

# HPG Background Paper

## **Diversity in donorship: the changing landscape of official humanitarian aid**

### **India's official aid programme**

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#### **About HPG**

The Humanitarian Policy Group at the Overseas Development Institute is dedicated to improving humanitarian policy and practice. It conducts independent research, provides specialist advice and promotes informed debate.



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## 1. Background

This background paper forms part of HPG's study on the growing diversity of official donors in international humanitarian action. Over the past decade, a number of donor governments which are not part of the OECD's Development Assistance Committee (DAC) have become increasingly active in responding to a range of humanitarian crises. India is one of three donors, along with China and the Republic of Korea, which form a regional study of non-DAC donors in Asia. Two further regional studies focus on the official aid programmes of EU accession countries (particularly the Czech Republic, Poland and Slovenia), and the Gulf States (including Kuwait, Saudi Arabia and the United Arab Emirates). All of the case studies will inform HPG's research project on the growing diversity of official donors in humanitarian action.

According to the Indian Ministry of External Affairs, the total value of Indian assistance since 1964 is around \$2 billion<sup>1</sup> – a figure likely to be rising rapidly. Indian assistance has taken several forms. Technical expertise in areas such as disaster management and refugee rehabilitation has been deployed within South Asia and elsewhere. Indian experts advised Zambia, for instance, following an influx of refugees from Rhodesia following that country's unilateral declaration of independence in 1965. But until recently India's primary relationship with aid has been as a recipient rather than a donor, and this experience has conditioned its thinking as it becomes increasingly active as an aid donor.

After independence from Britain in 1947, there was a broad consensus within the government that, despite India's developmental needs, it should not become overly dependent on foreign aid. This view stemmed from Nehru's policy of non-alignment and anti-colonialism. However, India became increasingly reliant on foreign aid to finance public expenditure. At the same time, its neutrality meant that it was denied grants, notably from the US. Three ideas permeate India's attitude towards aid:

- that assistance is given for political or economic purposes, and that it can be a highly effective means of improving relations;<sup>2</sup>
- that the wrong type of assistance can be counter-productive; and<sup>3</sup>
- that conditional or tied bilateral aid, in particular, can be degrading for the recipient.

That India's current assistance strategy is determined by political factors (strengthening relations with other developing countries, for example to gain support for India's bid to gain a permanent seat on the UN Security Council) and by economic factors (such as gaining access to markets or raw materials) is widely recognised. And since India began to provide assistance – to Nepal in the 1950s, and through the Indian Technical and Economic Co-operation (ITEC) scheme from the mid-1960s, there has been a clear emphasis on unconditional technical, project-based co-operation. Assistance is presented as a partnership – an example of South–South co-operation.

These ideas have also marked India's changing policy to the receipt of aid.<sup>4</sup> In June 2003, India announced that only five countries (Japan, the UK, Germany, the US and Russia) and the EU were to be allowed to continue providing assistance. Other bilateral donors could complete on-going projects, but would have to channel future assistance through NGOs, the UN or other multilateral agencies. The move was justified by the need to reduce administration costs. The concentration on larger aid providers would increase the efficiency of aid. The move also demonstrated India's growing global aspirations – receipt of aid was seen to hinder India's ability to play a greater global role, and India resented criticism from donors following its nuclear tests in 1998 and the outbreak of communal violence in Gujarat in 2002.

This policy was reversed by the subsequent Congress-led government, which permitted donors providing more than \$25 million per year to continue to provide assistance. However, given the vacillation in policy many of the previously rejected donors are reconsidering their assistance to India when current packages are completed.

India's decision to repay its bilateral debt to all but four countries was similarly driven by the desire to demonstrate its growing strength, and was enabled by soaring foreign-exchange reserves. In 2003, the Ministry of Finance announced that it would repay bilateral credit owed to 15 countries<sup>5</sup> so that smaller bilateral partners could transfer their assistance packages to other developing countries in greater need of

official development assistance, and to specified NGOs in India.<sup>6</sup> This involved the repayment of Rs74.9 billion (\$1.6 billion), and followed the pre-payment of almost \$3 billion of debt owed to the Asian Development Bank (ADB) and the World Bank in 2002/03. These moves were coupled with the launch of the India Development Initiative, intended to 'leverage and promote [India's] strategic economic interests abroad',<sup>7</sup> and which marked the expansion of India's outward assistance.

## 2. Management structures and relationships

The lead agency in India's assistance strategy is the Ministry of External Affairs (MEA). The MEA is directly responsible for assistance to Bhutan, Nepal and Afghanistan, and advises the Department of Economic Affairs (DEA), a department within the Ministry of Finance (MoF), regarding assistance packages to other countries. However, other ministries are also involved in the process, each in consultation with the MEA. Given that boosting trade is a key consideration, the MEA co-ordinates with the Ministry of Commerce in relation to lines of credit. Similarly, the Ministry of Water Resources is involved in financing hydroelectric projects in Nepal and Bhutan. The focus of this assistance is explicitly related to economic and political concerns, rather than direct humanitarian assistance.

Following the Indian Ocean tsunami in December 2004, the decision to provide rapid assistance using the air force, army and navy – primarily to Sri Lanka and the Maldives – was taken at the prime ministerial level. The leading role taken by the prime minister stemmed from the scale of the disaster, as well as the spending limits accorded to ministries.<sup>8</sup>

Despite its preference for incoming assistance to be co-ordinated through multilateral channels, India has rarely co-ordinated its own assistance with other aid donors, and is not fully attuned to the wider aid community. There are signs that this may be changing. In 2004, India attended the Nepal Development Forum, and the political benefits of co-ordination were evident during the establishment of the Group of Four (India, the US, Australia and Japan) in the immediate aftermath of the tsunami (see below, Section 6.2).

Thus far, India has not channelled external assistance through Indian NGOs, most of which lack the capacity to act internationally, largely because of financial constraints. The exception to this has been the Indian Red Cross (IRC), which has acted as a conduit for Indian assistance – such as blankets – to Iran. The IRC is closely linked to the government – its president is the president of India, the chairperson is the Minister of Health and the government's district collector (the senior administrator in each district) is the chair of the IRC at district level.

The private sector is likely to play a more important role in external assistance. Both private and state-owned companies provided donations, and gifts in kind, for the tsunami relief effort,<sup>9</sup> and have been a key means by which assistance has been extended to Africa (see below, Section 4.1).

### 3. The recipients of India's aid

The main recipients of development assistance from India have been neighbouring countries. In the 1980s, Vietnam and Bangladesh received relatively large amounts of assistance, though these programmes were reduced during the 1990s. Afghanistan too received assistance before the Taliban came to power, and this programme has been revived since the fall of the Taliban. India's assistance to refugees and disaster relief have also focused on its neighbours.

