

Government of India and NDB sign agreement for \$1,000 million to provide support to Aatma Nirbhar Bharat Abhiyan through MGNREG Scheme to support India's economic recovery from COVID-19

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The Government of India and the New Development Bank (NDB) today signed a loan agreement for lending \$1,000 million for 'supporting India's economic recovery from COVID-19' 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 (MGNREGS).

The country-wide restriction on movement of people, coupled with additional stringent restrictions imposed by State Governments and intermittent localized 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 programme will support Government in mitigating the adverse economic impact of COVID-19 pandemic and enable economic recovery in the rural areas through:

- i. natural resource management works which will facilitate economic activity and
- ii. employment generation to stimulate rural demand, to combat the decline in economic activity due to outbreak of COVID-19.

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.

The agreement was signed by ShriBaldeoPurushartha, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India and Mr. Xian Zhu, Vice President, Chief Operations Officer on behalf of the NDB.

ShriPurushartha said that the programme will improve the livelihood of rural poor along with providing income opportunities to migrant workers who has returned from urban areas because of job loss caused by COVID-19 pandemic. ShriPurushartha further added that NDB's timely assistance will help the Government in combatting the economic disruptions caused by COVID-19 pandemic and creating employment opportunities in rural areas to stimulate demand.

Mr. Xian Zhusaid that the programme will support the Government of India's efforts in mitigating the adverse economic impact of COVID-19 pandemic and enable economic recovery in the rural areas through NRM works and employment generation. The funding under NDB's Policy on fast-track emergency response to COVID-19 will help preserve rural income and sustain rural expenditure, resulting in increased demand that aids economic recovery.

The NDB was established based on the Inter-Governmental agreement among the BRICS countries (Brazil, the Russian Federation, India, China and South Africa) signed on 15th July 2014. The purpose of the Bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries. The \$1 billion loan from the NDB has a tenor of 30 years, including a 5-year grace period.

RM/KMN

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