ANNEXURE - 2

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 2002-2003 and 2003-2004 are summarised in the following table:-

			(In crores of Rupees)		
		B.E. 2002-2003	R.E. 2002-2003	B.E. 2003-2004	
Α.	Loans*	11333.82	11713.21	13202.40	
В.	Cash Grants	824.36	934.32	1373.14	
C.	Commodity Grant Assistance (i) Food (ii) Others	34.73 34.73	47.43 47.43	87.89 87.89	
D.	Total(A+B+C)	12192.91	12694.96	14663.43	
E.	Repayment of loans	10563.46	25209.50	9620.78	
F.	External Assistance (Net of Repayments)	1629.45	(-)12514.54	5042.65	
G.	Interest Payment on loans	4319.79	4511.43	3288.15	
Н.	Prepayment Premium for reduction of debt		330.90		
	Total (G+H)	4319.79	4842.33	3288.15	
I.	External Assistance				
	(Net of Repayments and Interest Payments)	(-)2690.34	(-)17356.87	1754.50	
* Ir	cludes receipts under Revolving Fund	150.00	400.00	300.00	

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 following paragraphs.

I. AUSTRALIA

(i) Grant Assistance

RE 2002-03	BE 2003-04
Rs.35 crore	Rs.42 crore

Major projects having assistance from Australia are (i) Primary Education Enhancement Project through UNICEF (Phase-II), (ii) Gangtok & Shillong Urban Water Supply and Sanitation Programme, (iii) HIV/AIDS Prevention and Care Project, (iv) Indo-Australian Training and Capacity Building Project (Phase-II). The grant projects are normally implemented directly by donor agency and the assistance is not routed through Government of India budget.

II. BELGIUM

Belgium has been providing assistance since 1962-63. However, over the years the quantum of assistance has become rather meagre. The 20th state- to-state credit agreement with Belgian Government was signed on 30.3.1993 for BFr. 250 million.

III. CANADA

Canada has been providing assistance to India since 1951. Canadian Development aid is extended through Canadian International Development Agency (CIDA). Canadian assistance was in the form of loans and grants till 31st March 1986. Since 1st April, 1986, CIDA assistance has been entirely in the form of grant.

2. The important ongoing projects assisted by CIDA are:-

Tree Growers Cooperative Project, India Canada Environment Facility Project, Capacity Development of Revenue Administration Project, Energy Infrastructure Services Project, Institute Industry Linkage Project, HIV/AIDS Prevention & Control Project and Environment Institutional Strengthening Project. These projects involve technical assistance and funds are normally not routed through the budget.

IV. DENMARK

Danish aid is mainly in the form of grants available for tied imports related to specific projects and also for local cost projects. Currently, on-going projects are basically for poverty alleviation and are being implemented in the States of Orissa, Madhya Pradesh, Chhattisgarh, Karnataka, and Tamil Nadu. 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.

2. India has been receiving Danish aid since 1963. Up to 31.3.2002, a total of DKK 5273.14 million has been committed by Denmark which includes loans and grants.

3. During the year 2002-03 (from 1.4.2002 to 31.12.2002) a new agreement namely, MP Women in Agriculture (MAPWA), Phase II, has been signed with the Government of Denmark on 2.4.2002 for which Denmark have agreed to provide a grant of DKK 17.49 million (Rs.8.74 crore). Against an estimated receipt of Rs.35 crore for 2002-03, a total of Rs.38.098 crore has been received upto 30.11.2002 in Government of India account from the Government of Denmark by way of disbursement out of the committed aid.

V. FEDERAL REPUBLIC OF GERMANY

Germany is one of the largest donors to India. Germany provides financial assistance as well as technical assistance to India. During the year 2002 Germany has committed an amount of Euro 260.30 million (Euro 33.8 million as grant, Euro 74.0 million as soft loan and Euro 152.50 million as commercial loan) as financial assistance and Euro 16.3 million (grant) as technical assistance by way of new commitments and by reprogramming earlier commitments.

2. Agreements for Euro 54.67 million were signed during January-December 2002, which included Euro 39.33 million as grant, Euro 15.34 million as subsidised loan. The total disbursement during 2002-03 (till November, 2002) is Euro 49.50 million (excluding Technical Assistance). The disbursement includes disintermediated projects i.e. projects having implemented by Public Sector Undertakings/Autonomous Bodies.

