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EVIDENCE REPORT

No 95

Rising Powers in International Development

Indian Development Cooperation: The State of the Debate

Sachin Chaturvedi, Anuradha M. Chenoy, Deepta Chopra, Anuradha Joshi and
Khush Hal S. Lagdhyan

September 2014

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INDIAN DEVELOPMENT COOPERATION: THE STATE OF THE DEBATE

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List of Abbreviations

AARDO	African-Asian Rural Development Organization
BJP	Bharatiya Janata Party
CII	Confederation of Indian Industry
CSO	civil society organisation
DAC	Development Assistance Committee (OECD)
DC	development cooperation
DFID	Department for International Development (UK)
DPA	Development Partnership Administration
EBID	ECOWAS Bank for Investment and Development
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
ECW	Economic Cooperation Wing
EU	European Union
FDI	foreign direct investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FIDC	Forum for Indian Development Cooperation
HIPC	Heavily Indebted Poor Countries
IAM	Indian Aid Mission
IAPD	Indian Agency for Partnership in Development
ICM	Indian Cooperation Mission
ICT	information and communications technology
ICWA	Indian Council of World Affairs
IDI	India Development Initiative
IIDCA	India International Development Cooperation Agency
IMF	International Monetary Fund
ITEC	Indian Technical & Economic Cooperation
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
MEA	Ministry of External Affairs
NAPM	National Alliance of People's Movements
NDA	National Democratic Alliance
NGO	non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
RIS	Research and Information System for Developing Countries
SADC	Southern African Development Community
SCAAP	Special Commonwealth Assistance for Africa Programme
SSC	South–South cooperation
UNCTAD	United Nations Conference on Trade and Development
UPA	United Progressive Alliance
USAID	United States Agency for International Development
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1 Introduction

India's recent development cooperation (henceforth DC) activities with the South have provoked global curiosity. Two factors shape this interest. First, the strong growth of some countries like India, China and Brazil has occurred precisely while much of the West is in recession; and Western contributions to international development have consequently slowed down. Second, in this new economic climate, the rising powers are playing an increasingly important role in shaping norms, governance and institutions. In this changing landscape, India is becoming an important player (Roychowdhury 2013). India's increased volume of DC (particularly to African countries), its clearer articulation of a rejection of 'traditional' aid principles, and its growing role as a representative of emerging economies that aim to act as a bridge between the North and South have led to it becoming a key figure in shaping the future of international DC (Grover 2010). How is this new role being perceived domestically? This question is the focus of this paper.

Discussions of Indian DC can be located within two sets of discourses. The first, led by a set of Western commentators, is illustrated by Hillary Clinton's statement at the Busan conference, which warned the less-developed, resource-rich countries to 'be wary of donors who are more interested in extracting your resources than in building your capacity' (Glennie 2012). This view, largely emanating from countries that are members of the Organisation for Economic Co-operation and Development (OECD), suggests that the policies of new donors like India and China are: (1) based on the need for raw material and lead to exploitation of Africa and the South by reinforcing its underdevelopment (for a discussion of this, see Goldstein *et al.* 2006; Humphrey and Messner 2006); (2) not underpinned by a normative framework like the OECD's Development Assistance Committee (DAC) countries, and so even while not directly challenging the DAC aid regime, they will endanger DAC principles of democracy, good governance and human rights (Jobelius 2007, Mawdsley 2010, and Price 2011 discuss this debate in detail); (3) based on the framework of South–South cooperation (SSC), reflecting changing global geographies (Mawdsley and McCann 2011; Manning 2006); and (4) related to their strategic and foreign policy objectives, and are therefore similar to that of earlier policies of traditional donors (Jobelius 2007). This departure from normative frameworks to strategic economic interests has led some observers to label new donors as 'rogue donors' (Naim 2007; Dreher and Fuchs 2011).

A second discourse, dominant within Indian policy circles, argues that Indian DC is different *even* from that of other emerging powers, especially China (which is viewed competitively within India). As one recent paper puts it, 'the importance of Indian development cooperation lies in the niche it fills and its complementarity to both Chinese and traditional aid' (Taraporevala and Mullen 2013). Indian DC is viewed as different because it is: primarily framed within SSC (Chaturvedi 2012a; Chanana 2009); 'different' from traditional donor–recipient relations; and underpinned by historical and nationalist references. The discourse on the uniqueness of Indian DC coalesces around six main conceptual pillars: (1) sustainable and inclusive; (2) based on India's own developmental experience; (3) without conditionalities; (4) demand driven; (5) based on mutual gains; and (6) contributing to India's soft power.

Note that these are not very different (apart from one on expat standards of living) from the eight principles of Chinese aid set out in 1964 (Provost and Harris 2013). And yet, as Mawdsley (forthcoming) points out, India differentiates itself from other emerging powers too, especially as part of 'boundary making' *vis-à-vis* China.¹ Although smaller in scale than Chinese DC, Indian DC is perceived to leverage Indian comparative advantage in technology, industrial agriculture, education, and information and communications

¹ Paradoxically, China too frames its DC in a similar fashion, differentiating it from other emerging powers.

technologies (ICTs) to 'support projects that may be overlooked by China and traditional donors' (Taraporevala and Mullen 2013). The Indian government frames its DC and related activities with business and commercial interests through the lens of a 'development compact' in which loans, grants and concessional credit form part of a mutual cooperation and benefit – a 'win-win' strategy.

A thinktank, the Research and Information System (RIS) for Developing Countries, notes that the intense debate among OECD countries perceives DC from emerging economies largely as a threat to the dominance of traditional donors (Chaturvedi 2008).² Yet it is important to problematise the seemingly unilateral position taken by 'traditional' donors. Neither the position of 'Western' donors, nor of the DAC, as has been operational, is singular in their approach.³ In fact, there is a complex interplay of motivations and practices between Western or 'traditional' donors and emerging donors; and this paper recognises these complexities. As is evident from the changing positions taken by both emerging and traditional donors in Busan, the present moment seems to be one of flux; traditional donors are increasingly accepting the emerging powers' model of DC, and there is some variation between positions taken by both groups (Eyben and Savage 2013; Mawdsley, Savage and Kim 2014). Moreover, there is also another discourse of co-learning and partnership between the OECD donors and India, though it is mired in debates on co-option by the OECD donors.

Within this context, we trace the evolution of Indian DC, with an emphasis on the domestic debates in the past two decades. In the next section, we provide a brief history of Indian DC, paying particular attention to the motivations and arrangements in the early years in order to draw the contrast with recent trends. Section 3 outlines the institutional arrangements that underpin DC engagement and programmes. Section 4 details the scale and scope of the current DC portfolio around three key components: the Indian Technical & Economic Cooperation (ITEC) programme; lines of credit (LoCs); and trade and investment. The overall picture of Indian DC painted so far is then analysed in Sections 5, 6 and 7 from the perspectives of business, civil society organisations and the media. Finally, the last two sections outline the key policy priorities and issues (Section 8) and conclusions (Section 9).

² Southern countries point out that the follow-up meeting in Accra (March 2008) on Aid Effectiveness did not adhere to the Paris Principles since all responsibilities and expectations had been thrust on the recipients and thus violated the promised principle of 'mutual accountability'.

³ A concrete example of this is the Colombo Plan (discussed later in the paper), which was an important Commonwealth initiative that crossed early 'traditional'/'emerging' donor lines (pushed strongly by Western donors too).

2 Background and history

2.1 Early years (till the late 1980s)

India's involvement in development cooperation (DC) is not new. Since gaining independence in 1947, it has supported countries in the South, primarily in the South Asian region, through various forms of assistance. Its DC has been shaped by its colonial history and a sense of solidarity with other countries that had similarly emerged out of struggles against colonial powers, leading to the first Asian Relations Conference, held in Delhi in 1947. The idea behind organising this conference emerged when the then Prime Minister Pandit Jawaharlal Nehru made a hurricane tour of South East Asia and met General Aung San (leader of the Burmese Independence movement) in Rangoon (Sharan 1997). The positive approach to this initiative in encouraging cooperation among developing countries was very well reflected in Nehru's address to the Bombay branch of the Indian Council of World Affairs (ICWA) on 22 August 1946, where he said:

We have no doubt that, if we do meet, the Conference will not put an end to the world's troubles. The Conference will help to promote good relations with neighbouring countries. It will help pool ideas and experience with a view to raising living standards. It will strengthen cultural, social and economic ties among the peoples of Asia.
(Sharan 1997)

The main objective of this historic event was to create a platform where the common ideas and problems faced by developing countries, especially in the post-war era, could be shared to foster mutual cooperation and understanding. The conference vision, as viewed by Nehru, was expressed as follows:

The service of India means, the service of the millions who suffer. It means the ending of poverty and ignorance and disease and inequality of opportunity. The ambition of the greatest men of our generation has been to wipe every tear... and suffering, so long our work will not be over. And so we have to labour and to work... to give reality to our dreams. Those dreams are for India, but they are also for the world, for all the nations and peoples are too closely knit together today for any one of them to imagine that it can live apart. Peace is said to be indivisible, so is freedom, so is prosperity now, and also disaster in this one world that can no longer be split into isolated fragments.
(Government of India 2011)

This conference also brought out India's commitment to addressing the issues of imbalances and inequities at the global level at an early stage (Gujaral 1998). The conference led to many initiatives at the bilateral level for development cooperation between India and various Southern economies, particularly other Asian countries, in areas including trade financing, technical assistance, and training programmes.⁴ For example, in 1949 the Indian government provided 70 scholarships to students from other countries. The main aim was to enhance cultural relations with Southern countries, particularly in Asia and Africa, and to facilitate a suitable environment for higher education purposes. Mutual exchange during that period was also grounded in the principle of reciprocity. For instance, Ethiopia offered a gift of 500 tons of wheat in return for India's contribution of Rs.10,000 for the establishment of a maternity home in Addis Ababa (Ministry of External Affairs 1951). Other examples of such exchanges include the donation of Rs.20,000 by the Maharaja of Bhutan to the Indian Prime Minister's

⁴ This conference was an important step towards the crystallisation of the Non-Aligned Movement (NAM) in 1961, which is a movement of 115 members representing the interests and priorities of developing countries.

Relief Fund in 1954 in return for flood relief assistance worth Rs.50,000 provided by India to the Kingdom of Bhutan. Similarly, the government of Iran donated 40 books on Persian literature to the Khuda-Bakhsh Library in return for assistance from the Indian side (Chaturvedi 2012a).

These activities were followed in 1951 by the Colombo Plan, through which a regional collective aid organisation was established. It was the major channel for development assistance for South and South East Asian economies. The Colombo Plan constituted both capital and technical assistance. To date, India has been actively participating in its assistance to various members under this plan. It provides training places in a wide range of sectors, including accountancy, administration, cooperatives, engineering, fisheries, food technology, agriculture and forestry, general and technical education, health and medicine, trade and industry, fuel and power, transport and communications, and social services. Trainees have taken part from Afghanistan, Australia, Myanmar, Cambodia, Indonesia, Japan, South Korea, Kenya, Lao PDR, Maldives, Malaysia, Nepal, Nigeria and Thailand.

These DC activities were closely followed by the Afro-Asian Conference (1955) in Bandung, Indonesia, which brought together around 29 Asian and African states. This was a major initiative that aimed to promote Afro-Asian trade, cultural, and political cooperation. It helped to initiate DC at bilateral level between India and other Southern economies. The participating countries agreed to provide technical assistance to one another in the form of: experts, trainees, pilot projects and equipment for demonstration purposes; and exchange of know-how and establishment of national and (where possible) regional training and research institutes for imparting technical knowledge and skills in cooperation. The Indian Technical & Economic Cooperation (ITEC) programme subsequently started in 1964, and was one of the prime conduits through which the Colombo Plan was implemented. By 1972, it had been extended to more than 50 countries (see Section 4).

Chaturvedi (2012b) highlights this early period as characterised by three features: an open approach to trilateral cooperation, which included non-governmental organisations (NGOs); transparency in the support of less-developed states, particularly in India's neighbourhood; and a focus on programme-based development assistance to country development plans (e.g. to Nepal and Bhutan). Thus, as an example of the first feature, India built a 128km mountain highway in Nepal, and also entered a tripartite agreement with the Nepalese government and the USA for further construction of 1,450km of road. Another example of support to NGOs is the Indian government's US\$20,000 grant to a hospital in Rangoon in 1959, and US\$5,000 to the Ramakrishna Mission to spread information on social and cultural aspects of Indian life among Indians and Burmese communities in Rangoon. The second and third features – transparency about a focus on neighbouring countries, and programme-based support for various activities in Nepal and Bhutan – were evident in India's Rs.180 million support for Nepal's Second Five-Year Plan in 1960–1. In the case of Bhutan, an annual subsidy of Rs.0.7 million was provided from 1960 onwards, thus replacing the provisional grants made until then.