**Table 1: Non-plan grants and loans from the Ministry of External Affairs (Rs m)**

	1997/ 98	1998/ 99	1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05
Bangladesh	310	110	300	850	1,140	900	400	222
Bhutan	1,650	2,000	1,900	2,000	2,100	2,310	2,420	3,137
Nepal	750	700	650	650	1,090	1,070	920	662
Africa	100	110	110	70	50	50	90	1,068
Maldives	130	80	100	100	90	90	80	32
Myanmar	200	510	350	235	210	180	90	62
Sri Lanka	60	80	90	145	160	180	200	153
Other developing countries	450	500	600	550	560	1,170	1,710	3,482
<b>Total (inc. others)</b>	<b>3,650</b>	<b>4,090</b>	<b>4,100</b>	<b>4,620</b>	<b>5,430</b>	<b>6,010</b>	<b>6,000</b>	<b>8,818</b>

Source: Ministry of Finance

Humanitarian (along with technical and economic) assistance is listed under non-plan grants. The only plan expenditure by the MEA is for hydroelectric projects in Bhutan. In 2004/05, this stood at Rs7,350 million, Rs4,550 million of which was a grant; the remainder a loan. A large proportion of the 'other developing countries' category relates to grants and loans to Afghanistan.

**Table 2: Grants and loans from the Ministry of External Affairs 2004-5 (Rs m)**

	Non-plan Grants	Non-plan Loans	Non-plan Total	Other financial grants and loans
Bangladesh	33	189	222	Rs20m shipping assistance
Bhutan	3,137		3,137	
Nepal	662	negligible	662	
Africa	1,068		1,068	
Maldives	32		32	
Myanmar	62		62	Rs350m finance loan
Sri Lanka	153		153	Rs1bn finance loan
Other developing countries	3,482		3,482	
<b>Total</b>	<b>8,628.9</b>	<b>188.8</b>	<b>8,817.7</b>	

Source: Ministry of Finance

The bulk of Indian assistance goes to Nepal and Bhutan. It should be noted that India categorises this assistance as economic co-operation rather than aid – funding the construction of hydroelectric facilities in Bhutan, for instance, is seen as mutually beneficial, rather than a benevolent gesture.

#### 3.1 Nepal

During the first years of Indian independence, India was the most important donor to Nepal and was almost the sole contributor to the building of the country's basic infrastructure. India's initial assistance, in 1951, involved the construction of Tribhuvan Airport in Kathmandu. Subsequently, India funded the construction of the East-West Highway and other large-scale infrastructure projects. Recently, however, there has been a shift towards grassroots social sector projects in areas such as education, health and sanitation.

Although India has attended the Nepal Development Forum (which comprises bilateral and multilateral donors) as an observer, and in 2004 outlined its assistance to Nepal, it views its concerns differently to other countries and agencies which give aid to Nepal, and appears unlikely to join the forum. Aid to Nepal is seen as one part of a wider bilateral relationship. At present, for instance, high levels of political instability in Nepal have meant that the question of whether or not to provide arms to Nepal has become more immediate than the composition of aid.

The degree to which this relationship should be strengthened or limited is a source of contention within Nepal. Some argue that Nepal should expand its economic links with other countries, including China, which also provides considerable economic assistance. Nepal, unlike Bhutan, has always been keen to remain on friendly terms with both of its neighbours.

The manner in which assistance from India is disbursed to Nepal follows an established pattern. District Development Committees (DDCs) and Village Development Committees (VDCs) in Nepal apply directly to the Indian Embassy in Kathmandu, India's largest overseas mission, which decides whether or not to fund. The DDCs or VDCs subsequently implement projects.

Many Indian-funded projects are located in the Terai (southern Nepal), which has longstanding links with India, and in areas where more than 100,000 ex-Indian army Gurkhas reside. Improving connectivity within the Terai (as well as improving connecting roads in the neighbouring Indian state of Bihar) is one focus of Indian assistance.

India currently provides around Rs650–700 million (\$15–16 million) per year to Nepal, all in the form of grants, and is currently considering funding more than 80 projects worth around Rs8 billion (\$180 million), though assistance is likely to fall while political instability in Nepal prevents implementation. Should several large hydroelectric schemes move beyond the planning stage, assistance is likely to rise significantly.

Although the MEA is the nodal agency for most assistance to Nepal, the recently-established Department of Border Affairs (within the Ministry of Home Affairs) is responsible for the upgrading of roads on both sides of the border, and the Ministry of Water Resources is responsible for hydroelectric projects. The larger hydro projects, such as the 5,800MW Pancheshwara project, will require international financial assistance at the construction stage.

### **3.2 Bhutan**

India began providing assistance to Bhutan in the early 1960s, financing Bhutan's first Five-year Plan in 1961, which cost Rs1.07 billion. India was also the sole contributor to the second Plan in 1966, and since then has remained a key contributor to Bhutan's economy.

The manner in which India provides assistance to Bhutan is not the same as with Nepal. India chooses projects from the Bhutanese government's five-year plan that it wants to fund. Assistance to Bhutan is a mixture of grants and loans. Expenditure on asset creation of direct benefit to India, such as hydroelectric projects, is funded from the plan budget; it accounted for over half of overall assistance in 2004/05, which was Rs8 billion (\$180 million). Of the remaining Rs3.74 billion, Rs1.75 billion took the form of budgetary support. The remainder was project assistance. The larger hydroelectric projects are funded through a mixture of grants and loans; 60% of the Tala Project, for instance, is funded by grants, and the remainder through a 12-year loan payable at 9%.

While there is a move towards social sector assistance, poorer levels of infrastructure in Bhutan mean that road-building remains a key focus of assistance, though India is also involved, for instance, in the construction of hospitals in Bhutan. Road-building is carried out by the Indian Border Roads Organisation, part of the Ministry of Defence, but most other projects are implemented by the Bhutanese government, with projects open to tender to Indian or Bhutanese companies. India is also considering extending the broad-gauge railway into Bhutan.

Both Bhutan and Nepal also benefit from a combination of Indian subsidies and open borders. Food, fertiliser, kerosene and cooking oil, for instance, are heavily subsidised in India, and both countries are able to take advantage of Indian prices.