VI. FRANCE

Government of France started extending economic assistance to India in 1968. French assistance is tied 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. French assistance in the form of mixed credits has been utilised for various sectors like Power, Coal, Railways, Petroleum and Natural Gas, Mining, Agriculture, Health, Water Supply etc.

2. The total French assistance committed from April 1968 to March 2001 amounted to FF 15443.86 million. During 2002-03, an amount of Euro 7.004 million (Rs.32.80 crore) has been disbursed upto November, 2002.

VII. 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 100 billion Lira out of which 50 billion Lira would be devoted towards establishing an open credit line with NSIC for financing supplies of capital goods and related technical assistance for the development of the Indian small and medium enterprises. The Financial Convention for the 1st tranche of 10 billion Lira was signed by NSIC for this credit line on 21.3.2000. The Credit line has become operational since 17.07.2000 and was valid up to 18.11.2002. The remaining amount of 50 billion Lira is to be used for financing a Water supply and Solid Waste Management Project in West Bengal.

VIII. JAPAN

(i) Loan

1. Official Development Assistance (ODA) from Japan is expected to be of the level as indicated below:

RE 2002-03	BE 2003-04
Rs.3122 crore	Rs.4136 crore

New loans are expected for (i) Bakreswar Thermal Power Station Units Extension Project, (ii) Rajasthan Forestry & Biodiversity Project, (iii) Yamuna Action Plan Project (II), (iv) Ajanta-Ellora Conservation & Tourism Development Project (II), (v) Simhadri Thermal Power Station Project (IV), (vi) Delhi Mass Rapid Transport System Project (IV), (vii) Punjab Afforestation Project (II) (tranche loans for ongoing projects). Besides, there are 33 ongoing projects being implemented with ODA loan assistance from Japan.

(ii)	General Grant	
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RE 2002-03	BE 2003-04
	Rs.60 crore
Debt Relief Grant Assistance	
Rs.15 crore	Rs.15 crore

IX. 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, 2002 is KD 82.353 million. At present, there is no project under implementation with Kuwait Fund Assistance.

X. NETHERLANDS

2.

Netherlands has been extending economic assistance to India since 1962-63 in the form of General Purpose Credits, debt relief assistance, suppliers' credits (Financial Export Credits) and grants. Grant is extended for local expenditure and technical assistance.

2. The Netherlands assistance is now being received for the sectors viz. Environment, Drinking Water Supply, Irrigation and Water Transport and Agriculture. From 1992 onwards, the Netherland assistance is completely in the form of grants and balance against earlier loan commitments has been disbursed out of grant funds. During 2002-03 (April-November) the disbursement has been Euro 16.052 million (equivalent to Rs.75.32 crore).

3. The Netherlands Government has provided NLG 94.426 million (equivalent to Rs.173.69 crore) for Reconstruction and Repair Programme of Primary Schools in earthquake-affected districts of Gujarat. They have also committed an amount of Euro 92.496 million during the period 2002-03 for the projects viz. (a) Green Hyderabad Environment Programme 2002-06, (b) Supply of eighteen banknote shredding & briquetting systems to RBI, Mumbai, (c) Community Managed Development for Water & Sanitation Programme in earthquake affected villages of Gujarat, (d) Community Managed Ghogha RWSS- Revised Phase and (e) Institutional Support to WASMO, Gujarat.

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

Website : http://indiabudget.nic.in

XI. NORWAY

The Norwegian Development Assistance Programme in India began in 1952 with the assistance to a fishery development project in Kerala by way of technical assistance and financial support. Assistance extended by the Norwegian Government is through the Norwegian Agency for Development Cooperation (NORAD). The Norwegian assistance disbursed during 2002-03 has been of the order of NOK 9.50 million (1 NOK = Rs.6.50 as of January 2003).

XII. ABU DHABI FUND FOR ARAB ECONOMIC DEVELOPMENT

The Abu Dhabi Fund has extended a loan of Dinar 68 million (U.S. \$ 15 million) against Garhwal Rishikesh Chilla Hydro Electric Project, Uttaranchal. The entire amount of credit had been utilised. This loan carries a rate of interest of 3.5% and service charge of 0.5%. Its repayment period is 15 years with a grace period of 5 years.

XIII. 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. 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, 2002 is US \$ 202.706 million.