Observers suggest that India's early entry into development assistance, described above, was driven by several motivations. Mawdsley (2012: 72–3) identifies three: (1) a need for energy, which took the form of investing in hydropower projects; (2) the desire to create a buffer zone between itself and China, leading to infrastructure development in Nepal; and (3) the desire to be an international player, exemplified by its leadership of the 'Third World' through the Non-Aligned Movement (NAM). India's natural resource, security and leadership aspirations are echoed in the shift in its development assistance in the early 2000s (see Section 2.2 and Section 3). The difference, as we shall see later, was the emphasis on trade and investment with development partners and taking on a *global* leadership role rather than just within the South. These early and active years were followed by a period of 'business as

usual' in the 1970s and 1980s, in which the programmes initiated early on were carried out with greater scope and scale.

2.2 From the 1990s onwards

The turning point in Indian DC came in the early 1990s, along with major changes in economic and foreign policy, including a move away from the mixed state-led economy, to a modern capitalist and market-oriented approach. In foreign policy and the issue of partnerships with developing countries, there was a shift from a 'Third World' and anti-West stance to a more self-interested approach (Chaturvedi 2012b). In terms of geographical focus, African countries represented a growing proportion of Indian DC. How did these shifts come about, and what were their implications?

In 1998, India carried out a nuclear explosion that changed the nature of its engagement with the West. At the time, India had accumulated sizeable foreign exchange reserves from high economic growth and huge expansion in foreign trade and investment. The Indo-US strategic dialogue by the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) was accompanied by the India Shining campaign, reflecting an ambition towards international power and status. Simultaneously, India's desire for a larger role in the global platform gained momentum through consolidating a group of developing countries (including Brazil and South Africa), which provided the capacity to block progress in negotiations at international fora like the World Trade Organization (WTO) and World Intellectual Property Organization (WIPO). Meanwhile, India was also shifting into the dual role of an aid recipient as well as a partner for lesser-developed countries through its development cooperation. These developments together generated a belief in the need for an alternative to the Washington Consensus, and led to reinvigoration of the notion of South-South cooperation (SSC) in a new form (Chaturvedi 2012a).

These shifts in foreign and economic policies fed Indian aspirations for a greater say in the international political sphere. First, this included aiming for a seat on the United Nations (UN) Security Council. India was to gain support in this venture from the countries that were receiving Indian DC. Second, India wanted to increase its share of representatives and quota in the International Monetary Fund (IMF) in order to have a greater say in the international economic system. As the Indian Reserve Bank Governor stated, in the IMF meeting in spring 2003, 'the voice of the developing countries in the IMF is weak'. He called for a quota share of the developing countries to match their growing importance in the world economy and a stronger profile in the IMF's governance (Press Trust of India 2003b). India has consistently argued for reforms within the IMF to give emerging economies a greater share of power, and so that low-income countries or 'innocent bystanders' (as the Indian finance minister called them) 'should be protected' (Chidambaram 2012). An appropriate negotiating position from this perspective would be as a representative of the South in the decision-making bodies of the global financial and security architecture, as well as being the link between the South and the North in bodies like the G20.

As a result, India repositioned its stand on both accepting and giving aid in 2002–3. The new development assistance strategy was announced by the finance minister, Jaswant Singh, in his budget speech in 2003 (Government of India 2003). An image makeover, in which India became a donor, would significantly reverse its long-standing image as a poor country and an aid recipient. In his own words:

1. While being grateful to all our development partners of the past, I wish to announce that the Government of India would now prefer to provide relief to certain bilateral partners, with smaller assistance packages, so that their resources can be transferred to specified non-governmental organisations (NGOs) in greater need of official

- development assistance. The current agreed programmes will, however, continue and reach their completion. Of course there will be no more 'tied aid' any longer.
2. Having fought against poverty as a country and a people, we know the pain and the challenge that this burden imposes. For the Heavily Indebted Poor Countries (HIPCs), owing overdue payments of substantial sums to India, I am happy to announce that we will be considering a debt relief package. This will be announced shortly in consultation with the Ministry of External Affairs.
 3. I am also happy to announce that the Government proposes to generally discontinue the practice of extending loans or credit lines to fellow developing countries. Instead in future, I propose to utilise that 'India Development Initiative,' which I have already announced, for providing grants or project assistance to developing countries in Africa, South Asia and other parts of the developing world.
(Government of India 2003: 22–3, paragraph 126)

Of the multiple strategies employed to realise these objectives, the first was to reduce India's aid dependence. India started to prepay bilateral loans worth US\$1.6 billion (as the first tranche of the planned prepayment of US\$3 billion of external debt in the fiscal year 2003) to 14 countries, and separately to the World Bank/IMF. Further, loans to India below US\$25 million annually were stopped; but they were allowed to be routed directly to autonomous institutions, saving the costs of managing these (Press Trust of India 2003a). From 2003, India continued to accept bilateral aid only from the G8 countries and multilaterals such as the European Union (EU) and World Bank/IMF. The argument of not accepting 'tied aid' was re-endorsed in 2004, and again in 2006 by the United Progressive Alliance (UPA) government.

The second strategy was to view poorer countries as development partners. The Union Budget of 2003–4 gave debt relief to Heavily Indebted Poor Countries (HIPCs) for overdue debts. Simultaneously, as highlighted above, the 'India Development Initiative' was announced, with Rs.2 billion for the year, which was supposed to 'leverage and promote our strategic economic interests abroad...' (Lok Sabha 2003). In 2006–7, India made a commitment of US\$1 billion for bilateral cooperation, of which more than US\$500 million was disbursed.

A third strategy was to expand the notion of development cooperation, which until then had been based on the OECD-DAC definition of aid. By linking grants and concessions with trade, India reframed its DC in terms of a 'development compact', based on mutual gains without conditional ties. The resulting Indian DC package is a mix of lines of credit (LoCs), concessional loans, debt relief, subsidised credit, and technical assistance, which forms the bulk of the cooperation.⁵ We will return to key elements in Section 4.

⁵ India's physical and financial contribution to UN Peacekeeping is also seen as a part of DC, resulting in a cumbersome definition and difficulties in collating data.

3 Institutional framework

The shifts in India's development cooperation (DC) policy were accompanied over the years by gradual shifts in the institutional framework. Initially, experimentation with institutional structures started in the field came later, at the level of the Ministry of External Affairs (MEA) headquarters. Some of these changes are shown in Annex 1. The Indian Aid Mission (IAM), established in 1954 at Kathmandu, was among the first experiments and was renamed the Indian Cooperation Mission (ICM) in 1966. It was set up to look after the monitoring and coordination of Indian-funded projects in Nepal. However, it was wound up in 1980, and an Economic Cooperation Wing (ECW) was formed at the Indian Mission in Nepal to take over the ICM's role (Chaturvedi 2012a). Also in 1969, keeping in mind the significance of impact assessment of projects in other countries, a Joint Commission was set up in Afghanistan at the ministerial level to review the projects. It would also be responsible for identifying resources and capabilities for undertaking projects of mutual interest, while exploring various possibilities for trade, including land transit trade agreements. A Joint Commission was also established in several other countries, including Ceylon, Iran and Czechoslovakia.

These changes in the field were paralleled by changes at headquarters level. Development programmes dealing with Nepal in particular were shifted to the MEA in 1961 (Chaturvedi 2012a). The Economic and Coordination Division, a new division at MEA, was established later (in July 1961) to coordinate technical cooperation among other MEA programmes, including India's trade relations with Nepal. This was previously managed by the Eastern Division (Ministry of External Affairs 1963). This Division also played an advisory role in issues related to trade agreements, credit and payment agreements, foreign aid negotiations, and technical agreements, which were otherwise finalised by the territorial divisions and, in some cases, by the respective line ministries (Chaturvedi 2012a). It also set up inter-ministerial committees and study groups at different points in time that would have significance in Indian foreign policy (Ministry of External Affairs 1964).

Between 1950 and 1960 India had provided training places to 1,622 students from various Colombo Plan member countries; they were placed under the Ministry of Finance in several areas, including health, medicine, aviation, engineering, forestry, statistics, and community development, along with many graduate and postgraduate courses. Also, for the non-member countries, training facilities were arranged for 662 foreign nationals. India provided assistance worth Rs.50,000 for the freight cost of 1,000 tons of wheat given by Canada to Nepal under the Plan (Chaturvedi 2012a). However, until the 2000s, the institutional framework for its development cooperation was relatively fragmented, located in different ministries as the nature of its DC activities evolved.

The 2000s brought new shifts. The announcement of the India Development Initiative (IDI) during the budget speech in 2003 (mentioned earlier) was the catalyst for realising the need for a new agency to coordinate all of India's outward assistance. The IDI was located in the Ministry of Finance and aimed to promote India as both a production centre and an investment destination, and was allocated US\$46 million for 2003–4 (Chaturvedi 2012a). This was intended to promote India's strategic economic interests abroad (Government of India 2003). Among the various policy changes that occurred in 2003–4, there was also the launch of the India Development and Economic Assistance Scheme (IDEAS), which would extend lines of credit (LoCs) through the Export–Import Bank of India (Exim Bank) (which was initially 'government to government', or 'G to G'). Thus, since 2003–4, the Exim Bank has become the key institution providing financing, and facilitating and promoting India's international trade.

Since the IDI was playing a dual role of promoting India in overseas markets, alongside its mandate to foster techno-economic and intellectual cooperation, there was a perceived need to review organisational arrangements. This was reflected in the 2007–8 budget speech given by the then finance minister, P. Chidambaram, who announced that:

In keeping with India's growing stature in international affairs, we must willingly assume greater responsibility in promoting development in other developing countries. At present, India extends development cooperation through a number of Ministries and agencies and the total sum is about US\$1 billion per annum. It is felt that all activities relating to development cooperation should be brought under one umbrella.

(Government of India 2007)

The government thus proposed setting up the India International Development Cooperation Agency (IIDCA), which was to be based on the India Development Initiative. This would provide a one-stop shop for coordinating all projects, LoCs, technical cooperation, deputation of experts and training of foreign nationals in India. The idea was to have an agency that would administer and monitor outgoing development assistance in a unified fashion (Sharma 2008). Subsequently, in 2011, the government announced that it was going to create a new agency for development cooperation, the Indian Agency for Partnership in Development (IAPD), which would distribute about \$11 billion to the Least Developed Countries (LDCs), particularly those in Africa. It was to have representation of the foreign, finance and commerce secretaries in addition to another 50 members (Basu 2011).⁶

3.1 Development Partnership Administration

Finally, in 2012, after much internal discussion, the Development Partnership Administration (DPA) – a new division in the Ministry of External Affairs – was established as the primary vehicle for the delivery of India's development assistance.⁷ The DPA was expected to help facilitate speedy and efficient implementation of India's DC programme. Though not an agency, it could be considered as a first step towards the establishment of a fully-fledged DC agency. Through the DPA, the MEA would control the concept, execution and completion of Indian DC. Currently, the DPA has three divisions, headed by Joint Secretary-level officers. DPA-I handles LoCs along with grant projects in the East Africa, Southern Africa and West Africa regions; it also manages grant assistance projects in Bangladesh, and the Sri Lanka Housing project. DPA-II manages capacity building programmes, including more than 8,500 civilian and 1,500 defence training slots allocated under ITEC (the Indian Technical & Economic Cooperation programme)/SCAAP (Special Commonwealth Assistance for Africa Programme)/Technical Cooperation Scheme (TCS) of the Colombo Plan during 2012–13, involving 161 partner countries (see Section 4). Forty-seven empanelled institutions conduct around 280 courses annually. DPA-II also handles grant assistance projects in South East Asia, Central Asia, West Asia and in Latin American countries, along with humanitarian and disaster relief. DPA-III deals with the implementation of grant assistance projects in Afghanistan, Maldives, Myanmar, Nepal and Sri Lanka.⁸ Several line ministries like the Department of Science and Technology, Ministry of Agriculture, Ministry of Health, Ministry of New and Renewable energy, etc. work in close coordination with the MEA, Indian Missions abroad, and other relevant departments at bilateral, multilateral and regional levels. India's exchange of knowledge and experience with other developing countries is driven by a perceived need in development partners, thus resulting in research cooperation in technologies and mobilising financial and human resource development.

⁶ The media speculated that the long gap between the India Development Initiative proposed in the 2003–4 budget and the establishment of the DPA within the Ministry of External Affairs in 2012 was on account of turf wars between ministries.

⁷ The first announcement was made by Secretary (ER) at the RIS Conference 'Post-Busan Development Cooperation – New Architecture, Actors and Opportunities' in 2012.

