

## EXTERNAL ASSISTANCE

This Annex gives in brief the nature and magnitude of Assistance in the form of Loans, Grants and Commodities being received from friendly foreign countries and International Organizations. The estimates of receipts of external assistance and repayments of principal and payment of interest during the years 2013-2014 and 2014-2015 are summarized in the following table:-

(₹ In crores)

	Actuals 2012-2013	B.E. 2013-2014	R.E. 2013-2014	B.E. 2014-2015
A. Loans	23,308.79	27,646.27	23,564.75	28,175.04
B. Cash Grants	2,158.86	1,456.13	2,885.63	2,404.51
C. Commodity Grant Assistance	151.94	...	249.21	...
<b>D. Total(A+B+C)</b>	<b>25,619.59</b>	<b>29,102.40</b>	<b>26,699.59</b>	<b>30,579.55</b>
E. Repayment of loans	16,107.59	17,086.17	18,124.26	22,441.26
<b>F. External Assistance (Net of Repayments) (D-E)</b>	<b>9,512.00</b>	<b>12,016.23</b>	<b>8,575.33</b>	<b>8,138.29</b>
G. Interest Payment on loans	4,019.31	4,276.24	3,987.41	4,070.24
<b>H. External Assistance (Net of Repayments &amp; Interest Payments) (F-G)</b>	<b>5,492.69</b>	<b>7,739.99</b>	<b>4,587.92</b>	<b>4,068.05</b>

As per policy on Bilateral Development Cooperation, Bilateral Development Assistance is being accepted from all G-8 countries namely United States of America, United Kingdom, Japan, Germany, France, Italy, Canada and Russian Federation as well as from the European Union.

Those Bilateral Development partners, from whom it has been decided not to receive Development Assistance at Government level, have been advised to consider providing their Development Assistance through Non-Governmental Organizations and Universities, etc. in India. It has further been suggested that they may also consider routing their Development Assistance through multilateral development agencies.

A brief write-up on the Assistance 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. This assistance is being provided through the French Agency for Development (AFD), and priority areas for AFD financing in India Sustainable Management of Global Public Goods and preservation of bio-diversity. AFD has made a fresh commitment of € 133 million in 2013-14 for financial assistance for implementing two projects in India.

**II. GERMANY**

The Federal Republic of Germany is providing financial and technical assistance to India since 1958. Financial Programmes are implemented through KfW, the German Government's Development Bank and Technical Assistance Programmes through GIZ. The present priority areas for bilateral Development Cooperation are: Energy, Environmental Policy, Protection and Sustainable use of Natural Resources, Sustainable Economic Development. Government of India and Germany have signed eight agreements during 2012-13 with an undrawn committed amount of ₹ 4,441 crore.

**III. JAPAN**

Japan has been extending bilateral loan and grant assistance to India since 1958, which is received through Japan International Cooperation Agency (JICA). Japan is the largest bilateral donor to India. Its current assistance is mainly in

sectors like Urban Development (including mass transit systems), Water Supply and Sanitation, Infrastructure (Railway) and Environment and Forestry. During the financial year 2013-14 JICA has committed JPY 84 billion for two projects (Mumbai Metro Line-III Project and Tamil Nadu Investment Promotion Programme). The receipt of loan during 2013-14 was ₹ 8,324.45 crore.

#### **IV. RUSSIAN FEDERATION**

Kudankulam Nuclear Power Project (KKNPP) is an on-going two unit (2x1000 MW) Nuclear Power Project being built at Kudankulam, Tirunelveli District of Tamil Nadu, under an Inter Governmental Agreement (IGA) between the India and Russian Federation, under which the Russian Federation has extended a State Credit of \$ 2600 Million.

#### **V. UNITED KINGDOM (UK)**

United Kingdom (UK) has been providing Bilateral Development Assistance to India since 1958. This assistance is received mainly for achieving Millennium Development Goals (MDG) in Health, Education, Slum Development, etc. This assistance flows to mutually agreed Government as well as Non-Government projects in the form of financial grants and technical cooperation. Presently, Odisha, Madhya Pradesh and Bihar are receiving Department for International Development (DFID) assistance. During 2013-14, total disbursement from DFID amounts to ₹ 855 crore.