### 3.3 Afghanistan

Indian assistance to Afghanistan has restarted following the overthrow of the Taliban in 2001. India has committed an assistance package of around \$400 million between 2002 and 2008, making India one of the largest contributors to the reconstruction effort. Assistance to Afghanistan from the Indian government has been wide-ranging, and includes the following:

- Humanitarian assistance – winter clothing in November–December 2001 and February and December 2003; 20,000 blankets sent to Herat in February 2002; earthquake relief in April 2002.
- The rehabilitation of the Indira Gandhi Institute of Child Health, and of Hamid Karzai's old school, the Habibia School.
- A contribution of \$200,000 to the World Bank-managed Afghan Reconstruction Trust Fund.
- A \$10 million budget subsidy to the Afghan government.
- The provision of 274 buses for public transport.
- Training of civil servants, police and lawyers.
- A gift of three civil aircraft for Afghanistan's national carrier, Afghan Ariana.
- The provision of a million tonnes of wheat as food assistance through WFP.
- The supply of 300 vehicles, including 120 multi-utility vehicles made by an Indian defence company, Mahindra Defence Systems, to the Afghan National Army.
- The establishment of telephone services in 11 provincial capitals.<sup>10</sup>
- The reconstruction and upgrading of the road between Delaram, near Herat, and the Iranian border, easing the passage of Afghan trade through Iran.
- The construction of the Salma Dam (a power project) in Herat province.
- The construction of a new parliament building.
- A major power transmission project to alleviate Kabul's severe power problems.
- The repair of a mosque in Mazar-e-Sharif.

India's Afghan policy has been driven by political and economic imperatives. Political factors include the close historic relationship between India and Afghanistan and the need to ensure that anti-Indian forces like the Taliban do not return to power. Economic factors pertain both through the provision of contracts to Indian companies and long-term 'economic, energy and security interests in the Central Asian region'.<sup>11</sup> There are also historic links between Indian companies and Afghanistan. India defines humanitarian aid to Afghanistan narrowly – largely in terms of the provision of items such as blankets following disasters – and has taken steps to engage in disaster relief, but this appears secondary to the other drivers. Although a wider range of assistance could be defined as humanitarian – the construction of hospitals, for instance – the need to maintain domestic support for external assistance has led policymakers to stress the benefits to India of its assistance package.

While wider international relief has been run by the UN and the World Bank, India has not fully participated in these channels. Most Indian assistance is bilateral, and while India informs other countries about the projects that it is undertaking, the degree to which this is a two-way process is unclear. While India views its assistance to Nepal as one part of a deeper, mutually-beneficial bilateral relationship, there are three justifications for the bilateral nature of assistance to Afghanistan. First, it is cheaper – the administrative cost is much less than when multilateral agencies are involved. When there is no choice – India distributed food aid through the WFP since it did not have its own distribution channels – India has used multilateral agencies. But the need to justify the response domestically has led to a preference for bilateral action. The second justification is timeliness. A bilateral response may be quicker than a multilateral response, particularly when it draws on existing knowledge. Many Indian state-owned companies, for instance, had worked in Afghanistan in the 1970s and 1980s.

### 3.4 Other countries in South Asia

The rise in grants and loans to Myanmar in the late 1990s relates to another road-building project. The 160km Indo-Myanmar Friendship Road, constructed by the Border Roads Organisation, was completed in 2001.

India's relationship with Bangladesh has been surrounded by a degree of sensitivity since Bangladesh gained independence in 1971. Relations have been strained by charges that each government was aiding rebel groups in the other state, and by both countries' inability to reach agreement over sharing Ganges

River water. This has affected India's assistance to Bangladesh. In the 1988 floods in Bangladesh, for instance, which Bangladesh partly blamed on India, Bangladesh rejected helicopters sent by India for fear that they would be used for ulterior purposes.

Despite strained relations over the issue of Tamil secession, India has sought stable economic links with Sri Lanka. During the formative stages of the Tamil insurgency in the late 1970s, India gave Sri Lanka a Rs100 million loan to finance imports of Indian goods and capital. India has also responded positively to Sri Lankan requests for emergency equipment for rescue operations and for long-term reconstruction assistance following disasters such as floods in 2003.

### **3.5 Refugees in India**

India has a good record of hosting refugees. Rights of refugees are by and large respected through the Constitution of India, and refugees (as foreigners) have freedom of religion, informal access to work, freedom of movement and access to the courts.

During the 1971 war, around 10 million refugees fled East Pakistan (now Bangladesh) for India. India appointed a cabinet minister to take specific responsibility for refugee problems, working alongside the Minister for Labour and Rehabilitation. India spent around Rs100 million on food, clothing and shelter for the refugees in the first few months after the war. Subsequent problems arose due to an outbreak of cholera in the refugee camps, necessitating emergency medical help in the form of vaccines and antibiotics. The Indian government subsequently asked the UN to take 'direct financial responsibility' for the refugees.

As a consequence of the civil war in Sri Lanka, there are around 80,000 Sri Lankan Tamil refugees living in India. Of these, approximately 57,000 live in 101 state-run refugee camps in Tamil Nadu, and an estimated 20,000 registered with the police live in towns and cities across the state. The first meeting of the India–Sri Lanka Joint Commission took place in January 1992 to address the issue of returning Tamil refugees to Sri Lanka. Since 2002, the Tamil Nadu state government has co-operated with UNHCR on exit formalities, and the Indian government allowed UNHCR to open an office in Chennai to verify the voluntary nature of the return of Sri Lankan Tamil refugees. According to UNHCR, there is currently no pressure on refugees to repatriate.

India is not a signatory to the 1951 Refugee Convention or its 1967 Protocol, and appears unlikely to ratify either, since it argues that its record of hosting and treating refugees is better than that of some countries who are signatories. The Indian government set up a National Human Rights Commission in 1993, whose mandate includes 'discussion on the adoption of a refugee law for the country'. At present, there is no formal legal framework for determining refugee status. Human rights groups have claimed that this has led to arbitrariness and a lack of transparency in the treatment of refugees. UNHCR argues that although practical cooperation with the Indian government has improved, the lack of a legal framework is a significant barrier to managing refugee matters; the agency is involved in initiating support for the need for a national refugee law or an amendment to the Foreigners Act 1946, which would recognise refugees as a distinct group.

The relationship between the government and UNHCR is complex. Although India is a member of the Executive Committee of UNHCR, India does not formally recognise UNHCR. However, UNHCR has access to its nodal ministries like any other UN agency. Its international staff have the same diplomatic privileges as other international UN staff. UNHCR ended its operations in India in 1975, but began operating again in 1981, under the umbrella of UNDP, due to an influx of refugees from Afghanistan. Mass influxes of peoples are the responsibility of the government of India, which has recognised prima facie that Tibetans, Sri Lankan Tamils and people who fled East Pakistan in 1971 are refugees. Apart from Sri Lankans, India currently provides refuge for around 120,000 Tibetans; 15,000 Bhutanese (who sought refuge in India in 1990) and several hundred Nagas from Myanmar. A number of Chin refugees, also from Myanmar, were forcibly repatriated in 1994.

Exceptionally, UNHCR conducts refugee status determination interviews for individual asylum seekers who approach its office in New Delhi. All refugees are treated as foreigners on extended stay and come under the Foreigners Regional Registration Office (FRRO). Every refugee recognised by UNHCR is given a certificate that becomes a proof of identity for the refugee. The certificate is renewed every 18 months. On the basis of the UNHCR refugee certificate, the government of India issues Residence Permits to most Afghan and Myanmar

refugees. At present, UNHCR is responsible for around 11,000 refugees in India. These include 9,761 Afghans, 50 Iranians, 35 Somalis and five Sudanese. Most of the remainder are from Myanmar, though this number only includes those recognised by UNHCR in New Delhi. Almost 90% of Afghan refugees in India are Hindus or Sikhs.