⁸ www.mea.gov.in.

4 Current components of development cooperation

The current Indian development cooperation (DC) programme reflects both continuity and divergence from the earlier approaches. To trace these shifts, it is useful to consider each of the main components of DC separately: (1) the Indian Technical & Economic Cooperation (ITEC) programme; (2) lines of credit (LoCs); (3) trade and investment; and (4) grants. These are detailed below. Before doing so, however, a caveat is in order: one needs to treat the data reported below with some caution because clear data on the overall size of DC and its components – various grants, loans and LoCs – are located in different places, and definitions of what India considers as DC differ from traditional definitions, which makes data gathering and comparative analysis more difficult. As a result, the data provided below are illustrative, rather than comprehensive.⁹

4.1 The ITEC programme

The most important and popular initiative in terms of skills training in DC is the Indian Technical & Economic Cooperation programme, which was launched in 1964. An invention of the then Prime Minister, Pandit Jawaharlal Nehru, ITEC has been a medium for bilateral assistance, which aims to enhance technical cooperation and capacity building with other developing regions such as Asia, Eastern Europe (including the former Union of Soviet Socialist Republics (USSR)), Central Asia, Africa, Latin America and the Caribbean, as well as the Pacific and Small Island countries. Encouraging technical cooperation was not something new to India but was also recognised in one of Indira Gandhi's speeches at the inaugural address at the New Delhi Consultations among developing countries in 1982, where she said:

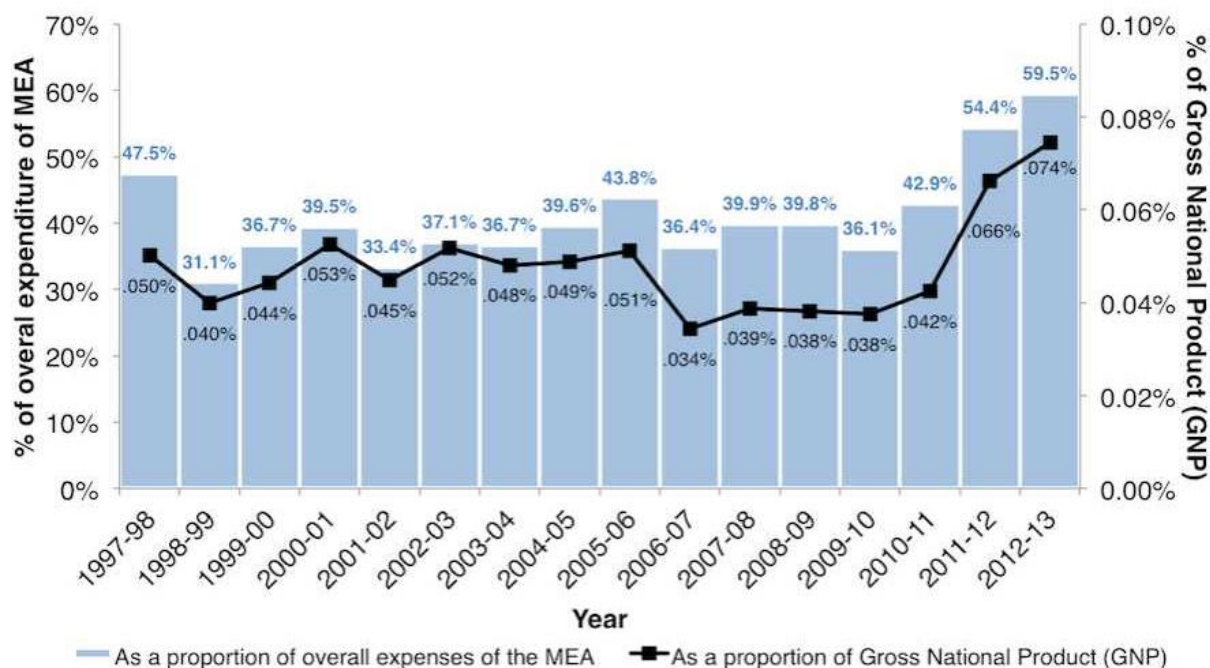
Technical cooperation amongst developing countries should be an essential component of economic cooperation amongst developing countries. Capital-surplus countries must be persuaded to assist those especially in need, and to ensure measures by recipient countries to give favourable treatment to investments from developing countries which have surplus capital.
(Ministry of Information & Broadcasting 1986)

ITEC was initially placed under the Economic and Coordination Division (ECD) in order to share India's development experience in technical cooperation and capacity building with other developing countries. The ECD was reconstructed in 1995 and an ITEC division was formed within the MEA where programmes like the Special Commonwealth Assistance for Africa Programme (SCAAP) and Aid Disaster Relief (ADR) were added. However, later the ITEC programme was merged into the Technical Coordination Division (TCD).

Every year about US\$11 million (Rs.500 million) is spent on the ITEC programme, with the amount totalling more than US\$2 billion in technical assistance since its establishment. Allocations by the government for the ITEC programme have seen a substantial increase, from Rs.134 million in 1990–1 to Rs.1.2 billion in 2012–13 (see Figure 4.1). The Indian government aims to diversify the geographical area of its ITEC activities. The number of trainees per year in the ITEC programme has increased from 814 to around 8,500 during the period 1995–6 to 2013–14.

⁹ For the most recent attempt to disentangle the data on Indian DC, see Taraporevala and Mullen (2013).

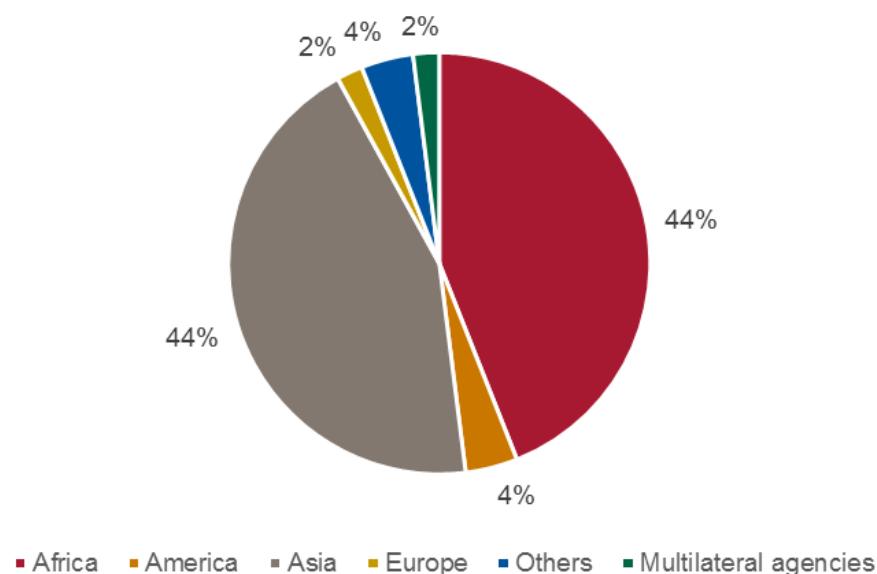
Figure 4.1 Indian expenditure on the ITEC programme



Source: Srinath (2013).

In 1995–6, most trainees were from Asia (57 per cent), followed by Africa (32 per cent), and 11 per cent from other developing countries. The participation of other developing countries and Africa had changed by 2005, both sharing an equal proportion of 19 per cent. The number of Asian countries involved in the programmes increased from 26 in 1995–6 to 48 in 2005–6. In 2011–12, Africa and Asia had an almost equal share of participants, at 44 per cent each; Latin America’s share was at 4 per cent, with multilateral agencies at 2 per cent (see Figure 4.2).

Figure 4.2 Regional distribution of the ITEC programme during 2011–12



Source: Adapted from Ministry of External Affairs (2012).

ITEC now has four key components:

1. A student training programme in India, where the students are chosen by the ITEC partner countries. The main areas of focus are trade, investment and technology.
2. Projects and related activities, including feasibility studies and consultancy services supporting regional programmes under the Economic Commission for Africa (ECA), G77, AARDO (African-Asian Rural Development Organization), G15, and SADC (Southern African Development Community).
3. Deputations of Indian experts abroad and study tours.
4. Aid disaster relief.

In addition, Indian organisations like the Confederation of Indian Industry (CII) have helped in sharing the extensive knowledge of IT applications in manufacturing, particularly automation and semi-automation in the clothing industry, through its international training programme at a new IT hub at Ebene Cybercity, near Port Louis in Mauritius. The overall aim is to assist companies and organisations in LDCs in becoming more globally competitive.

4.2 Lines of credit

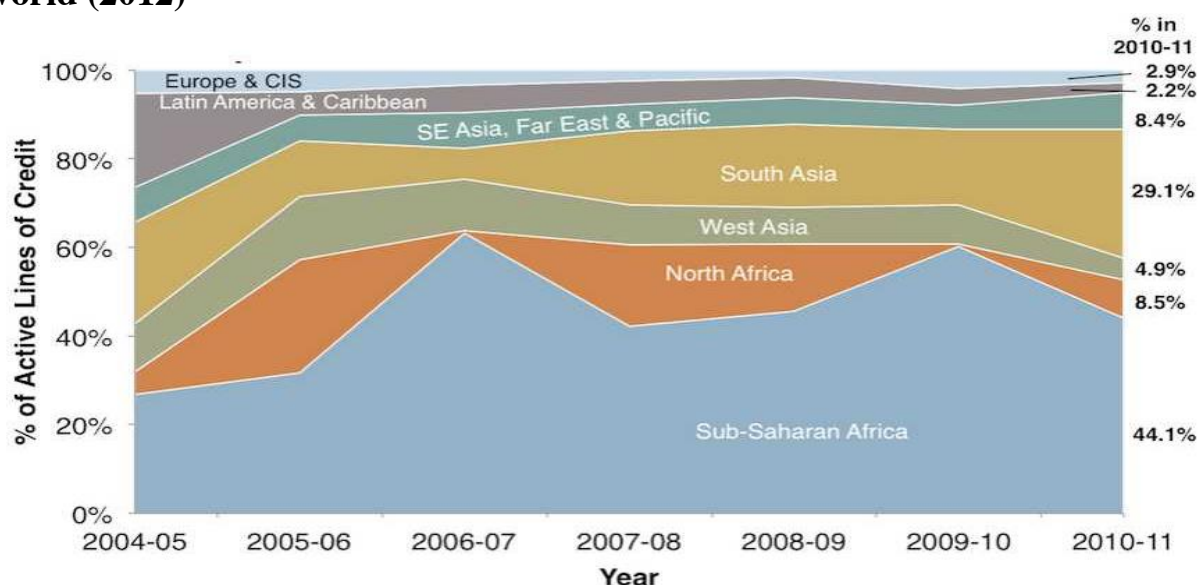
Lines of credit (LoCs) are one of the main instruments of the Exim Bank that also help facilitate and promote India's international trade with other countries. The Exim Bank extends LoCs to overseas financial institutions, regional development banks, sovereign governments, and other institutions (Chaturvedi 2012a). This helps buyers to import products, goods and services from India on deferred credit terms. Through LoCs, the government guarantees loan repayments and provides an interest subsidy to the Exim Bank. The government also provides equalisation support to the Exim Bank, which compensates for the interest differentials between the market and what it charges to the partner countries.

India has been providing such short-term loans through LoCs since the 1950s. An initial LoC of £6 million as a short-term loan was extended to Burma in 1950–1, where an agreement was signed between some of the Commonwealth countries and the government of the Union of Burma. India contributed £1 million towards this out of the blocked sterling account (Ministry of External Affairs 1951). In fact, Burma was a significant beneficiary of loans by India in the early years. During 1955–6 the economic delegation, headed by U. Raschid, Burmese Minister for Trade Development, visited India and concluded a Rs.20 crore loan agreement (Ministry of External Affairs 1956). Further, in November 1956, discussions were held to renew the old agreement for the loan of Rs.20 crores to Burma. This new agreement was signed on 12 March 1957 (Ministry of External Affairs 1957). A further loan of Rs.5 crores was made to the government of Burma under the terms of the Indo–Burma Financial Agreement of March 1957. In terms of this agreement, the government of Burma was entitled to draw up to Rs.20 crores, in such multiples of Rs.50 lakhs as may be required by them from time to time. The total withdrawal under the agreement stood at Rs.15 crores at the end of 1958 (Ministry of External Affairs 1959). Another example is the grant of a significant loan for the establishment of an orange-crushing factory in Bhutan in 1958–9 (*ibid.*). LoCs were provided to several countries over the years through the Ministry of Finance, and have emerged as an important part of India's DC.

