

Overview of Japan's ODA to India

Ministry of Foreign Affairs of Japan
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1. Background

Japan initiated its economic cooperation with India in 1958. The cooperation began by ODA Loan, which was the first ODA Japan had ever provided not only for India but for any country. ODA Loan has since been the prevalent form of Japan's ODA for India, claiming approximately 99% of the entire ODA.

India Key Economic Indicators (WDI 2009):

Population: 1.155 billion GNI per capita: \$1,220.00 GDP Growth rate: 9.1%

GOI Budget for FY2011(2009-2010): 1,257,729 Crore Rupees (R.1 = App. ¥ 1.8 as of May 2011)

2. Goal and Significance of Japan's ODA

- (1) Japan's ODA for India is one of the important tools to strengthen Japan-India relations set forth by "Japan-India Strategic and Global Partnership."
- (2) Sustainable growth of India is paramount in ensuring that of Asia, including Japan. Improving investment environment in India, including developing infrastructure, contributes to India's sustainable growth and poverty reduction.
- (3) Over 30 percent of India's population live below the poverty line, representing one-third of the world's poor. It is crucial to address this challenge particularly in the areas of health and education. This carries another importance from the viewpoint of achieving Millennium Development Goals (MDGs). Environmental conservation is another area of attention, as it will help transform the country's growth into a sustainable one.
- (4) Enhancing human exchanges between Japan and India provides a basis for building strong bilateral relations.

3. Priority Objectives

Japan's Country Assistance Program for India was formulated in May 2006, which sets the following as priority areas:

- (1) Promotion of economic growth (power and transportation, etc.)
- (2) Improvement of poverty and environmental issues
- (3) Expansion of human resources development and people-to-people exchange

Since FY 2007, the following are three medium-term policy objectives:

- (1) Promotion of economic growth along with strengthening bilateral economic interactions
- (2) Poverty reduction and social sector development
- (3) Cooperation in the field of environment, climate change and energy

4. ODA Loan

Japan approved for India 11 ODA Loan projects, including ones Japan and India signed Exchange of Notes for in June, 2011, in response to India's proposals presented in FY2010. The total amount of commitment is approximately 203 billion yen. India has been the largest recipient of Japanese ODA Loan for the past several years. The cumulative amount of Japanese ODA Loan to India amounts to approximately 3,600 billion yen.

Major projects in FY 2010 (including those approved in June, 2011):

Yamuna Action Plan Project (III) 32,571 million yen

Rehabilitate and improve existing sewerage systems and carry out activities to raise public awareness in the National Capital Territory of Delhi.

Dedicated Freight Corridor Project (Phase 2) 1,616 million yen

Provides necessary funds for engineering services, which precedes the main construction portion, for the 552 km-long segment forming part of the western corridor of 1,500 km of the entire railroad of 2,800 km.

Andhra Pradesh Rural High Voltage Distribution System Project 18,590 million yen

Establish a high voltage power distribution system in rural areas of the State of Andhra Pradesh by providing higher voltage power distribution lines.

Bihar National Highway Improvement Project 22,903 million yen

Broaden roads and rehabilitate bypasses of National Highway 83 in an eastern state of Bihar.

Rajasthan Forestry and Biodiversity Project (Phase 2) 15,749 million yen

Execute forestry and biodiversity conservation programs in the State of Rajasthan, located in northwestern India.

Bangalore Metro Rail Project (II) 19,832 million yen

Establish a mass rapid transit system in the capital city of Bangalore in the State of Karnataka by constructing a subway and elevated railroads.

5. Grant Aid

Japan provides grant aid for India to meet its basic human needs. Focus is on the area of health, one of key MDGs. Grant aid in the amount of 1.16 billion yen was provided in FY2010. The total assistance to date is 89.654 billion yen since Japan began extending grant aid to India in 1977.

Grant aid projects approved in FY2010

- Project for Strengthening Electronic Media Production Centre at Indira Gandhi National Open University (IGNOU) (787 million yen)
Helps improve the Centre's educational materials and equipment. IGNOU is a leading institution in developing and offering distance learning programs to the citizens of India.
- Project for the Eradication of Poliomyelitis (192 million yen)
Since 1996 Japan has provided a total of approximately 8.2 billion yen in grant aid for the procurement of polio vaccine and necessary equipment through UNICEF. Japan's assistance has contributed to a significant reduction of wild polio cases in India from 5,881 in 1994 to 774 in 2009.
- The Grant Assistance for Grass-Roots Projects for 20 projects totaling 169 million yen and the Cultural Grassroots Assistance in the amount of over 10 million yen were extended.

6. Technical Cooperation

In FY2009, Japan provided for India 1,855 million yen for its technical cooperation including development studies. The total amount of cooperation through FY2009 is 29.351 billion yen, 5,689 trainees were received by Japan and 971 experts were sent to India.

In FY2010, two projects, "Information Network for Natural Disaster Mitigation and Recovery in India" and "Project for Research Partnership for the Application of Low Carbon Technology for Sustainable Development," were initiated under the scheme of Science and Technology Cooperation on Global Issues, or SATREPS.

Resumption of Japan Overseas Cooperation Volunteers (JOCV)

Dispatch of JOCV was suspended in 1979 following the policy change of the Government of India in 1978. After an agreement in the Japan-India Joint Statement issued in April 2005, the Notes were exchanged regarding the resumption of the JOCV programme. In April 2006, the first JOCV, Japanese language instructor, in 30 years was dispatched. As of April, 2011, 14 JOCVs work across the country.

