# THREE BANKS, ONE COUNTRY: WHAT INDIA IS ACTUALLY DOING WITH THE WORLD BANK, THE AIIB AND THE NDB

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## ABSTRACT

Since 2014, India has done something that does not fit neatly into how scholars usually describe emerging power behaviour toward multilateral institutions. It has kept deepening a borrowing relationship with the World Bank that goes back to 1948, while at the same time building two entirely new relationships, as a founding member of the China-led Asian Infrastructure Investment Bank (AIIB) and the BRICS led New Development Bank (NDB), both launched in 2015. Scholars usually describe rising power behaviour toward institutions as a binary: a country either integrates into the existing Western led order, or works to challenge and replace it. India's behaviour across these three institutions fits neither box cleanly and this paper argues the binary itself is the problem, not India's behaviour.

This paper asks a direct question: is India's simultaneous engagement with three multilateral development banks, each with different governance structures, shareholders and geopolitical alignments, the product of a coherent strategy or opportunistic borrowing that happens to look coordinated in hindsight ? To answer this, the paper traces India's engagement pattern across all three institutions since 2014 using publicly available data on portfolio size, sectoral concentration, governance participation, and conditionality intensity, read against the existing literature on regime complexity and emerging power agency.

The finding is that India's engagement is differentiated, not uniform and the differentiation follows an identifiable logic. India uses the World Bank primarily for policy reform signalling, technical assistance and institutional credibility, drawing on the Bank's reputational weight as India tries to attract foreign investment and position itself as a serious development partner for other countries. India uses the AIIB for large-scale infrastructure financing where speed and reduced conditionality matter more than policy dialogue, leveraging its position as the bank's second-largest shareholder and largest country of operations. India uses the NDB as a platform for Global South solidarity and a genuine hand in shaping alternative development finance norms, a role available to India only because the NDB's governance gives all five founding members equal standing regardless of economic size.

This paper terms this pattern Differentiated Multilateral Engagement, distinguishing it from two adjacent concepts already in the literature: forum shopping, which describes moving between institutions to find favourable rules for a single decision  and hedging, which describes maintaining relationships with competing blocs primarily to avoid dependence. Differentiated Multilateral Engagement is neither. It is simultaneous rather than sequential, and constructive rather than purely defensive, using each institutional relationship to actively build a specific kind of value rather than simply avoiding the downside of relying on one bank alone.

The implications extend beyond India's specific case. If large middle income countries engage multilateral development banks this strategically, development finance governance scholarship needs a framework treating these countries as agents shaping institutional norms from within, not simply as recipients of whatever conditions a lending institution sets. It also suggests the proliferation of development banks since 2015 is not necessarily a zero-sum contest for borrower loyalty. India's engagement with the AIIB and NDB has not reduced its World Bank relationship and may have modestly strengthened India's negotiating position within it by reducing dependence on any single lender. Whether this pattern generalises to other large borrowing countries and what it means for safeguard standards and conditionality architecture across the system, is a question this paper raises but cannot fully resolve and is flagged as a priority for future comparative research.

**Keywords:** India, Multilateral Development Banks, World Bank, AIIB, NDB, Strategic Autonomy, Regime Complexity, Emerging Powers, Development Finance Governance.

## 1. Introduction

Nobody announced it. There was no press conference, no white paper, no single moment anyone could point to. But if you look back across a decade of loan approvals, board seats, and diplomatic visits, something in how India deals with multilateral development banks clearly shifted around 2014.

India has borrowed from the World Bank for a long time, essentially without interruption. That relationship starts in 1948, with a loan for railway rehabilitation, and it never really stopped.

By 2024 the Bank's active portfolio in India stood at around $27 billion. India is its single largest borrower, worldwide.[1] That part of the story did not change after 2014, and in some respects has deepened further since, with a new Country Partnership Framework for FY2026-2031 committing an annual financing envelope of $8 to $10 billion.

What changed is that India started building two more relationships, at the same time, with two brand new institutions. In 2015 it became a founding member of both the AIIB, the China-led infrastructure bank, and the NDB, set up by the five BRICS countries.[2] Neither decision was small. Neither was an accident. And together with the World Bank relationship that was already there, they gave India something it had never had before: three separate seats at three separate tables, each with different rules, different owners, and different politics attached.

