CHAPTER IV

INDIA'S COOPERATION WITH THE DEVELOPING COUNTRIES

The NAM conferences, from Lusaka in 1970 through Algiers summits in 1973 emphasized the primary responsibility of the developing countries for their own development. The cooperation among them, subsequently known as South - South cooperation, was to promote this objective. The framework for their economic and technical cooperation was concretised at the summit conferences into the Action Programme for Economic Cooperation. The nonaligned worked out the concept of the new international order and made it the subject of continuing debate within the international community. It should be pointed out here that in the movement for a new international economic order Indian and other sources of Third World capital and technology figured prominently.1

The concepts of collective self-reliance, ECDC, TCDC and South - South cooperation as well as stress on regionalism also emerged from the debates of the nonaligned.

The concept of self-reliance, whatever its shortcomings, gradually evolved in the course of the NAM's proceedings and many times mentioned in the NAM documents, has found its fullest expression and has been elaborated in detail in the Declaration on Collective Self-Reliance, adopted during the Nonaligned summit in New Delhi in 1983.

1 Dennis J. Encarnation, "Indian Joint Ventures Abroad," p. 58.
This chapter proposes to discuss briefly some forms, other than joint ventures investment abroad, of India's cooperation with other developing countries in the context of NAM's decisions on self-reliance within the developing world.

**Beginnings of India's Economic Relations With Other Developing Countries**

On the threshold of her independent existence India had to formulate her foreign policy which would safeguard her evolving political and economic needs and give her an international status satisfying her ambitions of becoming a regional power as soon as possible. Doing so by economic ties with other countries, mainly the developing ones, was one of the directions of India's efforts.

She began this process by aiding most countries in the developing world, though she herself was a recipient of massive aid.

The frameworks of the British Commonwealth of Nations and of the United Nations Organization served India as bases to establish and develop links with other countries of the Third World. After the NAM was established it complemented India's options. In this context, nonalignment can be viewed as a strategy to create and secure conditions for gaining comparative advantage. The decisions of the movement and the framework of its Programme of Action offered India an opportunity to continue the objectives of her internal policy
with those of her external policy and gave it an additional political rationale.

The Indians settled abroad in the course of centuries also supported the introduction of Indian aid schemes in many of the Third World countries.

The efforts of the Commonwealth created an environment conducive for economic and technical cooperation. Under the aegis of the Commonwealth agencies an increasing amount of economic assistance ran parallel to the multinational co- operation programmes conducted by other international bodies. It was the British Commonwealth of Nations and particularly its first multilateral programme known as the Colombo Plan for the Economic Development of the South-East Asian States initiated in 1950, and various UN agencies through which Indian co-operative efforts have been first channelled.

She directed her first aid mainly to Nepal, Sri Lanka and Burma. In the 1950s her contribution stood in fifth place among donor countries. Ever since then the volume, scope and coverage of Indian participation in various economic and technical programmes steadily increased. While India herself benefitted under various aid schemes of multilateral aid under the auspices of these bodies, by the middle of the 1960s she had emerged as a major partner in the economic development of Asia, Africa and Latin America. Her motivation

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to extend aid, although projected in altruistic terms as duty, help, responsibility, even "philanthropic considerations" and "moral obligations" have been mentioned, is similar to the economic and political motives of the big powers and other developed countries.

The first form of her economic cooperation was aid extended to most countries in the developing world, though she herself was a recipient of massive aid.

Since we are talking about aid let it be made clear what aid is and what it is not, according to some economists: World Bank President Woods pointed out that "there is nothing foreign about foreign aid, because seven-eights of the aid goes back to the donors" and "Foreign aid is a misnomer. It is an obsolete, almost anachronistic configuration of a potently modern concept and practice - international economic cooperation."

This applies to India's aid offered to other countries. The rationale of her aid and cooperation diplomacy is political, economic, commercial and strategic. All forms of aid constitute India's presence in the recipient countries' economies.

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5 S.R. Mohnot, "From Foreign Aid to International Economic Cooperation" in Foreign Aid, p. 196.
and its volume depends on the economic and political importance of a country for her foreign policy objectives.

In countries where India has initially concentrated her aid, it performs the vital political function of promoting her national security - as in her relations with the Himalayan kingdoms. In areas where Indian aid has been small in quantity, it is expected to promote goodwill, share experiences, promote trade, boost development process, ensure solidarity and friendly relations. S. Dutt stressed that the economic motives are the most important ones in India's case, as she wants to deepen her relationships with other developing countries. This cooperation took forms, apart from joint ventures investments, of training, sending labour, technology transfers, banking, insurances services, etc. She became involved more and more in the economic structures and institutions of other developing countries which enables her to influence them in various ways making them dependent on her in varying degrees thus enabling her to achieve the objectives of her foreign policy.

In quest of these objectives she exerted her political and economic influence abroad since 1947 wherever she was able to do so. Where it was not possible she tried to create the necessary infrastructure which would support her pursuit. She did so under enormous constraints as a vast majority of her population live under conditions of abysmal poverty and oppression.

6 S. Dutt, "South - South Patterns ...", p. 436.
India established cooperation links while assisting other countries and the world body in various forms also through the economic agencies such as the International Monetary Fund, International Bank for Reconstruction and Development, International Finance Corporation, etc. Now she collaborates through the Colombo Plan, the Special Commonwealth African Assistance Plan (SCAAP), the Commonwealth Fund for Technical Cooperation (CFTC), the United Nations Development Programme (UNDP), the Asian Development Bank (ADB), the Economic Commission for Asia and the Pacific (ESCAP formerly ECAFE - Economic Commission for Asia and the Far East) and the World Bank's Technical Assistance Special Fund (TASF). These programmes promote mainly the technical cooperation among developing countries (TCDC). The ESCAP decided to establish a Regional Centre for Transfer of Technology in India to encourage TCDC. The Centre has been set up in Bangalore. India contributed a sum of US $10,000 towards the cost of preparatory work for its establishment. These collaborative schemes created a complex web of bilateral and multilateral links of aid and cooperation schemes many times overlapping each other.

The principle of cooperation among developing countries, an inseparable and important constituent of this movement, has been followed by India and turned into an instrument of her foreign policy from the very beginning of her existence as an independent state, even before the origin of the NAM. Decisions made on the nonaligned forum enforced the efforts
under all those schemes with the political backing and gave them an additional dimension.

**India's Developmental Experience**

India emphasized the importance of the new countries in the context of the post-II World war political environment. She was, however, aware of the limitations of her own foreign policy, and the foreign policy of all other developing countries lacking an economic base what was expressed by Jawaharlal Nehru who said that foreign policy "is outcome of economic policy" and stressed the necessity "to develop the argument in the economic field." 7 Thus India began to develop her economic self-sufficiency by promoting indigenous technologies and generating her own developmental experience. She built up her own economic and technological capacity which she could share with other countries confronted with similar problems. Her progress can be viewed as a workshop on how to tackle the developmental problems and in fact she has been described "as an economic laboratory for the Third World development experiment." 8 In the 1970s she has also been called "the most developed of the developing countries" 9

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7 Jawaharlal Nehru, "India's Foreign Policy: Selected Speeches of Jawaharlal Nehru, September 1946- April 1961", New Delhi, Publications Division, 1961, p. 25.

8 Devan C. Vohra, "India's Aid Diplomacy in the Third World", New Delhi, 1980, p. 10.

9 Ibid., pp. VII, 223.
contradictions of the internal economic policy, discussed in the context of the joint venture investments abroad, designed to protect Indian producers caused the Indian economy to be outpaced in the long run by the other NICs. As a result, by the end of the 1970s and in the 1980s India no longer can be considered as the most developed of the developing countries. In this context it should not be overlooked that political rhetorics, external policy principles and imperatives notwithstanding, behind India's policy of aid cooperation etc. were also the chronic problems of the Indian economy, such as underutilisation of capacity, lack of demand and lack of new investment for which the capitalist solution was to go abroad. The failure of Indian state capitalism to expand the home market compelled Indian bankers, industrialists etc. to seek these markets in the Third World. All that was bound to make India a donor of aid, technology, finance and services.

India's ability to supply aid, technology, skills and capital enabled her to take up a position of relative superiority in relation to many other developing countries. She established herself in this position despite being underdeveloped state herself with a growing burden of mass poverty. Her economic relations with other Third World countries have been predominantly formed by her own developmental experience. She knew what to offer and how.

It has been claimed that India leads the Third World in development policies and programmes. Her experience has
influenced the statements and resolutions adopted at various conferences.\(^\text{10}\) She was also able to play quite a prominent role in the debates on formulating the NAM Programmes of Action as well as of the concepts of collective self-reliance, ECDC, TCDC and South - South cooperation.

