AIIB and India

GS-Paper-2 International organisation (PT-MAINS)

Jin Liqun has been re-elected as the President of the China-based Asian Infrastructure Investment Bank (AIIB) for a second five-year term.

- The President stated that the bank would remain an “apolitical institution” and continue to back projects in India.
- The management will look at the proposed projects from the economic and financial point of view and not with a political view.

India and AIIB:

- India was among the AIIB’s 57 founding members in 2016.
- It is also its second-largest shareholder (with 7.62% voting shares) after China (26.06%).
- It has received USD 4.35 billion from the Bank.
- This is the highest of any country, with the bank so far approving loans of USD 19.6 billion to support 87 projects in 24 countries. Turkey is second with USD 1.95 billion.
- AIIB has approved financing projects in India in a host of sectors like energy, transport and water including the Bangalore metro rail project (USD 335 million), Gujarat rural roads project (USD 329 million) and Phase 3 of the Mumbai urban transport project (USD 500 million).
- In a recent virtual meeting, India said that it expects AIIB to introduce new financing instruments, provide financing for social infrastructure and to integrate development of climate resilient and sustainable energy access infrastructure into AIIB’s recovery response to the Covid-19 crisis.
- This implies that India is unlikely to alter its engagement with the China-led Asian Infrastructure Investment Bank (AIIB), despite a host of offensive measures announced recently to reduce its trade and investment links with China.

Chinese Angle:


USD 750 million loan was approved two days after the clash in Galwan Valley in Ladakh along the India-China border.
It has supported several projects under the Belt and Road Initiative (BRI) framework, but is not formally linked to the plan.

India has concerns over the China-Pakistan Economic Corridor - a part of the BRI.

Asian Infrastructure Investment Bank

- The AIIB is a multilateral development bank with a mission to improve social and economic outcomes in Asia.
- Headquartered in Beijing (China), it began operations in January 2016 and has now grown to 103 approved members worldwide.

India should continue to engage with AIIB as it will be able to access resources for the financing of national and cross-border infrastructure projects from the Bank. AIIB is also significant as the World Bank is continued to be dominated by the USA while Japan has more influence over Asian Development Bank (ADB). Further, India needs to ensure that its own interests are served by its membership very explicitly. It should make sure that AIIB doesn’t end up becoming a tool of Chinese geopolitical agenda.