So here is the actual question this paper is trying to answer. Is this a portfolio, managed on purpose? Or is India just shopping around for whichever bank is easiest to deal with on a given week, in a way that only looks coordinated when you squint at it from far enough away?

It is worth asking, for two reasons. If you study international relations, it matters because India might be doing something that does not fit the usual story, which says a rising power either accepts the existing rules or tries to tear them down. That binary has dominated how scholars talk about China, India, Brazil, and other large emerging economies for two decades, and it increasingly does not match what these countries actually do when you look closely. If you actually work in development finance, it matters for a more practical reason: how a country like India behaves inside these banks will shape what those banks look like in ten years, which sectors they prioritise, how fast they move, and what conditions they attach to lending.

This paper proceeds in six further parts. Section 2 reviews the relevant literature on regime complexity, emerging power agency, and development finance governance, and identifies the specific gap this paper addresses. Section 3 sets out the methodology used to trace India's engagement pattern across the three institutions. Section 4 establishes the baseline of India's MDB engagement before 2014. Section 5 examines the three-institution differentiation in detail, drawing on portfolio, governance, and sectoral data. Section 6 develops Differentiated

[1]World Bank, India Country Overview (2024), https://www.worldbank.org/en/country/india/overview; India and the World Bank, Wikipedia, https://en.wikipedia.org/wiki/India_and_the_World_Bank (last visited July 2026).
[2]AIIB and India, Drishti IAS, https://www.drishtiias.com/daily-updates/daily-news-analysis/aiib-and-india (last visited July 2026); Members and Prospective Members of the Bank, Asian Infrastructure Inv. Bank, https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html (last visited July 2026).

Multilateral Engagement as a conceptual contribution and discusses its implications for how development finance governance is likely to evolve. Section 7 concludes.

## 2. Literature Review

### *2.1 Regime Complexity and Institutional Choice*

There is a substantial body of scholarship on what happens when international institutions pile up and overlap with each other. Raustiala and Victor coined the term regime complex for exactly this situation, where several institutions cover the same ground with no one clearly in charge.[3] Their basic point is that states do not just sit back and accept whatever rules land on them. States pick and choose. They sequence what they engage with. They use the overlap to their own advantage.

Alter and Meunier extended this, showing that when institutions accumulate like this, it creates real strategic room for states to shift which venue they use, build coalitions, and shape outcomes in more than one forum simultaneously.[4]

Applied specifically to development finance, regime complexity theory suggests that a country with access to more than one multilateral development bank is not simply a customer choosing between financing windows. It is potentially a strategic actor, spreading its engagements across institutions in ways designed to maximise both resource access and governance influence at once. The genuinely open empirical question, which this literature raises but does not settle for any single country, is whether states actually behave this way in practice, or whether observed borrowing patterns are better explained by project-level financing needs than by any deliberate institutional strategy.

### *2.2 Emerging Power Agency in Multilateral Institutions*

A parallel body of work looks at how rising powers engage with international institutions more broadly. Earlier scholarship framed this as a binary. Is a rising power revisionist, seeking to

[3]Kal Raustiala & David G. Victor, The Regime Complex for Plant Genetic Resources, 58 Int'l Org. 277, 277-309 (2004).
[4]Karen J. Alter & Sophie Meunier, The Politics of International Regime Complexity, 7 Persp. on Pol. 13, 13-24 (2009).

replace existing institutions, or integrationist, accepting the rules of the ones already there?[5]

More recent work argues this binary understates what is actually happening. Emerging powers often pursue something more layered: participating in established institutions while simultaneously building alternative ones, which expands their overall influence across the system rather than betting everything on either full transformation or full accommodation.[6]

India fits this second, more layered pattern far better than either the revisionist or the integrationist model. It has not tried to exit the World Bank or challenge its legitimacy. It remains one of the Bank's largest borrowers by a wide margin. At the same time, it has actively supported the creation of two new institutions and taken on serious governance roles within both. Making sense of this requires a framework that goes beyond a binary choice, and this is precisely where the existing literature, useful as it is, runs out of road.

