India is receiving assistance from International Bank for Reconstruction and Development (IBRD) since 1949. IBRD loans though non-concessional, offer relatively favourable terms to commercial sources. IBRD Sovereign loans are primarily utilised for infrastructure projects and poverty alleviation, rural development and human resource development, etc. IBRD aims to reduce poverty by promoting sustainable development, through loans, guarantees and non lending services.

Some of the major on-going projects through IBRD assistance are 'NH Interconnectivity Improvement project,' Water Sector Improvement Project, Swachh Bharat Mission Support Operation, Second Karnataka State Highway improvement project, Eastern Dedicated Freight Corridor-I project, etc. IBRD also provides sovereign guaranteed loans mainly to Power Sector CPSUs and PSBs.

**VIII (b). INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)**

IDA is the concessional arm of the World Bank and plays a key role in supporting the Bank's poverty reduction mission. IDA extends soft loans to its member countries. IDA Credits are presently repayable over 25 years including grace period of 5 years. IDA funds are used largely in social sector projects that contribute to the achievement of MDGs. Some of the India's flagship development programs like PMGSY Rural Roads Project, National Rural Livelihood Project, Second Technical/Engineering Education Quality Improvement Project, Secondary Education Project and National AIDS Control Support project are being financed by IDA credits, which are mostly denominated in SDR, but disbursed and repaid in USD.