TENTACLES OF INTERNATIONAL FINANCE IN INDIA

March 2018
Introduction

Ever since the first lending from World Bank in 1949 worth $34 million to Indian Railways, and the bilateral lending India received from the erstwhile USSR and USA in the early 50's India has been a recipient of large funds from different multilateral and bilateral sources.

While each of these lending came with a baggage, and often conditionalities, much of it was justified in the name of nation-building and critiques of the enormous social, environment and even economic costs were shut their mouth by the oft-repeated rhetoric of 'somebody has to sacrifice for greater common good'. This was true not just for lending from international sources, but any kind of investments.

What the Multilateral Development Banks (MDBs) brought, along with its lending, was a host of policy changes in almost all critical sectors. They often influenced and changed course of development agenda of the country, by providing 'Technical Assistance' to governments, being the knowledge provider and taking the role of a development finance gatekeeper with their Doing Business Reports, Investment Climate Reports and many such.

With India opening up her economy is 1991 India has been a destination of many foreign corporations and by late 90's, with all systems in place for their smooth landing, they started pouring, starting with majors like Enron and Cogentrix. With the foreign corporations came in financial institutions, both private banks as well as Export Import Banks (ExIm Banks). Some of the institutions operating here in the past have deepened their operations. What is witnessing the past decade or so is an influx of these investments majorly in energy, transport, steel, dams, roads, urban projects, industrial zones/corridors, smart cities and other mega projects. The number of financial sources coming in, the pace in which these investments are finalised and the quantum of money pouring in is alarming and often do not give the opportunity to see the investments in toto.

There have been many struggles – small and big – against these investments and the devastation, which caused to the people – their livelihood and natural resources, and the environment. While the yardstick of measuring the successes and failures of these struggles could vary depending on who does it, the reality remains that the struggles have forced MDBs to relook the way they conduct business in this country, compelled them to adopt safeguard policies and compliance mechanisms and didn't shy away from confronting them on the ground, on the streets and even at their doorsteps.
The Indian government, for past few decades, has stressed the need for large infrastructural projects for the country’s development and these projects are being seen as stimulus to the growth of India’s GDP. This aggressive growth comes at the cost of displacing the lives of people who are dependent on land and natural resources for their livelihood, and devastating the environment. In particular, the cost of displacing communities has been enormous, pushing them to a life of poverty, and whose life and livelihood can never be commensurably compensated by money.

This document is an effort to compile data of investments coming into India from MDBs, Exim banks and other bi-lateral investments, to help understand the landscape of financing from these institutions and helping to understand the overlaps of international financial institutions in certain key sectors.

The data provided in this document is not comprehensive. While information from MDBs are comparatively easy to access, that of ExIms and bi-lateral sources are difficult to compile. Despite our best efforts there are many we missed. We will keep this as a work in progress and will update the data as and when we get it.

We hope that this data and the larger understanding this document may help provide will strengthen the struggles on the ground as well as critical voices demanding transparency and accountability in financial institutions.

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1. Asian Infrastructure Investment Bank

Background
The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank that aims to support the building of infrastructure in the Asia and beyond, with a mission to improve social and economic outcomes. Headquartered in Beijing, it commenced operations in January 2016 and has now grown to 84 approved members from around the world. AIIB offers sovereign and non-sovereign financing for sound and sustainable projects in energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, and urban development and logistics. Their core principles are openness, transparency, independence and accountability and the mode of operation is “Lean, Clean and Green”.

The bank was proposed by China in 2013. Major economies that are not members include Japan and the United States.

Investments in India
India has emerged as a top borrower from the China-sponsored Asian Infrastructure Investment Bank (AIIB) with more than US $1 billion worth of loans last year and US $3 billion more in the pipeline.

Concerns
1. AIIB also has a co-financing model that serves AIIB well, particularly if other institutions, such as the World Bank and Asian Development Bank, do not charge the AIIB all the costs they incur for due diligence and oversight. With low-cost co-financing fees, the AIIB can make significant profits since its own loan charges can easily cover its low administrative expenses. Of the seven approved projects four of the projects are being co-financed with other Multilateral Development Banks (MDB). The other institutions, with their full suite of safeguard policies, also protect the AIIB from reputational risks associated with infrastructure projects. The policies, due diligence applicable are the responsibility of the lead financier. There is no clarity on the role and liability of AIIB.

2. Secondly, a number of projects are financial Intermediary (FI) projects. Two of the seven approved projects India Infrastructure Fund and National Infrastructure and Investment Fund are both FI projects. There is no clarity as to which specific projects these funds are going to support. There are serious issues of transparency and non-accountability with FI projects.

3. AIIB is in a hurry to fund projects despite its policies not being in place. AIIB still does not have its Complaints handling Mechanism in place and has yet gone ahead with approving its projects.

4. Despite having its core principles as clean, green and lean, AIIB has gone ahead to support projects that are environmentally and socially destructive for e.g. Hydro power project in Georgia and proposed investment in Amaravati CCP in Andhra Pradesh. Also, AIIB has supported coal through back door by supporting transmission lines, which are additional facilities for coal based power projects.
Proposed Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Sector</th>
<th>AIIB Financing (in US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mumbai Metro Line 4 Project (Co-financiers to be arranged by AIIB)</td>
<td>Transport</td>
<td>500</td>
</tr>
<tr>
<td>Andhra Pradesh Rural Roads Project</td>
<td>Transport</td>
<td>455</td>
</tr>
<tr>
<td>West Bengal Major Irrigation And Flood Management Project (Co-financed with World Bank)</td>
<td>Water</td>
<td>145</td>
</tr>
<tr>
<td>Andhra Pradesh Urban Water Supply and Septage Management Improvement Project</td>
<td>Water</td>
<td>400</td>
</tr>
<tr>
<td>Amaravati Sustainable Capital City Development Project (Co-financed with World Bank)</td>
<td>Urban</td>
<td>200</td>
</tr>
</tbody>
</table>

AIIB funded Projects in India since inception
(Approved and Proposed Projects)

AIIB lead financier 25%
Financial Intermediary 17%
Projects Co-Financed with other MDBs 58%
2. Asian Development Bank
ADB’s Current Observations about Indian economy as per its Country Partnership Strategy

In the Country Partnership Strategy (CPS) document, ADB has made certain observations about Indian economy and have also highlighted some of the challenges. Overcoming these challenges forms the basis of ADB’s CPS for India. ADB acknowledged India’s efforts in programs and reforms for removing structural bottlenecks and improving the investment climate, such as launching major infrastructure initiatives, liberalizing foreign direct investment (FDI) norms and laws on labour and bankruptcy, and helping states to improve the ease of doing business.

ADB highlighted that a structural transformation toward modern manufacturing and services has not been accompanied by a commensurate employment increase in these sectors. The low employability of labourers resulting from the poor quality of skills programs is also an issue ADB identified. For ADB, infrastructure bottlenecks are a major concern even though India has improved its global ranking in the quality of infrastructure index from 87 to 68 during 2014-16. ADB lays importance on efficient connectivity of the road, rail, and port and has called for massive investments in these sectors. Urban transformation is another key area for ADB and it seeks enhancement in building the capacities of Urban Local Bodies (ULB) and strengthening municipal revenue systems. ADB observed that private sector participation in infrastructure has dropped from more than US $55 billion in 2010 to US $5 billion in 2015 as nonperforming infrastructure assets of previous public-private partnership (PPP) investments increased.

ADB suggests that states with limited fiscal space need to rationalize expenditures and mobilize revenues, while strengthening investment cost-recovery mechanisms. Additionally, ADB observes that delays in statutory approvals - such as environment, forestry, and land acquisition approvals—continue to affect the implementation of public and private undertakings. ADB has also laid emphasis on environmental sustainability citing that environmental degradation, including air and water pollution, urban congestion, forest degradation, and depleted water resources, has emerged as a major challenge for sustainable growth.

ADB’s Country Strategy Framework
ADB will support the government’s goal of faster, inclusive, and sustainable growth accompanied by rapid economic transformation and job creation, as well as its pledge to achieve the SDG. The assistance will focus on areas where ADB has a comparative advantage. It will have three strategic pillars:

- boosting economic competitiveness to create more and better jobs
- providing inclusive access to infrastructure
networks and services, and
• addressing climate change and increasing
climate resilience.

CPS will be driven by front-end strategic studies
that will identify high-priority transformative
investments, and associated policy advice. ADB
will adopt a synergic approach beyond sector
and thematic boundaries to address multi-
dimensional development challenges, such as
supporting municipal reforms to leverage
private investments in urban infrastructure.
ADB will strengthen its engagement with lower-
income states to help address critical gaps in
infrastructure and services, while helping build
capacity, especially in inexperienced agencies.

**Pillar 1: Boosting Economic Competitiveness
to Create More and Better Jobs**

Under this pillar, ADB has laid a special emphasis
on utilizing the potential of Economic Corridors. ADB
would pursue a three-pronged approach:

1. Build trunk infrastructure and competitive
cities in the economic corridors: ADB will
continue to support strategic planning
studies to develop economic corridors
and coastal economic zones, such as the
East Coast Economic Corridor, in order
to drive India’s economic transformation.
In line with the strategic plans, ADB
will support investments in building
trunk infrastructure—such as railways,
expressways, ports, and logistics facilities.
ADB will support long-term urban
development planning and basic urban
infrastructure investments, including for
multimodal public transport facilities and
smart transport management.

2. Improve the investment climate for
industrial development: ADB will provide
policy and strategic advice, and assist with
the implementation of measures to develop
the industrial clusters particularly in the
corridors. Additionally, ADB will provide
assistance to major municipalities, which
will strengthen their capacity to realize
the full potential of revenue mobilization
through sound land use planning and
improved municipal tax systems.

3. Boost the employability and productivity
of the growing workforce - To boost the
employability and productivity of the
growing workforce, ADB will continue
to support technical and vocational
education and training (TVET). ADB will
focus on reforming and scaling up TVET,
strengthening industrial engagement, and
improving TVET quality.

**Pillar 2: Inclusive Provision of
Infrastructure Networks and Services**

Through increased partnership with low-
income states, ADB will support the acceleration
of regionally balanced and inclusive growth
by focusing on market-to-hinterland links
and providing inclusive services to cities and
hinterlands.

1. Inclusive infrastructure in hinterlands
and low-income states - ADB will support
investments in infrastructure and institution
building in states and areas with poor access
to transport and energy. In the transport
sector, ADB projects will focus on improved
road connectivity at the state, district, and
rural levels. In the energy sector, ADB will
support the government’s target to provide
uninterrupted electricity connections to all
by connecting villages to the electricity grid.

2. Inclusive urbanization: ADB’s urban
sector program will contribute to inclusive
growth by assisting low-income states
and supporting investments in municipal
infrastructure (water supply, sanitation,
solid waste management, urban transport
and traffic management, tourism
infrastructure, and urban health services).

