

Nepal top recipient of India aid with Rs 253 crore

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Nepal topped the chart of three countries where India spends money on developmental grants under “rebuilding and reconstruction activities” in the last two years, ahead of both Afghanistan and Sri Lanka.

KP Oli arrived in India on Friday for a three-day visit in his first foreign trip after being sworn as Prime Minister of Nepal for a second time in February 2018, a trip expected to steady the ties that remained wobbly in recent times.

Till this January, the grant in assistance to Nepal for 2017-18 was Rs 253.17 crore. The similar figure for Afghanistan is Rs 221.21 crore and Sri Lanka, Rs 22.46 crore. In 2016-17, Nepal received Rs 333.72 crore as against Rs 263.03 crore for Afghanistan and Rs 99.16 crore for Sri Lanka. Bhutan remains the largest recipient of Indian aid. In this year’s Union budget, Bhutan was allotted Rs 2,650 crore against Rs 650 crore to Nepal, but the money spent on the former doesn’t come exactly under the category where funds are meant for “rebuilding and reconstruction or typical grant in assistance.”

“Nepal is a key neighbour and India has remained an important development partner for Nepal. In this year’s Union budget under the MEA’s foreign aid allocation, there is an increase of Rs 213 crore from last year for Nepal. Nepal has been allotted Rs 650 crore for projects; that’s is almost 75% more than what was allocated to the country in the 2017-18 budget announcement. Of course, India’s development assistance is need-based, so often we spend according to the needs,” said an Indian official who asked not to be identified. A total of ₹5,545 crore was earmarked under aid to countries in the last budget.

"India's development assistance is not monetised in entirety. More than aid, it should be seen as a development partnership. It includes technological assistance, preferential market access, training, lines of credit and grant in assistance and human resources development. Development partnership with Nepal has remained an important aspect of India's foreign policy," said Prof Sachin Chaturvedi, director general at the Research and Information System for Developing Countries (RIS), a New Delhi-based think-tank.

Apart from grant assistance, the Government of India has also extended four lines of credit to Nepal for \$100 million, \$250 mn, \$550 mn and \$750 mn for execution of infrastructure development projects and post-earthquake reconstruction. Nepal was ravaged by an earthquake in 2015.

Talks on security

When PM Narendra Modi meets his Nepali counterpart KP Oli on Saturday, he is likely to convey that security concerns of both countries are interlinked and would offer to step up security and defence ties, persons familiar with the matter said.

This comes in the wake of Oli government warming up to China that included signing up for President Xi Jinping's One Road One Belt initiative and other economic cooperations. "Nepal's location and a large and porous border with India mandates that the security concerns are interlinked between the two countries. So security concerns come upfront," said an official.