

India and World Bank Group

India is a member of four of the five constituents of the World Bank Group (www.worldbank.org.in) viz., International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). India is not a member of ICSID (International Centre for Settlement of Investment Disputes). India has been accessing funds from the World Bank (mainly through IBRD and IDA) for various development projects.

India is one of the founder members of IBRD, IDA and IFC. World Bank assistance in India started from 1948 when a funding for Agricultural Machinery Project was approved. World Bank resident mission was established in India in 1957. In August 1958, the first meeting of the Aid India Consortium was held at Washington DC under the aegis of the World Bank. First investment of IFC in India took place in 1959 with US\$ 1.5 million. India became a member of MIGA in January 1994.

India has an Executive Director, in the Board of Directors of IBRD / IFC / IDA/ MIGA. The Executive Director from India represents a constituency comprising of four countries: India, Bangladesh, Bhutan and Sri Lanka. Mr. M. N. Prasad represents India in the Board of Directors w. e. f. 30th September 2011. Mr. Kazi M. Aminul Islam from Bangladesh is currently the Alternate Executive Director for this constituency.

India's Shareholding

IBRD: In 2011-12, India purchased 5757 shares from IBRD. Consequently as on 30th March, 2012, India holds 50,552 shares amounting to US\$ 6098.3 million. In the 2010 Capital Increase in IBRD (Spring Meetings, April 2010), India has been allocated additional 24,092 shares (through General Capital Increase and Selective Capital Increase). As a result India will become the 7th largest shareholder in IBRD with voting power of 2.91%. Before this revision, India's voting power was 2.77% with 11th position among shareholders. As a constituency (comprising of four countries - India, Bangladesh, Sri Lanka and Bhutan), India's voting power will increase to 3.26% from the present 3.14%. India has commenced its subscription of additional shares allocated following 2010 reforms.

IDA: India has 573,783 votes comprising 3.16%. However, as a constituency (comprising of four countries - India, Bangladesh, Sri Lanka and Bhutan), India has 802,820 votes comprising 4.44% of the total.

MIGA: India has 5,371 shares with a voting power of 2.56%. As a constituency India has 7207 comprising 3.30% of total voting power. Bhutan is not a member of MIGA and as such in MIGA the constituency comprises of other three countries.

IFC: India is currently holding 81,342 shares of IFC with a voting power of 3.38%. As a constituency India has 99,234 votes comprising 4.12% of total voting power. India has been allocated 21511 additional shares in IFC in the recent capital increase (Spring Meetings, April 2010)

International Bank for Reconstruction and Development (IBRD)

The total assistance extended by IBRD by way of loans to India was US\$ 39075.96 million as on 31 December, 2010. During the period from 1 January, 2011 to 31 December, 2011, new commitments of US\$ 3049 million were approved taking total assistance to US\$ 42124.96 million as on 31 December, 2011. The main sectors for which IBRD assistance of US\$ 3049 million has

been provided are roads & highways, energy, urban infrastructure (including water & sanitation), rural credit, disaster management and the financial services sector.

International Development Association (IDA)

The total assistance extended by IDA by way of credits to India for which agreements were signed was US\$ 37,299.16 million as on 31 December, 2010. During the period from 1 January, 2011 to 31 December, 2011, new commitments of US\$ 2,207.34 million were approved taking that assistance to US\$ 39,506.5 million as on 31 December 2011. The major sectors of IDA assistance is provided are health, education, agriculture and poverty reduction sectors.

World Bank Reforms

In April 2010 the World Bank Group has approved the General Capital Increase and Selective Capital Increase for IBRD, after which the voting power of the Developing Countries in IBRD will increase by 3.13% and will reach 47.19% of the total voting power at IBRD. India's voting power will increase to 2.91% from 2.77% and India will move on to become 7th largest shareholder in IBRD from the present 11th largest shareholder.

