



Asian Development Bank & India

FACT SHEET

Table 1. India: Development Indicators

Non-MDG	
Population in millions	1,150.20 (2008)
Annual population growth rate (%)	1.4 (2006–2008)
Adult literacy rate (%)	66.0 (2007)
Percent of population in urban areas	29.3 (2007)
MDG	
Percent of population living on less than \$1.25 a day	41.6 (2005)
Percent of population living below the national poverty line	27.5 (2004)
Under-5 mortality rate per 1,000 live births	72 (2007)
Percent of population using an improved drinking water source	89 (2006)

MDG = Millennium Development Goal.

Sources: ADB, 2009. *Basic Statistics 2009*. Manila.
UNESCO, 2009. Institute for Statistics Data Centre.
World Bank, 2009. World Development Indicators Online.

Mainly as a result of the economic reforms initiated in 1991, India's long-term trend rate of growth increased from 3.6% during the 1950s–1970s, to 5.2% in the 1980s, 6.1% in the 1990s, and to more than 9% during fiscal year (FY)2005–FY2007. Like other emerging economies, India is currently being affected by the turmoil and uncertainty in global financial markets and the world economy. Growth in FY2007 was 9% as compared to 9.7% in FY2006 and 9.5% in FY2005. The Government has taken several monetary and fiscal measures to enhance demand, boost credit flows, and lower interest rates to counter a possible slowdown. The Indian economy has strong fundamentals (high savings and investment rates), and has been powered mainly by the growth of domestic consumption and investment—unlike other economies that depend heavily on exports. The economy grew at about 7% in FY2008—commendable under the circumstances.

Poverty reduction and social development through faster and more inclusive growth is the focus of the 11th Five-Year Plan 2007–2012. It identifies several developmental challenges—creating jobs; providing essential services to the poor; reinvigorating the rural economy; increasing manufacturing competitiveness; developing human resources; protecting the environment; and bridging the divides between regions, sectors, and genders. The following key constraints will have to be addressed:

- infrastructure bottlenecks and lack of long-term funds for infrastructure investment;
- the weak performance of agriculture and the urgent need to reinvigorate this sector and the overall rural economy;
- interstate disparities in terms of economic and social indicators;
- relatively poor education and health indicators despite the economic progress made over the past decade; and
- ensuring that growth is environmentally sustainable.

Addressing these challenges will be particularly daunting in an uncertain global economic environment. The Government has taken several measures to support its development strategy, including taking a more relaxed monetary policy stance, e.g., a phased lowering of the cash reserve ratio, the statutory liquidity ratio, repo or repurchase rates, and reverse-repo rates (the rate that banks earn on deposits kept with the Reserve Bank of India); injection of liquidity; tax cuts; and incentives for exporters, small and medium-sized enterprises, and the housing and infrastructure sectors. It also plans a significant increase in expenditure.

Relationship with ADB

India is a founding member of the Asian Development Bank (ADB) and its fourth largest shareholder. ADB has approved 130 loans (sovereign and nonsovereign) amounting to \$20,586.5 million since 1986.

Since 1988, ADB has approved 254 technical assistance (TA) projects amounting to \$181.6 million, of which 58 (amounting to \$78.4 million) are under implementation. This does not include two ongoing grant projects under the Japan Fund for Poverty Reduction totaling \$6.9 million.

As of 31 December 2008, the portfolio included 44 ongoing loans for \$8.2 billion with \$3.3 billion to transport, \$1.7 billion to urban infrastructure, \$1.5 billion to the energy sector, and \$1.0 billion to the financial sector.

The core focus of ADB's strategy in India is poverty reduction through infrastructure-led growth. The current strategy was laid down in the Country Strategy and Program (CSP) 2003. Through the CSP updates of 2004 and 2005, and the Country Operations Business Plans (COBP) of 2006, 2007, and 2008, the evolving development priorities of the Government have been incorporated into the overall design and delivery of ADB's India operations to ensure relevance and results. The Country Partnership Strategy (CPS) for 2009–2012, currently under consideration of the ADB Board of Directors, will support the Government of India's efforts toward poverty reduction and inclusive growth as emphasized in the 11th Five-Year Plan. The proposed CPS will have four strategic pillars:

- support for the process of inclusive and environmentally sustainable growth;
- catalyzing investment through the use of innovative business and financing modalities;
- strengthening the results orientation of project design and implementation and emphasizing knowledge solutions; and
- support for regional cooperation.

