

Economic Cooperation in South Asia

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Abbreviations

CEC	Committee on Economic Cooperation
CLRI	Central Leather Research Institute
FDDI	Footwear Design Development Institute
FDI	Foreign Direct Investment
FTA	Free Trade Agreements
GEP	Group of Eminent Persons
JSRGT	Johor State of Malaysia, Singapore and the Riau Islands of Indonesia
MFA	Multi Fiber Arrangement
NIFT	National Institute of Fashion Technology
PIDE	Pakistan Institute of Development Economics
RTA	Regional Trading Arrangement
SAARC	South Asian Association for Regional Cooperation
SAGQ	South Asian Growth Quadrangle
SAFTA	South Asian Free Trade Area
SAPTA	South Asian Preferential Trading Arrangement
SASEC	South Asian Sub Regional Economic Cooperation
STIC	SAARC Information Technology Council
TMS	Trade, Manufactures and Services

Economic Cooperation in South Asia

Executive Summary

The issue of economic cooperation among the countries of South Asia has been the subject of widespread attention and interest. Contemporary developments in world economics has pointed towards the increasing regionalisation of world trade and increased trade within regional trade blocks. The growing perception has been that countries which do not belong to any trade block, are likely to be the losers. This, coupled with the success stories of major regional trade blocks worldwide, prompted the South Asian economies to think in terms of forging closer ties through economic linkages and establish a regional economic grouping.

South Asia, home to a population of 1.28 billion, accounts for almost 22% of the world's population, but only 1.8% of the world's GDP, and about 1% of world trade. It has been among the less rapidly growing regions of the world accounting for about 40% of the total world population living in poverty. The reason in part could be attributed to the inward looking policies pursued by the governments in these economies, the overt dominance of the state in almost all spheres of economic activity, and the singular lack of emphasis on human and social development. The 1990s saw a change in the economic front, with all countries in the region embarking on comprehensive programmes of stabilisation and structural reforms – the cornerstone of such efforts being the liberalisation of trade and industrial regimes.

The idea of regional cooperation in South Asia was first mooted in 1980, following consultations among the countries of the region. SAARC was formed in 1985 in response to the growing needs of the neighbouring South Asian nations to evolve into a Regional Trading Arrangement (RTA). SAARC paved the way for SAPTA (South Asian Preferential Trading Arrangement), which became operational in 1995. The objective of formalisation of SAPTA has been to enhance economic cooperation among the member states of South Asia through trade enhancement.

Trade among SAARC countries, has however, lingered at around a mere 4%. However, it must be acknowledged that after the initiation of SAARC, intra regional trade has exhibited an increasing trend. Before the formation of SAARC, intra regional trade had not only been insignificant, but was declining over time.

The current status of intra SAARC trade linkages, and the limited impact of the SAPTA process of trade negotiations on trade expansion in the region, leads one to probe into the factors impeding intra regional trade enhancement. *Given that the constraints to trade could be effectively minimised, is the potential for trade among these neighboring states large enough to justify the efforts being undertaken for enhancing trade linkages?* The answer to this could be provided by the high incidence of unofficial trade in the region which is an indicator of the enormous potential that exists for furthering trade flows between these countries. While official trade has been modest, illegal trade has boomed. Hefty profits are being made from contraband trade that circumvents high trade barriers among South Asian countries, and complex customs and transit procedures.

There is the common fear shared by India's neighbours that the benefits of intra regional trade expansion are likely to be distributed in favour of the former, with India having a trade surplus with every country of the region. All further attempts at trade liberalisation is expected to widen that surplus. This very fact has led to serious misgivings on the part of smaller states about India, and accordingly, a propensity for them to contend suggestions put forward by India at the successive rounds of SAARC trade negotiations.

In view of the delays in negotiations regarding the reduction and elimination of tariff and non tariff barriers under the SAPTA rounds, it is being increasingly realised that agreements on investments and joint ventures would be easier to reach and these would help to act as effective confidence building measures among the SAARC member states. The potential of intra regional investments appear to be enormous given the disparities between the economies of the region in terms of technological capabilities and enterprise development. The private sector has an important role in this context. Business collaborations both at the government and private levels at present do not reap the potential of this region fully.

Review of the region's comparative advantages, latent strengths and core competencies point to a few crucial areas where fruitful investment linkages through collaborative ventures could be forged. Some of these areas are: infrastructure development (energy, roads, ports, railway projects) mineral based industries, plantation crop based industries, natural resource based industries, IT and software, project & management consultancy, tourism, healthcare, biotechnology, education and human resource development. The financial implications of these projects are substantial. In order that these projects fructify

into concrete business opportunities, private sector financing, including foreign assistance is imperative. ODA loans have an important role in this context.

In view of the slow pace of progress under SAARC, an alternative growth quadrangle initiative comprising of the countries of Nepal, Bhutan, Bangladesh, and the North Eastern states of India, has also been advocated to hasten the process of economic integration. The quadrangle is seen as a practical solution to this sub-region's socio-economic problems which could also effectively bypass the issue of Indo Pakistan political tensions.

The new global order dictates that economic survival and prosperity of any nation crucially hinges on its ability to successfully integrate with other economies. The compulsions and prospects for enhancing regional cooperation in South Asia are tremendous. There are obvious obstacles and political imbroglios. Nevertheless, it is high time that governments as well as people of the region realise that economic cooperation is the only option available, which could eventually lead to the building of a more prosperous and socio-politically cohesive South Asian region.

Economic Cooperation in South Asia

1 Introduction

The issue of regional integration in South Asia assumed primacy in the wake of contemporary international developments. A predominant aspect of the emerging economic order has been a proliferation of regional economic groupings and trade blocks. It has been perceived that economic complementarities between geographically contiguous regions can be exploited by projects and policies so as to lead to efficient utilisation of resources, improvements in international competitiveness and sustainable growth. The potential gains from an effective regional grouping are many. Proponents of regional economic cooperation would stress that such cooperation would make possible welfare gains associated with trade liberalisation, and through access to economies of scale, enable establishment of industries which would otherwise not be feasible.

The South Asian economies propelled by the changing international environment and the success stories of NAFTA and EU in the West, and ASEAN closer home, realised albeit a little late that meaningful economic cooperation may be the only option ahead to ensure a greater say in international outcomes as well as create conditions for overall growth.

This Report focuses on the core issue of regional economic cooperation among the major South Asian nations viz. Bangladesh, India, Nepal, Pakistan and Sri Lanka, through trade and investment linkages. Bhutan and Maldives have not been included in the study. For convenience of analysis, the Report is divided into the following sections. To dwell on the linkages between the economies, it would be worthwhile to pursue in brief, the existing economic profile of South Asia in general. Section 2 gives a brief economic profile of South Asia. Section 3 discusses the issue of economic cooperation between these economies within the perspective of South Asian Association for Regional Cooperation (SAARC) and South Asian Preferential Trading Arrangement (SAPTA), focussing on intra regional trade linkages. Section 4 dwells briefly on why trade is an important instrument of growth in the region and the aspect of informal trade. Section 5 focuses on India's role in SAARC. Section 6 looks at cooperation in the region through investment linkages and joint ventures. Prospects and potentials of new investments and collaborative ventures are discussed at length in Section 7. A brief review of ODA loans in South Asia, and their feasibility for assisting intra regional projects in the SAARC region, is analysed in Section 8. Section 9, highlights the emerging

concept of the South Asian Growth Quadrangle, and the initiation of SASEC (South Asian Sub Regional Economic Cooperation). Finally, Section 10 concludes.

2 South Asia – A Brief Economic Profile

South Asia, home to a population of 1.28 billion, accounts for almost 22% of the world's population, but only 1.8% of the world's GDP, and about 1% of world trade. Per capita incomes on an average in the region, do not exceed \$400 Pakistan Institute of Development Economics (PIDE), 2000. It has been among the less rapidly growing regions of the world such that about 40% of the world's poor live in this region. The picture is undeniably, dismal.

The South Asian economies differ rather significantly in size. India accounts for more than three fourth of the region's GDP. Pakistan and Bangladesh are medium sized economies followed by Sri Lanka and Nepal. While agriculture has been the predominant sector, South Asia has also been characterised by the early development of the services sector, and not as in East Asia, by industry and manufacturing. In the mid 1990s, industry contributed to more than 40% of value added in East Asia, but only to a quarter in South Asia (World Bank, 1997). In particular, manufacturing constituted only 10-20% of GDP in all South Asian countries. The low outward orientation in South Asia, confined the growth of the industrial sector to satisfy domestic demand. Moreover, regulation of the industrial sector and an inflexible labour market prevented faster growth and creation of employment opportunities in industry. At the same time, services, particularly in commerce, tourism and the informal sector, absorbed unskilled labour in agriculture and migration from rural to urban areas.

Until the late 1980s, the region was one of the least internationally integrated with a low trade to GDP ratio. It has also not been a favoured destination for foreign capital. The reason in part could be the long standing import substituting policies and restrictions on trade and industrial regimes, pursued by the governments of this region and the overt dominance of the state in almost all spheres of economic decision making. There was also a singular lack of emphasis on human and social development. Compared to other developing regions, in particular, East Asia, South Asia in the 1960s and 70s had lower GNP per capita, poor social indicators, and low rates of savings. Yet the region maintained macroeconomic stability and avoided runaway inflation. GDP growth accelerated in the 1980s due to steps taken towards domestic and external

liberalisation; a declining population growth, a rise in savings and adoption of expansionary fiscal policies .

The 1990s saw a significant change. In response to fiscal and external imbalances inherited from the expansionary policies of the previous decade, all countries in the region embarked on comprehensive programmes of stabilisation and structural reforms. Reforms in this sphere have been multifaceted, ranging from reduction in tariff barriers, removal of quantitative restrictions, dismantling of industrial licensing, to liberalization of investment regimes and decontrol in foreign exchange markets. The avowed aim of introducing these measures has been to create a more conducive and investor friendly economic environment, to boost both trade and investment flows into the respective economies. Table 2.1 shows the growth rate in GDP for South Asia as a whole vis a vis other regions, for the period 1991-1999. In the aftermath of its crisis in 1991, India has performed the most impressively among all countries in South Asia. Recovery was not only rapid, but reached unprecedented heights of 7 percent and above in 1995 and 1996. The reform programme implemented, has raised India's base capacity for growth to 7 percent. Pakistan's growth rate has varied widely from 1.9 percent in 1993 to 5.1 percent in 1995, and to 3.3 percent in 1998, reflecting a poor record of implementation of reforms. A major recovery took place in Sri Lanka in the early 1990s, coinciding with the second wave of reforms, with growth rates reaching 6.9 percent in 1993. Though this faded somewhat in the following years, the rate again shot up to 6.4 percent in 1997 (Table 2.2).

Table 2.1 GDP Growth Rate

	(Annual %)							
	1991	1992	1993	1994	1995	1996	1997	1998
World	1.2	1.7	1.4	3.0	2.7	3.7	3.6	1.7
High income	0.9	1.7	0.9	2.8	2.4	3.4	3.3	1.9
Low & middle income	2.3	1.6	3.2	3.7	4.1	4.9	4.8	1.2
South Asia	1.5	5.7	4.5	7.0	7.3	6.7	4.6	5.6
East Asia & Pacific	8.4	8.9	9.0	9.8	9.3	7.9	6.1	-1.0
Europe & Central Asia	-6.1	-9.3	-4.3	-7.6	0.3	1.0	3.2	0.1
Middle East & North Africa	7.2	3.7	1.1	2.4	1.9	4.2	2.5	3.7
Latin America & Caribbean	4.4	3.3	4.1	5.2	1.1	3.7	5.1	2.1
Sub-Saharan Africa	0.5	-1.3	0.8	2.2	4.1	4.8	3.4	2.1

Source: World Economic Indicators 2000, World Bank

Table 2.2 GDP Growth Rate of South Asian Countries

(Annual %)

	1991	1992	1993	1994	1995	1996	1997	1998
Bangladesh	3.28	4.98	4.56	3.83	5.53	4.98	5.28	5.10
India	0.42	5.42	4.95	7.91	8.03	7.25	4.98	6.08
Nepal	6.37	4.11	3.85	8.22	3.47	5.33	5.05	2.34
Pakistan	5.45	7.83	1.91	3.90	5.12	5.01	1.23	3.30
Sri Lanka	4.60	4.30	6.90	5.60	5.50	3.80	6.40	4.70

Source: World Development Indicators 2000, World Bank.

Countries that are highly integrated in the world economy tend to exhibit a high trade to GDP ratio – the so called “openness ratio”. A quick observation of trade to GDP ratios for the individual South Asian countries show that there has been a steady increase in this ratio for individual South Asian countries (Table 2.3). For instance, in the case of India this ratio has moved up from 17.7% in 1991 to 24.7% in 1998. For Bangladesh, the ratio increased from 19.3 percent in 1991, to 32.6 percent in 1998. The major exception was Sri Lanka, which had a long history of liberalisation since 1977. It had ratios rising from 67.6 percent in 1991 to 78.3 percent in 1998.

Table 2.3 Trade to GDP of South Asian Countries

(% of GDP)

	1991	1992	1993	1994	1995	1996	1997	1998
Bangladesh	19.33	20.53	23.25	23.09	28.16	30.05	31.04	32.65
India	17.70	19.53	21.26	22.52	24.97	24.50	24.81	24.78
Nepal	34.90	42.30	45.71	55.46	58.83	58.01	64.04	57.53
Pakistan	39.48	40.50	41.01	37.15	37.05	39.89	38.39	36.04
Sri Lanka	67.60	72.79	77.15	79.43	81.64	78.79	80.14	78.37

Source: World Development Indicators 2000, World Bank.

Trade liberalisation has been an important component of the structural reform programme undertaken by the South Asian countries. In the early 1990s, South Asian tariff and non tariff barriers were among the highest in the world. This has been progressively reduced over the years as part of trade liberalisation in general, and compliance with WTO specifications in particular. For instance, in Bangladesh, tariff rates have fallen from an average of 58 percent in 1992-93 to 22 percent in 1999-2000. Bangladesh has also progressively eliminated quantitative restrictions on imports and curtailed the number of banned or restricted items. The import weighted tariff for India has fallen from 87 percent in 1991, to 20.3 percent in 1997-98. The maximum tariff is at 35 percent (though for a few products it exceeds this limit). Quantitative restrictions in India have been removed on all items from April 1, 2001. The unweighted average tariff in Nepal declined by almost 50 percent from 15.4 percent in 1981-82 to 8.2 percent in 1994-

95. The basic customs tariff rates range from 0 to 40 percent, where as a few items such as passenger vehicles, fire arms, liquor and tobacco, are subject to higher tariff rates. The maximum tariff for Pakistan came down from 225 percent in 1986-87 to 70 percent in 1994-95 and to 35 percent in 1997-98. It is expected to go down to 30 percent in 2001. Sri Lanka was the first to liberalise its trade regime in South Asia. There are three rates of tariffs of 10, 20 and 35 percent. The unweighted average tariff is around 20 percent. (PIDE, 2000)

3 Economic Cooperation in South Asia and SAARC

The idea of regional cooperation in South Asia was first mooted in 1980, following consultations among the countries of the region. Foreign Secretaries of the seven South Asian countries viz. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, met for the first time in Colombo in 1981. Eventually, SAARC was formed in 1985 in response to the growing needs of the neighbouring South Asian nations to evolve into a Regional Trading Arrangement (RTA). SAARC paved the way for SAPTA which became operational in 1995. The objective of formalisation of SAPTA has been to enhance economic cooperation among the member states of SAARC through trade enhancement. The obvious questions which arise in this context are: *Has intra regional trade indeed been fostered under the aegis of SAPTA? And, how far and to what extent has SAPTA been instrumental in promoting regional cohesion through the enhancement of trade linkages?*

Increased regional integration is generally accompanied by growing intra regional trade. Further, an increase in intra RTA share is taken as a verification of the effect of regionalisation on trade flows. Intra regional trade in other regions has been significant – intra EU trade accounting for almost two thirds of their world trade in terms of both imports and exports; in case of NAFTA, the share is almost half; in the cases of ASEAN and Mercado Comun del Sur (MERCOSUR), these figures have been near a quarter. The trade among SAARC countries on the other hand, has lingered at lower than 5 percent (Shome, 2001). Tables 3.1 and 3.2 below show the trend in SAARC exports and imports, both within the region and outside, for the period 1991-1999.

Table 3.1 SAARC : Exports

(US\$ Million)

Year	SAARC Exports			% Of Total Exports		Growth Rate (%)		
	Intra	Extra	Total	Intra	Extra	Intra	Extra	Total
1991	1012	27340	28352	3.6	96.4			
1992	1236	29450	30686	4.0	96.0	22.1	7.7	8.2
1993	1187	31311	32498	3.7	96.3	-4.0	6.3	5.9
1994	1427	36360	37787	3.8	96.2	-20.2	16.1	16.3
1995	2008	43833	45841	4.4	95.6	40.7	20.6	21.3
1996	2111	47370	49481	4.3	95.7	5.1	8.1	7.9
1997	1992	48565	50557	3.9	96.1	-5.6	2.5	2.2
1998	2847	51113	53960	5.3	94.7	42.9	5.2	6.7
1999	2664	54347	57011	4.7	95.3	-6.4	6.3	5.7

Source: Direction of Trade Statistics (DOTS) Yearbook, International Monetary Fund, 1998,2000.

Table 3.2 SAARC : Imports

(US\$ Million)

Year	SAARC Imports			% Of Total Imports		Growth Rate (%)		
	Intra	Extra	Total	Intra	Extra	Intra	Extra	Total
1991	899	34185	35084	2.6	97.4			
1992	1246	39228	40474	3.1	96.9	38.6	14.8	15.4
1993	1260	38198	39458	3.2	96.8	1.1	-2.6	-2.5
1994	1298	42766	44064	2.9	97.1	18.9	12.0	12.2
1995	2224	56093	58317	3.8	96.2	48.5	31.2	31.7
1996	2507	58731	61238	4.1	95.9	12.7	4.7	5.0
1997	2366	62482	64848	3.6	96.4	-5.6	6.4	5.9
1998	3062	64017	67079	4.6	95.4	29.4	2.5	3.4
1999	3149	68484	71633	4.4	95.6	2.8	7.0	6.8

Source: Direction of Trade Statistics (DOTS) Yearbook, International Monetary Fund, 1998,2000.

Three aspects of intra regional trade in SAARC are worth underscoring. First, the low proportion of intra regional trade vis a vis total trade. Second, the shares of intra regional trade in imports and exports are quite different. Third, the shares of each country in intra regional imports and exports vary significantly across different countries. While Bangladesh, Nepal and Sri Lanka met 15.3, 31.7 and 12.3 % of their imports requirements from the region, Pakistan and India met only 1.9 and 0.9% respectively of their requirements from the region in 1999 (Table 3.3).

