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USAID India
PROGRAM SUMMARY
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TABLE OF CONTENTS

	<u>Page</u>
A. USAID/India: An Overview	
1. Purpose of Document	1
2. Background	1
3. Strategic Framework	2-7
<input type="checkbox"/> Vision	
<input type="checkbox"/> Program Goal and Objectives	
* Accelerating Broad-Based Economic Growth	
* Stabilizing Population Growth	
* Protecting the Environment	
<hr/>	
B. Program Objective No. 1: Accelerating Broad-Based Economic Growth	
Project Descriptions	
<input type="checkbox"/> Housing Finance System Expansion Program (HFSEP)	9
<input type="checkbox"/> Housing Finance System Project (HFSP)	9
<input type="checkbox"/> Financial Institutions Reform and Expansion (FIRE)	10
<input type="checkbox"/> Technical Assistance and Support Project (TASP)	11
<input type="checkbox"/> PL 480 Title III Program	12
<input type="checkbox"/> India Private Power Initiative (IPPI)	13
<input type="checkbox"/> Agricultural Commercialization & Enterprise (ACE)	13
<input type="checkbox"/> Program for Advancement of Commercial Technology (PACT)	14
<input type="checkbox"/> Centre for Technology Development (CTD)	15
<input type="checkbox"/> International Executive Service Corps (IESC)	15

C. Program Objective No. 2: Stabilizing Population Growth

Project Descriptions

<input type="checkbox"/> Innovations in Family Planning Services (IFPS)	17
<input type="checkbox"/> Private Voluntary Organizations for Health-II (PVOH-II)	18
<input type="checkbox"/> Quality Control of Health Technologies (QCHT)	18
<input type="checkbox"/> PL 480 Title II Program	19
- Cooperative for Assistance and Relief Everywhere (CARE)	19
- Catholic Relief Services (CRS)	20
- World Food Program (WFP)	20

D. Program Objective No. 3: Protecting the Environment

Project Descriptions

<input type="checkbox"/> Trade in Environmental Services and Technologies (TEST)	21
<input type="checkbox"/> Program for Acceleration of Commercial Energy Research (PACER)	21
<input type="checkbox"/> Energy Management Consultation and Training (EMCAT)	22
<input type="checkbox"/> Plant Genetic Resources (PGR)	22
<input type="checkbox"/> Greenhouse Gas Pollution Prevention (GEEP) Project	23

E. Other Projects

<input type="checkbox"/> AIDS Prevention and Control (APAC)	24
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F. Attachments

<input type="checkbox"/> Mission Organization Chart	
<input type="checkbox"/> Project Summary Sheet	
<input type="checkbox"/> Proposed Strategic Investment Plan	
<input type="checkbox"/> USAID Portfolio Financial Data	
<input type="checkbox"/> USAID Assistance to India, 1951-1993 (Constant Dollars)	
<input type="checkbox"/> Summary of USAID Assistance to India, 1951-1993	

C

A

USAID/INDIA: AN OVERVIEW

1. PURPOSE OF DOCUMENT

The purpose of this document is to provide a brief introduction to USAID's overall strategy, and then provide a one or two paragraph summary of each of the twenty (20) separate projects in the USAID/India portfolio. A more complete description of the strategy is available in the December 1993 document, "USAID/India Strategic Framework, FY 1994-2000", and additional project detail is available in various project documents.

2. BACKGROUND

U.S. economic assistance to India began in 1951. Since then the U.S. has provided about \$13 billion to help India develop its economy and reduce poverty. Much of this assistance was provided in loan form; half of it was food aid provided under the Food for Peace program. In the early 1970s, because of strained political relations between the U.S. and India, U.S. economic aid was suspended although humanitarian assistance and food aid continued. Following a six year hiatus, development assistance resumed in 1978. While initially focused on projects that were designed to strengthen key institutions and transfer resources for infrastructure programs in agriculture, by the mid 1980s a strong science and technology dimension had been added, and the program focused on the commercialization of new technology.

Today the USAID program is of a much different character. Because of the Indian Government's efforts to fundamentally restructure the economy and because of USAID's focus on broad-based economic growth, stabilizing population growth and protecting the environment, the program is considerably different now than the pre-1991 program.

The challenges India faces are those of a very poor country in a transitional stage of development. Through the initiation of major industrial, trade and financial policy reforms beginning in June 1991, the Indian Government has begun to liberalize what was one of the most closed and state-regulated economies in the world. The continuation and acceleration of this reform effort is essential to sustain economic growth and reduce poverty in India. The U.S., through its bilateral assistance program and its participation in multilateral aid agencies, has an important role to play in ensuring India's success as an open, market-oriented economy.

3. STRATEGIC FRAMEWORK

Vision

The image of India's economy is that of a caged tiger; an economy which could grow as fast as the East Asian "tigers", but whose potential has been tragically thwarted by poor policies, over regulation and economic isolation from the world economy. India presently has the world's greatest concentration of poverty: there is more "extreme poverty" in India than in all of the rest of Asia combined, including China. Yet, with vast resources that include a well-developed combined industrial base, a diversified agricultural sector, renowned entrepreneurial talent, and a burgeoning middle class of approximately 150 million, the Indian economy has the main ingredients to achieve rapid, broad-based growth. The stabilization process begun by the Indian Government in mid-1991 responded to the country's foreign exchange crisis and tumbling international credit ratings. But it also signalled the beginning of an historic restructuring process designed to open the economy and remove the barriers to sustained development. These measures proved pivotal in restoring macro-economic stability, and they mark India's most serious attempt to liberalize its highly regulated economy since Independence. These reforms, which are continuing in 1994, have begun to uncage the Indian economy.

□ **Program Goal and Objectives**

USAID's overall goal is to help India achieve sustainable development to reduce poverty and improve the standard of living for all citizens. USAID selectively targets its assistance to achieve the following three program objectives which build on the strengths of the existing portfolio and respond to new opportunities created by India's recent policies:

- **accelerate broad-based economic growth** by strengthening financial markets, supporting enterprise deregulation, and accessing technology and business skills, particularly for smaller firms.
- **stabilize population growth** in the northern part of the country by empowering women to have greater control of their productive and reproductive lives, by introducing innovations in family planning services, and by upgrading child survival programs.
- **protect the environment** by improving air quality; enhancing efficiency in energy generation, management and use; and strengthening biodiversity preservation.

(1) Accelerating Broad-based Economic Growth

India's comprehensive structural adjustment program envisages a decisive break with development strategies of the past, and its success is central to the USAID's broad-based economic growth strategy for India. The reforms must be accelerated and deepened to have a lasting effect, and the USAID program depends upon and supports important elements of the restructuring process.

Substantial improvements in India's financial policies, laws, and operational environment will be necessary to mobilize and more efficiently allocate domestic savings to serve the increasingly complex needs of the Indian economy. USAID is contributing significantly to the rapid expansion of the national housing finance system. This system has provided a highly visible example of successful, market rate lending and was often cited in government discussions that resulted in the deregulation of interest rates for the entire financial

sector. USAID has also made important contributions to the development of the venture capital industry in India and has recently begun to assist in capital market reforms.

