



ADB Loans for India's Green Growth and Logistics Modernization

[Source: PIB](#)

Why in News?

Recently, the **Government of India** and the [Asian Development Bank \(ADB\)](#) signed **two crucial loans** aimed at **strengthening India's infrastructure** and supporting sustainable growth.

- What are the Key Facts Regarding the ADB Loans Taken by India?
- The **USD 500 million** loan aims to **finance [green and sustainable infrastructure projects](#)** aligned with [India's climate commitments](#), particularly focusing on **connectivity, energy transition**, and under-resourced sectors like **urban projects, education, and [healthcare](#)**.
 - **Recipient:** The loan, with a sovereign guarantee, will be provided to the [India Infrastructure Finance Company Limited \(IIFCL\)](#).
 - **Role of IIFCL:** IIFCL will use the funds to provide **long-term capital for infrastructure projects** and leverage private sector resources.
 - This aligns with India's need for **private capital investment** to meet its [net-zero commitments](#).
 - IIFCL is a leading **public sector infrastructure finance institution**, which has funded about **21% of the country's national highway capacity**, comprising nearly 30,000 km of roads.
- The **USD 350 million** loan falls under the **SMILE program** to bolster India's **manufacturing sector** and enhance **supply chain resilience**.
 - It aims to **reduce logistics costs**, improve **efficiency**, generate **employment**, and promote **gender inclusion** and supports India's broader **economic development** by driving innovation and growth within the logistics sector.

What is the Strengthening Multimodal and Integrated Logistics Ecosystem (SMILE) Program?

- **About:**
 - The SMILE program is a key initiative by the Government of India, supported by the [Asian Development Bank \(ADB\)](#), to **comprehensively reform and modernize the country's logistics sector**.
- **Objective:**
 - To **enhance India's manufacturing competitiveness** and **strengthen supply chain resilience** by improving logistics efficiency.
- **Focus Areas:**
 - **Institutional Strengthening:** Improving **coordination and planning** among various government ministries and agencies involved in logistics at the national, state, and city levels.
 - This aims to **create a more unified and efficient governance structure** for the sector.
 - **Standardisation and Infrastructure Development:** Promoting **standardisation of**

warehousing and other logistics assets to improve efficiency and attract greater private sector investment in infrastructure development.

- This includes promoting [multimodal logistics parks \(MMLPs\)](#).
- **External Trade Logistics: Streamlining procedures and processes** related to imports and exports to **reduce delays and costs in international trade**.
- **Technology Adoption:** Encouraging the use of **smart technologies and automation** in logistics operations to **improve efficiency, reduce emissions, and enhance service delivery**.
 - This includes **promoting digitalization and data sharing**.

Government Initiatives for Logistics Sector

- [Bharatmala Pariyojana](#)
- [PM Gati Shakti Scheme](#)
- [Multi Modal Logistics Parks](#)
- [Dedicated Freight Corridor](#)
- [Sagarmala Projects](#)
- [Multi Modal Logistics Parks \(MMLP\)](#)
- [National Logistics Policy 2022](#)
- [E-Way Bill Integration with FASTag, RFID](#)

Asian Development Bank (ADB)

- **About:** [ADB](#) is a multilateral development bank **established in 1966** with a mission to foster **economic growth and cooperation** in the [Asia-Pacific Region](#).
- **Headquarters:** Located in **Manila, Philippines**.
- **Membership:** Comprises **68 members**, including 49 from Asia and the Pacific, and 19 from other regions.
- **India and ADB:** India is a founding member and the **4th largest shareholder** (after Japan, US and China) of ADB.
- **ADB's Support to India:** ADB aligns its support with India's priorities for **sustainable, climate-resilient, and inclusive growth**, in line with its **ADB's Strategy 2030** and the country partnership strategy for **2023-2027**.
- Recently ADB released the [Asia Development Outlook Report 2024](#).

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. The term 'Regional Comprehensive Economic Partnership' often appears in the news in the context of the affairs of a group of countries known as (2016)

- (a) G20
- (b) ASEAN
- (c) SCO
- (d) SAARC

Ans: (b)

