

## EXTERNAL ASSISTANCE

This Annexure gives in brief, the nature and magnitude of assistance in the form of loans, grants and commodities received from friendly foreign countries and International Organisations. The estimates of receipts of external assistance and of repayments of principal and interest payments during the years 1999-2000 and 2000-2001 are summarised in the following table:—

(In crores of Rupees)

|  | B.E. 1999-2000  | R.E. 1999-2000  | B.E. 2000-2001  |
|--|-----------------|-----------------|-----------------|
| <b>A. Loans*</b>   | <b>9000.70</b>  | <b>9615.68</b>  | <b>9129.23</b>  |
| <b>B. Cash Grants</b>  | <b>683.84</b>   | <b>793.28</b>   | <b>704.58</b>   |
| <b>C. Commodity Grant Assistance</b>                                       | <b>31.56</b>    | <b>55.23</b>    | <b>24.09</b>    |
| (i) Food   | ...             | ...             | ...             |
| (ii) Others  | 31.56           | 55.23           | 24.09           |
| <b>D. Total(A+B+C)</b>   | <b>9716.10</b>  | <b>10464.19</b> | <b>9857.90</b>  |
| <b>E. Repayments:</b>  |                 |                 |                 |
| (i) Loans  | 8155.59         | 8710.04         | 9173.37         |
| (ii) Trust Fund  | ...             | ...             | ...             |
| (iii) Special Credit   | ...             | ...             | ...             |
| <b>F. Total</b>  | <b>8155.59</b>  | <b>8710.04</b>  | <b>9173.37</b>  |
| <b>G. External Assistance (Net of Repayments)</b>                          | <b>1560.51</b>  | <b>1754.15</b>  | <b>684.53</b>   |
| <b>H. Interest Payments</b>  |                 |                 |                 |
| (i) Loans  | 4183.77         | 4482.43         | 4357.29         |
| (ii) Trust Fund Borrowings   | ...             | ...             | ...             |
| (iii) Special Credit   | ...             | ...             | ...             |
| <b>I. Total</b>  | <b>4183.77</b>  | <b>4482.43</b>  | <b>4357.29</b>  |
| <b>J. External Assistance</b><br>(Net of Repayments and Interest Payments) | <b>-2623.26</b> | <b>-2728.28</b> | <b>-3672.76</b> |
| <i>* Includes receipts under Revolving Fund</i>                            | <i>670.87</i>   | <i>556.80</i>   | <i>661.20</i>   |

Two statements viz. Statement 1 showing the receipts and repayments of external loans and Statement 2 showing the grants and commodity assistance are appended to this Annexure.

A brief write-up on the assistance extended by different countries and organisations is given in the succeeding paragraphs.

#### I. AUSTRALIAN DEVELOPMENT ASSISTANCE TO INDIA

In October, 1990, two agreements on bilateral cooperation were signed with the Australian Government. These were: (i) Agreement on Development Cooperation, and (ii) MOU relating to the Small Activity Scheme. Australian aid to India is extended under the aegis of the above agreements.

2. Details of ODA expenditure (for previous years) and outlook (current Year) for India are as under:

(In A \$ million)

| Year      | Disbursement amount |
|-----------|---------------------|
| 1993-94   | 15.8                |
| 1994-95   | 20.4                |
| 1995-96   | 24.3                |
| 1996-97   | 21.7                |
| 1997-98   | 20.2                |
| 1998-99   | 19.2                |
| 1999-2000 | 18.7 (expected)     |

The programme is designed to assist India to help meet our priority development needs while fostering mutually beneficial economic links in areas where Australia has specialist expertise and internationally competitive technology. The on-going development cooperation projects are as under:

1. Waste Management Project, Hyderabad (A \$ 7.293 m)
2. Smelter Complex Development Project, Ghatsila (A \$ 4.033 m)

3. UNICEF Primary Education Enhancement Project (A \$ 10.400 m)
4. Directorate General of Mines Safety Training Project, Dhanbad (A \$ 2.600 m)
5. India Australia Training and capacity Building Project (A \$ 12.150 m)

## II. AUSTRIA

The Government of Austria have so far extended fifteen credit lines amounting to A.Sch. 1560.98 million for financing capital goods of Austrian origin. This also includes food aid amounting to A. Sch. 26 million given to India in December 1976. The credits extended are repayable in 20 years with a grace period of not more than 10 years.

## III. BELGIUM

Belgium has been extending financial assistance to India since 1962-63. The assistance was in the form of supplier's credit upto 1965-66. Since 1966-67, Govt. to Govt. credits in the form of project and non-project assistance for import of capital goods and commodities have also been made available. Since 1985, the Belgian assistance has been on mixed financing pattern.

2. In February, 1998 Belgium Government have agreed to extend assistance for the installation of a Medical Cyclotron in Calcutta. The soft loan will cover 45.17% of the total project cost of Rs.31.8 crore.

## IV. CANADA

The Canadian assistance is extended entirely in the form of grant since 1st April, 1986. The assistance is provided by Canada through its agency, namely, Canadian International Development Agency (CIDA). The on-going CIDA assisted Bilateral Projects are indicated below:—

1. KSEB Power Sector Improvement Project.
2. Rajasthan Agricultural Drainage Research Project .
3. Institutional Cooperation Project.
4. India-Canada Cooperation Office (ICCO).
5. Tree Growers Cooperative Project.
6. India-Canada Environment Facility Project.
7. CII-Environmental Management Project
8. Facilitation of Private Sector Development Project.
9. Capacity Development of Revenue Administration Project.
10. Energy Infrastructure Services Project.
11. Telecom Operations Project.
12. Telecom Framework Project.
13. Boiler Emission Upgrade Project.