Enterprise deregulation is necessary to remove the numerous administrative hurdles which inhibit entrepreneurial growth across sectors. An improved international trade and investment regime, more rational labor laws, and privatization of infrastructure will be the keys to efforts to deregulate enterprise. USAID is assisting in each of these areas. Without an expansion of power, telecommunications, and urban public works, accelerated economic growth will not be realized. Yet constrained government spending and grossly inefficient state-owned utilities make such expansion impossible. USAID is supporting efforts to improve the policy framework for private participation in the power sector and urban public works infrastructure development. USAID also provides vital support to Indian and U.S. academic and economic policy institutions for collaborative research and policy institutions for collaborative research and policy workshops. USAID also works with business associations to promote policy dialogue on key economic policy reform issues.

The success of India's policy reforms rests, to a great extent, with Indian enterprise. Many changes must occur before the business sector can become the lead engine in India's drive for accelerated, market-led growth. Protectionist policies of the past created enterprises that are slow to respond to change and unfamiliar with the ways of international business. If Indian enterprises are to become dynamic and competitive, they will require access to state-of-art technologies and modern business techniques to bring their products up to global standards. Given the enormity of this task, USAID concentrates attention on agribusiness because of its potential contribution to economic growth, export earnings, and poverty alleviation in rural India. This strategy also relies heavily on the dynamism of small-scale, more labor intensive enterprises to form the engine for accelerated economic growth in India. Such firms tend to be more dynamic and can respond quickly to market conditions; yet they require support to gain access to modern technologies and business skills. USAID seeks to ensure the sustainability of financing appropriate technology and business skills through joint ventures and by helping to link the system of Indian national laboratories with the needs of private enterprise.

(2) Stabilizing Population Growth

In working to stabilize India's population growth USAID is assisting the state of Uttar Pradesh to reduce its fertility rate through a comprehensive improvement and expansion of family planning services. The objective is to effectively double the use of modern contraception in the state over a ten-year period with special emphasis on providing high quality spacing methods. By extending the lower fertility rates to other large northern states, the efforts will help India achieve its goal of lowering the national rate of population growth. Savings from lower rates of population growth will enable the India to invest more on a per-capita basis in health care, schooling, jobs, and housing and thus improve the quality of the nation's human resources. Reduced population growth will also reduce pressure on the environment. USAID has both government and private sector programs that increase contraceptive prevalence and provide nutrition and other select health services to high-risk groups. USAID has also recently begun a new program which supports NGO activities to prevent the spread of the HIV virus in Tamil Nadu State.

One of the most important causes of India's high fertility rate is the social and economic backwardness and illiteracy of women in India. All aspects of USAID's population activities are viewed through the gender prism, since USAID believes that increased control by women of their productive and reproductive lives plays a significant role in reducing the size of families and reducing malnutrition and diseases among women and children.

The Cooperative for Assistance and Relief Everywhere (CARE) intends to reorient its program in India so that one of its primary goals will be to increase women's control of their productive and reproductive lives. USAID will look for ways to support CARE's innovative and bold new directions. To enhance the role of women, we will explore possibilities of (a) initiating new monetization programs, (b) providing development assistance resources to CARE for its family planning initiatives, and (c) starting a new Title II food aid program which focuses on keeping girls in school.

High infant and child mortality rates and associated malnutrition remain serious problems for a large percentage of India's population and adversely impact on decisions on family size. To

address these problems with high-risk groups USAID has been supporting programs within the context of India's Integrated Child Development Services, the largest child survival program in the world. USAID is also supporting child survival objectives in India through partnerships with the Government and indigenous private voluntary organizations. Since Indian PVOs play a pioneering role in the provision of outreach maternal and child health services to under served communities, we are strengthening the ability of such organizations to play an expanded role in the future. Since immunizations are the most effective way to guard against the seven most serious childhood diseases, USAID is also helping the Government to establish a National Institute of Biologicals to ensure the quality of imported and locally manufactured vaccines.

(3) Protecting the Environment

India has the tenth largest industrial base in the world, the second largest population and presently causes pollution problems which are of global dimensions. Delhi, Calcutta and Bombay are among the ten most polluted cities in the world, and by the year 2000 India will have 350 million city dwellers and 40 cities with populations exceeding one million persons. India is also the world's fifth most important (and second fastest growing) source of greenhouse gas emissions, and its high levels of carbon dioxide, nitrogen oxide and particulate matter emissions are major threats to global air quality. Environmental degradation also threatens India as one of the world's most important centers of biodiversity. If India's economic growth accelerates, as it should if the reforms continue and accelerate, India's pollution and environmental challenges will also multiply. USAID is working to address these environmental problems by helping to reduce air pollution, to improve energy efficiency, and to strengthen biodiversity preservation.

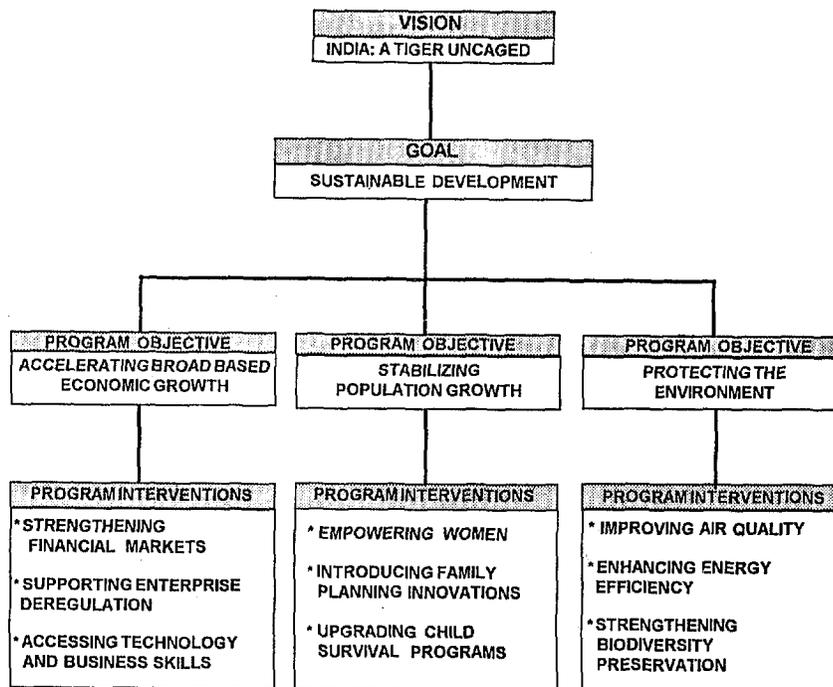
USAID's strategy is to help India improve its air quality by: (a) helping Indian firms adopt industrial pollution abatement technologies and services from the United States, (b) improving environmental policies and fostering technological innovations to reduce pollution in critical sectors, and (c) privatizing and financing urban environmental infrastructure expansion. USAID plans to develop a specific project to improve air quality in India through increased pollution prevention and control. The project will select

those critical environmental problems which spill beyond India's borders and work in a close partnership with both the public and private sectors to design and execute interventions to address those problems. It will work at the policy, technology and operational levels to ensure success in pollution prevention in key sectors, such as transport.

Both energy shortages and environmental degradation directly affect the productivity and sustainability of Indian enterprises. The two concerns are inextricably related: energy production is a major cause of pollution, while environmental concerns present constraints to the development of new energy resources. USAID's strategy to address these problems emphasizes energy efficiency improvements associated with supply, distribution and end use; and support for private sector participation in energy development through policy and institutional change and the promotion of environmental considerations in energy planning and development. Given the recent policy changes which encourage private sector and foreign investment in the energy sector, we will look for opportunities to facilitate U.S. investment in this area.

