

Draft NDB and AIIB Bills

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In News: Recently, The Ministry of Finance released two draft Bills related to the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB) for public consultation.

About Draft NDB and AIIB Bills

- **Ministry:** The Ministry of Finance
- The draft Bills seek to extend certain privileges and immunities to NDB, AIIB, and their staff and operations, as per the commitments made by India under the NDB and AIIB agreements.

These privileges and immunities include

Immunity from judicial proceedings

- The banks will be immune from every form of legal process, except in cases relating to their powers to raise funds, guarantee obligations, or buy and sell or underwrite securities.
- No action must be brought against the banks by any member country or any of its agencies, except as per the procedure prescribed in the agreements, regulations, or contracts.

Immunity to personnel

- All officers and employees of the banks will be immune from legal process with respect to the acts performed by them in their official capacity, except when the banks waive the immunity.

Immunity to assets

- Assets and properties of the banks will be immune from actions such as search, seizure, and attachment taken

under executive or legislative powers or before a final judgement to this effect.

- They will be exempt from any restrictions, regulations, controls, and moratoria.

Exemption from taxation

- The banks, their properties, assets, income, operations, and transactions relating to their agreements will be immune from all forms of taxation, including any obligation to pay, withhold, or collect any tax or duty.
- This will also be applicable to salaries and allowances paid by the banks to employees, unless specified otherwise in the agreements signed by India.

Asian Development Bank (ADB)

- ADB was conceived in the early 1960s as a financial institution that would be Asian in character and foster economic growth and cooperation in one of the poorest regions in the world.
- A resolution passed at the first Ministerial Conference on Asian Economic Cooperation held by the United Nations Economic Commission for Asia and the Far East in 1963 set that vision on the way to becoming reality.
- ADB's headquarters are in Manila, Philippines. The primary mission is to foster growth and cooperation among countries in the Asia-Pacific Region.
- It raises capital through the international bond markets. The ADB also relies on member contributions, retained earnings from lending, and the repayment of loans for funding of the organization.
- It provides assistance to its developing member countries, the private sector, and public-private partnerships through grants, loans, technical assistance, and equity investments to promote development.

- India was a founding member of ADB in 1966 and is now the bank's fourth-largest shareholder.
- ADB's operations in India commenced in 1986. India has been ADB's top borrower since 2010

New Development Bank

- The New Development Bank (NDB), formerly referred to as the BRICS Development Bank.
- Multilateral development bank established by the BRICS states (Brazil, Russia, India, China and South Africa)

Origin

- At the fourth BRICS Summit in New Delhi (2012), the leaders of Brazil, Russia, India, China and South Africa considered the possibility of setting up a new Development Bank to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries
- At the fifth BRICS summit in Durban (2013), the leaders agreed on the feasibility of establishing the New Development Bank and made the decision to do so
- During the sixth BRICS Summit in Fortaleza (2014), the leaders signed the Agreement establishing the New Development Bank (NDB).

Fortaleza declaration on NDB 2014

- The Bank shall have an initial authorized capital of US\$ 100 billion. (each BRICS countries have equal share and equal voting rights)
- The initial subscribed capital shall be US\$ 50 billion, equally shared among founding members.
- The first chair of the Board of Governors shall be from Russia.
- The first chair of the Board of Directors shall be from Brazil.

- The first President of the Bank shall be from India.
- The headquarters of the Bank shall be located in Shanghai.
- The New Development Bank Africa Regional Center shall be established in South Africa concurrently with the headquarters.