

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 2016-2017 and 2017-2018 are summarized in the following table:-

(₹ In crores)

| | Actuals 2015-2016 | B.E. 2016-2017 | R.E. 2016-2017 | B.E. 2017-2018 |
|---|----------------------|-------------------|-------------------|-------------------|
| A. Loans | 36,053.72 | 44,789.00 | 41,875.00 | 46,070.00 |
| B. Cash Grants | 1,874.23 | 2,175.21 | 1,624.00 | 1,948.00 |
| C. Commodity Grant Assistance | 7.00 | 686.82 | 1,258.00 | 1,112.00 |
| D. Total(A+B+C) | 37,934.95 | 47,651.03 | 44,757.00 | 49,130.00 |
| E. Repayment of loans | 23,305.38 | 25,694.58 | 27,002.00 | 30,281.00 |
| F. External Assistance (Net of Repayments) (D-E) | 14,629.57 | 21,956.45 | 17,755.00 | 18,849.00 |
| G. Interest Payment on loans | 3,924.88 | 4,058.50 | 5,154.00 | 5,768.00 |
| H. External Assistance (Net of Repayments & Interest Payments) (F-G) | 10,704.69 | 17,897.95 | 12,601.00 | 13,081.00 |

As per the new policy guidelines issued by Ministry of Finance on 8th 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 projects contributing to the Sustainable Management of Global Public Goods and preservation of bio-diversity.

Some of the major on-going projects though AFD assistance are 'Kochi Metro Project' and 'Bengaluru Metro Rail Project-II'.

AFD has disbursed ₹ 108 crore in 2016-17 against RE 2016-17 of ₹ 550 crore. BE 2017-18 is projected at ₹ 660 crore.

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.

During 2016-17, Government of India and KfW (Germany) have signed five new loan agreements amounting to Euro 1139.44 Million viz. which includes 'Nagpur Metro Project' 'Green Energy Corridor projects'.

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.

The receipt of loan during 2016-17 is ₹ 353 crore against RE 2016-17 of ₹ 758 crore and ₹ 15 crore as Grants. BE 2017-18 is projected at ₹ 652 crore.

III. JAPAN

Japan has been extending bilateral loan and grant assistance to India since 1958. Japanese bilateral loan assistance to India, 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, Sanitation, etc.

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', 'Rajasthan Rural Water supply and Fluorosis Mitigation project', 'TN Transmission System Improvement Projects' and 'Mumbai Metro Line project'.

The disbursement during the year 2016-17 for Government loans is ₹ 6,274 crore against RE 2016-17 of ₹ 12,014 crore and ₹ 36 crore as Grants. BE 2017-18 is projected at ₹ 12,580 crore.

IV. RUSSIAN FEDERATION

Under the current engagement, Kudankulam Nuclear Power Project is being executed. 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 originating from the Russian Federation. Unit-1 has been put into commercial operation from 31-12-2014.

A protocol to the Agreement dated December 5, 2008 was signed in July 2012 for construction of additional nuclear power plants (Units 3&4) at Kudankulam, wherein Russian Federation has extended state credit of USD 4200 Million at an interest rate of 4% per annum.

During 2016-17, ₹ 416 crore has been disbursed by Russian Federation. BE 2017-18 is projected at ₹ 2,500 crore.

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 projects are spread across sectors like Urban, Transport, Power, Rural Development etc. The number of on-going ADB loans on Government account are 68. Some of the major on-going projects through ADB assistance on Government account are 'MP District Connectivity Sector Project', 'Rural Connectivity Investment Programme-3', 'SASEC Road connectivity Investment Programme'. ADB signed 5 new loans for USD 668 Million during 2016-17 viz. 'Orissa Integrated Irrigated Agriculture & Water management Investment Project-2', 'Jharkhand State Road Project', 'Assam Power Sector Investment Program Project-2', 'Climate Adaption in Vennar Sub-basin in Cauvery Delta Project', and 'Kolkata Environmental Improvement Programme Project-2'.

During 2016-17, disbursement from ADB amounts to ₹ 5,253 crore against RE 2016-17 of ₹ 9,620 crore. BE 2017-18 is projected at ₹ 10,562 crore.

II. EUROPEAN UNION (EU)

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 first sovereign loan agreement with EIB has been signed during 2015-16 for construction of 'Lucknow Metro Rail line' (EURO 200 Million). The disbursement is likely to begin during 2016-17.

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 viz. 'Increasing Access and promoting comprehensive Care', 'Support and Treatment for Intensified Malaria Control Project-3 and 'Tuberculosis'. During 2016-17, ₹ 364 crore has been disbursed by GFATM as grant.

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. IFAD has assisted in projects in the Agriculture, Rural Development, Tribal Development, Women's Empowerment, Natural Resources' Management and Rural Finance Sector.

The number of on-going disbursing loans are 11. Some of the major on-going projects through IFAD assistance are Integrated Livelihood Support Project and Jharkhand Tribal Improvement & Livelihood Project. During financial year 2016-17, IFAD has disbursed ₹ 160 crore as loan against RE 2016-17 of ₹ 270 crore. BE 2017-18 is projected at ₹ 300 crore.

V. NEW DEVELOPMENT BANK (NDB)

NDB has been established by BRICS countries in Shanghai, China. The Bank will mobilize resources for infrastructure and sustainable development projects in BRICS countries.

VI. 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 four outcomes namely inclusive Growth, Governance, Sustainable Development and Gender Equality. The Country Programme is focused on economically backward States. The total resource allocation for the Indian Country Programme for 2013-2017 stands at US\$ 243.4 Million.

VII. 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.

The number of on-going disbursing loans are 32. Two new Projects amounting to USD 104 million have been signed in 2016-17 viz. 'Karnataka Urban Water Supply Modernization Project' and preparatory loan of 'West Bengal Institution Strengthening of Gram Panchayats Ph-II.

Some of the major on-going projects through IBRD assistance are NH Interconnectivity Improvement project, Water Sector Improvement Project', 'Swach Bharat Mission Support Operation', 'Second Karnataka state Highway improvement project', 'Eastern Dedicated Freight Corridor-I project' etc. During 2016-17, IBRD has disbursed ₹ 4,627 crore as loan against RE 2016-17 of ₹ 7,227 crore and ₹ 60 crore as grant. BE 2017-18 is projected at ₹ 7,360 crore.

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 supported by IDA credits.

The number of disbursing loans are 60. Two new agreements amounting to USD 425 million were signed between Government of India and IDA in 2016-17 viz. 'Himachal Pradesh Horticulture Development Project', and 'Bihar Transformative Development Project-JEEVIKA-II'.

During 2016-17, ₹ 6,339 crore as loan have been disbursed by IDA against RE 2016-17 of ₹ 10,136 crore. BE 2017-18 is projected at ₹ 10,956 crore.