**India's Gains**

The effects of India's economic diplomacy became visible by the early 1970s manifesting themselves as political and economic gains. Her policy encouraged followers of nonalignment, influenced the increase of the demand for Indian commodities, services and technical know-how, joint ventures and training facilities within the Third World.

Many authors (for instance D.C. Vohra, Brojendranath Banerjee) project India's cooperative aid extending behaviour towards other developing countries in altruistic terms as her duty etc. ignoring the advantages she takes from her policy of cooperation and aid. This policy brought her spectacular gains in the forms of increased exports or secured supplies of some minerals. It influenced her capacity to expand her commercial interaction with the world market both as buyer and seller. This is indicated by the fact that the value of her foreign trade increased by more than fifteen times during last thirty seven years. Her export between 1951-52 and 1987-88 grew from Rs. 1106 crores to Rs. 15741 crores and imports from Rs. 1379 crores to Rs. 22399 crores.

\(^{10}\) Devan C. Vohra, *op.cit.*, p. 226.
Apart from quantitative increase the structure of India's exports changed qualitatively. Primary commodities like textile, tea and jute constituted in the 1950s more than 54 per cent of Indian exports. Her exports diversified since then and in the 1980s these commodities account for less than 25 per cent, engineering goods rate 10 per cent. The stress has shifted now on consumer sensitive export items like readymade garments, leather goods, gems and jewellery. Being dependent on imports of petroleum, phosphates, cadmium, antimony, nickel, tin and lithium, India tries to secure for herself supplies of these minerals through her foreign investment. She was planning to invest in lead and zinc mines in Africa. In 1965 she entered into as equity partnership with the National Iranian Oil Corporation for the Rostam oilfield in the Persian Gulf gaining 17 per cent of the total oil found at concessional rates. Indian experts drilled or prospected for oil and gas in Iraq, South Yemen, Libya, Tanzania, Egypt, Vietnam, Syria and Oman. In 1970 she was offered a potash mining concession by Ethiopia, and joint ventures in Nauru to supply her with phosphates. India continues mineral prospecting in several countries of Africa.  

India can record also gains in agriculture: 450,000 acre timber concession in Sabah as a part of a paper mill.

11 Girijesh Pant, "Economic Imperative of India's Foreign Policy", paper presented on the seminar on India and the Changing Global Order, convened by the Institute for Defence Studies and Analyses, on 6-7, 1989.

12 S. Dutt, "South - South Patterns....", p. 439.
project, 50,000 acres for growing of cashew in Tanzania. Before 1970 India had in Uganda a big sugar cane concession. Since 1972 an Indian company is running gigantic sugar cane plantation in Malaysia, which is a part of a complete sugar project. The company has a monopoly on sugar produced in Malaysia. 13

Apart from these measurable gains her aid and economic cooperation policy enables her access to the economies of the recipient countries, opens their markets to her goods, more so, as many of the loans and grants have been extended in inconvertible Indian rupees compelling the recipients to spend exclusively on Indian goods. Hence S. Dutt suggested that the South-South cooperation provides India with a convenient opportunity to dispose of her industrial overproduction. He goes far as to opine that India is attempting to find colonies while "looking for a solution of its internal crisis by actively seeking markets abroad with new fields to invest and conquer and ultimately, influence and control politically". 14 Even if this is an overstatement, it highlights another dimension of India's, or, for that matter, of any other developing country able to do the same, role in the South-South cooperation.

Indian aid not only opened export markets for Indian goods, it also prepared the ground for Indian investment, enhanced procurements for her goods and services, facilitated

13 Ibid., p. 440.
14 S. Dutt, "India and the Third World...", p. 32.
the penetration of Indian financial and other economic institutions in developing countries. This mechanism gave India certain amount of control over the direction of development in these countries and pursue the objectives of her foreign policy.

It has to be pointed out, that the realization of the fact, that Indian foreign policy was complexely intertwined with the promotion of her economic relationships with other countries, has occasionally provoked sharp, negative reactions of the countries where those activities were directed. This was particularly apparent in South Asian countries.15

As the 1950s progressed, economic cooperation designed by Indian decision-makers as a part of her global political role aroused misgivings among many developing countries and opposition against India's wider plans of economic cooperation. As a result, India reduced her plans to regional schemes, and subsequently, to bilateral cooperation. Economic and political hostility, mainly of the small South Asian countries, compelled her since 1960s to limit her strategy, thus the bilateral arrangements became more important.

India's first bilateral cooperation programmes have been agreed with her neighbours Nepal, Bhutan, Sikkim (till she became one of the Indian states in May 16, 1975), and Bangladesh.

15 Dennis J. Encarnation, op.cit., p. 57; S. Dutt, "India and the Third World...", p. 13.
India's participation in the South - South cooperation expanded further through ITEC (Indian Technical and Economic Cooperation) launched in the years 1964-1965. India shared through it her already developed and relatively diversified industrial experience, advanced technological capability, skilled manpower, her numerous training and research facilities, and extended loans and grants.

ITEC is discussed below in this chapter. Here it should be mentioned that it has been suggested that this programme was designed to give India unjustifiable economic advantages in developing countries.

Impact of the Summit Conference in Lusaka

The outcome of the NAM summit conference in Lusaka in 1970 gave a stimulus to revise many dimensions of India's foreign policy. Indian prime minister while talking about the economic tasks faced by the developing world stressed that the primary responsibility rests upon each developing country but we also owe a duty to one another". "We must determine to help ourselves, to sacrifice, to pool resources of knowledge and initiative".\(^\text{16}\) India's policy of cooperation was backed by the conviction that:

1- it was the duty of developing countries to help each other,

2- her voluminous industrial development and training

\(^{16}\) Indira Gandhi, "The Years of Endeavour, Selected Speeches of Indira Gandhi, August 1969 to August 1972", New Delhi, Publications Division, 1975, pp. 692-697.
system authorised her to play a much more important role among the South countries that she had hitherto attempted.

3- her effective economic presence in the developing countries of Asia, Africa and Latin America gives political support to her foreign policy.

The ministry of external affairs took several steps to adjust its structure to new tasks: the Economic Division expanded by appointing another joint secretary and supportive staff, all officers of Indian Foreign Service were given proper training and orientation in economic problems to help them become not only diplomatic but also trade agents as well. 17

**India's Cooperation With Other Developing Countries Through Commonwealth**

Newly freed countries of Asia gained their first cooperational experience on the forum of the British Commonwealth of Nations. Its activities consolidated their self-confidence and political and economic awareness. From these activities evolved the ideas of South-South cooperation and self-reliance for the developing world. These ideas have been further elaborated on the NAM forum and brought on many other international fora.

Indian cooperation with other developing countries has been directed mainly through various multilateral institutions.

More than half of her aid is tied up in multilateral programmes while her own bilateral programme ITEC is comparatively minor.

India participated in three major multilateral programmes initiated under Commonwealth:

1- the Colombo Plan for the Economic Development and Cooperation in South and South-East Asia, started in January 1950,

2- the Special Commonwealth African Assistance Plan (SCAAP), started in 1960,

3- Commonwealth Fund for Technical Cooperation (CFTC), started in 1971.

These programmes created closer links among countries participating in them and gave their relations a new quality.

The Colombo Plan was the first sincere effort of mutual cooperation of the developing countries. Its main objective is to make available economic and technical assistance to Commonwealth countries in the South and South-East Asia. It has today 27 members. The original set up of the Colombo Plan had been planned to enable the member countries multilateral contacts and cooperation. In the course of time, however, the practice evolved a bilateral pattern of dealings, which had been accepted. The loose structure of the Colombo Plan enabled India to institute, cultivate and expand useful contacts with other developing countries.

She highly appreciated this opportunity and attached great importance to the institution. Thus her participation
in the Colombo Plan has been the second highest in a multilateral programme, after UNDP, higher than her own bilateral aid programme. She is fifth among the donor countries in the Colombo Plan and the major regional donor country. India herself is one of the Plan's major recipients. She needed and needs technical assistance for her development plans and hoped to get them from other members of the Colombo Plan. She expected to get the services of foreign technical experts and to send Indian technicians abroad. Although initially India needed and expected expertise from other member countries, by 1974 she developed and diversified her own to this extent that provision of experts and training places for personnel from developing countries became the major part of her contribution to the Colombo Plan or any other multilateral or bilateral cooperative scheme. Today India has the third largest pool of skilled scientific manpower in the world. She gained referrals from international organization such as UNIDO, ESCAP, ECLA, ADB, the Colombo Plan and IBRD who recognized India's status as a potential source of skills. She was and is offering her expertise in agriculture, commerce, communication, development planning, finance and administration, forestry and fisheries, health, industry and trade, industrial relations, labour laws and techniques of enforcements, personnel management, power and sound techniques. At least half of India's activities under

18 S. Dutt, "India and the Third World...", p. 77.
19 S. Dutt, "South - South Patterns...", p. 439.
the Colombo Plan, the exports, training places and the supply of equipment offered by India to this scheme, were directed to Nepal.20 Apart from Nepal other major recipients were Malaysia, Sri Lanka, Afghanistan, Phillipines and Thailand. Other countries which benefitted under the Colombo Plan in the past by Indian aid were South Vietnam, Burma, Pakistan, Indonesia, Singapore, Iran, Maldives, Laos, Cambodia, Bhutan, and South Korea. India's assistance given to these countries has been substantial compared to other aid givers and viewed in the context of her own economic restraints.