Table 3.3 Share of Intra-Regional Imports in Total Imports

(%)

Year	Bangladesh	India	Nepal	Pakistan	Sri Lanka
1991	7.5	0.5	13.8	1.4	6.9
1992	10.1	0.8	17.4	1.5	11.9
1993	11.9	0.5	17.2	1.6	10.1
1994	12.8	0.5	18.4	1.6	10.6
1995	17.7	0.5	17.5	1.5	11.1
1996	16.3	0.5	28.6	2.4	12.6
1997	13.0	0.5	27.1	2.0	11.0
1998	15.3	1.2	31.7	2.4	12.0
1999	15.3	0.9	31.7	1.9	12.3

Source: Direction of Trade Statistics (DOTS) Yearbook, International Monetary Fund, 1998,2000.

With respect to exports to the region, the share of Bangladesh has decreased from 4.7 percent in 1991 to 1.9 percent in 1999. India has seen a rise in its share from 1.8 percent in 1991 to 5.1 percent in 1999. Since 1996, there has however been a significant rise in share of exports to the region in the case of Nepal. (Table 3.4).

Table 3.4 Shares of Intra-Regional Exports in Total Exports

(%)

Year	Bangladesh	India	Nepal	Pakistan	Sri Lanka
1991	4.7	1.8	7.9	3.3	2.6
1992	2.2	3.8	13.1	4.9	2.0
1993	2.4	4.0	4.7	3.2	2.2
1994	2.3	4.1	3.9	3.3	2.4
1995	2.7	5.0	8.7	3.1	2.3
1996	1.8	4.9	13.0	2.5	2.3
1997	2.3	4.4	25.4	2.6	2.6
1998	2.7	5.6	36.5	4.9	2.4
1999	1.9	5.1	29.5	3.6	2.8

Source: Direction of Trade Statistics (DOTS) Yearbook, International Monetary Fund, 1998,2000.

Further, observation of data relating to direction of trade flows reveals that the bulk of the exports from the SAARC countries is directed to developed countries. Developed countries still constitute favoured destinations for SAARC countries' exports. In terms of a source wise examination of imports also, the dependence of SAARC member countries on developed countries continue to be high. To the extent that there has occurred an increase in the share of developing countries, it is mainly accounted for by countries in Asia other than SAARC member states.

These figures indicate in no uncertain terms that efforts at intra SAARC trade expansion have not yielded the desired results. This naturally leads one to question the efficacy of trade negotiations and their outcomes under the SAPTA Rounds – a process which had generated widespread optimism at the time of its inception. Under the framework of SAPTA, initial negotiations are conducted bilaterally under offer and request lists from member countries. The request lists are scrutinised by the concession offering country, and conceded partly or fully after ascertaining the probable implications of such concessions on import competing domestic industries. Once the products are conceded, the concessions are multilateralised and become available to all other member states, unless concessions offered have been designed only for least developed countries in SAARC¹. The First Round of exchange of preferences under SAPTA (1995) were indeed minimal. Tariff concessions on around 200 products at HS 6 digit level of trade classification resulted in an intra regional trade liberalisation which affected only an estimated 6% of traded goods. India's preferential imports under the first round amounted to about US \$12 million, more than half of which came from Bangladesh, while India received concessions of roughly \$40 million, mainly from Sri Lanka. The Second Round (1996) was somewhat more comprehensive in coverage and included more than 2000 products for tariff concessions as well as aimed at removal of certain non tariff barriers. The Third Round of preferential trade negotiations under SAPTA concluded in November 1998 in Kathmandu with a total of 3456 tariff lines covered under concessional tariffs. More than half the concessions (on 1917 items) in this round were offered by India. Negotiation for the Fourth Round was initiated subsequently. However, due to political exigencies, the Eleventh SAARC Summit scheduled to be held in Kathmandu in November 1999, has been postponed indefinitely – following the hardening of bilateral trade relations between India and Pakistan – the two largest member states of SAARC.

The current status of intra SAARC trade linkages, and the limited impact of the SAPTA process of trade negotiations on trade expansion in the region, leads one to probe into the factors impeding intra regional trade enhancement. Studies attempting to focus on this issue have in general pointed towards the similarity in export baskets of the SAARC states, existence of restrictive as well as discriminatory trade barriers, inadequacy of export finance, poor infrastructure and transport links, and non adherence to quality norms as serious obstacles to expansion of regional trade.

¹ Least Developed Countries under SAARC include Bangladesh, Maldives, Nepal and Bhutan.

It has been emphasised that similarities in trade structure, together with absence of comparative advantage in capital intensive and high value added products i.e the products normally imported by countries in the region, act as structural constraints impeding intra regional trade.

South Asian countries are deficient in capital and lack well diversified industrial bases. With the exception of India, and to some extent Pakistan, these resource constraints have prevented South Asian countries to undertake investments in high value added exportable products and have rendered these countries dependent on the developed countries for their supply of capital goods and technology. The regional exports largely consist of raw materials and traditional products like textiles and garments, and some of these countries are direct competitors in the world export market for these products. On the other hand, import requirements of the region mainly consist of capital goods and high tech products. In addition, the limited capacity to generate exportable surplus and lack of communication links among the SAARC member states have also undermined efforts to foster robust trade within the region.

The initial optimism generated by SAPTA has ebbed somewhat, giving way to scepticism, with the trade negotiation episodes not being able to make any significant impact on intra regional trade promotion. It is being increasingly realised that tariff concessions alone will not be able to deliver results in an environment where other structural constraints continue to prevail. Moreover, it is generally being perceived that tariff concessions under the SAPTA regime are mostly offered on items that are of little export interest to member countries. The stringency of the SAPTA rules of origin also prevent member countries from taking advantage of the tariff concessions offered under the regime. SAPTA could be more effective in promoting intra regional trade provided its coverage is broadened to include products that are of export interest to the member countries. The issue relating to the SAPTA rules of origin need to be addressed as well, taking into account both its positive and negative implications. A relaxed set of rules of origin may perhaps facilitate trade in so far as some countries in the region are concerned, who are extremely dependent on imports due to limited domestic supply of intermediate and capital goods, as well as lack of natural resources, and are unable to meet the local content requirements of the current rules of origin system, as envisaged under SAPTA (RIS, 1998 /99)

Past trends indicate that intra regional trade under SAARC has been confined to a narrow range of products. There is therefore, an urgent need to broaden the product composition of intra regional trade in the South Asian region.

Studies focusing on this issue show that there exists scope for intra regional trade in the following products:

- Meat and Fish Products
- Fruits and Vegetables
- Rice
- Sugar
- Coffee, Tea and Spices
- Animal Feed
- Tobacco
- Oilseeds
- Synthetic Rubber
- Cotton
- Jute and Textile Fibres
- Stone, Sand and Gravel
- Iron and Basic Metal Ores and Concentrates
- Crude Vegetable Materials
- Residual Petroleum Products
- Vegetable Oil
- Chemicals
- Medicinal and Pharmaceutical Products
- Fertilisers
- Insecticides and Herbicides
- Leather and Leather Manufactures
- Rubber Articles and Tyres
- Textile Yarn and Fabrics
- Floor Coverings
- Lime, Cement and Fabricated Construction Materials
- Pottery
- Pearls and Precious Stones
- Iron and Steel Products
- Hand or Machine Tools
- Household Equipment of Base Metal
- Electric Power Machinery and Parts
- Cycles and Motor Cycles
- Clothing and Footwear
- Instruments for Medical Sciences

Another major part of the problem in implementing the agenda under SAPTA, stems from the near perennial issue of Indo Pakistan political tensions. This has been one of the most politicised, contentious and sensitive issues which

has dominated the realm of South Asian politics and inter state relations. In fact one of the most serious misgivings about SAARC developing into a vehicle of purposeful and effective cooperation is generated to a large extent by this factor. Economics in this case clearly follows and is bonded to politics. A wishful thought nevertheless is – is it impossible to create conditions such that the issues of economic cooperation may be detached from current political conflicts in the broader interest to succeed as a regional economic grouping? Can conditions of trust and cooperation be created in some manner, which can overcome the political unwillingness to cooperate in the joint regional interest?

SAPTA was expected to eventually lead to SAFTA (South Asian Free Trade Area). Initially, SAFTA was expected to be implemented by 2001. However, the Tenth SAARC Summit, based on the recommendations of the GEP (Group of Eminent Persons) has postponed the implementation of SAFTA. This was inevitable, and to an extent desirable, as the lack of infrastructure, not to mention the necessary mindset and political environment for the graduation of SAPTA to SAFTA is as yet absent in South Asia. A Free Trade Area implies dismantling of customs barriers, which means all SAARC countries will have to agree to a common import policy, either formally or informally, at some point of time. It is increasingly apparent that unless countries of a region enjoy some degree of political harmony, they cannot possibly agree to concessions like surrendering their sovereignty over their import policy.

4 Is Trade an Important Issue of Development in the Region?

The low volumes of intra regional trade in SAARC, and the limited impact of the SAPTA process of trade negotiations on trade expansion in the region, have raised some obvious doubts regarding the importance of trade as an instrument for promoting economic co-operation in South Asia. However, it needs to be emphasised that despite the current low volumes, there is significant potential for trade in the region which needs to be harnessed effectively. The low volumes and present stalemate under SAARC need not divert attention away from the fact that promotion of intra regional trade would indeed be meaningful.

That co-operation in trade would be vital for promoting regional co-operation under the aegis of SAARC, was realised during the formative years itself. In 1987, the representatives of the National Planning Organisations of the SAARC member states recommended that there was an urgent need to pool resources for

long term economic cooperation. Recognising asymmetries in the development levels and the fact that the share of SAARC in world trade was relatively small, the meeting recommended that analytical studies need to be carried out in the first instance to facilitate identification of priority areas for economic co-operation. A study was commissioned on "Trade, Manufactures and Services (TMS)" in the South Asian region. The TMS study which was completed in 1991, considered economic co-operation among the SAARC countries as an inevitable imperative for promoting all round development. In May 1991, the Council of Ministers at their Ninth session at Male endorsed the study and established a high level Committee on Economic Co-operation (CEC) comprising Commerce / Trade Secretaries of the SAARC member states. The CEC was mandated to formulate and oversee implementation of specific measures, policies and programmes within the SAARC framework to strengthen and enhance intra regional co-operation in the fields of trade and economic relations. With the creation of CEC, regional economic co-operation was formally institutionalised. Over the years, the CEC emerged as the most important single group within SAARC which looked at economic and trade issues. Eventually, SAPTA was formalised in December 1995, which was a formal reflection of the desire of the SAARC countries to promote and sustain mutual trade and economic co-operation within the SAARC region through exchange of concessions.

The analysis has already focussed on the SAPTA Rounds of negotiations. The Tenth SAARC Summit (Colombo, 1998) had decided that to accelerate progress in the next round of SAPTA negotiations, deeper tariff concessions should be extended to products which are being actively traded or are likely to be traded among members; discriminatory practises and non tariff barriers should be simultaneously removed on items in respect of which tariff concessions are granted or have been granted earlier; and measures to remove structural impediments should also be taken in order to move speedily towards the goal of SAFTA. The Fourth Round of negotiations however had to be suspended due to political exigencies. Several measures aimed at trade promotion within the region were endorsed in the SAPTA framework. It was also decided (1999) to reduce the domestic content requirement under the SAPTA Rules of Origin to enable the smaller and Least Developed Countries within SAARC to benefit equitably from trade liberalisation.

Therefore, that trade would be an effective engine of growth in the region, was realised only too well even in the nascent stages of formation of SAARC. There exists in fact, a large untapped trade potential in the region, which is yet to be realised. Imports from within the region than from outside, would be far most

cost effective. For instance, it has been estimated that Pakistan could save considerable foreign exchange by reducing its dependence on imports of products like soya meal (which it imports from US under PL 480) and tea from the rest of the world, and import the same from India, at comparatively lower costs (Mukherjee, 2000).

An attempt has also been made to identify products with high trade potential in the region, which till now have not entered the export/ import basket in a substantial way. These products have been listed in the previous section. Broadening the product composition to include commodities with high export/ import potentials may well result in enhanced trade volumes.

In effect, the potential for trade among these neighbouring states is sufficiently large to justify the continuous efforts being undertaken for enhancing trade linkages. The high incidence of unofficial trade in the region is an indicator of the enormous potential that exists for furthering trade flows between these countries.

4.1 Informal Trade

It is of considerable interest to note that while official trade in the region has been modest, illegal trade has boomed. Hefty profits are being made from contraband trade that circumvents high trade barriers among South Asian countries, and complex customs and transit procedures. A survey of unofficial trade between India and Bangladesh determine that the volume and direction of unrecorded cross border trade mirrored the pattern of official trade. Illegal imports from India to Bangladesh (mainly fruits, vegetables, spices, pharmaceuticals, cattle) was almost equal to the volume of legal imports. (World Bank, 1997) Estimates point out that illegal trade between India and Pakistan is almost two to four times the value of that of official trade between the two countries. A similar pattern might be observed in the case of unofficial trade between India and Nepal (Taneja and Pohit, 2000). The losses incurred on account of this parallel trade is enormous and the figures are not recorded in the national accounts

In this context it would be important to understand the elements underlying the vitality of informal trading arrangements as they may provide valuable clues towards policies to rejuvenate SAARC trade, as well as identify bottlenecks of the formal trading arrangements within SAARC. To the extent that informal trade is taking place due to high tariffs and non tariff barriers in the region, it is

reasonable to expect such trade to shift to legal channels with the removal of trade barriers. However, free trade agreements (FTA) require rules of origin to ensure that goods from third countries, passing through another member country of the FTA, meet the domestic content requirement, before arriving at the final market for consumption, to benefit from duty free entry. Such rules of origin can be complex, which make informal trade an attractive option. Illegal trade could also take place due to domestic policy distortions. For instance, a trader has the incentive to siphon off subsidised items from the public distribution system to the neighbouring countries if such commodities face higher prices across the border. For instance, studies (Taneja and Pohit, 2000) reveal that there is evidence of leakage of PDS goods from India to Bangladesh. A large proportion of goods traded from India to Bangladesh are procured from different states in India². In the case of informal trade between India and Nepal, there is evidence of a significant amount of trade in third country goods. In case of Pakistan, the supplies from India, particularly that of machinery for textiles and tanneries and spares thereof, are routed through Dubai, Hong Kong or Singapore, as this route appears economical in view of the high tariff rates.

Another impediment to formal trade is high transaction costs. Transaction costs in formal trading arises due to several factors including multiplicity of rules and regulation, stringent but inefficient implementation processes, infrastructure bottlenecks in transportation and communication, absence of information transparency, bureaucratic approach and rent seeking activity by officials at various stages. Inadequate transport system, which has been in existence between India and Bangladesh, has led to high transportation cost. With respect to transit modalities it has been identified that port congestion, excessive documentation, delays, slow movement of goods, transshipment – all lead to higher costs³.

Given the huge volume of unofficial trade in this region, it would be prudent at this stage to evolve a concrete strategy on a priority basis to minimise its incidence and divert it to official channels. Needless to say, the transacting environment of formal trade needs improvement. In addition to trade liberalisation which aims at tariff reduction and lowering of non-tariff barriers, this would involve taking immediate steps to ease infrastructural constraints,

² Chaudhari (1995) in his study has pointed out that the PDS outlets in the border districts of West Bengal get their supplies from the PDS in excess of their local needs. These commodities are then exported informally into Bangladesh.

³ Trucks have to wait often in the border for 8-10 days before documents are endorsed and checked at the customs. The transit authorities at Petrapole-Bongaon border point remain closed three days in a week resulting in no trade on these three days. Corruption is rampant at all checkpoints in border areas.

transport bottlenecks, procedural delays, and strict measures at the enforcement levels. With the lowering of transaction costs and the onset of a more liberalised trade regime, it is expected that a sizeable fraction of unofficial trade will flow through the formal route. This will indeed boost intra regional trade within SAARC.

5 India's Role in SAARC

A largely debated and contentious issue relates to the role of India in SAARC. There is the common fear shared by India's neighbours that the benefits of intra regional trade expansion are likely to be distributed in favour of the former, with India having a trade surplus with every country of the region.

An analysis of the trends in Indo Bangladesh trade since the early 80s reveal a gradual increase in trade flows over the years, particularly in that of India's exports to Bangladesh. This has led India to enjoy a persistent trade surplus with its neighbour, which has become for obvious reasons, a sensitive issue with Bangladesh. The share of Bangladesh in India's trade however, is abysmally small. A similar trend is visible for India's bilateral trade with Nepal. Nepal's imports from India have been substantially higher than its exports to India, which has resulted in an ever increasing trade surplus in favour of India. For the last two years however, there has been a reversal in this trend with Nepal recording a trade surplus. This is mainly on account of the increased import of vegetable oil and acrylic fibre from Nepal. Bilateral trade between India and Pakistan picked up only in the year 1988-89, with the increase in the list of approved imports from India. An analysis in trends of trade since 1991, show an increasing trend in India's exports with the exception of the year 1998-99, when there was an unusually large surge of imports from Pakistan. India's trade balance with Pakistan recorded a deficit till 1992-93, turned surplus for the next five consecutive years, registered a deficit in 1998-99, and again recorded a surplus in 1999-2000. Likewise, in the case of Sri Lanka, India constitutes its most important trading partner and source of imports in the SAARC region. There has been an acceleration in India's exports to Sri Lanka, specially after 1990-91. But this was a one way process. Sri Lanka's exports to India, though they too showed an initial increase, failed to keep pace, resulting in trade surplus for India in successive years. India's bilateral trade with these countries is shown in Appendix Table 1.

With India recording consistent balance of trade surpluses with its smaller neighbours in SAARC, there is the growing perception among these countries that all further attempts at trade liberalisation can only widen this surplus. This has given rise to resentments as persistence of trade deficits vis a vis India, is usually construed as benefiting only the latter. This has also led to serious misgivings on the part of the smaller states about India, and accordingly, a propensity for them to contend suggestions put forward by the latter at the successive rounds of trade negotiations at SAPTA.

The pre-eminence of India in the South Asian power configuration given its central location, size, state of economic development is something about which neither India nor its South Asian neighbours can do anything but accept. The trade imbalance issue, for all practical purposes, need to be viewed in a pragmatic manner. Lower imports into India from its neighbours, may not be so much of a problem in terms of inadequate import demand, but a manifestation of the low export supply capabilities of the smaller countries. India's exports to these countries likewise, could be viewed in terms of acting as a catalyst to their developmental efforts. India's exports in effect cater to the needs of producers and exporters in Bangladesh, Nepal and Sri Lanka to a large extent. These countries in their present stages of development, stand to gain immensely from trade with India. It would be futile at this stage to impede the process of trade expansion with India on the grounds of trade imbalance. Trade imbalance could be reduced over time with the build up of suitable export capabilities. Viewing the issue with a negative connotation at this stage, would limit the prospects of intensive trade integration within the region. It may be of interest to note in this context the trade relationship that US shares with many developing countries. For most of these countries US is the single largest trade partner. But the same does not hold good for US. US has in effect, very little to import from these countries. A similar relationship may be envisaged in the case of India's trade relations with the SAARC member states.

It would be worth emphasising that by not cooperating on a regional basis, countries tend to lose out on account of untapped expanded markets, additional production and investment space, and less than optimal use of natural, capital, technological and labour resources. Further, the countries would be deprived of the advantages of economies of scale, scope and specialisation, if they fail to cooperate among themselves in production and trade.

