Kerala Floods 2018 and the Changing Dynamics of India's Foreign Aid Dependence

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Abstract

In August 2018, the south-western state of Kerala was hit by massive floods which caused immense damage to life, property and infrastructure. India has traditionally been one of the largest foreign aid recipient states in the world, both for development purposes as well as disaster relief. However, in the 21st century, the government of India is reluctant to rely on foreign aid, particularly to address natural disasters, which was clearly evident in the decision of the central government to refuse acceptance of disaster relief aid from foreign sources during the devastating flood in Kerala in August 2018. The entire debate surrounding aid refusal mirrored a shift in India's foreign aid policy in favour of reduced dependence on aid receipt. Such refusal is indicative of the higher goal that India wants to achieve, as much as it is a reflection of the problems that the country has to face as a result of aid acceptance. The present article, taking cue from the Kerala aid refusal, attempts to highlight the changing contours of India's tryst with aid dependence in the 21st Century. In the process, it will also discuss the kind of initiatives India has taken to reduce aid dependence.

Key words: foreign aid, aid dependence, aid refusal, disaster aid, foreign policy

"Of the seeming and real innovations which the modern age has introduced into the practice of foreign policy, none has proven more baffling to both understanding and action than foreign aid." Hans J. Morgenthau 1962: 301

Foreign aid policy of India is passing through one of the most interesting and dynamic phases in the 21st Century. An overall shift in the perception of foreign policy makers has been witnessed as far as India's dependence on foreign aid is concerned and this has got reflected in the stand taken by the government from time to time.

The Kerala deluge and India's foreign aid policy consideration

Between the 1st and 20th August 2018, Kerala was ravaged by incessant rain leading to 'once-in-a-century' flood causing severe damage to the life and property of the people in Kerala. The situation demanded huge assistance, both monetary and in terms of essential supplies, to meet the immediate crisis. The floods were declared a "calamity of severe nature" although the left-ruled state government in Kerala and the Congress Party demanded that the floods be declared a 'national disaster' so that the state could get substantial assistance from the centre. Under the federal system of India, states have the responsibility for disaster response and central government supplements the effort of the state governments by providing financial and material assistance. The central government announced an assistance of Rs. six billion, other than aid flowing from the National Disaster Relief Fund (NDRF) and the State Disaster Relief Fund. In the nature of the federal spirit of the Indian Constitution, various federal states in India also declared their support. That apart, celebrities, people in their individual and institutional capacity from all over the country also contributed towards the relief fund. While help came from sources within India, the disaster also elicited a response from various sources outside the country. The Emir of Qatar offered Rs. 0.35 billion and Maldives offered $50,000 (Joshua 2018: 4). One of the responses that evoked unnecessary controversy was with regard to the offer of assistance by UAE. While UAE offered to set up a committee to estimate the nature and amount of assistance that would be needed, it was widely believed that it had offered Rs. seven billion, which the Government of India had at once refused to accept. It was alleged that the central government was refusing the offer of aid because of the presence of leftist government in power at the state. The chief minister of Kerala, Pinarayi Vijayan asserted that the Malyali expatriate population in the UAE had a moral responsibility in providing disaster relief considering the scale of the disaster and the substantial contributions of that community towards the growth of UAE's economy. However, the central government had refused to accept any offer of foreign assistance on the ground that since the Tsunami of 2004, India had stopped accepting foreign aid for national disasters. The central government wanted to give a clear signal that it is capable of mitigating the immediate crisis. It was felt that the acceptance of such an offer would result in unnecessary diplomatic obligations. Union Minister, K J Alphons, requested the centre to make a 'one-time exception' to its 14-year policy of not accepting foreign aid in the face of the natural calamity in Kerala. The central government's refusal to accept foreign aid towards Kerala's flood relief has brought to the forefront the discussion of the changing contours of India's foreign aid dependence in the 21st century. India has expressed the desire to reduce its dependence on foreign aid receipt and increase its own foreign aid allocation to other needy states of the Third world. The author views Kerala aid refusal as the reassertion of the changing priorities in India's foreign aid policy. This article in India's contemporary history underlines a shift towards reducing aid dependence in the view of India's efforts to emerge as a prominent donor in the 21st century.