In the years 1950-1984 India offered services of over 300 experts and 8500 training places21 to other countries under the Colombo Plan.

Since the mid-1960s India assisted the Colombo Plan members also with credits channelled partly through the Asian Development Bank.

In April 1971 the Commonwealth aid pattern has been reorganized and the Commonwealth Fund for Technical Cooperation has been established to pool the technical skills of the Commonwealth countries. It is a multilateral development fund administered by the Commonwealth Secretariat. It has three programmes:

- the General Technical Assistance Programme finds funds within the Commonwealth; offers the professional,

20 S. Dutt, "India and the Third World...", p. 59.

21 Nagesh Kumar, "India's Economic and Technical Cooperation with Developing Countries", RIS, New Delhi, 1985, p. 16.
technical and managerial expertise needed by the developing countries,

- the Education and Training Programme organizes the training for people from developing countries in other developing ones within the Commonwealth; the stress is rather on training courses and attachments than on academic education,

- the Export Market Development Programme offers market studies and helps the export expansion.

India is one of the founder members of CFTC. Her initial contribution in nonconvertible rupees in 1971-72 was £15,000 and has grown to £225,000 (of which £135,000 in foreign exchange and £90,000 in rupees) in 1984-85. Within the framework of CFTC she sent her experts, consultants and technicians to other developing countries.

She is not only a donor but a recipient of assistance under CFTC as well. CFTC helps not only with experts and training facilities but pursues also development of export markets in recipient countries identifies and opens up new markets in small countries. India's participation was rather modest. Her experts have been sent to Tanzania, Sri Lanka, St. Kitts, Barbados, Ghana, Swaziland and Mozambique (not a Commonwealth member) where they offered their services in education, planning, logging, small industries, handicrafts, sugar processing.

22 Nagesh Kumar, op.cit., p. 18.
India agreed to contribute Rs. 17 million to the programme of industrialization of African developing countries through the Industrial Development Unit set up by the Commonwealth Secretariat about four years ago.

India has assisted the Commonwealth Science Council (CSC) in its Scientific and Technical Cooperation programmes for South Asia and made a major contribution to CSC's Regional Rural Technology and Meteorology Programmes for Asia and Pacific Regional Cooperation.

SCAAP (Special Commonwealth African Assistance Plan) is the same for African developing countries like Colombo Plan for South and South-East Asian countries. It was launched in 1960 to aid newly independent African Commonwealth countries. Major donor participants were Great Britain, Canada, Australia, New Zealand, India and Pakistan. The Plan's primary objective is to contribute technical assistance of various kinds, including the provision of experts, training facilities and the sharing of experience gained in dealing with developmental problems. India was sending radio engineers, agricultural economists, labour statisticians, experts on control of expenditure and others. India from the very beginning is one of its major donors; among the developing countries she is the leading one giving major aid under the SCAAP arrangements.

Similarly like under the Colombo Plan the main part of Indian contribution is in the form of assignment of experts and opening of training facilities for African personnel.
She offers also capital aid.

Under the technical assistance Indian experts were serving in Ghana, Nigeria and Malawi, trainees had come to India from Uganda, Kenya, Tanzania and Malawi to attend courses in cooperatives, water resources development, cotton gin fitting and leather research. Other trainees came under the UN arrangements. Indian scholarship and other awards have been given to students from Sierra Leone, Ghana, Nigeria, Uganda, Kenya, Tanzania, Malawi, Mauritius and Southern Rhodesia.

India offers her assistance in the fields of agriculture, banking, economic planning, education, handicrafts, health, industry, mining, public administration, public utilities, social services, trade.

Every year India opens to the people from African countries about 100 training places. The budgetary provision to 1984-1985 for SCAAP was Rs. 3.5 million. However, the data and reports about Indian aid extended under the SCAAP schemes are not complete.

India has also operated a General Scholarship scheme, under which Africans have been trained at Indian institutions. She contributed to the education for Africa also through the UNESCO Emergency Programme of Financial Assistance to African Countries for Educational Development and the UNESCO African Fellowship Programme.

23 Nagesh Kumar, *op.cit.*, p. 18.
By the end of the 1970s India became a member of Economic Commission of Africa. In 1979 she aided through ECA with Rs. 9 million through three projects:

1- Engineering Industries Development Project for Eastern and Southern Africa,
2- Technology and machinery to African Regional Centre for Engineering Design and Manufacturing in Ibadan in Nigeria,
3- Funding of small scale projects, food processing technology and mapping agency.

At the same time she took the membership of the African Development Bank as she expected to introduce Indian firms into projects financed by the Bank.

Cooperation Within the UN Agencies

India contributes to the activities promoting the cooperation among the developing countries through specialised agencies like the Economic Commission for Asia and Pacific (ESCAP), the United Nations Development Programme (UNDP), through which her highest aid contribution is channelled, the United Nations Industrial Development Organization (UNIDO).

The Economic Commission for Asia and Pacific (ESCAP) helps the member countries solve their problems by offering a forum for discussions, supplying technical assistance and advisory services, bringing assistance from outside if necessary.

India contributed to the activities of ESCAP by services of resource persons and experts. She was associated as a donor country with the preliminary planning studies of the Mekong Project Basin conducted by the ECAFE (now ESCAP). She aided with funds and equipment several river valley projects in South-East Asia:

1. wider Mekong Basin encompassing Laos, Thailand and the then South Vietnam,
2. Prek Thnot Project in the Khmer Republic,
3. Tonle Sap Project in Cambodia,
4. Nam Nagum Hydro-electric Project in Laos,
5. Mak Nao Project in Laos.

India set up laboratories for investigation and quality control in the Khmer Republic and Laos, equipped the sedimentation laboratories at Pakse and Vientiane in Laos as well as the Soil Mechanics and Concrete Testing Laboratory in the Khmer Republic. The Indo-China war did not allow either project to be implemented but India gave grants worth Rs. 0.35 million and aid worth Rs. 4.99 million for these schemes.

The Regional Centre for Transfer of Technology, set up in Bangalore helps ESCAP in promotion of the technical cooperation among developing countries. India contributed US $ 10,000 towards the preparation of the project report of the Regional Centre. ESCAP's inter-country project on Household Survey Training is hosted by India in Delhi. India takes part in many UNDP projects administered by ESCAP like:

1. Regional Energy Development Programme,
2- Regional Remote Sensing Programme,
3- Trade Cooperation Group,
4- Statistical Institute for Asia and the Pacific,
5- Regional Mineral Resources Development Centre,
6- Programme for Studies for Cooperation in Development in South Asia.

Asian Development Bank was commenced in Tokyo in 1966. It has been formed by the ECAFE to invest in the region the public capital for development, give developmental loans to the developing countries in the region, aid with loans and credits the developmental policies of the members, give technical assistance for the groundwork, financing and implementation of developmental projects and plans.

India is a founder-member of the ADB. Her initial contribution to the Capital Fund in 1967, when the Bank started, was US $ 9 290 072, the third largest after Japan and USA. Japan's largest capital contribution enabled her to control the institution and the decisions about the destination of ADB's aid. This, combined with Japan's sophisticated economy, directed the procurements generated by ADB's projects into her industry.

The aid extended by ADB depends on the economic and political interests of the bigger donors, thus Japan and the Western industrialized countries, while giving the aid, supported rather their friends in Asia, and not the poorer non-aligned Asian states, which India would prefer. As a

25 S. Dutt, "India and the Third World...", p. 42.
result most of the aid extended by ADB had been directed to South Korea, Taiwan and Singapore — states of developing industrial capitalism which became India's competitors — and not countries representing potential markets for Indian goods and services.

It has been agreed by the donor-members of the Bank that the size of their yearly donations should be decisive for their position in the Bank and for their influence on the decision making process. Until recently, India as a major donor had an Indian on the post of the Vice-president. If India wanted to get a dominant position in the structure of the ADB she would have to increase the amount of her contribution. In 1975 India's voting strength was still the third one. Her contribution was then US $ 48,168,696.26 By 1976 the internal restraints made it impossible for India to cope with the race any longer and maintain her position. Thus she had been outpaced by Canada and Germany.