2. During the year 1999-2000, two Memoranda of Understanding were signed, one on 30.9.1999 for Canada India Institute industry Linkage Project and the second on 1.2.2000 for Institutional Strengthening-Environment Project. The grant assistance, mainly in the form of technical assistance, which would be extended by Government of Canada under these Projects is C \$ 8.6 Million (approximately Rs.25 Crore) and C \$ 5 Million (approximately Rs.15 Crore) respectively.

## V. DENMARK

India has been receiving Danish aid since 1963. Upto 31.12.99, a total of Dkr 5927.44 million has been committed by Denmark which includes loans and grants. During 99-2000 (upto Dec.99) Govt. of Denmark has committed to provide DKr 79.3 million grant (Rs.49.51 crore) through a new agreement that has been signed in the field of health. (Basic health service programme-M.P.).

2. Danish aid is mainly in the form of grant available for tied imports related to specific projects and also for local cost projects.

The projects are basically for poverty alleviation in the State of Orissa, Madhya Pradesh, Karnataka, and Tamilnadu. Technical assistance is also made available in the form of grants. Besides, grant assisted Private Sector Development Programme (PSD) is also under operation to support long term collaborations between Danish and Indian business enterprises.

#### VI. FEDERAL REPUBLIC OF GERMANY

Germany is India's largest bilateral European donor. The German Government has proposed to commit an amount of DM 20.2 million for projects under technical cooperation.

2. The total aid disbursement during 1999-2000 till October 1999 is DM 126.54 million (excluding TC). This amount also includes DM 58.151 M which has been disbursed directly to the implementing agencies by KFW in respect of disintermediated projects. The aid disbursement (excluding TC) during 1998-99 was DM 277.87 M (Rs.682.22 crore) against a target of DM 233.488 M.

3. The following project agreement for which commitments were made in the past by the German Govt. have been concluded during the current financial year:

|  | Amount   | Dt. of Signing |
|--|----------|----------------|
| (i) Basic Health, West Bengal                    | DM 60 M  | 22.06.99       |
| (ii) Promotion of Renewable Energy through IREDA | DM 120 M | 15.07.99       |
| (iii) Pulse polio Immunization Ph.II             | DM 15 M  | 16.11.99       |

#### VII. FRANCE

Government of France started extending economic assistance to India in 1968 and total French assistance from April 1968 to November 1999 amounted to FF 15507.92 million. French assistance in the form of mixed credits have been utilised for various sectors like Power, Coal, Railways, Petroleum & Natural Gas, Mining, Agriculture, Health, Water supply etc.

2. French assistance is tied to projects and to imports of French goods and services. Grant assistance has been restricted to a few low value technical cooperation projects. French assistance is mainly in the form of mixed credit with soft treasury loan and export credit at OECD consensus rates of interest.

3. The Protocol for 1998-99 is for an amount of FF 68.8 million. No IDF commitment was announced in 1999.

4. The Indo-French Protocol 1998 was signed in November, 1998 for an amount of FF 68.8 million for projects in the sectors of water supply, electronics, mining etc. Fifty percent (50%) of the assistance is being extended out of the Treasury Loan at an interest rate of 0.47% to be repaid in 30 years which included a grace period of 10 years. The balance amount is being extended by the French Credit Insurance Company (COFACE) on commercial terms to be repaid within 10 years.

5. As regards disbursement during 1999-2000 (i.e. November 1999) an amount of FF 64.086 million (Rs.44.27 crore) has been utilised.

6. As per new French Policy, the Annual protocol system has been discontinued and aid cases are decided as and when Projects acceptable to both sides are available.

#### VIII. HUNGARY

Government of Hungary had offered an assistance in the form of credit of US Dollar 200 million to the Government of India on 7-7-1989. The credit carried an interest rate of 4.5% p.a. The credit lapsed unutilised on 31st December, 1994. At present, there is no bilateral development cooperation programme with Hungary.

**IX. ITALY**

Italian assistance is available for specific projects and is generally tied to the financing of Italian goods and services.

2. During the Indo-Italian cooperation meeting of June 1996, the Italian side committed soft loan upto an overall amount of Lira 100 billion out of which Lira 50 billion would be devoted towards establishing an open credit line with National Small Industries Corporation (NSIC) for financing supplies of capital goods and related technical assistance for the development of the Indian small and medium enterprises. The remaining amount is to be used for financing projects in the priority sectors of (a) Water Treatment, (b) Environmental Protection and Infrastructure with positive Environmental Impact and (c) Medium Enterprises Development. The soft loan will be highly concessional (80% grant element).