There is no dearth of academic writings on the concept and pattern of foreign aid since the phenomenon has touched most of the countries either as donor or recipient or both since World War II. The phenomenon of foreign aid (loan, grant, technical assistance) which has often been linked to the practice of 'gift giving' or 'tradition of exchange' (Mauss 1970) has been said to be mostly located in the politics of the Cold War and decolonization. If the aid literature of 20th century predominantly focused on aid-flow from the advanced countries of 'Global North' to the needy developing countries of the 'Global South', the 21st century aid literature mirrored the urge to understand aid-flow in the context of the changed world scenario as reflected in the works of Stokke (1996), Lancaster (2007), Ocampo (2007) . As much as scholars like Emma Mawdsley (2010), Sachin Chaturvedi (2012), Elizabeth Sidiropoulos (2012) were interested in studying the South-South direction of aid flow based on 'mutual partnership' and 'equality of relation' with emphasis on the 'Development Cooperation' Plan of 'emerging donors' such as India, China, Brazil, South Africa, the urge among traditional recipients to reduce their dependence on foreign aid was also highlighted on several occasions. The literature discussing aid motives and effectiveness gave a clear message as to why it is important for traditional recipients to reduce dependence on foreign aid. The views expressed on aid motives clearly indicate that the donors are not always guided by welfare motive as discussed in the writings of Lancaster (2007) Lumsdaine (1993) and Zimmerman (2007), Qian (2015) but often by the political , economic and security interest of the donors as highlighted by Mason (1964), Abrol (1989); Maizel and Nissanke (1984), Alesina and Dollar (2002), Hoeffler & Outram (2011) which ultimately leads to domination, exploitation and loss of sovereignty in the name of aid. With time, countries began to accept the 'welfare motive 'of aid with a pinch of salt and started talking more openly about their aim to reduce dependence. Multiple reasons contributed to the efforts by traditional recipients to reduce foreign aid dependence: the strict terms and conditions that were attached to small amounts of foreign aid, increasing uncertainty resulting from the sudden suspension of aid and the fiscal pressure of debt resulting from loan-based disbursements (as opposed to grants), loss of sovereignty. Moreover, it has been asserted that ideologically, moves to reduce dependence on external grants can be welcomed not only because it constitutes a small portion of plan allocations but also because 'the availability of easy aid precludes the necessity of generating own resources and improving efficiency and targeting' (Sethi 2003: 4421). Pakistan Perspective Plan for 1965-85 aimed at reducing Pakistan's dependence on foreign aid. A.R. Kemal, a Research Economist at the Pakistan Institute of Development Economics (PIDE) in 1975 talked about the ultimate aim of reducing aid dependence to 'zero' (Kemal 1975:386). Rwanda expressed urge to take responsibility for its own development. Several other countries also have valid reasons for reducing their dependence on foreign aid. For African countries (Burkina Faso, Mauritania, Rwanda, Vanuata, Niger, Gambia) between 1960 and 1999 the greatest challenge was the fact that aid accounted for a major portion of the budget (Djankov et.al.2008). Non-democratic countries in Africa such as Kenya and Malawi in 1990s faced aid suspension for failing

to implement democratic reforms. Aid was suspended to China by Japan first in 1989 after the Tiananmen Square incident, and also in response to China's nuclear testing in 1995 (Katada 2001; 40-41). In countries like Mozambique and Nicaragua half of the revenue was said to be absorbed by debt payment (Alexis 2013). In fact, aid has been considered to be a 'curse' (Djankov et.al. 2008). Since the beginning India has been studied essentially as a recipient as evident in the writings of Eldridge (1969); Rajan and Appadorai (1985); Kamath (1992); Phull (2007); Lipton and Toye (2010); Alam and Mittal (2014). India relied heavily on foreign aid (loan, grant, technical assistance) from economically advanced countries both for disaster relief as well as development, in order to address the challenges posed by stagnation, poverty, unemployment and backwardness although it had its own small aid programme too for neighbours such as 'Indian Technical and economic Cooperation'(ITEC) which was launched in 1960s. Since the 1980s, some scholars such as B.N. Banerjee (1982); Srikant Dutt (1984); Vandana Abrol (1989) took interest in studying the dynamics of India's own aid programme. However, the interest in studying India's foreign aid programme, preferably termed 'development partnership' or 'development cooperation' in the 21st century is unprecedented. Some of the most important contributors to these studies have been Gareth Price (2004); Emma Mawdsley (2010, 2012) Sachin Chaturvedi (2010, 2012, 2016); Dweep Chanana (2010), David Malone (2011), Rani D. Mullen (2012), Muchkund Dubey (2013). While the existing literature on India's transition from the status of recipient to donor suggests the need for reducing dependence on foreign aid, the reasons underlying it have been inadequately discussed. The debate surrounding aid refusal during the Kerala floods and the extent of publicity it obtained in social and print media generated fresh interest in studying India's reduced dependence on foreign aid. The present study attempts to highlight the shifting priority towards reducing aid dependence with special emphasis on the initiatives taken in this direction including aid refusal.