The ADB has also its Technical Assistance Special Fund (TASF) to which India has been also subscribing since 1970. by 1979 her contribution to this fund totalled at Rs. 3.5 million in convertible currency.27

India had not taken any loan from the Bank with the intention "to maximise the availability of funds for other developing countries".28 But the more important reason seems

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26 Ibid.
27 Nagesh Kumar, op.cit., p. 18.
to be to project a particular image of India within the international community. She would like to be seen as a significant Asian power and being exclusively a donor country in the ADB boosts this image. India expected also that her economic objectives would be satisfied within the ADB set up. In fact she drew economic advantage by getting export orders under the ADB projects worth about US $28 million up to December 1976, US $ million by the December 1977, US $65 million by December 1978.29 India has also serviced 30 individual contracts and 10 contracts coming from firms with her consultancy in irrigation, rural credit, rural electrification, hydroelectric power, development banks and railway rehabilitation.

However, the procurements of Indian goods and services for ADB projects should be compared with Japan's procurements, if Indian position and gains had to be seen more correctly. In 1972 she has acquired only 1.5 per cent ADB orders against Japan's 60 per cent in the same year. It could be partly explained by poor opinion among Asian countries of Indian goods and services. Subsequently, Indian efforts to get more orders did not bring desired results. In 1977 Indian procurements amounted at merely 2.4 per cent as compared to Japan's 45 per cent.30

It can be concluded that India's involvement in the ADB did not meet her political and economic hopes despite large

29 Ibid.
30 S. Dutt, "India and the Third World...", p. 42.
annual subscriptions or gains in voting power which shows that Indian efforts should rather go in the direction of new levels of technology, expertise and finance.

India was involved in the forming process of the Asian Clearing Union, sometimes named also Asian Payments Union. The idea to establish the union came up in 1948 and has been subsequently adopted on ECAFE (now ECSAP) meetings in 1960 and 1964. This idea came back in 1969 and was supported by Iran, Afghanistan, Nepal, Sri Lanka, South Korea and India. The inaugural meeting took place in 1974 with India, Iran, Sri Lanka, Pakistan, Nepal and Bangladesh as participants. The Asian Clearing Union was joined also by Burma in 1976. The headquarters were set up in Teheran. In practice the participants never met the percentage of their foreign exchange reserves they decided to contribute to the Union. In operation only few per cent (1 - 2) of the total bilateral trade between the participants was channelled through the union in which India became the main creditor with Sri Lanka and Pakistan as the main users. This was perhaps not what India exactly expected.

Established in 1950, United Nations Development Programme UNDP - assists 114 developing countries in Africa, Asia, Latin America and parts of Europe. It is the main channel of multilateral technical and pre-investment cooperation on a grant aid basis. This programme and agencies under its aegis comprise the largest single channel for Indian aid. In keeping with her strong commitment to the UN system generally
India is one of the 13 largest contributors to UNDP. Upto 1985 she subscribed voluntarily to this Programme over US $ 117 million, the largest contribution from the developing world. India offered also services of 8648 experts and 7055 training places for fellows from developing countries who were funded by the UN.

Indian contribution to IERD - TASF (International Bank for Reconstruction and Development - Technical Assistance Special Fund) is rather minimal although she is a primary recipient of World Bank financial aid. TASF acts mainly as an executive agency for projects that utilize UNDP finance.

Under the Plan of Action drawn up at the UN conference on TCDC at Buenos Aires in 1978, India and UNDP signed an agreement in May 1980. UNDP's contribution in US $ 5.8 million was allocated to India for technical cooperation. According to the agreement India was to support and cooperate in joint research and development schemes for collective acquisition, adaptation and transfer of technology, meetings, seminars and observation tours for mutual exchange of experience etc. She helped also with her training facilities, expertises, by conducting feasibility studies, technical and economic surveys.

India has her share of institutionalizing and strengthening of UNCTAD, hosting also its second conference (UNCTAD II) in New Delhi in March 1968.

Several centres of excellence have been established in

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31 Nagesh Kumar, "India's Economic and Technical Cooperation with Developing Countries", RIS, New Delhi, 1985, p. 20.
India with cooperation of the United Nations Industrial Development Organization. These are:

- Central Institute of Plastic Engineering and Tools, Madras,
- Indian Institute of Packaging, Bombay,
- Welding Research Institute, Tiruchirapalli,
- National Test House, Calcutta.

These institutions channel India's substantial industrial assistance, offer expertise and training facilities for technicians and scientists.

India hosted the third UNIDO general conference in 1980. As one of the major contributors to the UN Industrial Development Fund India donated it yearly with US $1 million.\(^3\)

India assists other developing countries through Food and Agriculture Organization (FAO) and the World Hunger Programme of the United Nations University. In 1984 alone FAO fellowships and study missions brought 220 agricultural scientists from other developing countries to India and 250 Indian professionals to countries of Asia, West Asia and Africa. The Central Food Technological Research Institute in Mysore trained nearly 90 UNU fellows in 1984.

Within the UN framework India cooperated with regional commissions for Latin America (ECLA) and Economic Commission of Africa (ECA). India and member countries of ECLA identified in 1979 some areas of cooperation in TCDC. India was emphasising more the cooperation with African countries thus her

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\(^3\) Nagesh Kumar, *op.cit.*, p. 21.
attitude towards ECA was more active. By 1985 she committed US $ 1.5 million to it for implementation of regional developmental schemes like Engineering Industry Development Programme, Development, Demonstration and Replication of Rural Technologies. In 1985 she decided to carry out the ECA project on small industries as her contribution to the Industrial Development Decade for Africa. The project valued at about US $ 4,00,000. India became member of the African countries. She contributed ₹ 173 million to ADF and ₹ 5.4 million to African DB. In 1984 she signed a Technical Assistance Agreement with the African DB to train its staff.

India not only contributed to the international bodies but also benefited considerably under the UNDP, Colombo Plan, CFTC, and ESCAP. Not to speak about long-term political and economic benefits.

India's Participation in Other Asian Associations

India's cooperational links within Asia are limited to multilateral fora of UN and Commonwealth. She has not been able to establish meaningful economic relationships with Asian countries otherwise. She did not belong to Regional Cooperation for Development (RCD) embracing Pakistan, Iran, and Turkey which she viewed as a politically hostile group. Anyhow, RCD was a failure throughout its existence. She does not belong to the Association of Southeast Asian Nations (ASEAN) which she considered as a competitive grouping able
to exclude India's developing trade and investment in the region. In recent time, India has been reassessing her views about the ASEAN. It seems, however, that, the ASEAN community is not too eager\(^3\) of India's joining them because of her political alliances, unsupportive administrative procedures, already not too good cooperation track record as for instance, in Malaysia, and similar reasons.

Currently launched SAARC is still an open proposition; this will be discussed later.

**Indo-African Trade and Other Forms of Economic Relations**

According to the NAM's rhetoric the effects of the striving of the developing world to bring about a structural change in the global economic pattern expressed themselves through growing trade among the developing countries. The increase of the South - South trade indicated a structural change in the trade pattern and a gradual departure from the prevailing North - South exchange.

India, not too successful in Asia, tried to establish cooperative links with African countries, open markets for her there as long as they were still accessible. This met an encouraging response of the African countries who seeing that the mechanisms of the traditional economic order were not only unable to pull them out from the crisis but were rather

\(^3\) Charan Wadhwa. in a discussion, New Delhi, 30.5.1089.
pulling them deeper into it, recognized the alternative system of economic alliances offered by the South-South cooperation. There were and are, though, two important factors in Africa which interfere with the development of this continent's economies along the lines of TCDC and ECDC. These are the growing dependence of many African countries on Western industrialized countries and the drought followed by unparalleled food famine in the number of tropical African countries. However, the principle to bring about developing world's self-reliance through ECDC and TCDC has been expressed in the Lagos Plan of Action. The Plan proposed a strategy for industrial development through systematic exploitation and analysis of the makings of trade and economic cooperation with other developing countries. Many African countries recognized the Indian experience as appropriate to their developmental needs.

This influenced and strengthened India's links with African countries and Indo-African trade can be viewed as part of her economic and technical relationships with this part of the world in the context of ECDC and TCDC alliance system and as an element of South-South cooperation.