The preservation of India's extremely rich biological resources is necessary for the good of the global, regional, national and local communities. Pressures which could destroy Indian biodiversity, such as population growth and concomitant pressures on land resources, make the preservation of genetic material a priority. USAID is helping to establish the world's largest genebank to preserve India's rich and diverse plant genetic resources to sustain advances in agriculture.

USAID's agenda for the coming decade is based on the recognition that the U.S. has an array of resources that can help India to address its increasing environmental problems. Increased emphasis on energy efficiency and environmentally sound services and technologies place this aspect of the program in the forefront of the U.S. Asian Environmental Partnership.



B

PROGRAM OBJECTIVE NO. 1: ACCELERATING BROAD-BASED ECONOMIC GROWTH

PROJECT DESCRIPTIONS

- Housing Finance System Expansion Program (HFSEP)**
**(Life-of-Project: 1988-96, \$100 million in loan guarantees;
managed by RHUDO.)**

This program promotes the development of a financially sound, self-sustaining, private sector housing finance system which makes long-term shelter finance available to a wide range of households, particularly those below the median income. USAID has supported private housing finance in India since 1981 and has assisted in the rapid expansion of the number of registered housing finance companies (HFCs). In 1979 when USAID's housing finance effort began there was only one HFC in India; today there are over 250. The total loan volume has increased from \$2 million in 1979 to over \$2 billion serving over 1 million households. Building on past successes, this program will continue to provide capital through the National Housing Bank (NHB) for new housing finance companies. The expanded policy agenda includes increasing the financial resources available to the housing sector; expanding the number of market-oriented housing finance institutions; and expanding the supply of housing finance to poor income households.

- Housing Finance System Expansion Project (HFSP)**
**(Life-of-Project: 1992-96, \$4.3 million DA; managed by
RHUDO.)**

The project assists the housing finance companies by financing consultancy assistance, training and management support services to promote the development of a financially sound, market-oriented housing finance system which makes long-term shelter finance available to a wide range of households, including those below the median income. This grant complements the Housing Guaranty (HG), loan-funded component of the Housing Finance

System Expansion Program and assists in achievement of several policy objectives: to increase domestic, private sector sources of funds for housing finance; to develop and expand market-oriented housing finance institutions; and to expand the supply of housing finance to low-income families.

- Financial Institutions Reform and Expansion (FIRE)**
(Life-of-Project: 1993-99, \$20 million DA and \$125 million HG funds; managed by PRO and RHUDO.)

The objectives of FIRE project are to (a) strengthen the securities market regulations, institutions and systems in order to enhance capital market efficiency and increase the participation of domestic and foreign investors, and (b) broaden and deepen private investment in India's long-term debt market with emphasis on the development of commercially viable urban environmental of infrastructure finance system. The project complements financial sector policy reform initiatives recommended by the GOI and supported by the World Bank and the Asian Development Bank. The project also complements the recently adopted policy reforms to improve the urban environment through increased investment in urban infrastructure. The project builds on existing USAID-funded pilot projects which are assisting in the establishment of an over-the-counter stock market, a national stock depository and improved settlement and clearance systems for India's 23 stock and bond markets.

The RHUDO office manages the debt market development component of the FIRE project. Housing Guaranty (HG) funds, training and consultant assistance will be used to help develop India's debt market by promoting the financing of urban environmental infrastructure projects through the private capital markets. The objective is to: (a) increase the capacity of the debt (e.g. bond) market to serve as a major private-sector source of finance for India's massive urban infrastructure needs; (b) improve the capacity of local governments to plan, operate, maintain, and recover the costs of basic urban infrastructure projects; and (c) increase the trading volumes of debt instruments and the introduction of new financial instruments to finance urban environmental infrastructure.

□ **Technical Assistance and Support Project (TASP)**
(Life-of-Project: 1988-96, \$18 million; managed by PRO.)

TASP supports grant proposals from eligible institutions and organizations engaged in economic policy research and advocacy to increase the competitiveness of the Indian economy and improve financial and regulatory environment. The TASP grants fund a broad spectrum of activities including collaborative associations with U.S. institutions and organizations, research studies, seminars, workshops, short-term training programs, etc. It focuses on critical areas of the GOI's reform program such as privatization, trade liberalization, and financial and regulatory reform. An illustrative list of ongoing TASP grant and cooperative agreements include the following:

- International Center for Economic Growth (\$0.580 million)
(Distinguished author seminar/collaborative economic policy research)
- Institutional Reform and Informal Sector (\$0.307 million)
(Collaborative economic policy research)
- Indian Council for Research on International Economic Relations (\$0.475 million)
(Indo-U.S. trade study/workshops)
- Economic/Financial Policy Training (\$0.981 million)
(Senior policy-level participants to short-term U.S. economic policy courses)
- Indian Institute of Foreign Trade (\$0.228 million)
(Trade/foreign direct investment study)
- Stock Holding Corporation of India (\$1.384 million)
(Capital market technical assistance and specialized training)
- Institute for Financial Management and Research (\$0.119 million)
(Capital market research)

- National Institute of Urban Affairs (\$0.208 million)
(Develop and apply new research techniques and information technology for urban resource management in India. Managed by RHUDO.)
- Federation of Indian Chambers of Commerce and Industry (\$1.137 million)
(Economic policy reform seminar series. Managed by E³.)

Seminar on Pollution Control - A Case Study of the River Ganges - Sankat Mochan Foundation (\$0.046 million)

Indo-U.S. Science & Technology Fellowship Program (\$2.6 million)
(Fellowships in which Indian scientists collaborate with U.S. scientists in the U.S. for extended periods. Managed by PDIT.)

International Executive Service Corps's Volunteer Executive (VE) Program (\$2.197 million)
(Short-term technical assistance to small and medium sized firms to increase productivity. Managed by E³.)

International Food Policy Research Institute's Collaborative Research Program on the Future Growth in Indian Agriculture (\$2.215 million). (Extensive program of agricultural policy research. Managed by PRO.)

Automation of Water Treatment Plant Pilot Demonstration Activity (\$1.233 million).
(Technical assistance to design and engineer a state-of-the-art automated water treatment plant for New Delhi. Managed by PDIT.)

- Title III Program**
(Life-of-Project: 1992-93, \$48 million; managed by FFD and PRO.)

Economic restructuring can have a number of short-term, adverse consequences which can jeopardize implementation of the policy reforms. In support of these reforms USAID therefore provided India with a two-year, \$48 million, Title III food aid grant (\$25 million in FY 92 and \$23 million in FY 93) to help provide a safety net which

will alleviate some of the short-term dislocations caused by structural adjustment. The Grant agreement signed with the GOI on May 28, 1992, is providing India with about 85,000 tons of crude, degummed soybean oil over a two year period, and this oil is sold to the private sector in an open competitive auction. The program is designed to (a) provide balance of payments support during a difficult period of structural adjustment, (b) contribute to the reform by financing various food security related, safety net programs (including NGO-supported activities), (c) support the GOI's open-market policy by privatizing the processing and marketing of Title III vegetable oil, and (d) contribute to the development of the food and agriculture sector by providing credit to small and medium-sized agro-industries.