Contours of India's tryst with aid dependence

This section attempts to discuss India's urge to reduce dependence on foreign aid and the initiative taken by the Government of India in this regard particularly since the liberalization of Indian economy in the 1990s.

The urge for reduced aid dependence stem from two vital reasons: disadvantages resulting from aid dependence and India's foreign policy shift in the post-liberalization period recognizing the emergence of the country as an important power in the world.

Disadvantages linked to aid acceptance:

Although aid brings relief to the recipient countries in different forms, it invites problems, liabilities and financial, political and diplomatic obligations that have a bearing on the long-term policies of the country. Only a small portion of India's domestic requirement is said to have been met by most of the donors. Aid has generally been tied by source, commodity or project. Aid tied by source takes away the freedom of a country to buy

goods of its own choice from the cheapest source. There is pressure to purchase equipment, spare parts, machinery, raw materials etc. from the donor states. Aid tied to a project does not easily allow switchover to other critical projects. This reduces the flexibility of the country with regard to the utilization of aid. Moreover, sudden aid-suspension has created problems for India in the past. USA suspended aid during Indo-Pak war of 1965 and 1971. Besides, following the nuclear test of May 1998 at Pokhran by India, several countries imposed economic sanctions on India. Japan 'partially and incrementally' had cut its foreign aid to India. Germany, Denmark and Sweden 'fully' suspended their foreign aid to India. Interestingly Britain, France and Russia registered their protest but did not impose sanctions. Through these critical phases in India's post-independent history, donors were guided by their own interest. For the most part, portions of foreign aid remained in the pipeline causing delay. The large component of loans in the total aid provided, resulted in debt claiming a sizable portion of India's foreign exchange reserve. This reduced our savings and we had to take more loans to pay our debt.

Power ambition and India's reduced foreign aid dependence:

India's urge to emerge as strong soft power and a major power also provides the rationale for India's reduced dependence on foreign aid. Foreign aid is increasingly recognised as an important "Soft Power" instrument for elevating India's global status (Mullen 2012). Sir Joseph S. Nye's writings on 'Soft Power: The Means to success in World Politics' (2004) and Baldev Nayar and T V Paul's 'India in the world order: Searching for major power status'(2003) have been extremely useful sources in linking India's foreign aid to the twin concept of "Soft Power" and "Major Power". According to C. Raja mohan (2003) after the end of the Cold War, there was a shift of India's policy perception from Third Worldism to serving its self-interest. India's foreign policy became more pragmatic, ambitious and India aspired to achieve major power status. Munir Akram (2014) discussed India's transition from being a net borrower to a net creditor and considered foreign aid to be a 'soft power' instrument for elevating India's global status. Too much of dependence on foreign aid and particularly for emergency relief sends a weak, needy, dependent and struggling image of a country. It looks less attractive and others cannot look up to them for help or favours. As much as greater outflow of aid would be useful in upgrading India's power status, reduced dependence would also add to the strong power image that India is aspiring for. It would also be important for providing justification for its expanding aid outflow in the 21st century. This is particularly true in view of the fact that many of traditional donors to India such as UK expressed unwillingness to provide assistance to India on the grounds that it is an 'emerging donor' and a key player on the international economic stage, and not worthy anymore of receiving developmental assistance. P. Chidambaram, former Finance Minister had once said "We don't really need the aid. We have accepted it in the past, but I think both the countries have agreed that we can emphasize on trade rather than aid." Pranab Mukherjee, former President and Finance Minister, in the past had dismissed the funds as "peanuts" compared to

India's own spending. Talking specifically about India's changed attitude, it is often said that it is easy to accept its urge to reduce dependence on others, but not its keenness to increase its share of economic assistance to others when millions of its own people are still living below the poverty line.

Since liberalization of the Indian economy, India began to take the initiative to reduce its dependence on foreign aid bit by bit.