In the 1970s India's exports to African countries rose in value terms by more than 300 per cent, and imports from


Africa also rose by more than 50 per cent, yet in percentage terms there was some decline. See table below:

Table 1

India's Trade with Africa. (Balance of Trade)

(Value in Rs. crores)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports World</th>
<th>Exports Africa</th>
<th>Exports %</th>
<th>Imports World</th>
<th>Imports Africa</th>
<th>Imports %</th>
<th>Balance of Trade World</th>
<th>Balance of Trade Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61</td>
<td>633.91</td>
<td>49.01</td>
<td>7.73</td>
<td>1070.15</td>
<td>72.82</td>
<td>6.80</td>
<td>-436.24</td>
<td>-23.81</td>
</tr>
<tr>
<td>1970-71</td>
<td>1524.39</td>
<td>139.16</td>
<td>9.06</td>
<td>1625.17</td>
<td>169.82</td>
<td>10.44</td>
<td>-100.78</td>
<td>-31.65</td>
</tr>
<tr>
<td>1975-76</td>
<td>3941.61</td>
<td>269.98</td>
<td>6.84</td>
<td>5264.77</td>
<td>112.86</td>
<td>2.14</td>
<td>-1323.16</td>
<td>+156.18</td>
</tr>
<tr>
<td>1980-81</td>
<td>6708.84</td>
<td>435.15</td>
<td>6.48</td>
<td>12434.58</td>
<td>265.38</td>
<td>2.13</td>
<td>-5725.74</td>
<td>+169.77</td>
</tr>
<tr>
<td>1981-82</td>
<td>7796.18</td>
<td>473.93</td>
<td>6.07</td>
<td>13588.71</td>
<td>418.12</td>
<td>3.07</td>
<td>-5792.53</td>
<td>+55.81</td>
</tr>
<tr>
<td>1982-83</td>
<td>8907.75</td>
<td>409.73</td>
<td>4.59</td>
<td>14355.76</td>
<td>197.30</td>
<td>1.37</td>
<td>-5448.01</td>
<td>+212.43</td>
</tr>
<tr>
<td>1983-84</td>
<td>9865.30</td>
<td>371.04</td>
<td>3.76</td>
<td>15762.95</td>
<td>421.76</td>
<td>2.67</td>
<td>-5897.65</td>
<td>-50.72</td>
</tr>
</tbody>
</table>


This was due to many reasons, broadly speaking due to above mentioned deteriorating economic situation of the African countries and a steady decline in the global trade.

The character of industrialization in Africa and India caused a change of the pattern of commodity composition in the trade between them during the 1970s from traditional
products to non-traditional industrial products, mainly engineering goods, chemicals and allied products, machinery and transport equipment and plastic products all of whose exports have risen. This is illustrated by the table 2:

Table 2

India's Exports of Major Commodities to Africa
(in Rs. million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Non-Traditional Items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Engineering Goods of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Machinery, non-electric</td>
<td>340</td>
<td>490</td>
<td>1210</td>
<td>1500</td>
<td>1640</td>
</tr>
<tr>
<td>b) Machinery, electric</td>
<td>120</td>
<td>90</td>
<td>110</td>
<td>1230</td>
<td>440</td>
</tr>
<tr>
<td>c) Transport equipment (incl. road vehicles)</td>
<td>40</td>
<td>140</td>
<td>NA</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>2. Iron and Steel</td>
<td>140</td>
<td>190</td>
<td>750</td>
<td>980</td>
<td></td>
</tr>
<tr>
<td>3. Chemicals &amp; Allied Products</td>
<td>160</td>
<td>180</td>
<td>310</td>
<td>510</td>
<td>710</td>
</tr>
<tr>
<td>4. Metal Manufactures</td>
<td>20</td>
<td>80</td>
<td>200</td>
<td>260</td>
<td>250</td>
</tr>
<tr>
<td>Major Traditional Items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Spices</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>2. Tea</td>
<td>160</td>
<td>180</td>
<td>310</td>
<td>510</td>
<td>710</td>
</tr>
<tr>
<td>3. Cotton manufactures excl. yarn thread &amp; clothing</td>
<td>180</td>
<td>130</td>
<td>440</td>
<td>120</td>
<td>510</td>
</tr>
<tr>
<td>4. Cotton Yarn and Thread</td>
<td>40</td>
<td>30</td>
<td>40</td>
<td>20</td>
<td>160</td>
</tr>
<tr>
<td>5. Clothing incl. Readymade Garments</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

NA: Not available.
Neg.: Negligible.
For instance, exports of engineering goods increased from Rs.
340 million in 1970-71 to Rs. 1900 million in 1983.\(^{37}\)
With the increase of the exports of the non-traditional
value-added industrial products the exports of traditional
industrial products declined. This qualitative change in
India's exports to Africa expressed not only her growing
and diversifying industrial capacity but also the transform-
ing pattern of her exports and emerging production comple-
mentarities. India has expanded considerably her links
with the African countries in many forms: joint ventures,
trade agreements and economic commissions - incorporating
counter-trade associations, payment arrangements, credit
facilities, "production co-operation" collaborations, etc.
The tables 4 and 5 on following pages illustrate India's
trade with particular African regions and countries.

In the 1970s Indo-African economic relations were
not limited to the mere trading. They included also joint
ventures, small scale industry investment flows, project
exports, railways and airfields construction consultancy
services, supply of intermediate and highlevel manpower.
However, India's economic commitment in terms of investments
and collaborative systems was relatively small.

The table no. 3 shows the number of Indian joint
ventures in African countries and Indian equity in them.

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\(^{37}\) Ibid., p. 229.
Table 3

Distribution of Indian Joint Ventures in African Countries

(Rs. lakhs)

<table>
<thead>
<tr>
<th></th>
<th>Projects in Production</th>
<th>Projects under implementation</th>
<th>Total No.</th>
<th>Operative Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Indian Equity</td>
<td>No.</td>
<td>Indian Equity</td>
</tr>
<tr>
<td>Africa</td>
<td>24</td>
<td>3359.56</td>
<td>12</td>
<td>751.29</td>
</tr>
<tr>
<td>1. Egypt</td>
<td>1</td>
<td>17.48</td>
<td>1</td>
<td>117.60</td>
</tr>
<tr>
<td>2. Kenya</td>
<td>7</td>
<td>1120.60</td>
<td>3</td>
<td>74.27</td>
</tr>
<tr>
<td>3. Liberia</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>98.10</td>
</tr>
<tr>
<td>4. Mauritius</td>
<td>2</td>
<td>15.82</td>
<td>2</td>
<td>56.52</td>
</tr>
<tr>
<td>5. Nigeria</td>
<td>12</td>
<td>755.80</td>
<td>4</td>
<td>97.18</td>
</tr>
<tr>
<td>6. Senegal</td>
<td>1</td>
<td>1421.80</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7. Seychelles</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>307.625</td>
</tr>
<tr>
<td>8. Uganda</td>
<td>1</td>
<td>28.06</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: India Investment Centre, Factsheets on Indian Joint Ventures Abroad for the period ending 20th August, 1986.