### *2.3 Development Finance Governance and the Missing Agency Lens*

The literature on development finance governance has mostly asked two kinds of questions: how do multilateral development banks design their conditionality and operational standards, and how do recipient countries respond to those standards once they are set?[7] Comparatively little attention has gone to how a large middle-income country uses its dual position, as both a major borrower and a governance participant, to shape the strategic direction of these institutions from inside, rather than simply reacting to terms set elsewhere.

Chin's early work on the NDB remains one of the more thorough treatments of what a Southern-led development bank actually represents, arguing that new Southern-led institutions constitute a distinct form of developmental multilateralism, different both from the Washington Consensus and from an outright rejection of liberal economic norms.[8]

Chin has separately examined how the AIIB's governance structure reflects a deliberate design

[5]Andrew Hurrell, Hegemony, Liberalism and Global Order: What Space for Would-Be Great Powers?, 82 Int'l Aff. 1, 1-19 (2006); G. John Ikenberry, Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order (Princeton Univ. Press 2011).

[6]Andrew F. Cooper & Daniel Flemes, Foreign Policy Strategies of Emerging Powers in a Multipolar World: An Introductory Review, 34 Third World Q. 943, 943-962 (2013); Oliver Stuenkel, Post-Western World: How Emerging Powers Are Remaking Global Order (Polity Press 2016).

[7]Axel Dreher, Jan-Egbert Sturm & James R. Vreeland, Development Aid and International Politics: Does Membership on the UN Security Council Influence World Bank Decisions?, 88 J. Dev. Econ. 1, 1-18 (2009).

[8]Gregory T. Chin, The BRICS-led Development Bank: Purpose and Politics beyond the G20, 5 Global Pol'y 366, 366-373 (2014).

choice, one intended to reduce the transaction costs that have historically made traditional MDB lending slow and heavy on conditionality.[9]

What this literature has not yet done, and what creates the specific gap this paper addresses, is examine how a single large emerging economy navigates all three of these institutional relationships at once, and ask whether that navigation reveals a coherent underlying logic rather than three separate, unrelated bilateral relationships that happen to coexist.

## 3. Methodology

This paper uses a qualitative, comparative institutional tracing method rather than a quantitative event-study or regression design. The choice matters for how the findings in Sections 4 and 5 should be read.

The unit of analysis is a single country, India, observed across three institutions over 2014 to 2024. This is not a large-N study and does not claim statistical generalisability across a broader population of borrowing countries. A large-N design would require a comparable set of middle-income countries holding founding-member or major-shareholder status across three or more multilateral development banks with meaningfully different governance structures, simultaneously, over a comparable window. India is one of very few countries, arguably the clearest single case, where this configuration exists at sufficient scale to support detailed tracing. Brazil and South Africa hold comparable NDB founding status but lack India's scale of AIIB engagement. This scarcity of comparable cases is part of why single-case process tracing is the appropriate method here, not a limitation to apologise for.

Data was drawn from four categories of sources. First, official institutional publications: World Bank country and CPF documents, AIIB annual reporting and its ten-year impact review, and NDB shareholding and annual reports. Second, Government of India sources, principally the Ministry of Finance's External Assistance Annual Report. Third, secondary reporting used to corroborate or update figures where institutional self-reporting lags the most recent fiscal year, cross-checked against primary sources wherever both were available. Fourth, the academic

[9] Gregory T. Chin, Asian Infrastructure Investment Bank: Governance Innovation and Prospects, 22 Global Governance 11, 11-25 (2016). An earlier draft of this paper attributed this governance-design point to Chris Humphrey's 2016 Journal of Development Studies article. That article is real but concerns capital-market financing pressure on the World Bank, the Inter-American Development Bank, and the Andean Development Corporation, not the AIIB. The correct source for the AIIB point is Chin's 2016 piece, cited here.

literature reviewed in Section 2, used to situate the empirical pattern within existing frameworks rather than to generate the empirical claims themselves.

Four indicators were tracked across all three institutions: portfolio size and trend over 2014-2024; sectoral concentration of lending or project approval; India's formal governance role, including shareholding percentage, voting share, and board representation; and the relative conditionality intensity of each institution's lending instruments, assessed qualitatively against each institution's own published safeguard frameworks, since no standardised numerical index currently exists that is applied consistently across all three.