For India, relations with its smaller neighbours may often have to be guided by the principle of non reciprocity in favour of the latter. The offer of non

reciprocal concessions in economic relations is based on the principle that a country of the size of India, by virtue of its geographical setting in South Asia, and its state of economic development relative to that of the other countries in the region, is eminently suited to offer concessions that have a minor effect on its own economy, but a significant impact on the smaller economies. For India, furthering of future trade relations with its neighbours, may be viewed in this context.

6 Investment Links & Joint Ventures

Trade expansion in the SAARC region, through trade liberalisation alone, would not be possible unless certain investment facilitation mechanism for investment flows is also evolved. As the recent global trends reveal, trade flows are often envisaged as a corollary of investment flows. Trade–investment nexus is of crucial importance in this region particularly because production and export capabilities of many of the members are limited. The need of the hour is to encourage trade –creating joint ventures. In this context it would be worth reiterating that the Ninth SAARC Summit held in Male in May 1997, had also agreed that SAARC efforts to enhance trade and economic cooperation in the region, should be strengthened through the adoption of measures promoting SAARC joint ventures. The gains from encouraging intra SAARC joint ventures would be twofold. It would not only enhance intra SAARC trade, but also extra SAARC exports. It is through this route that the contentious issue of regional trade imbalance, specifically that of the neighbouring SAARC countries with India, can effectively be tackled.

Albeit at a slow pace, some amount of intra regional investments have actually taken place within the region. India has been the chief initiator in this process. With the liberalisation of policies since 1991, investments made by Indian companies in overseas joint ventures and subsidiaries, has grown. A significant proportion of these investments have also been directed towards neighbouring SAARC countries. Appendix Table 2 lists Indian joint ventures with the neighbouring SAARC countries since 1995.

India has adopted a preferential policy towards investment in SAARC countries. Initially, a fast track channel for processing of investment proposals had been created to expedite projects. This route has later been further liberalised. The ceiling for investments has progressively been increased over the years and now under the automatic route, stands at US\$75 million for SAARC countries

other than Nepal, Bhutan and Pakistan (RBI Circular No.32 dated. April 28, 2001). For rupee investment in Nepal and Bhutan, the investment ceiling under the automatic route has now been pegged at Rs. 350 crores in a financial year as against last year's limit of Rs.120 crores in a block of 3 years. Furthermore, companies in the information technology, pharmaceuticals and bio-technology sectors will be eligible to utilise the automatic approval route up to an aggregate limit of \$100 million.

The majority of the Indian investments in Sri Lanka is in the service sector. Indian firms have an important high visibility presence in the top end hotel sector. In manufacturing most of investment has been directed to wearing apparel and the food and beverages sector. Most Indian joint ventures in manufacturing are import substituting but a few are export oriented which effectively use Sri Lanka as an export platform to supply markets in North America and Europe (Jayasuriya, Weerakoon, 2001).

India has an array of joint ventures in Nepal in diverse areas like hotels, mineral exploration, mining, textiles, dry battery, brewery, banking, electronics, transport and tourism among others.

India has the potential to invest in wide ranging fields in Bangladesh, most of which has remained untapped so far. Though a Joint Economic Council was immediately formed after the liberalisation of Bangladesh, it did not bring the expected benefits. However a few eminent business houses have ventured into the country mainly in the area of manufacturing of cement and agro chemicals. Indian firms are also engaged in trading and market research activity (Mukherjee, 2001).

Given the existing policy framework for foreign investment in Pakistan, the obvious question is, how far has this been conducive towards facilitating Indian joint ventures in Pakistan, or the creation of Indo Pakistan joint ventures? Needless to say, joint ventures between these two countries would go a long way in strengthening economic ties and add a milestone to the future realm of cooperation within SAARC. First, joint ventures in Pakistan to manufacture goods that are currently imported from third states to Pakistan, would enable Pakistan to reduce imports, conserve foreign exchange reserves, and limit its merchandise trade deficit. Second, joint ventures could be undertaken to manufacture goods for exports. The main advantage of linking ventures is that, it facilitates interweaving of production processes in India and Pakistan, thereby enhancing structural integration of the Indian and Pakistani economies. With the passage of

time, these linkages may help to develop long term stakes, which may become too costly to sever for the sake of political reasons (Mukherjee, 2001)

The overall potential for intra regional investments appear to be enormous. The importance of the private sector in facilitating investment linkages cannot be underscored. Business collaborations at present do not reap the potential of this region fully. One of the mechanisms for facilitating freer flow of investment in the SAARC region could be the establishment of the *SAARC Investment Area*, similar to the ASEAN Investment Area, or the MERCOSUR Investment Promotion Schemes. The SAARC investment Area could help to generate intra regional investment flows and at the same time might help in attracting foreign direct investment (FDI) from outside the region. The FDI could flow into the SAARC region to take advantage of the growing and liberalised market opportunities. In addition, the SAARC Investment Area could enable the smaller SAARC member countries to take advantage of the credit ratings of the stronger nations. Given the variation of labour costs across sectors and countries, the SAARC investment area would encourage the business community of the SAARC region and also the investment community of the rest of the world to explore the possibilities of finding optimum locations for their investment activities in different countries of the region (RIS, 1998/99).

Trade complementarities could well be developed within the region if the regional countries are able to achieve vertical specialisation through production sharing arrangements. Vertical specialisation would not only allow the regional trading partners to strengthen their trade ties, but also enable them to reap economies of scale by concentrating on a specific production process in the value addition chain. For this purpose, evolving production agreements on a regional basis in a specific sector would be essential. Several sectors like textiles and clothing, leather, rubber and electronics could qualify for these production integration schemes. This would eventually lead to each member country specialising in a particular spectrum of the value addition chain and emerging a niche player in that particular segment.

In addition, it is also possible to conceive of export marketing alliances among the South Asian countries. For example, all the five countries under review, compete in the international market for textile yarn, fabrics and clothing. Similarly, Bangladesh, India and Sri Lanka are competitors in the world tea market. In this scenario, it would be in the interest of the South Asian countries to forge alliances for the joint marketing of their competing export products. On the one hand this would promote mutual economic cooperation in the region, and

on the other, allow regional exporters to collectively reap the benefits of improved export opportunities.

7 New and Feasible Areas of Investment

The above analysis would point to the immense possibilities which exist for forging mutually beneficial collaborative ventures among the SAARC member states. It is obvious that public as well as private initiatives have not yet explored the options available in this area, fully. Governments in the respective countries have on the one hand been constrained by resource crunch, bureaucratic impediments, political bias, and on the other, with the drive towards a market oriented economy, the onus of taking the lead in this direction has come to rest with the private sector. In fact private sector business alliances guided by norms of profitability and commercial viability would have a much better chance of succeeding, and would be able to side step issues of political discord, which has by far been the most disquieting factor of the SAARC venture.

A review of the region's comparative advantages, latent strengths and core competencies point to several key areas where fruitful investment linkages could take place. A core area is infrastructure development, where collaborative ventures in the fields of energy, roads, ports and transport, would be extremely desirable.

7.1 Hydro Power

The North Eastern States of India, Nepal and Bhutan offer considerable potential for hydro power generation, which is one of the best available options for meeting the energy requirements of the area, both in terms of cost effectiveness and environmental safety. Moving in this direction opens up numerous other benefits like navigation, flood control and irrigation benefits in addition to producing electricity. For facilitating cooperation in the hydro energy sector,

- A regional consortium of the member countries could be set up. This will help in attracting regional investment partners.
- An umbrella agreement should be reached by the member units spelling out the procedural and legal aspects of cooperation in this field.
- A regional power grid system should be created to facilitate the transmission of power from one part of the region to another. (Baral, Lama, Sharma, 1999)

7.2 Oil, Gas and Coal

Optimal utilisation of gas reserves in the region should be accorded highest priority both as a project and as a major objective. Abundant supply of gas in Bangladesh lends it a natural advantage. Cross border gas trade is a highly promising option for Bangladesh. Surplus gas available in Bangladesh could be used to set up gas based power plants in Bangladesh or to supply power requirements in India. This could be done by either piping the gas or locating power plants in Bangladesh for transporting power, provided suitable pricing for the gas and the power can be established., which assures mutual benefits. A possibility of a gas pipeline linking Iran's massive gas reserves to India via Pakistan was also being explored. Pakistan would earn transit fees for Iranian gas supplied to India and also be able to purchase gas from the pipeline itself.

Sponge iron plants, and mini steel plants using natural gas could also be set up as joint ventures in addition to fertiliser industries, polymer processing plants and plants manufacturing urea. A large polymer processing unit could yield value added products for packaging, automobile, construction, industrial and household sectors. Joint ventures in gas exploration and petrochemicals could also emerge as viable future projects. Similarly, coal based industries offer tremendous opportunities in ventures such as captive power plants, coke producing units, desulphurisation plants, thermal projects, and chemical industries.

7.3 Transport

Studies (Mehrotra, 1999) have attempted to identify road and railway networks which could use Bangladesh as a transit route to connect the north eastern states of India with the rest of the country, as well as provide access to Nepal and Bhutan through Bangladesh. This would ease transport bottlenecks as well as induce freer movement of freight and cargo, and passengers.

The following projects have been identified which would ensure better connectivity as well as remove transport bottlenecks which thwart trade.

- For the Indian states of Assam, Sikkim and Arunachal Pradesh, and Nepal and Bhutan, the route from Titulia, Rangpur, Nagarsarai, Bonpara, Jenaidah, Jessore and Mongla port in Bangladesh, provide an ideal and convenient road access ultimately to the Bay of Bengal.
- Another important route should be that connecting the state of West Bengal through Benapole, Jessore, Narail, Dhaka, Sarail, Tamabil to the north eastern states of India,.

- The single line rail route on the Indian side via, Sealdah, Ranaghat, Bongaon could be strengthened to accommodate traffic flowing through the Bangladesh railway.
- A rail cum road route via Calcutta- Bongaon-Ranacha-Darshana-Hardinge bridge–Sirajgunj–Jamalpur–Sherpur-Tura (Meghalaya in India) could be feasible.
- West Bengal could be connected through Rajshahi – Sirajgunj and from there to Tura via the route mentioned above.
- Joining Shillong to Tamabil in Bangladesh through an upgraded road will open the lower Assam and Meghalaya traffic upto Chittagong through the meter gauge rail link from Silhat-Akhaura-Comilla-Feni in Bangladesh.
- Joining Agartala in Tripura to Akhaura in Bangladesh should be given top priority as this will enable Mizoram, Tripura and other north eastern parts to be linked to the international port in Chittagong in Bangladesh.
- The possibilities for restoring passenger train services between India and Bangladesh, could be explored.
- Dhubri in Assam should be developed as an important riverine port with extensive warehousing facilities, berthing, night navigation and pilotage. This will enable Dhubri to develop as a gateway for the to and fro and in transit cargo traffic between Assam, Bangladesh and West Bengal.

A regional Transport Council could be set up to undertake technical coordination of project planning at the macro level and mobilise finances for sub regional projects.

7.4 Mineral Based Industries

Mini steel plants could be set up in Nepal, Bangladesh and Sri Lanka with Indian collaboration in terms of technical know how, managerial and financial resources. A number of metal producing industries like rolling mills, wire nets, cutlery producing units can also be set up as joint ventures.

Limestone based industries can also be a major source of sustainable cooperation. There is ample scope for joint ventures for the manufacturing of soda ash, caustic soda, and precipitated/activated calcium carbonate. In the ceramic based industries, there are prospects for cooperation to produce ceramic whiteware like porcelain, crockery and decorative items, along with ceramic flooring, tiles and sanitaryware. The scope of expanding the capacity and improving the quality of the ceramic industry in the countries of Bangladesh, Nepal, Bhutan in collaboration with India, need to be looked into in greater detail.

In addition, considerable scope exists for setting up of cement and aluminium plants both in Bangladesh and Nepal (Lama, 1999)

7.5 Plantation Crop Based Industries

7.5.1 Tea

South Asia is one of the richest regions in the world in terms of traditional plantation crops like tea and jute. Lucrative opportunities exist in for joint collaboration in the tea business which would be beneficial to all countries in the region. India, Nepal, Bangladesh and Sri Lanka can work together in the tea blending business. India can also import cheaper varieties of tea from the neighbouring countries to blend with its own tea for meeting domestic consumption requirements. With the share of value added tea (packets, bags, instant tea) showing an increasing trend in total tea exports, there exists considerable opportunities for seeking joint ventures in these areas. Besides, developing new auction centres for South Asian tea for instance in Karachi, would go a long way in diverting Pakistan's import of tea⁴ from outside the region, as well as create a distinct market niche for Indian producers. India could also lend its expertise in the areas of tea production, yield, management and technology for better plantation in adjoining Nepal, Bhutan and Bangladesh..

7.5.2 Jute

Private capital with technological support can move in from India for setting up modern jute manufacturing plants in Bangladesh in the areas of spinning and blending or in the production of new uses such as paper, geo textiles etc. In the state of Assam in India, there is significant scope for new value added items in jute like soft luggage, bags, cards, rugs, as also jute based timber substitutes.

7.5.3 Cotton Textiles

The South Asian region has traditionally been a major cotton growing area, and a lead exporter of raw cotton, cotton products, textiles and garments in the international markets. In fact, this is one of the most prospective and promising areas for investment in the region. As already noted, possibilities of vertical integration in textile industry should be explored within the region to augment

⁴ Kenya has gradually emerged the largest source of Pakistan's imports of tea despite South Asia being both the largest and geographically the nearest possible tea producer for Pakistan.

extra SAARC exports. The phasing out of the Multi Fiber Arrangement (MFA) under WTO is also likely to pose new challenges and would lead to enormous benefits for the textiles and garments sector in these countries. There will emerge increased scope for joint ventures in value added production and exports in this sector, which should be explored to the full.

7.6 Leather

In the case of leather also, opportunities exist for vertical integration of the industry, which would enable each country of the region to specialise in a particular stage of the production process. The countries of the region could pool together resources of the existing training institutes and develop a network for undertaking research and development, horizontal and vertical technological upgradation, and regional training, designing and marketing. India with its strong network of training institutions like the CLRI (Central Leather Research Institute), FDDI, (Footwear Design Development Institute), NIFT (National Institute of Fashion Technology) among others, could take the lead initiative in this field. The Board of Investment in Bangladesh, and the Foreign investment Promotion Board in Nepal has identified several investment ventures in this sector like, leather finishing, leather goods and footwear, leather chemical related ventures, technology for tanning and finished goods among others.

7.7 Forest Resources

The vast and varied forest resources and the rich bio diversity of the South Asian region holds immense possibilities for investments in forest based industries. These include commercial plantation and production of medicinal and aromatic plants and using them as raw material for medicines, pharmaceutical products, cosmetics, herbal teas, and natural health products. Private entrepreneurs can undertake an integrated scheme of production and processing of herbs for export. A study on the possible application of biotechnology to develop industries in the region is also a prerequisite.

The present exploitation of marine resources in the region also do not reap the potentials fully. The entire deep sea resources remain largely unutilised. An inter governmental joint venture should be launched to acquire technology for developing deep sea fishing. There is also tremendous scope for cooperation in riverine fisheries, reservoir fisheries, paddy cum fish culture, seed production, fish food manufacture, processing, canning and fish preservation, shrimp farming, and development of refrigerated transportation facilities.

7.8 Tourism

The South Asian region probably comprises of some of the most beautiful and attractive tourist destinations in Asia. It is a picture of contrasts - bordered by the entire Himalayan mountain range in the north, dense mangrove forests and sea beaches in the south and diverse architectural and cultural heritage. However, the tourist potentials of the region have not been marketed well. Tourism could in fact emerge as a prime revenue earner if a coordinated strategy is adopted to exploit the potential of this sector fully. The private sector has a meaningful role to play towards this end.

A sub regional tourism body for marketing, product development and programming should be set up. Unified package programmes which offer a tour touching the main tourist sites, across the region, could be developed to attract foreign as well as domestic tourists. Regional tourism centres need to be established within and outside the region to promote and market the destinations. Joint ventures would be an attractive option in this context. Further, establishment of appropriate air transport networks within the SAARC region is also a prerequisite for promotion of tourism in the area. In order to allow, more flow of tourists from within the region, better connection between various destinations needs to be developed. In determining the routes, not political or prestigious consideration but the demand for such connection (market) should be the deciding factor. If the airlines of the region could come together and determine the way by which their own existing fleets could be used in a more optimal way, this would contribute to the development of tourism. Allowing more competition in regional aviation market would bring the cost of air travel down and support the development of intra-regional tourism.

7.9 Health Care

Health care is fast emerging as a dynamic sector in India, poised for enormous growth in the coming years. There is a regular flow of patients coming to India for treatment from the adjoining SAARC countries (in addition to other developed and developing countries) the reasons being, the availability of a wide range of treatment at affordable costs in India, and availability of world class medicare in various disciplines. The cost advantage vis a vis developed countries, proximity and the comparative quality advantage vis a vis the other SAARC member states has led to this growing trend (Rahman, 2000)

India's relative strengths in this area, in terms of the quality of professional skills, infrastructure, technology lend it a natural advantage. Setting up of joint venture medical establishments in the SAARC countries using India's expertise in this area would certainly be a feasible option and one which should be explored right away. Studies (George, 1996) have also put forward several suggestions for the development of export oriented health care industry in India, including-

- Creation of a Healthcare Development Promotion Council which would undertake promotional activities to attract patients from other countries, specially the SAARC region,
- Health Maintenance Organisation Managed Care, with the primary objective of accessibility to reasonable quality of care at affordable costs.
- Encouraging foreign collaboration and technology transfer.

In order to contain the massive outward movement of health service seekers from the neighbouring SAARC countries to India, these countries will obviously need to substantially enhance and improve the quality of treatment available domestically. Promotion of joint venture projects with Indian counterparts would be an attractive and feasible solution, in addition to public and private sector efforts in this direction.

7.10 IT and Software

India is rapidly emerging as a InfoTech superpower, and could well assist in catering to the IT and software requirements of its neighbouring countries. The solutions to information technology problems facing the SAARC countries cannot be imported from abroad on a long term basis, but need to be developed locally. The only solution is to develop IT software indigenously for local application.

- It would be worthwhile to explore the possibilities of setting up venture capital funds in India with the objective of assisting small scale software firms in the sub continent. These funds can provide assistance to start up ventures in the countries of Bangladesh, Nepal and Pakistan.
- A SAARC Network consisting of a common network structure is needed in the region. Steps should be taken immediately to set up the network. Similarly, a high-speed fiber optic information network backbone should be established for the region as well as a SAARC satellite system.
- IT education in SAARC countries should be strengthened through the development of human resources, infrastructure facilities, exchange of expertise between educational/research institutes. NIIT, TCS, TATA Infotech, Infosys, Aptech from the Indian IT sector may be approached for possible joint ventures.

- A SAARC Information Technology Council (STIC) should be set up among the member states for promotion of IT based activities in the region.
- Centres like, Software Exports Training Centre / Centre for Software Training and Management / Software Development Centre could be established as nodal centres for the SAARC region as a whole.
- Pakistan also has the potential to become an important software exporting and training centre. India can become a role model, and both the countries could co-operate and collaborate to tap the large global market for software.