3. Increased irrigated agricultural productivity
and rural incomes: ADB will target
modernizing major and medium irrigation
systems, which offer greater opportunities
to improve water use productivity and
improving rural incomes.

4. Improved public sector management:
ADB will extend assistance to improve
the efficiency of public sector resource
management at the state, local, sector
(including public sector), and project levels.

**Pillar 3: Addressing Climate Change and
Increasing Climate Resilience**

ADB will support government efforts to meet
India’s INDCs and improve the resilience of
the economy to the adverse climate change impacts.

1. Climate Change Mitigation: ADB will assist
the government in implementing its INDC
commitment to increase the proportion
of renewable energy consumption and will support capacity building to enable the electricity companies to integrate intermittent renewable energy. ADB may also consider financing efficiency improvement and pollution control of thermal power plants.

2. Sustainable Natural Resource Use: ADB would provide assistance in large-scale irrigation modernization to improve water use efficiency. ADB would continue support for river basin water resource management integrated flood management, river bank erosion protection and coastal erosion management.

3. Climate and disaster resilience: ADB will mainstream climate change adaptation and disaster risk management across all sectors, and promote the consideration of climate proofing in infrastructure projects. ADB will pay special attention to increasing urban climate change resilience, particularly in environmentally sensitive states and cities.

Apart from the strategic pillar approach, ADB will also provide its support for various crosscutting themes such as:

1. Private Sector Development: ADB will continue prioritizing private sector development and private participation in infrastructure investments. ADB’s public and private sector departments will closely collaborate. ADB’s private sector operations will support the three strategic priorities of the CPS, explore more innovative and inclusive infrastructure, and catalyze the development of the finance sector.

2. Private financing of Infrastructure Projects: ADB will support the government’s priority to revive and enhance private financing of infrastructure projects, including PPPs. ADB will continue its long-term partnership to strengthen the PPP policy and institutional framework and PPP capacity. ADB’s sovereign operations will also support extending PPPs by enhancing the bankability of infrastructure projects, particularly in the energy and urban sectors, to attract private financing. ADB will also provide assistance to strengthen sector regulations and develop a capital market with innovative financial instruments. Further, ADB will explore opportunities to provide transaction advisory services for more complex and innovative PPP investments.

3. Regional Cooperation and Integration (RCI): ADB’s RCI operations will implement the South Asia Subregional Economic Cooperation Operational Plan, 2016–2025 and will be guided by the SASEC: Powering Asia in the 21st Century vision document. The formulation and endorsement of the SASEC vision, which India spearheaded, frames the SASEC program to generate greater synergies between countries in order to accelerate sustainable and economic growth.

CPS Strategy Implementation

- ADB proposes annual lending of $3.00 billion–$4.00 billion for 2018–2022 including private sector operations, compared with an average of $2.65 billion per year in 2012–2016, subject to resource availability and project readiness.
- Further, ADB will explore cofinancing opportunities through coordination led by the government, particularly when large investment opportunities are identified.
- Concessional climate funds will also be explored for relevant projects. ADB will also explore diversification of financial instruments.
- ADB proposes a 70:30 average cost-sharing ratio for the overall loan portfolio during the CPS period. For individual projects, ADB will follow government guidelines.
- While ascertaining country demand, ADB will support front-end strategic studies at the regional level (e.g., economic corridor and logistic parks); and at the state, sector, or thematic levels (e.g., state-level assessments, Smart Cities Mission, and National Water Mission). Such studies will not only help identify major investments, but also provide exemplary pathways and policy advice for requisite reforms to reach the objectives (e.g., labor-intensive industrialization and long-term urban development plans with multiple bankable projects).
- Use of country systems: To enhance implementation efficiency, ADB will move towards using country systems for procurement and safeguards. This will apply to executing agencies with established systems and capacity that are equivalent with ADB policies and harmonized with international standards. The milestones include equivalent legal or regulatory
frameworks, acceptable institutional systems, implementation capacity and track record, and an action plan to close any gaps between the country system and ADB policies.

**Major Concerns with ADB’s CPS**

ADB as an external development partner holds a major influence on Government’s key policies around development as reflected in the CPS document. While CPS talks about inclusive growth and reducing regional disparities between high-income and low-income states, but the impetus predominantly lies on further liberalizing the economy and improving the investment climate, which has strong adverse impacts on the marginalized communities, especially dependent on natural resources and the labour workforce. Even though ADB assures that it has framed up its CPS around national development strategy, especially NITI Aayog’s 15-year vision, a 7-year strategy, and a 3-year action agenda, but from various literatures it is evident that framing of Government policies happens with the intention of appeasing international financial institutions like World Bank, ADB, JICA, etc.

ADB sees a much higher role of private sector participation in boosting the economy and calls for scaling up financing from private sector to meet the country’s growing infrastructure needs. At the same time, ADB wants the government to exercise tighter fiscal discipline, which would add further stress on government’s spending on social sector such as education and health sector. ADB’s CPS sees an increasingly important role of private sector not just in infrastructure, but also in agriculture and housing, along with involvement of private sector in implementing large-scale schemes of the government. Giving a boost to Public-Private Partnership (PPP) projects is also a major thrust area for ADB including capacity building of institutions involved with PPPs.

The CPS framework mentions addressing climate change and increasing climate resilience as one of the three strategic pillars, along with showing concerns about worsening environmental degradation and natural resource depletion, though this mainly appears to be an eyewash as the pursuit for higher economic growth through massive industrialization and infrastructure-led projects would add a humongous stress on the fragile eco-systems across the country. The emphasis on scaling up economic corridors and pushing for greater urbanization would come at the cost of further marginalization of the urban poor and may lead to more forced migration with urban cities engulfing the adjacent rural areas in the name of expansion. With ADB’s majority lending focusing on transport, energy and urban infrastructure, there would be a debilitating impact on natural resources and sustainability in the long run. ADB has assured that it would help India to achieve India’s pledge to UN SDGs, but it needs to be seen as how government’s market-based reforms translates into improvement in social indicators such as health and education.

**Key Sectors where ADB sees its involvement under the CPS Framework**

- Economic Corridors and Industrial Clusters
- Transport (ports, airports, roads, railways, and logistics)
- Power (including clean and renewable energy)
- Urban infrastructure (including sewerage and solid waste management)
- Affordable housing
- Financial inclusion
- Agriculture (including agribusiness and irrigation)
- Manufacturing
- Health
- Education
- Sanitation

**Government Flagship Programs highlighted in the CPS**

- Make in India Initiative
- Skill India Initiative
- Smart Cities Mission
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
- National Solar Mission
- Power for All Initiative
- Swachh Bharat Mission
- National Water Mission
- Pradhan Mantri Gram Sadak Yojana
- Sagarmala Project
- Jan Dhan-Aadhaar-Mobile Initiative
- Digital India Program

**ADB’s Current Investments:**

These investments are in line with ADB’s strategic objectives and priorities as mentioned in Country Partnership Strategy: India, 2018–2022 that ADB will support India’s rapid economic transformation to help the country move from lower towards upper middle-income status; and achieve faster, inclusive, and sustainable economic growth.
According to the Country Operations Business Plan¹: India 2018-2020

ADB’s non-sovereign operations will focus on innovative and inclusive infrastructure, and catalyzing the development of financial sector. Support will be considered for initiatives in the areas of transport, power, urban infrastructure, agribusiness, health, education, small and medium-sized enterprises, affordable housing, and financial inclusion. In addition to direct funding, private equity funds that operate in ADB’s strategic priority areas will be supported. Synergy with sovereign operations will be maintained where possible.

It is also important to note that the in his India visit in June 2017, Takehiko Nakao, ADB’s president committed² to investing US $10 billion in India over the next five years. The newsreport in Mint mentioned that while US $5 billion will be used for creating infrastructure in states such as Uttar Pradesh (UP), Bihar, Jharkhand, Odisha, and Chhattisgarh, the balance US $5 billion will be used for developing the 2,500 km East Coast Economic Corridor, which will ultimately extend from Kolkata to Tuticorin in Tamil Nadu. Of the US $10 billion investment proposed by the ADB, around 90% will be deployed for infrastructure creation in sectors like roads, rail, water supply, smart cities and green energy projects, said Kenichi Yokoyama, ADB’s country director.

Currently, ADB has around 124 active projects in India 2005 onwards upto 7th February 2018 to amounting to US $20.75 billion. Fig 2.2 clearly shows that the maximum chunk of investment has gone to transportation and energy, agriculture, natural resources and rural development, followed by urban development sector also consists of tourism projects and housing projects and then lastly in the agricultural sector.

As for the proposed and approved projects 2017 and 2018:

- Transport sector witnessed investments (both proposed and approved) of US$ 2.12 billions in ten projects. Chunk of this money was spent improving state highways, connecting rural areas to the market etc. Money will also be spent on improving the fuel efficiency of the diesel locomotives and increasing the capacity to meet the traffic demand.

- Water and other urban infrastructure and services sector saw investments (both proposed and approved) of US$ 1.3 billion in six projects. The money will be spent on enhancing the reliability of three existing flood embankment systems; finance water infrastructure. Interestingly one of the sub-sectors is ‘Transport policies and institutional development,’ under which, the project The Bangalore Cluster

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²http://www.livemint.com/Politics/CTTTI4B5WVYdKh-6q0hV4j/ADB-to-invest-10-billion-over-five-years-in-Indian-infrastr.html

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![Sector wise Investment in Active projects of ADB in India](image-url)
City Development Investment Program (the Program) aims to increase the city's competitiveness.

- Sectors Public Sector Management, Industry and Trade, Health, Finance, and Multisector saw no projects proposed or approved in the years mentioned.
- Energy sector witnessed investments (both proposed and approved) of US$ 3.75 millions in three projects. All the projects were oriented to technical and vocational education and training in Madhya Pradesh, Himachal Pradesh and Odisha.
- Agriculture, natural resources and rural development sector witnessed investments (both proposed and approved) of 529 millions in three projects. These investments were made for supporting higher irrigation efficiency and expansion of irrigation in Madhya Pradesh; enhancing the reliability of three existing flood embankment systems in Assam; and coastal protection in Karnataka.
Country Partnership Framework
The World Bank Group is in the process of formulating its first Country Partnership Framework (CPF) for India for which consultations are in process to come out with Systematic Country Diagnostic (SCD), which will provide analysis of the principal challenges facing India today. The SCD will provide the analytical base for the WBG’s roadmap to determine the Group’s engagement with India in the next four years (2018-2021).

Prior to this, the World Bank investments were based on Country Partnership Strategy (CPS). The last CPS for India is for the period FY 2013-17. The objective of the CPS was to support poverty reduction. That goal was closely aligned with the vision for development in the 12th Five-Year Plan (FY 2013-17). In the past, the five-year plans have heavily borrowed and shaped by the CPS’s analysis and plans for the country.

For formulating the SCD, the WBG had scheduled a series of consultations in Delhi, Mumbai, and Bhubaneswar with a broad range of stakeholders. Despite claiming to bring together a wide range of stakeholders for these consultations, there was hardly any representation of “all” stakeholders, particularly who are critical of the Bank, and who are representing grassroots movements.