XIV. 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.

XV. SWEDEN

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 Swedish assistance is channelized through the Swedish International Development Agency (SIDA). The terms of Swedish assistance have become progressively softer over the years. In addition to grant assistance, Swedish Government has extended soft loans for large power sector projects in the past. After 1976, Swedish assistance has been in the form of grants.

2. SIDA has informed that the Swedish Government has decided to draw up new guidelines for Sweden's Development Cooperation with India. A total assistance of SEK 75-100 (1 SEK = Rs.5.42 as of January, 2003) million per year is envisaged. The new strategy will be finalized during 2002-03. There has been no disbursement through Government of India's budget during the last two years as none of the ongoing Swedish aided projects has funds routed through budget. It has disbursed approximately SEK 23 million as technical assistance extended to UN agencies and NGOs during 2002-2003.

XVI. SWITZERLAND

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

Year	Project Name	Signed on	Local	Amount
	-	-	Grant/Tech. Assistance	
2002-03	ISP-Sikkim	02.07.2002	ТС	Rs.4.32 Crore
	HIDECORE*	12.12.2002	тс	CHF 3,393,000

2. The following Indo-Swiss Bilateral Agreements have been concluded during the year 2002-03 :

XVII. UNITED KINGDOM

India is the largest recipient of British Development Assistance. The bilateral assistance has been in the form of grants since 1975. 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 on projects in various sectors viz. Education, Slum Improvement, Health and Family Welfare, Coal, Energy Efficiency (Power) and Forestry. The assistance comes in the form of (a) Local Costs Grant:- which are given, mainly for poverty alleviation and environment improvement programmes and (b) Technical Assistance Grant:- are provided for project related and general consultancies, training and imports of equipment.

3. There are currently 28 L.C. Projects and 8 T.A. projects under implementation with DFID assistance, in the Central and State Sectors. During the period March-December 2002, four new projects, involving a total grant of £ 76.77 million, were signed.

XVIII. UNITED STATES OF AMERICA

The United States of America have been extending economic assistance to India since 1951. The assistance provided by the US through USAID is in the form of grant.

2. The total assistance referred to above includes USAID's development assistance of US \$ 14.072 million authorised for US fiscal year 2002 which ended on 30th September, 2002 and covers the following 6 (Six) Amendatory agreements, namely:

SI. Project No.	Grant Amount obligated (US \$)	Date of Amendatory Agreement
1. Program for Advancement of Commercial Technology (PAC	T) 1,572,000	24.5.2002
2. Green House Gas Pollution Prevention (GEP) Project	4,000,000	10.9.2002
3. Technical Assistance & Support Project (TASP)	2,000,000	08.7.2002
4. AVERT Project	1,000,000	04.9.2002
5. AIDS Prevention & Control Project (APAC)	2,000,000	29.8.2002
6. IFPS	3,500,000	17.9.2002
Total	14,072,000	

Under PL 480 Title II program, commodity assistance of US \$ 96.859 million (approximate) (including freight) has been disbursed by USAID during US FY 2002 (October 2001-September 2002).

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24

XIX. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)

The cumulative lending by IBRD by way of loans upto 30.6.2002 is US\$ 29690 million. The comitments were against projects in various sectors like Highways, Economic Restructuring, Power, Agriculture, Transport, Urban Development, Irrigation, Water Supply, Railways, etc.

2. During the year 2002 (upto 31st December, 2002) the following projects were approved with a loan amount of US \$ 1381 million:

SI. No.	Name of the Project	Amount of Assistance (US \$ million)	Date of approval
1.	Karnataka Economic Restructuring Program Project-2	50.00	14.03.2002
2.	Kerala State Transport Project	255.00	14.03.2002
3.	Andhra Pradesh Economic Reform Programme Project	125.00	14.03.2002
4.	Mumbai Urban Transport Project	463.00	18.06.2002
5.	Uttar Pradesh State Roads Project	488.00	19.12.2002
	Total	1381.00	

3. The repayment period for IBRD loans is, at present, 20 years, inclusive of grace period of 5 year. The current rate of interest on Variable Spread Single Currency Loans (VSLs) ranges between 1.60% to 1.90% depending upon year of negotiation. The comittment fee on undisbursed balance is at present 0.75%. Unconditional committment fee waiver of 0.50% is available to all borrowers on a yearly basis. An Up Front Fee of 1% of loan amount is also payable. Presently, interest waiver of 0.25% is offered to borrowers paying on a timely basis.