India Private Power Initiative (IPPI)
(Life-of-Project: 1993-95, \$3 million; managed by E³.)

This initiative responds to the 1991 Government of India decision to encourage private investment in its power sector, so that India can meet its enormous need for additional generation capacity-estimated at more than 70,000 MW of power valued at U.S. \$70 billion over the next ten years. IPPI provides (a) "hands-on" technical assistance to State utilities (SEBs) and the GOI to build in-country capabilities to evaluate and process the numerous project proposals now pending before the GOI (over 35 U.S. developers); (b) transactional assistance to formulate the necessary project contract documentation suitable for international financing; (c) support to the GOI to develop the legal policy and regulatory framework that will foster private investment; (d) country-wide training on private sector participation in the power sectors of developing countries; and (e) introductory support to U.S. developers seeking potential Indian joint venture partners. IPPI works closely with the GOI, SEBs, the World Bank, the Asian Development Bank and others to establish a sustainable, environmentally- conscious private power industry in India.

Agricultural Commercialization and Enterprise (ACE)
(Life-of-Project: 1991-98, \$20 million; managed by E³.)

This project is aimed at improving the operating environment for private agribusiness in horticulture. Given the encouraging stance of the government towards commercialized agribusiness, particularly

food-processing, expected sustained outputs of this project include increased financial institutional support, increased investment by private firms, improved agribusiness management, strengthened business association and policy framework. Principal USAID inputs in this project are loans to private agribusiness for acquisition of U.S. and indigenous equipment, technology and consulting assistance. The project is being implemented by the Industrial Credit and Investment Corporation of India (ICICI), Bombay. Although the project initially focused on Maharashtra State alone, the Mission and ICICI have recently approved its extension to the rest of India.

Program for Advancement of Commercial Technology (PACT)
(Life-of-Project: 1985-95, \$21.22 million; managed by E³.)

PACT is designed to accelerate the pace of technological innovations in products and production processes and help build a market-oriented, R&D capacity in the Indian private sector. PACT provides up to \$500,000 per collaboration to co-finance the pre-production research and development costs of Indo-U.S. joint ventures which develop and commercialize an innovative product or process. The aim is to support commercialization in such a way that the royalties generated can be recycled into the PACT Technology Fund which has seed money totalling \$18.8 million. PACT is being implemented by the Industrial Credit and Investment Corporation of India (ICICI), Bombay. As of December 31, 1993, 45 subprojects involving PACT contributions of over \$14.6 million have been approved. These projects include edible oil recovery, biopesticides, irrigation pumps, engineering software, tissue culture, pollution control, pharmaceutical and information technologies, etc. Of these, 22 subprojects have been completed, and the remaining 23 are under various stages of development. Of the 22 completed projects, 12 have already started commercial operations and are making repayments to the PACT fund. The products which are already being sold in the U.S. and in India include prime grade button mushrooms, an anti cancer drug, a high performance multiprocessor system for real-time computer applications, permanent magnet alternators, software applications for PC based networks, and a component library management system for electronic design automation. Another four subprojects are expected to begin commercialization in 1994.

□ **Center for Technology Development (CTD)**
(Life-of-Project: 1989-98, \$10 million; managed by E³.)

The purpose of CTD is to stimulate the process of technology development and commercialization in India by acting as a catalyst for interaction among leading representatives of industry, academia, R&D and finance. These interactions, which rely on focus groups, lead to collaboratively planned technology infrastructure initiatives. CTD focus groups have been established in the areas of informatics, food processing, dryland development and new materials. Support groups have been established for human resource development, venture capital and buyer-supplier development. Studies, such as one on venture capital, have been prepared, and a workshop on industry-university interfaces, especially in the chemical industry, was conducted. CTD is working with three prestigious educational institutions to implement a program for computer science education with emphasis on software development and distance-education. Other activities include support for the development of Applied Technology Centers in food processing, information and dryland development and the provision of training and technical assistance for developing design, fabrication, equipment operation, quality control and technology management capabilities. A quality control laboratory for fruits and vegetables has been established at the University of Agricultural Sciences in Bangalore to provide quality control testing services to small and medium businesses on a fee-for-service basis. Currently, all CTD activities are limited to Karnataka state.

□ **International Executive Service Corps (IESC) Grant**
(Life-of-Current Grant: 1993-94, \$0.72 million; managed by E³.)

The purpose of IESC Volunteer Executive (VE) program is to provide short-term technical assistance to Indian small and medium enterprises to increase their productivity. The IESC VE program in India was started in 1987 with modest funding. As of December, 1993 over 145 VEs have visited India and provided consulting services to approximately 100 Indian enterprises. The assisted companies' evaluations praise the assistance provided by the individual VEs and the IESC program as a whole. Recent changes in the economic policy announced by the GOI have underscored the need

for a more determined effort at productivity improvement and an increase in both domestic as well as international competitiveness for Indian businesses.

C

PROGRAM OBJECTIVE NO. 2: STABILIZING POPULATION GROWTH

PROJECT DESCRIPTIONS

- Innovations in Family Planning Services (IFPS)**
(Life-of-Project: 1992-2002, \$325 million; managed by PHN.)

The IFPS project proposes to assist the state of Uttar Pradesh (with a population of 140 million) to sharply reduce its fertility rate through doubling the use of modern contraceptive methods over a ten-year period. Current levels of fertility in the four large North Indian states, where 40 percent of the population lives, are close to the level that existed in whole of India at the time of Independence in 1947. Thus, reducing fertility in Uttar Pradesh and other large northern states is essential if India is to lower its national rate of population growth. To achieve this purpose, the project has three objectives:

(a) To increase access to family planning services by strengthening service delivery in the public sector and developing or expanding the capacity for service delivery in the non-governmental sector. Access will also be expanded through hospitals, clinics, household and community-based distribution, social marketing and commercial retail sales so that services are available to a large proportion of clients living in the harder-to-reach rural, poor urban, and peri-urban areas.

(b) To improve the quality of family planning services by expanding the choice of contraceptive methods, improving the technical competence of personnel, ensuring informed choice through effective counseling, and improving management and follow-up of client services, and improving contraceptive logistics.

(c) To promote family planning by broadening support among leadership groups, increasing the public understanding of the health and welfare benefits of family planning, creating a better image of the program, and providing information (or advertising in the case of the social marketing program) on the availability of services and methods.

The family planning project in India's most populous state (U.P.) is being implemented through a non-governmental organization to maximize participation and partnership with a wide range of private groups. The project also aims to increase the participation of women in its implementation at all levels.

Private Voluntary Organizations for Health-II (PVOH-II)
(Life-of-Project: 1987-97, \$10 million; managed by PHN.)

Intended to broaden and strengthen the role of the PVO sector in health care delivery the PVOH-II project is supporting the expansion and improvement of basic and preventive health, family planning and nutrition services for the poor through the private and voluntary sector. Under PVOH-I, 30 PVOs were supported, and this project demonstrated that the PVO sector has an important role to play in the delivery of health services in India. Encouraged by this success, the emphasis of PVOH-II now is on providing technical assistance to strengthen PVO health programs to ensure the provision of quality health care services and the sustainability of project achievements. Forty PVOs have been awarded grants under PVOH-II to strengthen maternal and child health service delivery to communities in remote, under-served areas.