The already conducted Delhi consultations saw representation from policy think tanks. Mumbai consultation was exclusively for the private sector. The inputs, ideas, and comments received as part of these consultations will feed into the WBG’s final CPF for India.

The Systematic Country Diagnostic findings till now, which is based on the limited stakeholders’ consultations, raises some serious concerns. The findings do not echo the view some of the most important stakeholders like civil society organisations and grassroots movements and present a superficial, flawed understanding of the challenges facing India. This understanding almost feeds the private sectors narrative for development challenges in India.

The SCD suggests that India faces three principal challenges to its goal of attaining middle class, middle-income status. They are moving to a more resource-efficient growth path, accelerating inclusion by creating good jobs, building human capital and by strengthening the public sector. The SCD findings suggest that “India’s agriculture uses too much water and too much land, and occupies too many people for too little output which implies it as resource intensive. It also suggests that “Land being a scarce resource – will need to be used more productively, harnessing the benefits of

agglomeration in urban areas, and increasing the productivity of agriculture in rural areas where poverty is often concentrated.” This analysis ignores the problems of current development model and emphasizes agriculture being resource intensive. It rules out the role resource-intensive industries. A resource efficient growth path is necessary, but in a predominantly agricultural country analysing agricultural sector as resource intensive and occupying too many people is inherently flawed.

The SCD findings again fall into the trap of envisioning deregulation as a way forward for Indian firms to grow to medium and large scale. It sums that reforms will be needed across four broadly connected policy areas – addressing obstacles in the major factor markets (land and labour); easing access to domestic and global markets; increasing the availability of finance, and creating a skilled workforce that can provide the backbone for productive modern industries. Issues of protection of local markets, small and medium scale industries, self-employed and protectionism for local industry have completely been side-lined in the findings which essentially form the backbone of the Indian economy. Finally, the SCD finding emphasised strengthening the public sector. But, this is looked at primarily from the narrow perspective of efficiency and effectiveness. It also states that the public sector must be adequately resourced and ‘right-sized’. The sector being right-sized is a very ambiguous and uncertain finding.

The SCD findings process at this point of time hardly looks an inclusive process with very little presence of broad stakeholders. It is not a surprise then that, the findings till now are hardly reflective of the current challenges facing India today. If this remains the narrative for CPF, this could have grave consequences for our national planning and policies.

Current Investment Status in India

As of February 2018, the WBG program consists of 123 active lending operations with US $ 28.7 billion in commitments from the Bank. The pipeline lending operations are worth US $ 5.1 billion.

WBG’s engagement in India comprises operations in sectors represented by all but two global practices, with the largest proportions accounted for by the roads and highways, water and sanitation, and energy sectors. Spearheaded by Prime Minister Narendra Modi and WBG President Jim Yong Kim, talks have focused on bringing financing to eight priority areas: rejuvenating the Ganga river; developing smart cities and improving urban service delivery; improving rural sanitation and ending open defecation; providing 24/7 electricity, including an ambitious push on solar energy; providing youth with training and skills development; modernizing India’s massive railway system; and improving the country’s business climate. India’s desperate push has been to improve the ranking among the annual ease of doing business rankings of the WB.

Sector wise Investment (Table 2)

Roads and Highways: Currently there are 16 road and highways projects that are supported by the WB that are active. The investment in this sector is to the tune of US $ 5.2 billion. Currently, there are projects that are active in the North eastern region (Mizoram, Assam); Karnataka, Bihar, Rajasthan, Tamil Nadu and Uttarakhand.

Energy sector: Currently there are 17 energy projects that are supported by the WB that are active. These consist of renewable energy and energy transmission infrastructure. The investment in these projects is US $ 3.72 billion. Some of the projects include the much-tainted Vishnughad Pipalkoti Hydro Power Project, shared infrastructure for solar parks, and wind energy projects. Though no new project for direct support to coal are active; WB has found a backdoor support for coal through financing transmission lines coal based thermal power projects. Currently there are 4 transmission and distribution projects that are active; one of them being the Fifth Power System Development Project which connects transmission lines to the most tainted Power projects in India namely Sasan Ultra Mega Power Project and Tata Mundra Ultra Mega power Project. Both the projects have been marred by serious environmental, social and human rights issues.

Water and Sanitation: Currently there are 28 projects in water and sanitation sector that are supported by the WB that are active. The projects vary water sector improvement project, to urban water supply modernization project in Karnataka, to sanitation projects. Most of the projects are in Karnataka, Madhya Pradesh, Punjab, Uttarakhnd, Tamil Nadu, Kerala and Andhra Pradesh.

Agriculture: Currently there are 26 projects in agricultural sector that are supported by
the WB that are active. From agri business, to climate change adaptation, rural transformation, higher education in agriculture there are varied projects. The states that get the maximum projects are Karnataka, Uttar Pradesh, Andhra Pradesh, Uttarakhand, Telengana and Bihar.

Education: Currently there are 15 projects in this sector that are supported by the WB that are active. The education projects target elementary education, ICDS strengthening projects, skill based education and higher technical education.

Ports and Waterways: There are currently 2 active projects under this head to the tune of US$ 596.96 million. Though small in quantum of investment, the integrated coastal zone management project has been one of the most tainted projects. The project has infringed upon the rights of coastal communities and fishworkers.

Projects in pipeline as of February 2018

There are around 28 projects that are in pipeline worth US $ 5.15 billion. Some of the bigger projects that the Bank is funding that are in pipeline are National Groundwater Management Improvement Program (US $ 500 million), UP Core Road Network development programme (US $ 400 Million), Mumbai Urban Transport project 3 (US $ 500 million) and Amravati Capital City Development Project (US $ 300 million). Amravati Capital City Development Project has already been under scrutiny due to its serious environmental and social concerns and there is an ongoing case with World Bank’s Inspection Panel filed by farmers on many violations of bank policies.
4. IFC - International Finance Corporation

International Finance Corporation is an agency within the World Bank Group providing financing and technical assistance to the private sector in developing nations.

An institution within the World Bank Group, the International Finance Corporation (IFC) was created in 1956 out of a growing recognition by World Bank member states that development and poverty reduction could be further advanced through the growth of the private sector. In 1961, IFC gained the right to invest equity, now one of its main functions. It gradually expanded from these activities to supporting the operations of local banks and stock markets. In 1982, it created the first of many advisory facilities and, in 1984, became financially independent from the World Bank Group.

Its efforts are focused on the poorest countries in the world, those served by the International Development Agency, through: INVESTMENT SERVICES - Providing loans, equity finance, and risk management products - among other services - to private sector clients. ADVISORY SERVICES- Offering technical assistance to both corporations and governments about best-business practices, creating investment-friendly business climates, accessing financing, and promoting public-private partnerships; ASSET MANAGEMENT SERVICES - Managing funds for large institutions that are interested in increasing their exposure to emerging markets and accessing the returns generated by the IFC’s approach to projects. The Asset Management Company invests alongside IFC, providing even more funds for development work. IFC targets its financial and knowledge investments in key industries to address investment gaps that hold back otherwise strong opportunities for growth.

IFC Investments in India – Latest and Major Updates
Since 1956, IFC has invested in nearly 400 companies in India, providing almost US $15 billion in financing from its own account and mobilization from external resources. IFC has a total India exposure of just under US $5 billion, nearly a tenth of its committed global portfolio. During the 12-month period which ended on 30 June 2016, IFC’s portfolio in India rose by US $187 million, even as its exposure to China declined by US $745 million1. As of February 2018, IFC has 344 active investments and advisory services projects in India amounting of US $ 4.55 billion.

Sector wise Investment
Energy: IFC’s investment in energy is close to US $2.31 billion. Energy sector includes solar, wind energy projects, coal energy and large hydro. Agribusiness and forestry: IFC investment in this sector is close to US $133.5 million. This is inclusive of dairy and agriculture processing industry.

Health and education: IFC investment in health and education is close to US $ 572.88 million. It’s inclusive of support to pharmaceutical industry and hospital industry.

Retail and Property: IFC investment in infrastructure is close to US $ 155.05 million. It includes loan and equity support to supermarkets, ports, hotels and constructions and real estate companies. Oil, gas and mining: IFC investment in infrastructure is close to US $ 25 billion. Manufacturing: IFC investment in manufacturing sector is close to US $ 201.75 billion iron and steel forging, photovoltaic equipment, cement industry, agriculture machinery and textile etc.

Telecommunication, Media and Technology: IFC investment in this sector is close to US $ 96.8 billion. This includes mobile and internet services, cable and broadband industry and wastewater utility facilities.

Fund: IFC investment in funds is close to US $ 65.4 billion. These are all equity investments and are all financial intermediary investments.

Other: IFC also invests close to US $ 988.96 million in microfinance, mortgage institutions, mobile companies, computer industry, motor vehicle industry, waste management companies etc.

IFC’s Investment Future Road Map for India:

IFC’s priorities for South Asia are in infrastructure and energy, capital markets and financial inclusions etc. In fiscal year 2017, IFC Invested about US $ 2.8 billion in financing for businesses in South Asia, including US $ 817 million mobilized from other investors, expanding our portfolio in the region to more than US $7.5 billion for its own account.

In the 2018, renewable energy projects will continue to be a priority for IFC, and a special focus will be on waste water projects. Affordable housing, SME finance, financial inclusion and healthcare are other focus areas for India. IFC is planning to invest up to US $6 billion in India over the next five years to support initiatives in renewable energy and green buildings. Jun Zhang, India country head, IFC has stated that over the next five years until 2022, IFC is investing US $5 billion to $6 billion on climate change-led initiatives. Out of this proposed investment, 20% will be invested in efforts towards green buildings initiatives, while rest will be in climate change-led and sustainable development projects.

IFC will also continue to back venture capital (VC) firms and invest in Indian start-ups directly. IFC said it will continue to scout for bets in consumer internet, education-tech, health-tech, clean-tech, B2B (business-to-business) e-commerce, and e-logistics. IFC is already reviewing proposals from start-ups engaged in healthcare devices, genomics and deep data science areas. It can deploy anywhere from US $5 million and US $20 million as its first investment in a new company.

5. New Development Bank

New Development Bank (NDB), formerly called the BRICS Bank, “is a multilateral development bank established by Brazil, Russia, India, China and South Africa with the objective of financing infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the efforts of multilateral and regional financial institutions toward global growth and development.” The treaty was signed in July 2014 and came in force in July 2015. It funds both the public and private projects. It was promoted as an alternative to the World Bank, which has traditionally been controlled by the United States, Europe and Japan.

The initial authorized capital of the bank is $100 billion. Currently, the shareholding and voting rights are divided equally amongst all the founding members. The bank is headquartered in Shanghai, China.