The priority sectors during the CPS period will be energy, transport, urban development (including water supply and sanitation), water resources management, agribusiness infrastructure, finance, and governance. ADB will also enhance the development impact and value-addition of its operations by focusing on the relatively poorer states of India, capacity building, supporting public–private partnerships in infrastructure, facilitating private sector development, and providing assistance for climate change mitigation and adaptation.

Table 2. India: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	630	740	820	950	...
GDP growth (% change per year)	7.5	9.5	9.7	9.0	7.1
Inflation rate (% change per year)	6.4	4.4	5.4	4.7	8.7
Unemployment rate (%)
Fiscal balance (% of GDP)	-7.5	-6.7	-6.4	-5.4	-6.0
Export growth (% change per year)	28.5	23.4	22.6	28.9	11.9
Import growth (% change per year)	48.6	32.1	21.4	35.2	15.6
Current account balance (% of GDP)	-0.4	-1.2	-1.1	-1.5	-3.0
External debt (% of GNI)	17.9	15.3	19.3	19.0	...

... = data not available, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila. ADB staff estimates.

World Bank. 2009. World Development Indicators Online.

Table 3. India: 2008 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
1,808.3	1,068.6	27.4	–	2,904.3

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$20,586.5 million
 Cumulative Disbursements (as of 31 Dec 2008) : \$12,005.4 million

Table 4. India: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	2	93.31	0.45
Energy	41	6,799.39	33.03
Finance	13	2,410.00	11.71
Health, Nutrition, and Social Protection	2	58.64	0.28
Industry and Trade	9	335.90	1.63
Law, Economic Management, and Public Policy	6	950.00	4.61
Multisector	20	2,958.00	14.37
Transport and Communications	32	6,366.85	30.93
Water Supply, Sanitation, and Waste Management	5	614.40	2.98
Total	130	20,586.50	100.00

^a Total may not add up because of rounding.

Table 5. India: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects/Programs
Energy	81.3	16
Finance	75.0	8
Law, Economic Management, and Public Policy	33.3	3
Multisector	80.0	5
Transport and Communications	45.5	11
Total	67.4	43
By Year of Approval		
1980s	70.0	10
1990s	64.0	25
2000s	75.0	8

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

Impact of Assistance

Poor roads are among the main causes of poverty in India, and an impediment to realizing the economic potential of rural areas. The Government's Rural Roads Program (Pradhan Mantri Gram Sadak Yojana) aims to provide all-weather roads to rural areas, where nearly 70% of the population lives. The program is in its ninth year of implementation and has successfully improved nearly 163,894 kilometers of rural roads. ADB support for the Rural Roads Program since 2003 is helping to improve connectivity in rural areas of five states—Assam, Chattisgarh, Madhya Pradesh, Orissa, and West Bengal—thus enhancing access to health, educational, and marketing facilities.

The Gujarat Power Sector Development Project (December 2000–March 2007) helped the government of Gujarat by establishing an appropriate legal and regulatory framework for the electricity sector, including establishing of an independent state regulatory commission; improving tariff rationalization and revenue realization; and unbundling the Gujarat Electricity Board into companies with adequate functional

autonomy capable of providing better sector governance. The project also helped state governments by constructing transmission lines and substations and upgrading and strengthening distribution systems in Gujarat.

The Gujarat Earthquake Rehabilitation and Reconstruction Project (May 2001–November 2007) has helped in reconstructing and restoring damaged infrastructure in the earthquake-affected areas of Gujarat state, India. It has enabled early restoration of economic and social activity, especially for poor and lower-income groups, by reconstructing houses in rural areas; improving the urban and rural water supply, sewerage, drainage, and sanitation; constructing power substations; and improving transmission and distribution.

The Housing Finance II project, consisting of loans 1759 and 1761 (March 2002–June 2007), provided loans to low-income households for home purchases or improvements through financial intermediaries, both in the formal and informal sectors. This resulted in improved living conditions for the sub-borrowers and helped build linkages between the formal and informal institutions in the housing finance sector.

