

ANNEX - 9**EXTERNAL ASSISTANCE**

This Annex 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 repayments of principal and payment of interest during the years 2011-2012 and 2012-2013 are summarised in the following table:-

(In crores of Rupees)

	Actuals 2010-2011	B.E. 2011-2012	R.E. 2011-2012	B.E. 2012-2013
A. Loans	35330.17	26820.13	24176.74	26047.94
B. Cash Grants	2626.42	2172.96	3394.99	2887.20
C. Commodity Grant Assistance	46.27	...	81.60	...
D. Total(A+B+C)	38002.86	28993.09	27653.33	28935.14
E. Repayment of loans	11774.23	12320.13	13865.68	15899.74
F. External Assistance (Net of Repayments) (D-E)	26228.63	16672.96	13787.65	13035.40
G. Interest Payment on loans	3156.10	3572.22	3607.95	3946.56
H. External Assistance (Net of Repayments and Interest Payments) (F-G)	23072.53	13100.74	10179.70	9088.84

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 to 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 organisations is given below:-

A BILATERAL**I. FRANCE**

The Government of France has been extending development assistance to India since 1968. The present French Development Assistance is being provided through the French Agency for Development (Afd). The Memorandum of Understanding was signed between Department of Economic Affairs and Afd on 29.9.2008. The priority sectors under Indo-French Development Cooperation are Energy Efficiency, Renewable Energy, Urban Public Transport, Preservation of Biodiversity and Fight against emerging and communicable diseases. During 2011, Afd committed € 260 Million which includes € 110 million for Bangalore Metro Rail Corporation and € 150 Million for a line of credit to IDBI Bank.

II. GERMANY

The Federal Republic of Germany is providing financial and technical assistance to India since 1958. The present priority areas for Bilateral Development Cooperation Programme are Energy, Environmental policy, Protection and Sustainable use of Natural Resources, Sustainable Economic Development. In addition, Germany provides financial assistance for Pulse Polio Immunization Programme. The Government of Germany committed € 517.7 Million in 2011 for financial as well as technical assistance for implementing various projects in India. The agreements for the commitment of € 250 Million for the project '125MW Solar PV Plant, Shivajinagar (Sakri)' was signed on 10.8.2011. Government of India signed the Loan Agreement with KfW for these projects. During 2011-12 (upto November, 2011), Germany disbursed financial assistance of ₹ 871.38 crore under the Government projects. The total disbursement including Non-Government projects during this period was ₹ 171.96 million.

III. ITALY

At present, the project 'Water Supply and Solid Waste Management' in 16 towns in West Bengal with Italian Assistance is under implementation. Italy is providing interest free loan of Euro 25.82 million for the said project with repayment period of 39 years excluding grace period of 19 years.

IV. JAPAN

Japan has been extending bilateral loan and Grant Assistance to India since 1958. Japanese bilateral loan assistance to India, Grant Aid and Technical Cooperation to India is received through JICA (Japan International Cooperation Agency). Japan is the largest bilateral donor to India.

- Total disbursement during the year 2011-12 (as on 17th January 2012) for Government loans was JPY 62,735 million.
- During financial year 2011-12, JICA has appraised the following two projects for the first batch of FY 2011 loan package:

S.No.	Name of the Project
1	Delhi Mass Rapid Transport System Project Phase-3.
2	West Bengal Forest and Biodiversity Conservation Project.

- Formal pledge from Government of Japan is awaited. After receiving formal pledge of loan for the above two projects, the Exchange of Notes for this package and the individual loan agreements are expected to be signed.

V. RUSSIAN FEDERATION

Nuclear Power Corporation of India Limited is constructing Kudankulam Nuclear Power Project (KKNPP) of 2000 MW capacity (twin units) using VVER-1000 type Pressurized Water Reactor technology. The project is being implemented with technical co-operation under an Inter-Government Agreement (IGA) signed on 20.11.1988 and a supplement thereto signed on 21.6.1998 between Republic of India and Government of Russian Federation. As per the provisions of the IGA/Supplement, a State Credit upto US\$ 2600 Million has been made available to cover the 85% cost incurred in RF for the supplies and services within the Russian Scope of works.