**Investments in India**

In India, NDB’s investments occurred in the sectors of agriculture, irrigation, water and sanitation, rural development, road and renewable energy. The loans have gone to the states of Rajasthan and Madhya Pradesh, and Canara Bank (being a financial intermediary) with the sovereign guarantee by the Government of India. Loans have been in the range of US $

<table>
<thead>
<tr>
<th>Country</th>
<th>Number Of Shares</th>
<th>Share Holding (% of Total)</th>
<th>Voting Rights (% of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAZIL</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>RUSSIA</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>INDIA</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>CHINA</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>SOUTH AFRICA</td>
<td>100,000</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>UNALLOCATED SHARES</td>
<td>500,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>1000,000</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

 Shares Distribution and Voting Powers
Investments in India

<table>
<thead>
<tr>
<th>Project</th>
<th>Amount In USDMillion</th>
<th>Guarantor</th>
<th>End User/ On Lendee</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madhya Pradesh Major District Roads II Project</td>
<td>USD 350 m</td>
<td>The Republic of India</td>
<td>The State Government of Madhya Pradesh</td>
<td>Transport Infrastructure</td>
</tr>
<tr>
<td>Madhya Pradesh Bridges Project</td>
<td>USD 175 m</td>
<td>The Republic of India</td>
<td>The State Government of Madhya Pradesh</td>
<td>Transport Infrastructure</td>
</tr>
<tr>
<td>Bihar Rural Roads Project</td>
<td>USD 350 m</td>
<td>The Republic of India</td>
<td>Government of Bihar</td>
<td>Sustainable infrastructure, transport</td>
</tr>
<tr>
<td>Rajasthan water Sector Restructuring Project</td>
<td>USD 345 m</td>
<td>Government of India</td>
<td>Government of Rajasthan</td>
<td>Irrigation, agriculture</td>
</tr>
<tr>
<td>Madhya Pradesh Major District Roads Project</td>
<td>USD 350 m</td>
<td>Government of India</td>
<td>Government of Madhya Pradesh</td>
<td>Upgrading major district roads</td>
</tr>
<tr>
<td>Canara Renewable Energy Financing scheme</td>
<td>USD 250 m</td>
<td>Canara Bank</td>
<td>Sub-projects</td>
<td>Renewable energy (wind, solar etc)</td>
</tr>
</tbody>
</table>

250 million to US $ 470 million with the total investment close to US $ 1.82 billion.

Although the NDB has already begun financing projects, it is still in the process of developing the internal rules that will govern project selection and implementation. In August, the Bank disclosed a set of policies, including an Interim Information Disclosure Policy and an Environment and Social Framework. Despite repeated calls to engage with civil society, these important policies were developed without civil society input or consultation. While the framework sets out laudable principles, it lacks meaningful requirements to ensure that projects are sustainable and do not harm communities or the environment. There are also concerns that the framework does not provide affected communities sufficient access to information and input into NDB-financed activities or the ability to hold the bank accountable.
6. Exim Banks

Export-Import Bank of any country play very significant roles in the economy along with other institutions, apart from promoting national goods and service outside of the country. India is a recipient of loans from Exim banks of many countries especially in energy projects, infrastructure projects like road and rail network, ports, industrial corridors, mega projects etc.

**Germany**

Germany is the largest national economy in Europe and the fourth-largest by nominal GDP in the world. It is also the third largest exporter in the world and its exports account for more than one-third of national output. Among other countries, India is one of the important market for Germany. Moreover, Germany is India's largest trading partner in Europe and among India's top ten global trade partners.

- Germany also becomes the 7th largest foreign direct investor in India since January 2000.
- Germany's total FDI in India from 2000 until 2016 amounted to approx. US $ 11250 million.
- There are more than 1600 Indo-German collaborations and over 600 Indo-German Joint Ventures in operation. Various programs have been set up in order to facilitate the realization of business opportunities in India such as the Fast-Track-System for German companies or the Make-in-India Mittelstand-Programme.
- 1700 German companies are active in India.

The Export Import Bank of Germany is playing a very significant role in the trade between Germany and India in various sectors including renewable and non-renewable energy projects, manufacturing, sustainable urban development through loan and guarantee. Germany’s Exim bank is officially also known as Euler Hermes Aktiengesellschaft (https://www.agaportal.de/en). In India the total investment by Exim Bank of Germany during last eight years is US $ 9866.656 million in various sectors, focusing mainly in the energy sector.

KfW is also one of the German owned Development Bank which is also playing critical role in India, as export financing is one of its oldest business areas. KfW has signed number of agreements to facilitate and support various project mostly in solar sector.

In 2015, German Federal Chancellor Angela Merkel visited India to establish relation with India to expand bilateral trade and investment.

- An Indo-German Solar Partnership was agreed by both countries. A commitment of investments about US $ 1100 million for solar parks and rooftop solar generation was made under the Indo-German flagship
project “Green Energy Corridors” and at the same time to facilitate the integration of renewable energies into the power grid. KfW is further supporting the connection of solar, wind and hydropower generation facilities to the Indian grid.

- Over the past ten years, the total commitments of KfW in the energy sector in India have been about US $3840 million, while that in the financial sector has been around US $2048 million.
- In the environment and efficient use of resources, the commitments have been about US $768 million. Though it focus area is energy sector, the trend is shifting toward sustainable urban development and infrastructure.
- Germany has funded US $ 404 million in urban development sector in 2015. In the last two years, its commitment in urban infrastructure was about US $ 896 million. Under the urban development sector, KfW is working on developing urban transport projects and urban infrastructure. The three partner cities of Germany under the Smart City Project are Kochi, Bhubaneswar and Coimbatore. During 2014-2016, KfW has disbursed US $ 2006 million promotional funds for development cooperation projects with India.

India is the biggest partner of Germany’s development cooperation programme worldwide. In 2015, this collaboration reached a new record level of 1661.58 million USD (INR: 11000 crore). Project data clearly indicates that KfW focus area has been energy sector, both renewable and coal in India. Though in past few years, its major emphasis within energy sector has been solar. Like its investment through IREDA in solar sector was US $ 280.84 million in 2011 which has increased in 2016 and stood at US $ 1598.6 million for solar and Power Grid Corporation of India Ltd.

Exim bank of Germany is also playing an important role in development finance in India. Last eight years’ data from their annual reports indicate that its investment in 2010 was US $ 1228.52 million which has increased in 2013 and stood at US $2064.69 million. However it has declined during 2014-2017. ExIM Bank invested a huge US $2064.69 million in 2013 (though investments dropped to around US $ 800-900 million in 2016) (see fig.1.). But the only one project/sector’s data amounting to 81.7 million USD is available or traceable out of the investment in solar sector stood at 89 percent and 11 percent in coal.

Table: 5 KFW Major Investment in India in Energy Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Ministry/Agency/Company</th>
<th>Sector/Purpose</th>
<th>Amount in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Indian Renewable Energy Development Agency (IREDA)</td>
<td>Solar Plant both PV and Thermal</td>
<td>280.85</td>
</tr>
<tr>
<td>2013</td>
<td>National Thermal Power Corporation Limited (NTPC)</td>
<td>Coal Power Plant - Emissions Control</td>
<td>123.60</td>
</tr>
<tr>
<td>2013</td>
<td>National Thermal Power Corporation Limited (NTPC)</td>
<td>Mouda Thermal Power Plant in Maharashtra</td>
<td>75.70</td>
</tr>
<tr>
<td>2016</td>
<td>Ministry of New and Renewable Energy (MNRE)</td>
<td>Solar (Maharashtra and Kerala)</td>
<td>44.89</td>
</tr>
<tr>
<td>2016</td>
<td>Power Grid Corporation of India Ltd. (PGCIL)</td>
<td>Green Energy Corridors</td>
<td>1598.60</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>22236.61</td>
</tr>
</tbody>
</table>

0NX1KY20150512
US $ 2064.69 million investments. It is the same case for the following year also. Despite the lack of data available, it is clear from the following table that EXIM Bank of Germany is investing heavily in power, coal and manufacturing sector and so is KfW.

The project data (Table 2) shows that Exim Bank of Germany’s focus area is coal power projects. Though the investment list is not complete, there is a consistent interest in coal investment. Data collection period was kept 2010-17. In 2010, in its annual report show that the investment was 1228.52 USD million, though its project list shows only 210.14 USD million worth investment due to non-availability of data.

Both EXIM Bank of Germany and KfW are owned by Federal Government of Germany both of which are playing a significant role in the bilateral investments in India. However, the pattern of investment has been different. KfW has been emphasising on solar sector and EXIM Bank of Germany on coal sector. The manufacturing
sector is also their focus of interest, however the investment is less than that in energy.

**US Exim Bank**

India is the largest emerging economy in BRICS counties for US market. It is the 9th biggest goods and service trading partner worth US $42 billion USD and 18th largest goods export market for US in 2016. The bilateral investment of US has been increasing in India, US goods exports to India in 2016 were US $21.7 billion that was up 1.1% ($237 million) from 2015 and up 124.2% from 2006.

According to the US Bureau of Economic Analysis, America’s direct investments in India were estimated at about US $28 billion in 2014. As per India’s official statistics, the cumulative FDI inflows from the US from April 2000 to September 2014 amounted to about US $13.19 billion, accounting for nearly 6 per cent of the total FDI into India, making US the sixth largest source of foreign direct investment into India.

In September 2014, during Prime Minister Modi’s visit to the US, an India-US Investment initiative took place, with a special focus on facilitating FDI, portfolio investment, capital market development and financing of infrastructure along with a US-India Infrastructure Collaboration Platform to deploy cutting edge US technologies to meet India’s infrastructure needs.

In 2016, India and US signed the Logistics Exchange Memorandum of Agreement and India was declared a Major Defence Partner of the United States. Increasing bilateral trade & investment, cooperation on global security matters, and joint-manufacturing through technology sharing arrangements have become key milestones and a measure step on the path to closer US India relation.

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### Table 6: Project-wise Investment of EXIM Bank of Germany in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Sector/ Project</th>
<th>Amount in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Steel and Mechanical Engineering (For Railway)</td>
<td>210.14</td>
</tr>
<tr>
<td>2012</td>
<td>Barh Super Thermal Power Station (Stage II) (supercritical) Bihar</td>
<td>87.90</td>
</tr>
<tr>
<td>2013</td>
<td>Coal-fired power plants: steam turbines/generators for a coal-fired power plant</td>
<td>81.74</td>
</tr>
<tr>
<td>2014</td>
<td>Coking plants: coke oven machines including spare parts</td>
<td>40.82</td>
</tr>
<tr>
<td>2014</td>
<td>Kudgi Super Thermal Power Project</td>
<td>20.23</td>
</tr>
<tr>
<td>2014</td>
<td>Ford India private Limited</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>440.82</strong></td>
</tr>
</tbody>
</table>
In this bilateral relation, US Exim bank is playing a crucial role, its investment in India is growing in many major sectors like power (including coal, solar, hydro, and wind), commercial aircraft, and defence.

U.S. Exports of Services to India were estimated at US $20.3 billion in 2016, 12.3% more than 2015, and 211% greater than 2006 levels. Leading services exports from the US to India, in 2015, were in the travel, transport, and intellectual property (computer software, audio and visual related products) sectors.