**X. JAPAN**

Japan is India's largest bilateral aid donor. For the ongoing projects the expected disbursement during 2000-2001 would be as under:

|                 |                |
|-----------------|----------------|
| OEFC (now JBIC) | Rs.2906 Crore. |
| Grant-in-aid    | Rs. 24 Crore.  |

2. Japan also gives grant aid of about 3-4 billion normally on an annual basis. Individual imports are taking place under Japanese Debt Relief Grant Assistance which is not affected by the Japanese sanctions. The details of such ongoing imports are as under:

|   |                        |
|---|------------------------|
| i) NCT, Delhi for Procurement of Autoclaves & ambulances                      | Rs. 10 Crore           |
| ii) NEEPCO for import of spare parts  | Rs. 6 Crore            |
| iii) Punjab Tubewell Corporation for procurement of Percussion rig and spares | Rs. 9 Crore            |
| iv) EPTRI for import of air and water pollution treatment equipment           | Rs. 3.88 Crore         |
| <b>Total:</b>   | <b>Rs. 28.88 Crore</b> |

**XI. KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT**

The Kuwait Fund for Arab Economic Development has been extending economic assistance to India since 1976. So far the Fund has extended eight credits for an aggregate value of KD 92.300 million. The total utilisation of credits upto 31st March 1999 is KD 81.823 million. These loans are for the following projects:

|   |                     |
|---|---------------------|
|   | <i>(KD million)</i> |
| (a) Kalinadi Hydro-Electric project Stage-I                     | 15.000              |
| (b) Kopili Hydro-Electric project                               | 9.400               |
| (c) Anpara Thermal Power Project Stage-I                        | 16.000              |
| (d) Anpara Thermal Power Project (Coal Transportation) Stage-II | 9.000               |
| (e) Thal Fertilizer Project                                     | 14.300              |
| (f) South Bassein Project                                       | 14.600              |
| (g) Kalinadi Hydro Electric Project Stage-II                    | 7.000               |
| (h) Kerala Fisheries Development Project for Prawn Culture      | 7.000               |
| <b>Total</b>  | <b>92.300</b>       |

2. So far credits at (a), (c), (d) and (e) have been fully utilised and that for Kopili Hydro Electric Project has been drawn down to the extent of KD 8.938 million and for South Bassein Project to the extent of KD 11.615 million and the loan accounts had been closed. Loan account for the Kerala Fisheries Development Project for Prawn culture has been shortclosed in 1998. The utilisation of credit under this project is for KD 0.538 million only.

3. Out of the eight loans mentioned above, credits at (a) to (f) carry interest at the rate of 3.5% and a service charge of 0.5% per annum. The credits at (g) and (h) carry interest at the rate of 4.5% and a service charge of 0.5% per annum. The first five loans are repayable in 25 years including an initial grace period of 5 years. The loan for South Bassein Project is repayable over a period of 20 years including 4 years grace period. The credits at (g) and (h) are for 20 years including 5 years grace period.

## **XII. NETHERLANDS**

Netherlands has been extending economic assistance to India since 1962-63 in the form of general purpose credits, debt relief assistance, supplier's credits (Financial Export Credits) and grants. The grant is extended for local cost expenditure and technical assistance.

2. The major sectors in which the Netherlands assistance is received are Environment, Drinking water supply, Irrigation and Water Transport. In addition assistance is also being provided under Education and Agriculture sectors.

3. Earlier, the Netherlands Govt. provided assistance under an annual cash ceiling and upto 1991, this commitment amounted to NLG 200 million, which was divided into loans and grants on roughly 50:50 basis. The loans were repayable in 30 years with 8 years grace period and carried an interest rate of 2.5% per annum. From 1992 onwards, the Netherland assistance is completely in the form of grants and balance against earlier loan commitments will be disbursed out of grant funds.

4. The disbursement during 1998-99 was NLG 59.62 million (equivalent of Rs.131.77 Crore approximately). During 1997-98, 1998-99 and 1999-2000 the Netherland Govt. has not extended macro-economic support. During 1999-2000 (April-November), the disbursement has been NLG 47.808 million (equivalent Rs.97.84 Crore approximately).

5. The Netherland Govt. also provides ORET grants to Govt. of India to subsidise costs of import of selected capital goods from the Netherlands upto 40% of the total cost of individual project.

6. Due to recent changes in the policy of the Netherlands Government, henceforth, the Dutch assistance will be focussed in a few States. In addition, a sectoral approach to development cooperation will replace the Project Approach. The Sectors selected will be in consultation with the concerned State Governments.

## **XIII. NORWAY**

Assistance extended by the Norwegian Government is through the Norwegian Agency for Development Cooperation (NORAD). Norwegian assistance is in the form of a grant.

2. **Areas of Cooperation:** Earlier Norwegian assistance was concentrated in the social sectors. In 1990, the Norwegian Government took a decision to gradually reduce aid to India and to shift their focus on the industrial sector. They continue to give priority to issue relating to the development of women and environment.

3. **Norwegian Aid Policy for India:** The policy of the Norwegian Government on Aid to India has undergone radical change since 1991-92. Previously, approximately 60 per cent of the aid allocated to India was oriented towards social sectors and for eradication of poverty. However, they have now taken a decision to withdraw from these sectors and only concentrate on institutional cooperation and promotion of their industrial sector. They would,

however, continue their assistance in the environment sector and for the development of women. The volume of Norwegian aid to India has shrunk to almost one third of what it used to be in 1990. As compared to NOK 140 million in 1990, it was NOK 45 million in 1995. Under Norway's new aid policy India no longer enjoys the status of a programme country after 1995. From 1996, no allocations are being made for India under the country programme. All commitments made by the Norwegian Government under the country programme on projects for which agreements have already been signed will be fulfilled. Norway is moving away from the country framework i.e. they will not earmark funds countrywise but will have global funds which can be accessed by all countries with suitable projects.

According to the new guidelines for Development cooperation with India, adopted by Norwegian parliament, Education, Child labour and environment will be the priority areas. Allocations to India would be financed by NORAD's Regional Fund for Asia. Productive Sector Projects will be gradually phased out. The global fund for Industrial Development Cooperation will be open for India comprising of financing of mixed credit schemes and Investment support.