## **4. Mechanisms of assistance**

### **4.1 Lines of credit**

India has extended lines of credit (LoCs) to developing countries for the past 40 years, though the policy expanded under the previous Bharatiya Janata Party (BJP) government, and was presented as the main means by which India provided assistance. The MEA is responsible for LoCs to Bangladesh, Bhutan and Nepal, and the Department of Economic Affairs (DEA), within the Ministry of Finance, extends LoCs to other countries. The LoCs are intended to promote Indian exports and to improve political relations with beneficiaries. There is a clear acceptance that the assistance is targeted for economic or political reasons. India has given a \$500 million LoC to Team-9 – a grouping of eight West African countries and India – partly to improve relations with francophone countries in Africa, and partly because these countries are rich in minerals and oil. There also appears to be a correlation between countries with a significant Indian diaspora, such as Kenya and Tanzania, and Indian assistance.

Following the launch of the India Development Initiative (IDI) in 2003, the DEA stopped sanctioning lines of credit from budgetary sources, and began providing interest subsidies and counter guarantees to the Exim Bank of India or any other nominated Bank providing lines of credit from its own resources. The DEA has signed 76 agreements with 24 foreign countries to extend Indian government LoCs worth Rs5.74 billion (\$130 million) and \$455 million (in dollars), detailed in Appendix 1. LoCs approved under the IDI are listed in Appendix 2.

Originally denominated in rupees, since the early 1990s LoCs have generally been denominated in US dollars. They cover 90% of the free on board value (that is, excluding shipping and insurance costs) of exports and are intended to cover capital goods, Indian-manufactured consumer durables and consultancy services. Interest on the LoCs is charged at the LIBOR six-month rate. The repayment period for capital goods is 12 years, including a three-year grace period, and for consumer durables and consultancy three years, including a one-year grace period. These terms can vary depending on recommendations from the MEA and requests from the recipient government.

While this has been the main means by which India has recently extended its assistance to other countries, there is a growing recognition that LoCs are themselves a limited developmental tool, and that India's own rejection of tied aid sits uneasily with this policy.

### **4.2 ITEC**

Since independence, India has provided assistance to other developing countries through the Commonwealth and the UNDP. As this assistance developed, in 1964, the Indian Technical and Economic Co-operation (ITEC) scheme was founded. ITEC provides assistance to 156 countries in Africa, Eastern Europe, Asia and Latin America.<sup>12</sup> It is run by the Ministry of External Affairs, and currently has an annual budget of around Rs500 million (\$11 million), though this is likely to rise significantly as India expands its overseas assistance programme. ITEC has four components: training; projects and project-related activities; deputations of Indian experts; and study tours.

Around 40% of the budget is spent on training, primarily paying tuition fees, accommodation and allowances. There is little outflow of funds from India, although sometimes airfares are paid. In 2004/05, around 3,600 training slots were provided in 43 institutions in subjects such as information technology and rural development. Most of the courses are short – around six weeks – although some last a year or more. Indian embassies in the 156 ITEC-applicable countries request governments to nominate personnel for training. Following a recommendation from the embassy, the MEA and the relevant institute decide on their suitability. The number of training slots available for each country is not disclosed, although around 1,000 places go to African countries.<sup>13</sup>

There are currently 51 Indian experts serving overseas under ITEC. These normally involve a two-year posting. ITEC pays the airfare and salary for the experts, while the host country provides accommodation and in-country travel. ITEC also funds feasibility studies in areas such as water management or machine tool manufacture. These studies are generally carried out by state-owned companies such as WAPCO (Water and Power Consultancy Services) or Hindustan Machine Tools.

ITEC is also responsible for some project assistance – for instance establishing vocational training programmes in Indonesia and Afghanistan – and disaster relief. In the case of disaster relief, the initial needs assessment is carried out by the local Indian embassy, which makes recommendations regarding the type of items, such as blankets, food or medicine, which should be provided.

## 5. Policy towards multilateral institutions

As an aid recipient, India has a clear preference for multilateral rather than bilateral assistance. Loans are viewed as a better means of demonstrating sovereignty than grant receipts, while India, as a member of multilateral organisations, feels more ownership over their projects. As part of the recent policy shift, India repaid its bilateral debt to all but four countries.<sup>14</sup> India has also offered its manpower skills, providing experts for multilateral organisations including the Commonwealth, the ADB and the World Bank, and has been one of the largest providers of peacekeepers for the UN.

India remains one of the largest borrowers from the World Bank and Asian Development Bank, though it has pre-paid some of its more expensive debt owed to these two institutions. Non-concessional debt owed to the International Bank for Reconstruction and Development (IBRD) has fallen from a peak of \$7,136 million at the end of 1994/95 to \$3,144 million at the end of 2003/04 (see Appendix 3, India's external debt). In the same period, however, concessional debt owed to the IDA rose from \$17.78 billion to \$22.67 billion. India's relationship with the IMF and the UN agencies has changed significantly. In 2003, India became a creditor to the IMF, one of a handful of countries to switch from debtor to creditor. India provided SDRs205 million (\$308 million) to the IMF's Financial Transactions Plan in May and June 2003, and as of end-February 2005 had provided an additional SDRs235 million to the fund.<sup>15</sup> India has also contributed to the IMF's Emergency Assistance fund,<sup>16</sup> which supports recovery from natural disasters and armed conflicts.

The switch was prompted by India's strong economic position. A combination of rising foreign-exchange reserves, current account surplus and strong economic growth placed India in a position to become a creditor. The move also led to a change in perception within India of the IMF. As a debtor, India had seen its approaches to the fund as humiliating. Since 2003, it has approached it as an equal, and the Governor of the Reserve Bank of India, Bimal Jalan, has called for the quota shares of developing countries within the fund to be raised to reflect their growing importance in the world economy. Coupled with this move, India wrote off Rs1 billion (\$24 million) owed to it by seven Heavily Indebted Poor Countries (Mozambique, Tanzania, Zambia, Guyana, Nicaragua, Ghana and Uganda).

India has a strong relationship with the UN system and its contribution to the UN has risen rapidly in the past few years, from Rs185.9 million in 2002 to Rs279.9 million in 2004. Several smaller donors were asked to redirect their assistance through NGOs or UN agencies. The work of UN agencies has two key benefits to India: their role in monitoring and data collection and their ability to bring innovative ideas.