The above chart shows the last eight years investment of US Exim bank in India. The investment by US Exim bank in 2010 was US $936 million which includes coal, solar, and aviation sectors eg., Sasan UMPP Reliance Power Limited, Applied Solar Technologies LTD and Suniva INC, L&T Aviation Service LTD. Hawker Beechcraft INC. In 2011, it went up to US $2213 million to 9 different projects including 8 in energy sector, mostly in solar and one in telecommunication projects.

In 2012, it went up to six energy projects, mostly solar, in which two projects including Samalkot Power Ltd. Rajasthan and Sun Technique Energy Private got their second investment in this year. However, in 2013 it picked up with US $2213 million invested in three major sectors including energy (mostly solar), petrochemical and manufacturing. Similarly, Mahindra Suryaprakash Private Ltd. and Solar Field Energy Private Ltd. received their second investment. In 2014, US provided funds to Indian Renewable Energy Development Agency (IREDA) worth 1000 million USD to support solar, hydro and wind energy project in India. There were no investments in 2015 and 2016. In the current regime, investments are scaling and breaking previous record as India is negotiating with US Export-Import Bank for a US $8-9 billion loan to finance six Westinghouse Electric nuclear reactors. The mega-project, the result of warming US-India ties in recent years, could open up billions of dollars of further investment in India’s nuclear power sector, which was for decades shut out of the global market.

US Exim Bank’s focus area was energy sector particularly solar energy. In last eight years, it has funded worth of US $11990 million in 21 energy projects in India, among which one is a coal project worth US $917 million and other US $9000 million worth nuclear projects (talks of which are stalled as of now).

According to data from US Exim bank, it has funded five major sectors being energy, commercial aircraft, manufacturing, petrochemical and telecommunication.

- The US Exim Bank major chunk in India is going into energy sector, it stood at 77% (worth 11990 million USD)
- Second largest sector is petrochemical. It has received 13 percent fund worth 2000 million USD
- Third major sector is commercial aircraft which received 8 percent fund from US Exim Bank worth 1288 million USD

US Exim Bank’s major focus has been in these three sectors in last eight years. In terms of

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>936</td>
</tr>
<tr>
<td>2011</td>
<td>2213</td>
</tr>
<tr>
<td>2012</td>
<td>2213</td>
</tr>
<tr>
<td>2013</td>
<td>2213</td>
</tr>
<tr>
<td>2014</td>
<td>1000</td>
</tr>
<tr>
<td>2015</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
</tr>
</tbody>
</table>

**Tentacles of International Finance in India**
List of US Exim Bank Supported Major Project from 2010-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Project/ Institution Name</th>
<th>Sector</th>
<th>Amount in USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>India with Nuclear Power Corporation of India Limited (Westinghouse Electric nuclear reactors)</td>
<td>Nuclear</td>
<td>9000.00</td>
</tr>
<tr>
<td>2014</td>
<td>Indian Renewable Energy Development Agency (IREDA)</td>
<td>Renewable Energy</td>
<td>1000.00</td>
</tr>
<tr>
<td>2013</td>
<td>Reliance Industries Ltd.</td>
<td>Petrochemical Plant</td>
<td>2000.00</td>
</tr>
<tr>
<td>2013</td>
<td>Mahindra Suryaparaksh Private Ltd.</td>
<td>Solar</td>
<td>1.51</td>
</tr>
<tr>
<td>2013</td>
<td>Solarfield Energy Two Private Ltd</td>
<td>Solar</td>
<td>0.51</td>
</tr>
<tr>
<td>2013</td>
<td>Sai Maithili Power Company Ltd.</td>
<td>Solar</td>
<td>8.97</td>
</tr>
<tr>
<td>2013</td>
<td>Ford India Private Ltd</td>
<td>Manufacturing</td>
<td>90.01</td>
</tr>
<tr>
<td>2012</td>
<td>Solar Field Energy Two Pvt Ltd</td>
<td>Solar</td>
<td>23.00</td>
</tr>
<tr>
<td>2012</td>
<td>Samalkot Power Ltd</td>
<td>Solar</td>
<td>2.18</td>
</tr>
<tr>
<td>2012</td>
<td>Rajasthan Sun Technique Energy Private</td>
<td>Solar</td>
<td>80.33</td>
</tr>
<tr>
<td>2012</td>
<td>Azure Solar Private Ltd</td>
<td>Solar</td>
<td>63.97</td>
</tr>
<tr>
<td>2012</td>
<td>Mahindra Suryaparaksh Private Ltd.</td>
<td>Solar</td>
<td>34.36</td>
</tr>
<tr>
<td>2012</td>
<td>Solarfield Energy Two Private Ltd</td>
<td>Solar</td>
<td>22.98</td>
</tr>
<tr>
<td>2011</td>
<td>Dahanu Solar Power Pvt. Ltd</td>
<td>Solar</td>
<td>84.30</td>
</tr>
<tr>
<td>2011</td>
<td>Tatith Energies of Gujarat, Crystalline Power Project</td>
<td>Solar</td>
<td>18.90</td>
</tr>
<tr>
<td>2011</td>
<td>Gail (India) Ltd</td>
<td>Power and Energy</td>
<td>74.33</td>
</tr>
</tbody>
</table>
public and private ratio, a large number of projects were funded in private sector. 22 out of 26 projects were from private sector.

**Country Investments Portfolios**

**Korea**

The trade and economic relations between India and South Korea have gathered momentum from the United Progressive Alliance time in 2009, when Korea and India signed the Comprehensive Economic Partnership Agreement (CEPA) in Seoul on 7 August 2009. The CEPA is Korea's first free trade agreement with a member of the BRICS nations. This agreement lead to phase reduce tariffs on 90 percent of Indian exports in Korea and cut tariffs on 85 percent of Korean exports in India. The bilateral trade in 2016-17 increased to $16.82 billion from $16.57 billion in the previous fiscal.

India’s relations with South Korea have strengthened following Prime Minister’s South Korean visit in 2015. India and South Korea have agreed to work together in the fields of energy, electronics, and shipbuilding. Korean companies such as Hyundai Motors, Samsung Electronics, LG, and others have invested around $ 4.43 billion till March 2017 and have plans to expand further.

According to statistics of Korea Trade Investment Promotion Agency (KOTRA) and Korean Exim Bank, Korean investment in India is concentrated mainly in:

- manufacturing sectors accounting for 83.8%,
- with wholesale and retail trade at 5.9%,
- financial and insurance activities at 1.9% and
- electricity, gas, steam and water supply at 1.5%.

According to KOTRA, about 88% of all Korean subsidiaries established in India are wholly-owned while approximately 11.3% are joint ventures. The joint ventures are mostly between Korean companies themselves, and joint ventures with Indian companies are rare.


**Korean Investments in various sectors:**

Defence sector: Recently an MoU have been signed between Department of Defence Production, Ministry of Defence of India and Ministry of Defense Acquisition Program.

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### Table: Korean Investments in various sectors:

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Name</th>
<th>Sector</th>
<th>Investment (Million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Dalmia Solar Power Ltd</td>
<td>Solar</td>
<td>30.00</td>
</tr>
<tr>
<td>2011</td>
<td>Tata Communication (Bermuda) Ltd.</td>
<td>Telecommunication</td>
<td>108.95</td>
</tr>
<tr>
<td>2011</td>
<td>Universal Solar System</td>
<td>Solar</td>
<td>3.72</td>
</tr>
<tr>
<td>2011</td>
<td>Azure Power Rajasthan Pvt. Ltd.</td>
<td>Solar</td>
<td>15.78</td>
</tr>
<tr>
<td>2011</td>
<td>Samalkot Power Ltd</td>
<td>Solar</td>
<td>585.60</td>
</tr>
<tr>
<td>2011</td>
<td>Air India</td>
<td>Commercial Aircraft</td>
<td>1273.41</td>
</tr>
<tr>
<td>2010</td>
<td>Sasan UMPP Reliance Power Limited.</td>
<td>Energy</td>
<td>917.00</td>
</tr>
<tr>
<td>2010</td>
<td>L&amp;T Aviation Service LTD. Hawker Beechcraft INC</td>
<td>Commercial Aircraft</td>
<td>14.36</td>
</tr>
</tbody>
</table>

Sources: Annual Report of US Exim Bank

Administration of ROK to partner in naval ship building on April 21, 2017. State-owned Hindustan Shipyard Ltd. (HSL) will collaborate with Hyundai Heavy Industries Co. Ltd. of ROK for defense production under ‘Make in India’ program. They will build five fleet-support ships costing about US $1.5 billion as well as two strategic operating vessels, or midgets, costing about US $448 million. In addition to this a major shipbuilding project, Kangnam Corporation of South Korea will help India’s state-owned Goa Shipyard Limited build 12 mine countermeasures vessels for more than US $5.5 billion. Kangnam Corporation will provide consultancy, design and technological assistance to the Indian shipyard for US $1 billion. Same day, Indian private sector defense major Larsen & Toubro and South Korean defense technology company Hanwha Techwin signed a contract worth about US $650 million to manufacture the K9 Vajra-T, a 155mm, 52-caliber self-propelled howitzer for the Indian Army.

Infrastructure Projects: The Export-Import Bank of Korea (Korea Exim bank) signed an MoU with India Infrastructure Finance Company Ltd. (IIFCL), a wholly-owned Indian government subsidiary that specialises in providing long-term finance to viable infrastructure projects, in January 2014. According to the Korea Exim bank, the agreement included a clause that requires the Korea Exim Bank to provide a tied loan of US$ 200 million to Indian domestic companies that import goods and services from Korea via IIFCL.

Korean Exim Bank
The Joint Statement issued in 2015 during the visit of the Prime Minister to the Republic of Korea stated that Korea intends to offer US $ 10 billion of infrastructural development in India. The package was subsequently prepared to comprise of US $ 1 billion from the South Korean Economic Development Cooperation Fund (EDCF) as government to government funding and US $ 9 billion as export credit from KEXIM. During the Annual Financial Bilateral Dialogue in Seoul Korea the countries have signed a deal with these two banks during the finance minister recent visit to Seoul Korea in June 2017. The decision is expected to promote the country’s international exports and deepen political and financial ties between India and Korea. The export credit will be utilized through lending by EXIM Bank for promoting projects for priority sectors, including smart cities, railways, power generation and transmission etc., in India and for the supply of goods and services from India and Korea as part of projects in third countries. In early 2016, Korean Exim Bank have given loan of 3300 crore (US $500 Million) to State Bank of India to help fund companies from the Korea. This Line of Credit help State Bank of India arrange long term foreign currency funds to finance Korean Companies setting up manufacturing unit in India.

Similarly, in the early 2014 India’s largest lender State Bank of India (SBI) and the Export-Import Bank of Korea (Korea Exim bank) signed a loan agreement under which SBI would avail US $ 200 million revolving line of credit from it. This line of credit will help SBI to arrange
long term foreign currency funds to support financing needs of Indian corporates importing equipment and technical services from Korea.