Quality Control of Health Technologies (QCHT)
(Life-of-Project: 1990-98, \$13.3 million; managed by PHN.)

QCHT is designed to expand and modernize the institutional capacity required to ensure that biologicals such as vaccines, blood products, and immunodiagnostic kits, etc. produced or imported for use in India are safe and potent. This is a tripartite effort with USAID providing training, technical assistance and scientific equipment; the Government of Japan providing up to \$50 million for the construction of a modern facility; and the Government of India providing the land, manpower and ongoing support. Expected project outputs include a well-equipped, functioning, core laboratory for scientifically analyzing

samples; appropriate training programs for personnel associated with biological manufacture; the installation and operation of a central database and MIS on biologicals; and the forging of linkages with international agencies and institutions engaged in laboratory quality control programs, training and research. It also is expected that an improved environment for quality will encourage greater private sector participation in the future.

- Title II Program**
(Life-of-Project: Annual/Indefinite; Average Annual Expenditure Approximately \$100 million; managed by FFD.)

India is home to a large share of the world's poorest citizens and more malnourished children than live in all of sub-saharan Africa. Thus, the India Title II grant food aid program has been the largest non-emergency program worldwide since PL 480 begun in 1954. The value of the program has approximated \$100 million per year (including ocean freight) in recent years. Primary management responsibility rests with two U.S. PVOs, CARE and CRS. USAID institutional development grants to CARE and CRS enable them to reach needy children and pregnant/lactating women more effectively, as well as develop complementary income generation and health programs. For CRS, the Title II program is targeted to underprivileged classes through maternal and child health, food-for-work, school feeding and other child feeding activities.

Cooperative for Assistance and Relief Everywhere (CARE)

At a project level of about \$80 million (176,910 metric tons plus ocean freight) for FY 1994, the CARE, Title II program is the largest single Mission activity in dollar terms. CARE's program largely supports the GOI's Integrated Child Development Services (ICDS) program, covering 7.5 million 0-6 year old children and pregnant/lactating women. This is one of the most ambitious integrated child survival programs in the world. Complementing the food inputs, USAID will continue to provide dollar and rupee resources, both through Mission and USAID grants, as well as through periodic monetization of Title II commodities and sale of food containers. CARE has used monetization funds of approximately \$ 6 million to develop training programs for health providers which address two of the leading killers of children in India - pneumonia and

diarrheas - and for micronutrient and micro enterprise interventions.

Catholic Relief Services (CRS)

In close collaboration with its Catholic Church counterparts, CRS implements its Title II program through three zonal offices in Bombay, Calcutta and Madras. CRS reaches 679,000 beneficiaries daily through a wide variety of programs targeted on mothers and small children, community development activities such as well-digging and small scale forestry projects, and orphanages and other institutional programs under which Mother Teresa and her Sisters of Charity are a major recipient. The FY 1994 program level is \$19 million (50,390 metric tons plus ocean freight).

To support CRS towards management improvement, a \$4.3 million Strengthening Grant was given to CRS to fund: i) CRS and counterpart staff training and augmentation, ii) Short and long-term technical assistance, iii) Improved commodity management and accountability, and iv) Upgrading of warehousing/transport. Of the \$ 4.3 million, \$ 2.4 million have been obligated to date and the grant is valid up to September 1995.

World Food Program (WFP)

PL 480 Title II assistance to WFP/India has average 62,000 metric tons \$25 million annually over the last three years. USG commodities account for a large portion of the total food donation for WFP/India. WFP also participates in the ICDS program, feeding 2.1 million recipients daily. To support the WFP's commodity monitoring and health education programs, USAID/India is also providing WFP with a four-year, \$ 375,000 grant which will extend through 1994. The funds provided under this grant support expanded monitoring, evaluation, training, and applied research activities of the WFP's Project.

D

PROGRAM OBJECTIVE NO. 3: PROTECTING THE ENVIRONMENT

PROJECT DESCRIPTIONS

- Trade in Environmental Services and Technologies (TEST)**
(Life-of-Project: 1992-97, \$25 million; managed by E³.)

The objective of the TEST project, which is in its second year of operation, is to address India's industrial pollution problem through long-term linkages between U.S. and Indian environmental services and technologies (ESTs) providers and consumers. This will be accomplished with direct purchases as well as via standard commercial arrangements such as licensing agreements and joint ventures. TEST provides funds (loans and conditional grants) to support sound environmental investments, technical assistance, trade and investment tours, information networks, promotion and EST sector activities of trade and professional organizations and the implementing developmental finance institutions. Expected project accomplishments include: improved pollution control equipment and services in project related industries, a strengthened information network linking U.S. suppliers and Indian users in a two way flow of information, and an increased number of linkages between Indian consumers and U.S. suppliers.

- Program for Acceleration of Commercial Energy Research (PACER)**
(Life-of-Project: 1987-97, \$20 million; managed by E³.)

PACER promotes the development of technological innovations in the Indian energy sector through the development, introduction and testing of market-oriented operational models. PACER provides financial assistance of up to \$3 million to consortia of manufacturers, research institutions, and/or end-users. As of December, 1993, 23 consortia subprojects, 2 market seeding projects and 8 research studies involving PACER assistance of \$17 million have been approved for product/process development in energy

conservation, power generation through renewable sources and analytical studies on management and policy in the Indian power/energy sector. PACER has successfully demonstrated the concept of consortia research in areas such as energy conservation, renewable energy, energy storage and coal gasification.

Energy Management Consultation and Training (EMCAT)
(Life-of-Project: 1991-97, \$22 million; managed by E³.)

EMCAT's objective is to improve India's technological and management capabilities for the efficient supply and end-use of energy by all sectors of the economy, including agriculture. EMCAT uses three avenues to improve both the supply and the demand sides of the energy equation. First, to provide a more reliable and sustainable supply of electric power to consumers EMCAT assists the GOI Power Finance Corporation (PFC) to effectively lead the electric utilities in operating according to sound technical standards and responsible economic principles (e.g. in the pricing of power). Second, EMCAT promotes a policy of open-markets in the supply and purchase of power and helps enterprises obtain energy services and equipment for the creation of cogeneration capacity. Third, through the Industrial Development Bank of India (IDBI), EMCAT assists private enterprises to improve management and acquire expertise and equipment necessary to decrease energy consumption. Because U.S. firms supply the technical services and equipment for this project, U.S. suppliers have first access to many sectors of the Indian energy market. EMCAT is also critical to the successful implementation of \$500 million of World Bank and the Asian Development Bank power projects over the next five years.

Plant Genetic Resources (PGR)
(Life-of-Project: 1988-97, \$18.7 million; managed by E³.)

The PGR project is designed to assist India in preserving its rich and diverse plant genetic resources for use in sustaining advances in agriculture. Through the project, the National Bureau of Plant Genetic Resources (NBPGR) including its regional stations and base collection centers, as well as other institutions of the Indian Council of Agricultural Research (ICAR) and the State Agricultural Universities (SAU), are linked in a nationwide plant genetic resource system capable of undertaking the collection, storage, and international

exchange of germplasm. The project provides funding to NBPGR for collaborative research, joint exploration, participant training, consulting assistance, management support and equipment. The grant also partially funds construction of a national genebank building for long term storage of up to 600,000 accessions. The project is the Agency's largest biodiversity activity to date.