4. **Allocations and Disbursements during 1998-99** : No amount was pledged at the IDF since 1996. However, NOK 20.503 million was disbursed in 1998-99 through the Budget of Government of India for local cost expenditure. The rest was disbursed directly under the country programme.

#### **XIV. ABUDHABI FUND FOR ARAB ECONOMIC DEVELOPMENT**

The Abu Dhabi fund has extended a loan of dinar 68.0 million (U.S. \$ 15 million) against Garhwal Rishikesh chilla Hydro Electric Project, U.P. The entire amount of Credit has been utilised. This loan carries a rate of interest of 3.5% and service charge of 0.5%. Its repayment period was 15 years with a grace period of 5 years.

#### **XV. OPEC FUND FOR INTERNATIONAL DEVELOPMENT**

The OPEC Fund for International Development was established by OPEC member countries with the object of reinforcing financial co-operation between OPEC member countries and other developing countries by providing financial support to the developing countries in their economic and social developmental efforts.

2. The OPEC Fund has so far extended Fourteen loans for a total sum of US \$ 218.800 million. The total utilisation of Credits upto 31st March, 1999 is US \$ 180.876 million. These loans are for the following projects:

|   | <i>(US \$ in millions)</i> |
|---|----------------------------|
| (1) Balance of Payment Support                  | 21.800                     |
| (2) Bombay High Off-Shore Development Project   | 14.000                     |
| (3) Korba Thermal Power Project                 | 20.000                     |
| (4) Ramagundam Thermal Power Project Stage-II   | 20.000                     |
| (5) Second Bombay High Off Shore Project        | 30.000                     |
| (6) Second Ramagundam Thermal Power Project     | 30.000                     |
| (7) Railway Modernisation Project               | 22.500                     |
| (8) Rehabilitation of fertilizer Projects       | 7.000                      |
| (9) Line of Credit to NABARD                    | 8.000                      |
| (10) Rewa Hospital Project M.P.                 | 10.000                     |
| (11) Basti District Hospital Project            | 6.500                      |
| (12) Raichur District Hospital Project          | 9.000                      |
| (13) Kerala Rainfed Farming Development Project | 10.000                     |
| (14) Shimla Sewerage Project                    | 10.000                     |
| <b>Total</b>                                    | <b>218.800</b>             |

3. The credits at Sl. Nos. (1) to (5), (7) and (9) have been fully utilised and that for Second Ramagundam Thermal Power Project at Sl. No. (6) has been drawn down to the extent of US \$ 29.067 million and for Rehabilitation of Fertilizer Project at Sl. No. (8) to the extent of US \$ 5.351 million and the loan accounts have been closed. Projects at Sl. No. (10) to (14) are at present under implementation.

4. Credits at Sl. Nos. (2) to (6) carry no interest but only a service charge of 0.75 per cent per annum & are repayable over a period of 20 years including an initial grace period of 5 years. The credits at Sl. No. (7) for the Railway Modernisation Project, is repayable in 14 years including a grace period of 4 years with interest rate of 3% and service charge of 1%. The credits at Sl. No. (8) to (11) and (14) are for 17 years including a grace period of 5 years with interest at the rate of 2% and service charge at 1% per annum. The credits at Sl. No. 12 & 13 are for 17 years including a grace period of 5 years with interest at the rate of 2.25% and service charge of 1%.

#### **XVI. SAUDI FUND FOR DEVELOPMENT**

Saudi Fund for Development, an autonomous legal entity, was set up with the objective of providing loans for developmental projects in developing countries and has so far extended four credits for a total value of S.Riyals 769.200 million. The total utilisation of credits up to 31st March, 1999 is SR 620.813 million. These loans are for the following projects:

|  | <i>(S.R. in million)</i> |
|--|--------------------------|
| (a) Srisailam Nagarjunasagar Power Project.                            | 353.000                  |
| (b) Koraput-Rayagada Railway Project.                                  | 103.200                  |
| (c) Ramagundam Thermal Power Project.                                  | 172.000                  |
| (d) Jawaharlal Nehru Port Trust Project.<br>(Nhava Sheva Port Project) | 141.000                  |
| <b>Total</b>   | <b>769.200</b>           |

2. The credit for Srisailam Nagarjunasagar Power Project has been drawn down to the extent of SR 350.442 million, for Ramagundam Thermal Power Project Stage II to the extent of SR 93.786 million and for the Jawaharlal Nehru Port Trust Project to the extent of SR 108.570 million and the loan accounts have been closed. The Project at (b) above is under implementation.

3. While the first and fourth loan carry an interest rate of 4 per cent per annum, the second and third loan carry 3 per cent per annum. All these loans are repayable over a period of 20 years including an initial grace period of 5 years.

#### **XVII. SWEDISH ASSISTANCE**

India has been a recipient of Swedish Assistance since 1964 although Sweden joined the Aid India Consortium as a full member only in 1969. The terms of Swedish assistance have become progressively softer over the years. After 1976, Swedish assistance is in the form of a 100% grant and is mainly focussed on the social sector and the energy sector. In addition to grant assistance, Swedish government, has extended soft loans, for large power sector projects. Earlier, Sweden used to allocate 0.91 per cent of its GDP for development cooperation. This was reduced to 0.7% of its GDP in the last year. The aim, however, is to restore the level to 1 per cent of the GNP as soon as the Swedish economy so permits. Despite the cut in the Swedish aid budget, taking into account SIDA grant aid and concessional credits available from other Swedish Organisations, India becomes the largest recipient of Swedish assistance not only among the Asian countries but also among African and Latin American countries.