Possible Korean Investment in various States

Andhra Pradesh and Telangana

In end of 2017, a South Korean diplomat Mr. Kim Hyung Tae, the consul general of South Korea has praised the Make-in-India program, and said this has enabled companies from his nation invest $25,000 crore rupees. He also stated that around 100 Korean companies are coming to invest in Andhra in the next six months.

In a major boost to the backward Rayalaseema region, South Korea has come up with a big plan by promising to pump 4,000 crore and provide 7,000 jobs. Around 37 Korean companies expressed interest to invest in and around Anantapur district.

The future group executive said that this proposed mill would come up at the 2,000-acre Warangal mega textile park, being touted the largest in the country. The state government has already signed agreements with Korea-based Youngone Corporation, Welspun Group and Chirpal Group, who have agreed to invest Rs 1,000 crore, Rs 750 crore and Rs 70 crore, respectively, on facilities at the Warangal textile park.

In the 2nd India–Korea Business Summit held on 27 February 2018 New Delhi, a leading Korean textile firm, Youngone Corporation which is the largest investor in Bangladesh, has signed an MoU with Telangana Government to establish a US $ 300 million factory in Warangal with capacity of 10,000 jobs.

Rajasthan

Rajasthan State Industrial Development and Investment Corporation (RIICO) and South Korean Trade Promotion Agency (Kotra) had signed an MoU in March 2013 to set up the country-specific zone Ghilot in the lines of Japanese zone where currently more than 50 companies are operating. Yet after four years the Korean companies have not taken any decision, though 300 acres of land have been blocked for them. Korea held its annual caravan in Rajasthan which was an attempt to reopen the deal.

West Bengal

South Korea has shown a keen interest in West Bengal. Tai Sik Lee, Senior Executive Vice President, KOTRA recently visited the Kolkata to inaugurate a KOTRA office. He stated, “Opening up a KOTRA office in Kolkata had been a strategic choice of the Korean government. India is one of the foremost economies of the world and eastern India holds great promise. We are confident that

Major Investment by Korea

KOTRA along with local governments in eastern and north eastern India will strengthen India-Korea Special Strategic Partnership.” Korean companies are looking to invest in the areas of electronics, food processing and mining and machinery in West Bengal. KOTRA in India plays a crucial role to support trade and investment activities between India and Korea.  

**Major Bilateral Investment by Korea**

Korean bilateral investment in India stood at US $ 13857 million. Its investment focus has been in manufacturing sector as Korean companies rarely do partnership with Indian counterparts. They wholly own company and manufacture the goods. Therefore, their major investment is in the manufacturing sector which stood at 62 percent of the total investment in India which includes in defence sector like building vessel, ship building and arms.

**Japan**

The Economic relations between India and Japan is believed to have vast potential for growth, given the obvious complementarities that exist between the two Asian economies. Japan’s interest in India is increasing due to variety of reasons including India’s huge and growing market and its resources, especially the human resources. The signing of the historic India-Japan Comprehensive Economic Partnership Agreement (CEPA) and its implementation from August 2011 has accelerated economic and commercial relations between the two countries. During the visit of India’s Prime Minister Modi to Japan in September 2014, Japan’s Prime Minister Shinzo Abe pledged $35 billion in investment in India’s public and private sectors over the next five years. The two countries also set a target of doubling Japanese FDI and the number of Japanese firms in India by the year 2019.

- Bilateral trade between the two countries more than doubled between 2006-07 and 2012-13. However, total trade has come down to $ 14.51 billion in 2015-16 from a peak of US $ 18.5 billion in 2012-13. In 2015-16, India’s exports to Japan were $ 4.66 billion while imports were US $ 9.85 billion. In 2016-17, India’s exports further fell by 17.38% to US $3.85 billion and imports by 2.2% to US $9.63 billion. The negative or

### Year | Japanese FDI in India (million US$) | % Change
--- | --- | ---
2001 | 150 | (-) 14.3
2002 | 146 | (-) 2.7
2003 | 124 | (-) 15.1
2004 | 139 | 12.1
2005 | 266 | 91.4
2006 | 512 | 92.5
2007 | 1506 | 194.1
2008 | 5551 | 268.6
2009 | 3664 | (-) 34.0
2010-11 | 2864 | (-) 21.8
2011-12 | 2326 | (-) 18.8
2012-13 | 2786 | 19.8
2013-14 | 1718 | (-) 38.36
2014-15 | 2084 | 21.3
2015-16 | 2614 | 25.4
2016-17 | 4709 | 80.15
slow growth in trade with Japan is a matter of concern for India in view of the fact that there is high potential for faster progress on goods and services trade.

- Japan has invested more than US $25 billion in different sectors across the India during the period from 2000-2017. Currently, Japan is the third biggest investor in India, and investment from Japan increased substantially during 2016-17. Japanese investments in India during this period reached US $4.7 billion, an 80 percent increase over the US $2.6 billion of 2015-16.

- Most importantly Japan has pledged investments of around $35 billion for the period of 2014-19 to boost India’s manufacturing and infrastructure sectors. The Japanese government specially tasked Mizuho Financial Group with finding investment opportunities in India.

**Japan’s Investment in India**

- India has been ranked as the most attractive investment destination in the latest survey of Japanese manufacturing companies, conducted by the Japan Bank for International Cooperation (JBIC). Japanese FDI in India has increased in recent years but it still remains small compared to Japan’s total outward FDI.

- In terms of cumulative FDI inflows into India, Japan is now India’s third largest source of FDI. Japanese FDI in India grew exponentially from US $139 million in 2004 to all time high of US $5551 million in 2008 due to mega deals particularly acquisition of Ranbaxy by Daichi Sankyo.

- In the last two years, Japanese FDI into India increased from US $ 2.08 billion in 2014-15 to US $ 2.61 billion in 2015-16 and further to US $ 4.24 during the first nine months of 2016-17.

- The amount of Japan’s cumulative investment in India since April 2000 to December 2016 has been US $ 25.215 billion, which is nearly 8 per cent of India’s overall FDI during this period. Japanese FDI into India has mainly been in automobile, electrical equipment, telecommunications, chemical and pharmaceutical sectors.

The number of Japanese affiliated companies in India has grown significantly in recent years.

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**Japan’s Investment in India - Commitment and Disbursement**

<table>
<thead>
<tr>
<th>Year</th>
<th>Commitment</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>120</td>
<td>81</td>
</tr>
<tr>
<td>2003-04</td>
<td>125</td>
<td>80</td>
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<td>2004-05</td>
<td>134.466</td>
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<tr>
<td>2005-06</td>
<td>155.458</td>
<td>68.68</td>
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<tr>
<td>2006-07</td>
<td>184.893</td>
<td>55.47</td>
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<tr>
<td>2007-08</td>
<td>225.13</td>
<td>94.65</td>
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<td>236.047</td>
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<td>128.95</td>
</tr>
<tr>
<td>2010-11</td>
<td>203.566</td>
<td>123.84</td>
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<tr>
<td>2011-12</td>
<td>134.288</td>
<td>139.22</td>
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<tr>
<td>2012-13</td>
<td>353.106</td>
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<td>2014-15</td>
<td>71.39</td>
<td>74.36</td>
</tr>
<tr>
<td>2015-2016</td>
<td>400</td>
<td>390*</td>
</tr>
</tbody>
</table>

As of October 2016, there were 1,305 Japanese companies that are registered in India, an increase of 76 companies (6%) compared to 2015. These companies had 4,590 business establishments that are operating in India, which is an increase of 173 establishments (3%) compared to 2015.

Japanese Official Development Assistance (ODA)
Japan has been extending bilateral loan and grant assistance to India since 1958. Japan is the largest bilateral donor to India. Japanese ODA supports India’s efforts for accelerated economic development, particularly in priority areas like power, transportation, environmental projects and projects related to basic human needs. A noticeable positive trend in these years is that even as amount committed has stabilized or declined, actual disbursement has increased.

- From 2007-08, Japan has introduced a Double Track Mechanism for providing ODA loans which allows India to pose project proposals to the Japanese side twice in a financial year. The interest rates applicable from April 2013 are: 1.4% per annum of general projects with a 30 years tenure including a grace period of 10 years. For environmental projects, the interest rate is 0.30% per annum with a 40 years tenure including grace period of 10 years.
- From April 2013, JICA has abolished levy of commitment charges and has introduced Front End Fee payable one time at the rate 0.2% at the beginning of the project. On the 0.2% Front End Fee, 0.1% will be reimbursed if the project is implemented within the stipulated time.

Specific Projects and Industrial Corridors
- In infrastructure, Japan had agreed to collaborate on the USD 100 Billion Delhi–Mumbai Industrial Corridor (DMIC) project in 2006. The core focus of the DMIC project is the development of 24 investment regions, 8 smart cities, 5 power projects, 2 air ports, 2 Mass Rapid Transportation Systems (MRTS) and 2 logistics hubs. The programme has been conceptualised in partnership with the Government of Japan.
- Implementation of this project is in progress. In addition to new manufacturing hubs, DMIC will envisage development of infrastructure linkages like power plants, assured water supply, high capacity urban transportation and logistics facilities as well as important interventions like skill development programme for providing employment opportunities of youth.
- Shareholders’ Agreement (SHA) has been executed with the State Government of Madhya Pradesh, Uttar Pradesh, Maharashtra and Gujarat. Accordingly, SPVs for the Integrated Industrial Township Project at Greater Noida, Uttar Pradesh; Vikram Udyogpuri near Ujjain in Madhya Pradesh, Phase-I of Shendra Bidkin Industrial Park in Maharashtra and Dholera Special Investment region in Gujarat have been incorporated. The equity of the State Government and DMIC Trust has been released/ transferred to the SPVs.
- DMICDC has also commissioned a 5MW Model Solar Power Project at Neemrana, Rajasthan with latest cutting edge Japanese technology and the power is being supplied to the grid.
- DMICDC is also implementing a smart solution for Logistic sector by creating a Logistics Databank for near to real time tracking of the movement of the containers so as to bring in efficiency in logistics value chain in partnership with NEC Corporation of Japan. The regulatory and statutory approvals have been obtained and the trial operations will start shortly.
- DMICDC has prepared the DPRs for MRTS projects for Ahmedabad- Dholera in Gujarat and Manesar- Bawal in Haryana, awaiting approval from State Govts. States are yet to start Land acquisition process for taking the projects forward.
- In principle, approval has been obtained for Greenfield International Airport at Dholera (Gujarat) and site clearance has been obtained for the Greenfield Airport at Kotkasim (Rajasthan).
- Japan has also planned to set up around 12 industrial parks across the India in different states, including Tumkur in Karnataka, Ghilot in Rajasthan, Mandal in Gujarat, Supa in Maharashtra, Ponneri in Tamil Nadu, Neemrana in Rajasthan, Jhajjar in Haryana, and the Integrated Industrial Township in Greater Noida.21
- Japan is also investing heavily in infrastructure in the northeast. In April 2017, the Japan International Cooperation Agency (JICA) signed an agreement with the Union government in New Delhi to provide over 67 billion yen (US $ 610 million) for Phase I of the North East Road Network

Connectivity Improvement Project.