Since 2003–4, LoCs have been provided by the Indian government through the Exim Bank rather than through the Ministry of Finance. For the effective implementation of LoCs, the Exim Bank works closely with the Investment and Technology Promotion (ITP) Division (which is now a part of DPA), the Department of Economic Affairs, and India's overseas diplomatic missions. Currently, the top five recipients of Indian LoCs are the Sudanese government (US\$350 million), Ceylon Petroleum (US\$150 million), Bank Mellat (US\$200 million), the Ethiopian government (US\$122 million), and the ECOWAS Bank for Investment

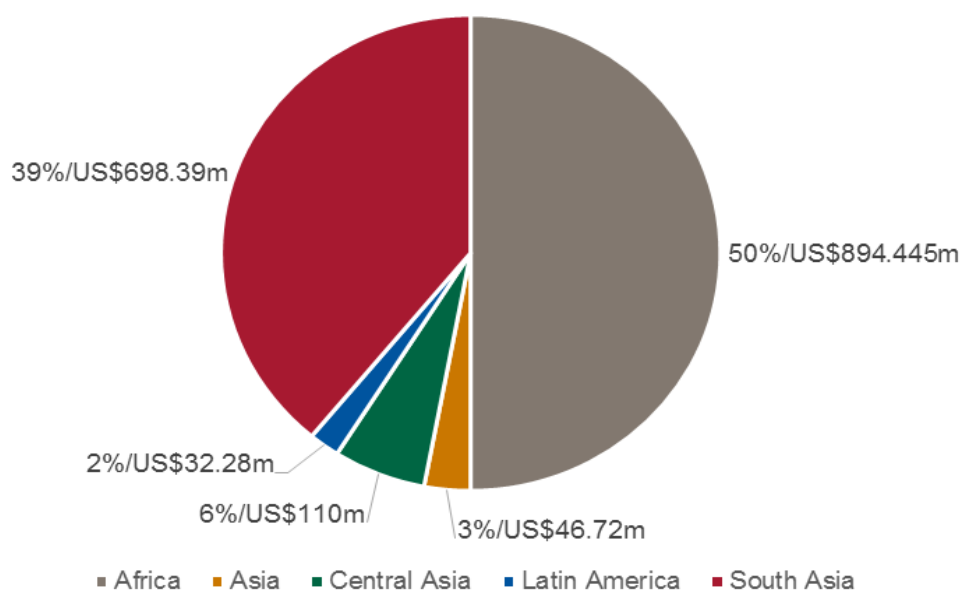
and Development (EBID) (US\$250 million). In 2012, sub-Saharan Africa received almost 50 per cent of the Exim Bank's lending, followed by South Asia with 39 per cent, and the rest of Asia with 9 per cent (see Figure 4.3). The total LoCs commitment as of 2012 was US\$7.7 billion, covering 153 LoCs in 94 countries in Africa, Asia, the Commonwealth of Independent States (CIS), Europe and Latin America. About US\$4.2 billion, through around 100 Indian LoCs, was received by more than 40 countries in Africa (see Figure 4.4). US\$5 billion worth of LoCs was offered at the second Africa–India Forum Summit in 2011 (Sharma 2011). An additional US\$700 million was sanctioned for the establishment of new institutions and training programmes in consultation with the African Union, which include the India–Africa Food Processing Cluster, an India–Africa Integrated Textiles Cluster, an India–Africa Centre for Medium Range Weather Forecasting, an India–Africa University for Life and Earth Sciences, and an India–Africa Institute of Agriculture and Rural Development.

Figure 4.3 Active lines of credit to countries in various regions of the world (2012)



Source: Srinath (2013).

Figure 4.4 Exim Bank's operative LoCs, 7 February 2012



Source: Adapted from Exim Bank (2012).

India has financed a huge range of projects through LoCs, representing substantial benefits for recipient countries. For example, some observers claim that LoCs contributed to crop production in Senegal increasing by a factor of 2.5, and Lao PDR becoming self-sufficient in crop production (Ranganathan 2012). Sri Lanka received US\$492 million for a railways project, Belarus received US\$60 million for a power plant, while Mongolia received US\$20 million for the establishment of IT training centres and livestock vaccination programmes. If one considers sector-wise composition, maximum support is received by the power sector, followed by railways, engineering and construction, sugar production, and agriculture and irrigation.

What is interesting to note is that these investments are often controversial. For LDC governments receiving Indian LoCs, this investment is critical to promote national growth; yet there seems little debate about the nature of 'development' being promoted by these investments. As Indian LoCs increase, it will be interesting to explore how ordinary citizens and civil society organisations perceive Indian LoCs in order to present a more nuanced account of the nature of development.

4.3 Trade and investment

Trade and investment support forms an important part of Indian DC. Growth in regional trade and investment is becoming a crucial part of South–South cooperation. In fact, the Indian government frames this in terms of a 'development compact', which can be described as bringing together policies across trade, investment, and technology transfer, and therefore provision of market access as a comprehensive approach towards the development of partner countries.

To support such trade and investment, India has been providing unilateral market access to exports from the LDCs, covering 92.55 per cent of its total global exports. In addition, India has been practising a liberal trade regime with other East Asian countries, with its average tariff reduced from 100 per cent in 1990 to 10 per cent in 2008. For Bangladesh, India has provided greater duty-free and quota-free market access, particularly for textiles and other products, which helps in the economic development of that country. Starting with a duty-free import of 46 textile items, India has expanded its list to all except 25 items imported from Bangladesh.

The trade and investment linkages between India and Africa in this context are noteworthy. In the early 2000s, trade between South–South cooperation grew by 15 per cent and accounted for 43 per cent of global trade. India felt this cooperation could drive its international trade and correct some of the trade imbalances, particularly in Africa. India's trade with Africa has increased substantially from US\$5.5 billion in 2001–2 to US\$53.3 billion in 2010–11. The rise in India's DC moves parallel to this rise in bilateral trade with Africa.

Indian exports have risen from US\$10.3 billion in 2006–7 to US\$21.1 billion in 2010–11. In fact, India's exports to Africa grew at a brisk 23.1 per cent between 2005 and 2011 – comparable to the 25.6 per cent export growth achieved by Chinese exports to Africa (CII and WTO 2013). This substantial rise in Indian exports has primarily been due to an increase in exports of transport equipment and petroleum products. The data also reveal that India's trade balance in 2013 is in surplus for those countries where Indian LoCs are operative, and where the cumulative amount of overall LoCs to a particular country is more than US\$100 million. As of 2013, out of the 36 African countries where India's LoCs are operative, 26 of them import more from India than they export. According to one CII report, 'India has been the fastest growing export market for African exports with growth of over 41.8 per cent annually between 2005 and 2011 – higher than the 28 per cent recorded with China' (CII and WTO 2013). There has also been an increase in imports, from US\$14.7 billion in 2006–7 to US\$32.3 billion in 2010–11. In addition, between 1996 and 2011, Indian foreign direct

investment (FDI) rose to US\$16.3 billion. Government of India initiatives have been instrumental in expanding India–Africa bilateral trade, which according to the CII has grown by nearly 32 per cent a year between 2005 and 2011. Such initiatives include the Focus Africa programme, the foreign trade policy 2002–7 (formerly the Exim policy), deeper integration with the Economic Community of West African States (ECOWAS), the creation of a customs union with a Common External Tariff (CET), the Cotton Technical Assistance Programme (C-TAP) for Africa, and the Pan-Africa e-Network Project.

To conclude, the emphasis on trade and investment in the discourse on DC, illustrated by the data, shows the shift from political engagement with African countries to one of engagement based on economic ties (Taraporevala and Mullen 2013). It is clear that initiatives by the Indian private sector, government agencies, and joint ventures between India and Africa have been instrumental in increasing the size and scope of trade between India and Africa.

4.4 Grants

The grant component of Indian DC is relatively small and largely in the areas of education, IT, and other cross-sectoral projects (see Annex 2). There has been a substantial rise in grants to African countries, from US\$1 million in 2000–1 to US\$67 million in 2013–14 (Taraporevala and Mullen 2013). As Taraporevala and Mullen point out, ‘the percentage of grants committed to African countries only constitutes an average of four per cent of the annual budget of grants between 2000/01 and 2013/14’.

The main components of Indian DC and their growth in recent years are viewed differently by business, civil society and the media. While business has been supportive and has benefited enormously from the new emphasis on trade (particularly beyond the near abroad), both civil society and the media, while supportive, have also played a watchdog role, in demanding greater transparency and accountability within DC. These different perspectives are highlighted in the following sections.

5 Business and development cooperation

Indian business is a major stakeholder in India's development cooperation (DC). It can be established that Indian business has benefited and grown alongside India's DC in the past decade. Recent developments show that Indian business and trading interests have diversified, and that Indian FDI and capital has moved along the South–South cooperation (SSC) frame. India appears to view its relations in the South as an opportunity to extend its economic reach in Southern markets, given the recession in the North.

The post-2000 period is characterised by several shifts related to business in development cooperation. The first shift is that, since the early 2000s, the attitude of the political class and bureaucracy towards the business community changed from one of subtle distance to one of closer support for business interests. These moves coincided with the rapid growth of the post-reform period and the 'India emerging' story. Big business and government now see eye-to-eye on the role of the Indian state sector in DC as being helpful to all stakeholders. This is conceptualised as the 'public–private partnership' model, whereby government does the heavy investment, which can then be complemented by private investment, or be sold/managed by private interests. The Federation of Indian Chambers of Commerce and Industry (FICCI), for example, argues that there is a need for 'creating a role for the public sector in development areas', especially in infrastructure development like transport, health, and education services. It also calls for DC in poverty reduction programmes and improving the business environment (FICCI 2011). A second shift is that Indian trade with Southern countries was, until the 1980s, led by small and medium-sized businesses. By contrast, the recent wave is by the 'bigger Indian companies' (*ibid.*). A third shift is the move from small export–import businesses (which also continues), to investment by Indian companies in the extraction sector, particularly in Africa (Saran 2012). This development was initially driven by the higher commodity prices and monetary gain. Coal, oil and natural gas have attracted 43 per cent of total FDI flows.¹⁰

India articulates that its DC is motivated to encourage trade as part of the development compact. This matches the aspirations of LDCs and the United Nations Conference on Trade and Development (UNCTAD) in advancing the theory of sustainable and fair trade. Another reason for the increasing profile of trade-related DC is competition with other countries, especially China. While India's bilateral trade with Africa has grown from US\$1 billion in 2001 to about US\$50 billion in 2011, India cannot be compared with China, which is Africa's biggest trading partner. The EU estimates that Indian aid amounts to US\$100 million a year, compared to China, which provides US\$5 billion a year (Jobelius 2007).

5.1 The government approach

Strengthening and deepening trade relationships through aid allocation remains a key feature of India's DC programme (Venu 2006). Unlike the political and commercial self-interest that was historically an important determinant of Development Assistance Committee (DAC) members' aid allocations to developing countries, the Indian government argues that the development compact provides suitable technologies, realistic and cost-effective solutions, and financing at reasonable cost without conditionalities attached, making it an inappropriate candidate for a 'needy-donor' classification (Fuchs and Vadlamannati 2013). For example, driven by an intent to integrate LDCs in the world trading system and provide new trading opportunities, in 2008, India introduced a Duty Free Tariff Preference (DFTP) scheme for 17 imported commodities covering 94 per cent of tariff lines (Chaturvedi 2012b).

¹⁰ FICCI – Africa Desk Project Documents, www.ficci.com/international/54523/Project_docs/AfricaDesk.pdf (accessed 11 January 2014).

Government officials argue that the link between aid and commercial interests is inevitable, but buying back Indian goods is cheaper than others, as we discussed above. Figures show that the India–Africa trade balance is comparatively the best from all of Africa’s partners.¹¹ For example, India is the largest importer of Senegalese goods.

The concessional lines of credit (LoCs) facilitated by the Exim Bank are an important source for financing business engagements in LDCs. Former chairman and managing director of Exim Bank, Ranganathan, says that the Bank’s philosophy is ‘that the government is best out of business’. The Bank’s development compact aims are: (1) trade and investment that enables mutual gain and no charity; (2) zero-tariff access to all LDCs such as Bangladesh; (3) technology and knowledge sharing, (e.g. building 21 institutions in Africa, creating entrepreneur centres, etc.); (4) human resource development that includes the ITEC programme, Colombo Plan, etc.; and (5) financial mechanisms such as LoCs and grants.