Economic liberalization of 1990s: First steps in aid reduction by India

In the 1990s, India initiated certain policy decisions and actions, which went a long way in gradually reducing India's dependence on foreign aid. The ball was set rolling by the liberalization of the Indian economy in the early 1990s, which emphasized on the replacement of aid by trade and a progressive shift from reliance on debt type of capital inflows to non-debt creating type of capital inflows (e.g. Direct Investment). Liberalization, coinciding with globalization, did give a temporary boost to aid-inflow as well as private capital inflow. As the investment environment became favourable, there was an improvement in growth rate, savings and capital formation, which was followed by high export and a favourable balance of trade and high foreign exchange reserve. These changes allowed India to depend more on domestic resources thus generated for its development work as well as meet disaster needs rather than depending much on the external resources. Montek Singh Ahluwalia, leader of the official team at the Aid India Consortium meeting at Paris in early 1990s, had said that foreign credits had ceased to play any developmental role; they were meant only to enable India to service its outstanding debt. In the early 2000s, the then Finance Minister, Jaswant Singh had made the first move to tell India's major donors that India no longer will be the end recipient of foreign aid (Sethi 2003: 4421). In the budget speech of 2003-2004 he said:

"Mr. Speaker, Sir, a stage has come in our development where we should now, firstly, review our dependence on external donors. Second, extend support to the national efforts of other developing countriies…. While being grateful to all our development partners of the past, I wish to announce that the government of India would now prefer to provide relief to certain bilateral partners, with smaller assistance packages, so that their resources can be transferred to specified non-governmental organizations (NGOs) in greater need of official development assistance" (Budget 2003-2004; Baru 2006: 198).

The guidelines issued by the Ministry of Finance in 2005 and 2015 to restrict aid inflow, quantitative shift in aid inflow and selected aid refusal would be useful in assessing initiatives taken to reduce aid dependence.

Government Guidelines of 2005 and 2015 : The government of India reviewed its policy of bilateral development co-operation in September 2004 in order to affirm the liberalization and reform orientation in India's economic policy. India's effort at stream-

lining its aid policy and reducing dependence was well exhibited in the 2 guidelines issued by the Ministry of Finance in 2005 and 2015 respectively. In 2005, revised guidelines were issued that superseded all earlier guidelines in this regard. As per the extant guidelines: i) The Government of India decided not to accept aid in areas where it has substantial control, ii) Bilateral development assistance was to be accepted from all G-8 countries, namely, U.S.A., UK, Japan, Germany, France, Italy, Canada and the Russian Federation as well as from the European Commission. iii) Bilateral development assistance could be received by the government, if the assistance was routed through or co-financed with a multilateral agency and the proposed programme/project was implemented by the multilateral agency under its own rules and procedures, iv) Tied aid was not to be accepted, v) European Union countries outside the G-8 could provide bilateral development assistance to India provided they committed a minimum annual development assistance of USD 25 million to India. vi) Technical assistance programmes aimed at enhancement of knowledge/skills of Indian nationals, vii) All Countries could continue to provide bilateral development assistance directly to autonomous institutions, universities, NGOs, etc through a simplified procedure, viii) Priority was to be given to aid with longer maturity periods and bearing lower interest rates so as to keep the burden of debt-servicing within manageable levels.

The Ministry of Finance in January 2015 issued a new set of guidelines where it stressed that: i) India would create additional infrastructure for which extensive capital investment was necessary, ii) Official Development Assistance may be accepted from other countries besides the existing bilateral partners, iii) Special Loans can be considered subject to the following criteria- minimum assistance from the bilateral partner shall be USD one billion in a year; promotion of "Make in India"; not more than 30 per cent of the total value of goods and services should be insisted to be sourced from the funding country; the rate of interest and tenure of the loan will be more concessional in comparison to the interest rate of normal loans and will be mutually agreed between the bilateral partners; the tenure of the special loan shall not be less than 40 years with not less than 10 years moratorium for repayment and individual projects with a minimum project cost of USD 250 million will only qualify for such special loans. The above guidelines clearly indicate that India does accept aid even today but on its own terms and conditions or without compromising on its dignity and priority.