- JBIC had earlier collaborated on the first phase of the Delhi Metro. For the second and third phase as well, the Japan International Cooperation Agency (JICA) has provided support to India.
- The project for India's first bullet train, a 505-km line, which will run from Mumbai to Ahmedabad, will be completed by 2023. In a landmark move, Japan has offered to invest US $15 Billion in the project.
- JBIC signed on September 11, 2017, a loan agreement for project finance with SBG Cleantech Project Co Private Limited (“SBG Cleantech”), an Indian corporation in which SoftBank Group Corp. (“SBG”) has an equity stake, for a solar power generation project in India. The loan is co-financed with Mizuho Bank, Ltd. Under this project, SBG Cleantech will construct, own and operate a solar power generation plant with a total generation capacity of 350MW at the solar park to be built in Kurnool district, the state of Andhra Pradesh. SBG Cleantech also sells the generated electricity to NTPC Limited, India’s state-owned power generation company for 25 years.
- Nuclear energy support: Japan and India in 2016 also signed the highly controversial civil nuclear deal as Japan agreed to sell India civil nuclear power equipment and technology, as the Japanese nuclear industry seeks markets overseas because of shrinking business at home since the 2011 Fukushima disaster. The pact allows India to reprocess fuel and enrich uranium, though highly enriched uranium that can be used to make nuclear weapons is not permitted without written agreement by Japan22.
- Coal support: In 2015, NTPC Ltd. had received finance worth 25.8 billion yen from JBIC and JICA. Piyush Goyal, then minister for power, coal and renewable energy confirmed Japanese willingness by stating his meetings with Japanese institutions made it clear that they are keen on helping India’s coal-based thermal power plants, stated the report.

1. Srikakulam Thermal Power Station is a proposed 4,000-megawatt (MW) coal plant in Andhra Pradesh (decision to build has been deferred to 2022).
2. Meja Thermal Power Project is a 1,320-megawatt (MW) coal-fired power station under development in Uttar Pradesh (under construction). In 2014 SBI and JBIC signed a loan agreement to set up an export credit line for Meja thermal power plant. The loan will be co-financed by the Bank of Tokyo-Mitsubishi UFJ Ltd. (BTMU). It will bring the total co-financing amount to JPY 13.5 billion (US $21 million), the statement issued by SBI said. This credit line will be utilised by Meja Urja Nigam Private Ltd. (MUNPL) to finance procurement of steam turbine generator equipments from a Japan company and its subsidiary in India.

3. Kudgi Super Thermal Power Project is a proposed 4,000 megawatt coal-fired power station under development in Kudgi, Bijapur District in Karnataka (1st phase operational). JBIC has provided a US $155 million loan and a US $55 million loan directed toward purchase of steam turbine generators from Toshiba and boiler water feedpumps from Ebara. In addition to the JBIC portion, Sumitomo Mitsui Banking Corporation was also provide co-financing for each facility, bringing the total financing for steam turbine generators to US$259 million and the financing for boiler water feedpumps to US$ 91 million.

All the three projects are marred by issues of displacement, environmental destruction and protests by local population

China
India and China have had cultural and economic relations since ancient times. The Silk Route facilitated not just trade but also cultural exchange. Despite being in constant tug of war over territories, China is India’s largest trading partner, from whom India imports over 60 percent.

In 2012, Manmohan Singh and Wen Jiabo agreed to bring the trade relations between the two countries to a hundred billion US dollars. The investment pattern have steadily increased since then and today China ranked 17th in the list of foreign Direct Investments. The ties are not just in terms of FDIs but companies from each country has taken keen interest in operating in the other’s territory. In India there are over 100 Chinese companies that have regional offices. Sinosteel, Shougang International, Baoshan Iron & Steel Ltd, Sany Heavy Industry Ltd, Chongqing Lifan Industry Ltd, China Dongfang International, Sino Hydro Corporation, etc. are all state owned Chinese companies that have got
projects in India in the sectors of infrastructure and machinery.

FDI equity inflows from China to India from 2000 to 2009 was minor. However, it picked up in 2010 which stood at 41.36 USD million, in 2011 it has gone down up to 1.56 USD million. In 2012 it again picked up and in 2012 it was 72.69 USD million which has increased to 494.75 USD million in 2015. This is the same period when India had increased its FDI investments upper limit. This figure clearly shows that FDI investment of China is increasing in India. They are not only lending in huge amounts but also capturing the small and medium enterprises market, killing the majority of traditional sources of livelihood and traditional market in India.

The above sector-wise data of FDI investment from 2000 to 2015 from China to India shows that investments happened in five major sectors including automobiles, metallurgical, electrical equipment industrial machinery and power. Automobile sector got the largest amount which stood at 750.59 USD million and the lowest was power sector which got 36.94 USD million.

The Sino-Indo bilateral agreements on various sectors have increased since 2014. Cooperation on Industrial Parks in India was signed on June 30, 2014 between the ministries of commerce of both countries. A Joint Working Group was formed in order to facilitate investments in industrial parks under the ‘Make in India’ project. As on September 2017, there was a plan to build one in Maharashtra and another in...
Gujarat at an estimated cost of 6237.9598 USD million.

Chinese banks have been expanding their business dealings with Indian companies. In 2014, budget carrier IndiGo had entered into an agreement with ICBC for a $2.6-billion funding to finance purchase of over 30 aircraft. Also, one of China biggest banks, the Industrial Commercial Bank of China (ICBC) had set up a special team in its Mumbai branch in 2015 to provide its Chinese clients with consultation services for mergers and acquisitions (M&As) in India.

Reliance Power and Reliance Communication were one of the first companies to go for Chinese funding. In 2012, the State Council of Government of China has granted the final approval for Chinese banks to finance the Sasan project of Reliance Power in Madhya Pradesh in India in which Chinese Banks gave them long-term loans of $1.1 billion. These loans were provided by Bank of China, China Development Bank and The Export-Import Bank of China, along with Standard Chartered Bank. The insurance cover has been given by China Export & Credit Insurance Corp. This was the largest financing by Chinese Banks to an Indian project across all sectors. This loan was given to financial support for import of Boiler-Turbine Generator (BTG) from Shanghai Electric Group Company Ltd which is also from China.

Also, over 60 per cent of India’s coal power equipment ordered by private developers in the past decade has come from Chinese vendors, commonly with the financial backing of Chinese state banks, amounting to over 100 GW of coal power installed or in the pipeline involving Chinese firms. After, Reliance Power signed a billion MoU in 2011 with a consortium of Chinese state banks intending to build coal power in India, it led to a rush for Chinese financing among other power developers seeking low-cost financing packages for large coal schemes, including Lanco Infratech, Adani and Jindal.

Similarly, China Fortune Land Development Company (CFLDC) is looking for a 5000 USD million township project in Haryana and other projects in Mumbai. The company is looking at competitive residential complex space and is in talks with Wadhwa group. Chinese Harbour Engineering is looking to buy in Engineering, Procurement and Construction (EPC) in various sectors, the recent one being the keen interest shown by the company in Sagarmala and Bharatmala projects. Similarly China Datang Corp has shown keen interest in buying stressed assets in power sector.

The table above captures some of the Chinese investments in solar energy sector in India
Similarly Trina Solar of China which has been selling in India for a long time has plans to build a 422.95 USD million plant in Visakhapatnam. A few other solar companies are also eyeing India as a key exporter due to restrictions and anti-dumping policies in EU and US.

India’s imports of solar panels from China has increased to more than six-fold (623%) from 389 million USD in 2012-13 to 2.8 billion USD in 2016-17. India imported 88% of all its solar panels from China in 2016-17. Chinese solar cells cost 35% less than locally made ones. The table above captures some of the Chinese investments in solar energy sector in India.

A huge surge in investments can be seen in digital start-ups in just the last couple of years. The following image shows the investments in digital start-ups:

**United Kingdom**

UK is among India’s major trading partners and during the year 2016-17, UK ranked 16th in the list of India’s top 25 trading partners. As per trade statistics of Ministry of Commerce & Industry, India’s trade with UK in 2016-2017 was US $12.21 billion. UK’s Office for National Statistics noted that total UK-India bilateral trade in goods and services was £16.33 billion in 2015-16 as compared to £19.09 billion in 2014-15. Over the last two decades, 8% of all foreign direct investment (FDI) into India was from the UK.

UK is the 4th largest inward investor in India, after Mauritius, and Singapore with a cumulative equity investment of US $25.31 billion (April 2000- December 2017), accounting for around 7% of all foreign direct investment into India. Since 2000, the UK has been the largest G20 investor in India, investing £17.5 billion.

Bilateral Merchandise trade between the two countries has been in the range of US $13 billion and trade in Services has been around US $7.2 billion in 2017.

The main imports from the UK to India are Power generating machinery & equipment, non-ferrous metals, metalliferous ores & metal scrap, general industrial machinery and equipment & machine, transport equipment, beverages, electrical machinery and appliances & electrical parts thereof, professional, scientific and controlling instruments and appliances, chemical materials & products.

**Economic engagements**

Prime Minister Modi’s visit to the UK in November 2015 gave impetus to the bilateral relationship between India and United Kingdom. UK Prime Minister Theresa May’s visited India in November 2016, which was her first overseas visit to India. The UK has the second largest bilateral merchandise trade with India and also holds the largest bilateral merchandise trade with India. India is the second largest merchandise exporter to the UK and the third largest merchandise importer from the UK.
The 12th Ministerial meeting of the India-UK Joint Economic and Trade Committee (JETCO) took place on 11 January 2018 in London. The progress of the three Joint Working Groups (JWGs) under the ambit of the JETCO; viz. on (i) Trade, (ii) Smart Cities and (iii) Technological Collaboration, Advanced Manufacturing and Engineering were discussed.

Smart cities:
The 12th India-UK Joint Economic & Trade Committee (JETCO) meeting was held in London on 11 January 2018 between Commerce Minister of India, Suresh Prabhu and UK Department of International trade (DIT) Secretary Dr. Liam Fox and both Ministers asked officials and business to take forward the recommendations contained in the Joint Trade Review and to identify opportunities for increasing bilateral trade. Both sides reviewed the progress held in the Joint Working Groups i.e. “Smart Cities” and “Technological Collaboration, Advanced Manufacturing & Engineering” under the aegis of JETCO.

In 2016 UK had joined hands with Indian government to develop three smart cities in India.

The cities selected included Pune and Amravati in Maharashtra and Indore in Madhya Pradesh. DFID had agreed to position a Strategic Programme Management Unit as a part of the technical assistance programme for the Smart Cities Mission at central-level. It had also agreed to provide a financial assistance of 4.5 million pounds over a period of four years.