This approach follows established qualitative institutional-tracing methods used in comparative regime complexity scholarship, given the current absence of a directly comparable large-N dataset.[10] The findings below describe a well-evidenced single case rather than a statistically representative pattern across all large emerging economies, and the paper's claims are scoped accordingly.

A further note concerns causal inference. This paper does not claim to demonstrate that Indian policymakers explicitly designed a differentiation strategy in the sense of a documented internal decision, and no such document is cited or claimed to exist. The paper's claim is behavioural: that India's revealed pattern of engagement is consistent with a differentiated strategic logic, whether or not that logic was ever written down in a single strategy document. This distinction between revealed pattern and documented intent is standard in political science research where internal deliberative records are not public, and is stated explicitly here rather than left implicit.

**4. India's MDB Engagement Before 2014: Establishing the Baseline**

Before examining what changed after 2014, it is worth being precise about what the pre-2014 baseline actually looked like. For most of India's post-independence history, its multilateral development finance engagement was, in practical terms, a single relationship: one country, one primary institution, the World Bank Group.

[10]This paper's approach follows the qualitative institutional-tracing method used broadly in comparative regime complexity scholarship, e.g. Raustiala & Victor, supra note 1, and Alter & Meunier, supra note 2, in place of a formal quantitative event-study design, given the absence of a large-N dataset of comparable middle-income countries with founding-member status across three or more MDBs simultaneously.

The World Bank has been India's dominant source of multilateral development finance since that first 1948 loan. By the early 2000s India had become the Bank's single largest borrower country, and the relationship had deepened well past financing into policy dialogue, technical assistance, and analytical work across virtually every major development sector. India's Country Partnership Framework has historically been the largest such framework anywhere in the Bank's global portfolio.[11]

This single-institution dependence carried both advantages and real constraints. The advantage was depth: a deep, institutionally sophisticated relationship with access to the Bank's full range of financial instruments, knowledge services, and technical assistance. The constraint was that this relationship came bundled with the governance conditions, procurement rules, environmental and social safeguards, and public disclosure requirements that characterise World Bank operations. For large infrastructure projects specifically, these requirements have often extended project preparation and approval timelines considerably, a friction India's policymakers were well aware of long before 2014.

There was no real alternative for most of this period. The Asian Development Bank offered an option for some regional projects, but its governance structure, dominated by Japan and the United States, made it functionally similar to the World Bank in terms of conditionality and operational requirements. India's engagement with the ADB has historically stayed more limited than its World Bank relationship, in part for exactly this reason: it offered no meaningfully different value proposition.

The 2014 inflection point needs to be read against this background. When India joined the AIIB and NDB as a founding member of both in 2015, it was not replacing an existing multi-institution portfolio with a better one. It was building a multi-institution portfolio for the first time in its post-independence history, from a starting position of near-total dependence on a single lender.

## 5. The Three-Institution Differentiation Since 2014

### *5.1 The World Bank: Policy Reform Signalling and Institutional Credibility*

India's World Bank relationship since 2014 has continued to grow in volume but has also

[11] Id.

shifted in character. The Bank's active portfolio in India stood at approximately $27 billion as of 2024, with recent years seeing significant lending in urban development, climate resilience, health systems, and social protection. These are not, for the most part, hard infrastructure projects. They are governance reform projects, policy development programmes, and institutional capacity investments.

This sectoral distribution is not accidental. The Bank's own FY25 portfolio breakdown shows the largest concentrations in agriculture, water, health, education, transport, and urban sectors, with FY25 approvals of $2.35 billion across eight operations.[12] World Bank financing in these areas comes bundled with technical assistance, analytical support, international benchmarking, and policy dialogue that goes well beyond the financial transaction itself. A World Bank project on health system reform or urban governance reform signals to domestic and international audiences that India's reform programmes meet internationally recognised standards, have been subject to independent technical review, and sit inside a framework of accountability and results measurement that newer institutions have not yet built a comparable track record for.

The January 2026 announcement of a new Country Partnership Framework for FY2026-2031 reinforces this reading. The new framework commits $8 to $10 billion in annual financing over five years, explicitly tied to India's Viksit Bharat 2047 vision, and is structured around four outcomes: rural prosperity, urban transformation, human capital investment, and private sector-led job creation.[13] This is squarely a credibility and reform-signalling relationship, not primarily a capital-scale relationship, even though the dollar figures involved are large in absolute terms.