**Table 3: Contributions to international bodies for 2003–6 (in Rs m)**

Ministry/department/organisation	Actual expenditure 2003/04	Revised budget 2004/05	Budget 2005/06
<b>Agriculture:</b>	<b>158.7</b>	<b>167.7</b>	<b>170.1</b>
Food and Agriculture Organisation	60.3	65.0	67.0
World Food Programme	45.5	49.2	45.8
<b>Environment and Forests:</b>	<b>19.9</b>	<b>30.1</b>	<b>25.5</b>
United Nations Environment Programme	7.2	4.8	4.8
<b>External Affairs:</b>	<b>376.0</b>	<b>615.0</b>	<b>581.3</b>
Contribution to UN budget	279.9	329.8	290.0
Other contributions, including peacekeeping	5.37	23.49	182.3
<b>Finance:</b>	<b>632.5</b>	<b>798.7</b>	<b>704.8</b>
United Nations Development Programme	214.9	210.8	229.3
Afghanistan Reconstruction Fund	9.2	9.5	9.5
<b>Health and Family Welfare:</b>	<b>72.0</b>	<b>75.4</b>	<b>77.9</b>
International Committee of Red Cross Society	0.6	0.6	0.6
<b>Human Resource Development:</b>	<b>118.1</b>	<b>119.5</b>	<b>127.5</b>
UNICEF	31.0	31.0	31.0
<b>Total:</b>	<b>654.0</b>	<b>724.2</b>	<b>793.3</b>

Source: Ministry of Finance, [indiabudget.nic.in](http://indiabudget.nic.in)

India's change from aid recipient to donor is demonstrated by its relationship with the World Food Programme. Over the past 42 years, the WFP has provided India with around \$1 billion of assistance. Like other UN bodies, the WFP has tried to work in collaboration with the government on small-scale pilot projects. India's food stocks grew in the 1990s – a result of a succession of good monsoons – and over the last couple of years India has become one of the major donors to the WFP. India provides the bulk of the food distributed internally by the WFP, and has also provided assistance through the WFP to Afghanistan, Iran and Iraq. The nodal ministry for the WFP is the Ministry of Agriculture, though the MEA is involved in the decision-making process.

As with much of India's assistance programme, the concept of India providing other countries with food, when 20% of the world's hungry poor live in India, is controversial domestically. However, problems within India do not stem from food shortages, but from poor distribution methods. Consequently, it is argued, there is no reason why India should not use its stockpiles to help other countries. However, some Indian food assistance has been given bilaterally, rather than through the WFP. For instance, in August 2004 India gave 20,000 tonnes of wheat to Sudan. In this case, weak reporting structures may have undermined the impact of this assistance.

As the response to the tsunami demonstrated, the key channel through which India has provided humanitarian assistance is its armed forces. Currently, India contributes around 6,000 troops and personnel to UN peacekeeping forces, making it the third-largest contributor after Pakistan and Bangladesh.<sup>17</sup> In total, over 55,000 Indians have worked as peacekeepers in 35 UN operations. The operations in which Indian troops have been involved include Korea, the Middle East, Indochina, Congo and Yemen. Recently, Indian troops have been involved in the UN Iraq–Kuwait Observer Mission (UNIKOM) following the first Gulf War, Namibia, Mozambique and Somalia, Angola and Sierra Leone. India has also hosted workshops and seminars on UN peacekeeping.

India had operational responsibility for around one-third of Somalia during the 1993–94 UN Operation in Somalia (UNOSOM-II), and was charged with both coercive disarmament and humanitarian relief. Humanitarian relief provided by Indian troops included medical care, rehabilitation and resettlement of refugees and the provision of water supplies.

India's humanitarian assistance appears to take two forms. Given the capacity of the military to deal with disasters or crises (both domestically and externally), assistance such as that given to Somalia stems from India's long-standing tradition as a contributor to peacekeeping forces. Economic or political factors appear to drive other humanitarian assistance, such as food aid. India's military capacity can equally be used in regional disasters, such as the tsunami. Political factors could constrain the Indian military's ability to act in a longer-term capacity in neighbouring countries. When the Indian Peace Keeping Force entered Sri Lanka in 1987, its ability to oversee the cessation of combat by the Sri Lankan military and supervise the surrender of arms by the Liberation Tigers of Tamil Eelam (LTTE) was limited by political hostility in Sri Lanka.

## 6. India's response to the Indian Ocean tsunami

Despite the suspension of the India Development Initiative, the incoming Congress government was keen to stress that India's transition from aid recipient to donor would continue. This transition was demonstrated in India's response to the 26 December 2004 tsunami. India was quick to provide assistance to Sri Lanka, the Maldives and Indonesia. The decision to provide rapid assistance to these countries was taken at the prime ministerial level. Indian assistance, provided by the military, was the first aid to reach Sri Lanka and the Maldives.

At the same time, within two days of the tsunami, India rejected foreign assistance. The government justified this move on the grounds that multiple relief efforts following the 2001 Gujarat earthquake had resulted in confusion. Furthermore, India's position is premised on the grounds that it rarely faces financial constraints when dealing with disasters in a few states: the affected states follow an established procedure by which they request extra resources from the central government. This enabled India to request other countries to target their relief effort towards worse-affected countries.

As more information came in, India announced that it would not oppose foreign assistance, but that it was not requested. Some material assistance was rejected, particularly for the Andaman and Nicobar Islands. Subsequently, it was announced that it would accept longer-term rehabilitation assistance, and talks were held with the World Bank, the Asian Development Bank, the UN and the EU in this regard.

The composition of India's bilateral assistance is detailed below:

Indonesia:

- two ships carrying 40 tonnes of relief supplies and three tonnes of medical stores;
- one of the two ships became a hospital ship placed off the coast of Aceh; and
- emergency rations, medicines, tents and first aid kits, equipped to set up on-shore medical facilities. Assistance was focused on Medan, an area with a large number of people of Indian origin and non-resident Indians.

The Maldives:

- a relief package of Rs50 million (\$1.1 million);
- two ships set up medical camps;
- a naval tanker provided drinking water and a water purification plant;
- four aircraft assisted with rescue and relief;
- four ships and four helicopters were used to ferry supplies, including about 200 tonnes of relief supplies from international agencies;
- diving ships gave assistance; and
- the Indian navy ran four medical camps and established power supplies.

Sri Lanka:

- a total assistance package of about Rs1 billion (\$22 million) for both immediate relief and long-term rehabilitation;
- two naval vessels undertook clearance work at Trincomalee harbour; one was converted into a hospital ship;
- two Iluyshin 76 aircraft carried military field hospitals; and
- seven helicopters and two other aircraft operating from Colombo assisted with the immediate relief effort.

Three key issues arose from India's response to the tsunami. First, the rejection of foreign assistance would backfire if India's domestic response to the disaster failed. Second, through the Group of Four India engaged with other providers of bilateral assistance (the US, Australia and Japan). Third, regardless of the scale of the disaster, there was an assumption by commentators, if not by policymakers themselves, that India's response, as well as that of other countries, had political motivations.