XX. INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

IDA, the soft loan affiliate of the IBRD, depends largely on contributions made from time to time by the wealthier member countries for its financial resources and repayments from earlier credits.

2. IDA commitments which are known as "Credits", presently have a 10-year grace period and are to be repaid over 35 years. The credits to India approved upto 30.6.1987 are repayable in 50 years, inclusive of a grace period of 10 years and those approved from 1.7.1987 are repayable in 35 years inclusive of a grace period of 10 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 minimum of 0.50%. However, commitment charges are being waived fully since 1989-90.

3. IDA assistance to India began in June 1961 and has been an important component of external assistance programme. Upto 30.6.2002, IDA's cumulative lending to India is US\$ 28,844.60 million for projects in various sectors such as Education, Health, Nutrition, Water Supply & Sanitation, Poverty Alleviation, Agriculture, Energy, Technical Education, Watershed Development, Forestry, Environment, etc.

4.	During the year	2002	(upto 31.12.2002)	the following p	rojects were a	pproved with a	credit amount of	US\$1514.9 million:

SI. No.	Name of the Project	Amount of Assistance (US \$ million)	Date of approval
1.	Rajasthan Water Sector Restructuring Project	140.00	19.02.2002
2.	Uttar Pradesh Water Sector Restructuring Project	149.20	19.02.2002
3.	Karnataka Economic Restructuring Program Project-2	50.00	14.03.2002
4.	Mizoram State Roads Project	60.00	14.03.2002
5.	Andhra Pradesh Economic Reform Programme Project	125.00	14.03.2002
6.	Karnataka Community Based Tank Management Project	98.90	25.04.2002
7.	Gujarat Emergency Earthquake Reconstruction Programme Project	442.80	02.05.2002
8.	Mumbai Urban Transport Project	79.00	18.06.2002
9.	Andhra Pradesh Community Forest Management Project	108.00	18.07.2002
10.	Reproductive Health I (supplement)	12.00	05.09.2002
11.	Engineering and Technical Education Quality Improvement Programme Project	250.00	14.11.2002
	Total	1514.90	

XXI. ASIAN DEVELOPMENT BANK (ADB)

The Asian Development Bank (ADB) is a major regional multilateral institution in which India plays a significant role. 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 the country receives external assistance, and India started borrowing from ADB in 1986. The total value of loans upto 31.12.2002 approved by ADB for public sector loans amounted to US \$ 11.66 billion. The sectors for which loans have been extended by ADB are mainly Power, Petroleum, Ports, Railways, Roads, Telecommunications, Social Infrastructure. During the year 2002, loans for US \$ 1163.60 million has been approved by ADB for the following projects:

	Total	1163.60
5.	Railway Sector Improvement Project	313.60
4.	Modernizing Government & Fiscal Reforms in Kerala	200.00
3.	MP Road Sector Development Program	180.00
2.	East West Corridor Project	320.00
1.	State Power Sector Reforms Project (PFC)	150.00
		(In US \$ million)

XXII. RUSSIAN FEDERATION

No fresh agreement has been done between Government of Russian Federation and Government of India during the current year. However, the utilisation of the assistance for Kudankulam Nuclear Power Project during 2002-03 and 2003-04 is expected to be Rs.271.28 crore and Rs.338.71 crore respectively.

XXIII. 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 grants 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 ECU 1.60 billion.

2. The priority sectors for EC are Education, Health and Environment. Presently, EC assistance is being provided for projects in the sectors of Irrigation, Forestry, Education and Health. There are two ongoing Central Projects in Education Sector (District Primary Education Project) and Health Sector (Health and Family Welfare Sector Development Programme) with EC assistance of EURO 150 million and Euro 200 million respectively. EC has committed Euro 200 million (approximately Rs.900 crore) for a new Sector Development Programme in the Education Sector entitled Sarva Siksha Abhiyan.

3. During the Indo-EC Sub-Commission meeting in May, 2002, it was agreed that EC will select one or two States among the seven States of Chhattisgarh, Uttaranchal, Jharkhand, Assam, Sikkim, Rajasthan and Jammu & Kashmir for its State Partnership Programme. The programme-cum-identification mission would be sent by EC for identification of States.

XXIV. UNITED NATIONS FUND FOR POPULATION ACTIVITIES (UNFPA)

Commodity/Cash grant assistance of the value of Rs.5.11 crore is expected to be received during the year 2002-2003.