7.11 Biotechnology

A promising area, which holds immense possibilities for cooperation in the SAARC region, is the field of biotechnology. The SAARC Technical Committee on Science & Technology has already agreed to the concept proposal on "SAARC Biotechnology Council". This may act as a common forum for scientists and policy makers in the region to discuss issues relating to biotechnology policy in particular and bioresource policy in general. The proposed council can undertake some activities on a priority basis. These include exchange of expertise on biodiversity conservation and maintenance of germplasm banks, networking of the national gene banks, cataloguing of genetic resources stored and available in different SAARC countries to facilitate their exchange. The areas also include, plant tissue culture, preparation of inventory of medicinal and aromatic plants in the region, plant biotechnology including therapeutic products, vaccines and diagnostics for human and animals, aqua-culture and human resource development in biotechnology. Cooperation among the SAARC states in the areas of biotechnology and genetic engineering would open up new vistas and needs to be pursued in earnest.

7.12 Human Resource Development

In terms of the changing patterns of industry, and with the growing emphasis on the services sector, there is an urgent need for development in the area of human resources in the SAARC region. There has been an obvious lack of emphasis in this direction. Policy makers and planners in the region did not accord due priority to this sector in the initial stages of development. However, onus of policy has shifted in recent years and there has been the growing realisation that improvements in this sector is imperative if at all the effects of growth are to be transmitted throughout the economy. Neglect of this aspect, would lead to lopsided economic growth at best.

It has also been realised that cooperative endeavours can facilitate human resource development in SAARC. Studies (Baral, Lama, Sharma, 1999) have pointed towards the feasibility of establishing a Centre for Excellence in Human Resource Development for rendering social services including education and health in the region. With the development of new industries, the region would also need a pool of human resources, both technical and skilled. While on the one hand it would be useful to prepare projections of these requirements, on the other, it would necessitate cooperation and networking among the available expertise and institutions in the region. This would create and be utilised as a resource pool for the development of the region.

8 ODA Loans for Development and the Future Role

8.1 ODA Loans for Development

To reiterate, the prospects for cooperation among the SAARC nations through joint venture collaborations, is enormous. As outlined, the region stands to gain immensely from such collaborative ventures with several new and hitherto untapped areas where investment linkages need to be forged to reap optimum benefits. A core area is undoubtedly, creation of new infrastructure facilities in the crucial fields of energy, roads, ports and transport. Development in the region has been considerably constrained due to the paucity of infrastructure. The overwhelming constraint is of course, the availability of necessary funds and finances for these multifarious projects. In order that the projects fructify into business realities, private sector financing, including foreign assistance is imperative. Harping on self sufficiency, is certainly not a feasible option in this case, if South Asia hopes to generate overall economic growth in the long run. Japan's economic assistance to South Asia essentially, needs to be viewed in this context.

Japan has been at the forefront of donors, extending financial assistance for economic development in South Asia. Japan's foreign assistance in the form of ODA loans was first provided to India as early as in 1958. By the 1980s, Japan emerged as a top bilateral donor to the countries of South Asia. The 1990s, witnessed important changes in the parameters of the region with the resolution of the Cold War, which allowed both Japan and South Asia, a room for much more flexible political manoeuvrability in their international relations. The economic liberalisation taking place in India and her neighbouring countries, have also

started to offer the international community including Japan, a wide range of possibilities of economic interactions.

Japan in fact has already shown its interest for extending cooperation for activities in SAARC. In 1993, a Japan SAARC Special Fund was established to promote cooperation among SAARC countries, as well as the region's relationship with Japan. Japan has been contributing about US \$500 thousand every year, which has been used for various expert level workshops and other activities. Japan is in fact the first country outside SAARC, to contribute to its activities (Hirabayashi, 1999).

There has been a new beginning in Japan's external economic policies with the October 1, 1999 merger of the Export Import Bank Of Japan and the Overseas Economic Cooperation Fund, to form the Japan Bank For International Co operation (JBIC). This new financial institution is now responsible for implementing Japan's external economic policies and managing overseas economic cooperation. JBIC has continued to provide ODA loans to assist social and economic infrastructure development essential for economic development in developing countries, primarily in Asia. The objective of these loans is to assist developing countries in their self-help efforts to develop social and economic infrastructures and stabilize their economies through provision of concessionary finance with a long-term repayment period and low interest rate. JBIC's ODA loans have helped create infrastructure such as roads and power related facilities, improved institutions for higher education and urban water supply systems. All these have contributed substantially towards sustainable economic growth, which in effect has contributed to reducing poverty.

A quick review of Japan's ODA assistance (JBIC Annual Report 2000, 2001, and ODA Loan Report, 2000) to the individual countries of South Asia reveal the following:

Bangladesh: Till the end of fiscal 1999, JBIC provided 65 ODA loan commitments for a cumulative total of Yen533.3 billion. The commitments were comprised of commodity loans, mining, electrical power and gas, and transportation. JBIC provided an ODA loan cofinanced with the World Bank and the Asian Development Bank for the Jamuna Multipurpose Bridge Project (committed in 1994 and completed in 1998). Till the end of 1999, the power and gas sector has received an assistance of Yen 80.2 billion for a total of 15 projects. The Northern Rural Infrastructure Development Project has received an assistance of Yen 6.6 billion. A Yen 8.3 billion ODA loan agreement has been concluded in the current

fiscal to aid the Rupsa Construction project, which is one among the several bridge construction projects underway in Bangladesh to facilitate transportation.

India: ODA loan commitments to India have been growing steadily since 1990. India has infact been one of the major recipients of Japanese ODA. As of March 2000, a total of 143 loan agreements have been signed with a commitment of Yen 1642 billion. Most of the ODA to India has been concentrated in infrastructure sectors like power, transportation, irrigation, ports etc. In recent years however, Japan is also exhibiting keen interest in assisting projects in sectors like environment and health. Accordingly, loan agreements have also been signed for environmental conservation, marine pollution, urban sanitation, and small sector development.

Due to economic measures announced by the Government of Japan in the wake of India's nuclear tests in May 1998, there was a freeze on loan provision for new projects in India. Projects that are already in progress were however, exempt from this measure. In fiscal 2000, two ODA loan commitments aggregating Yen 18926 million were made to assist some ongoing projects in India. One new loan was committed for the Bakreshwar Thermal Power Station Unit 3 Extension Project (II) in 1998, which is an extension of the ongoing Bakreshwar Thermal Power Project in the State of West Bengal. A Yen 6732 million ODA loan agreement was concluded to assist the Delhi Mass Rapid Transport System Project (II) which is in progress and will construct a 52 km track for a mass transit system in Delhi, extending a total of 198 km. consisting of a subway, an elevated railway and a ground railway. A further Yen 12194 million ODA loan was committed to assist the Simhadri Thermal Power Station Project (II) in the State of Andhra Pradesh. The sectoral distribution of commitments to India under the ODA loans, are summarised in Appendix Table 3.

Nepal: ODA loan commitments to Nepal are mainly in the area of hydroelectric power generation projects. Since 1975, loans were provided for the Kulekhani Hydroelectric Project. In fiscal 1996, ODA loan was extended for the Kali Gandaki Hydroelectric Project.

In order to facilitate water supply to the urban areas, in particular, to Kathmandu, a ODA loan commitment to the tune of Yen 5494 million was made in the current fiscal to assist the Melanch Water Supply Project, which includes a water treatment plant, an intake, a sluice and other facilities that are necessary to take water from the Melanch river in the north eastern edge of the valley, and divert it to Kathmandu city.

Pakistan: As of the end of fiscal 1999, the cumulative ODA loan commitments for Pakistan numbered 68, for a total of Yen 644.7 billion. In the road sector, ODA loans were extended for five projects. In the railway sector eight ODA loans were extended for projects such as the New Locomotives Production Project and the Diesel Electric Locomotives Rehabilitation Project. Loans were provided for 14 projects in the power sector including the Ghazi Barotha Hydropower Project, Rural Electrification Project and the Secondary Transmission Lines and Grid Stations Project.. However, ODA loans to Pakistan have been frozen as part of the economic measures taken by the Japanese government in response to the nuclear tests conducted by the country in 1998.

Sri Lanka: Cumulative ODA loan commitments to Sri Lanka, till end of fiscal 1999, numbered 81, amounting to Yen 484.9 billion. The loans were provided mainly for infrastructure development in a wide range of sectors including power, transportation (roads, airports, ports, railways), telecommunications, irrigation, urban environment and water supply systems..

JBIC concluded a Yen 4838 million ODA loan agreement to assist the Small And Micro Industries Leader and Entrepreneur Promotion Project (II). The purpose of this project is to supply low interest loans to small, and micro enterprises in Sri Lanka. Further, a Yen 1508 million ODA loan agreement was concluded to aid the Project for the Improvement of National Blood Transfusion Services, which was conceived as a major step towards upgrading the level of health services in Sri Lanka.

Appendix Table 4 lists projects for the individual countries in South Asia, which have received ODA loans for the period 1990-2001.

8.2 Future Role of ODA

In view of the long history of ODA loan assistance to individual South Asian countries for aiding their developmental efforts, it would be worthwhile to reflect on the future role of ODA in this region. ODA loans have definitely gone a long way towards aiding developmental efforts in South Asia, where paucity of funds have been a major limiting factor constraining projects. Recent years have seen Japanese ODA broaden its regional and sectoral scope. In South Asia, its main focus has been infrastructure, including roads and transportation projects, power and gas, agricultural and rural development, and poverty alleviation programmes.

In the immediate future, much of the relevance of aid in these areas is likely to continue, and the relevance of ODA for projects in these areas can hardly be underscored. However, the specific needs of individual countries in South Asia will differ, depending on their levels of development and accordingly, ODA loans have to be fine tuned to suit the needs of individual recipients. The needs of recipient countries need to be adequately comprehended while implementing ODA, and based on this, assistance has to be focussed on areas of importance and priority. The programmes for individual countries will also differ based on their respective development agenda and policy. For instance in Bangladesh, aid is essential for agriculture, rural development and productivity improvement, improvement of social areas including basic living standards and health care. If aid is to contribute directly to the alleviation of poverty, a heightened emphasis on social sector development will be vital. Poverty alleviation is a challenge that spans many fields. As such, it demands a cross sectoral and comprehensive approach. ODA needs of India would differ with heightened emphasis on infrastructure for industry. ODA backed infrastructure projects can be expected to retain their value for some time to come.

A more broad based public participation would help assess needs of recipient countries better. Enlisting the expertise and resources of local government offices would offer significant benefits. This would allow for provision of aid that is more fine tuned to the needs of recipients.

Development needs have evolved significantly over time and in tandem with the changes in international settings. Regionalism and the forces for regional co operation and consolidation have been gaining strength in recent times. These trends demand an approach that takes into account the cross border region wise effectiveness of aid projects. Specifically, for South Asia, it would be extremely relevant to expect that this assistance may well be extended to promote intra regional projects, with significant cross border implications. The future development of the region hinges crucially on strengthening and enhancing economic co operation and integration. Intra regional ventures in infrastructure areas including energy, roads, ports and transport, some of which have been highlighted in a previous section, may indeed not take off for paucity of funds. ODA loans have a vital part to play in furthering these projects which would be of immense benefit to the SAARC region as a whole. The time is indeed ripe to take stock of feasible projects, their projected cost estimates and commercial viability, the long term gains to the region as a whole, and explore the possibilities of receiving ODA assistance for the same. The immediate prerequisite would be to form a high level Task Force comprising of senior policy makers from the SAARC

member states, along with representatives from JBIC, to work on the modalities for working along these lines.

9 South Asian Growth Quadrangle and SASEC

9.1 South Asian Growth Quadrangle

The relative slowness in the promotion and implementation of regional investment projects within the framework of SAARC, and the remarkable success achieved by relatively smaller but compact regions in the growth triangles of South East and East Asia prompted some of the South Asian countries to think in terms of an alternative regional hub. The success of growth triangles consisting of the Johor State of Malaysia, Singapore and the Riau islands of Indonesia (JSRGT), the South China Growth Triangle, comprising of Hong Kong, the Guandong, and Fujian provinces of China and Taiwan, reinforced this decision. It was felt that this type of cooperation would be both geographically meaningful and economically viable and beneficial. This change in approach towards a newer form of cooperation within the SAARC region was reflected at the meeting of the SAARC Council of Ministers in New Delhi in May 1996, when they for the first time endorsed the idea of forming a growth triangle comprising the north eastern part of India, Bangladesh, Nepal and Bhutan. Specifically, it would be termed as the South Asian Growth Quadrangle (SAGQ) (Dubey, Baral and Sobhan, 1999)

It was decided that the entire initiative would be outside SAARC, and development projects undertaken would be from six sectors viz. multimodal transport and communication, energy, trade and investment facilitation, tourism, optimum use of natural resource endowments and environment. The SAGQ is in fact seen as a practical solution to the sub region's socio economic problems which does not force the participants to change their macroeconomic policies and institutional approach to wider issues of governance. Operating within this framework was also seen as an effective way of bypassing the issue of Indo Pakistan political tensions which was one of the major hindrances impeding progress within SAARC.

The proposed SAGQ region does not aim at market integration per se. It rather emphasises project based cooperation in the diverse areas covered by it. It will involve cooperation for development at a more local and disaggregated level among the partners which are at different stages of socio economic development and have diverse socio political set ups. The differentials in the levels of economic

development themselves constitute complementarities which will provide a very solid basis for cooperation. The SAGQ will aim at integration of the local economies for efficient utilisation of manpower, infrastructure, trade opportunities and economic resource endowments. In due course, the expected economic restructuring and greater specialisation in production and human resource development will lead to a higher level of economic activity through the virtuous circle of regional cooperation and will allow the sub region to acquire a competitive edge in the world market. The region is also seen as a gateway to the fast growing and dynamic markets of East and South East Asia, and Australasia.

In effect, there are several compelling attractions which make the proposed region ideal for the promotion of sub regional cooperation. Geographical proximity and contiguity by themselves provide ample advantages for cooperation. Another distinct advantage is the similarity of culture, traditions, lifestyles and attitudes of the people inhabiting this region.

The proposed growth quadrangle is as yet in a conceptual stage and significant developments for furthering cooperation has not really taken place so far. One of the critical factors that hinders growth in the region is the poor level of infrastructural facilities. This is directly a result of paucity of resources for development. In the operating growth triangles of East and South East Asia mentioned above, massive investment for building up of infrastructure preceded the experiment in the growth triangle. Riau in JSRGT benefited immensely from public and private sector investment from Singapore and Indonesia. Due attention was paid to the development of roads, airports, port facilities, water and electricity, supported by the Indonesian government. Similar investments were made in the Johor state by the Malaysian government. The formation of the South China Growth Triangle was preceded by the development of the four special economic zones, which cover the area of the growth triangle. The first phase of the development of these zones (1980-85) saw the laying of policy foundations and the building of infrastructure. The growth triangle came into being only after these facilities were built and provided. Ostensibly, China was able to find resources for investment in infrastructure in South China mainly because of the agricultural surpluses generated by the agricultural reforms between 1978 and 1982. The case of the proposed growth quadrangle in South Asia, however, differs significantly. Although existence of a well planned and an efficient infrastructure base would automatically draw domestic and private foreign capital into the region, in this case, with the inability of the partner countries in their present stage of development to mobilise resources on their own for creating of enabling infrastructure facilities, it is private and foreign capital which has to take the lead

initiative for investments in infrastructure, and act as a conduit for facilitating these projects. In fact infrastructure projects in roads, ports, transport, energy offer a wide spectrum of gainful investment opportunities for private sector participation. It is expected that availability of vast opportunities in the infrastructure area will draw private investors to this field.

9.2 SASEC (South Asian Sub Regional Economic Co operation)

SASEC (South Asian Sub Regional Economic Co operation) is a new development plan mooted by the Asian Development Bank (ADB) to promote sub regional economic co operation among the four countries which constitute the SAGQ. Under the aegis of ADB, projects with cross border implications in transport, energy, tourism, environment and related sectors are being examined for transforming the region from a low growth, high poverty sub region to a high growth, low poverty sub region.

An investment programme for the sub region would include an economic corridor around the Bay of Bengal, linking ports from Chittagang to Dhaka and Mongla in Bangladesh, to Calcutta and Haldia in West Bengal, India. It would also include a transport grid of east-west railroads and highways linking the north eastern Indian hill states with West Bengal in India, through Bangladesh, as well as north-south transport corridors linking Nepal, Bhutan, and the hill states of eastern India to ports on the Bay of Bengal. This grid would be connected to the rest of India at Calcutta through India's super highways joining Delhi, Mumbai, Chennai and Calcutta. Similar grids could be developed for power, hydro carbons and telecommunications.

Sub regional cooperation under this framework will be targeted towards five priority sectors:

- Transportation
- Energy and power
- Tourism
- Environment
- Trade, Investment and Private Sector Cooperation

It has been perceived that the sub region has all the ingredients which could lead to rapid economic growth. The essential requirement is necessarily, large and co ordinated investments across a wide front, to tap this potential. It has been conceived that private entrepreneurs could emerge as the key instrument for transformation, specially in undertaking infrastructure projects. However, co

ordination would also be required among the governments of these neighbouring states to create an enabling environment for the private sector. Moreover, many of these planned infrastructure projects are cross border projects which would require co ordination across national boundaries. Governments will accordingly, need to take the lead in identifying, planning and mobilising funds for such mega investment projects.

Therefore, SASEC can best be described as a project driven approach initiated by ADB for SAGQ, that involves coordination among participating governments in identifying priority projects for investment, and the creation of a strong enabling environment for private-public partnership.

The first private sector forum on South Asia Sub Regional Cooperation was held in November 2000, in Calcutta. Its objective was to serve as a private sector advocacy platform for economic cooperation in the sub region. An inception meeting of Country Advisers to identify and prioritise sub regional projects was held in March 2001, at ADB, Manila.

It has been suggested that the basic mechanism for trade facilitation, in the region should look at:

- Public-private sector partnership for:
 - Simplification of cross-border trade documentation
 - Rationalisation of border checkpoint operations
 - Common vehicle registration and insurance procedures for seamless movement of goods and people
 - Linking and improvement of banking and insurance arrangements across borders
 - Improvement of border checkpoint infrastructure, warehousing, parking, banking, communications.

The coordination mechanism for investment promotion in the region should likewise aim at:

- Networking among SAGQ investment promotion agencies and joint research on investment opportunities.
- Dissemination of information on sub regional investment project opportunities
- Provision of actionable inputs to policy makers for rationalising investment policy framework.

- Formation of a SAGQ Business Council which would serve as a focal point for channelling private sector views on facilitating trade and investments.

It has been decided to prioritise initially on projects with strong private sector interests and minimum gestation lags, to build and develop confidence in the cooperation process. Success of SASEC will ultimately depend on how well key cross border sensitivities are addressed in selection and implementation of investment projects, as well as the joint initiatives of the participants.