- The project has recorded a cumulative physical progress of 96.8% as of September 2011. The utilization of assistance for Kudankulam Nuclear Power Project during 2011-12 (as on 31st December 2011) for Government loans was US\$ 5 Million.

VI. UNITED KINGDOM (UK)

The United Kingdom has been providing Bilateral Development Assistance to India since 1958 through the Department for International Development (DFID). At present, development cooperation assistance from UK flows to mutually agreed projects mainly in the socio-economic sector such as Education, Health, Urban & Rural Development and Governance Reforms within the overarching framework of Poverty alleviation. Around 45-50 percent of DFID assistance is provided for Centrally Sponsored Schemes and the rest for State Sector projects. The priority States of UK assistance are Bihar, Madhya Pradesh and Odisha. Presently, DFID is providing financial and technical assistance for 20 ongoing projects. So far upto 17th January 2012, DFID has disbursed GBP 181.67 Million.

- DFID introduced their Country Plan for India 2008-15 in June, 2008. During the first phase of their Country Plan 2008-11, DFID had committed to disburse GBP 825 Million for ongoing projects/programmes, which has since been fully utilized. The Second phase of the Country Plan (2011-12 to 2014-15) has commenced. DFID has offered to provide GBP 1120 Million (GBP 280 Million per year) for four years (2011-12 to 2014-15). Future development partnership finalized between the two countries envisages DFID Assistance in Government sector while a small component would be for DFID supported NGO programmes and private sector development initiatives. Under the private sector development initiatives, it has been mutually agreed to implement programmes on pilot basis through Government sponsored organizations like Small Industries Development Bank of India (SIDBI) and National Skill Development Council (NSDC).

B MULTILATERAL

I. ASIAN DEVELOPMENT BANK (ADB)

- India borrows from the Asian Development Bank within the overall external debt management policy pursued by the Government which focuses on raising funds on concessional terms with longer maturities.
- The cumulative Loan Assistance to India from ADB since 1986 till 31st October 2011 is US\$ 24.39 billion for 150 projects.
- 72 loans are ongoing as on 31st October 2011 for a loan amount of US\$ 11.4 billion and there are 9 new projects/tranches due for delivery in current financial year. Based upon the potential of disbursement of ongoing and new projects, a receipt of US\$ 1.7 billion is estimated from ADB.

II. EUROPEAN UNION (EU)

The European Union (EU) has been extending Development Cooperation assistance to India since 1976. Assistance is entirely in the form of Grant. Health & Education are two priority sectors for India EU Bilateral Development Cooperation.

- EU implements Development Cooperation programmes through Country Strategy Paper (CSP). The CSP is based on EU objectives, on the policy agenda of the partner country and on an analysis of the country/region situation. The CSP generally covers two

consecutive Multi-annual Indicative Programme (MIP). The current CSP for the year 2007-13, covers Multi-annual Indicative Programme-1 (MIP-I) for the period 2007-10 and Multi-annual Indicative Programme-II(MIP-II) for the period 2011-13. Under MIP-I, a total amount of Euro 260 Million was committed for the period 2007-10, for which a Memorandum of Understanding (MoU) was signed between India and EU on 30.11.2007. Under MIP-I, the EU has allocated Euro 110 Million for Health, Euro 70 Million for Education and Euro 80 Million for implementation of Joint Action Plan. For MIP-II, out of total of Euro 210 Million, Euro 100-130 Million is for support to the Education sector, Euro 50 Million for Health sector and Euro 30-60 Million for Joint Action Plan. The MoU for MIP-II was signed on February 22, 2011 between European Union and India.

III. GLOBAL FUND ORGANIZATION

The Global Fund is a global public/private partnership dedicated to attracting and disbursing 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. The Global Fund works in close collaboration with other bilateral and multilateral organizations to supplement existing efforts dealing with the three diseases. Since its creation in 2002, the Global Fund has become the main source of finance for programmes to fight AIDS, tuberculosis and malaria.