Greenhouse Gas Pollution Prevention (GEEP) Project
(Life-of-Project: 1994-99, \$19 million; managed by E³.)

Currently under design, the purpose of the GEEP project is to reduce the emission of greenhouse gases related to energy generation in India. The project will reduce greenhouse gas emissions in India, whose current energy production is largely dependent on coal, by helping to develop efficient coal and biomass energy technologies for power sector expansion. As a direct U.S. contribution to the Global Environment Facility (GEF) portfolio, this project will underwrite activities which will produce and disseminate valuable new information on: (a) more efficient and clean coal technologies and their first near-commercialization phase deployment in a developing country context; (b) biomass cogeneration in the sugar industry, using currently wasted cane trash and/or multiple biomass sources; (c) introducing market-based operation and management practices; and (d) regulatory enforcement approaches and innovative financing options for new technologies. The project benefits will accrue to the Indian and Global environment.

E

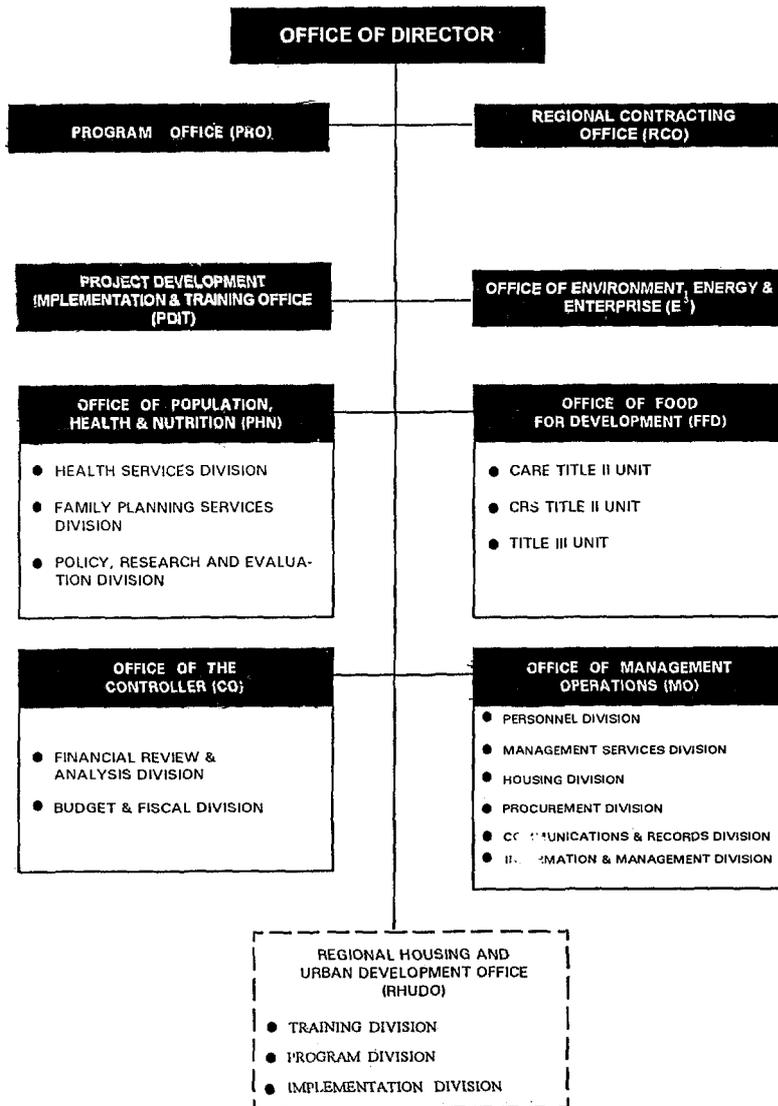
OTHER PROJECTS

PROJECT DESCRIPTION

- AIDS Prevention and Control (APAC)**
(Life-of-Project: 1992-99, \$10 million; managed by PHN.)

APAC's purpose is to reduce the transmission of Human Immunodeficiency Virus (HIV) in the State of Tamil Nadu by focusing on interventions demonstrated to have the greatest impact on the spread of HIV. It supports a well-coordinated effort by Non-Governmental Organizations (NGOs) to implement interventions known to have a significant impact on the spread of AIDS: the use of condoms, the treatment of sexually transmitted diseases (STDs), and reduction in the number of partners. Behavioral and operational research, including market research, plays a prominent role in the development and evaluation of all project interventions. Groups targeted by project interventions include populations in India shown to be at "high risk" of becoming infected with the AIDS virus (e.g., prostitutes and their clients and STD patients). Project beneficiaries include the entire population, but more directly, the spouses, children and communities of the high-risk portions of the population. The project is to be implemented in the State of Tamil Nadu. Selected research and networking activities in other locations in India which could benefit the Tamil Nadu effort will be funded from the project as well.

USAID/INDIA
MISSION ORGANISATION CHART



PROJECT SUMMARY SHEET

As of March 31, 1994

(\$ 000)

Project Number	Project Title	ProAg. Date	P A C D			LOP Authorization Grant	Obligations Grant	Status of CPs	PDIT Officer	Project Officer	Office
			Original	Revised	TDD						
ON-GOING PROJECTS:											
386-0494	PACER	08/31/87	06/30/93	08/31/97	05/31/98	20,000	17,000	Met	KCK	N. V. Seshadri	EEE
386-0496	PACT *	08/30/85	07/31/90	07/31/95	04/30/96	21,224	21,024	Met	KCK	R.K. Berry	EEE
386-0507	Center for Technology Dev.	07/29/89	07/31/95	06/30/98	03/31/99	10,000	5,000	Met	KCK	R.K. Berry	EEE
386-0511	PVOH-II **	08/31/87	09/30/95	08/31/97	05/31/98	10,000	10,000	Met	NR	R. Ved	PHN
386-0513	Plant Genetic Resources	08/31/88	09/30/95	09/30/97	06/30/98	18,700	17,200	Met	KCK	D.R. Arora	EEE
386-0514	Quality Control of Health Tech.	09/24/90	09/30/98	-	06/30/99	13,300	5,000	Met	NR	K. Sudhakar	PHN
386-0515	Technical Assistance & Support Project	08/31/88	09/30/96	-	06/30/97	18,000	15,800	Met	NR	M. Gupta	PRO
386-0517	EMCAT ***	06/28/91	03/31/97	-	12/31/97	20,000	7,157	Met	KCK	N. V. Seshadri	EEE
386-0521	Agricultural Commercialization & Enterprise	08/28/91	09/30/98	-	06/30/99	20,000	7,200	Met	KCK	B.N. Maheshwar	EEE
386-0526	Housing Finance System Expansion	04/30/92	09/30/96	-	06/30/96	4,300	2,100	Met	KCK	C.J. Billand	RHUDO
386-0525	AIDS Prevention & Control	09/30/92	09/30/99	-	06/30/00	10,000	3,320	Met	NR	R. Masilamani	PHN
386-0527	Innovations in Family Planning Services ****	09/30/92	09/30/02	-	06/30/03	325,000	30,000	Met	NR	J. Dumm	PHN
386-0530	Trade in Env. Services & Technologies	09/30/92	09/30/97	-	06/30/98	25,000	6,200	Met	KCK	A. Ray	EEE
386-0531	Financial Institutions Reform & Expansion	09/27/93	09/30/98	-	06/30/99	20,000	2,000	Met	SN	J. O'Rourke	PRO
TOTAL						535,524	149,001				

* Includes Unilateral grant obligations (Facility Funding) of \$0.958 million.