World Bank technical assistance has also underpinned concrete Indian policy milestones outside the lending relationship itself, including facilitating India's first Sovereign Green Bond issuance in 2023, worth approximately $2 billion.[14] This is precisely the kind of institutional endorsement function that neither the AIIB nor the NDB, as newer and less internationally

[12]World Bank, India Country Overview, supra note 8 (reporting FY25 approvals of USD 2.35 billion across eight operations and portfolio concentration in agriculture, water, health, education, transport, and urban sectors).
[13]World Bank Group, New India-World Bank Group Partnership Puts Jobs and Private Investment at the Center of Growth (Jan. 30, 2026), https://www.worldbank.org/en/news/press-release/2026/01/30/india-country-partnership-framework-cpf-fy26-31.
[14]World Bank, Completion and Learning Review, India CPF FY18-25 (2025) (reporting that WB technical assistance helped facilitate India's first Sovereign Green Bond issuance in 2023, totaling approximately USD 2 billion).

embedded institutions, can yet replicate for India.

For India, the World Bank relationship therefore serves a credibility function that extends well past the financing it provides. Given India's ambitions to attract foreign direct investment, improve its ease of doing business rankings, and position itself as a serious development partner for other countries in its own right, the World Bank relationship offers a form of institutional endorsement that the newer institutions in India's portfolio cannot yet substitute for, regardless of how much capital they eventually deploy.

### *5.2 The AIIB: Infrastructure at Scale with Reduced Transaction Costs*

India joined the AIIB as a founding member with a voting share of 7.6 percent, making it the second largest shareholder after China. This is not a passive membership. India holds a seat on the AIIB's Board of Directors and has been one of the institution's most active borrowers since operations began in 2016. By early 2024 India had emerged as the single largest country of operations within the AIIB's entire portfolio.

The AIIB's cumulative approvals reached $58.8 billion across 303 projects by the end of 2024.[15] The sectoral concentration of AIIB lending to India tells a fairly clear story: transport infrastructure, urban development, renewable energy, and digital connectivity. These are large capital-expenditure projects where financing speed and reduced conditionality matter more than the policy dialogue and technical assistance that accompanies World Bank lending.

The AIIB was explicitly designed to address the transaction cost problem in infrastructure financing. Its Environmental and Social Framework, while substantive, is streamlined relative to the World Bank's safeguard architecture. Its project preparation timelines are generally shorter. Its governance structure gives borrowing members proportionally more voice than the traditional Bretton Woods formula does. For India, these features make the AIIB a more efficient vehicle for large infrastructure financing than the World Bank specifically in contexts where the primary need is capital and speed, rather than policy dialogue or reputational signalling.

Critically, India's AIIB engagement is not passive borrowing dressed up as strategy after the

[15] AIIB@10 - A Decade of Impact, Asian Infrastructure Inv. Bank, https://impact.aiib.org/ (last visited July 2026) (reporting 303 approved projects totaling USD 58.8 billion cumulative as of year-end 2024).

fact. As the second largest shareholder and an active Board member, India participates directly in decisions about the institution's strategic direction, operational policies, and governance standards. This is influence through institutional participation, not simply financing access, and it is a materially different relationship than India's engagement with, say, the Asian Development Bank, where its shareholding and voice remain comparatively marginal.

### *5.3 The NDB: Global South Solidarity and Norm Entrepreneurship*

The NDB presents the most strategically complex dimension of India's three-pillar engagement. India is one of five equal founding shareholders of the NDB alongside Brazil, Russia, China, and South Africa, each holding an identical initial share.[16]

The NDB's total project approvals reached $39 billion by the end of 2024, with India, Brazil, and China as the largest recipients.[17] India's NDB portfolio includes renewable energy projects, urban infrastructure, transport, and sustainable development initiatives. The financing terms are broadly comparable to the AIIB's. What distinguishes the NDB relationship is not the financial terms but the political economy of the institution itself.

The NDB represents something structurally specific in the architecture of international development finance. It is the first major multilateral development bank not governed by Western-majority shareholding. Its governance structure is explicitly built around sovereign equality among founding members, with no veto power held by any single shareholder, including China, despite China's far larger economy relative to the bank's other founders. Its operational mandate emphasises infrastructure and sustainable development in BRICS and other emerging economies, without the conditionality architecture that characterises the Bretton Woods institutions.