Quantitative shifts in aid flow: Since the 1990s incremental change could be seen in the sources, quantum, nature of aid flow to the extent where it may probably be stated that India's dependence on foreign aid in 2019 has been curtailed. A closer analysis of the following shifts may possibly indicate the effort of India in the direction: First, India today receives foreign aid from lesser number of bilateral sources although the number of multilateral sources of aid flow to India has increased. Total number of donors to India has reduced. Dependence on non-G8 donors has reduced so much so that as in 2019 there is no disbursement from Austria, Australia, Belgium, Denmark, Spain,

Italy, Kuwait, Saudi Arabia, Sweden, Abu Dhabi Fund, Republic of Czech and Slovak, Hungry, Iran, Iraq, New Zealand, Norway, Poland, Romania, UAE and Yugoslavia.' Second, in terms of per cent of Gross Domestic Product (GDP), the year-wise aid receipt figures show that since 1995-96, aid receipt or utilization figure has been less than 1% of GDP. In 2017-18, India's aid receipt stood at 0.28 percent of India's GDP (Table 1). Third, there is a reduction in net aid flow with pre-payment and repayment of loans in order to reduce debt pressure which had triggered a balance of payment crisis in 1991 (Table 2). However, there is no consistency in this regard. The debt policy emphasized on concessional and less expensive loans having longer maturity profiles, monitoring of short-term debt, premature retirement of high-cost external loans and encouraging non-debt creating capital flows. It was Dr. Manmohan Singh, Minister of Finance who in his 1994-95 budget speech expressed the desire of the government to prepay some high cost debts. He said, "the reliance on capital flow is being shifted progressively from debt type inflows to non-debt creating type of flows e.g. Direct Investment. So this is a qualitative improvement." The desire of the government to prepay was also expressed by Prime Minister AB Vajpayee's NDA government in 2003-04 when the then Finance Minister, Jaswant Singh said "….taking advantage of our comfortable foreign exchange reserves and lower domestic interest rates, the government has effected premature repayment of 'high-cost' currency pool loans of the World Bank, and of the Asian Development Bank totaling around three billion dollars. We intend to continue with this policy of prudently managing the external liabilities and of proactively liquidating relatively higher cost component of our external debt portfolio". In 1999, India was upgraded to a less indebted country category from a moderately indebted country (Status Report: 2004). The Government of India prematurely repaid a significant part of both multilateral and bilateral loans raised under external assistance programmes except those of Japan, Germany, USA and France. Debt owed to Austria, Australia, Belgium, Canada, Denmark, Spain, Italy, Kuwait, Netherlands, Saudi Arabia and Sweden was fully pre-paid during 2003-2004. A Japanese loan of US$61.1 million was prepaid in 2006-07'. N Janardhan Rao said "It's a new India. It's a new journey- a journey from poverty to prosperity, from tradition to modernity, from a nation protected in the garb of license raj to a nation ready to compete on the global firmament" (Rao 2005: 37).

Selected Aid refusal: India generally received aid to meet developmental need and needs arising from disasters or natural calamities. While development aid is primarily meant to assist in the socio-economic elevation and flows in a planned systematic manner involving a cumbersome process, disaster aid is more often humanitarian relief provided during emergency posed by natural or man-made disasters. Moreover, while the former comes mostly in the form of repayable loans, the latter comes in the form of non-repayable grant. At times donors do not meet original aid pledges made immediately after the disaster and there is also delay in providing assistance as witnessed in Kashmir and NWFP in Pakistan during the catastrophic earthquake of 8 October 2005 (Ozerdem

2006: 403). Often it is expected that aid should be provided for disaster preparedness rather than relief. 'Funds for humanitarian assistance tend to be event-based and are provided in response to a disaster. In such instances the donors want their money to go directly to disaster relief rather than disaster preparedness' (Thomas 2006: 86). Moreover, when the amount is given towards relief work there is continuous eagerness among donors to know how the money has been spent.

