

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 2015-2016 and 2016-2017 are summarized in the following table:-

(₹ In crores)

	Actuals 2014-2015	B.E. 2015-2016	R.E. 2015-2016	B.E. 2016-2017
A. Loans	33,533.89	34,373.35	34,580.00	44,789.00
B. Cash Grants	1,441.84	1,773.77	2,506.36	2,175.21
C. Commodity Grant Assistance	158.04	...	430.39	686.82
D. Total(A+B+C)	35,133.77	36,147.12	37,517.36	47,651.03
E. Repayment of loans	20,600.86	23,200.00	23,095.35	25,694.58
F. External Assistance (Net of Repayments) (D-E)	14,532.91	12,947.12	14,422.01	21,956.45
G. Interest Payment on loans	3,765.64	3,998.12	3,873.85	4,058.50
H. External Assistance (Net of Repayments & Interest Payments) (F-G)	10,767.27	8,949.00	10,548.16	17,897.95

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 through AFD assistance are 'Kochi Metro project' and 'Reorganisation of Urban Water Supply Scheme for Jodhpur'. During 2015-16, GOI and AFD (France) have signed one new agreement namely "Bangalore Metro Rail Project-II" amounting to EURO 200 Million.

AFD has disbursed ₹ 325 crore in financial year 2015-16 against RE 2015-16 of ₹ 663 crore. BE 2016-17 is projected at ₹ 1248 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.

Some of the major on-going projects through KfW assistance are 'Sustainable Municipal infrastructure financing in Tamil Nadu' and 'Shoogtong-Karcham Hydropower Project-HP'. During 2015-16, GoI and KfW (Germany) have signed three new agreements amounting to Euro 247 Million viz. Green Energy Corridor Intra Transmission System in HP, AP, HP Forest Ecosystem climate Proofing.

The receipt of loan during 2015-16 is ₹ 724 crore against RE 2015-16 of ₹ 971 crore and ₹ 21.58 crore as grants. BE 2016-17 is projected at ₹ 1,268 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.

2. During the financial year 2015-16, JICA has signed two new projects i.e. 'Project for Pollution Abatement of River Mula-Mutha in Pune' and 'Odisha Transmission System Improvement Project'. The disbursement during the year 2016-17 for Government loans in BE 2016-17 is projected of ₹ 12,250 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-I 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 2015-16, ₹ 3.28 crore has been disbursed by Russian Federation. BE 2016-17 is projected at ₹ 2000 crore.

V. UNITED KINGDOM (UK)

United Kingdom (UK) has been providing Bilateral Development Assistance to India since 1958. This assistance is received mainly for achieving the Millennium Development Goal (MDG) in the areas of Health, Education, Slum Development etc. During 2015-16 total disbursement from DFID amounts to ₹ 224 crore.

VI. UNITED STATES OF AMERICA

USA bilateral development assistance to India started in 1951. This assistance is mainly administered through the US Agency for International Development (USAID). During 2015-16, total disbursement from US AID is ₹ 5 crore as grant.

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 govt. account are 71. Some of the major on-going projects through ADB assistance on Government account are 'Rajasthan Urban Sector Development programme', 'Rural Connectivity Investment Programme' and 'Bihar State Highway Project'. During 2015-16, disbursement from ADB amounts to ₹ 5,899 crores against RE 2015-16 of ₹ 7,845 crore. BE 2016; is projected at ₹ 9,760 crore.

The Asian Development Bank keeps Rupee securities with the Reserve Bank of India, which can be encashed by it to meet its Rupee expenditure in India from time to time. ADB also provides sovereign guaranteed loans mainly to Power Sector CPSUs and financial institutions.

II. EUROPEAN UNION (EU)

The European Union (EU) has been providing development assistance to India in the form of Grants. The priority areas include environment, public health and education. The major programmes of Government of India which has received/has been receiving EU aid along with other development partners include Sarva Shiksha Abhiyan (SSA) and National Rural Health Mission (NRHM)/ Reproductive Child Health (RCH). During 2015-16, it has disbursed ₹ 288 crore.

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 nine on-going projects presently executing with the assistance of Global Fund. Three new agreements with Global Fund for USD 550.87 Million were signed during the year 2015-16 viz. 'Increasing Access and promoting comprehensive Care', 'Support and Treatment. Intensified Malaria Control Project-3' and 'Tuberculosis'. During 2015-16, ₹ 1,210.92 crore has been disbursed by GLF 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 2015-16, IFAD has disbursed ₹ 164.86 crore as loan against RE 2015-16 of ₹ 332 crore. BE 2016-17 is projected at ₹ 431 crore.

V. 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.

VI. 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.

VI(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 34. Four new Projects amounting to USD 951.50 million have been signed in 2015-16 viz. 'Punjab Rural Water and Sanitation Sector Improvement Project', 'Tamil Nadu Sustainable Urban Development Project', 'Tamil Nadu Road Sector Project-II' and 'Preparation of the proposed Capacity Augmentation of National Waterways'.

Some of the major on-going projects through IBRD assistance are NH Interconnectivity Improvement project, Water Sector Improvement Project. PMGSY Rural Road Project. During 2015-16, IBRD has disbursed ₹ 3,189.50 crore as loan against RE 2015-16 of ₹ 6,085 crore and ₹ 48 crore as grant. BE 2016-17 is projected at ₹ 7,954 crore.

IBRD also provides sovereign guaranteed loans mainly to Power Sector CPSUs and PSBs.

VI(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.

The number of on-going disbursing loans are 58. Five new agreements amounting to SDR 67.30 Million and USD 883.4 million were signed between Government of India and IDA in 2015-16 viz. 'Additional Financing for the National Cyclone Risk Mitigation Project', 'AP Rural Inclusive Growth Project', 'Enhancing Teacher Effectiveness in Bihar Operation', 'National Cyclone Risk Mitigation Project-II' and 'AP Disaster Recovery Project'.

Some of the major on-going projects through IDA assistance are National Rural Livelihood Project, Third Elementary education Project, Uttarakhand Disaster Recovery Project. ₹ 5,802 crore as loan have been disbursed by IDA in 2015-16 against RE 2015-16 of ₹ 9,136 crore. BE 2016-17 is projected at ₹ 9,878 crore.