IV. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

IBRD aims to reduce poverty in middle-income countries and credit-worthy poorer countries by promoting sustainable development, through loans, guarantees, non-lending services, which include analytical and advisory services. For the IBRD Flexible Lending (IFL)'s variable spread option for lending rate of the Bank consists of a variable base rate (6 months LIBOR) plus a spread. The lending rate is reset on each interest payment date and applies to interest periods beginning on those dates. There is no commitment fee and the Front End Fee is 0.25% of the loan amount.

2. The cumulative commitment by IBRD by way of loans up to 30.9.2011 is US\$ 47,840 Million. The commitments were against projects in various sectors like Irrigation, Hydropower, Rural Cooperatives, Roads, Economic Reforms, etc.
3. During the year 2010-2011 (upto 31.3.2011), 10 projects were approved with commitment amount of US\$ 2,432.81 Million.

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. IDA assistance is focused on the 79 poorest countries, to which it provides interest-free loans (known as "credits") and other non-lending services. IDA depends on contributions from 45 wealthier member countries - including some of the developing countries- for most of its financial resources.

2. IDA credits approved upto 30.6.1987 are repayable in 50 years, inclusive of a grace period of 10 years and those approved after 1.7.1987 are repayable in 35 years, inclusive of a grace period of 10 years. These credits do not have any interest rate but a service charge of 0.75% p.a. is levied on the amount disbursed. Starting July 1, 2011, IDA assistance has a repayment period of 25 years inclusive of a grace period of 5 years, interest rate of 1.25% p.a. and service charge of 0.75% p.a. There is no Commitment Fee during the Bank Financial Year 2012 (July 11-June 12).
3. IDA assistance to India began in 1961 and has been an important component of External Assistance programme. As on 30.9.11, IDA's cumulative lending to India is US \$ 41,956 million for projects in various sectors such as health, economic development, agriculture, poverty alleviation, etc.
4. During the year 2010-2011 (upto 31.3.2011), 16 projects were approved with a commitment amount of US \$ 3,116.28 Million.

VI. 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. 167 countries are members of the IFAD and these are grouped into three lists: List - A: Developed Countries; List - B: Oil Producing Countries; and List - C: Developing Countries. India is in List - C. IFAD is headed by an elected President and has Governing Council and an Executive Board.

2. India is one of the original members of the IFAD. India has so far contributed US \$ 104 Million to IFAD's resources. India had pledged to contribute an amount of US \$ 25 Million to the 8th Replenishment of the IFAD's resources and has paid US \$ 9 Million in December 2009 as the first instalment, US \$ 8 Million in October 2010 as the second instalment of the 8th Replenishment and US \$ 8 million in October 2011 as the final instalment.
3. Since 1979, IFAD has assisted in 24 projects in the agriculture, rural development, tribal development, women's empowerment, natural resources' management and rural finance sectors with the commitment of US \$ 656.4 Million (approx.). Out of these, 14 projects have already been completed and one has been suspended. Presently, 9 projects with a total assistance of US \$ 274.35 Million are under implementation.
4. IFAD loans are repayable over a period of 40 years including a grace period of ten years and carry no interest charges. However, a service charge at the rate of three-fourths of one per cent (0.75%) per annum is levied on loan amounts outstanding.

VII. UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

The United Nations Development Programme (UNDP) is the largest channel for development cooperation in the UN System. The overall mission of the 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. All assistance provided by the UNDP is grant assistance.

2. UNDP derives its funds from voluntary contributions from various donor countries. India's annual contribution to the UNDP has been to the extent of US \$ 4.5 million, which is one of the largest from developing countries. Over and above its annual contribution, the Government of India also pays for the expenditure of the Local Office.

3. The country-specific allocation of UNDP resources is made every five years under the Country Cooperation Framework (CCF) which usually synchronizes with India's five-year plans. The current Country Programme(CP): 2008-12 is in harmony with the 11th Plan's thrust on inclusive growth. It is effective from 1st January 2008 and will remain in force till 31st December 2012. It will primarily concentrate on goals namely, democratic governance, poverty reduction, HIV and development, disaster risk management and energy and environment. Further, it will focus on seven states that are economically backward: Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh.

4. The next Country Programme Document for 2013-17 is being finalized. The proposed allocation of UNDP Core funds for the Country Programme 2013-17 is US \$ 65.59 million as against the allocation of US \$ 70 million for the Current Country programme (2008-12).