Table 6. India: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008

	2007 (\$ million)	2008 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2008)		44
Contract Awards/Commitments	1,436.9	1,154.0
Disbursements	1,363.5	1,507.7
Loans at Risk (%)	7.9	9.1

Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008^{a,b}

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

^a Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

^b Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

Table 8. India: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008

Contractor/Supplier	Sector	Contract Amount (\$ million)
Daelim Industrial Company, Ltd. – Nagarjuna Const.	Transport and Communications	207.83
Bharat Heavy Electricals, Ltd.	Energy	156.92
Larsen and Toubro, Ltd.	Multisector	149.19
KEC International, Ltd.	Multisector	119.64
Sterlite Industries (India), Ltd.	Energy	100.64
Sadbhav Engineering, Ltd.	Energy	71.76
IVRCL Infrastructures and Projectd, Ltd.	Multisector	59.01
KMC Construction, Ltd., India	Transport and Communications	57.05
Simplex Infrastructure, Ltd., India	Multisector	51.60
HCIL-Adhikarya-ARSS JV	Transport and Communications	51.17

Table 9. India: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Consulting Engineering Services, Incorporated	7	19.32
Intercontinental Consultants Technorats Pvt.	11	17.72
Scott Wilson, India, Pvt., Ltd.	2	8.78
Span Consultants Pvt., Ltd.	5	7.32
High Point Rendel (India) Pvt., Ltd.	2	6.37
PricewaterhouseCoopers Private, Ltd., India	2	5.69
Shah Technical Consultants Pvt., Ltd.	3	5.36
Louis Berger Group, Incorporated	2	5.13
TCE Consulting Engineering, Ltd.	2	5.06
Water and Power Consultancy Services (I), Ltd.	1	4.85
Individual Consultants from India*	3	0.26

* Consultant may have one or more contracts within the period covered.

As part of ADB's quick response to the tsunami, the Tsunami Emergency Assistance (Sector) Project has helped to rebuild houses, roads, bridges, ports facilities, and other public infrastructure incorporating better safety standards. In many areas, recovery efforts have so improved living conditions people are leading better lives than they did before the tsunami, and now have improved access to maternal and child health and education services, better sanitation and hygiene, and even increased child protection and prevention from trafficking and HIV/AIDS. Programs in the areas of livelihood restoration and creation, environmental protection, and disaster risk management are helping reduce poverty for those in affected states and create resilience and build capacity to mitigate the impact of possible future disasters.

In 2008, ADB approved 12 sovereign loans (including MFF subprojects) amounting to \$1.8 billion. Among them were the Bihar State Highways Project (\$420 million), the National Power Grid Development Investment Program (Tranche1) (\$400 million), the Himachal Pradesh Clean Energy Development Investment Program (Tranche 1) (\$150 million), and the Khadi Reform and Development Program (\$150 million).

ADB also supports infrastructure and financial sector projects through its private sector window. In 2008, seven nonsovereign loans amounting to \$1.07 billion were approved. This includes a \$450.0 million loan to Coastal Gujarat Power Limited, a \$225.0 million loan to the rural electrification corporation of India, and a \$150 million to GTL Infrastructure Limited. In addition, \$18.6 million equity was provided to the India Mortgage Guarantee Company and \$140 million CFS to Soma Isolux NH One Toll Way Private Limited. Since 1983, ADB has approved a total of \$1,869.3 million in cumulative financial assistance to 33 nonsovereign projects in India (including nonsovereign projects to state-owned enterprises and commercial loans approved under ADB's B-loan program). As of 31 December 2008, ADB's total nonsovereign exposure to projects in India amounted to \$513.2 million, representing 16.9% of ADB's total nonsovereign operations portfolio (this excludes approved projects that have not been signed or made effective and excludes outstanding/undisbursed balances for B-loans).

Table 10. India: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from India*	441	17.35
PricewaterhouseCoopers Pvt., Ltd.	16	10.12
Infrastructure Professionals Enterprise	6	3.41
Intercontinental Consultants and Technorats Pvt.	6	3.31
Stup Consultants, Ltd.	4	2.19
DSCL Energy Services Company, Ltd.	3	1.14
SMEC (India) Pvt., Ltd.	1	0.91
Wilbur Smith Associates Pvt., Ltd.	2	0.81
Grant Thornton, India, Private, Ltd.	1	0.72
Consulting Engineering Services (India)	3	0.68
Energy and Resources Institute (The)	3	0.64

* Consultant may have one or more contracts within the period covered.

Future Directions

ADB's lending assistance to India increased from an annual average of about \$1.3 billion in 2000–2005 to \$2.3 billion in 2006–2008 on a multitranches financing facility (full-facility basis). Actual approvals (subprojects and regular loans) were \$1.2 billion in 2007 and \$1.8 billion in 2008. The 2009 assistance program has been designed to support the Government's development priorities as laid down in the 11th Five-Year Plan. Including full amounts for multitranches financing facilities, program totals will reach \$2.72 billion in 2009. Lending on a subproject basis (including regular loans) will be capped at \$1.62 billion, as laid down in ADB's annual workplan and budget framework guidelines for 2008. In terms of loan amounts, transport, energy, and urban sector (including tourism) projects account for 37%, 7%, and 20%, respectively, of the 2009 program. Agriculture and water resources management projects account for 14%, and governance and finance-related projects for 22% of the 2009 program. The TA program has been designed in line with the loan program and amounts to \$29.8 million for 2009. The 2010–2011 program is currently being discussed with the Government of India.