The Exim Bank facilitates foreign trade and also enables buyers in DC countries to import Indian products, technology, equipment and services. Since these credit lines have concessions, they qualify as development assistance. Their condition is that 75 per cent of their volume is spent on Indian products and services (Exim Bank 2012). Since OECD-DAC rules do not permit this particular condition of buying back goods produced in donor countries, Indian DC is critiqued by them on this account, even though they may engage in implicit or even open tied aid. However, the principled concerns about some forms of tied aid among some people, expressed by some in the OECD-DAC countries and India, still remain. Implementation of LoC projects is carried out by Indian state enterprises and also the private sector through the tender system and with local partners. It has been argued that large projects implemented through DC have symbolic value (Chaturvedi 2010). However, the case for smaller projects is also supported, as they have a faster impact on local people and contribute to local confidence, and thus India’s soft power.

The Indian government has supported investments in areas of high risk – for example, the almost US\$2 billion of DC has helped bolster the confidence of business in Afghanistan. In 2011, a consortium of Indian companies won the bid to develop Afghanistan’s largest iron ore deposits; pacts on cooperation in coal and mineral resources were agreed; and there was progress on development of small projects, as well as negotiations on the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline. A spokesperson from the Ministry of External Affairs (MEA) said: ‘The desire of donor countries to see their tax-dollars utilised with integrity and efficiency should be balanced against the reality that optimal benchmarks are difficult to achieve in a conflict situation’ (Dikshit 2012b). This unconditional assistance is part of the public imagination of Indian DC flows to Afghanistan, even though strategic geopolitical motivations are extremely important drivers of this aid.

The business benefits from the Indian government’s DC are evident; for example, India extended assistance to Sri Lanka during the 2004 tsunami, and has given post-conflict reconstruction assistance and simultaneously signed a Free Trade Agreement in 1998, which was operationalised in 2003. The value of India’s exports to Sri Lanka grew from US\$640 million in 2000 to US\$3.3 billion in 2008. Indian investment also increased to US\$8.5 million in this period. India’s decision in 2008 to establish the DFTP for 49 LDCs (33 African, 15 Asian and one South American) is another example that is cited as ‘trade instead of aid’. But how much companies from these countries will be able to penetrate and compete in an overheated Indian market is a question that remains to be answered.

Despite the close linkages between Indian DC and Indian business, officials argue that Indian DC is ‘different’ from the Western paradigm. This is because ‘we do not prescribe’ and

¹¹ Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce, as reported in the World Trade Atlas, at: www.gtis.com/english/GTIS_WTA.html, Frontier Advisory Analysis, Unpacking India’s Africa Engagement.

each country is allowed to follow its own laws (Ranganathan 2012). There is competitive bidding and tenders. Both commercial and market rates are applied, 'and if the international market is volatile, the difference is borne by the GOI [Government of India]' (*ibid.*). This methodology forms the basis for the claim that Indian DC is demand driven.

Yet the practice sometimes falls short of the theory. Ranganathan has himself admitted that there is a need for dialogue with recipients: 'balance aid with domestic poverty; but development assistance is also about sharing experiences. India needs to look at niche areas,' (*ibid.* 2012). Similarly, Raghavan, from the MEA, has argued that sometimes, 'we are not addressing the needs of the recipients' (Raghavan 2012). Experts who have witnessed Indian projects in partner countries like Afghanistan question the concept of 'demand', especially as a small and interested (party) elite may make a demand that may not be supported by, or benefit, local communities in the recipient country (Sachdeva 2013; Sethi 2012). The idea of 'demand-led' seems *ad hoc*, since no clear policy paper indicates criteria for distribution of DC or how demand is assessed. Conclusive evidence can emerge only after surveys and impact studies are carried out, including feedback from different sections (and geographical areas) of recipient countries, especially those for whom 'national growth' interests may be in direct conflict with their interests and rights. This is also an important consideration for Indian policymakers who place great value on 'demand-led' principles without nuancing demand through the lens of differential needs of different sections of recipient-country populations.¹²

Recently, there seems to be an effort to move away from *ad hoc* responses to policy formation on LoCs, which, with a budget of US\$55 million, are utilised by many Indian companies; they get sovereign guarantees and security from the government, which widens their scope of operations (interviews with members of the CII, conducted in April 2013). The Indian government has said that Indian investors should follow the rules of the country they invest in. They have advised Indian investors not to use Indian labour abroad, but only bring in management; and to be sensitive to the concerns of host countries because Indian involvement is a long-term engagement, and 'Indian companies should learn lessons from the situation created by others' (Dikshit 2013). Yet these views have not yet been consolidated into a clear policy document.

5.2 The view from business

Indian business lobby groups have a multi-pronged approach, working with the Indian government whenever there is an opportunity. Two key bodies, the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI), act as intermediaries between government and business interests. FICCI and CII work closely and independently with African missions in India, and their efforts include bilateral, sectoral, regional and Pan-African engagements. Thus the partnerships range from joint business councils to trilateral collaborations between Indian business, public sector companies like the Oil and Natural Gas Corporation (ONGC), and counterparts in African countries. In particular, the CII has played a bridging role between the government and companies. When the government wants to invest/assist a country with an LoC, it plans jointly with the Exim Bank and then reaches out to companies through the CII. For example, Togo received several million US dollars in LoCs. 'CII is the bridge between government and business' (interviews with CII officials conducted in April 2013). Since the CII also works with small and medium-sized enterprises (SMEs), these can also link up with larger firms. The model, as we argued earlier, is perceived as a public-private partnership.

¹² Some observers would argue that historically, the Indian government itself has prioritised the 'national interest' at the cost of the rights of minorities and marginalised groups – so to expect them to be sensitive to such groups in recipient countries would be unrealistic.

The CII uses terminology similar to the official discourse. It talks of business interests being sustainable and mutually beneficial through corporate social responsibility and distinct from other donors, even though these discourses lie very close to those espoused by DAC and non-DAC businesses. The CII has held 1,700 business-to-business meetings online with African states and companies, and discussed projects worth Rs.50 billion. It says that the Indian government is always supportive of business: 'We [CII] are dealing at the highest levels'. At the same time, highlighting differences with China, CII officials argue that while Chinese DC and business and state policies are very well coordinated and run parallel to each other, this is not the case in India. As knowledgeable interviewees remarked about the role of business in DC: 'The Chinese involvement is from the drawing board stage, and their foreign missions are very supportive. Whereas in India, this is not the case, where government keeps some distance, though it has played a facilitating role recently' (interviews with CII officials, 2013).

For its part, Indian business says that its engagement in less-developed African countries is long term, commercial, as well as sustainable – by which is meant that skill development follows trade and investment. The illustrations most often cited are 'capacity building' and 'training the trainers', by the Kirloskar Group (for example). Whether these claims of sustainability and inclusiveness are borne out over the next decade or so remains to be seen.

One sector where Indian investment has faced criticism is in land acquisition. Between 2000 and 2011, Indian investors acquired millions of hectares of land for agriculture (3.2m ha in East Africa and 2.1m ha in South East Asia) (Nandi 2012; Mahaprashasta 2012). NGOs raised concerns about the displacement of small-scale and subsistence farmers, as well as the sovereignty of host countries in the face of big Indian companies, citing the example of Ethiopia (Parsai 2012). NGOs also linked the Indian credit lines of US\$640 million to Ethiopia as a method of support for Indian companies. However, some recent research by the Research and Information System (RIS) for Developing Countries has found little evidence to support these claims (Chaturvedi and Kumar, forthcoming). Ethiopian government officials defend Indian investments and claim that international debate is partisan and 'paternalistic' because of the identity of current beneficiaries (i.e. Indians, Chinese and West Asians), unlike the 'Westerners' who are buying land in Latin America. They also reject the 'condescending outlook' of Western institutions that doubt the capacity of African institutions and governments to advocate for the interests of their own citizens (Tadesse 2013; author interview with Gennet Zewide, Ethiopian Ambassador to India, 2013).

Ultimately, there is no denying the link between Indian business and DC. However, how companies are chosen by the government, what criteria are applied for loan waivers and LoCs, and the impact these have on local people and politics have not yet been openly assessed.

6 Public debate and civil society perspectives

Until recently, the dramatic increase in India's development cooperation (DC) has not received the attention it deserves in the public debate – within Parliament, public opinion or the media. There are several reasons for this. The first reason is that measures linked with foreign economic relations simply do not get the same attention as domestic issues. Rather, the media and civil society have been absorbed in pressing domestic political, social, and economic issues. The second reason (related to the first) is that foreign policy – with exceptions like relations with India's neighbours, especially Pakistan, China, Sri Lanka, Nepal and some strategic linkages (currently USA) – has remained exclusive, confined to a small strategic elite that presents a consensus based on national security. Furthermore, traditionally, India has handled DC through its Ministry of External Affairs (MEA) and the Exim Bank, which are relatively closed bodies, to which NGOs have little access. Thus, unlike large Western NGOs, Indian NGOs have not played a role in the discussions around India's increasing DC. And, of course, until 2012, India did not have an official, institutional focus for streamlining engagement, as in other countries, such as the UK Department for International Development (DFID), the United States Agency for International Development (USAID), the Japan International Cooperation Agency (JICA), and the Norwegian Agency for Development Cooperation (Norad), which coordinate discussions with civil society groups within their countries.

First, consider Parliament. In the broader political process, there has been no dedicated debate on DC in Parliament, nor has there been such a demand by any political party. While the issue of DC has been raised fairly regularly in Parliament in the form of questions by MPs and answered by the relevant minister, these have largely centred on the nature of project assistance and aid being given to specific countries; for example, questions have been raised relating to security in connection with aid to Afghanistan (Rajya Sabha 2011; Lok Sabha 2011). The Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government oversaw the first significant jump of aid in 2003 and claims credit for India's emerging importance in the international development arena. The United Progressive Alliance (UPA) governments (I and II) that followed continued along the same lines, systematically increasing DC. Opposition parties have not critiqued DC, although the Parliamentary standing committees examine and discuss the quantum and direction of aid. Observers note the need to get parliamentarians interested in the scale, orientation and processes related to Indian DC.¹³

Second, with respect to public perceptions, there is little research into public opinion about Indian DC.¹⁴ Overall, Indian DC has the stamp of approval of the policy elite, as revealed by a recent survey (Henson 2013). One might expect that the Indian public would resent India's spending on DC abroad, given that almost a third of the Indian population lives below the poverty line. Oddly, however, these two discourses – of high levels of domestic poverty and the growing DC budget (especially to countries in Africa) – seem not to be strongly connected in public debate (Mawdsley, forthcoming). Rather, the framing is that India has benefited from aid in the past, and ought to be helping other countries now, given its recent relatively healthy rates of economic growth, foreign exchange and balance of payments. In fact, there seems to be little public resentment about DC to poorer countries to support humanitarian response, development, or even for geopolitical reasons. A recent public opinion survey revealed that when asked the question, 'how important should the following factors be in determining financial and other assistance provided by India?', 78 per cent of respondents prioritised reducing poverty and only 53 per cent (the lowest) considered

¹³ Rathin Roy, Forum for Indian Development Cooperation (FIDC) Conference, 18 January 2014.

¹⁴ Two recent exceptions are Mawdsley (forthcoming) and Henson (2013), a public opinion survey.

economic interests to be important (Henson 2013). This is in stark contrast to the high consideration of economic interests in the current orientation of DC. How these seeming contradictions are to be interpreted remains an open question requiring further research.

Finally, civil society engagement in India's DC has gone through different phases and reflects the overall relationship between civil society and the government. Curiously, the significant increase in DC in 2003 and shifts in aid policy went largely unremarked by civil society organisations (CSOs). They were, however, critical when the press reported that the government in power, the NDA, had diverted some of the funds earmarked for the India Development Initiative programme for advertisements for the India Shining campaign (referred to in Section 7 on the media). CSOs in general did not accept the argument that India should improve its image through such campaigns, believing instead that it should do so by achieving better social and human development indicators.

CSO relations with the Indian government took a dip in 2012–13, when several CSOs critiqued the expansion of Indian civil nuclear energy plants and protested in Kudankulam, Tamil Nadu. The Prime Minister remarked about Indian NGOs to a foreign correspondent: 'They are not fully appreciative of the development challenges that our country faces.' The Indian press reported this and also noted that, 'The official machinery took the cue, and the Foreign Contributory Regulatory Act (FCRA) licences of four NGOs active in the Kudankulam area were promptly revoked. This raised fresh fears of a crackdown on NGOs that refuse to toe the government line' (Thampi and Sharma 2012). Many NGOs fear that the government can use FCRA to crack down on those who fight corruption and some key policies. NGOs like the Voluntary Action Network India (VANI) and Participatory Research in Asia (PRIA) have asked the government to cut the layers of scrutiny by specific ministries as they delay development work (Press Trust of India 2006).