#### **2.Future Strategy for Indo-Swedish Development Cooperation (1997-1999) : Future strategy for Indo-Swedish**

Development Cooperation in the three year period of 1997-99 covered by the new Development Cooperation Agreement dated 28.11.96 focuses on poverty alleviation and infrastructure:-

- (a) The broad areas of Swedish assistance are:-
- i) poverty oriented projects and programmes in the primary education and health sectors;
  - ii) environment, including natural resources management and the modern/industrial/urban sector;
  - iii) energy saving and other areas of importance to more efficient use of energy resources;
  - iv) consultancy fund;
  - v) activities aimed at encouraging sharing of experiences and expertise between India and Sweden.

(b) Since there is a high level of skills and knowledge that are to be found in both India and Sweden, it was agreed that a gradually increasing amount should be used to stimulate the exchange of experiences and joint development of know-how between India and Sweden. This can be done within the framework of research cooperation, exchange of experts, contract financing, courses, and through cooperation between India and Swedish NGOs. The Indian side emphasised that they would like the maximum amount to be allocated under the country frame for projects where the funds are routed through the Government of India budget, especially for local cost projects.

(c) Sweden primarily concentrates its assistance in the States of Rajasthan, Tamil Nadu, Orissa and Himachal Pradesh. During the negotiations held in November, 1996, the Indian side indicated that Swedish support should be extended as far as possible to more number of States. This was again discussed during Annual Review Meeting held in February, 1998 and it was agreed that a certain geographical spread would be considered by Embassy while initiating and identifying new projects.

(d) Since the strategy for Swedish assistance was finalised only in November, 1996, no new projects were being considered by the Swedish Government for the last 2-3 years. Now that the strategy has been finalised, project proposals have been called from the various administrative Ministries/Departments and State Governments.

**3. Allocations and Disbursements during 1998-99 :** For the year 1997 and 1998 IDF pledge was of the order of SEK 300 million per year. During 1997-98, total disbursement of SIDA funds through Government of India budget was of the order of Rs.40.57 crore.

#### **XVIII. SWITZERLAND**

The Government of Switzerland has been providing assistance to India since 1964. Currently, Swiss aid is available for local costs/technical assistance in Grant form through the Swiss Agency for Development Cooperation (SDC).

2. The sectoral priority of Swiss assistance in India are improved land use, dairy farming and livestock production, rural cottage industry, human resource development, environment and renewable source of energy.

#### **XIX. UNITED KINGDOM**

India is the largest recipient of British development assistance. The bilateral assistance from 1975 onwards comes fully in the form of Grants. The aid agency of the U.K. is Department for International Development which is a part of the Foreign & Commonwealth Office (FCO) and is headed by a Minister for Overseas Development.

2. The aid from U.K. is used for mutually agreed projects in various sectors viz. Education, Slum Improvement, Health and



Family Welfare, Coal, Energy Efficiency (Power) and Forestry. The assistance comes in the following forms:—

(a) **Tied Grant Assistance**:- for goods and services of British origin for specific projects,

(b) **Local Costs Grant**:- which are given at present mainly for poverty alleviation and environment improvement programmes.

(c) **Technical Assistance Grant**:- through which project related and general consultancies, training and imports are financed.

(d) **Assistance under Aid and Trade Provision (ATP) Scheme**:- which helps British companies to win contracts in developing countries and

(e) **Commonwealth Development Cooperation (CDC)**:- separately invests in India, on the lines of IFC(W) and DEC.

3. The bilateral development cooperation with UK is based on genuinely liberal principles guiding ODA assistance which has as its major objective-alleviation of poverty. U.K. is our largest grant donor and an increasing part of this aid goes for local cost expenditure in social sector projects.

4. During 1999-2000 Grant agreement worth pounds 253.448 million were signed upto December' 99 for the following projects:—

|   |               |
|---|---------------|
| 1) A.P. Power Sector Reforms Project              | £ 28.00 mln.  |
| 2) A.P. Economic Restructuring Project Grant      | £ 4.7 mln.    |
| 3) Western India Rainfed Farming project phase.II | £ 19.942 mln. |
| 4) A.P. Urban Services for the Poor Project       | £ 94.413 mln. |
| 5) A.P. Rural Livelihoods Project                 | £ 45.543 mln. |
| 6) Western Orissa Rural Livelihoods Project       | £ 32.750 mln. |
| 7) Partnership for Sexual Health                  | £ 28.100 mln. |

## XX. UNITED STATES OF AMERICA

The United States of America have been extending economic assistance to India since 1951. The assistance provide by the US through USAID is in the form of grant. The total assistance extended by the United States of America upto the end of 1999 amounted to US \$ 7125 million. This is made up of:—

(In Million \$.)

|               |             |
|---------------|-------------|
| Dollar Loans  | 4013        |
| Dollar Grants | 1838        |
| Rupee Loans   | 502         |
| PL480 Grants  | 772         |
| <b>Total</b>  | <b>7125</b> |

2. The total assistance referred to above includes USAID's development assistance of US \$ 21.3777 million authorised for US fiscal year 1999 which ended on 30th September, 1999 and covers the following 6(Six) Amendatory agreements, namely:

| Sl. No. | Name of the Project | Grant Amount ( US \$ million ) | Date of Amendatory Agreement |
|---------|---------------------|--------------------------------|------------------------------|
| 1.      | EMCAT               | 1.675                          | 1.7.99                       |
| 2.      | APAC                | 1.00                           | 1.7.99                       |
| 3.      | PACT                | 1.00                           | 1.7.99                       |
| 4.      | FIRE                | 2.72                           | 1.7.99                       |
| 5.      | GEEP                | 2.00                           | 8.9.99                       |
| 6.      | IFPS                | 13.00                          | 30.9.99                      |

Under PL 480 Title II programme, commodity assistance of US \$ 97.376 million (including freight) has been disbursed by USAID during US FY 1999 (October' 98-September' 99).