### **6.1 India's response to the domestic impact of the tsunami**

India's experience in disaster management was a key factor in India's response. India is vulnerable to natural disasters, including floods, earthquakes, cyclones, droughts and landslides. Following the 1999 cyclone in Orissa, and the 2001 Gujarat earthquake, India carried out a review of its disaster management mechanism with the intention of mitigating the impacts of disasters, and of developing a holistic approach to deal with disasters. In 2002, disaster management was transferred from the Ministry of Agriculture to the Ministry of Home Affairs (although the Ministry of Agriculture maintained responsibility for drought, and epidemics and some other emergencies or disasters were the specific responsibility of other ministries). India set up the National Disaster Management Programme within the Ministry of Home Affairs in December 2003, which established its own institute for the purposes of research and information provision.<sup>18</sup>

The district collector (the senior administrator in each district) plays the key role in disaster management, and has sufficient authority to coordinate a rapid response. Given India's long experience of disasters, the Indian Administrative Service (IAS) has a widespread institutional memory of disaster management.<sup>19</sup>

The government's lack of resource constraints is demonstrated in its domestic expenditure. As of 4 January 2005, the central government had spent Rs11.25 billion (\$250 million) on relief and rehabilitation efforts within India. This included a Rs2.36 billion (\$52 million) relief package for Kerala, of which Rs1.06 billion (\$23.5 million) was 'extraordinary assistance'. The government allocated Rs2 billion (\$45 million) specifically to the Nicobar islands, and Rs5 billion (\$111 million) from the National Calamity Contingency Fund was allocated for use in all the affected states.

In practical terms, the central government had a presence in every village within two days. Senior officers from the Indian Administrative Service were dispatched to the region with the authority to run the disaster response. Although there was some confusion, in the worst-affected mainland states (Tamil Nadu, Kerala, Andhra Pradesh and Pondicherry) the relief effort was generally seen to have worked. This was less clear with regard to the Andaman and Nicobar islands, where the local administration had less capacity to cope. The cited need to keep the local population in relative isolation (in the past the local population had been decimated by contact with outsiders) was coupled with sensitivities regarding military installations on the islands.

India did not object to assistance from NGOs working in the region, and UN agencies. The Ministry of Health, for instance, discussed measures to prevent the spread of communicable diseases with the World Health Organisation. Following the tsunami, UNICEF was permitted to operate in the Andaman and Nicobar islands, helping child victims and conducting a vaccination campaign.

The relief effort was augmented by the establishment of the Prime Minister's National Relief Fund, which had raised a record Rs5.5 billion by the end of January, and raised Rs8.3 billion by 1 April, when it stopped accepting donations. The fund received donations from 91,000 people<sup>20</sup> – an average contribution per individual of Rs91,000. A small number of very large contributions appear to have been supplemented by a much larger number of small donations. A similar relief fund, established following the 2001 Gujarat earthquake, raised Rs4.2 billion.

### **6.2 The group of four**

In late December, India agreed to join the US, Australia and Japan in co-ordinating a response to the tsunami. Initially, the group bypassed the UN, though the UN was brought in within a few days. The practicalities of the group involved a series of teleconferences between the four countries in an attempt to avoid the duplication of relief efforts and to address deficiencies in the on-going response.

The group was wound up in mid-January, when the UN took the co-ordinating role. The justification for the formation of the core group was that these four nations were best placed to undertake relief efforts, though it was reported that the UK and Canada resented the move.<sup>21</sup> For India, the chance to be regarded as a key player in the relief effort was a major political opportunity, which may change its attitude to co-ordination in future disasters.

### **6.3 Motivations for Indian assistance**

As well as humanitarian motives, many commentators assumed that India's decision to quickly provide relief to Sri Lanka and the Maldives was driven by political factors. The move to offer assistance (and reject

incoming assistance) emphasised India's pre-eminence within South Asia, and demonstrated India's increasing global prominence.

Within India, the move was interpreted as a reflection of the country's transformation from aid recipient to aid donor.<sup>22</sup> Numerous commentators observed that, while India's initial reaction to the tsunami was prompted by humanitarian concerns, the government was keen to use the opportunity to assert itself positively in the region.<sup>23</sup> Regardless of motivation, many international commentators agreed that India's response to the tsunami highlighted its emergence as a significant power, not only in South Asia but also in the wider global arena.<sup>24</sup>

## 7. Conclusion: current trends and developing issues

India's foreign assistance is currently in a state of transition, and the government intends to outline a new policy in June 2005. This is intended to clarify operational methods and increase transparency. One of the key issues to resolve is the extent to which the strategy remains controlled by the MEA, or whether new agencies will evolve to co-ordinate the mix of political, economic and humanitarian policy objectives, though it seems highly unlikely that a separate aid ministry would be created. It also seems unlikely that India will shift its assistance strategy to domestic or international NGOs.

It is clear that India perceives its assistance strategy largely in terms of self-interest, primarily since that is how it perceives other donors to have treated India. In the past, this has led India to act bilaterally. But the tsunami may prove to have been a turning-point – as India's assistance programme expands, it seems likely that it will increasingly sense that it can benefit politically from greater interaction and co-ordination with other aid donors.

Emergency assistance is likely to remain concentrated towards India's neighbours – Nepal, Bhutan, Sri Lanka, the Maldives, Myanmar, Bangladesh and Afghanistan. In Africa, economic and political imperatives are likely to remain central in the targeting of assistance.

India has vast potential to provide technical assistance in areas such as emergency relief, and its ability to act is enhanced since, as a developing country, it has less political baggage than developed countries. India is also likely to press developed donors to outsource some of their functions to Indian organisations. For instance, Indian institutions could undertake training (or the training of trainers) for health service workers. Historically, Indian public-sector companies – such as RITES, the consultancy arm of Indian Railways – have been active in developing countries. And private Indian companies – using cheaper, and possibly more appropriate, technology – could free up resources if allowed to compete in tenders, though at this point the distinction between trade and aid becomes somewhat blurred.

But while Indian companies could benefit substantially from the freeing up of tenders by other aid donors (as has already happened in Bhutan and Afghanistan), whether India's own assistance strategy becomes less tied to its political and commercial interests is less certain. Despite India's strong economic growth, there remain deep-seated social and economic problems within the country. Transferring resources overseas without clear benefits to India will remain domestically unpopular for the foreseeable future. As India's assistance grows, managing public opinion will become a key challenge for Indian policymakers.

