



Loan Pact with NDB

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Why in News

Government has recently announced a **1 billion USD loan pact** with New Development Bank (NDB) to boost rural employment and infrastructure.

Key Points

- The government and the **New Development Bank** (NDB) signed a loan agreement worth **1 billion USD** to help India's **economic recovery from Covid-19** by supporting:
 - **Spending** on rural infrastructure related to natural resource management (NRM) and
 - **Rural employment generation** under MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme).
- The loan has a tenor of **30 years, including a 5-year grace period**.
- The funding comes under **NDB's Policy on fast-track emergency response to Covid-19**.
- The loan would specially help **migrant workers** who have returned from urban areas and have lost their livelihoods due to the pandemic.
- Economic activity slowed down post lockdowns to contain the **spread of virus**, resulting in loss of employment and income of workers especially those employed in the informal sector, including rural areas.
- The **World Bank** has also approved four projects worth over 800 million USD for strengthening **India's social protection architecture**, promoting nutrition-supportive agriculture for tribal households in **Chhattisgarh**, enhancing quality education in **Nagaland** and improving safety and performance of existing **dams** across states.

New Development Bank

- It is a multilateral development bank **jointly founded by the BRICS countries** (Brazil, Russia, India, China and South Africa) at the 6th **BRICS** Summit in Fortaleza, Brazil in 2014.
- It was formed to support infrastructure and sustainable development efforts in BRICS and other underserved, emerging economies for faster development through innovation and cutting-edge technology.
- It's ownership structure is unique, as the **BRICS countries have an equal share and no country has any veto power.**
- It is headquartered at **Shanghai, China.**
- In 2018, the NDB received **observer status** in the **United Nations** General Assembly, establishing a firm basis for active and fruitful cooperation with the United Nations.
- All members of the United Nations could be members of the Bank, however **the share of the BRICS nations can never be less than 55% of voting power.**

Source:IE