## XXI. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

The IBRD raises most of its money from bonds and other debt securities issued in the World financial markets, based on the guarantee of share capital subscriptions from its members. Other sources of Bank funds are shareholder's capital and retained earnings. IBRD loans, though non-concessional, are available at relatively more favourable terms than commercial sources. The repayment period for IBRD loans is at present 20 years, inclusive of 5 year grace period. The interest rate is variable and revised semi-annually in accordance with the Bank's own cost of borrowing funds. The current rate of interest is around 6.34% for single currency loan and 6.94% for multi-currency loan. The commitment charge on undisbursed balance is at present 0.75%. A front end fee of 1% of the loan amount is also payable. A rebate of 0.5% is however, permitted for timely repayment of World Bank loans and an interest waiver of 0.25% is also available. The cumulative lending of the IBRD as of June 1999 is US \$ 338 billion. The Bank has earned a profit every year since 1947.

2. The total value of assistance extended by IBRD by way of loans upto 31.12.1999 for which agreements were signed is around US\$ 22,665 million. The commitments were against projects in various sectors like Agriculture, Irrigation, Power, Oil and Gas, Coal Railways, Fertilizers, Urban Development and Water supply, Transport, Industry, Telecommunications etc.

3. During the year 1999 (upto 31st December, 1999) agreements providing loans to the following new projects with a loan of value US \$ 701.30 million have been signed.

| Name of the Project                                       | Amount of Assistance<br>( US \$ million ) | Date of<br>Agreement |
|---|---|----------------------|
| 1. AP Economic Restructuring Project                      | 301.30                                    | 4.2.1999             |
| 2. AP Power Sector Restructuring Project                  | 210.00                                    | 5.3.1999             |
| 3. TN Urban Development Project-II                        | 105.00                                    | 14.7.1999            |
| 4. Integrated Watershed Development<br>Project (Hills-II) | 85.00                                     | 14.7.1999            |
| <b>Total</b>  | <b>701.30</b>                             |                      |

## XXII. INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

IDA, the soft loan affiliate of the Bank, depends almost entirely on contributions made from time to time by the wealthier member countries for its financial resources.

2. IDA commitments which are known as "Credits" have a 10 year grace period and must be repaid over 35 years. IDA credits carry no interest charge but a service charge of 0.75% is levied on the disbursed portion of the credit. Commitment charges on undisbursed balances are fixed every year upto a maximum of 0.5%. The credits to India approved upto 30.06.1987 are repayable in 50 years, inclusive of a grace period of 10 years and those approved from 1.07.1987 are repayable in 35 years inclusive of a grace period of 10 years.

3. IDA assistance to India began in June 1961 and has been an important component of the external assistance programme. For the period ending 31.12.1999, IDA have extended credits to the Government of India for total value of around US \$ 25,614 million. This includes assistance in the form of non-projects credits for Industrial Imports & Credits for various sectors. The major sectors for which assistance is provided are Irrigation, Agriculture, Health and Nutrition, Education, Transport, Fertilizers, Railways, Urban Development and Water Supply, Poverty alleviation, Industry and ARDC projects.

4. During the year 1999 (upto December 31, 1999) IDA have extended credits amounting to US \$ 1196.70 million for the following projects/programmes:

| Name of the Project                                     | Amount of Assistance<br>( US \$ million ) | Date of<br>Agreement |
|---|---|----------------------|
| 1 . Maharashtra Health Systems Development Project      | 134.00                                    | 14.1.1999            |
| 2 . AP Economic Restructuring Project                   | 241.90                                    | 4.2.1999             |
| 3 . UP Sodic Land Reclamation Project-II                | 194.10                                    | 5.2.1999             |
| 4 . Third Integrated Child Development Services project | 300.00                                    | 6.7.1999             |
| 5 . Rajasthan District Primary Education Project        | 85.70                                     | 6.7.1999             |
| 6 . Integrated Watershed Development Project (Hills-II) | 50.00                                     | 14.7.1999            |
| 7 . Second National HIV/AIDS Control Project            | 191.00                                    | 14.9.1999            |
| <b>Total</b>  | <b>1196.70</b>                            |                      |

### XXIII. ASIAN DEVELOPMENT BANK (ADB)

The Asian Development Bank (ADB) is a major regional institution and India needs to play a leading role in it. To this end, India's subscription to the ADB's capital stock is the fourth largest of all member countries after Japan, USA and the People's Republic of China.