Japan's ODA for India by Scheme (100 million yen)

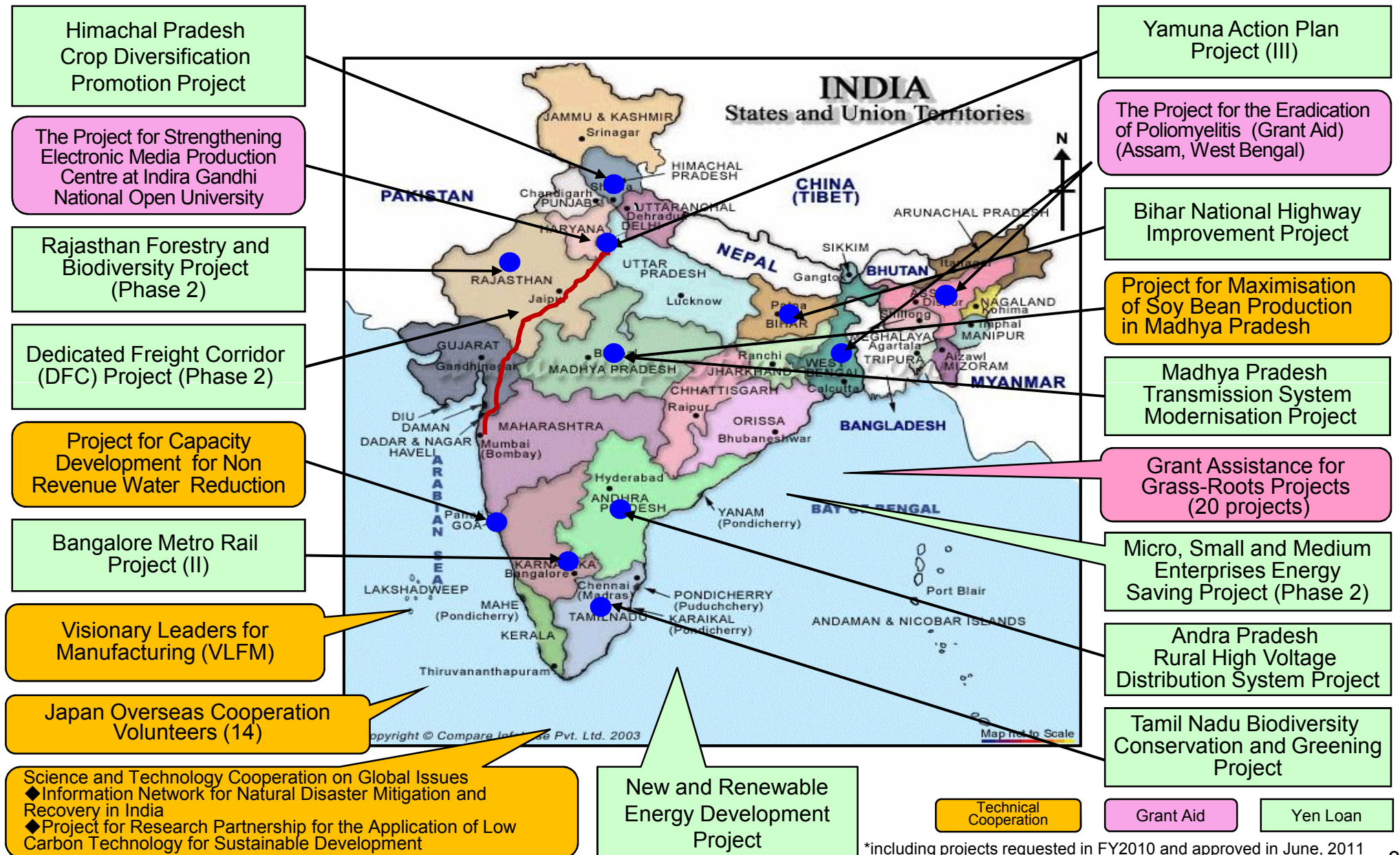
Fiscal year	ODA Loan	Grant Aid	Technical Cooperation
2000	189.26	18.29	9.03
2001	656.59	14.34	10.15
2002	1,112.39	9.10	9.60
2003	1,250.04	17.44	10.34
2004	1,344.66	29.89	9.67
2005	1,554.58	21.09	8.36
2006	1,848.93	5.96	13.17
2007	2,251.30	3.97	12.31
2008	2,360.47	4.28	11.79
2009	2,182.17	3.81	18.55
2010	480.17 (2,035.66)	11.58	N/A
Total	34,484.17 (36,039.66)	896.54	293.51

Notes: • The amount of ODA Loan and Grant Aid is on the Exchange of Notes basis, technical Cooperation on JICA disbursement basis.
• For ODA Loan, the numbers in parenthesis indicate the amount that includes 1,555.49 million yen requested in FY2010 and approved in June, 2011.

Visionary Leaders for Manufacturing Programme (VLFM)

In order to enhance the capacity of those who engage in manufacturing, the VLFM project offers four training courses in four areas: Visionary Heads of Manufacturing, Visionary Corporate Leaders for Manufacturing, Post Graduate Programme for Executives-Visionary Leaders for Manufacturing and Visionary Small and Medium Enterprises. These courses are operated by collaboration among academia, private sector and the government, represented by IIT Kanpur and IIT Madras, Confederation of Indian Industry (CII) and the National Manufacturing Competitiveness Council (NMCC), and the Ministry of Human Resource Development (MRHD), respectively. Japanese companies also cooperate during the trainees' visit to Japan, which forms part of the training courses.

Japan's Main ODA Projects in FY 2010 (including ongoing projects from previous year)



*including projects requested in FY2010 and approved in June, 2011