



AIIB Loan for India

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Why in News

Recently, the **Asian Infrastructure Investment Bank (AIIB)** has approved a **\$750 million loan** to India to strengthen the country's battle against the adverse impact of **Covid-19 pandemic** on poor and vulnerable households.

Earlier, it had approved **\$500 million for 'Covid-19 Emergency Response and Health Systems Preparedness Project'** initiated by India.

Key Points

- **\$750 million loan:** It is co-financed by the AIIB and the **Asian Development Bank**.
- **Aim:**
 - It aims to ensure **economic resilience** to prevent long-term damage to productive capacity, including human capital.
 - The support will go towards **bolstering economic aid for businesses**, including for the **informal sector**, **expanding social safety nets** for the needy, and strengthening the **country's health care systems**.
- **Loan by AIIB to India:**
 - AIIB's sovereign loans to India amounts to **\$3.06 billion**.
 - The current loan will be the **second** for India under **AIIB's Covid-19 Crisis Recovery Facility**.
 - The Crisis Recovery Facility has been formed in response to urgent economic, financial and public health pressures and to support a quick recovery after the current crisis (Covid-19).
 - It will offer **\$5-10 billion of financing** to public and private entities **over 18 months** i.e. from April 2020 to October 2021.
 - The funding is done either with the **World Bank or ADB**.

- **Loan by ADB to India:**
 - It has assured Indian government of \$2.2 billion support to fight against the Covid-19 pandemic.
 - Earlier, it had provided a **\$1.5 billion loan** to India.

Asian Infrastructure Investment Bank

- The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission to improve social and economic outcomes in Asia.
- It is established by the **AIIB Articles of Agreement (entered into force 25th December 2015)** which is a multilateral treaty.
- **Headquarters: Beijing, China**
- **Members:**
 - 102 members.
 - **India joined AIIB in 2016** as a regional member of the Bank.
 - Further, fourteen of the **G-20 nations** are AIIB members including France, Germany, Italy and the United Kingdom.
- China is the largest shareholder in AIIB with a 26.06% voting power, followed by India with a 7.62% voting power.

Asian Development Bank

- ADB is a regional development bank established on 19th December 1966.
- **Headquarters: Manila, Philippines.**
- **Members:**
 - It has 68 members, 49 from within Asia.
 - **India is a founding member.**
- Japan holds the largest proportion of shares in ADB followed by the USA.
- It is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

Source: IE