Operational Challenges

India's development needs are far larger than what all external agencies combined can provide. The need for long-term funding to finance infrastructure development projects, especially in the lagging states, becomes even more critical in this period of global financial and economic crisis. Therefore, a timely resolution of a general capital increase is vital if ADB is to continue supporting India's development priorities effectively beyond 2009.

ADB will continue to leverage additional resources through cofinancing, tapping concessional money for climate change mitigation and adaptation, and focusing more on value addition (through innovative financing modalities—public–private partnerships, nonsovereign operations, better project design and implementation, capacity building, incorporation of best practices, support for weaker and poorer states). However, a timely increase in its capital base is necessary if ADB is to continue responding effectively to India's evolving needs.

Table 11. ADB Assistance to DMCs, 2007–2008^a

	2007 (\$ million)	2008 (\$ million)	Change (%)
Lending	9,965.59	10,494.27	5.3
ADF Sovereign	1,892.84	1,789.56	(5.5)
OCR Sovereign	7,347.48	6,924.48	(5.8)
OCR Nonsovereign	725.27	1,780.23	145.5
Public Sector	10.00	300.00	2,900.0
Private Sector	715.27	1,480.23	106.9
Equity Investments	79.75	123.08	54.3
Grants	672.71	811.37	20.6
Technical Assistance	252.84	274.50	8.6

ADF = Asian Development Fund, OCR = ordinary capital resources.

^a Excludes terminated loans, equity investments, technical assistance, and grants.

Partnership

In India, ADB collaborates closely with multilateral and bilateral development partners, such as the World Bank, United Kingdom's Department for International Development (DFID), Japan Bank for International Cooperation (JBIC), and the European Union. Modalities for cooperation include joint sector strategies, cofinancing, and knowledge sharing through joint assessments and consultations. ADB, the World Bank, DFID, and JBIC have been coordinating closely in Bihar.

ADB cooperates extensively with civil society organizations to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, extensive stakeholder consultations for preparing the India Country Partnership Strategy (CPS) were held in April 2007.

Representatives of a range of stakeholder groups took part, including the Government of India, State Governments, nodal agencies, development partners, academia, civil society, and the private sector. Consultations were held for the transport, energy, urban, agriculture, water resources, and financial sectors. Discussions revolved around the Government's development strategy, ways of improving the design and delivery of ADB operations, as well as the role ADB should play in the years ahead.

Cofinancing and Procurement

Cofinancing enables ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing of ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

In 2008, the OPEC Fund for International Development provided \$30.0 million loan cofinancing for the Orissa Integrated Irrigated Agriculture and Water Management Investment Program. The Rural Electrification Corporation of India was provided with loan cofinancing of \$260.0 million, of which \$100.0 million was from the European Investment Bank; \$80.0 million from the Agence Française de Développement, France; and \$80.0 million from Kreditanstalt für Wiederaufbau, Germany. Commercial cofinancing through a B-loan amounting to \$140.0 million was approved for the National Highway I Panipat–Jalandhar Toll Road Project.

As of year-end 2008, cumulative direct value-added cofinancing for India amounted to \$1.7 billion for 15 investment projects, and \$57.7 million for 60 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at www.adb.org/Documents/Fact_Sheets/India/cofinancing.asp.

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 264 contracts were awarded to consultants from India worth \$228.6 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 998 contracts were awarded to consultants from India worth \$82.2 million.

A summary of procurement contracts awarded to companies and consultants from India for goods and works, and consulting services can be found at www.adb.org/Documents/Fact_Sheets/India/procurement.asp.

About India and ADB

India is the third largest shareholder among regional members and the fourth largest overall.

ADB Membership

Joined	1966
Shares held	224,010 (6.32%)
Votes	237,242 (5.35%)

Ashok K. Lahiri is the Executive Director and **Md. Aminul Islam Bhuiyan** is the Alternate Executive Director representing India on the ADB Board of Directors.

Tadashi Kondo is the ADB Country Director for India. The India Resident Mission (INRM) was opened in 1992 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. INRM engages in policy dialogue and acts as a knowledge base on development issues in India.

The India government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/india

Asian Development Outlook
www.adb.org/Documents/Books/ADO/2009/IND.pdf

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