** Includes Indian Rupees 7,770,000 (equivalent to \$ 300,000) of SFCA Rupee deob/reob funds.

*** EMCAT LOP Authorization has since been increased by \$ 2.0 million to total \$ 22.0 million.

**** LOP Authorization includes \$100,000 (000) to be provided by R&D/POP, USAID/W, outside of the bilateral program.

25

PROPOSED STRATEGIC INVESTMENT PLAN
(Millions of Dollars)

Program Objective/ Active Bilateral Projects	Current PACD	Proposed PACD Extension	Obligation Thru FY 93	Mortgage 09/30/93
<u>ACCELERATED ECONOMIC GROWTH</u>				
Technical Assistance & Support Project	9/30/96	9/30/99	14.80	3.20
Financial Institutions Reform & Expansion	9/30/98	-	2.00	18.00
Housing Finance System Expansion Prog	9/30/96	-	2.10	2.20
Prog. for the Advancement of Comm. Tech.	7/31/95	-	21.02	0.20
Center for Technology Development	6/30/98	-	5.00	5.00
Agricultural Commercialization & Enterprise	9/30/98	-	7.20	12.80
India Private Power Initiative	9/30/95	-	3.00	0.00
Proposed New Start (In FY 1996)	9/30/02	-	0.00	0.00
Proposed New Start (In FY 1998)	9/30/04	-	0.00	0.00
Housing Guarantee Program	n/a	-	215.40	0.00
PL 480 Title III	n/a	-	48.00	0.00
Sub-Total			318.52	41.40
<u>STABILIZING POPULATION</u>				
Innovations in Family Planning Services	9/30/02	-	30.00	195.00
Private Vol. Organizations for Health-II	8/31/97	-	10.00	0.00
Quality Control of Health Technologies	9/30/98	9/30/99	5.00	8.30
PL 480 Title II (CARE & CRS (Non-Humanitarian))	n/a	-	n/a	
Sub-Total			45.00	203.30
<u>PROTECTING THE ENVIRONMENT</u>				
Prog. for Acceleration of Comm. Energy Res.	8/31/97	-	14.79	5.21
Plant Genetic Resources	9/30/97	-	14.70	4.00
Energy Mgt. Consultation & Training	3/31/97	3/31/98	7.16	12.84
Trade in Env. Services & Technologies	9/30/97	9/30/99	6.20	18.80
Greenhouse Gas Pollution Prevention	9/30/99	-	0.00	0.00
Environmental Protection Initiative	9/30/00	-	0.00	0.00
Proposed New Start (In FY 1997)	9/30/03	-	0.00	0.00
Proposed New Start (In FY 1999)	9/30/05	-	0.00	0.00
Sub-Total			42.85	40.85
<u>PROJECTS NOT CONTRIBUTING TO THE ABOVE OBJECTIVES, BUT ARE IMPORTANT TO CONTINUE</u>				
AIDS Prevention and Control	9/30/99	-	3.32	6.68
PL 480 Title II (CRS (Humanitarian))	n/a	-	n/a	
Sub-Total			3.32	6.68
TOTAL PROJECTED DA			146.29	292.23
- POP			(30.40)	(196.60)
- NON-POP			(115.89)	(95.63)
TOTAL PROJECTED NON-DA			263.40	0.00

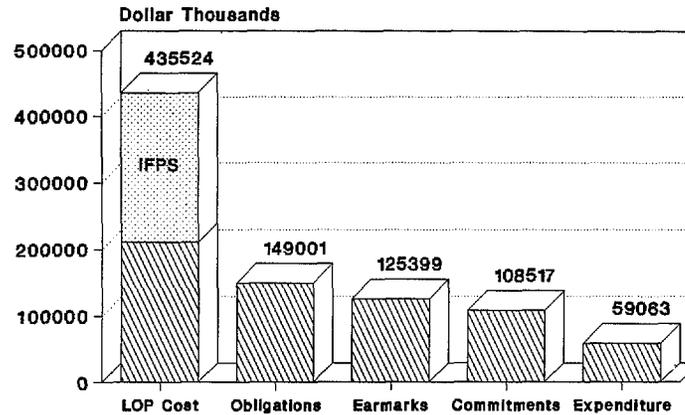
Note: PL 480 Title II program level is inclusive of ocean freight.

PROPOSED STRATEGIC INVESTMENT PLAN
(Millions of Dollars)

OBLIGATIONS							
FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 2000	TOTAL
2.30	0.90 A/	3.00	3.00	3.00	3.00	0.00	30.00
1.30	1.60	5.00	6.00	4.10	0.00	0.00	20.00
1.20	1.00	0.00	0.00	0.00	0.00	0.00	4.30
0.20	0.00	0.00	0.00	0.00	0.00	0.00	21.22
1.30	1.50	2.20	0.00	0.00	0.00	0.00	10.00
1.00	2.00	3.00	4.80	2.00	0.00	0.00	20.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
0.00	0.00	2.00	2.00	3.00	6.00	5.00	18.00
0.00	0.00	0.00	0.00	2.00	3.00	6.00	11.00
20.00	20.00	20.00	20.00	20.00	20.00	20.00	355.40
0.00	0.00	25.00	25.00	25.00	0.00	0.00	123.00
27.30	27.00	60.20	60.80	59.10	32.00	31.00	615.92
20.05	22.05	20.00	20.00	20.00	20.00	20.00	172.10
0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
0.00	0.00	3.00	3.00	2.30 B/	0.00	0.00	13.30
95.50	82.20	82.20	82.20 *	82.20	82.20	82.20	670.90 C/
115.55	104.25	105.20	105.20	104.50	102.20	102.20	784.10
2.21	3.00	0.00	0.00	0.00	0.00	0.00	20.00
2.50	1.50	0.00	0.00	0.00	0.00	0.00	18.70
2.28	2.49	5.00	3.07	2.00 B/	0.00	0.00	22.00
1.40	2.00	4.00	4.00 B/	4.00	3.40	0.00	25.00
9.50	9.50	0.00	0.00	0.00	0.00	0.00	19.00
0.00	1.50	4.00	4.00	5.50	6.00	4.00	25.00
0.00	0.00	0.00	2.00	2.00	4.00	5.00	13.00
0.00	0.00	0.00	0.00	0.00	3.00	5.00	8.00
17.89	19.99	13.00	13.07	13.50	16.40	14.00	150.70
0.00	0.00	1.80	1.13	2.10	1.65	0.00	10.00
8.00	6.50	6.50	6.50	6.50	6.50	6.50	47.00 C/
8.00	6.50	8.30	7.63	8.60	8.15	6.50	57.00
45.24	49.04	53.00	53.00	52.00	50.05	45.00	493.62
(20.05)	(22.05)	(20.00)	(20.00)	(20.00)	(20.00)	(20.00)	(172.50)
(25.19)	(26.99)	(33.00)	(33.00)	(32.00)	(30.05)	(25.00)	(321.12)
123.50	108.70	133.70	133.70	133.70	108.70	108.70	1,196.30

A/ Add-on of \$12.0 million proposed in FY 1995 with PACD extension to 9/30/99.
 B/ PACD Extension only. C/ Reflects total from FY 1994 through FY 2000.