**Appendix 1: Lines of credit extended by the DEA**

<b>Recipient government</b>	<b>Date of credit agreement</b>	<b>Amount of credit</b>
Cambodia	July 1991	Rs15m
	November 2002	\$10m
Ghana	October 1981	Rs50m
Guyana	September 1989	Rs100m
Kazakhstan	July 1993	\$20m
	May 1995	\$10m
Kenya	December 1982	Rs50m
Kyrgyzstan	June 1995	\$5m
Laos	January 1999	\$2m
	November 2002	\$10m
Mauritius	September 1972	Rs32.1m
	January 1975	Rs50 m
	March 1978	Rs100m
	March 1984	Rs50m
	February 1989	Rs50m
	April 1991	Rs50m
	September 1994	\$3.2m
	February 1997	\$3m
May 2001	\$100m	
Mongolia	April 1993	\$1.76m
Mozambique	April 1981	Rs40m
	October 1982	Rs30m
	October 1982	Rs20m
Myanmar	March 1998	\$10m
	November 2000	\$15m
	October 2003	\$25m
Nicaragua	September 1986	Rs125m
Seychelles	November 1991	Rs25m
	April 1993	\$1.6m
	February 2000	\$2m
Sri Lanka	February 1966	Rs20m
	November 1971	Rs50m
	January 1973	Rs100m
	August 1973	Rs50m
	February 1976	Rs50m
	May 1977	Rs1m
	January 1977	Rs70m
	January 1978	Rs100m
	August 1979	Rs100m
	January 1981	Rs100m
	November 1987	Rs250m
	January 1996	\$ 30m
	January 1997	\$ 15m
	January 2001	\$100m
July 2002	\$31m	
Suriname	1992	Rs50m
	March 2003	\$10m
Tanzania	December 1972	Rs50m
	May 1978	Rs20m
	June 1979	Rs4m
	April 1982	Rs100m
Tajikistan	June 1994	\$5m

Turkmenistan	March 1995	\$5m
	September 1995	\$10m
Uganda	September 1981	Rs25m
	November 1982	Rs40m
Uzbekistan	May 1993	\$10m
	November 1994	\$10m
	May 2000	\$10m
Vietnam	February 1976	Rs100m
	February 1978	Rs100m
	April 1980	Rs50m
	May 1981	Rs100m
	November 1982	Rs100m
	July 1984	Rs100m
	January 1987	Rs150m
	January 1989	Rs100m
	April 1990	Rs100m
	May 1993	Rs390m
	February 1996	Rs900m
	March 1997	Rs350m
	February 1999	Rs470m
December 1999	Rs600m	
Yemen	December 1981	Rs10m
Zambia	July 1979	Rs100m
Zimbabwe	September 1982	Rs50m

## Appendix 2: Lines of credit extended through the Exim Bank of India

Borrower	Amount of LOC (US\$)	Annual rate of interest	Repayment period (inc. grace period)	Purpose of credit
Zambia	10m	LIBOR+ 1%	5 years	Purchase of equipment from India
Djibouti	10m	1.5%	10 years (2 years)	Purchase of goods from India
Mozambique	20m	1.75%	20 years (5 years)	Financing of exports of goods from India
Ghana	15m	LIBOR+ 0.5%	7 years	Purchase of goods from India
Vietnam	27m	1.5%	25 years (5 years)	Export of Indian equipment, goods and services
Myanmar	56.4m	LIBOR+ 0.5%	10 years (2 years)	Upgrading of Yangon–Mandalay railway
Sudan	50m	LIBOR+ 0.5%	11 years	Purchase of goods from India
Lesotho	5m	LIBOR+ 0.5%	8 years	Purchase of goods from India
Tajikistan	25m	LIBOR+ 0.5%	15 years (5 years)	Export of Indian equipment, goods and services
Syria	25m	LIBOR+ 0.5%	12 – 14 years (3 years)	For sourcing plants & equipment, goods and services
Myanmar	7m	LIBOR+ 0.5%	8 years (1 year)	Development of information and communication technology
Mongolia	10m	LIBOR+ 0.5%	15 years (5 years)	Procurement of wheat
Guyana	25.2m	1.75% (fixed)	20 years (5 years)	Modernisation of three sugar mills
Suriname	16m	LIBOR+ 0.5%	15 years (5 years)	Power transmission line project (to be executed by PEC/L&T Ltd.)
Kenya	20m	LIBOR+ 0.5%	15 years (5 years)	For mutually identified projects including rehabilitation of railway project.
Senegal	15 m	1.75%	20 years (5 years)	Development of rural SMEs and purchase of agricultural machinery and equipment
Angola	40m	1.75%	20 years (5 years)	Railway rehabilitation project by M/s RITES Ltd.

Azerbaijan	10m	LIBOR+ 0.5%	15 years (5 years)	Setting up of power project by M/s BHEL
Myanmar	52m	1.75%	20 years (5 years)	Construction of highways
Sri Lanka	150m	LIBOR+ 0.5%	7 years (1 year)	Purchase of petroleum products from Indian PSUs.
Guyana	19m	1.75% (fixed)	20 years (5 years)	Construction of a cricket stadium in Georgetown
Senegal	17.9m	1.75% (fixed)	20 years (5 years)	Supply of 350 buses by M/s. TATA Motors
Mauritius	10m	LIBOR+ 0.5%	10 years (2 years)	Construction of Baie du Tombeau sewerage project
Ghana	27m	1.75% (fixed)	20 years (5 years)	Financing of rural electrification, agriculture, transportation and communication equipment/projects

**Appendix 3: India's external debt (in US\$m)**

	1991	1992	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Multilateral debt</b>	<b>20,900</b>	<b>23,090</b>	<b>28,542</b>	<b>28,616</b>	<b>29,218</b>	<b>29,553</b>	<b>30,534</b>	<b>31,438</b>	<b>31,105</b>	<b>31,899</b>	<b>29,994</b>	<b>29,279</b>
Govt	19,887	21,651	26,127	26,059	26,369	26,344	26,967	27,584	27,414	28,290	27,271	26,826
Concessional	13,377	14,320	17,777	17,576	17,636	17,836	18,596	19,269	19,080	19,713	21,559	22,674
IDA	13,052	13,974	17,438	17,263	17,337	17,541	18,301	18,964	18,811	19,440	21,257	22,356
Non-	6,510	7,331	8,350	8,483	8,733	8,508	8,371	8,315	8,334	8,577	5,712	4,152
Concessional	6,293	6,796	7,136	6,938	6,772	6,430	6,062	5,810	5,654	5,742	4,009	3,144
IBRD	1,013	1,439	2,415	2,557	2,849	3,209	3,567	3,854	3,691	3,609	2,723	2,453
Non-govt	779	1,063	1,662	1,705	1,835	1,909	2,053	2,087	1,989	1,901	1,093	1,069
IBRD												
<b>Bilateral debt</b>	<b>14,168</b>	<b>15,466</b>	<b>20,270</b>	<b>19,213</b>	<b>17,494</b>	<b>16,969</b>	<b>17,499</b>	<b>18,175</b>	<b>15,975</b>	<b>15,323</b>	<b>16,815</b>	<b>17,247</b>
Government	11,936	13,099	16,841	15,535	13,652	12,998	13,447	13,966	12,176	11,540	12,664	12,987
Concessional	11,936	13,099	16,841	15,232	13,394	12,786	13,286	13,613	11,898	11,359	12,547	12,900
Non-govt	2,232	2,367	3,429	3,678	3,842	3,971	4,052	4,209	3,799	3,783	4,151	4,260
Concessional	266	348	603	903	948	448	645	922	1,196	1,411	1,685	1,983
IMF	2,623	3,451	4,300	2,374	1,313	664	287	26	0	0	0	0
Total long-term debt incl others	75,257	78,215	94,739	88,696	86,744	88,485	92,612	94,327	97,698	96,098	100,344	107,060
<b>Total debt incl short-term</b>	<b>83,801</b>	<b>85,285</b>	<b>99,008</b>	<b>93,730</b>	<b>93,470</b>	<b>93,531</b>	<b>96,886</b>	<b>98,263</b>	<b>101,326</b>	<b>98,843</b>	<b>105,353</b>	<b>111,830</b>
Total concessional debt incl rupee debt	38,426	38,187	44,845	41,944	39,489	36,944	37,258	38,210	35,893	35,517	38,608	40,266

