



## **Contribution of New Development Bank in India during COVID-19: Media, Perspective**

**1. Ram Sunder Kumar**

Research Scholar, MGAHV, Wardha, Maharashtra, India.

Email id: [ramsundermgahv@gmail.com](mailto:ramsundermgahv@gmail.com)

**2. Dr. Renu Singh**

Assistant Professor, MGAHV, Wardha, Maharashtra, India.

Email id: [renumcj@gmail.com](mailto:renumcj@gmail.com)

### **Abstract**

*The present research paper aims to study the contribution of New Development Bank in promoting the development of Indian economy during the phase of COVID-19 pandemic. The New Development Bank was established in the year 2014 by BRICS (Brazil, Russia, India, China and South Africa). It's headquartered in Shanghai, China and its first chairman was K.V. Kamath from India. The current president of the NDB is Marcos Troyjo from Brazil. It aims to help of finance infrastructure and sustainable development projects in BRICS and other emerging developing countries. In the presented research paper, we will try to find out that how India has been helped by NDB in the era of COVID 19, and with that help how successful India has been in facing COVID 19 and succeeded in repairing the rural resources management crisis? The study has been done in this regard and the content analysis of news published in major national newspapers related to NDB has been done.*

**Key Words:** BRICS, New development Bank, COVID 19, rural Resources management.

### **Introduction:**

In the fourth summit of BRICS in the year 2012, it was proposed from India to open a bank with mutual cooperation of the BRICS countries, and in the fifth summit of the year 2013, it was agreed to open the bank. In this way, in the year 2014 in the sixth summit held in Fortaleza, Brazil, it was established as 'New Development Bank' (NDB) and from the year 2015, NDB started functioning. The NDB was established with an authorized capital of \$100 billion, in which all BRICS member countries have an equal share. The main objective of the BRICS countries is to promote greater cooperation among emerging markets, to mobilize financial resources for basic projects of sustainable development of developing countries, to address the short-term liquidity problems of a country and to increase the global financial safety etc. According to the agreement on the establishment of the NDB in the 6th summit, its first chairman was K.V Kamath (11 May 2015) from India, whose tenure lasted for 5 years and currently its chairman is **Marcos Prado Troyjo**, who was appointed on 27 May 2020. Its Headquarter is in Shanghai (China).

The New Development Bank (NDB) is a multilateral development bank (MDB) established by Brazil, Russia, India, China and South Africa (BRICS) with the aim of financing infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, whose work is focused on maximizing and accelerating the impact of development in a 'passive and efficient' way. The Multilateral Development Bank is always eager to hear, learn and collaborate with other governments, financial institutions and social organizations to catalyze the growth that NDB envisions. To fulfil its objective, NDB supports public or private projects through bank loans, guarantees, equity participation and other financial instruments.

The projects funded by NDB are located in the following major areas of operation:



The NDB provides technical support for projects and engages in information, cultural and personnel exchanges with the aim of contributing to the achievement of environmental and social sustainability.

As a young and dynamic MDB, NDB is well poised to trigger a new type of development. The activities of the New Development Bank as an international institution for the promotion of sustainable development are in line with the objectives and principles of the United Nations in the socio-economic sphere. In 2018, the New Development Bank gained observer status at the United Nations General Assembly, establishing a strong foundation for active and fruitful cooperation with the United Nations.

During the last five years, NDB has approved 70 infrastructure and sustainable development projects amounting to US\$ 25.07 billion that also comprises loans given under NDB Emergency



Assistance Facility among the member countries. Significantly, India has 18 projects amounting to US\$ 6.9 billion.

On April 30, 2020, the Board of Directors of the New Development Bank (NDB) approved a loan of USD 1 billion to India under emergency assistance. The purpose of this Emergency Assistance Program was to assist the Government of India in its efforts to contain the spread of COVID-19 and to reduce the human, social and economic losses caused by the COVID-19 outbreak. The loan contributed to mobilizing critical healthcare resources and strengthening the social safety net in India.