The difference between SAARC and SASEC is apparent. SAARC emerged as a result of the increasing need felt by the countries of South Asia to constitute themselves into a Regional Trading Arrangement. It was perceived by the neighbouring South Asian nations that meaningful economic co operation was perhaps the only option ahead to ensure a greater say in international outcomes, as well as create conditions for overall growth within the region. The progress of the SAPTA rounds no doubt was instrumental in forcing the pace of intra regional trade to some extent. However, further progress and future negotiations have been severely constrained due to political factors.

It was this slowness in the promotion and implementation of regional investment projects within the framework of SAARC, as also the continuous feature of political tensions, which ultimately led to the conceptualisation of the SAGQ region, as discussed earlier, and the recent ADB initiative of SASEC. SASEC is primarily a project driven approach. It is being felt that economic co operation has a better chance of succeeding in this framework with its onus on private sector participation, which effectively bypasses the constraints which have emerged under the framework of SAARC.

10 Conclusion

The Report has attempted to address the core issue of economic cooperation in South Asia through trade and investment linkages. The issue of cooperation among countries of South Asia has been the subject of widespread attention and interest, not only in South Asia, but in international fora as well. South Asia, while being one of the less rapidly growing regions of the world, characterised by widespread poverty, low human development indicators, and low levels of growth, has also been at the centre of constant inter state frictions, upheavals and

political turmoils. Economic cooperation through trade and investment links was seen in this context, as an effective way of forging relations, which would also act as a potent confidence building measure among these nations.

In this context, the evolution, formalisation and survival of SAARC was seen as a landmark achievement in the history of cooperation in South Asia. The graduation of SAARC to SAPTA in 1995, went a step further in attaining objective of moving towards greater cooperation in trade. After the initiation of SAARC, intra regional trade exhibited an increasing trend – however, the proportion of intra regional trade in total trade continued to be low. The process of trade negotiations under the SAPTA Rounds, failed to deliver the desired results.

Investment links, it is being perceived, would be far easier to forge, under the circumstances, and would help to act as effective confidence building measures among the SAARC members. Therefore, greater attention needs to be directed towards this end. The potential and prospects of intra regional investments are enormous, given the natural resource base of these countries, and their latent comparative strengths. The need is to focus on core areas, and translate these potentials into meaningful business ventures. A crucial area is infrastructure development, which merits priority attention. With constraints in public resources, and the paradigm shift towards market driven economies, the onus of development has come to rest more with the private sector. The role of foreign assistance and funding also assumes critical importance, in this context. ODA loans could play an important part in shaping the intra regional investment projects of tomorrow.

In view of the halting progress of SAARC, a new concept in the form of a South Asian Growth Quadrangle has also been envisaged which by effectively bypassing the issue of Indo Pakistan political tensions, would help to hasten the process of regional integration and capitalise on neighbourhood synergies in the region comprising of the north eastern states of India, the countries of Bangladesh, Nepal, and Bhutan. The recent ADB initiative of SASEC with its onus on private public partnership and project driven approach for the SAGQ countries, has been a further step forward.

Be it SAARC, or the alternative growth quadrangle, India is destined to play a central role in the process of regional integration. By virtue of its diversified production base, larger exportable surplus, and its state of economic development relative to its neighbours, India is in a better position to open up its economy, extend concessions, and take the lead in forging investment alliances.

Maintaining harmonious relations with its smaller neighbours may be the only available option to India, in a world increasingly dominated by regional blocks. For the smaller states, economic cooperation may be the only solution and imperative for survival.

The new global order dictates that economic survival and prosperity of any nation crucially hinges on its ability to successfully integrate with other economies. The compulsions and prospects for regional integration in South Asia are tremendous. There are obvious obstacles and political imbroglios. Nevertheless, it is high time that governments as well as people of the region realise that economic cooperation is the only option available, which could eventually lead to the building of a more prosperous and socio politically cohesive region.

Appendix Table 1 India's Trade With SAARC Countries

Fig.In Rs.Million

Countries		1990-1991	1991-1992	1992-1993	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Bangladesh	Exports	7,322.05	11,498.37	12,182.58	13,886.56	20,691.31	38,349.08	29,788.36	32,458.00	42,673.75	27,565.36
	Imports	420.24	202.44	425.34	754.76	1,294.28	3,138.74	2,152.09	2,096.83	2,740.34	3,386.59
	Balance Of Trade	6,901.82	11,295.94	11,757.25	13,131.80	19,397.03	35,210.33	27,636.27	30,361.17	39,933.41	24,178.77
Nepal	Exports	840.94	1,901.47	2,104.86	3,078.90	3,085.90	5,353.62	5,872.05	6,317.94	5,149.22	6,552.91
	Imports	792.54	703.49	727.51	906.80	977.85	1,644.02	2,277.30	3,536.44	6,094.05	8,173.29
	Balance Of Trade	48.40	1,197.98	1,377.35	2,172.10	2,108.05	3,709.60	3,594.75	2,781.50	-944.83	-1,620.38
Pakistan	Exports	736.00	988.22	1,470.80	2,009.60	1,797.00	2,561.90	5,581.10	5,320.00	4,659.90	4,027.63
	Imports	844.90	1,412.80	3,755.10	1,366.80	1,656.10	1,508.00	1,283.50	1,651.90	8,918.50	2,955.80
	Balance Of Trade	-108.90	-424.58	-2,284.30	642.80	140.90	1,053.90	4,297.60	3,668.10	-4,258.60	1,071.83
Sri Lanka	Exports	2,348.70	4,294.30	7,182.50	9,022.30	11,509.20	13,355.10	16,834.20	17,908.40	18,374.20	21,629.80
	Imports	367.60	282.20	398.60	628.20	964.90	1,386.40	1,603.30	1,122.60	1,585.00	1,916.70
	Balance Of Trade	1,981.10	4,012.10	6,783.90	8,394.10	10,544.30	11,968.70	15,230.90	16,785.80	16,789.20	19,713.10

Source: DGCI& S and Ministry Of Commerce, New Delhi.

Appendix Table 2 Indian Joint Ventures with Neighboring Countries (Since 1995)

JV 1999

Bangladesh

Name and Address of the Indian Party	Name and Address of the Foreign Party	Field of Operation	Date of Approval	Indian Equity US \$ ('000)
1. Anand Publishers Pvt. Ltd. 45, Beniatola Lane Calcutta -700009	Agami Apparels Ltd. 30, Bisay Nagar Dhaka	Printing and Allied Activity	15/01/1999	24.80
2. Subha Ventures (India) Pvt. Ltd. B-91, Mangol Puri Indl. Area Phase II New Delhi -110034	Col. (Retd.) A Maleque (PSC) Plot No. 3 Park Road, Baridhara Model Town Dhaka	Marble and Granite Slabs and Chips	15/09/1999	173.40
<u>Nepal</u>				
1. Kodak India Ltd. Vinay Bhavya Complex C.S.T. Road, Kalina Santacruz, Mumbai – 400 098	Eastman Kodak Co. 343, State Street Rochester NY 14650 - 0248 Nepal Govt. Kathmandu	Cameras and Photographic Equipment	25/01/1999	596.00
2. United Plantations Ltd. Cherron Tower 78, Arts College Road Coimbatore - 641018		Tea	03/02/1999	3136.50
3. Dabur India Ltd. 8/3, Asaf Ali Road New Delhi - 2	Rukma Rana 7/6, Battisputali Kathmandu	Drugs and Pharmaceuticals	16/02/1999	N.A
4. Crayon Advertising and Marketing Pvt. Ltd.	Anand Mal Baid P O Box 14212 Tirpureswar Kathmandu	Advertising and Publicity Concerns	20/04/1999	27.70
5. Bhopal Non Ferrous Metal Pvt. Ltd. E-2/35, Areta Colony Bhopal	Ratan Tandon C/o Western Kattha Mills Nepal Ganj	Other Metallurgical Items	05/10/1999	186.40

Appendix Table 2 (Continued)

Sri Lanka				
1.	Goyal Metal Industries Pvt. Ltd. 31, Khader Nawaz Khan Road Chennai – 600 006	U. Pushparaj 34, Abdul Jabbar Mawatha Colombo - 12	Other Metallurgical Items	18/01/1999
2.	Apollo Hospitals Enterprises Ltd. 19, Bishop Garden Raja Anna Malaipuram Chennai - 6000028	IFC 2121, Pennsylvania Avenue NW Washington D.C. 20433	Hospitals	12/01/1999
3.	Ogilvy & Mather Ltd. Apeejay House Dinsha Wacha Road Mumbai - 400020	Phoenix Advertising Company	Advertising and Publicity Concerns	10/03/1999
4.	Pioneer Overseas (P) Ltd. Boopathy Buildings 17 A Virudhunagar Road Sivakasi - 626123	Sun Match Co. Ltd. 318, D.S. Semanayka Vidya Kandy	Oleo Resin Extraction in Pine Plantation	31/03/1999
5.	TIL Ltd. 1, Taratola Road Calcutta	MYANMAR Tractors Trading Co. Ltd. 26, Komin Kochin Road Bahan Township Yangon	Heavy Engineering Goods	05/04/1999
6.	Amitech Ltd. KNN Building 244, Mariano Gracias Street P B No. 382 Margas Goa 403601	Cape International Pvt. Ltd. 45, 1st Lane Golthani Road Colombo	Other Light Engineering Goods	20/07/1999
				185.40
				3922.00
				449.00
				203.00
				500.00
				100.00

Appendix Table 2 (Continued)

JV 1998

Bangladesh

Name and Address of the Indian Party	Name and Address of the Foreign Party	Field of Operation	Date of Approval	Indian Equity US \$ ('000)
1. Nitva Impex Pvt. Ltd.. GC-210, Sector III Salt Lake City Calcutta - 700091	(i) M Narayan (ii) M M Abedulla (iii) Bhanulal Dey (iv) C.Sarkar	Trading in Merchandise	24/02/1998	8.00
2. HDFC Investments Ltd. Ramon House 169, Backbay Reclamation Mumbai - 400020	(i) Delta Life Insurance Co. (ii) Green Delta Insurance Co. (iii) BARC (iv) IEC Washington	FS : Housing Finance	23/02/1998	645.00
3. Compact Consultants Pvt. Ltd. 7 C Kiran Shankar Roy Road Calcutta -700001	Mr. C R Mazumdar & Associates 42, Purana Palton Road Ground Floor Dhaka - 1000	FS:Management & Financial Consultancy Services	21/04/1998	1.00
4. Hindustan Seals Ltd. 8B ,Lal Bazar Street Second Floor Calcutta - 700001	M/s Anwarul Aziz House No. 16 Road No. 10, Sector 3 Dhaka	Other Consumer Durables	29/09/1998	186.80

Maldives

1. Oriental Hotels Ltd. Taj Coromandal 17, Ulthamar Gandhi Salai Chennai	N.A	NFS : Island Resorts	22/01/1998	N.A
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Nepal

1. Marg Marketing Research Group Ltd.. World Trade Centre 30 th Floor, Centre 1 Cuffe Parade Mumbai -40000 5	Marg Nepal (P) Ltd.	NFS : Market Study Survey and Research	20/03/1998	20.00
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Appendix Table 2 (Continued)

2.	Centreline Hosiery Exports (P) Ltd. 253, Palladam Road Arulapuram Post Tirupur- 641605	Mr. Pulikal Ravindran Alowais Building Arioga Plaza Deira Dubai UAE	Manufacturing Readymade Garments	11/04/1998	38.00
3.	Luna International RA Ltd. Business Centre C-361, Defence Colony New Delhi - 110024	HRH Princess Sharda Shah Sharda Sadan Kamabadi Kathmandu	R&D Manufacturing NPK Fertilizer	26/05/1998	1180.00
4.	Hindustan Thompson Associates Ltd.. Laxmi Building Sir P.M. Road Mumbai - 400001	Mr Mani Joshi Mediaman Pvt. Ltd. New Road Mercantile Bldg. Kathmandu	Advertising and Publicity Concerns	23/06/1998	96.70
5.	Dabur India Ltd. 8/3, Asaf Ali Road New Delhi -110002	M/s Rukma Rana 7/6, Battisputali Kathmandu	Miscellaneous Processed Items	23/07/1998	N.A
6.	Sankalp Packaging Pvt. Ltd. 13, Aradhna Indl & Development Corp. Goregaon (W) Mumbai	Entepe Food Industries Pvt. Ltd. Tripureshwar Post Box No. 10725 Kathmandu	Packaging Products	25/09/1998	151.60
7.	A J Cans Pvt. Ltd. 1006 10 th Floor Babukhan Estate, Basheerbag Hyderabad - 500001	Everest Containers Pvt. Ltd. Post Box No. 10725 Thapathal Kathmandu	Packaging/Wrapping Machinery	10/11/1998	91.40
8.	ACE Laboratories Ltd. X-24, Okhla Industrial Area Phase II New Delhi -110020	N.A	Drugs and Pharmaceuticals	30/11/1998	235.20
9.	Jindal Polyester Ltd. 19 th KM Hapur – Buland Shahr Road Gulaothi (UP)	Sunrise Resources Ltd.	PVC Pipes and Fittings	24/12/1998	270.00

Appendix Table 2 (Continued)

Sri Lanka					
1.	Sika Qualcrete Ltd. Arun Chambers 24, Park Street Colcutta - 700016	Caylinco International Trading Co. Ltd.	Manufacturing : Construction Chemicals	12/02/1998	44.00
2.	Hoechst Schering Agro Evo. Ltd. Hoechst Centre 54 A, Sir MV Road P B No. 9473 Andheri East Mumbai - 93	Hoechst Schering Agro Evo. (Ceylon) Ltd.	Manufacturing : Agrochemical	13/02/1998	11.00
3.	Operation Research India Ltd. ORG House, Rameshwar Estate Subhanpura Baroda - 390007	Survey and Market Research Team (SMART)	NFS : Retail Store and Audit Services	31/03/1998	32.00
4.	Saurashtra Cement Ltd. Agrima Business Centre 178, Backbay Reclamation Churchgate- Mumbai -40000 20	Southern Development Authority of Sri Lanka Colombo	Cement and Cement Products	10.08.1998	4900.50
5.	Sri Adhikari Brothers Entertainment Ltd. 3-4 Sukh Shanti 8 th Road, JVPD Vile Parle (W) Mumbai -400049	MTV Channel Ltd. 36, Aralia Uyana Depanama, Pamnipitya Sri Lanka	Motion Picture	14/10/1998	34.20
6.	Nilkamal Plastics Ltd. Nilkamal House Plot No. 77-78 Road No. 13-14 MIDC Andheri – Mumbai -400093	Eswaran Brothers Exports Pvt. Ltd. 104/11 Grands Pass Road Colombo - 14	Plastics and Plastic Products	15/12/1998	899.80

Appendix Table 2 (Continued)

JV 1997

Name of the Indian Party	Field of Operation	Date of Approval	Indian Equity US \$ (' 000)	Percentage of Indian Contribution to Equity
<u>Bangladesh</u>				
1. Operation Research (India) Ltd. ORG House Rameshwar Estate Subhanpura Baroda	NFS (Providing Retail Store Audit Services)	03/11/1997	139.00	51.00
<u>Nepal</u>				
1. Alpica Finance Ltd.	Financial Services	16/01/1997	124.00	35.00
2. Wolkem India Ltd. Noble House P B No. 21 Swaroop Sagar Udaipur-- 313001	Others (Mining and Processing Minerals-Calcite and Wollastonite)	07/08/1997	367.00	51.00
3. Novex Holdings Ltd.. 712, Ahmed Mamujit Street Liluah Howrah-- 721204	Manufacturing of PP Compounded Chips, PVC Compound Pipe and Fittings	28/08/1997	166.00	95.00
4. Elders Pharmaceuticals Ltd. 11 B Dhanraj Mahal Apollo Bunder Mumbai -40000 1	Manufacturing of Pharmaceutical Formulations	25/09/1997	436.00	50.00
5. Dabur India Ltd. Harsha Bhawan Block E, Connaught Place New Delhi - 110001	Manufacturing of Herbal Products	27/10/1997	N.A	N.A
<u>Sri Lanka</u>				
1. TVS Sundaram Iyengar & Sons Asia Match Ashok Leyland Finance Co. Chennai	Manufacturing of Safety Matches	01/01/1997	74.00	85.00

Appendix Table 2 (Continued)

	National Dairy Board	Development	Others (Dairy Dev)	04/04/1997	
2.	P B No. 40 Anand - 388001 Mecklai & Mecklai Financial Consultants Pvt. Ltd.. 101, M G Road Mumbai - 23				51.00
3.	Sita World Travels (I) Ltd. F – 12, Connaught Place New Delhi - 1		FS (Money Broking)	20/05/1997	16.60
4.	Larsen & Toubro Metropolitan C-26127 Bandra Kurla Complex Bandra (E)		Non Financial Services (Tourism & Travel Related Services)	26/09/1997	40.00
5.	Mumbai -400051 Hughes Escorts Communications Ltd. International Trade Tower N P		Trading in Cement	28/10/1997	80.00
6.	New Delhi -110019 GTB Offshore Investments Pvt. Ltd.		Trading in Supply of Hub Equipments	27/10/1997	19.00
7.	314, Bhageerathapura Indore - 452003		Manufacturing of TNT Steel Bars	06/11/1997	18.70
8.	Ashok Leyland Ltd. Post Bag No. 5073 19, Rajaji Salai Chennai - 600001		Manufacturing of Vehicles	10/11/1997	83.63

Appendix Table 2 (Continued)

JV 1996	Name of the Indian Party	Field of Operation	Date of Approval	Indian Equity US \$ (' 000)	Percentage of Indian Contribution to Equity
	<u>Bangladesh</u>				
	1. Vijay Electricals Ltd.	Manufacturing of Electric Transformer	11/04/1996	505	50.00
	2. Larsen & Toubro Ltd.	Manufacturing of Cement	01/08/1996	9026	N.A
	3. Liberty Phosphates Ltd.	Manufacturing of Fertilizers	31/10/1996	906	26.00
	4. MBL Research Pvt. Ltd.	NFS (Market Research)	01/11/1996	17	87.50
	<u>Myanmar</u>				
	1. TIL Ltd.	General Trading	15/05/1996	2505	90.91
	<u>Nepal</u>				
	1. Sri Sarita Synthetics Ltd.	Manufacturing of Polyester Woven Fabrics	01/07/1996	466	N.A
	2. Dabur India Ltd.	Manufacturing of Herbal Products	01/07/1996	1230	N.A
	3. Dhampur Sugar Mills Ltd.	Manufacturing of Sugar and Allied Products	01/08/1996	27	N.A
	4. Monarch Lubricants and Specialities Ltd.	Manufacturing of Lubricating Oils, Specialty Oils, Transformer Oils		248	47.00
	<u>Sri Lanka</u>				
	1. Tata Tea Ltd.	Management of Tea Estates	04/01/1996	2815	49.21
	2. Vibrant Yarus Pvt. Ltd.	Manufacturing of Polyester Textiles Twisted Yarn	04/01/1996	716	72.26
	3. S.B. Packaging	Manufacturing of Corrugated Cartons	04/01/1996	140	60.00
	4. Midas Impex Ltd.	Manufacturing of Non Woven Print Bonds Interlinings	01/07/1996	174	N.A
	5. Parental Drugs (I) Ltd.	Manufacturing of Intravenous Fluid, Tablets and Capsules	01/07/1996	603	N.A

