



## 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 12<sup>th</sup> 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>