On the one hand, many national CSOs, along with a large majority of academics, have by and large supported Indian DC since they are in favour of the South–South Cooperation (SSC) framework that circumscribes Indian DC. SSC is part of the grand narrative of Indian internationalism, which signifies a common, sustainable, socially just approach to international relations, especially where the global South is concerned. This perspective contrasts with the view towards the restructuring associated with globalisation, which is seen by many CSOs as facilitating the free flow of capital and technology as opposed to labour, and creating more inequality through which countries of the South would be affected. In addition, the fact that Indian DC is not tied with military aid is instrumental to the support it receives from Indian CSOs.¹⁵

On the other hand, there is also an alternative, minority position taken by some CSOs, exemplified by radical websites like www.pambazuka.org, napm-india.org, newsclick.in and civil society networks that posit 'development cooperation' of the new donors as new forms of mercantilism. For example, as Medha Patkar, of the National Alliance of People's Movements (NAPM) sums up, 'We, in the people's movements, do not distinguish between foreign and Indian MNCs [multinational corporations]. In the search for resources and for capital accumulation, foreign and Indian MNCs backed by their states, are taking over people's livelihoods, making inroads into the development processes, and increasing disparity between people. This is unacceptable to us.' Patkar argues that, 'Indian DC should have a development and humanitarian perspective that clearly serves people. Human rights do not have national boundaries and people's concerns should not have boundaries either' (author interview with Medha Patkar, 14 December 2012). This discourse is largely about examining whether DC from India, China and Brazil represents new forms of mercantilism or collective imperialism, when land and resources are being targeted in African countries by

¹⁵ Indian military support to Sri Lanka during its civil war with the Tamil organisation, Liberation Tigers of Tamil Eelam (LTTE), was critiqued by Indian CSOs.

private, state-backed companies. Economists like Jayati Ghosh argue that the emerging peripheries do have the capacity to provide an alternative to hegemonic finance capital and therefore can provide options for less-developed countries (Ghosh 2012).

Following the lead of international NGOs and local (African) NGOs, Indian CSOs have critiqued the displacement of local interests by Indian mercantile interests. One such recent debate, highlighted in Section 5, was around business acquisition of overseas land, which displaced local populations. A popular question among many CSOs is that when billions of dollars are being spent for development assistance, does this come under India's Right to Information Act? Many CSOs want to be engaged in development projects where India has development partnerships (VANI 2013b). However, the more fundamental or institutional role of CSOs engaging with the Development Partnership Administration (DPA) as watchdogs, with a transparency and accountability mandate, is yet to be realised. Moreover, CSOs have not been asked to give any input into DC policies.

To stimulate discussion on these issues, CSOs like VANI, PRIA, the Indian Social Action Forum (INSAF), ActionAid India, and international NGOs have increasingly initiated studies and organised public seminars around DC. Several Indian institutions and thinktanks like the Institute for Defence Studies and Analyses, the Observer Research Foundation, and Centre for Policy Research initiated work and publications on areas related to DC. Simultaneously, the Indian government has engaged with a few large cooperatives like the Self Employed Women's Association (SEWA) to start some development work in Afghanistan, particularly in capacity building for women. Some Indian NGOs such as PRIA and the Consumer Unity & Trust Society (CUTS International) have also independently extended their work to African countries with small development projects.

The most concerted effort in this regard is by the Research and Information System (RIS) for Developing Countries; this is a thinktank supported by the Indian government, dedicated to work on the South–South framework. RIS has been the leader in this field and has published several research papers on DC and India's role. Members regularly follow international conferences related to DC. The RIS paper on the Paris Principles and the Busan conference on DC has shown the difference between development cooperation provided by the OECD-DAC and India's DC. The OECD-DAC countries which led the development of the Paris Principles on aid want to push for accountability. Despite this, the follow-up meeting in Accra (March 2008) on aid effectiveness did not adhere to the Paris Principles, since all responsibilities and expectations had been thrust on the recipients and thus violated the promised 'mutual accountability'. RIS noted that the intense debate in OECD countries perceives DC from emerging economies largely as a threat to the dominance of the traditional donors (Chaturvedi 2008). Yet this perception is rapidly evolving, and though the idea of 'threat' is still present, it is being downplayed in discussions. In January 2012, encouraged by a supportive DPA, some academics and NGOs initiated a process to bring these fragmented initiatives together under a collective called the Forum for Indian Development Cooperation (FIDC), hosted by RIS, which aims to research and create public consciousness of Indian DC. FIDC meetings have brought together a large number of CSOs from different parts of India. They hold a discussion or lecture at least once a month on issues related to DC.

The DPA is clearly aware of the gap between CSOs and the government on issues relating to DC. Its Deputy Secretary admitted: 'We have never had a dialogue on these issues [of DC] in India' and that 'civil society and policymakers hardly ever sit together on this issue' (Raghavan 2012; 2013). The reasons for the hitherto closed nature of the DPA are not clear, apart from an organisational culture of closed policymaking within the Ministry. CSOs, for their part, have argued that they support Indian DC because of the spirit of Southern solidarity, but 'NGOs would like more synergy and support to bridge the gap between civil society and DPA, since there has been a gap between the government and the social

sector'.¹⁶ In recognition of its limitations in recognising and publicising the successes of Indian development experience, the DPA has, during the past year, engaged with CSOs through the newly created FIDC. One of the outputs has been the creation of a directory of NGOs highlighting their experience and capacity, which could be used to publicise potential DC modalities through direct CSO-to-CSO contact.

Such engagement between national-level Indian CSOs and the government (DPA/MEA) on issues of DC is a relatively new phenomenon, where it appears that both sides are keen on some kind of cooperative framework. However, the fact that some CSOs are still excluded from dialogue is revealing – the minority position of CSOs arguing for the Indian government to uphold the rights of its own citizens and those in recipient countries seems to have been bypassed entirely by the government and also by mainstream CSOs. It appears that the DPA/MEA would like to derive some legitimacy for Indian external development activities, especially in fractured, conflict-affected areas, by working with CSOs. This involves working with Indian CSOs and with those in recipient countries. Since the government has already established inter-governmental relations and promoted business-to-business relations, ideally they would like to promote some level of relations between Indian CSOs and CSOs in recipient countries. These, however, would be mediated by the government. An expectation is that it would also enable the deepening of Indian democracy. Also, since several international meetings like the G20, the BRICS Forum, the Asia–Europe Meeting (ASEM), and the India, Brazil, South Africa (IBSA) Dialogue Forum have established the tradition of parallel NGO forums, the Indian government would like to develop a relationship with large Indian CSOs, which would support activities that are developmental and do not have militarist intentions. Further, most Indian NGOs would be critical if Indian DC primarily enabled Indian companies to exploit raw material resources in recipient countries. CSOs would like DC to be handled with autonomy and accountability. They would like the DPA to provide them with clearer rules of engagement, whereby DC is more transparent, accountable, and involves CSO participation in impact assessment, accountability, delivery, etc. This has not happened as yet.

¹⁶ H.Jaitly. Remarks made at Forum for Indian Development Cooperation, Workshop on Indian Development Cooperation, 15 January 2013, New Delhi, India International Centre

7 Media coverage

Domestic media coverage on Indian DC has been relatively low profile and limited (Mawdsley, forthcoming). It is usually either driven by newsworthy events, or is based on 'op-ed' pieces and critical/investigative commentaries. Usually, there is regular and routine reportage directly on government positions and from government sources, especially on major policy pronouncements and during bilateral meetings between India and other Southern countries (such as the Africa Forum, BRICS Forum, and during multilateral meetings). Besides this, reporting on bilateral interactions related to DC is a fairly regular feature in the Indian media.

Within India, the mainstream media position on DC is illustrative. The English language media has supported the idea that India would reduce its dependence on foreign aid, while simultaneously assisting countries of the South by enhancing aid, and sharing poverty alleviation experience (Vikraman 2003). The tag of neo-colonialism has not been attached to Indian aid because India has not intervened in assisting African militaries and taken sides in local conflicts.

Different media outlets have slightly different views on DC. The regional language press focuses mainly on areas of regional interest and not on DC as a whole. So, for example, the Tamil press is full of stories on the Tamil question in Sri Lanka and is a source of major pressure on the central government on supporting the cause of the ethnic Tamils in the north and east of Sri Lanka. The ethnic conflict, war crimes, and humanitarian issues feature prominently along with Indian DC to Sri Lanka. Television media in India is known for broadcasting sensationalised political and social coverage. Serious analysis of economic issues, outside those of immediate major impact, is rarely presented. Government-owned channels like Doordarshan, Lok Sabha, and Rajya Sabha TV are exceptions; they focus on foreign policy programmes and give special space to high-level bilateral visits that often include foreign economic relations, and specifically aid.

The English language print media is more balanced. The impression of India as an aid recipient was always seen as somewhat of an embarrassment by the Indian press. Thus, when India first refused aid and the then Prime Minister Singh stated that India could manage its own relief after the tsunami in late 2004, opinion pieces argued that Dr Singh's decision was 'a polite affirmation of India's economic independence and has raised India's international stature to a level that Vajpayee's numerous tests of nuclear weapon could never achieve' (Kaushal 2005). Editorials tend to advise the government to be more aggressive in backing the private sector in foreign countries. The debate on the UK's decision to end aid to India was also widely reported and editorials argued that India did not require this aid.

Such reporting is historically linked to policy announcements. The press commented on the Colombo Plan (*The Economic Weekly* 1953), just as it reported the budget speech that announced the DC package in 2003 (Lok Sabha 2003). In 2003, the diplomatic strategy for ending aid dependence and boosting India's economic and strategic prospects abroad was summed up by the Times News Network (TNN): 'The game plan includes providing lines of credit and grants...' (Vikraman 2003). The creation of the DPA on 18 January 2012 was highlighted in the economic press (*The Economic Times* 2012). Similarly, announcements on aid are regularly reported – for example, India's increased contribution to the LDCs announced during the India–LDC Ministerial Conference held in February 2011. Based on official statements, the media reported that between 2003 and 2011, the total foreign FDI into LDCs was US\$35 billion, including private as well as government funding (Press Trust of India 2011).

Broadly, two positions seem to emerge. On the one hand, the mainstream national media considers DC largely within the dominant discourse and a nationalist perspective, which suggests that Indian DC is: (1) framed within South–South Cooperation (SSC) (Agrawal 2007; Chaturvedi 2012a; Chanana 2009); (2) ‘different’ from traditional donor–recipient relations; and (3) underpinned by historical and nationalistic references. Media commentators have argued that if DC is used as a political and diplomatic tool, ‘then this makes increasing sense’ (Basu 2011). When India’s energy security is at stake, development assistance is again seen as a good initiative, whether this is with Africa, Myanmar, or West Asia.

On the other hand, the media has also acted as a watchdog. For example, it was the media that investigated and reported that in 2004 the India Development Initiative budget was primarily used to fund the India Shining campaign. While some of it was spent on DC, a component (Rs.8.6 million or US\$190,000) was spent on advertisements in the international press (*Financial Times* and *Economist*), and large amounts were spent on domestic advertisements (Sharma 2004; Kumar and Bhattacharya 2004). The Vajpayee government responded by saying that various ministries also sponsored the advertisements (*The Hindu* 2004).

7.1 Geographic variations

The Indian media takes special interest in Chinese DC. Given the context of Sino–Indian relations, there is a palpable strategic competition between the two, and articles critical of Chinese DC occasionally appear, showing Chinese aid as ‘chequebook’ diplomacy for oil, mineral, and strategic metal acquisition, and creating markets for Chinese products, as well as nurturing partnerships for military bases in future (Mancheri 2012). A report by UNCTAD, which showed that China had a strong positive impact on growth in LDCs and was lending more to LDCs than the World Bank, was widely reported in the economic press (Panitchpakdi 2011). The media supported Panitchpakdi’s argument that with India’s offer of duty-free and quota-free access to LDCs, within a short period of time, beneficiary LDCs ‘have grown by 70 per cent’ and that ‘India’s imports from SSA [sub-Saharan Africa] (\$7.8 billion in 2009) are almost equal to its exports to SSA (\$8 billion in 2009)... [India is] importing fruits and nuts, inorganic chemicals, wood and articles of wood, in addition to minerals and fuels’ (Panitchpakdi 2011). China is seen as a competitive threat with India and gets plenty of coverage in the media, especially as Chinese investments in the South Asian region (such as in Nepal and Maldives) grow (*The Economic Times* 2013; Panagariya 2002). Both India and China would like to be positioned as the bridge between the South and North, and use groups like the BRICS in this strategy; the Indian media appears to feel this competitive edge.