Appendix Table 2 (Continued)

6.	Trikaya Grey Advertising (India) Ltd.	N.F.S. (Advertising)	01/08/1996	23	N.A
7.	Asia Match Co.	Manufacturing of Matches	01/08/1996	45	N.A
8.	Adhesives and Chemicals Ltd.	Manufacturing of Starch Based Adhesives	01/09/1996	8	N.A
9.	Janaki International Pvt. Ltd.	Manufacturing of Wax Matches	01/09/1996	164	N.A
1	Shriram Asset Co. Ltd.	Financial Services (Asset Management)	01/06/1996	148	30.00
0.	TVS Sundaram Iyengar Sons Ltd.	Manufacturing (Safety Matches and rendering financial services)	11/11/1996	1458	85.00
1	Mudra Communications Ltd.	Other (Advertising and Marketing)	01/12/1996	1	10.00
2.					
JV Till December 1995					
Name of the Indian Party					
Name of the Foreign Company					
Field of Operation					
Date of Approval					
Percentage of Indian Contribution to Equity					
Bangladesh					
1.	Pittie Projects and Inv. Ltd.	N.A	N.A	03/02/1995	30.00
2.	Infobabe Services (P) Ltd.	N.A	N.A	22/02/1995	50.00
3.	Sawaraj Imp and Exp Pvt Ltd.	N.A	N.A	01/06/1995	20.00
4.	Elegant Apparels Pvt. Ltd.	N.A	N.A	14/11/1995	13.33
5.	Birla Technical Services, Mumbai	N.A	Manufacturing of Sponge Iron	14/10/1987	3.76
6.	Elegant Apparels Pvt. Ltd. 1/8 First Floor, Kulsum Terrace, 7 Walton Road Colaba Causeway Mumbai	Sunypun Pharmaceuticals and Chemicals Ltd. B 22/2 Free School Street Hatirpool Dhaka	Manufacturing of Paracetamol	25/02/1991	40.00
7.	Tata Engineering and Locomotive Co. Ltd. Bombay House 24 Homi Mody Street Mumbai	N.A	Assembling Buses, Trucks, etc.	23/07/1992	40.00

Appendix Table 2 (Continued)

8.	Mode Research Pvt. Ltd. 15, Mayfair Road Calcutta	N.A	Marketing and Social Research Software	20/11/1992	40.00
9.	United Phosphorus Ltd.. 11, GIDC Valsad Gujarat	N.A	Manufacturing and Marketing of Agro Chemicals	19/11/1992	50.00
10.	Plastosen Pvt. Ltd. Elque House 10 ,Crooked Lane Calcutta	NAA	Manufacturing of Pet Bottles	20/11/1992	25.00
11.	Velvetee Indl Pharma Prod. Pvt. Ltd. 40, G. N Chetty Road T Nagar Madras	Bengal Foods Ltd.	Development and Marketing of Computer	30/07/1993	40.00
12.	Bengal Laminating Pvt. Ltd. 2 ,Feeder Road Calcutta	Ahsanul Kabir & 3 others	Packaging Industry	15/12/1993	20.00
13.	Niyogi Finstock Pvt. Ltd. Calcutta	N.A	N.A	10/11/1994	60.00
Maldives					
1.	Oriental Hotels Ltd. Taj Coromandel Hotel 17, Uthamar Gandhi Salai Chennai	Berjaya Leisure (layman) Ltd.	Island Resorts Maldives	17/12/1993	33.33
Myanmar					
1.	TIL Limited	N.A	N.A	03/02/1995	90.00
Nepal					
1.	Dhampur Sugar Mills Ltd.	N.A	N.A	07/02/1995	60.00
2.	Enarai Finance Ltd.	N.A	N.A	19/05/1995	10.00
3.	Goodricke Group Ltd.	N.A	N.A	14/11/1995	53.50
4.	Oberoio Hotels (I) Pvt. Ltd. 7, Sham Nath Marg New Delhi	Soaltee Hotels Ltd. Tahachal Kathmandu	Hotel	07/05/1997	8.71
5.	Eveready Industries Ltd. 1, Middleton Street Calcutta	Nepal Battery Corpn. Ltd. Baijji Industrial District Ring Road Kathmandu	Dry Batteries	19/12/1980	22.45

Appendix Table 2 (Continued)

6.	Hyderabad Industries Ltd. Sanat Nagar Hyderabad - 500018	Nepal Motor Co. Ltd. Singh Mahal Thapathali Kathmandu Exploration of Minerals Himalayan Brewery Ltd. 251, Dilli Bazar Kathmandu	Exploration of Minerals	05/10/1976	19.20
7.	Mohan Meakin Ltd. 4- B, Hansalaya 15, Barakhamba Road New Delhi		Manufacturing and Bottling of Beer	28/12/1981	20.00
8.	Orissa Industries Ltd. Uditnagar Rourkela	Nepal Orind Magnesite Pvt. Ltd. Shivani Sadan Kantipath Kathmandu Asian Paints Nepal Ltd.	Mining of Manganese. Manufacturing of Refractories	11/07/1978	50.00
9.	Asian Paints (India) Ltd. Nirmal, 5 th Floor Nariman Point Mumbai		Paints, Enamels and Varnishes	25/10/1984	60.00
10.	Sita World India Ltd. F-13 Connaught Place New Delhi	United World Travels Pvt. Ltd. Arati Bhavan Thamel Karser Maha P.O. Box 294 Kathmandu	Travels, Tourism and Transportation	07/12/1984	50.00
11.	Jensons & Nicholsons (India) Ltd. 225, Acharya Jagdish Bose Road Calcutta	Jenson & Nicholsons (Nepal) Ltd. P.B. No. 3530 Small Industrial Estate Byansitole Bhaktapur Kathmandu	Enamels, Paints and Synthetic Resins	24/06/1983	67.40
12.	ITC Ltd. Virginia House 37, Chowringhee Calcutta	Surya Tobacco Co. Ltd. British American Tobacco Co.	Manufacture of Cigarettes	14/11/1984	49.00
13.	Dalmia Industries India Pvt. Ltd. New Delhi	N.A	Manufacture of Instant Food	04/09/1986	50.00

Appendix Table 2 (Continued)

14.	The Indian Hotels Co. Ltd. The Taj Mahal Hotel Apollo Bunder Mumbai -400039	Del Annapurna Hotel (P) Ltd. Kathmandu	Hotel	14/03/1989	30.00
15.	Indian Yeast Co. Ltd. 4, Bankshell Street P B No. 70 Calcutta	N.A	Manufacturing of Yeast and its Derivatives	23/10/1990	50.00
16.	Dabur India Ltd. 8/3, Asaf Ali Road New Delhi	N.A	Herbal Products	09/10/1991	80.00
17.	Hindustan Lever Ltd. Hindustan Lever House 165/166, Backbay Reclamation Mumbai	N.A	Premium Toilet Soap, Toothpaste and Scourers	16/10/1992	80.00
18	Burr Brown (India) Ltd. 8-11/100, Mohan Co-operative Industrial Estate Badarpur New Delhi	N.A	Hotel Industry	30/12/1992	80.00
19.	Bailarpur Industries Ltd. Bailarpur Dist Chanderpur	Sipradi Trading RA Ltd. Soaltee Hotel Ltd. Bashiruddin Ansari Prabhakar S.J.B. Rana & Family Dilip Kumar Agarwal and Nominees	Manufacturing of Full Shoes and Uppers	13/01/1993	50.00
20.	Ace Laboratories Ltd. C-52 Okhla Industrial Area Phase I New Delhi -110020		Manufacturing and Marketing of Pharmaceuticals	21/04/1993	33.18
21.	Parry Agro Industries Ltd. 24/1461, Bristow Road Willington Island Cochin - 682003	Guransee Tea Estate Pvt. Ltd.	Blending and Packaging of Tea	19/05/1993	40.00
22.	Ocean Plastic & Fibres Pvt. Ltd. BN-19, Shalimar Bagh New Delhi	D.R. Kandel	Trading in Footwear	06/09/1993	89.19

Appendix Table 2 (Continued)

	Co-promoters and Nepali Public	Financial Service	
23.	Alpic Finance Ltd. 12, Gun Bow Street Mumbai	Princess Sharda Rajalakshmi Devi Shah	09/11/1993
24.	Luna International Pvt. Ltd. C-26, Amar Colony Market Lajpat Nagar – IV New Delhi	N.A	24/12/1992
25.	Indian Dairy Specialities Ltd. Cross-Country Hotels Ltd. Hotels Ltd..	Bhaktapur Dairy Pvt. Ltd. N.A	13/05/1994 04/02/1994
27	Ambuja Electrocastings Ltd.	N.A	11/03/1994
28	Acqua Mineral Pvt. Ltd.	N.A	14/07/1994
29	Pallia Wood Products Pvt. Ltd.	N.A	16/11/1994
30	Kissan Products Ltd.	N.A	08/11/1994
Sri Lanka			
1	Pittie Projects and Inv. Ltd.	N.A	06/02/1995
2.	JBFF Industries Ltd.	N.A	23/05/1995
3.	MBL Research and Consultancy Group	N.A	08/08/1995
4.	Jay Engg Works Ltd. 225C, Acharya Jagdish Road Calcutta	Usha Industries Ltd. 68, Alfidiya Road Ratmalana	06/11/1961
5.	Colour Chem. Ltd. Ravindra Annexe Vachha Road Churchgate Reclamation Mumbai	Hay Colour Ltd. 400 Deans Road Colombo - 10	02/08/1979
6.	Sita World Travels (I) Pvt. Ltd. F-12, Connaught Place New Delhi	Sita World Travels (Ceylon) Ltd. 130 ,Glennie Street Colombo - 2	10/12/1981
7.	Magnum Instrument Pvt. Ltd. 140, Royapettah Chennai	N.A Vegetarian Restaurant	07/09/1981

Appendix Table 2 (Continued)

8.	M.S. Consultants India Pvt. Ltd. 127, Jayamahahal Extn. Bangalore	Cadir Kama Kumaror Textile Ring Road Colombo	Cotton Yarn Hosiery Product	15/10/1979	76.01
9.	The Indian Hotels Co. Ltd. Taj Mahal Hotel Apollo Bunder Mumbai	Taj Lanka Hotel Ltd. Colombo	Hotel	12/08/1980	31.64
10.	Voltas International Ltd. J.N. Heredia Road Mumbai	Valter Piling Ltd. P O Box 166 Colombo	Bore Head Piling Tube Well Drilling	06/03/1982	25.00
11.	Bengal Water Proof Ltd. 41, Shakespeare Sarani Calcutta	Bensri Rubber Products Pvt Ltd. GCEC Phase III Kathunayake Colombo	Rubber Gloves and Water Bottles (P)	24/07/1992	66.53
12.	Adhesive & Chemicals Pvt. Ltd. Arcot Road, Porur Chennai	Chemicals and Adhesive Products Pvt. Ltd. 52, Gallepica Court Colombo	Starch Based Chemicals	09/12/1982	28.00
13.	Ashok Leyland Ltd. 19, Rajaji Salai Chennai	Lanka Ashok Leyland Ltd. 38 and 40 Edward Lane Junction Bullers Road Colombo	Assembly and Manufacturing of Commercial Vehicles	02/02/1983	22.79
14.	Asia Match Co. Pvt. Ltd. Boopathy Building P B No. 222 Sivakashi	Sun Match Co. Ltd. 318, D.S Semanayka Vidya Kandy	Wax Matches	07/02/1983	25.00
15.	Indian Hume Pipe Co Ltd. Construction House Walchand Hirachand Marg Mumbai	Industrial Indo Hume Pipe Co. Lady Catherine group Garre Road Ratmalan	Hume Pipe	05/06/1975	56.49
16.	Mecklai and Mecklai Financial Consultancy Pvt. Ltd. 101, Mahatma Gandhi Marg Mumbai	Bartlet, Mecklai & Roy Ltd. Chofed Bank Building P B No. 9 Colombo	Money and Foreign Equity Broking	21/11/1981	16.67

Appendix Table 2 (Continued)

17.	Ambadi Enterprises Pvt. Ltd. Tiam House – 2 Jahangir Chennai	Mercantile Credit Ltd. Colombo	Baker's Yeast	10/01/1989	10.00
18.	Dynamic Steel Pvt. Ltd. Plot No. 848 West Extn. Anna Nagar Chennai	Sri Lanka	Setting up a Steel Mill	11/12/1989	40.00
19.	Lakshmi Textiles Exports Ltd. Coimbatore	Pagado Textile Ltd. Sri Lanka N.A	Manufacturing of Cotton Yards Fabrics	27/06/1990	60.00
20.	C.W.S. India Ltd. 24/1461, Bristow Road Willingdon Island Cochin		Manufacturing and Sale of CTC Tea	17/07/1992	50.00
21.	The Assam Company Ltd. G C Bardalai Path Bamunimaidam Guwahati	N.A	Management of Tea Estate	04/08/1992	10.00
22.	CTI Investment Ltd. 463, Dr. Annie Besant Road Mumbai	N.A	Tyres, Tubes and Flaps	03/08/1992	60.00
23.	Elgi Tyre & Tread Ltd. Thumakunta Village Kirikara 515-211 Hindupur Dist	N.A	Marketing of Procured Tyres and Retreading	20/11/1992	50.00
24.	Harrisons Malayalam Financial Services Ltd. 24/1624, Bristow Road Cochin - 3	N.A	Tea Plantation Co.	20/11/1992	39.00
25.	Harrisons Malayalam Financial Services Ltd. 24/1624 Bristow Road Cochin - 3	N.A	Management of Tea Plantation Co.	19/11/1992	40.00
26.	Unit Trust India Mumbai	N.A	Establishment of a Unit Trust	13/02/1992	48.67
27.	Tata Tea Ltd. 1, Bishop Lefroy Road Calcutta -700020	Pickle Packers Pvt. Ltd.	Manufacture of Steel Strips and Saws	31/05/1993	48.67

Appendix Table 2 (Continued)

28.	TECH-Sharp Pvt Ltd. C-39, 11 th Avenue Anna Nagar Chennai - 600040	Enviro Systems	Enviro Systems (P) Ltd.	Pollution Control System	22/07/1993	15.83
29.	TECH-Sharp Pvt Ltd. C-39, 11 th Avenue Anna Nagar Chennai - 600040	Enviro Systems	Enviro Systems (P) Ltd.	Pollution Control System	22/07/1993	84.00
30.	Gujarat Ambuja Steels Ltd. Ambuja Nagar P O Vadnagar Kodinar Dist Amreli		Employees of Puttlam Cement Co. Ltd.	Cement Plant	05/08/1993	100.00
31.	Velvette Intl. Pharma Prod Pvt. Ltd. 40,G.N. Chetty Road T. Nagar Chennai		The Maharaja Organisation Ltd.	Manufacturing and Sale of Herbal Ayurvedic Products	22/11/1993	40.00
32.	R.S. Structural (India) Pvt. Ltd. Jaipur		Dr. M. M. M. Shihab	Induction Furnace and Re-rolling Mills	10/01/1994	92.00
33.	Price Water House Associates Pvt. Ltd.		N.A	N.A	16/02/1994	51.11
34.	A. V Thomas & Co. Ltd.		N.A	N.A	02/05/1994	40.00
35.	Adarsh Cement Ltd.		N.A	Manufacturing of Poles	25/07/1994	6.67
36.	Balani Exports Pvt. Ltd.		N.A	Manufacturing of Fabrics	01/12/1994	50.00
37.	Simplex Concrete Piles (I) Ltd.		N.A	N.A	22/12/1994	96.67
38.	Tata Tea Ltd.		N.A	Management of Tea Estates	01/12/1995	49.21

Source: Indian Joint Ventures & wholly Owned Subsidiaries Abroad

Approved upto December 1995.

Indian Joint Ventures & wholly Owned Subsidiaries Abroad Approved During 1996.

Indian Joint Ventures & wholly Owned Subsidiaries Abroad Approved During 1997.

Indian Joint Ventures & wholly Owned Subsidiaries Abroad Approved During 1998.

Indian Joint Ventures & wholly Owned Subsidiaries Abroad Approved During 1999.

Indian Investment Centre (A Government of India Organisation)

Jeevan Vihar Building – Sansad Marg

New Delhi - 110001

Appendix Table 3 Sectoral Distribution of Commitments to India

(As Of March ,2000)
Fig.In Million Yen

Sector FY	1975-1989		1990		1991		1992		1993		1994		1995		1996		1997	
	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.
Agriculture	7,597	3											16,049	1	13,222	1	13,934	3
Afforestation			7,869	1	8,095	1					4,219	1	15,760	1	29,292	2	6,193	1
Environmental Protection					16,050	1	17,773	1			11,580	3	5,112	1				
Electric Power & Gas	276,767	27	80,402	3	61,917	2	36,568	3	68,243	3	82,205	6	17,685	2	52,796	5	75,595	4
Mining & Manufacturing	151,613	18					24,482	1										
Telecommunication	69,867	10																
Transportation	19,935	7			4,855	1			21,397	2	10,663	2			25,439	2	7,003	1
Water Supply & Sewerage					6,788	1					17,098	1	37,122	2	11,997	1		
Financial- Intermediary Loans			32,970	2	20,256	1			30,000	1			30,000	1			30,000	1
Commodity Loans	72,500	5			20,256	1	33,085	1										
Others**	9,244	1	7,964	1	3,745	1							7,046	1				
Total	607,523	71	129,205	7	141,962	9	111,908	6	119,640	6	125,765	13	128,774	9	132,746	11	132,725	10

Note:

No.:Number Of Loan Agreements being signed in that year.

FY: Fiscal Year -April -March

Others: Tourism Infrastructure Development Project

Quality Control of Health Technologies Project

Ajanta-Ellora Conservation & Tourism Development Project

Pipavav Port Ship-breaking Project

Cancelled Loans are also included in the Table.

Source: Roles & Activities In India for ODA Loans,March 2000.