World has been facing the worst crisis from COVID-19, considerably affecting the global economic and social indicators. It is argued that BRICS group could serve as an effective institution of global governance, and the same will also bridge the existing gap among BRICS nations in terms of global governance which is much needed. (Iqbal 2002)

The world has witnessed several epidemics such as the Spanish Flu of 1918, outbreak of HIV/AIDS, SARS (Severe Acute Respiratory Syndrome), MERS (Middle East Respiratory Syndrome) and Ebola. In the past, India has had to deal with diseases such as the small pox, plague and polio. All of these individually have been pretty severe episodes. However the Covid-19 which originated in China in December 2019 and over the next few months rapidly spread to almost all countries of the world can potentially turn out to be the biggest health crisis in our history. Many experts have already called this a Black Swan event for the global economy.

India recorded the first case of the disease on January 30, 2020. Since then the cases have increased steadily and significantly. At the time of writing of this chapter (July 2nd week, 2020), and as shown in figure 1, India has recorded the third highest Covid-19 caseload in the world after the United States and Russia with more than a million confirmed cases and more than 25,000 deaths . (MHFW 2021)

The agriculture sector is critical as large number of workers and the entire country's population are dependent on this sector. The performance of agriculture is also key to the state of rural demand. In the preCovid-19 period, agricultural GDP experienced an average growth rate of 3.3% per year in the six-year period 2014-15 to 2019-20 with intermittent fluctuations. (Himanshu 2019) The provisional estimates of the National Statistical Office (NSO) show that GDP growth in agriculture has increased from 2.4% in FY19 to 4% in FY20. It was also relatively better at 3.5% in Q3 of FY20. However, the terms of trade have moved against agriculture during 2016-17 to 2018-19 due to bumper crop and horticultural production which caused a decline in food prices. Terms of trade



for agriculture seems to have improved in 2019-20 as the nominal agricultural GDP growth was 11.4% as compared to real growth of 4%.

**Methodology:** This research paper aims at following objectives:

- To know the negative effect of covid-19 in rural India.
- To know the real panorama of NDB helping and employment situation in rural India.
- To know positive influence of NDB loaning and economic recovery in rural India.

Research question of this research paper is that:

- What is the effect of covid-19 in rural India?
- How did NDB influence rural employment in Indian rural area?
- What positive result came out as economic recovery in Indian rural area by loaning NDB?

**Content Analysis:**

A loan of USD 1 billion was given to India by the New Development Bank of BRICS to protect India from the pandemic like COVID-19 and improve its economic condition. Hence the NRM through the loan received by India, NDB helped to build rural infrastructure assets and create employment opportunities for the rural poor, especially migrant workers who have returned from urban areas. It proved to be helpful for those who have lost their livelihood due to this pandemic. Therefore, news related to loans received by NDB, which were published in the national newspapers of India, The Telegraph, Business line (The Hindu) and Economics Times, were analysed on the basis of the impact of COVID-19, creation of rural employment and economic development.

**COVID-19 Effect:** Due to the increasing effect of COVID-19, lockdown was announced across the country. Due to which many government businesses and industries have been affected. The economic growth rate has been affected due to the impact of domestic supply and demand. At the same time, the recovery in domestic investment has also been delayed due to increased risk. According to the World Bank, due to this pandemic, not only India but the whole of South Asia can lose the benefits of poverty alleviation. The International Labour Union has said that the corona virus has not only been a global health crisis, but it has also become a major Labour market and economic crisis that will affect people on a large scale. The biggest impact of the lockdown has been on the informal sector and 50 percent of the GDP of our economy comes from the informal sector, so these sectors are unable to work during the lockdown. They are unable to buy raw materials and manufactured goods in the market. They are unable to sell due to which their earnings have stopped.

India through the loan secured by the NDB ‘finances critical health care expenditure, to envisage, prevent, detect and respond to the threat posed by COVID-19 that will enhance health care capacity



in India and the preparedness of national health systems and provide immediate financial assistance to vulnerable and affected groups, thus providing economic facilitation and social reforms.’ (The Telegraph 2021)