The media’s growing interest in Africa is reflected by Indian correspondents following India–Africa relations. *The Hindu*, for example, covers key economic news, such as the US\$57 billion India–Africa trade in 2011, which is projected to grow to US\$90 billion by 2015. India is Africa’s fourth largest trading partner and the private sector has invested US\$34 billion in the continent; the top trading partners are Nigeria, Angola, Algeria and South Africa. Africa’s importance to India has increased, as 20 per cent of India’s crude oil imports come from Africa (Large 2013; Sethi 2013b). *The Hindu* has also reported the voices of local people – for example, workers on the huge Indian-owned Karuturi farms in Ethiopia – and the voices of those worried about new Indian mining interests in Mali (Sethi 2013a).

Of greater interest to many Indian citizens who read newspapers has been India’s aid to its neighbours. For example, the public has closely followed the assistance provided to Sri Lanka in post-conflict reconstruction. India’s military training to Sri Lanka has been critiqued

by the Chief Minister of Tamil Nadu (*The Hindu* 2012). India's DC to Afghanistan, totalling US\$2 billion, has been viewed as a strategic and humanitarian necessity.

7.2 Media reporting of debates

Debates between the media, CSOs, and the government are often expressed in the newspapers. The report by the Washington-based World Watch Institute, which named India as among the top ten land grabbers and sellers, was front-page news in major dailies (Nandi 2012). It reported that Indian investors had, between 2003 and 2012, bought 3.2 million hectares (ha) of land from East Africa; 30 per cent of these deals were for food crops, with 20 per cent for biofuels and livestock feed. The response from major CSOs like the National Alliance of People's Movements (NAPM), which called this 'arrival of India' on the world scene as 'some kind of neo-colonialism', was also reported in the same story. While the press does report several views, government stories receive the most coverage.

The links between Indian business and DC in particular have been followed by the press on a case-by-case basis. For example, when the Maldives cancelled the US\$500 million contract of Indian business conglomerate GMR after President Nasheed (who was seen to be supportive of India) was overthrown in a coup, India put pressure on the Maldives by threatening to 'slow down aid', although it ruled out drastic retaliation (*The Times of India* 2012). Several newspapers like *The Economic Times* and *Indian Express* put out editorials approving the government's support to Indian business in this case (Banerjee and Sruthijith 2012; Dikshit 2012a). Similarly, the intensification in Indian–Afghan economic cooperation following announcements of DC with the conflict-torn state was followed by a consortium of Indian companies winning the bid to develop Afghanistan's largest iron ore deposits. This was again followed by President Karzai's visit to India, where he stated: 'My visit here this time is focused in talking to and asking and requesting Indian business to come to Afghanistan' (*Outlook India* 2012).

The media views private sector involvement with DC in a positive light and believes that India's commercial interests abroad should be led by private Indian business.¹⁷ The media has argued that promoting and protecting such business interests should be 'one of the primary functions of Indian diplomacy' (*The Indian Express* 2012). The media has also echoed the government's position that 'aid is past, trade is future', as the model that has worked with India and can be replicated in developing countries (*Hindustan Times* 2012).

In conclusion, media engagement with the issue of India's DC has primarily involved English-language media. This section of the media is relatively independent *vis-à-vis* reporting on India's DC. It has dutifully reported government policies and initiatives on DC. Yet there have been relatively few editorials and critical articles. The media has promoted private sector-led business in the South, which has grown exponentially. Simultaneously, the media has carried stories when the Indian private sector in developing countries has been critiqued by local interests or CSOs. It has also carried articles critiquing Indian DC when it has not been open and accountable or when funds are suspected to have been misused. Occasionally, seminars by CSOs have also found space in the media. The national print media has been more active in analysing DC than the regional media or TV. The ambiguity and lack of clear government policy on DC has been noted by the press. Overall, the media takes an unmistakable nationalist stance when considering Indian DC.

¹⁷ Critics argue that this is symptomatic of the English-language media interests, which are owned or have largely been influenced by big businesses.

8 Policy priorities and issues

The evolution of Indian development cooperation (DC) highlighted in this paper and the debates it is embedded in highlight two discourses mentioned in the introduction. One posits the rising powers in contrast to the ‘traditional’ donors who stress harmonising aid, ensuring ownership, and linking aid to conditionalities on human rights, governance and macroeconomic stability. By contrast, Indian DC is viewed as being based on raw self-interest, exploitative of lesser-developed countries, and without any underpinning normative principles: a move from normative frameworks and political diplomacy to strategic interests and economic diplomacy.¹⁸

The other discourse, located within Indian policy circles, offers a critique of traditional aid and an alternative based on a ‘development compact’. The core elements of the critique are: traditional aid, with the possible exception of infrastructure, appears to have done little to accelerate development; traditional aid is intrusive and is used by donors to propagate their own interests and values; traditional aid reinforces the unequal distribution of power between donors and recipients; and traditional aid is inefficient, as countries are required to prioritise aid projects at the cost of routine development and administration.

The alternative, a ‘development compact’, locates Indian DC within a framework of South–South Cooperation (SSC). The core principles are that Indian DC is: (1) sustainable and inclusive; (2) based on India’s own developmental experience; (3) not based on conditionalities; (4) demand driven; (5) dependent on mutual gains being realised; and (6) a contributor to India’s soft power.

Sympathetic observers of this new paradigm, however, identify several challenges. First, while there seems to be increasing agreement about what principles should be adopted, these have not been codified, nor benchmarks agreed – making it difficult to assess the new framework. Second, many of the rising powers do not have the institutional arrangements needed to disburse large increases in the volume of aid. Third, there is an increasing view that mercantilist interests are driving decisions about what to support and what not to support. And finally, despite examples of success, opportunities to replicate and scale up are being lost due to lack of documentation and evaluation.¹⁹

The response to this critique offers insights into the state of current thinking on Indian DC. Primarily, the Development Partnership Administration (DPA) does not see the need to put out a competing framework in contrast to the Busan principles. As the Special Secretary of the DPA puts it, ‘We do what we need to do and what our capacity allows us, and is based on what our partner countries seek from us’.²⁰ The DPA seems to be feeling its way towards consolidating its policy position, with modest initial ambition. Given its relative newness, it is still in the process of developing standard operating procedures to handle DC and streamline the various mechanisms.²¹ What is encouraging is that it is making an effort to bring a multitude of disciplines to bear. Again, in the Special Secretary’s words, ‘It is still a work in progress and not completely established, but we are getting there’. There is, however,

¹⁸ This dualistic characterisation does not reflect the full picture, as Dreher (2011) shows. New donors appear to be less oriented by need from recipient countries, and concerns about commercial interests driving aid seem to be overblown.

¹⁹ Based on remarks made by Lise Grande, UN Resident Coordinator and Resident Representative, United Nations Development Programme, New Delhi, at a conference on ‘Indian Development Cooperation Policy: The State of the Debate’, New Delhi, 18 January 2014.

²⁰ Special Secretary, DPA, at conference on ‘Indian Development Cooperation Policy: The State of the Debate’, New Delhi, 18 January 2014.

²¹ Interview with Kumar Tuhin, Joint Secretary, Ministry of External Affairs, Development Partnership Administration II, 1 May 2013.

recognition of the need for documentation and evaluation, and attention is being given to how to go about these tasks (Tuhin 2013).

The above discussion points to the fact that India has made considerable progress in developing a nascent implicit definition of its DC, streamlining the work of various institutions, building its image as a non-traditional donor, and increasing its engagement with domestic actors. Yet several issues remain to be addressed. What is missing in public debate is discussions about India's role in relevant international fora, including the post-Busan process, the BRICS Forum, the India–Brazil–South Africa (IBSA) Dialogue Forum, and the G20.²² For example, while India supports the Global Partnership for Development Effectiveness, which emerged post-Busan, its own DC is evolving in a slightly different direction. There has been little public debate about the issues to be discussed at the forthcoming high-level meeting in Mexico, and the positions India could take. And while India does not view its DC as an alternative to traditional aid, there is little debate about the complementarities, convergences and points of departure between the two. Given the growing volumes and scale of Indian DC, such discussion in the domestic arena seems crucial.

The policy areas and priorities that emerge from the discussions so far fall under the ambit of three broad sets of actors: the Indian government, international donors, and Indian civil society (including business and the media).

For the Indian government, some policy priorities should include:

1. *Developing and sharing a clearly enunciated policy statement around DC:* While India's DC is not new and is framed in the SSC framework, a clear articulation of this, in the form of a policy paper or document, would help clarify doubts expressed by political leaders, policymakers and the media (nationally and internationally) regarding India's principles on DC. It is only now that some core principles are emerging. India has articulated its position as being needs-based (or demand driven), and a policy statement could solidify these principles, focusing on addressing the local needs of recipient nations and communities, thereby ensuring continuity in achieving the long-term goals of development. Such a policy statement would also help business interests and other donors in recipient countries. Yet formulating this will be tricky, as these principles are by no means widely shared within India or recipient countries. Such a document would therefore be critical for generating public debate and interest among legislators and parliamentarians on this issue, and in enabling the many stakeholders to assess the DC portfolio against stated government policy.
2. *Systematising, regularly collecting and sharing data on DC:* As we have explained, there is a wealth of data on the multiple initiatives that fall under DC. These range from loan waivers to LoCs, capacity building initiatives and humanitarian assistance. Identifying and separating these under detailed, consistent headings, and sharing them openly, would help to ensure transparency and eliminate confusion around India's DC statistics. While recognising that the DPA is relatively new, with a large mandate, the task of documentation seems to be of some urgency if DC is to be meaningfully assessed.
3. *Sharing the process and methodologies of giving assistance:* Another way in which the government could increase transparency would be to share information on the decision-making processes, and the methodologies of providing assistance, including actual versus promised assistance. It is particularly important to be transparent about

²² A recent report by the Voluntary Action Network India (VANI 2013a) at least begins to highlight some of the issues that need to be addressed.

the ways in which particular projects are chosen, and how demand in recipient countries is assessed.

4. *Involving a range of CSOs and the media:* India's civil society has ample experience in undertaking development initiatives and social policy innovations. This experience can be tapped into, and drawn upon, to involve CSOs in aid delivery, especially humanitarian assistance. CSOs and the media can also be involved in disseminating information and generating dialogue with the larger public on issues of aid and DC, thereby enhancing a healthy and active debate. While the DPA has made a promising start in this direction through regular interaction with some mainstream CSOs, as well as publishing the NGO directory, much more could be done. A special effort needs to be made by the Indian government to engage with the voices of CSOs that critique Indian DC and have called for India to uphold the rights of Indian citizens as well as citizens in recipient countries – especially when national interests and local interests do not coincide.
5. *Making clear rules and guidance for Indian businesses and CSOs abroad:* India has a very positive image among recipient countries, and is lauded for its openness and fairness. With a growing role of Indian businesses in India's DC portfolio, it would be important to put in place regulatory mechanisms that ensure that Indian businesses have a clear social responsibility component, including encouraging local stakeholders and adhering to pro-labour standards and good practices.

For multilateral and bilateral donors, priority issues are:

1. *Encouraging India to share its experiences:* India's immense experience in development and development cooperation can be shared through interactions, comparative research and experience-sharing conversations. The creation of platforms for networking, cross-learning and comparative assessment of India's DC would be beneficial to other emerging donors as well as to the broader international community.
2. *Responding to development challenges in LDCs and India:* There is a growing tendency among traditional bilateral donors to concentrate their aid to LDCs. However, they need to recognise that countries like India are very well positioned to build a tripartite agreement with LDCs and international donors. Further, India would benefit from technical cooperation on issues where other donors can add value, which is where the efforts of international and bilateral donors should focus.
3. *Being open to learning:* International donors need to learn from the experiences of countries like India, accepting that the major paradigm of aid has changed. While India and other rising powers have put considerable effort into developing their DC, encouraging them to share these in the public domain in creative ways can enhance synergies across the aid paradigm and build a multi-polar web of cooperation (Manning 2006) instead of uni-directional North–South flows.
4. *Recognise and build on synergies:* International donors can further the understanding among OECD-DAC countries that the Indian DC model has both similarities and differences with the 'traditional' model. Some have argued that these donors are increasingly accepting the validity of the emerging powers' DC model (Mawdsley *et al.* 2014). The fluidity between old powers and new, their similarities and differences, can be used for learning, and to build synergies towards a framework for DC that is both pluralistic and complementary.