Japan Bank For International Cooperation

Appendix Table 4 ODA Loans to South Asian Countries(1990-2001)
ODA Loans to Bangladesh(1990-2001)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
COMMODITY LOAN (XVI)	COMMODITY LOANS	1990/2/20	9000	THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
ENERGY SECTOR ADJUSTMENT LOAN	COMMODITY LOANS	1990/10/9	3800	THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
JAMUNA FERTILIZER PROJECT (III)	MINING AND MANUFACTURING	1990/11/28	8480	JAMUNA FERTILIZER COMPANY LTD.
COMMODITY LOAN (XVII)	COMMODITY LOANS	1990/11/28	4200	THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
COMMODITY LOAN FOR THE CYCLONE DISASTER RELIEF	COMMODITY LOANS	1992/1/16	12200	THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
GREATER DHAKA TELECOM. NETWORK IMPROVEMENT PROJECT (II)	TELECOMMUNICATIONS	1992/5/28	14761	BANGLADESH TANDT BOARD
SYLHET COMBINED CYCLE POWER PLANT CONSTRUCTION PROJECT (II)	ELECTRIC POWER AND GAS	1993/9/13	5943	BANGLADESH POWER DEVELOPMENT BOARD
DHAKA PORT DEVELOPMENT PROJECT (ENGINEERING SERVICES)	TRANSPORTATION	1993/9/13	179	BANGLADESH INLAND WATER TRANSPORT AUTHORITY
CHITTAGONG AIRPORT DEVELOPMENT PROJECT (E-S)	TRANSPORTATION	1993/9/13	333	CIVIL AVIATION AUTHORITY OF BANGLADESH
HARIPIUR POWER PLANT REHABILITATION AND EXPANSION PROJECT	ELECTRIC POWER AND GAS	1993/9/13	15100	BANGLADESH POWER DEVELOPMENT BOARD
BARGE-MOUNTED POWER PLANT REHABILITATION PROJECT	ELECTRIC POWER AND GAS	1993/9/13	1561	BANGLADESH POWER DEVELOPMENT BOARD
JAMUNA MULTIPURPOSE BRIDGE PROJECT	TRANSPORTATION	1994/6/14	21562	JAMUNA MULTIPURPOSE BRIDGE AUTHORITY
BAKHRABAD NATURAL GAS DEVELOPMENT PROJECT(II) (INCLUDING FENI)	ELECTRIC POWER AND GAS	1994/6/14	1405	BANGLADESH GAS FIELDS COMPANY LTD.
ENGINEERING SERVICES FOR CONSTRUCTION OF PAKSEY BRIDGE	TRANSPORTATION	1995/10/4	150	ROADS AND HIGHWAYS DEPARTMENT
RURAL DEVELOPMENT CREDIT PROGRAM (GRAMEEN BANK)	SOCIAL SERVICES	1995/10/4	2986	GRAMEEN BANK
AREA COVERAGE RURAL ELECTRIFICATION PROJECT (PHASE IV-C)	ELECTRIC POWER AND GAS	1995/10/4	5442	RURAL ELECTRIFICATION BOARD
CHITTAGONG AIRPORT DEVELOPMENT PROJECT	TRANSPORTATION	1996/8/20	10943	CIVIL AVIATION AUTHORITY OF BANGLADESH
JAMUNA BRIDGE ACCESS ROADS PROJECT	TRANSPORTATION	1997/7/1	6206	ROADS AND HIGHWAYS DEPARTMENT
ENGINEERING SERVICES FOR NARAYANGANJ-NARSINGDI FLOOD PROTECTION AND IRRIGATION PROJECT	IRRIGATION AND FLOOD CONTROL	1997/7/1	339	BANGLADESH WATER DEVELOPMENT BOARD
PAKSEY BRIDGE CONSTRUCTION PROJECT (I)	TRANSPORTATION	1997/7/1	8707	ROADS AND HIGHWAYS DEPARTMENT
NORTHERN RURAL INFRASTRUCTURE DEVELOPMENT PROJECT	SOCIAL SERVICES	1999/7/15	6593	LOCAL GOVERNMENT ENGINEERING DEPARTMENT
POWER DISTRIBUTION AND EFFICIENCY ENHANCEMENT PROJECT	ELECTRIC POWER AND GAS	1999/7/15	4376	RURAL ELECTRIFICATION BOARD, DHAKA ELECTRIC SUPPLY AUTHORITY
ENERGY SAVING, ENVIRONMENTAL PROTECTION AND IMPROVEMENT OF ON-STREAM FACTOR OF GHORASAL UREA FERTILIZER FACTORY PROJECT	MINING AND MANUFACTURING	1999/7/15	5443	BANGLADESH CHEMICAL INDUSTRIES CORPORATION
RUPSA CONSTRUCTION PROJECT	TRANSPORTATION	2001/3/29	8300	ROADS AND HIGHWAYS DEPARTMENT
GREATER FARIDPUR RURAL INFRASTRUCTURE DEVELOPMENT PROJECT	SOCIAL SERVICES	2001/3/29	4055	LOCAL GOVERNMENT ENGINEERING DEPARTMENT
RURAL ELECTRIFICATION PROJECT (PHASE V-B)	ELECTRIC POWER AND GAS	2001/3/29	1460	RURAL ELECTRIFICATION BOARD
TOTAL OF THE AMOUNTS OF APPROVAL (YEN MILLIONS)			568511	

Appendix Table 4 (continued)

ODA Loans to India (1990-2001)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
MALANJUKHAND COPPER EXPANSION PROJECT (E-S)	MINING AND MANUFACTURING	1990/1/12	1516	HINDUSTAN COPPER LIMITED
ENGINEERING SERVICES FOR INDIRA GANDHI NAHAR PROJECT	IRRIGATION AND FLOOD CONTROL	1990/3/27	84	INDIRA GANDHI NAHAR PROJECT DEPARTMENT, THE STATE GOVERNMENT OF RAJASTHAN
GANDHAR GAS BASED COMBINED CYCLE POWER PROJECT (I)	ELECTRIC POWER AND GAS	1990/3/27	13046	NATIONAL THERMAL POWER CO. LTD. AND POWER GRID CO. OF INDIA LTD.
KOLAGHAT THERMAL POWER STATION FLY-ASH UTILIZATION PROJECT (E-S)	MINING AND MANUFACTURING	1990/3/27	171	THE WEST BENGAL POWER DEVELOPMENT CORPORATION LTD.
BHAVANI KATTALAI BARRAGE HYDRO ELECTRIC PROJECT (I)	ELECTRIC POWER AND GAS	1990/3/27	5410	TAMIL NADU STATE ELECTRICITY BOARD
BASIN BRIDGE GAS TURBINE PROJECT	ELECTRIC POWER AND GAS	1990/3/27	11450	TAMIL NADU STATE ELECTRICITY BOARD
ROLLING STOCK WORKSHOP MODERNIZATION PROJECT (I)	TRANSPORTATION	1990/3/27	1256	MINISTRY OF RAILWAYS, RAILWAY BOARD
ANPARA B THERMAL POWER STATION CONSTRUCTION PROJECT (III)	ELECTRIC POWER AND GAS	1991/1/23	49801	UTTAR PRADESH STATE ELECTRICITY BOARD
AFFORESTATION AND PASTURE DEVELOPMENT PROJECT ALONG INDIRA GANDHI CANAL AREA	AGRICULTURE, FORESTRY AND FISHERIES	1991/1/23	7869	DEPARTMENT OF FOREST, GOVERNMENT OF RAJASTHAN
TEESTA CANAL HYDROELECTRIC PROJECT (II)	ELECTRIC POWER AND GAS	1991/1/23	6222	WEST BENGAL STATE ELECTRICITY BOARD
SMALL SCALE INDUSTRIES DEVELOPMENT PROGRAM (II)	MINING AND MANUFACTURING	1991/1/23	30000	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
QUALITY CONTROL OF HEALTH TECHNOLOGIES PROJECT	SOCIAL SERVICES	1991/1/23	7964	MINISTRY OF HEALTH AND WELFARE
POWER SYSTEM IMPROVEMENT AND SMALL HYDRO PROJECT	ELECTRIC POWER AND GAS	1991/1/23	24379	RURAL ELECTRIFICATION CORPORATION LTD.
HOUSING PROGRAM FOR LOW AND MEDIUM INCOME HOUSEHOLDS	SOCIAL SERVICES	1991/1/23	2970	NATIONAL HOUSING BANK
EMERGENCY COMMODITY LOAN	COMMODITY LOANS	1991/5/31	20256	DEPARTMENT OF ECONOMIC AFFAIRS
ANPARA POWER TRANSMISSION SYSTEM PROJECT (I)	ELECTRIC POWER AND GAS	1991/6/13	19318	UTTAR PRADESH STATE ELECTRICITY BOARD
KARNATAKA STATE COMPREHENSIVE LAND USE MANAGEMENT PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1991/6/13	16050	THE STATE GOVERNMENT OF KARNATAKA
SMALL SCALE INDUSTRIES DEVELOPMENT PROGRAM (III)	MINING AND MANUFACTURING	1991/6/13	20256	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
AJANTA-ELLORA CONSERVATION AND TOURISM DEVELOPMENT PROJECT	SOCIAL SERVICES	1992/1/9	3745	MINISTRY OF TOURISM
AFFORESTATION PROJECT IN ARAVALI HILLS	AGRICULTURE, FORESTRY AND FISHERIES	1992/1/9	8095	DEPARTMENT OF FOREST, THE STATE GOVERNMENT OF RAJASTHAN
GANDHAR GAS BASED COMBINED CYCLE POWER PROJECT (II)	ELECTRIC POWER AND GAS	1992/1/9	42599	NATIONAL THERMAL POWER CO. LTD. POWER GRID CO. OF INDIA LTD.
NATIONAL HIGHWAY-2 IMPROVEMENT PROJECT	TRANSPORTATION	1992/1/9	4855	MINISTRY OF SURFACE TRANSPORT
URBAN CITY WATER SUPPLY PROJECT	SOCIAL SERVICES	1992/1/9	6788	HOUSING AND URBAN DEVELOPMENT CORPORATION LTD.
ANPARA B THERMAL POWER STATION CONSTRUCTION PROJECT (IV)	ELECTRIC POWER AND GAS	1992/12/3	13224	UTTAR PRADESH STATE ELECTRICITY BOARD
HYDROCARBON SECTOR PROGRAM	COMMODITY LOANS	1992/12/3	33085	DEPARTMENT OF ECONOMIC AFFAIRS, MINISTRY OF FINANCE
UDYOGAMANDAL AMMONIA PLANT REPLACEMENT PROJECT	MINING AND MANUFACTURING	1992/12/21	24482	THE FERTILIZERS AND CHEMICALS TRAVANCORE LIMITED
GANDHAR GAS BASED COMBINED CYCLE POWER PROJECT (III)	ELECTRIC POWER AND GAS	1992/12/21	19538	NATIONAL THERMAL POWER CO. LTD. AND POWER GRID CO. OF INDIA LTD.
SRISAILAM POWER TRANSMISSION SYSTEM PROJECT	ELECTRIC POWER AND GAS	1992/12/21	3806	ANDHRA PRADESH STATE ELECTRICITY BOARD
YAMUNA ACTION PLAN PROJECT	SOCIAL SERVICES	1992/12/21	17773	MINISTRY OF ENVIRONMENT AND FORESTS
ANPARA B THERMAL POWER STATION CONSTRUCTION PROJECT (V)	ELECTRIC POWER AND GAS	1994/1/24	17638	UTTAR PRADESH STATE ELECTRICITY BOARD
BAKRESWAR THERMAL POWER PROJECT	ELECTRIC POWER AND GAS	1994/1/24	27069	THE WEST BENGAL POWER DEVELOPMENT CORPORATION LTD.
FARIDABAD GAS BASED POWER STATION AND ASSOCIATED TRANSMISSION SYSTEM PROJECT	ELECTRIC POWER AND GAS	1994/1/24	23536	NATIONAL THERMAL POWER CORPORATION LTD. 6 POWER GRID CO. OF INDIA
CONSTRUCTION OF A BRIDGE OVER RIVER YAMUNA AT ALLAHABAD-NAINI WITH APPROACH ROADS PROJECT	TRANSPORTATION	1994/1/24	10037	MINISTRY OF SURFACE TRANSPORT
NATIONAL HIGHWAY-5 IMPROVEMENT PROJECT	TRANSPORTATION	1994/1/24	11360	MINISTRY OF SURFACE TRANSPORT
SMALL SCALE INDUSTRIES DEVELOPMENT PROGRAM (IV)	MINING AND MANUFACTURING	1994/1/24	30000	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
ASSAM GAS TURBINE POWER STATION AND TRANSMISSION LINE CONSTRUCTION PROJECT (III)	ELECTRIC POWER AND GAS	1995/2/28	15821	NORTH EASTERN ELECTRIC POWER CO. AND POWER GRID CO. OF INDIA

Appendix Table 4 (continued)

ODA Loans to India (1990-2001)(continued)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions: JPY)	EXECUTING AGENCY
KOTHAGUDEMA' THERMAL POWER STATION REHABILITATION PROJECT	ELECTRIC POWER AND GAS	1995/2/28	5092	ANDHRA PRADESH STATE ELECTRICITY BOARD
SRISAILAM LEFT BANK POWER STATION PROJECT (II)	ELECTRIC POWER AND GAS	1995/2/28	22567	ANDHRA PRADESH STATE ELECTRICITY BOARD
SRISAILAM POWER TRANSMISSION SYSTEM PROJECT (II)	ELECTRIC POWER AND GAS	1995/2/28	9546	ANDHRA PRADESH STATE ELECTRICITY BOARD
CHENNAI SEWERAGE RENOVATION AND FUNCTIONAL IMPROVEMENT PROJECT	SOCIAL SERVICES	1995/2/28	17098	CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD
BAKRESWAR THERMAL POWER STATION UNIT 3 EXTENSION PROJECT	ELECTRIC POWER AND GAS	1995/2/28	8659	THE WEST BENGAL POWER DEVELOPMENT CORPORATION LTD.
PURULIA PUMPED STORAGE PROJECT	ELECTRIC POWER AND GAS	1995/2/28	20520	WEST BENGAL STATE ELECTRICITY BOARD
LAKE BHOPAL CONSERVATION AND MANAGEMENT PROJECT	SOCIAL SERVICES	1995/2/28	7055	HOUSING AND ENVIRONMENT DEPARTMENT THE STATE GOVERNMENT OF MADHYA PRADESH
RAJASTHAN FORESTRY DEVELOPMENT PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1995/2/28	4219	DEPARTMENT OF FOREST, THE STATE GOVERNMENT OF RAJASTHAN
INDUSTRIAL POLLUTION CONTROL PROGRAM	MINING AND MANUFACTURING	1995/2/28	3000	THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LTD.
INDUSTRIAL POLLUTION CONTROL PROJECT	SOCIAL SERVICES	1995/2/28	1525	WEST BENGAL POLLUTION CONTROL BOARD AND CENTRAL POLLUTION CONTROL BOARD
NATIONAL HIGHWAY-24 IMPROVEMENT PROJECT	TRANSPORTATION	1995/2/28	4827	MINISTRY OF SURFACE TRANSPORT
NATIONAL HIGHWAY-5 IMPROVEMENT PROJECT (II)	TRANSPORTATION	1995/2/28	5836	MINISTRY OF SURFACE TRANSPORT
ATTAPPADY WASTELAND COMPREHENSIVE ENVIRONMENTAL CONSERVATION PROJECT	SOCIAL SERVICES	1996/1/25	5112	DEPARTMENT OF RURAL DEVELOPMENT, THE STATE GOVERNMENT OF KERALA
ANPARA POWER TRANSMISSION SYSTEM PROJECT (II)	ELECTRIC POWER AND GAS	1996/1/25	12020	UTTAR PRADESH STATE ELECTRICITY BOARD
KURNOOL-CUDDAPAH CANAL MODERNIZATION PROJECT	IRRIGATION AND FLOOD CONTROL	1996/1/25	16049	IRRIGATION AND CAD DEPARTMENT, STATE GOVERNMENT OF ANDHRA PRADESH
GUJARAT AFFORESTATION AND DEVELOPMENT PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1996/1/25	15760	FOREST DEPARTMENT, THE STATE GOVERNMENT OF GUJARAT
DHAULIGANGA HYDROELECTRIC POWER PLANT CONSTRUCTION PROJECT	ELECTRIC POWER AND GAS	1996/1/25	5665	NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED
BANGALORE WATER SUPPLY AND SEWERAGE PROJECT	SOCIAL SERVICES	1996/1/25	28452	BANGALORE WATER SUPPLY AND SEWERAGE BOARD
PIPAVAV PORT SHIP-BREAKING PROJECT	TRANSPORTATION	1996/1/25	7046	GUJARAT PIPAVAV PORT LIMITED
SMALL SCALE INDUSTRIES DEVELOPMENT PROGRAM (V)	MINING AND MANUFACTURING	1996/1/25	30000	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
URBAN WATER SUPPLY AND SANITATION IMPROVEMENT PROGRAM	SOCIAL SERVICES	1996/1/25	8670	HOUSING AND URBAN DEVELOPMENT CORPORATION LTD.
UMIAM HYDRO POWER STATION RENOVATION PROJECT	ELECTRIC POWER AND GAS	1997/2/25	1700	MEGHALAYA STATE ELECTRICITY BOARD
CALCUTTA TRANSPORT INFRASTRUCTURE DEVELOPMENT PROJECT	TRANSPORTATION	1997/2/25	10679	TRANSPORT DEPARTMENT, THE STATE GOVERNMENT OF WEST BENGAL
EASTERN KARNATAKA AFFORESTATION PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1997/2/25	15968	FOREST DEPARTMENT, THE STATE GOVERNMENT OF KARNATAKA
KERALA WATER SUPPLY PROJECT	SOCIAL SERVICES	1997/2/25	11997	KERALA WATER AUTHORITY
SIMHADRI THERMAL POWER STATION PROJECT	ELECTRIC POWER AND GAS	1997/2/25	19817	NATIONAL THERMAL POWER CORPORATION LTD.
TAMIL NADU AFFORESTATION PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1997/2/25	13324	FOREST DEPARTMENT, THE STATE GOVERNMENT OF TAMIL NADU
TUJIAL HYDRO-ELECTRIC POWER STATION PROJECT	ELECTRIC POWER AND GAS	1997/2/25	11695	NORTH EASTERN ELECTRIC POWER CORPORATION LTD.
DELHI MASS RAPID TRANSPORT SYSTEM PROJECT	TRANSPORTATION	1997/2/25	14760	DELHI METRO RAIL CORPORATION LIMITED
RAJGHAT CANAL IRRIGATION PROJECT	IRRIGATION AND FLOOD CONTROL	1997/2/25	13222	WATER RESOURCES DEPARTMENT, THE STATE GOVERNMENT OF MADHYA PRADESH
WEST BENGAL TRANSMISSION SYSTEM PROJECT	ELECTRIC POWER AND GAS	1997/2/25	11087	WEST BENGAL STATE ELECTRICITY BOARD
NORTHERN INDIA TRANSMISSION SYSTEM PROJECT	ELECTRIC POWER AND GAS	1997/2/25	8497	POWER GRID CORPORATION OF INDIA LIMITED
SIMHADRI AND VIZAG TRANSMISSION SYSTEM PROJECT	ELECTRIC POWER AND GAS	1997/12/12	10629	ANDHRA PRADESH STATE ELECTRICITY BOARD
SRISAILAM LEFT BANK POWER STATION PROJECT (III)	ELECTRIC POWER AND GAS	1997/12/12	14499	ANDHRA PRADESH STATE ELECTRICITY BOARD

Appendix Table 4 (continued)