Source: Ministry of Finance, Economic Survey 2004-05

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<sup>1</sup> See [itec.nic.in/about.htm](http://itec.nic.in/about.htm).

<sup>2</sup> India’s own receipt of US food aid was frequently cited as an effective means of improving relations with India. The US sent a shipment of 2m tonnes of wheat to India in 1951, and in 1956 signed the first PL-480 agreement, worth \$360 million, enabling India to buy agricultural commodities. Between 1951 and 2001, the US sent India food aid worth \$7.8 billion (see [www.usaid.gov/in/UsaidInIndia/Act\\_FoodAid.htm](http://www.usaid.gov/in/UsaidInIndia/Act_FoodAid.htm)).

<sup>3</sup> There is a widespread view in India, in both government and civil society, that projects which boost funding for three-year periods are frequently unsustainable and, furthermore, cause disenchantment in those areas not targeted. Similarly, technology transfers are ineffective in the absence of a longer-term transfer of parts and expertise.

<sup>4</sup> This subject is dealt with at length in Gareth Price, ‘India’s Aid Dynamics: From Recipient to Donor?’, Asia Programme Working Paper, September 2004, [www.chathamhouse.org.uk/pdf/research/asia/WP200904.pdf](http://www.chathamhouse.org.uk/pdf/research/asia/WP200904.pdf).

<sup>5</sup> Ministry of Finance, ‘India To Discontinue Receiving Small Aid Packages, to Prepay [Rs74.9bn] of Bilateral Debt’, Press Release, 2 June 2003.

<sup>6</sup> Ibid.

<sup>7</sup> 2003/04 Union budget speech, [www.indiabudget.nic.in/ub2003-04/bs/speecha.htm](http://www.indiabudget.nic.in/ub2003-04/bs/speecha.htm).

<sup>8</sup> Disaster relief is categorised as non-plan expenditure. Individual ministries can incur expenditure of up to Rs150 million; expenditure between Rs150 million and Rs1 billion require the prior approval of the Committee on Non-Plan Expenditure. Expenditure over this amount requires approval of both this committee and the cabinet – by implication the prime minister.

<sup>9</sup> See <http://inhome.rediff.com/money/2004/dec/30aid.htm>.

<sup>10</sup> Siddharta Kumar, ‘Schools to Roads: India Shining in Afghanistan’, *The Asian Age*, 20 April 2004.

<sup>11</sup> Sudha Ramachandran, ‘Delhi Puts a Dent in Karzai’s Dreams’, *Asia Times Online*, 2 March 2005.

<sup>12</sup> ITEC assistance to Commonwealth countries in Africa is administered by a corollary of ITEC, the Special Commonwealth Assistance for Africa Programme (SCAAP).

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<sup>13</sup> India also offers training in other fields. Until 2000, foreign diplomats received training through the ITEC scheme, though this is now done by the Foreign Service Institute. The ICCR (Indian Council on Cultural Relations) offers around 150 places a year, and another 250 slots are available for military training.

<sup>14</sup> In 2002/03 the Ministry of Finance announced that bilateral debt owed to 15 countries (the Netherlands, Russia, Canada, Sweden, Italy, Denmark, Belgium, Austria, Kuwait, Spain, Switzerland, Saudi Arabia, Australia and the Czech and Slovak republics) would be repaid, at a cost of Rs74.9 billion (\$1.6 billion). India's remaining bilateral debt (owed to Japan, Germany, the US and France) stood at Rs588.3 billion (\$12.7 billion).

<sup>15</sup> Monies credited to the IMF pay a higher interest rate than those held in US treasury bills.

<sup>16</sup> India's contribution was SDRs1.5 million (approx. \$2.74 million) as of mid-April 2005, according to IMF statistics ([www.imf.org](http://www.imf.org)).

<sup>17</sup> As of 31 March 2005, India had contributed 303 civilian police, 57 military observers and 5,649 troops to peacekeeping operations. See [www.un.org/Depts/dpko/dpko/contributors/2005/March2005\\_1.pdf](http://www.un.org/Depts/dpko/dpko/contributors/2005/March2005_1.pdf).

<sup>18</sup> See [www.ndmindia.nic.in](http://www.ndmindia.nic.in).

<sup>19</sup> India is seeking to establish an inter-ministerial committee on disaster management within the South Asian Association for Regional Cooperation (SAARC). At present, the subject is dealt with under environmental protection. India is pushing to play a larger regional role in disaster management (in Bangladesh, Nepal, Bhutan, the Maldives, Sri Lanka, Afghanistan and Myanmar), particularly in terms of pre-disaster risk mitigation. Whether India's methods of post-disaster management are transferable to other countries in the region is less clear.

<sup>20</sup> See <http://pmindia.nic.in/cs.htm>

<sup>21</sup> Greg Sheridan, 'How Blair Was Left on the Sidelines', *The Australian*, 15 January 2005.

<sup>22</sup> For example, see C. Rajmohan, *The Indian Express*, reported in South Asia Monitor, <http://www.southasiamonitor.org/opinion/2005/jan/11views.shtml>; Mannika Chopra in *The Boston Globe* (from Global NewsBank).

<sup>23</sup> Chopra argues that India's actions may be an attempt to bolster its case for a permanent seat on the UN Security Council; Uyangoda (quoted in LankaNewspapers.com) states: 'There is no innocence in the politics of humanitarian assistance', remarking that the aftermath of the tsunami saw a geopolitical game being played out between the US and India. Some (e.g. Thomas Wagner from the Associated Press) state that India's political interests should not be emphasised (from Global NewsBank).

<sup>24</sup> For example, John Lancaster in *The Washington Post* (from Global NewsBank) describes India as 'an increasingly potent diplomatic and economic power'.