The government of India in the 21st century has been refusing to accept disaster relief aid for instance during Latur earthquake in 1993, Gujarat earthquake in 2001 and Bengal floods in 2002. But since the Tsunami of 2004 when giant Indian Ocean waves killed thousands of people and rendered lakhs of people homeless, India categorically said that it was capable of taking care of such crisis. The then Prime Minister, Dr. Manmohan Singh said, "We feel that we can cope up with the situation on our own and we will take their help if needed," but clarified that should the need arise later, the decision would be reconsidered (Kasturi 2013). Later India did allow United Nations, World Bank, IMF and private agencies to help (Roy Choudhury 2018: 3). The government of India refused to accept international aid to recover from the Kashmir earthquake in 2005, which killed and displaced thousands of families. Further, New Delhi also turned down bilateral assistance from foreign countries for the Uttarakhand calamity of 2013. India made it clear to both the US and Japan, which offered $200,000 towards Uttarakhand relief, that it will not accept aid and that any funding may be given to NGOs of the foreign governments' choice. "As a general policy in case of rescue and relief operations, we have followed the practice that we have adequate ability to respond to emergency requirements," said External Affairs Ministry spokesperson Syed Akbaruddin' (Kasturi 2013). The whole debate surrounding aid refusal to deal with the Kerala Flood crisis was not just another instance hinting at the recent stand of India with regard to dependence on aid. It brings to the forefront the implications for India's future foreign aid policy and the involvement of its people on this policy issue.

Conclusion

There are certain interesting conclusions that can be drawn from the above discussion:

(i) India is still in the process of reducing its dependence on foreign aid. Aid dependence has not ceased to exist altogether but at the most limited to accepting aid, particularly development aid, from multilateral donors.

(ii) Out of all the initiatives, disaster aid refusal is perhaps one of the most important steps indicating India's urge to reduce its aid dependence. At the time when India is competing with other emerging donors to carve out a place for itself as a major donor through its own comprehensive foreign aid program, asking for disaster aid would not show the country in good light. Besides, India realizes that the real

strength of a country depends on its ability to deal with major national disaster on its own other than acquiring military and technological capability. It is for India to show how much resource it can generate from within the country to help in the relief and rehabilitation of the state. It has been asserted that 'the repeated rejection of foreign aid is widely seen as an assertion of India's self- worth – that the country does not need handouts and is, instead, a giver of aid.' (Joshua 2018:4)

(iii) India's refusal to accept aid for immediate relief for the victims of Kerala floods was significant in engaging large section of Indian people including Indian Diaspora in expressing their opinion on the issue and generating a renewed interest in assessing India's effort at reducing aid dependence. Generally, engagement with foreign aid related matters has been the preserve of diplomats, researchers in think tanks, journalists and the union government. The people of the country got to know that India is also an enthusiastic aid giver. A great chunk of India's ITEC (Indian Technical and Economic Cooperation Plan) programme caters to disaster relief to the developing world since 1999-2000. Medicines and medical equipment, food, blankets, tents and other forms of assistance worth billions of rupees have been given by India to deal with emergencies emerging from drought, flood, earthquake, cyclones etc particularly in Asia, Africa and Latin America. It extended assistance to Philippines, Myanmar, Nepal and had also sent Indian air force craft with 25 tonnes of relief supplies at the Little Rock air force base in Arkansas for victims of hurricane Katrina in the US in 2006. After the 2008 Sicilian earthquake in China, Indian Air force aircraft had also delivered relief materials to victims.

(iv) The issue of aid refusal or aid acceptance for any similar situation in future cannot be settled very easily since fingers would be pointed at India's own aid program. It may be argued that if India is not willing to take emergency help, then the government might as well stay away from extending help to others in such situation. But in that case, what would happen to the so called 'moral responsibility' of India or even the 'power ambition' or 'image changing' that comes with extending help to others. The issue is a complex one. There are multiple explanations that may be given. First, since we live in an interdependent world, it may perhaps be said that aid needs to be accepted, if offered, during any emergency and this cannot be linked to the prestige of the nation. The difference between development aid and disaster aid perhaps is one where development cost may be phased out over a period of time but reconstruction following a natural calamity demands work at a war footing because restoring basic infrastructure or building home for those becoming suddenly homeless cannot wait for long. Hence it is difficult for the people to refuse offer of aid during such situation. Thus, in such situations, perhaps it should not matter whether a country is developed or developing. A developed country may also have to take help during such situation as USA had to when it was struck by Hurricane Katrina in September 2005. It had requested European

Union for extending emergency help by providing water, medical kit, blanket etc. In this situation aid was also offered by countries like India, Afghanistan, and even Bangladesh among many others. India offered $5 million and supplied, water, hygiene kit etc. This is to say that huge aid flow takes place due to humanitarianism, and any country can be at the receiving end during such emergency. In fact, it may perhaps be stated that countries may need to prioritize aid acceptance from other countries. Emerging economies like India may perhaps have to be willing to curtail development assistance from other counties since the country could in a planned manner generate its own internal resources for the said purpose but natural calamities are emergencies and when the degree of devastation is high, the people may have the expectation to accept aid from outside. It is difficult to estimate disaster related expense. The scale of destruction and the cost that it would incur cannot always be estimated in advance. Alternatively there should be a planned way of keeping sufficient balance in the central and state relief fund so that any kind of emergency can be handled without having to wait too long for the contribution to come from within the country. The aid debate in the case of the Kerala floods will definitely be an important milestone in shaping future disaster-aid related policy of India.