2. Ever since its inception in 1966, India had voluntarily refrained from borrowing from the ADB. However, it was considered desirable to diversify the sources from which we receive external assistance, and India started borrowing from ADB in 1986. The total value of loans upto 31.12.1999 approved by ADB amounted to US \$ 7.8 Billion. The sectors for which loans have been extended by ADB are mainly Power, Petroleum, Ports, Railways, Roads, Telecommunications, Social (Urban Development). During the year 1999 a loan for US \$ 625 million has been approved by ADB for the following three projects:

- (i) Karnataka Urban Development and Coastal Environmental Project (US\$ 175 million).
- (ii) M.P. Public Resource Management program Loan (US\$ 250 million).
- (iii) Urban & Environmental Infrastructure Facility Project (US\$ 200 million).

### XXIV. RUSSIAN FEDERATION

In accordance with a Supplemental Agreement signed between Government of Russian Federation and Government of India, the former has agreed to extend a State credit of upto US\$ 2600 million for the construction of Kudankulam Nuclear Power Project. The utilisation of the assistance during 1999-2000 and 2000-2001 is expected to be Rs.58.76 crore and Rs.133.99 crore respectively.

### XXV. EUROPEAN COMMUNITY (EC)

The EC has been extending economic assistance to India since 1976. The EC assistance to India is entirely in the form of grant and can be used to finance the rupee as well as foreign exchange cost of identified projects. In the area of Development Cooperation, the cumulative total of EC's financial and technical assistance since 1976 is around Euro 1.60 billion.

2. EC assistance is being provided to ongoing projects in the sectors of Watershed management, Irrigation, Forestry, Education and Health. There has been shift of focus from project assistance to sectoral funding. There are two ongoing sector development programmes, one in Education Sector (District Primary Education programme) with a total contribution of Euro 150 million and the other one is in Health Sector with total contribution of Euro 200 million, approximately Rs.900 crore.

3. EC has expressed its willingness for a potential new commitment in the environment sector. Priorities of common concern would emerge as an outcome of a workshop, which will be organised in April 2000 to discuss the various alternatives for opportunities of EC-India cooperation programmes in environment.

4. The disbursement of EC assistance for ongoing development cooperation projects during 1998-99 was Euro 25.003 million.

**XXVI. UNITED NATIONS FUND FOR POPULATION ACTIVITIES (UNFPA)**

Commodity/cash grant assistance of the value of Rs.15.57 crore is expected to be received during the year 1999-2000. Similar assistance to the tune of Rs.3.23 crore is also expected during the year 2000-2001.

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

Under this programme, technical assistance is being received in the form of equipments, services of experts and training facilities for Indian personnel abroad.

2. During the year 1999-2000 cash grant assistance to the extent of Rs.17.97 crore is expected to be received. Similar assistance of the value of Rs.39.65 crore is expected to be received during 2000-2001. Commodity assistance to the extent of Rs.1.09 crore is expected to be received during 1999-2000.

**XXVIII. UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND (UNICEF)**

Cash grant assistance is received for training of I.C.D.S. functionaries, training of doctors and non-formal education for women and girls. The total quantum of cash assistance for these schemes and for assistance for ORI programme and universal immunisation programme during 1999-2000 is expected to be around Rs.23.41 crore and Rs.16.85 crore during 2000-2001.

2. Commodity assistance to the extent of Rs.0.05 crore is expected during 1999-2000.

**XXIX. WORLD HEALTH ORGANISATION (WHO)**

Commodity assistance to the extent of Rs.20.00 crore is anticipated to be received during the year 1999-2000. Rs.20.00 crore is expected during 2000-2001 for the National Leprosy Control Programme and National Malaria Eradication Programme.

**XXX. UNITED NATIONS EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANISATION (UNESCO)**

Cash assistance to the extent of Rs.0.08 crore each is expected to be received during 1999-2000 and 2000-2001.