**Rural Empowerment:** A nationwide lockdown was imposed due to COVID-19, due to which all the arrangements came to a standstill for a time. As a result, the villagers, who are mostly daily wage laborers or street vendors in nearby towns, had lost their livelihood, whereas the family members of their village depended on the money of these laborers working in big cities. The increase in corona cases in urban areas led to the exodus of migrant workers from those cities, as a result of which the income of the families in the villages was very low, which buried most of the families under the burden of hunger and debt. According to media reports, many families in villages are no longer able to take a complete diet and nutritious food such as pulses and vegetables have disappeared from their plate. In this regard, ‘the loan agreement received by NDB was signed by BaldevPurusharth, Joint Secretary, Department of Economic Affairs, Ministry of Finance and Jian Zhu, Vice President, Chief Operating Officer, NDB. Purusharth said that this program will improve the livelihood of the rural poor as well as provide income opportunities to the migrant workers who had returned home due to job loss due to the COVID-19 pandemic.’ (The Hindu 2020)

“The programme proposes creation of durable rural infrastructure assets relating to NRM and generation of employment opportunities for rural poor, especially migrant workers who have returned from urban areas and have lost their livelihoods due to the Covid-19 pandemic,” a Finance Ministry statement said. (Economics Times 2020)

---

**Economic Recovery:** Due to COVID-19, all government and non government systems had come to a standstill, due to which India has also suffered a lot of economic loss. In a report, RBI has said that it is difficult to accurately assess the economic impact of COVID-19 in India. The reason for this is that the infection of corona virus is increasing rapidly in India. RBI has said that due to the Corona crisis in the country, new situations are emerging. A tentative and rough assessment is available about the impact of COVID-19 and the lockdown done for its prevention on the Indian economy. The General Equilibrium (DSGE) model shows that the cases of corona infection occurred in August 2020 and due to this it has had the biggest impact on the economy.(Economic Times (हिंदीसंस्करण) E-Paper 2020)

The loan is aimed at supporting the government to ensure an economic rebound in rural areas through natural resource management works that will facilitate economic activity and employment generation and stimulate rural demand. “The country-wide restriction on movement of people, coupled with additional stringent restrictions imposed by state governments and intermittent





localised lockdowns to contain the spread of COVID-19 affected domestic supply and demand, resulting in slowed-down economic activity. This resulted in loss of employment and income of workers especially those employed in the informal sector, including rural areas,” the ministry said in a statement. (Financial Express 2020)

### **Conclusion:**

The loan will aid India’s economic recovery from the pandemic by supporting expenditures on rural infrastructure related to natural resource management (NRM) and rural employment generation under Government of India’s Mahatma Gandhi National Rural Employment Guarantee Scheme.

Funding under NDB's policy on fast-track emergency response to tackle global pandemics like COVID-19 helped sustain rural incomes and sustain rural expenditure, resulting in demand aiding economic recovery increased.

Countrywide restrictions on the movement of people along with additional stringent restrictions imposed by various state governments in India hit domestic supply and demand, resulting in slowing of economic activity. This has resulted in loss of employment and income especially for workers employed in the informal sector including rural areas. Through this loan, NRM has helped in building rural infrastructure assets and creating employment opportunities for the rural poor, especially migrant workers who have returned from urban areas and lost their livelihood due to the COVID-19 pandemic. Those who are lost have proved to be helpful for them.’

### **References**

Economic Times (Hindi Edition) E-Paper. *Covid-19 ka arthik prabhav ka abhi sahi ankalan kar pana mushkil: R.B.I.* 26 08 2020.

Economics Times. *Govt inks \$ 1-bn loan pact with NDB to boost rural employment, infrastructure.* new delhi, 17 12 2020.

Financial Express. *NDB to lend India \$ 1 billion for Economic revival.* new delhi, 17 12 2020.

The Hindu. *Reviving economic recovery : India NDB sign \$ 1 billion loan Agreement .* New Delhi, 16 12 2020.

The Telegraph. *BRICS New Development Bank provides USD 1 billion loan to India to fight COVID-19.* Bijing, 13 05 2021.

Iqbal, B. A. (2022). BRICS as a Driver of Global Economic Growth and Development. *Global Journal of Emerging Market Economies*, 14(1), 7-8.

Data on Indian cases are from <https://www.covid19india.org/> and the Ministry of Health and Family Welfare. D



Himanshu (2019) reports that farm incomes grew at around 5.5% per annum during 2004-05 to 2011-12 but declined to around 1.3% per annum during 2011-12 to 2015-16 and the trend of deceleration continued till 2017-18.

\*\*\*

The Asian Thinker