Table- 1

Year-wise Aid utilisation by India as a per cent of GDP

Year	Total aid utilization in billion rupees	GDP (market price) at current price (base year: 2004-05) for 1990-91 to 2011-12 and (base year 2011-12) for 2012-13 to 2017-18	Aid utilization as a per cent of GDP
1990-91	67.04	5862.12	1.14
1991-92	116.15	6738.75	1.72
1992-93	109.82	7745.45	1.14
1993-94	117.81	8913.55	1.32
1994-95	108.81	10455.90	1.04
1995-96	110.23	12267.25	0.90
1996-97	119.79	14192.77	0.84
1997-98	117.44	15723.94	0.75
1998-99	132.39	18033.78	0.73
1999-2000	144.05	20231.30	0.71

Year	Total aid utilization in billion rupees	GDP (market price) at current price (base year: 2004-05) for 1990-91 to 2011-12 and (base year 2011-12) for 2012-13 to 2017-18	Aid utilization as a per cent of GDP
2000-01	142.54	21774.13	0.65
2001-02	175.60	23558.45	0.74
2002-03	157.37	25363.27	0.62
2003-04	173.53	28415.03	0.61
2004-05	170.83	32422.09	0.53
2005-06	188.31	36933.69	0.51
2006-07	192.88	42947.06	0.45
2007-08	198.50	49870.90	0.40
2008-09	269.24	56300.36	0.48
2009-10	312.36	64778.27	0.48
2010-11	380.12	77841.15	0.49
2011-12	322.75	90097.22	0.36
2012-13	278.68	99440.13	0.28
2013-14	352,09	112335.22	0.31
2014-15	367.49	124679.59	0.29
2015-16	425.66	137640.37	0.31
2016-17	486.54	152537.14	0.32
2017-18	469.36	167731.45	0.28

I. All Amounts in billion Rupees

II. Per cent calculated on GDP (Market price) at current price considering base year 2004-05 for period between 1990-91 to 2010-11 and base year 2011-12 for period between 2011-12 to 2017-18

Source: RBI Handbook of Indian economy 2017, 2018

Table 2
Yearwise Debt Service Payment and Net inflow of Foreign Aid

Year	DEBT SERVICE PAYMENT			NET INFLOW OF AID in billion rupees
	Amortisation	Interest payment	Total	
1990-91	23.29	19.54	42.83	24.21
1991-92	36.50	30.06	66.56	49.59
1992-93	47.88	39.61	87.49	22.33
1993-94	53.52	41.99	95.51	22.30
1994-95	57.91	46.35	104.26	4.55
1995-96	75.66	50.82	126.48	-16.25
1996-97	70.70	48.70	119.40	0.39
1997-98	75.50	47.95	123.45	-6.01
1998-99	88.80	51.92	140.72	-8.33
1999-2000	96.86	54.80	151.66	-7.61
2000-01	116.62	54.29	170.91	-28.37
2001-02	107.05	52.56	159.61	15.99
2002-03	289.76	53.90	343.66	-186.29
2003-04	279.70	38.43	318.13	-144.60
2004-05	95.68	32.59	128.27	42.56
2005-06	83.60	36.55	120.15	68.16
2006-07	89.80	33.52	134.33	58.55
2007-08	85.93	46.27	132.20	66.30
2008-09	110.87	48.52	159.39	109.85
2009-10	123.95	41.63	165.58	146.78
2010-11	132.09	35.97	168.06	212.06
2011-12	155.07	39.26	194.33	128.42
2012-13	186.27	44.66	230.93	47.74
2013-14	218.13	42.60	260.73	91.37
2014-15	247.56	41.28	288.84	78.65
2015-16	270.20	43.19	313.39	112.28
2016-17	313.19	57.03	370.22	116.32
2017-18	266.86	57.80	324.66	144.70

Source: Ministry of Finance, Government of India Accessed from : RBI Handbook of Statistics on Indian economy 201, 2018, Table 145

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