**USAID PORTFOLIO
FINANCIAL DATA
(As of March 31, 1994)**



PORTFOLIO FINANCIAL DATA

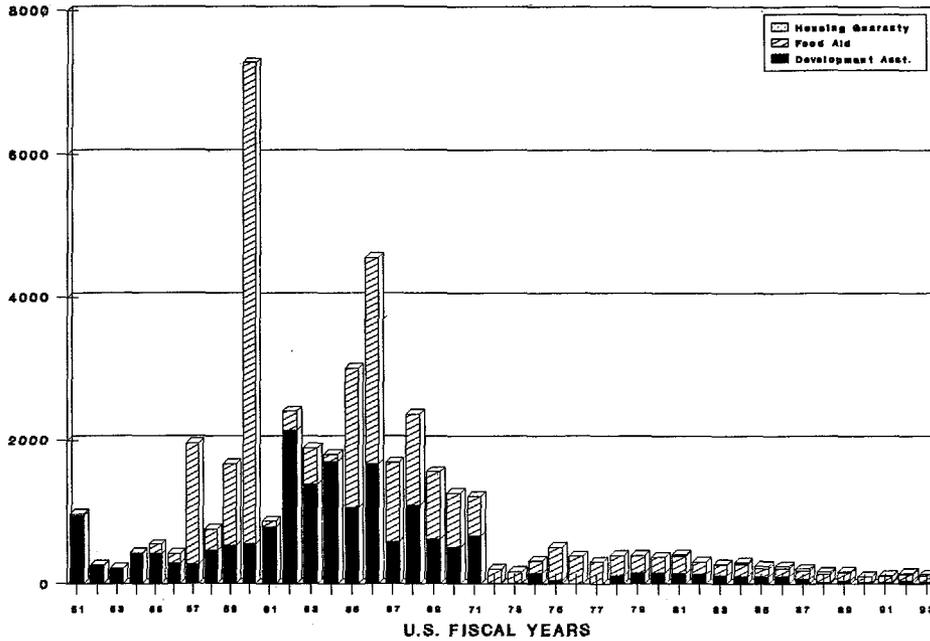
	<u>\$000</u>
Life of Project (LOP) Costs (14 ongoing projects)	435,524*
Total Obligations (Incl. Reobs)	149,001**
Total Earmarks	125,399
Total Commitments	108,517
Total Expenditures	59,063

* LOP includes \$225 million of 10-year family planning (IFPS) project.

** Includes \$5,709 of the FY 1994 OYB of \$45,243.

USAID ASSISTANCE TO INDIA ACTUAL OBLIGATIONS - 1951 TO 1993

(At Constant 1990 Dollar Value)



USAID/NEW DELHI

SUMMARY OF U.S. ECONOMIC ASSISTANCE TO INDIA
1951 THROUGH SEPTEMBER 30, 1993
(In Million U.S. Dollars)

<u>Type of Assistance</u>	<u>Amount Obligated</u>
1. Technical Assistance Program:	
(a) Development Grants	822.4
(b) Loans (repayable in rupees)	148.1
2. Development Loans: <u>a/</u>	
(a) Dollar Loans repayable in rupees	502.3
(b) Dollar Loans repayable in dollars	3,491.9
3. Wheat Loan of 1951 (repayable in dollars)	243.7
4. Other Development Grants	4.8 <u>b/</u>
5. Economic Support Fund Grant	7.0
6. PL 480 Title I Agricultural Commodities Sales:	
(a) Rupee Payable Sales	4,076.8 <u>c/</u>
(b) Convertible LC Credit Sales (repayable in dollars)	423.8
(c) Dollar Credit Sales (repayable in dollars)	244.9
7. PL 480 Title II Food Aid Grants (Donations through U.S. Voluntary Agencies and CLUSA)	2,556.0 <u>d/</u>
8. PL 480 Title III Food Aid Grants (Donation of Agricultural Commodities - Soybean Oil)	48.0
9. Other Food Aid Grants under Section 416 (Vegetable Oil)	55.6
10. Disaster Relief Grants (through Voluntary Agencies)	7.9
11.. Miscellaneous Relief Grants	5.8

12. Triangular Trade Sales (repayable in rupees)	5.8
13. ASHA Grants to Indian Institutions	8.9 e/
TOTAL:	12,653.7 f/

Footnotes:

- a/ Loans are repayable in 40 years with 2% interest during the first 10 years grace period and 3% during the next 30 years repayment period.
- b/ Includes grants to CLUSA, HUDCO, CARE, CRS, and Serum Institute of India; and grant to GOI for Industrial Safety and Health Development Program.
- c/ 1. Actual amount of P.L. 480 proceeds deposited by the Government of India under all rupee payable sales agreements totalled Rs. 22,430.8 million. Of this, actual amount utilized for Cooley Loans to private enterprises totalled Rs. 1,244.0 million; for loans and grants to Government of India Rs. 18,118.2 million; and for U.S. Government uses Rs. 3,068.6 million. All rupee loans to Government of India and private borrowers (Cooley Loans) have been fully repaid.
2. The Indo-U.S. Rupee Agreement signed on February 18, 1974 between the Government of India and the U.S. Government provided for the disposition of U.S.-owned PL-480 Title I rupees held in deposit with banks and those prepaid by the Government of India under all outstanding loans repayable in rupees. Under the terms of the Agreement, the U.S. Government additionally granted Rs. 16,804 million to the Government of India--roughly two-thirds of India's rupees debt to the U.S.--which have been used for financing various economic development projects during the first three years (1974 to 1977) of India's Fifth Five Year Plan. (Roughly Rs. 8,000 million, mostly of non-P.L. 480 funds were retained for U.S. Government uses.)
- d/ Excludes ocean freight, estimated 20% to 40% of commodities value; excludes gift commodities provided through the World Food Program.
- e/ Represents cumulative grants (FY 1979 - FY 1992) provided by A.I.D.'s Office of American Schools and Hospitals Abroad (ASHA) to the U.S. sponsors of Indian recipients. A total of six Indian institutions - three hospitals and three educational institutions - benefitted from these grants for construction of their facilities and procurement of equipment.

f/ Excludes:

(1) Housing Guarantees for \$215.4 million in U.S. market borrowings by the Housing Development Finance Corporation (HDFC), the National Housing Bank (NHB) and the National Institute of Urban Affairs (NIUA);

(2) Grants of \$ 19.0 million and \$ 0.3 million in equivalent U.S.-owned rupees provided for PVOH-I and PVOH-II projects to support Government of India-approved Indian private voluntary organizations' activities designed to improve and expand health, family planning, and nutrition services for the poor;

(3) Grant of \$ 13.7 million in equivalent U.S.-owned rupees provided to St. John's Medical College & Hospital, Bangalore, for construction of physical facilities;

(4) Grants of \$16.4 million in equivalent U.S.-owned rupees provided to U.S. private voluntary agencies in India in support of their programs of assistance in self-help activities approved under Section 204 of P.L. 480 Title II; and

(5) Grant of \$100 million in equivalent of U.S.-owned rupees (Rs.1,275 million) for the U.S.-India Fund (USIF) to support costs of cooperative educational, cultural, and scientific activities including coordinated and joint research projects of mutual interest and advantage.