#### **VI. UNITED STATES OF AMERICA (USAID)**

USA bilateral development assistance to India started in 1951 and is mainly administered through the US Agency for International Development (USAID). USAID partners with Government of India in strengthening health systems, replicable models for extending food security, accelerate transition to a low emissions and energy secure economy, reduce greenhouse gas and lower emissions and improving quality of education. The receipt of grant during 2013-14 was ₹ 43.41 crore.

### **B MULTILATERAL**

#### **I. ASIAN DEVELOPMENT BANK (ADB)**

India borrows from the ADB within the overall External Debt Management Policy pursued by Government of India. Loan provided by ADB are primarily in infrastructure, financial restructuring/microfinance and agriculture sector. Cumulative Loan Assistance to India from ADB from 1986 onwards is USD 29.34 billion for 180 projects. At present, 63 loans are ongoing for a loan amount of US\$ 8.38 billion. A receipt of US\$ 1.2 billion is estimated to be received from ADB during 2014-15.

#### **II. EUROPEAN UNION (EU)**

EU, which has been extending Development Cooperation Assistance to India since 1976, is presently extending Grants, in the two priority sectors of Health and Education. EU implements Development Cooperation programmes through Country Strategy Paper (CSP). The total grant from EU for CSP 2007-13 is Euro 365 million.

#### **III. GLOBAL FUND ORGANIZATION**

The Global Fund is a global public/private partnership dedicated to providing additional resources to prevent and treat HIV/AIDS, tuberculosis and malaria. The partnership between Governments, Civil Society, the private sector and affected communities represents a new approach to International Health financing. Over time, Global Fund has become the main source of finance for programs to fight these three diseases. The receipt of grant during 2013-14 was ₹ 1,707 crore.

#### **IV. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)**

International Bank for Reconstruction and Development (IBRD) aims to reduce poverty in middle-income countries and creditworthy poorer countries by promoting sustainable development, through loans, guarantees and non-lending services. India is receiving assistance from IBRD since 1949, and this is primarily being used for infrastructure projects (Power Sector and Roads). At present, 29 Government Loans are under disbursement mode. During 2013-14, one new agreement (Second Kerala State Transport Project) has been negotiated. The receipt of loan during 2013-14 was ₹ 2,402 crore.

#### **V. 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. With effect from 1<sup>st</sup> July, 2011 IDA has changed terms of lending. Now, Credits carry 1.25% interest and a service charge of 0.75% p.a. IDA assistance to India began in 1961. At present, IDA Credits constitute the largest stock of the External (Sovereign) Loan Portfolio. During 2013-14, four new agreements have been signed between Government of India and IDA. Overall, 59 projects are under execution. The receipt of loan during 2013-14 was ₹ 6,742 crore.

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

International Fund for Agricultural Development (IFAD) was set up in 1977 as the 13<sup>th</sup> specialized agency of the United Nations. Since 1979, IFAD has assisted in 25 projects in the Agriculture, Rural Development, Tribal Development, Women's Empowerment, Natural Resources' Management and Rural Finance Sector. 15 projects have been closed and remaining 10 projects are under implementation. During 2013-14, IFAD disbursed ₹ 210 crore.

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

UNDP is the largest channel for development cooperation in the UN System. The overall mission of UNDP is to assist the programme countries through capacity development in Sustainable Human Development (SHD) with priority on poverty alleviation, gender equity, women empowerment and environmental protection. The assistance is in the form of Grants. The current Country Programme primarily concentrates on the United Nations Development Framework Agreement (UNDAF) goals, and is focused on economically backward states. A new Country Programme Action Plan for 2013-17, with an outlay of US\$ 243.40 million was signed between Government of India and UNDP on 1.3.2013.