Though India's trade and other forms of economic relations with Africa are not substantial and trade declined during the 1970s, the production complementarity in this exchange is increasing and opening future potential for expansion of economic cooperation.
<table>
<thead>
<tr>
<th>Products</th>
<th>Countries</th>
<th>1970-71</th>
<th>1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits and Vegetables</td>
<td>Kenya</td>
<td>39.90</td>
<td>-</td>
</tr>
<tr>
<td>Cashew nuts</td>
<td>Tanzania</td>
<td>143.50</td>
<td>-</td>
</tr>
<tr>
<td>Cashew nuts</td>
<td>Madagascar</td>
<td>1.40</td>
<td>-</td>
</tr>
<tr>
<td>Vegetables fresh and chilled</td>
<td>Kenya</td>
<td>-</td>
<td>21.80</td>
</tr>
<tr>
<td>Non-ferrous base metal, copper</td>
<td>Kenya</td>
<td>-</td>
<td>4.10</td>
</tr>
<tr>
<td>Waste scrap, waste scrap Nickel and Alloys</td>
<td>Tanzania</td>
<td>-</td>
<td>0.50</td>
</tr>
<tr>
<td>Other Mineral Phosphates</td>
<td>Senegal</td>
<td>4.50</td>
<td>49.30</td>
</tr>
<tr>
<td></td>
<td>Morocco</td>
<td>30.70</td>
<td>197.06</td>
</tr>
<tr>
<td>Vegetable Textile Fibre</td>
<td>Kenya</td>
<td>7.17</td>
<td>1.30</td>
</tr>
<tr>
<td></td>
<td>Tanzania</td>
<td>6.52</td>
<td>2.30</td>
</tr>
<tr>
<td>Crude Vegetable Materials, gum and other resins</td>
<td>Kenya</td>
<td>1.04</td>
<td>1.71</td>
</tr>
<tr>
<td></td>
<td>Tanzania</td>
<td>2.55</td>
<td>3.60</td>
</tr>
<tr>
<td></td>
<td>Sudan</td>
<td>7.50</td>
<td>11.87</td>
</tr>
<tr>
<td></td>
<td>Morocco</td>
<td>-</td>
<td>0.74</td>
</tr>
<tr>
<td>Raw Cotton</td>
<td>Sudan</td>
<td>201.7</td>
<td>0.66</td>
</tr>
<tr>
<td></td>
<td>Kenya</td>
<td>27.63</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Tanzania</td>
<td>0.65</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Uganda</td>
<td>77.11</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Morocco</td>
<td>-</td>
<td>42.40</td>
</tr>
<tr>
<td>Dying and Tanning Materials</td>
<td>Kenya</td>
<td>19.30</td>
<td>28.26</td>
</tr>
<tr>
<td></td>
<td>Tanzania</td>
<td>2.10</td>
<td>13.19</td>
</tr>
<tr>
<td></td>
<td>Morocco</td>
<td>-</td>
<td>99.40</td>
</tr>
<tr>
<td>Phosphoric acid, Pearls, Precious,</td>
<td>Kenya</td>
<td>-</td>
<td>2.03</td>
</tr>
<tr>
<td>Semi-precious stones, worked or</td>
<td>Tanzania</td>
<td>-</td>
<td>126.10</td>
</tr>
<tr>
<td>unworked diamonds-rough</td>
<td>Ghana</td>
<td>-</td>
<td>125.70</td>
</tr>
<tr>
<td>unsorted</td>
<td>Congo</td>
<td>114.32</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Sierra Leone</td>
<td>3.40</td>
<td>2.21</td>
</tr>
<tr>
<td></td>
<td>Ivory Coast</td>
<td>0.85</td>
<td>21.72</td>
</tr>
<tr>
<td>Non-ferrous metal</td>
<td>Zambia</td>
<td>3876.60</td>
<td>124.48</td>
</tr>
<tr>
<td>Copper wire</td>
<td></td>
<td>62.30</td>
<td>312.96</td>
</tr>
<tr>
<td>Zinc</td>
<td></td>
<td>9.18</td>
<td>668.60</td>
</tr>
<tr>
<td>Electrotype copper base</td>
<td>Tanzania</td>
<td>-</td>
<td>21.20</td>
</tr>
<tr>
<td></td>
<td>Mauritius</td>
<td>-</td>
<td>0.38</td>
</tr>
</tbody>
</table>

Table 5

India's Trade with Specific African Countries

<table>
<thead>
<tr>
<th>Countries*</th>
<th>1979-80</th>
<th>1982-83</th>
<th>1983-84</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Export</td>
<td>Import</td>
<td>Export</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Algeria</td>
<td>1.19</td>
<td>0.03</td>
<td>1.71</td>
</tr>
<tr>
<td>Egypt</td>
<td>20.11</td>
<td>10.23</td>
<td>0.20</td>
</tr>
<tr>
<td>Libya</td>
<td>8.13</td>
<td>0.45</td>
<td>-</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>0.20</td>
<td>1.04</td>
<td>1.17</td>
</tr>
<tr>
<td>Guinea</td>
<td>0.37</td>
<td>2.37</td>
<td>-</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8.52</td>
<td>0.51</td>
<td>0.14</td>
</tr>
<tr>
<td>Togo</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenya</td>
<td>9.12</td>
<td>3.19</td>
<td>4.56</td>
</tr>
<tr>
<td>Botswana</td>
<td>0.39</td>
<td>0.85</td>
<td>-</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>2.48</td>
<td>0.005</td>
<td>1.54</td>
</tr>
<tr>
<td>Mauritius</td>
<td>4.91</td>
<td>0.02</td>
<td>2.98</td>
</tr>
<tr>
<td>Tanzania</td>
<td>9.00</td>
<td>15.50</td>
<td>1.12</td>
</tr>
<tr>
<td>Zambia</td>
<td>3.48</td>
<td>28.78</td>
<td>4.13</td>
</tr>
<tr>
<td>Malawi</td>
<td>1.01</td>
<td>0.008</td>
<td>1.23</td>
</tr>
<tr>
<td>Swaziland</td>
<td>0.56</td>
<td>0.03</td>
<td>2.51</td>
</tr>
<tr>
<td>Gabon</td>
<td>0.003</td>
<td>0.09</td>
<td>-</td>
</tr>
<tr>
<td>Cameroon</td>
<td>0.15</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Congo Peoples' Republic</td>
<td>0.11</td>
<td>1.05</td>
<td>0.20</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Exports and imports of African countries to India are in percentage in terms of India's total exports to and imports from Africa.

Trilateral Cooperation

India was also involved in a quite isolated attempt to form a trilateral cooperation scheme. It has been contemplated in the context of the nonaligned movement by India, Egypt and Yugoslavia at meetings in 1956 and 1961. The economic ministers of these three countries met in Delhi in 1966 to finalize the scheme. In 1967 a mutual automobile project was made known and in 1968 the three countries signed a Tripartite Pact which was open to any other country from among the Group of 77. In the meetings in 1969 and 1970 further projects have been discussed and announced but by 1971 not a single project had really been initiated. In this context, an inescapable conclusion is that "India's participation was concerned more with political rhetoric than cooperation".38

During the rule of the Janata Party India showed again her interest in trilateral cooperation and the agreement was renewed without, however, any real results. The failure was due to lack of complementarity among partners with economies of a similar size and scale who are also competitors at the same time.

A closer analysis of this phenomenon would perhaps reveal similarities with the problems faced now by SAARC which are an outcome of the contradictions between an economic imperative and lack of political will.

38 S. Dutt, "India and the Third World...", p. 43.
India participated also with United States and Nepal in one trilateral project which was something more than simply an attempt though it was not too successful, too. It was the Tripartite Regional Transportation Organization (TRTO), which was to construct a network of roadways in Nepal. The programme for improving the Kathmandu-Trisuli Road was part of this network. The Organization was wound up in 1963 and India, on a bilateral basis, constructed some of the important road links which were originally intended to be taken up by the TRTO. She was then engaged in the building of a large number of roadways in Nepal under the framework of her special relations with this country.

**Indian Technical and Economic Cooperation**

The expanding influence of China in the Third World through her aid diplomacy and the defeat India suffered in the Sino-Indian war in 1962 caused a relative decline of India's prestige. Before the 1960s the foreign policy implications of economic cooperation and aid to other developing countries were not fully appreciated. The Chinese challenge, however, gave India an important impulse for reassessment of her system of aid diplomacy and developmental thinking. India realised the necessity to counteract the Chinese influence through economic measures. She recognized the opportunity offered by nonalignment as a doctrine and as a strategy and NAM's forum to make contacts benefiting her
economic expansion. Newly-freed countries from all parts of the world were joining NAM in search of their progress. Thus India came forward with her help and entered into bilateral cooperation agreements with many of them.

The trend observed in the early 1960s indicate that the efforts to restructure the policy of aid were dictated by political motives especially in the case of Yemen, Somalia, Ceylon, Nepal and Indonesia, to weaken the Chinese influence.

In the aftermath of India's defeat by China and in the wake of continued Sino-Pak hostility Indian cooperation with other developing countries has been reorganized. The experience gathered through all the forms of her economic diplomacy conducted hitherto enabled her to form her own cooperation programme. Since 1960s she has used her economic power to make her economic presence felt in the newly emerging countries in the developing world.

Upto 1964 her multilateral aid programmes were supervised by the Finance Ministry. The above mentioned factors influenced India's decision to form her own bilateral aid programme ITEC under the administration of the Economic Division in the External Affairs Ministry. The programme—Indian Technical and Economic Cooperation—has been initiated in 1964. It channels aid and has a supervising role over all Indian aid-giving as well. It incorporated India's experience gained in the years of multilateral and bilateral economic cooperation with other developing countries. Apart from the
reasons mentioned above, ITEC, like in case of other Indian cooperatoral efforts has been the expression of political considerations, namely India's desire to project a particular image of her own within the international community and generate political goodwill. ITEC, India's strictly bilateral programme has been modelled on the Colombo Plan and offers the motivation for expanding participation in other programmes whereby potential economic and political gains may follow through aid.

The ITEC offers training in India for foreign nationals, capital goods equipment, drugs and medicines as aid gifts, economic and technical surveys abroad, aid projects, and sends abroad Indian experts.

