

'ONE-THIRD OF FUNDING BY AIIB HAS GONE TO INDIA'

Relevant for: International Relations | Topic: AIIB and India

*Out of the \$20 billion in loans issued by the Beijing-based Asian Infrastructure Investment Bank (AIIB), about \$6 billion has gone to India, the bank's second-largest shareholder after China, says **D.J. Pandian**, who, as the lender's vice-president of Investment Operations, oversees all sovereign and non-sovereign lending in South Asia and Southeast Asia. Before moving to Beijing, Mr. Pandian spent 35 years in the Indian Administrative Service. Excerpts:*

How has the AIIB been involved in infrastructure projects in India so far?

As far as India is concerned, the pipeline of projects is very strong. We have supported around \$5 billion worth of projects in India.

The bank will complete 5 years in January 2021, and we may add another \$1 billion in India by then, and maybe it will be \$6 billion in total. The bank has just started, building up the team and policies. Out of the total \$20 billion of projects approved, \$6 billion has come to India, which is almost one-third.

We are supporting unique projects, including the Chennai Metro Corridors 4 and 5 and Chennai Peripheral Ring Road, which are at an advanced stage, and the Grand Anaicut scheme to modernise the canal system in the Cauvery delta region which we are preparing with the government of Tamil Nadu, which will help save almost 20% of water leakages.

The Delhi-Meerut Regional Rapid Transit System is a high-speed rail that will reduce travel time from 3-4 hours to within one hour. This is being co-financed with the Asian Development Bank.

In June, the AIIB announced a \$750 million loan to India for COVID-19 assistance. Are there other projects being considered this year?

There are at least two regular investment projects which we can take up to the Board in the next 2-3 months. One is a power transmission line project in Assam which is around \$300 million, and the other is the Delhi-Meerut high speed rail which is \$500 million.

Also, we may look at two cities in Punjab, Amritsar and Ludhiana, for water supply municipal rejuvenation projects.

In July, President Jin Liqun said on current India-China tensions, that the bank's decision-making is only based on economic merits; will the problems between the two biggest shareholders impact the bank?

President Jin is absolutely right. We are apolitical. Our decisions are based on the merit of the project, not on what is happening, or on internal or external problems.

China is the largest shareholder; so some in India, including the Opposition, have criticised the government for taking loans in June, saying you're a Chinese bank...

This is a lesson for us, that we need to educate people about what the bank really is, and build our brand. We are very, very, apolitical. We are a multilateral bank of 103 members, of which 77

are active members. All of Europe are Bank members. Canada, Australia, New Zealand are also members.

The Vice President of Investment Operations is an Indian!

How has COVID-19 changed the projects for AIIB?

We have already been able to build up a pipeline of projects in Asia. Those conventional infrastructure projects that were already at an advanced stage, we were able to bring it to the Board for approval.

As soon as the COVID response facility was set up, when it began as an emergency response led by the World Bank, we have also committed almost \$13 billion, of which so far we have approved \$6 billion.

This is for both health preparedness and to provide liquidity to the governments so that they can buy equipment, particularly medical equipment, and enlarge hospital facilities to take care of their immediate requirement.

Initially, the idea of social infrastructure was not the focus of the bank, but we cannot avoid this any more; we are going to do that but we need to build up expertise within the bank to do health care and other social infrastructure projects.

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