Startups:
UK is also investing £160 million across 75 start-up enterprises, apart from an additional £20 million for a Start-Up India Venture Capital Fund.

Education:
Education is an important plank of the India-UK bilateral relationship. Over the last 10 years, the relationship has grown substantially with the introduction of bilateral mechanisms such as the India-UK Education Forum, UK-India Education and Research Initiative (UKIERI), Joint Working Group on Education, Newton-Bhabha Fund and Scholarship schemes.

The UK-India Education and Research Initiative (UKIERI) entered its third phase in April 2016. Additional investment of £20 million in the UKIERI up to 2021 expected to create 50 new partnerships was announced during Theresa May’s visit to India in November 2016.

UK also supports the Skills India Mission and announced a fresh commitment of up to £12 million. On 27 March 2015 MoU was signed with UK Department of Business, Innovation and Skills under UKIERI Phase II.

Science and Technology
Science and Technology sector is the fastest growing element of this bilateral relationship.

1. Joint investment in UK-India research has grown from less than £1 million in 2008 to over £200 million.
2. During Theresa May’s visit to India, a India-UK Clean Energy R&D Centre with a focus on solar energy storage and a collaborative R&D programme in energy efficient building materials were announced.
3. New research partnerships worth £80 million including a new Joint Strategic group on Anti-Microbial Resistance (AMR) with a joint investment of up to £13 million have also been established.

Portfolio Investments:
UK-domiciled institutional investors (FIIs) show a keen interest in India. As of March 2015, some 550 UK-based portfolio investors were active in India, with investments worth £1.8 billion. This sum equates to nearly 10% of total cumulative
investment by FIIs in India. On top of this are venture capital and private equity investments from the UK into India.

Department for International Development (DFID)
UK Government’s Department for International Development (DFID) is the arm of the UK government that works in partnership with developing countries to promote development and end extreme poverty.

DFID ended traditional financial aid to India in 2015. DFID now works in partnership with the Foreign and Commonwealth Office, the Department for International Trade and the UK Treasury to deliver joint economic development priorities in India, focusing on areas which will generate the most jobs and lift people out of poverty. DFID provides expertise or investment finance (that will generate a return for the UK).

DFID’s planned budget for 2018/19 is £52m, of which,
• £22m is technical assistance
• £30m is development capital

DFID’s planned budget for 2019/20 is £46m
• £19m is technical assistance
• £27m is development capital

This budget is primarily for three sectors:

1. Skills and start-ups: The UK will help India realise the potential of its young workforce by supporting skills training and start-ups. UK investment in 50 enterprises will help them raise an additional 2.5 times funding in private capital.

2. Urban development: UK support will improve urban infrastructure and services for 700,000 people and attract up to £1 billion in financing. This support is expected to unlock business opportunities for the private sector worth £1.5-2 billion from which the UK can benefit.

3. Energy and green growth: UK support is helping to remove barriers to investment in Indian energy markets.

CDC Group Investments in India:
CDC (the UK’s development finance institution) investment strategy is coherent with DFID India’s work. CDC is increasing the value of its current £1.2 billion portfolio in India, with a stronger focus on infrastructure and affordable services in the poorest states.

1. In February 2018, CDC committed US$21m (INR 139 Crores) investment in Asian Institute of Medical Sciences. This institute is a 775-bed hospital operator focused on bringing multi-specialty facilities including cardiology, oncology, critical care and orthopaedics to underserved cities in Northern & Central India. CDC’s long-term investment will support the company’s five-year expansion into tier 2 and 3 cities in Jharkhand, Bihar and Uttar Pradesh, where it will add 1000 beds at new and existing multi-specialty sites.

2. CDC is providing Intermediary services for UK based companied in India. Most of these investments are in consumer services, manufacturing, Communication and IT services, education and financial services, food and agriculture, health and others. There are close to 393 investments where CDC is playing the role of intermediary.

Currently, there are 17 active projects in India to

Top 3 planned spending programmes in 2018/19 (as on 9th May 2018)

1. UK-INDIA Partnership on National Infrastructure Investment Fund (NIIF): UK will support India’s energy sector through a UK-India sub-fund of India’s National Investment and Infrastructure Fund. With a core investment of £120 million from each government, this will aim to raise £500 million for Indian infrastructure project: £12.3m (currently, in first phase)
2. India: Infrastructure Equity Fund - Investment in small infrastructure projects in India’s poorest states £10m
3. Poorest States Inclusive Growth Programme - £10m

Top 3 planned spending programmes in 2018/19 (as on 9th May 2018)

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3. Poorest States Inclusive Growth Programme - £10m
the tune of USD860 million as direct debt/direct equity investments. These are in the sectors health, financial services, manufacturing, construction and real estate.

In June 2018, IDFC Ltd has brought in the UK’s CDC Group as an investor in the third private equity (PE) fund managed by its alternative asset management business IDFC Alternatives Ltd

In August 2018, early stage venture fund Pi Ventures, which focuses on artificial intelligence and internet of things-based (IoT) start-ups, raised $6 million from CDC Group.

**France**

In June 2018, India France bilateral trade stood at € 5.2 billion. France has emerged as a major source of FDI for India with more than 1,000 French establishments already present in India.

France is the 9th largest foreign investor in India with a cumulative investment of USD 6.24 billion from April 2000 to March 2018, which represents 1.65% of the total FDI inflows into India according to statistics provided by the DIPP.

The highest FDI equity inflows are in the services sector (19.30%), with cement & gypsum products (15.59%) in second place, followed by drugs & pharmaceuticals (5.23%), industrial machinery (5.04%) and food processing industries (5.03%).

Most big French groups have their subsidiaries in India. However, there are a few joint ventures and liaison offices of French companies in India. 39 of the 40 CAC 40 (French Stock Market Index) companies are present in India.

Around 50-70 SMEs are also present in India essentially in the mechanical and pharma-chemical sectors. French companies are present in a wide range of sectors:

1. Services (BNP Paribas, Capgemini, Havas, Sodexo, etc.); pharmaceutical-chemical (Arkema, L’Oréal, Sanofi, Total, etc.);
2. Aerospace (Airbus, Dassault, Eurocopter, Safran, Thales, etc.);
3. Agro-food (Bongrain, Danone, Lactalis, Lesaffre, Pernod Ricard, etc.);
4. Electronics (Crouzet, Gemalto, Oberthur, Safran, STMicroelectronics, etc.);
5. Construction mechanics (Alstom, Cermex, Legris Group, Poclain, Sidel, etc.);
6. Electrical components (Hager, Legrand, Schneider Electric, etc.);
7. Automobile (Faurecia, Michelin, Plastic Omnium, Renault, etc.).

French investments cleared during 2017 include amongst others proposals from BioMérieux (in vitro diagnostics), Louis Vuitton Malletier (high end fashion leather goods products), Bolloré Africa Logistics (special purpose machinery), SendinBlue (consultancy, installation support & turnkey solutions) & Arval Service Lease (operating lease).

French companies have a turnover of more than USD 20 billion and have a minimum stock investment portfolio of USD 19 billion.

In 1998, India and France entered into Strategic Partnership which was emblematic of their convergence of views on a range of international issues apart from a close and growing bilateral relationship. The areas of defence cooperation, space cooperation and civil nuclear cooperation constitute the three principal pillars of this partnership. Apart from these traditional fields of cooperation, India and France are increasingly engaged in new areas like climate change, sustainable growth and development, the International Solar Alliance etc.

**Civil Nuclear Energy Cooperation:**

An Agreement on Civil Nuclear Cooperation was signed between India and France on 30 September, 2008 during the visit of Prime Minister Dr. Manmohan Singh to France.

To carry forward the Civil Nuclear Energy Cooperation, during Prime Minister Modi’s visit in April, 2015, the following two MoUs were signed:

1. Between L&T and Areva and another Pre-Engineering Agreement
2. Between NPCIL (Nuclear Power Corporation of India Ltd.) and Areva. The discussions on implementation are going on.

In March 2016, French energy giant EDF had signed a preliminary agreement with Nuclear Power Corporation of India Ltd (NPCIL) to build six reactors on the site approved for the nuclear power plant more than a decade ago. French state-controlled group Areva had already been in talks with India about the proposed six
European Pressurised Water nuclear reactors (EPR) in Jaitapur south of Mumbai, when it agreed to be bought out by EDF. EDF then signed a preliminary agreement with NPCIL in January 2016. The target of beginning construction in early 2017 has been missed.

**Defence Deal:**
France and its defence industry actively support to the “Make in India” programme in the defence sector. The first conventional submarine, Scorpene, which started being built in India in 2008 with transfer of technology and support from DCNS, began sea trials in 2015, and the second in January 2017.

An agreement on India’s acquisition of 36 Rafale fighter jets was concluded in September 2016.

**New investments**
Apart from this, NITI Aayog, in association with Vision India Foundation, organized a Venture Capital Symposium in July 2018 to deepen the economic relationships between France and India where NITI AYOG CEO urged French investors to invest in India.

**French Development Agency / Agence française de développement, AFD**
AFD is the overseas development agency of France. AFD has been supporting it since 2008. It has committed more than 1.5 billion Euro over these ten years through loans to state and state owned companies as well as through technical assistance programmes.

The above figure shows the sector-wise breakup of the total investment commitments of AFD.

- In June 2017, the Government of India and AFD, signed a Grant Facility Agreement of 3.5 million euros for implementing the Mobilise Your City initiative financed by the European Union under its Asia Investment Facility (AIF). Nagpur, Kochi and Ahmedabad were selected as the cities for implementing the initiative.
- In Jodhpur and Pondicherry AFD is providing for Drinking water Distribution Network Project.
- AFD is providing technical assistance to the cities of Nagpur, Chandigarh and Pondicherry within the framework of the national ‘Smart Cities Mission’
- AFD is providing Euro 360 million of financing for the construction of 37 km light metro in Kochi. Euro 0.8 million of technical assistance has allowed a partnership to be established between the cities of Kochi and Lyon (France) on topics related to sustainable mobility.
- AFD has provided Indian Renewable Energy...
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Development Agency (IREDA) with financial and technical support via two green credit lines totaling EUR 170 million. 19 renewable projects led by private developers have been developed so far, from biomass to small scale hydro, solar and wind energy projects.

- AFD has also provided support to Himachal Pradesh Power Corporation Limited for the development of 2 run-of-the river hydro Projects.

Centre for Financial Accountability (CFA) engages in critical analysis, monitoring and critique of the role of financial institutions – national and international, and their impact on development, human rights and the environment, amongst other areas.

CFA partners with civil society groups, social movements and community groups in trying to ensure that financial institutions are transparent and accountable to the people.

We critically examine and monitor National Financial Institutions (both banking and non-banking), multilateral and bilateral institutions, export credit agencies and the new banks - Asian Infrastructure Investment Bank (AIIB) and New Development Bank (NDB).

Our work includes both research and programmes. We publish information resources and policy analysis. Our awareness programmes work towards demystifying finance though increasing public awareness and encouraging public debates about issues of financial accountability.