Apart from the imperatives of external policy ITEC was also an expression of internal economic situation in India, which was discussed in connection with the joint venture investments abroad. This was the saturation point reached by many of India's industries producing mainly for urban consumers which for Indian economy and her public and private industries created chronic problems of scale, lack of demand, underutilization of capacity, lack of new investments etc. One of the solutions for these is to go abroad and expand the industries there, open-up and exploit productive forces in other developing countries in Asia and Africa. Thus the programme has been continuously reviewed and diversified as well as new dimensions have been added to it.
The argument in favour to ITEC close to official stand run as follows:

"The ITEC programme is neither a charity nor a subterfuge to get India any unfair economic advantage in its relationships with other developing countries. It is often believed that such a programme is aimed at greater economic penetration in the country with which such a programme is established. It is alleged that it helps the country to earn more foreign exchange by influencing decisions in the government and para-statal organizations. The ITEC programme is not an instrument of economic penetration or domination. No doubt, greater contacts and exchange of technical information and training lead to greater economic cooperation, but this is based purely on mutuality of interests and equality of benefits and cannot be frowned upon or criticised as resulting from pressures outside the normal interactions of economic and commercial policies. The ITEC programme is basically a programme to highlight the enlightened self-interest of India in its economic relationships with developing countries." 39

Yet, it aroused certain reservations and, though the ITEC activities are being conducted along the lines and argument of ECDC and TDC, it was observed that "despite denials, it is evident that ITEC was designed as a means whereby India could obtain unjustifiable economic advantages in developing countries", 40 and the programme was likely to promote the more familiar forms of inequality between states. 41

40 S. Dutt, "India and the Third World...", p. 63.
41 S. Dutt, "South-South Patterns...", p. 436.
what prompted a further comment: "Government officials are sensitive on this understandably issue, realizing that should ITEC's activities become too widely known and understood, the tenability of India's position on many international economic issues could be questioned." 42

Since the late 1950s India has operated her own General Scholarship Scheme for Asian and African students in many fields. The Scheme encompasses not only ITEC but also the Colombo Plan, UNDP and SCAP.

India understood very early how many advantages can be gained through offering of training facilities. Thus this traditional offer is one of the most important among ITEC services and has been particularly emphasized in the initial years of the existence of the programme. Training has its manifold and long-drawn implications as the developing countries school their personnel mainly for technical jobs, it can be expected that persons trained and moulded in India would influence the decision making to India's advantage and, subsequently, industrial and agricultural cooperation between India and the countries sending their trainees should expand and become more effective.

The training facilities in India have been offered in medicine, nursing, handicrafts, teaching, home science, pharmacy, vocational training, agriculture, civil aviation, meteorology, mining, small-scale industries, sugar and food

42 S. Dutt, "India and the Third World...", p. 63.
technologies, forestry, leather processing technology, cinematography, journalism and mass media, science policies, development and public administration, architecture and structural designing, wireless communication, irrigation and power generation.

The students came from Afghanistan, Algeria, Angola, Argentina, Brazil, Burma, Cambodia, Cuba, Cyprus, Democratic Republic of Vietnam North, Economic Commission for Africa (ECA), Ecuador, Egypt, Ethiopia, Fiji, Ghana, Guyana, Iran, Iraq, Laos, Libya, Madagascar, Malaysia, Mauritius, Maldives, Mexico, Nigeria, Oman, Papua New Guinea, Senegal, Somalia, Sri Lanka, Sudan, Tanzania, Thailand, Trinidad and Tobago, Western Samoa, Zaire, Zambia, Zanzibar and Zimbabwe.

India was also sending her people abroad forming her relationships with other developing countries through export of labour, from the unskilled to the highly skilled. Indian experts and technicians assisted developmental programme of other Third World countries and contributed towards their agriculture, agronomy, animal husbandry, architecture, cashewnut culture, civil aviation, coconut cultivation, cooperative development, education, engineering, entomology, financial administration, fisheries, forestry, geology, handicrafts, handloom technology, horticulture, irrigation and power, medicine, nautical engineering, public administration, railways, small-scale industries, stenography, tea management, telecommunications, tourism, transportation,
vocational instruction, weights and measures. They went to Afghanistan, Abu Dhabi, Barbados, Bhutan, Burma, Cyprus, Ecuador, Ethiopia, Fiji, Ghana, Guyana, Indonesia, Iran, Kenya, Laos, Maldives, Malaysia, Malta, Mauritius, Morocco, Nigeria, Oman, People's Democratic Republic of Yemen (Aden), Peru, Senegal, Sri Lanka, Somalia, Sudan, Tanzania, Tonga, UAE, Zambia.

India has been giving her capital goods, equipment, drugs and medicines to Afghanistan, Burma, Cambodia, Fiji, Guinea, Iraq, Laos, Malaysia, Mauritius, Oman, Peru, Somalia, Sudan, Tanzania, Yemen Arab Republic, Zambia.

As it can be seen India has cultivated links of technical and economic cooperation with all regions of the Third World, however, her main interest is directed towards the countries of South Asia. The next priority was received by countries with which India has already established strong ties of commerce or where possibilities existed for development of such ties.

Each year India donates through ITEC gifts designed to create immediate goodwill. They cost an annual total of under ₹ 20 million\(^43\) and are part of a wider aid package. Among this kind of gifts can be listed:

- 1000 milch buffaloes to Sri Lanka in the mid-1960,
- disaster relief in the Phillipines or Yugoslavia,
- rice for Hang Samrin’s government in Kampuchea.

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\(^43\) S. Dutt, "India and the Third World...", p. 64.
Gifts supplied under the ITEC schemes have included medicines to Afghanistan, Burma, Laos; x-ray equipment to Malawi; agricultural equipment and seeds to Fiji, Laos, Yemen (PDR), Sri Lanka, Thailand, and Tonga; corrugated sheets for housing projects in Seychelles; technical books to Somalia; bicycles and plastic goods to Vietnam; food grains to Zaire and Vietnam; machinery and wood for building boats to Maldives.

India offers other developing countries also loans and credits at soft terms. Unlike China, however, India preferred not to give aid on a grant basis but rather in aid-tying forms. The loans have been placed on disposal mostly in non-convertible Indian rupees independently from those coming from export financing agencies.

As already stressed, among the strongest economic motives for India's aid has been the need to export Indian manufactured goods and capital. Indian loans, credits and grants promote Indian exports and involve India in the financial structures of other developing countries. This form of assistance was expected to be used for financing the recipients' purchases of Indian goods and opening industrial ventures with Indian capital and subsequently promoting Indian presence on their markets and in their economies.

The loans and credits have been offered not only to the neighbours but also to other developing countries like Afghanistan, Burma, Indonesia, Mauritius, Sri Lanka, Tanzania, Zambia, Vietnam, and after 1981 also to Ghana, Kenya, Mozam-
bique, Seychelles, Yemen (PDR), Uganda, and Zimbabwe. By 1984 loans authorized by Indian government totalled almost Rs. 5000 million (see table 6 pp. 250-51).

Apart from ITEC India channelled her loans and credits to some of the Asian countries through the schemes of the Colombo Plan as well to avoid possible anxiety as to her political motives. This was particularly important for her relations with Sri Lanka because of her proximity, the size and presence of large Indian community in this country. By offering loans to Sri Lanka, India wanted to influence Sri Lankan attitude towards the Sino-Indian hostilities.

By March 1984 Indian assistance to other developing countries directed through ITEC and loans and credits amounted to nearly Rs. 13,000 million. Over 61 per cent of this amount has been extended in the form of grants.

The initial budget of ITEC was Rs. 0.44 million in 1966. The programme has been extending manifold and in 1975-76 its budget was Rs. 47 million. In 1984-85 the budget was Rs. 65 million. The amount committed on ITEC in the years 1964-1985 totalled nearly Rs. 450 million.

These figures do not express the true scope and scale of the commitments under the ITEC as the cost of Indian experts and services are lower than that of comparable

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| 15. Seychelles  | L | 230 | 1045.1 | 1225.2 | 1404. | 1149 | 4992 |
| 16. P. Demo. Rep. of Yemen | L | 408.2 | 2719.1 | 1347.0 | 1450.7 | 1966 | 7890 |
| 17. Uganda | L | 638.2 | 3764.2 | 2572.2 | 2854.7 | 3115 | 12882 |
| 18. Zimbabwe | L | G as % of total | 63.96 | 72.23 | 52.37 | 50.82 | 63.11 | 61.25 |

* L indicates Loans, and G indicates Grants.

Notes: a) Aid to Nepal excludes grant expenditures on Kosi and Gandak schemes executed by the Bihar Government and grant expenditures on training of Nepalese scholars in India.

b) Figures for aid to Bangladesh to not cover the relief goods of the value of Rs. 17 crores supplied to that country in 1971-72.

c) The totals may not tally because of rounding and subsequent revision of figures.

