



MEA's Development Aid

For Prelims: [Interim Budget 2024-25](#), India's 'Neighbourhood First' policy, [Mangdechhu Hydroelectric Power Project](#), [Kholongchhu HEP](#), [Buddhism](#)

For Mains: India-Bhutan Relations, India and its neighbourhood- relations, Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.

Source: [IE](#)

Why in News?

In the recently announced [Interim Budget for the fiscal year 2024-25](#), the **Ministry of External Affairs (MEA)** has outlined its development assistance plans, focusing on strategic partners and neighbouring countries.

- The MEA's development aid is geared towards **expanding and safeguarding India's global influence and interests**, aligning with foreign policy goals. Additionally, the objective includes **promoting regional connectivity, cooperation, and stability through strategic development assistance**.

How is the Development Aid Distributed Among Countries?

- The ministry allocated a total of Rs 22,154 crore for the 2024-25 fiscal year in the Interim budget as against last year's outlay of Rs 18,050 crore.
 - In line with [India's 'Neighbourhood First' policy](#), the **largest share** of the aid portfolio has been **granted to Bhutan with an allocation of Rs 2,068 crore** against Rs 2,400 crore in 2023-24.
 - [Bhutan](#) emerges as the frontrunner, receiving a substantial share of the aid portfolio.
 - The development assistance to the [Maldives](#) has been kept at **Rs 600 crore** as against last year's Rs 770 crore, according to budget papers.
 - In continuation with India's special relationship with the people of [Afghanistan](#), a **budgetary aid of Rs 200 crore** has been set aside for the country.
 - An amount of **Rs 120 crore will be provided to Bangladesh** under development aid while [Nepal](#) would be provided Rs 700 crore.
 - [Sri Lanka](#) will get development aid worth Rs 75 crore, [Mauritius](#) to receive Rs 370 crore while the amount for [Myanmar](#) has been pegged at Rs 250 crore.
 - A separate amount of **Rs 200 crore has been set aside for African countries**.
 - The total development assistance to various countries and regions such as **Latin America and Eurasia** has been pegged at Rs 4,883 crore.
 - The allocation for [Chabahar Port](#) has also been maintained at **Rs 100 crore**, underlining India's focus on connectivity projects with Iran.

What are the Other Development Partnerships of MEA?

- **Humanitarian Assistance:**
 - The MEA extends **humanitarian assistance to partner countries** in times of **natural disasters**, emergencies, and **pandemics**.
 - India has provided relief supplies, medical teams, and financial assistance to several countries and also supplied medicines, vaccines, and medical equipment to over 150 countries to combat the **Covid-19 pandemic**.
- **Cultural and Heritage Cooperation:**
 - The MEA promotes cultural and heritage cooperation with partner countries. India's assistance programme more than **50 cultural and heritage projects have been completed**, including the restoration of **Ananda Temple; Shwedagon Pagoda (Myanmar)**, Indian Gallery at **Sacred Tooth Relic Temple, Kandy (Sri Lanka)**, renovation of **BalaTiripuraSundari Temple; construction of Dharamshalas-Pashupathinath temple (Nepal)**.
 - Currently around **25 cultural and heritage projects are under implementation in various countries**.
- **Capacity Building and Technical Assistance:**
 - India's development partnership prioritises **capacity building, offering civilian and military training, on-site programs**, and expert deputation to friendly nations.
 - The **Indian Technical and Economic Cooperation (ITEC) program**, initiated in 1964, spans 160 partner countries, providing **short-term training across diverse disciplines**, witnessing significant growth from 4,000 to 14,000 slots by 2019-20.
 - Courses cover areas such as Engineering, Climate Change, Health, and Women Empowerment, contributing to holistic skill enhancement globally.
- **Lines of Credit for Development Projects:**
 - Development assistance in the **form of concessional Lines of Credit (LOCs)** is extended by India under the **Indian Development and Economic Assistance Scheme (IDEAS)** through the **Exim Bank of India**.
 - In total 306 LOCs worth USD 30.59 billion have been extended to 65 countries. The projects under the LOCs cover critical infrastructure sectors such as transport, power generation; agriculture; manufacturing industries, healthcare, education and capacity building.

Why is Bhutan Important for India?

- Bhutan serves as a **buffer state between India and China**, two Asian giants with complex relations. Bhutan's strategic location provides India with an **additional layer of security** against potential threats from the north.
- In 2017, during the **Doklam standoff between India and China**, Bhutan played a crucial role in **allowing Indian troops to enter its territory to resist Chinese incursions**.
- India's full support for the socio-economic development of Bhutan is based on its priorities to boost **cross-border connectivity** and expand ties in trade, infrastructure and energy.
- The Government of India has committed Rs. 45 billion to **Bhutan's 12th Five Year Plan (2018-2023)**, which includes Rs. 28 billion for **Project Tied Assistance (PTA)**.
 - The **PTA program includes projects in various sectors**, including health, education, culture, livestock development, and infrastructure.
- For grassroots development across Bhutan, India has committed to the **High Impact Community Development Projects (HICDPs)/Small Development Projects (SDPs)**.
 - These are **short gestation small projects** situated in remote parts of Bhutan for the creation of infrastructure such as Farm Roads, livestock centres, water supply and irrigation systems and capacity development at a local level.
- Mutually beneficial **hydro-power cooperation with Bhutan** is a key pillar of bilateral economic cooperation. For Bhutan, **hydro-power development** continues to be a **vital catalyst for socio-economic development**.
- The ongoing cooperation between India and Bhutan in the hydro-power sector is covered under the 2006 bilateral agreement for cooperation and its Protocol signed in 2009.
 - Four hydroelectric projects (HEPs) totalling 2136 MW are already operational in Bhutan and are supplying electricity to India.
 - The **720 MW Mangdechhu** was commissioned in August 2019 and handed over to Bhutan

in December 2022.

- Two HEPs namely, 1200 MW **Punatsangchhu-I**, and 1020 MW **Punatsangchhu-II** in Inter-Governmental mode are under various stages of implementation.
- The two countries commissioned the first-ever joint venture project the **600 MW Kholongchhu hydropower project**. The project is aimed at generating surplus hydroelectricity for Bhutan which will be exported to India aiding Bhutan's revenue as well as employment generation.
- **India is Bhutan's top trade partner** both as an import source and as an export destination.
- The two neighbours have a close civilisational, cultural relationship that dates back centuries. **Bhutan considers India as gyagar**, meaning the holy land, as **Buddhism originated in India**, which is the religion followed by the majority of Bhutanese.

India's Neighbourhood First Policy

- India's '**Neighbourhood First Policy**' guides its approach towards the management of relations with countries in its **immediate neighbourhood**, that is, **Afghanistan, Bangladesh, Bhutan, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka**.
- The Neighbourhood First policy, inter alia, is aimed at **enhancing physical, digital and people-to-people connectivity** across the region, as well as augmenting trade and commerce.

UPSC Civil Services Examination, Previous Year Questions (PYQ)

Mains

Q. Evaluate the economic and strategic dimensions of India's Look East Policy in the context of the post-Cold War international scenario. **(2016)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/meas-development-aid>