**Statement 1**  
**External Loans**

*(In crores of Rupees)*

| Name of the Country/<br>Institutions | Receipts               |                        |                        | Repayments             |                        |                        |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                      | Budget                 | Revised                | Budget                 | Budget                 | Revised                | Budget                 |
|                                      | Estimates<br>1999-2000 | Estimates<br>1999-2000 | Estimates<br>2000-2001 | Estimates<br>1999-2000 | Estimates<br>1999-2000 | Estimates<br>2000-2001 |
| <b>Multilateral</b>                  |                        |                        |                        |                        |                        |                        |
| I.B.R.D.                             | 685.36                 | 1338.64                | 1284.45                | 2943.48                | 3200.01                | 3269.60                |
| I.D.A.                               | 4397.59                | 4282.00                | 3971.55                | 1165.17                | 1433.44                | 1662.19                |
| I.F.A.D.                             | 112.83                 | 76.05                  | 71.20                  | 22.96                  | 23.97                  | 25.15                  |
| A.D.B.                               | 894.00                 | 1193.65                | 971.48                 | 388.26                 | 406.66                 | 495.74                 |
| E.E.C.(SAC)                          | ...                    | ...                    | ...                    | 1.79                   | 3.65                   | 5.48                   |
| O.P.E.C.                             | 31.90                  | 40.00                  | 26.96                  | 41.31                  | 55.17                  | 43.97                  |
| P.P.F. (WB)                          | 66.10                  | 0.62                   | 2.18                   | ...                    | ...                    | ...                    |
| <b>Total (Multilateral)</b>          | <b>6187.78</b>         | <b>6930.96</b>         | <b>6327.82</b>         | <b>4562.97</b>         | <b>5122.90</b>         | <b>5502.13</b>         |
| <b>Bilateral</b>                     |                        |                        |                        |                        |                        |                        |
| Australia                            | ...                    | ...                    | ...                    | 2.67                   | 2.69                   | 4.92                   |
| Austria                              | ...                    | ...                    | ...                    | 10.16                  | 11.06                  | 9.70                   |
| Belgium                              | ...                    | ...                    | ...                    | 27.88                  | 25.20                  | 24.42                  |
| Canada                               | ...                    | ...                    | ...                    | 54.48                  | 58.17                  | 58.57                  |
| Czechoslovakia                       | ...                    | ...                    | ...                    | 4.28                   | 4.28                   | 4.28                   |
| Denmark                              | ...                    | ...                    | ...                    | 28.62                  | 26.93                  | 27.24                  |
| Germany                              | 101.20                 | 110.38                 | 50.60                  | 612.22                 | 548.82                 | 558.57                 |
| France                               | 38.72                  | 39.52                  | 42.32                  | 234.24                 | 219.84                 | 219.24                 |
| Italy                                | ...                    | ...                    | ...                    | 76.00                  | 72.66                  | 73.62                  |
| Japan                                | 2665.00                | 2432.31                | 2554.00                | 1154.68                | 1262.03                | 1348.88                |
| Kuwait Fund                          | ...                    | 0.67                   | ...                    | 64.35                  | 63.78                  | 64.41                  |
| Netherlands                          | ...                    | 39.08                  | 10.00                  | 225.83                 | 204.27                 | 214.96                 |
| Saudi Fund                           | 8.00                   | 4.00                   | 10.50                  | 11.67                  | 7.20                   | 11.95                  |
| Sweden                               | ...                    | ...                    | ...                    | 154.13                 | 151.48                 | 146.31                 |
| Switzerland                          | ...                    | ...                    | ...                    | 31.16                  | 27.83                  | 24.07                  |
| Spain                                | ...                    | ...                    | ...                    | 17.10                  | 17.36                  | 17.56                  |
| U.K.                                 | ...                    | ...                    | ...                    | 23.39                  | 17.13                  | ...                    |
| U.S.A.                               | ...                    | ...                    | ...                    | 582.37                 | 590.56                 | 607.60                 |
| Russian Federation                   | ...                    | 58.76                  | 133.99                 | 277.39                 | 275.85                 | 254.94                 |
| <b>Total (Bilateral)</b>             | <b>2812.92</b>         | <b>2684.72</b>         | <b>2801.41</b>         | <b>3592.62</b>         | <b>3587.14</b>         | <b>3671.24</b>         |
| <b>Grand Total</b>                   | <b>9000.70</b>         | <b>9615.68</b>         | <b>9129.23</b>         | <b>8155.59</b>         | <b>8710.04</b>         | <b>9173.37</b>         |

## Statement 2

## Grants and Commodity Assistance from Friendly Foreign Countries and International Bodies

*(n crores of Rupees)*

| Sl. No.                      | Name of the Country/<br>Institution | Budget Estimates<br>1999-2000 | Revised Estimates<br>1999-2000 | Budget Estimates<br>2000-2001 |
|------------------------------|-------------------------------------|-------------------------------|--------------------------------|-------------------------------|
| <b>Bilateral</b>             |                                     |                               |                                |                               |
| 1.                           | Canada                              | 7.00                          | 6.04                           | 1.00                          |
| 2.                           | Denmark                             | 13.21                         | 23.15                          | 19.41                         |
| 3.                           | France                              | 3.50                          | 0.78                           | 3.37                          |
| 4.                           | Germany                             | 86.71                         | 120.57                         | 97.78                         |
| 5.                           | Japan                               | 62.01                         | 61.45                          | 24.01                         |
| 6.                           | Netherlands                         | 75.01                         | 80.41                          | 109.01                        |
| 7.                           | Norway                              | 4.75                          | 12.15                          | 6.43                          |
| 8.                           | Sweden                              | 3.00                          | 17.75                          | ...                           |
| 9.                           | Switzerland                         | 1.32                          | 0.32                           | 1.32                          |
| 10.                          | U.K.                                | 87.00                         | 109.62                         | 116.00                        |
| 11.                          | U.S.A.                              | 74.40                         | 62.08                          | 86.44                         |
| 12.                          | Netherlands Grants<br>(WB)          | ...                           | 8.03                           | ...                           |
| 13.                          | Swiss Grant (WB)                    | ...                           | 2.00                           | 2.00                          |
| 14.                          | I B R D Japanese Grant<br>(W B.)    | 54.49                         | 10.85                          | 11.09                         |
|                              | I D A Japanese Grant<br>(W B.)      | ...                           | 0.14                           | ...                           |
| <b>International bodies:</b> |                                     |                               |                                |                               |
| 15.                          | I.D.F. Grant                        | 10.00                         | 10.00                          | 10.00                         |
| 16.                          | E.E.C.                              | 150.70                        | 225.00                         | 156.00                        |
| 17.                          | UNFPA                               | 46.22                         | 15.57                          | 3.23                          |
| 18.                          | UNDP                                | 16.01                         | 19.06                          | 39.65                         |
| 19.                          | UNICEF                              | 0.07                          | 23.46                          | 16.85                         |
| 20.                          | W.H.O.                              | 20.00                         | 20.00                          | 20.00                         |
| 21.                          | UNESCO                              | ...                           | 0.08                           | 0.08                          |
|                              | I F A D                             | ...                           | 20.00                          | 5.00                          |
| <b>GRAND TOTAL</b>           |                                     | <b>715.40</b>                 | <b>848.51</b>                  | <b>728.67</b>                 |