ODA Loans to India (1990-2001)(continued)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
DHAULIGANGA HYDROELECTRIC POWER PLANT CONSTRUCTION PROJECT (II)	ELECTRIC POWER AND GAS	1997/12/12	16316	NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED
TUTICORIN PORT DREDGING PROJECT	TRANSPORTATION	1997/12/12	7003	TUTICORIN PORT TRUST
BAKRESWAR THERMAL POWER STATION PROJECT (II)	ELECTRIC POWER AND GAS	1997/12/12	34151	THE WEST BENGAL POWER DEVELOPMENT CORPORATION LTD.
PUNJAB AFFORESTATION PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1997/12/12	6193	DEPT. OF FORESTS AND WILDLIFE, THE STATE GOVERNMENT OF PUNJAB
MADHYA PRADESH SERICULTURE PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1997/12/12	2212	DIRECTORATE OF SERICULTURE, THE STATE GOVERNMENT OF MADHYA PRADESH
MANIPUR SERICULTURE PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1997/12/12	3962	DEPARTMENT OF SERICULTURE, THE STATE GOVERNMENT OF MANIPUR
RENGALI IRRIGATION PROJECT	IRRIGATION AND FLOOD CONTROL	1997/12/12	7760	DEPARTMENT OF WATER RESOURCES, GOVERNMENT OF ORISSA
SMALL SCALE INDUSTRIES DEVELOPMENT PROGRAM (VI)	MINING AND MANUFACTURING	1997/12/12	30000	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA
BAKRESWAR THERMAL POWER STATION UNIT 3 EXTENSION PROJECT (II)	ELECTRIC POWER AND GAS	1999/3/24	11537	WEST BENGAL POWER DEVELOPMENT CORPORATION LTD. (WBPDCL)
SIMHADRI THERMAL POWER STATION PROJECT (II)	ELECTRIC POWER AND GAS	2001/3/30	12194	NATIONAL THERMAL POWER CORPORATION LIMITED
DELHI MASS RAPID TRANSPORT SYSTEM PROJECT (II)	TRANSPORTATION	2001/3/30	6732	DELHI METRO RAIL CORPORATION LIMITED
TOTAL OF THE AMOUNTS OF APPROVAL (YEN MILLIONS)			1660711	

Appendix Table 4 (continued)

ODA Loans to Nepal (1990-2001)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
KULEKHANI DISASTER PREVENTION PROJECT	IRRIGATION AND FLOOD CONTROL	1990/10/5	2710	NEPAL ELECTRICITY AUTHORITY
KULEKHANI DISASTER PREVENTION PROJECT (II)	IRRIGATION AND FLOOD CONTROL	1996/5/17	3484	NEPAL ELECTRICITY AUTHORITY
KALI GANDAKI A HYDROELECTRIC PROJECT	ELECTRIC POWER AND GAS	1996/10/14	16916	NEPAL ELECTRICITY AUTHORITY
MELAMCHI WATER SUPPLY PROJECT	SOCIAL SERVICES	2001/3/30	5494	MELAMCHI WATER SUPPLY DEVELOPMENT BOARD UNDER THE MINISTRY OF PHYSICAL PLANNING AND WORKS
TOTAL OF THE AMOUNTS OF APPROVAL (YEN MILLIONS)			63529	

Appendix Table 4 (continued)

ODA Loans to Pakistan (1990-2001)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
FINANCIAL SECTOR ADJUSTMENT PROGRAM	COMMODITY LOANS	1990/2/18	19300	THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN
INDUS HIGHWAY PROJECT (II)	TRANSPORTATION	1991/1/14	20778	NATIONAL HIGHWAY AUTHORITY
BIN QASIM THERMAL POWER STATION EXTENSION UNIT 6 PROJECT (I)	ELECTRIC POWER AND GAS	1992/3/6	13551	KARACHI ELECTRIC SUPPLY CORPORATION LTD.
TRACK CIRCUITS AT 94 MAINLINE STATIONS PROJECT	TRANSPORTATION	1992/3/6	3221	MINISTRY OF RAILWAYS (RAILWAY BOARD)
AGRICULTURAL CREDIT PROGRAM	AGRICULTURE, FORESTRY AND FISHERIES	1992/3/6	10000	AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN
ON-FARM WATER MANAGEMENT PROJECT	IRRIGATION AND FLOOD CONTROL	1992/3/6	8230	MINISTRY OF FOOD, AGRICULTURE AND COOPERATIVES
TELECOMMUNICATIONS NETWORK EXPANSION PROJECT	TELECOMMUNICATIONS	1992/6/19	5422	PAKISTAN TELECOMMUNICATIONS COMPANY LIMITED
COMMODITY LOAN (XVI)	COMMODITY LOANS	1993/3/9	12247	ECONOMIC AFFAIRS DIVISION GOVERNMENT OF PAKISTAN
INDUS HIGHWAY CONSTRUCTION PROJECT (IIB)	TRANSPORTATION	1993/8/19	18214	NATIONAL HIGHWAY AUTHORITY
ENGINEERING SERVICES FOR MALIR BASIN AGRICULTURAL DEVELOPMENT PROJECT	IRRIGATION AND FLOOD CONTROL	1993/8/19	206	IRRIGATION AND POWER DEPARTMENT, GOVERNMENT OF SINDH
DIESEL ELECTRIC LOCOMOTIVES REHABILITATION PROJECT	TRANSPORTATION	1993/8/19	6011	MINISTRY OF RAILWAYS (RAILWAY BOARD)
NEW LOCOMOTIVES PRODUCTION PROJECT	TRANSPORTATION	1993/8/19	6067	MINISTRY OF RAILWAYS (RAILWAY BOARD)
RURAL ROADS CONSTRUCTION PROJECT	TRANSPORTATION	1993/8/19	11468	MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
COMMODITY LOAN (PUBLIC SECTOR ADJUSTMENT LOAN)	COMMODITY LOANS	1994/3/20	16450	ECONOMIC AFFAIRS DIVISION GOVERNMENT OF PAKISTAN
KARACHI WATER SUPPLY IMPROVEMENT PROJECT	SOCIAL SERVICES	1994/11/22	10300	KARACHI WATER AND SEWERAGE BOARD
KOHAT TUNNEL CONSTRUCTION PROJECT	TRANSPORTATION	1994/11/22	5437	NATIONAL HIGHWAY AUTHORITY
DAUDKHEL FERTILIZER PLANT MODERNIZATION PROJECT (II)	MINING AND MANUFACTURING	1994/11/22	5107	PAK-AMERICAN FERTILIZERS LTD.
BIN QASIM THERMAL POWER STATION EXTENSION UNIT PROJECT (II)	ELECTRIC POWER AND GAS	1994/11/22	13974	KARACHI ELECTRIC SUPPLY CORPORATION LTD.
GHAZI BAROTHA HYDROPOWER PROJECT (I)	ELECTRIC POWER AND GAS	1996/3/22	20000	WATER AND POWER DEVELOPMENT AUTHORITY
SURVEY VESSEL MODERNIZATION PROJECT	TRANSPORTATION	1996/3/22	2430	PORTS AND SHIPPING WING, MINISTRY OF COMMUNICATION
DIESEL ELECTRIC LOCOMOTIVES REHABILITATION PROJECT (2)	TRANSPORTATION	1996/3/22	6774	MINISTRY OF RAILWAYS (RAILWAY BOARD)
DIESEL ELECTRIC LOCOMOTIVES PRODUCTION PROJECT (2)	TRANSPORTATION	1996/3/22	8578	MINISTRY OF RAILWAYS (RAILWAY BOARD)
SECONDARY TRANSMISSION LINES AND GRID STATIONS PROJECT	ELECTRIC POWER AND GAS	1996/3/22	12022	WATER AND POWER DEVELOPMENT AUTHORITY
GHAZI BAROTHA HYDROPOWER PROJECT (II)	ELECTRIC POWER AND GAS	1997/3/31	14902	WATER AND POWER DEVELOPMENT AUTHORITY
BALUCHISTAN MIDDLE LEVEL EDUCATION PROJECT	SOCIAL SERVICES	1997/3/31	3917	EDUCATION DEPARTMENT, GOVERNMENT OF BALUCHISTAN
NATIONAL DRAINAGE PROGRAM PROJECT	IRRIGATION AND FLOOD CONTROL	1997/3/31	10832	WATER AND POWER DEVELOPMENT AUTHORITY
BANKING SECTOR ADJUSTMENT PROGRAM	COMMODITY LOANS	1998/3/20	32030	ECONOMIC AFFAIRS DIVISION GOVERNMENT OF PAKISTAN
TOTAL OF THE AMOUNTS OF APPROVAL (YEN MILLIONS)			644664	

Appendix Table 4 (continued)

ODA Loans to Sri Lanka (1990-2001)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions, JPY)	EXECUTING AGENCY
ENGINEERING SERVICES FOR THE COLOMBO-KATUNAYAKE EXPRESSWAY	TRANSPORTATION	1990/3/28	520	ROAD DEVELOPMENT AUTHORITY
PORT OF COLOMBO EXTENSION PROJECT (I)	TRANSPORTATION	1990/3/28	6329	SRI LANKA PORTS AUTHORITY
TOWNS EAST OF COLOMBO WATER SUPPLY PROJECT	SOCIAL SERVICES	1990/3/28	1997	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
PUTTALAM AND RUHUNU CEMENT WORKS REHABILITATION PROJECT	MINING AND MANUFACTURING	1990/3/28	3511	SRI LANKA CEMENT CORPORATION
COMMODITY LOAN (XII)	COMMODITY LOANS	1990/3/28	3000	THE GOVERNMENT OF D.S.R. OF SRI LANKA
GREATER COLOMBO DRAINAGE SYSTEM REHABILITATION PROJECT (E-S)	SOCIAL SERVICES	1990/3/28	299	SRI-LANKA LAND RECLAMATION AND DEVELOPMENT CORPORATION
TRANSMISSION AND GRID SUBSTATION DEVELOPMENT PROJECT	ELECTRIC POWER AND GAS	1990/3/28	3855	CEYLON ELECTRICITY BOARD
RAILWAY REHABILITATION PROJECT	TRANSPORTATION	1990/8/3	10617	SRI LANKA RAILWAYS
PORT OF COLOMBO EXTENSION PROJECT (II)	TRANSPORTATION	1991/3/18	11021	SRI LANKA PORTS AUTHORITY
SAMANALAWA HYDROELECTRIC POWER PROJECT (III)	ELECTRIC POWER AND GAS	1991/3/18	3264	CEYLON ELECTRICITY BOARD
THE GREATER COLOMBO TELECOMMUNICATIONS NETWORK IMPROVEMENT PROJECT	TELECOMMUNICATIONS	1991/3/18	10968	SRI LANKA TELECOM LTD.
ECONOMIC RESTRUCTURING CREDIT	COMMODITY LOANS	1991/11/8	13100	THE GOVERNMENT OF D.S.R. OF SRI LANKA
UPPER KOTMALE HYDROELECTRIC POWER PROJECT (E-S)	ELECTRIC POWER AND GAS	1992/3/31	1482	CEYLON ELECTRICITY BOARD
PORT OF COLOMBO EXTENSION PROJECT (III)	TRANSPORTATION	1992/3/31	21055	SRI LANKA PORTS AUTHORITY
GREATER COLOMBO FLOOD CONTROL AND ENVIRONMENT IMPROVEMENT PROJECT	SOCIAL SERVICES	1992/3/31	11198	SRI-LANKA LAND RECLAMATION AND DEVELOPMENT CORPORATION
PORT OF COLOMBO EXTENSION PROJECT (IV)	TRANSPORTATION	1993/8/12	7728	SRI LANKA PORTS AUTHORITY
BASILINE ROAD PROJECT	TRANSPORTATION	1993/8/12	5137	ROAD DEVELOPMENT AUTHORITY
TRANSMISSION SYSTEM AUGMENTATION AND DEVELOPMENT PROJECT (II)	ELECTRIC POWER AND GAS	1993/8/12	918	CEYLON ELECTRICITY BOARD
GREATER COLOMBO WATER SUPPLY SYSTEM EXTENSION PROJECT (COVERAGE OF THE SOUTHERN URBAN AREAS)	SOCIAL SERVICES	1993/8/12	3726	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
THE REGIONAL TELECOMMUNICATIONS DEVELOPMENT PROJECT	TELECOMMUNICATIONS	1993/8/12	10112	SRI LANKA TELECOM LTD.
SRI LANKA-JAPAN FRIENDSHIP BRIDGE WIDENING PROJECT	TRANSPORTATION	1993/8/12	2929	ROAD DEVELOPMENT AUTHORITY
KUKULE GANGA HYDROELECTRIC POWER PROJECT	ELECTRIC POWER AND GAS	1994/7/4	21227	CEYLON ELECTRICITY BOARD
PORT OF COLOMBO NORTH PIER DEVELOPMENT PROJECT	TRANSPORTATION	1994/7/4	5668	SRI LANKA PORTS AUTHORITY
WALAWE LEFT BANK IRRIGATION UPGRADING AND EXTENSION PROJECT (E-S)	IRRIGATION AND FLOOD CONTROL	1994/7/4	379	MAHAWELI AUTHORITY OF SRI LANKA
INDUSTRIAL ESTATES DEVELOPMENT PROJECT	MINING AND MANUFACTURING	1994/7/4	3798	MINISTRY OF INDUSTRIAL DEVELOPMENT
COAL FIRED THERMAL DEVELOPMENT PROJECT IN THE WEST COAST (E-S)	ELECTRIC POWER AND GAS	1994/7/4	976	CEYLON ELECTRICITY BOARD
GREATER COLOMBO FLOOD CONTROL AND ENVIRONMENT IMPROVEMENT PROJECT (II)	SOCIAL SERVICES	1994/7/4	4367	SRI-LANKA LAND RECLAMATION AND DEVELOPMENT CORPORATION
PORT OF COLOMBO NORTH PIER DEVELOPMENT PROJECT (II)	TRANSPORTATION	1995/8/31	12705	SRI LANKA PORTS AUTHORITY
SAMANALAWA HYDROELECTRIC PROJECT (RESERVOIR REMEDIAL WORKS)	ELECTRIC POWER AND GAS	1995/8/31	5282	CEYLON ELECTRICITY BOARD
WALAWE LEFT BANK IRRIGATION UPGRADING AND EXTENSION PROJECT	IRRIGATION AND FLOOD CONTROL	1995/8/31	2572	MAHAWELI AUTHORITY OF SRI LANKA
KELANITISSA COMBINED CYCLE POWER PLANT PROJECT	ELECTRIC POWER AND GAS	1996/10/23	13481	CEYLON ELECTRICITY BOARD
TOWNS NORTH OF COLOMBO WATER SUPPLY PROJECT	SOCIAL SERVICES	1996/10/23	5308	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
PLANTATION REFORM PROJECT	AGRICULTURE, FORESTRY AND FISHERIES	1996/10/23	4076	CENTRAL BANK OF SRI LANKA
WALAWE LEFT BANK IRRIGATION UPGRADING AND EXTENSION PROJECT (II)	IRRIGATION AND FLOOD CONTROL	1996/10/23	9393	MAHAWELI AUTHORITY OF SRI LANKA

Appendix Table 4 (continued)
ODA Loans to Sri Lanka (1990-2001) (continued)

PROJECT NAME	SECTOR	DATE OF APPROVAL	AMOUNT OF APPROVAL (Millions; JPY)	EXECUTING AGENCY
GREATER COLOMBO FLOOD CONTROL AND ENVIRONMENT IMPROVEMENT PROJECT (III)	SOCIAL SERVICES	1996/10/23	6180	SRI-LANKA LAND RECLAMATION AND DEVELOPMENT CORPORATION
BASILINE ROAD PROJECT (II)	TRANSPORTATION	1997/8/18	2342	ROAD DEVELOPMENT AUTHORITY
KALU GANGA WATER SUPPLY PROJECT FOR GREATER COLOMBO	SOCIAL SERVICES	1997/8/18	11278	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
TELECOMMUNICATION NETWORK EXPANSION PROJECT IN COLOMBO METRO AREA	TELECOMMUNICATIONS	1997/8/18	10023	SRI LANKA TELECOM LTD.
MAHAWELI SYSTEM C UPGRADEING PROJECT	IRRIGATION AND FLOOD CONTROL	1997/8/18	3737	MAHAWELI AUTHORITY OF SRI LANKA
SMALL AND MICRO INDUSTRIES LEADER AND ENTREPRENEUR PROMOTION PROJECT	MINING AND MANUFACTURING	1997/8/18	5432	NATIONAL DEVELOPMENT BANK
TRANSMISSION AND SUBSTATION DEVELOPMENT PROJECT	ELECTRIC POWER AND GAS	1997/8/18	3114	CEYLON ELECTRICITY BOARD
TRANSMISSION AND SUBSTATION DEVELOPMENT PROJECT (II)	ELECTRIC POWER AND GAS	1998/9/28	4030	CEYLON ELECTRICITY BOARD
MEDIUM VOLTAGE DISTRIBUTION NETWORK REINFORCEMENT PROJECT	ELECTRIC POWER AND GAS	1998/9/28	5973	CEYLON ELECTRICITY BOARD
TELECOMMUNICATION NETWORK EXPANSION PROJECT IN COLOMBO METRO AREA (II)	TELECOMMUNICATIONS	1998/9/28	13369	SRI LANKA TELECOM LTD.
ENVIRONMENTALLY FRIENDLY SOLUTIONS FUND	MINING AND MANUFACTURING	1998/9/28	2730	NATIONAL DEVELOPMENT BANK
BANDARANAIKE INTERNATIONAL AIRPORT DEVELOPMENT PROJECT	TRANSPORTATION	1999/8/4	12384	AVIATION AND AIRPORT SERVICES (SRI LANKA) LIMITED
ROAD NETWORK IMPROVEMENT PROJECT	TRANSPORTATION	1999/8/4	3078	ROAD DEVELOPMENT AUTHORITY
POVERTY ALLEVIATION MICRO FINANCE PROJECT	SOCIAL SERVICES	1999/8/4	1368	CENTRAL BANK OF SRI LANKA
ENGINEERING SERVICES FOR THE SOUTHERN HIGHWAY	TRANSPORTATION	1999/8/4	381	ROAD DEVELOPMENT AUTHORITY
PROJECT FOR REDUCTION OF NON-REVENUE WATER	SOCIAL SERVICES	1999/8/4	4217	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
URGENT UPGRADEING OF COLOMBO PORT PROJECT	TRANSPORTATION	1999/8/4	2048	SRI LANKA PORTS AUTHORITY
SMALL AND MICRO INDUSTRIES LEADER AND ENTREPRENEUR PROMOTION PROJECT (II)	MINING AND MANUFACTURING	2001/1/26	4838	NATIONAL DEVELOPMENT BANK OF SRI LANKA
PROJECT FOR THE IMPROVEMENT OF NATIONAL BLOOD TRANSFUSION SERVICES	SOCIAL SERVICES	2001/1/26	1508	NATIONAL BLOOD TRANSFUSION SERVICES, MINISTRY OF HEALTH
SOUTHERN HIGHWAY CONSTRUCTION PROJECT	TRANSPORTATION	2001/3/30	18770	ROAD DEVELOPMENT AUTHORITY
GREATER KANDY WATER SUPPLY PROJECT	SOCIAL SERVICES	2001/3/30	5151	NATIONAL WATER SUPPLY AND DRAINAGE BOARD
TOTAL OF THE AMOUNTS OF APPROVAL (YEN MILLIONS)			515204	

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