Syllabus subtopic: Important International Institutions, agencies and fora - their Structure, Mandate.

Prelims and Mains focus: about masala bonds; about Asian development bank

News: Asian Development Bank (ADB) has listed its 10-year masala bonds worth Rs.850 crore on the global debt listing platform of India INX (BSE-owned exchange).

About the move and its significance

- The proceeds would be **used to support local currency lending and investment in India.**

- ADB’s masala bonds are listed on both Luxembourg exchange and India INX.

- This is the **first time a foreign issuer and a supranational is doing a primary listing with India INX.** This will help further in making GIFT IFSC (Gujarat International Finance Tec-City -- International Financial Services Centre) a **global hub for fund raising by Indian and Foreign issuers.**

What are masala bonds?

- Masala Bonds are **rupee-denominated bonds** i.e the funds would be raised from overseas market in Indian rupees.
- Any corporate, body corporate and Indian bank is eligible to issue Rupee denominated bonds overseas.

Conditions:

- RBI mandates that the money raised through such bonds cannot be used for real estate activities other than for development of integrated township or affordable housing projects.

- It also can’t be used for investing in capital markets, purchase of land and on-
About Asian Development Bank

- It is a **regional development bank** established on **19 December 1966**.

- **Headquartered** in the Ortigas Center located in the city of Mandaluyong, Metro Manila, **Philippines**.

- The bank admits the members of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, formerly the Economic Commission for Asia and the Far East or ECAFE) and non-regional developed countries. From 31 members at its establishment, **ADB now has 68 members**.

- The ADB was **modeled closely on the World Bank**, and has a similar weighted voting system where votes are distributed in proportion with members' capital subscriptions. ADB **releases an annual report** that summarizes its operations, budget and other materials for review by the public. ADB is an **official United Nations Observer**.

- As of 31 December 2016, Japan holds the largest proportion of shares at 15.677%, closely followed by United States with 15.567% capital share. China holds 6.473%, **India holds 6.359%**, and Australia holds 5.812%