Trust Funds of World Bank

India is an active member of South- South Experience Exchange Trust Fund (SEETF) being administered by the World Bank and had contributed US\$ 5,00,000 as a donor-member to SEETF. India has also contributed US\$ 10,00,000 in World Bank administered Cultural Heritage and Sustainable Tourist Trust Fund.

Country Partnership Strategy (CPS)

The World Bank assistance programmes are guided by a Country Partnership Strategy (CPS), which sets out how the World Bank Group proposes to build a growing partnership with the Government of India (GOI). In keeping with recent changes, the World Bank Group's new Country Partnership Strategy will guide its support to India over the next five years (2013-2017)¹. The strategy aims to help the country lay the foundations for achieving its longer-term vision of "faster, more inclusive growth."

A key feature of the new strategy is the significant shift in support toward low-income and special category states, where many of India's poor and disadvantaged live. This is also the institution's first country strategy to set specific goals for reducing poverty and increasing prosperity for the poorest people.

The new strategy proposes a lending program of \$3 billion to \$5 billion each year over the next five years. Sixty percent of the financing will go to state government-backed projects. Half of this, or 30% of total lending, will go to low-income or special category states, up from 18% of lending under the previous strategy.

¹ World Bank follows calendar year i.e. January to December.

Key focus areas

In the next five years the CPS will focus on three key areas: integration, transformation, and inclusion. A common theme across these areas will be improved governance, environmental sustainability, and gender equality.

International Finance Corporation (IFC)

- The International Finance Corporation, Washington DC, (IFC) was established in 1956 as an affiliate of the World Bank, but as a separate entity, to promote the growth of the private sector which would contribute to the economic development of its member countries.
- India is one of the founder members of the IFC. IFC finances investments with its own resources and by mobilizing capital in the International financial markets.
- India has been a member of IFC since 1956. India currently holds 81,342 shares of IFC, representing 3.43% of IFC's subscribed share capital and 81,592 votes, representing 3.38% of the voting power. The India-elected Executive Director represents a constituency with 99,234 votes, equal to 4.11% of voting power.

IFC in India

- Over the past few years, IFC has augmented its portfolio in India, improving profitability and investing in high impact projects.
- India represents IFC's single-largest country exposure. IFC has a current portfolio of about US\$3.6 billion committed in India (US\$ 4.1 billion including syndicated loans).
- On an annual basis, IFC's committed total financing for India was US\$ 1,044 million in IFC's Financial Year 2008 (i.e. 1 July, 2007 to 30 June, 2008), US\$ 934 million in IFC's Financial Year 2009, US\$ 1,802 million in IFC's Financial Year 2010 and US\$ 754 million in IFC's Financial Year 2011. During IFC's Financial Year 2012 (through 31 December, 2011), IFC's commitments reached US\$ 343 million in 14 projects and were concentrated in infrastructure, manufacturing, financial markets, agribusiness and renewable energy. The above figures include commitments for IFC's own account and mobilized financing.
- IFC is scaling up its presence and activities in the Low Income States and NE States (LIS) in India. A new office has been established in Kolkata to focus on the LIS, and approximately US\$450 million has been invested in the LIS over the past two and a half financial years. Further, IFC Advisory Services is working in the LIS in the following areas:
 - i) Promoting the Investment Climate for Private Sector Development and Inclusive Growth;
 - ii) Financial Inclusion by working on financial services and Initiatives related to the sustainability of the MFI sector including Micro credit bureau, Risk mitigation initiatives, code of conduct setting etc.

- iii) Renewable Energy (Solar and Biomass) and cleaner production as well as focus on key subsectors like agribusiness;
 - iv) Developing PPP transactions with focus on social services (health and education) and climate change impact projects.
- Infrastructure, which used to be only about 10% of IFC's portfolio in 2005 has been stepped up to 30-40% of the portfolio in India in the last few years and currently accounts for about US\$ 1.1 billion of IFC's current committed portfolio of about US\$ 3.6 billion in India.