Source: Reserve Bank of India: Reports on Currency and Finance (Bombay: RBI) various years.
services of those from developed countries or international organizations and as the cost of training in India is usually heavily subsidised. In real terms upto 2000 experts per year are sent abroad on various ITEC assignments and approximately 1500 fellows from various countries are received per year for training under ITEC schemes.48 Besides, capital goods, machinery and equipment as well as consultancy services and project financing are provided as gifts.

During two decades of the existence of ITEC over 50 developing countries had been assisted through it. The decisions as to how to allocate the ITEC schemes are made in consideration of requests from the developing countries, recommendations of Indian missions and discussions of the Joint Commissions which have been established to promote Indian exchange in this field with many countries, not only developing ones. This purpose is served also by economic and technical cooperation agreements signed by India with Turkey, Portugal, Malaysia, Jordan, Indonesia, Mauritius, Bahrain, Saudi Arabia, Vietnam, Qatar, Zimbabwe, Mexico. Special consideration is given to the needs of least developed countries. Major assignees of the programme have been Sri Lanka, Burma, Afghanistan, Vietnam, Mauritius, Tanzania and Fiji.

Apart from the traditional forms of cooperation like training facilities, an emphasis is given to transfer of

48 Nagesh Kumar, op.cit., pp. 9-10.
technologies through exchange of technical and scientific information, conducting of techno-economic surveys, feasibility reports, detailed projects reports and establishment of complete projects.

Several techno-economic surveys have been undertaken under the aegis of ITEC: in South Yemen, Laos, Mauritius, Malaysia, Iraq, Iran, Trinidad - Tobago and Fiji and industrial surveys have been conducted in Guyana, Surinam, Liberia, Oman, Dubai and Libya. India has established or tried to establish industrial estates in Afghanistan, Kenya, Tanzania, Bangladesh and Laos, hoping to find markets for her machinery, goods, and services. A link between the activities of ITEC and the expansion of exports has been suggested, particularly in the case of techno-economic surveys being followed up by Indian joint industrial project investments.

Major projects completed or under execution under the ITEC programme indicate the diversity of the areas of projects as well as the geographical allocation. These are: microhydel projects, an industrial estate and an institute of child health in Afghanistan, 22 pilot projects in transfer of technology in different fields, Mahatma Gandhi Institute in Mauritius, Microwave Link Project in Sri Lanka, Technical Centre in Fiji, Buffaloes Breeding Centres in Laos and Vietnam, Animal Husbandry Project in Sri Lanka, industrial

estates in Tanzania, Rice Research Centre in Vietnam, Industrial Estate and Industrial Service Centre in Zambia.

ITEC funds are sometimes coordinated with co-operational technical activities of regional and UN bodies. For instance India assisted with her ITEC funds certain UNIDO industrial programmes for the least developed countries like Afghanistan, Tanzania, and Bangladesh. India trained Tanzanian engineers and Liberian craftsmen in association with Sweden and the European Economic Community respectively under trilateral programmes of cooperation.

There are also bilateral agreement of cooperation in science and technology signed by India with Egypt, Iraq, Jordan, Sri Lanka, Bangladesh, Mexico, Sudan, Tanzania, and Thailand. These agreements enable sharing of research experience in areas of mutual interest which contributes towards accomplishment of research programmes. These programmes are the charges of the Department of Science and Technology, Council of Scientific and Industrial Research (CSIR) and similar institutions in the partner countries.

India operates two other aid programmes. One in the field of nuclear technology. The other one is part of the ITEC dealt by the Defence Ministry and the Cabinet Secretariat, however, will not be discussed here for obvious reasons, though should be mentioned.

The years from 1964 to 1969 were crucial for the growth of Indian exports to the developing countries of Asia and Africa. Her exports were expanding and this direction is
clearly correlated with aid which India had been extending to these countries and other forms of her economic diplomacy.

Her economic cooperation channelled through ITEC, Colombo Plan, and the SCAAP, had promoted the awareness about what India could offer to the Third World countries.

Concluding Remarks

The diversity of forms and efforts of India's economic relations with other countries is indeed striking. Their further expansion seems to be unlimited. Yet, the results are not satisfactory.

India is not only a contributor to the international cooperational bodies, she has been also furthering her interests under the UNDP, Colombo Plan, CFTC and ESCAP. However, there is a view that neither India's expectations nor any potential advantages have materialized due to her participation in many multilateral programmes. Colombo Plan can be considered as an exception, as she achieved through it her objectives to influence the Himalayan kingdoms. Through the Colombo Plan India channelled her aid to Nepal, Bhutan, Bangladesh and Maldives knowing that she wanted to have them under her influence. In the case of Nepal India clearly missed her objective, which was commented upon by

51 S. Dutt, "India and the Third World...", p. 62.
A.P. Venkateswaran in 1987 "With Nepal, we have allowed our once predominant position to be eroded, without in any way gaining Nepal's affection". Today, two years later, the stalemate in Indo-Nepali relations indicate a necessity of systemic approach to the problems accumulated in the course of time between both the countries. This indicates that several aspects of the cooperational policy have not been forethought adequately, indicating the ad hoc character of this policy. This has met with serious criticism of many renowned scholars.

There are two levels where India's economic cooperation operates; one is driven by the internal economic imperatives, the other works along the lines of foreign policy. S. Dutt attempted to find out how the official mechanism organizes the developments of both these levels and why it is criticised. He established that in the bureaucracy there was no authority for foreign economic relations and, subsequently, no long-term direction on the policy level. Thus while acting within the mechanism of foreign economic policy the authorities failed to pursue the opportunities to expand economic ties with many developing countries, whereas on the level driven by the domestic economic dynamics India's links with other developing countries expanded by the force of their own dynamics regardless of the official machinery, which often prevented India's full potential to grow abroad. He stressed

52 Indian Express, July 5, 1987.
that the performance of the governmental machinery was disappointing given the mechanisms and the infrastructure at its disposal.

In 1964 the Ministry of External Affairs constituted its Economic Division to be in charge of all India's external economic relations. S. Dutt found out that the work of the Division was criticised within the bureaucracy itself. It is overburdened with work, its insufficient staff being not able to handle it. Thus the work of the Division has an ad hoc character concentrating on immediate tasks without analysing their long term policy implications and repeating stereotyped phrases on India's potential and her contribution towards all forms of economic interactions with developing countries as a whole without taking into consideration that each of those forms has a different character thus the methods of handling them should differ. The assessment of gains and losses is also not being done. He was told by some bureaucrats that in the Indian government there is no integrated thinking on international economic subjects and the diplomatic, political and economic contents of external relations have not yet been harmonized although in India's relations within the developing world her economic interests are more and more accentuated.

Devan C. Vohra also pointed out the ad hoc character of Indian economic cooperation policies and particularly of

53 S. Dutt, "India and the Third World...", pp. 48-49.
those connected with the promotion of the TCDC suggesting the growing volume of her economic cooperation may make it necessary for the Indian government to bring about a well-laid out procedures to conduct the policies of her economic cooperational relationships. 54

All these show the missing element in many developmental programmes and strategies where the economists do not appreciate adequately the importance of the administrative factor and administrative skills in the developmental process, particularly those skills which call for coordination of activities of a large number of functionaries. Any inadequacies at this level can be a major source of uncertainty and delays in the process of decision making.

The new concepts in the international economic relations like the South-South cooperation, ECDC, TCDC or regionalism need constant reassessment by the policy makers in the countries concerned. The policies should be flexible to be able to cope with the pace of dynamics and changing forms, changing requirements, to be able to utilize the tremendous potential of the cooperation among the developing countries. Unmethodically and inadequately worked out ways of conducting the foreign policy in this relatively new respect are likely to overlook many opportunities, cause losses and lasting damages for all parties as well as they will not allow to utilize the existing tremendous potential, resources, knowledge etc.

54 Devan C. Vohra, "The Economic Relevance...", p. 268.
The question of coordination, reassessment and organizing of the policy is a broad and a very essential one — needs much more elaboration than it is possible here. Thus we would like to come back to the questions posed earlier: if it is relevant to view the new forms of international economic interaction as an expression of growing integration and solidarity of the Third World, if they are instrumental for building South-South cooperation, and self-sufficiency according to principles voiced on the NAM forum. A subsequent question could also be asked, if these new forms of international relations between developing states are not symptomatic of well known relations between industrialized and developing countries and if they do not reinforce the already existing pattern of international relations.

No doubt, these new relations are building the South-South cooperation. But if they will bring about the desired self-sufficiency for all parties involved depends on how the South - South cooperation will be geared. The new forms of international economic links need not reinforce the existing pattern of international relations if they will not be left to their own mechanisms but if they will be shaped consciously and with full responsibility by the political leaderships towards the new international order which will be really new.

India is in a position to create particular culture of international behaviour in every respect, and spread it due to unlimited multiplicity of her international links. It depends on her what quality of this culture she creates: low or high.