XXV. UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Under UNDP'S Country Cooperation Framework I (CCF-I) (1997-02) that coincided with India's IX Five Year Plan there were 16 mutually reinforcing programmes in the thematic areas of employment and sustainable livelihood, access to basic services, focus on technology upgradation and capacity building.

2. During the year 2002-2003 cash grant assistance to the extent of Rs.81.12 crore is expected to be received. Similar assistance of the value of Rs.65.16 crore is expected to be received during 2003-2004.

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

The New Master Plan of operations for the period 2003-07 has been signed between the Government of India & UNICEF on 13.1.2003 and an amount of \$ 400 Million has been allocated by the UNICEF. Rs.4.50 crore are expected to be received during 2002-03.

XXVII. WORLD HEALTH ORGANISATION (WHO)

Commodity assistance to the tune of Rs.9.80 crore is anticipated to be received during the year 2002-2003. Rs.15.80 crore is expected during 2003-2004.

Statement 1

External Loans

(In crores of Rupees)

		Receipts		Repayments			
	Budget	Revised	Budget	Budget	Revised	Budget	
Name of the Country/	Estimates	Estimates	Estimates	Estimates	Estimates	Estimates	
Institutions	2002-2003	2002-2003	2003-2004	2002-2003	2002-2003	2003-2004	
Multilateral							
I.B.R.D.	2369.26	2314.12	2865.50	2956.83	11212.20	2361.28	
I.D.A.	4525.95	4820.67	4645.27	2218.99	2216.47	2522.12	
I.F.A.D.	69.02	106.20	63.36	28.32	28.02	32.65	
A.D.B.	1626.88	1571.02	1787.86	717.10	7166.48	431.72	
E.E.C.(SAC)				5.19	5.36	5.81	
O.P.E.C.	9.58	18.90	16.00	19.61	19.67	19.99	
Total (Multilateral)	8600.69	8830.91	9377.99	5946.04	20648.20	5373.57	
Bilateral							
Australia				7.90	7.87	7.99	
Austria				10.57	11.19	11.42	
Belgium				22.05	23.36	23.83	
Canada				61.10	60.56	62.39	
Czech & Slovakia				4.36	4.28	4.28	
Denmark				27.96	28.10	30.09	
Germany	173.60	48.00	41.50	493.82	518.71	469.16	
France	13.65	41.25	18.20	733.18	736.95	196.72	
Italy				87.36	89.43	89.87	
Japan	2339.00	2521.27	3426.00	1800.65	1702.20	1881.03	
Kuwait Fund				48.79	48.12	134.95	
Netherlands				201.45	211.08	211.16	
Saudi Fund	19.58			7.47	7.37	34.30	
Sweden				173.18	181.55	184.60	
Switzerland		0.50		16.76	17.99	37.37	
Spain				19.55	19.45	19.78	
U.S.A.				659.76	656.09	608.55	
Russian Federation	187.30	271.28	338.71	241.51	237.00	239.72	
Total (Bilateral)	2733.13	2882.30	3824.41	4617.42	4561.30	4247.21	
Grand Total	11333.82	11713.21	13202.40	10563.46	25209.50	9620.78	

Statement 2

Grants and Commodity Assistance from Friendly Foreign Countries and International Bodies

			(In crores of Rupe
Name of the Country/	Budget Estimates	Revised Estimates	Budget Estimates
Institution	2002-2003	2002-2003	2003-2004
ultilateral	22.22		
I.F.A.D.	39.02		
IDF Grants		12.22	
IBRD (USD)		1.18	
IDA US Dollars		8.17	0.58
lateral			
Australia			4.00
Canada		1.60	0.35
Denmark	61.33	42.49	33.50
France	0.55		1.00
Germany	216.43	127.37	158.50
Japan	35.01	39.38	150.00
Netherlands	103.37	118.08	111.17
Norway	9.02	5.72	9.03
Switzerland		1.78	21.43
U.K.	50.72	284.48	612.00
UK (DFID)		15.74	9.00
U.S.A.	10.26	57.01	74.36
E.E.C.	253.36	155.62	150.00
F.A.O.		0.10	
ernational bodies:			
UNFPA	0.10	5.21	
UNDP	64.12	90.43	84.12
UNICEF		4.50	
UNGDF			11.00
UNGFATM			9.00
UNUS AID			6.19
W.H.O.	15.80	9.90	15.80
Universal Postal Union		0.77	
RAND TOTAL	859.09	981.75	1461.03