For Indian civil society, business, and the media, the priorities and recommendations are to:

1. *Share development and social policy experiences:* Indian civil society has a wealth of knowledge and experience of tackling poverty and ensuring sustainable development. It has also been involved in generating several social policy innovations. Sharing experiences with CSOs and governments in recipient countries would ensure that India's positive image is strengthened.
2. *Work to ensure that the rights of local people are protected everywhere:* National and mainstream CSOs that are engaging with the Indian government should strive to reflect the voices of smaller, local CSOs that may take a more critical stance, so that the rights of local communities are always protected, and national growth interests do not override local interests. It is also essential that CSOs bring into their discussions with the DPA a nuanced understanding of the nature of development.
3. *Generate awareness and stimulate public debate:* In the absence of widespread public awareness and debate about Indian DC, it falls to CSOs, the media and business to increase awareness of the issues surrounding DC and its relevance. Stimulating public debate will increase the possibilities of greater domestic accountability on these issues.
4. *Create an atmosphere of transparency:* While business has benefited substantially from Indian DC through the focus on trade and investment, it needs to be aware of the image it conveys through its engagement in partner countries. Transparency about transactions and activities, and adherence to local regulations, will go a long way in sustaining the positive image that India has abroad. Industry bodies such as the CII can play the role of watchdog, along with CSOs.

9 Conclusions

It is clear from this paper that the frame in which India's development cooperation (DC) is being talked about is very different to the frame of traditional aid donors, even though there are similarities, especially as 'traditional donors' are not a monolithic entity. India's DC is based around South–South Cooperation (SSC), which encompasses both aid and trade, as well as lessons from India's experience of development that can be provided to other Southern countries. The 'aid with trade' model is also quite different from the traditional aid model, with no explicit political or social conditionalities playing a role in determining the volume or nature of either aid or trade. Instead, a critical feature of India's DC is its demand-led nature, as is the principle of mutual benefit, which underlies all of India's DC. The aim is real partnership through DC, being non-intrusive and non-prescriptive, respecting voluntary participation. However, while these principles are very clear, they have not yet been clearly articulated in the policy sphere. This is a gap that needs to be addressed. Further, the principle of 'demand led' needs to be problematised by taking into consideration that this 'demand' may not be shared across the populations of recipient countries. Instead, these may represent a small fraction of elites at the helm of governments in recipient countries; it is therefore important that the 'demand led' principle be nuanced.

In addition, significant challenges remain in both the policy domain and in the effective and efficient distribution of DC. Institutional structures and methodologies to deliver on the sheer volume of assistance are still being developed, while opportunities for critical and constructive documentation of processes are still not being tapped into. Detailed knowledge of India's aid experience is not yet in the public domain. India has made important progress in sharpening its aid effectiveness and streamlining the delivery of its DC through setting up a dedicated multidisciplinary government body (the Development Partnership Administration or DPA), but its institutional mechanisms remain to be worked out. Another policy priority will be to enunciate India's DC in a coherent policy statement or at least to clarify policy processes. This is vital to ensure clarity about India's DC, and to enable India's performance to be assessed against its stated policy intent. While the outcomes of the processes of policy clarification and public disclosure will no doubt be characterised by *realpolitik*, transparency and clarity will go a long way towards addressing the lack of active legislative oversight and accountability of India's DC.

Another facet that requires further work is the interaction between the government, civil society, the media and the public on DC. It is critical that a range of CSOs, the public and the media is engaged in a vibrant debate on India's DC. Proactive public disclosure of information pertaining to India's DC will be an important step that the government can take. Another way of engaging civil society would be to draw CSOs and NGOs into aid delivery, especially eliciting lessons for social policy innovations and humanitarian aid. In addition, it is important to engage with and respond to concerns that Indian DC or business may not be serving local interests or protecting the rights of all communities, even while furthering 'national growth' in recipient countries. Regulation of India's business interests – and upholding principles of social responsibility, pro-local labour attitudes and good ethical practices – will also strengthen India's existing positive image among recipient countries.

With the emergence of India and other Southern countries as leading aid donors, the balance of global power and the nature of aid is definitely changing. This reality, even if not reflected in decision-making structures, is evident when there is a need for humanitarian and state reconstruction. What is interesting to note is that India does not see the need to develop a common intellectual framework for this changing nature of aid or SSC, which would compete with the existing framework of traditional aid. Yet this position is fluid and could change

further in the future with paradigmatic shifts in policy. The priority, instead, is to focus on demand from partners (even though this may be expressed exclusively by elites in recipient countries), and weigh this against the capacities and gains for India from the DC. Interestingly, much of this change is happening without dependence on traditional 'Northern' donors, but rather, through trade and investment with countries in the South. Much activity has been initiated by strong and proactive states, which have helped and are continuing to support the hitherto domestic private sector expand its reach and tap into global markets. An emerging story is also that of innovative social policies and models of development that are slowly spreading to other regional and poorer states.

Overall, it can be said that India has made vast strides in streamlining and enhancing the volume of the DC it provides, and in putting the principles of SSC into action, thereby building up its image as a non-traditional donor. It is now imperative for India to strengthen and harmonise its institutional mechanisms through appropriate policy statements and, in addition to furthering national interests, make upholding and promoting local interests and citizens' rights a cornerstone of its DC. Promoting greater accountability (to Indian citizens and those of recipient countries) should also be a key focus. Greater involvement of and dialogue with CSOs, the public and the media, adding value to existing DC initiatives, and promoting knowledge exchange are all critical steps in realising the goals of true partnership in the DC process. Sharing India's experience of development and growth (both positive and negative) and in development assistance will have many benefits. It will help elicit greater demand for India's DC, orient Indian DC to better cater to the needs of recipient nations and peoples, reconcile the contradictions between national and local interests, and ensure transformative change through aid across the developing world.

Annex 1: Evolution of Indian development cooperation architecture: a chronological exposé

Year	Programme	Purpose
1949	Cultural fellowships established	MEA established cultural fellowships for fellow developing countries
1954	Indian Aid Mission (IAM)	Launched at Kathmandu for coordinating and monitoring implementation of various Indian projects in Nepal
1964	First Agreement for Periodic Review of development projects	This was signed with Nepal, during the visit of the Indian Minister of External Affairs, to undertake a periodic review of the progress made on Indian-aided projects
1966	Indian Cooperation Mission (ICM)	The Prime Minister renamed the IAM as ICM, signifying the fact that Indian cooperation goes deeper than aid
1969	Joint Commission (JC) in Afghanistan established for project reviews	Entrusted with (a) identifying resources and capabilities for undertaking projects of mutual interest and (b) exploring possibilities for expanding trade, including land transit trade arrangements
1961	Economic and Coordination Division (ECD)	A new division was established at MEA to coordinate technical cooperation among other MEA programmes
1964	Consolidated training programme launched as ITEC	Indian Technical & Economic Cooperation (ITEC) programme launched as part of the Economic Division, for which a special cell was formed
1980	New Economic Cooperation Wing (ECW) launched at the Nepal mission	ECW was established at the Nepal mission, subsuming ICM
1994	Special Volunteers Programme (SPV) launched	India launched a special programme targeting ten countries in Asia and Africa to assist in the development of partner countries
1995	Establishment of ITEC Division	ITEC, SCAAP and ADR hived off from the Economic Division to provide greater focus on Indian economic diplomacy; later subsumed in the Technical Cooperation Division
2003	India Development Initiative (IDI)	Budget speech announcement of supporting fellow developing countries
2004	IDEAS lines of credit launched	India Development and Economic Assistance Scheme (IDEAS) launched to provide LoC from the Exim Bank
2005	Development Partnership Division	A new division created for better delivery of development projects; later merged with Technical Cooperation Division
2007	India International Development Cooperation Agency	Budget speech announcement of setting up IIDCA as one-stop shop for coordinating all projects, LoC, technical cooperation, deputation of experts and training foreign nationals in India
2012	Development Partnership Administration (DPA)	A new division within the MEA established to coordinate India's development assistance

Source: Chaturvedi (2012a).

Annex 2: Indian aid data (excluding LoCs)

Sr. No.	Country/ Region	1999- 2000	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	2012- 2013 (#)	Total
1	Bhutan	436.00	549.20	495.00	567.05	696.00	768.65	1131.11	541.80	731.00	1205.92	1301.98	1723.00	2030.00	1171.06	13,340.77
2	Afghanistan									434.00	418.50	287.00	310.00	290.00	491.16	2,230.66
3	Maldives		8.00			3.94	3.20	13.20	6.00	19.50	504.70	3.50	11.00	273.00	30.00	876.04
4	Nepal		62.00			58.48	66.17	66.01	210.00	100.00	113.00	150.00	150.00	150.00	270.00	1,394.66
5	African countries		5.00			80.00	106.84	60.98	40.00	50.00	95.00	125.00	150.00	124.00	237.50	1,074.32
6	Sri Lanka		11.00			13.90	15.30	25.00	28.02	28.00	30.00	80.00	90.00	133.00	290.00	744.22
7	Myanmar		19.15			2.10	6.21	22.00	40.00	20.00	35.00	55.00	90.00	111.82	125.00	526.28
8	Bangladesh	1.20	8.75	4.00	2.50	20.00	3.30	52.00	20.00	60.00	6.00	3.76	3.00	8.00	280.00	472.51
9	Mongolia											125.00		2.00	1.00	128.00
10	Latin American countries									1.53	2.00	2.00	4.00	0.50	27.61	37.64
11	Eurasian countries									20.00 (CA)	18.82 (CA)	20.00	30.00	30.00	30.00	148.82
12	Other countries (developing)		51.59			151.22	356.72	503.83	445.25	240.08	215.75	205.55	356.35	270.55	280.60	3,077
Total			5822.1			1025.64	1326.39	1874.13	1331.07	1704.11	2644.69	2358.79	2917.35	3422.87	3233.93	

Note: Adapted from MEA's Annual Reports. Amount figures in crores (INR).
Figures pertain to revised estimates 2012-13.

Annex 3: Operative LoCs to African countries (as at 30 March 2013)

Sr. No.	Country	LoC	Amount of credit (US\$ millions)
1	Mozambique	9	423.00
2	Senegal	8	142.37
3	Mali	6	253.00
4	Sudan	6	589.9
5	Ethiopia	6	704.54
6	Ghana	5	168.72
7	PTA (Eastern and Southern African Trade and Development Bank)	5	70.00
8	Angola	4	98.00
9	DR Congo	4	268.5
10	Côte d'Ivoire	4	112.3
11	Djibouti	3	34.00
12	Malawi	3	156.5
13	Tanzania	3	254.685
14	Zambia	3	105.00
15	Chad	3	108.4
16	Central African Republic	3	89.19
17	Burkina Faso	3	77.5
18	Gambia	3	33.58
19	ECOWAS (EBID)	3	500.00
20	Seychelles	2	13.6
21	Rwanda	2	80.00
22	Cameroon	2	79.65
23	Lesotho	2	9.7
24	Swaziland	2	57.9
25	Niger	2	37.00
26	Sierra Leone	2	45.00
27	Benin	2	30.00
28	Togo	2	28.095
29	Eritrea	1	20.00
30	Mauritius	1	48.5
31	Burundi	1	80.00
32	Comoros	1	41.6
33	Madagascar	1	25.00
34	Republic of Congo	1	70.00
35	Equatorial Guinea	1	15.00
36	Gabon	1	14.5
37	Mauritania	1	21.8
38	Guinea-Bissau	1	25.00
39	Senegal and Mali (combined)	1	27.7
40	Afrexim Bank	1	30.00
41	West African Development Bank	1	10.00 (equivalent Euro)
42	Nigerian Bank	1	20.00
Total amount in US\$ millions			5019.23

Source: Adapted from Exim Bank (2013).

Annex 4: Interviews and meetings conducted

JNU–RIS–IDS (15 January 2013) Seminar on India's Development Assistance

VANI (28 June 2013) 'India's Global Footprints', Seminar Hall No. 1 (New Building), India International Centre, 40 Max Mueller Marg, New Delhi

PRIA and RIS (31 May 2013) Workshop on 'India's Global Development Presence and Engagement of Indian Civil society', India Habitat Centre (Casuarina Hall) in New Delhi

Observer Research Foundation (5 March 2013) 'Round-table on Mapping Experiences around International Development Cooperation: New Challenges and Opportunities', ORF Building, New Delhi

Indian Social Action Forum (INSAF) and Oakland Institute (6 February 2013) 'Convention on the Great Land Grab Saga in India and Ethiopia', India International Centre, New Delhi

Consumer Unity & Trust Society (CUTS) (6 February 2013) 'Roundtable of BRICS Ambassadors – Significance of the Emerging Economies and the Way Forward for Cooperation', India International Centre 40, Max Mueller Marg, New Delhi

Indian Development Cooperation Research (IDCR) and Centre for Policy Research (6 May 2013) Seminar on 'India's Growing Development Cooperation: Trends, Motives, and Case Studies', Conference Hall 2, Centre for Policy Research, Dharam Marg, Chanakyapuri, New Delhi

Forum for Indian Development Cooperation (15 January 2013) Workshop on Indian Development Cooperation, India International Centre, New Delhi

Forum for Indian Development Cooperation, Conference on 'India's Development Cooperation: The State of the Debate' (18 January 2014). India International Centre, New Delhi

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