For India, NDB membership serves a function that neither the World Bank nor the AIIB can provide: it positions India as a co-founder and equal shaper of a new form of development finance that reflects Global South priorities and governance preferences. India's active role in the NDB's governance, including its support for the institution's expansion to new members

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[16] New Dev. Bank, Shareholding, https://www.ndb.int/about-ndb/shareholding/ (last visited July 2026); New Development Bank, Wikipedia, https://en.wikipedia.org/wiki/New_Development_Bank (last visited July 2026).

[17] Miguel Antonio Tamonan, How the New Development Bank Built a Multibillion-Dollar Portfolio, Devex (Sept. 1, 2025), https://www.devex.com/news/how-the-new-development-bank-built-a-multibillion-dollar-portfolio-110742 (reporting total NDB project approvals of USD 39 billion by end of 2024).

such as Bangladesh, Egypt, and the UAE, extends its influence within the institution while building development finance partnerships across the wider Global South.[18]

This is norm entrepreneurship in a specific and meaningful sense, not simply rhetorical positioning. India is not merely participating in existing development finance governance norms through the NDB. It is actively contributing to the construction of an alternative set of norms around how multilateral development finance should be governed, what conditionality should look like, and whose development priorities should drive institutional lending decisions, at a table where its vote carries the same formal weight as China's.

### *5.4 Comparative Summary*

Read together, the three relationships show a clear division of function rather than three unrelated bilateral arrangements that happen to coexist. The World Bank relationship, dating to 1945 membership and a roughly $27 billion active portfolio, concentrates in governance reform, health, and social protection, carries high conditionality through full safeguards and policy conditions, and delivers policy credibility. The AIIB relationship, dating to 2015 founding membership with a 7.6 percent voting share and Board representation, concentrates in transport, energy, and urban infrastructure, carries medium conditionality through a streamlined Environmental and Social Framework, and delivers infrastructure financing at scale with speed. The NDB relationship, dating to 2015 equal founding membership, concentrates in renewable energy, transport, and urban development, carries lower and more member-driven conditionality, and delivers Global South solidarity and norm entrepreneurship.

No single institution could deliver all three functions at once. The World Bank's conditionality architecture is precisely what gives it credibility value, but that same architecture makes it a poor vehicle for fast, large-scale infrastructure deployment. The AIIB's speed is precisely what makes it valuable for infrastructure, but a Chinese-led institution cannot offer India the same reputational signal to Western capital markets that the World Bank can. And neither can offer India equal founding-member standing in an institution's core governance, which only the NDB's equal-shareholding structure provides. The differentiation is not incidental. It follows directly from what each institution structurally can and cannot offer.

[18]New Development Bank, supra note 14.

## 6. Differentiated Multilateral Engagement: A Conceptual Contribution and Its Implications

The empirical pattern described in Section 5 calls for a conceptual label that captures its underlying logic. This paper proposes the term Differentiated Multilateral Engagement to describe a state strategy in which different multilateral institutions are used for systematically different purposes that together serve a coherent set of national interests spanning resource access, governance influence, and international positioning.

Differentiated Multilateral Engagement differs from forum shopping, the concept most commonly reached for in regime complexity literature. Forum shopping implies a state moving between institutions to find the most favourable rules for a specific dispute or decision. India is not moving between institutions in this sense. It is simultaneously present in all three and using each for a distinct function. The simultaneity, not the movement, is what is doing the strategic work here.

It also differs from what might be called hedging, the strategy of maintaining relationships with competing institutional blocs primarily to avoid dependence on any single one. Hedging is primarily defensive in character. Differentiated Multilateral Engagement is both defensive and offensive at once. It protects against institutional dependence while actively using each institutional relationship to build influence and shape norms, rather than merely insuring against the downside of relying on one lender.

The strategy carries three observable functions running in parallel. The credibility function describes how World Bank engagement provides India with international institutional endorsement, sustained policy dialogue, and the signalling value of meeting internationally recognised governance and environmental standards. The efficiency function describes how AIIB engagement provides infrastructure financing at lower transaction cost and faster speed than traditional multilateral lending allows. The entrepreneurship function describes how NDB engagement allows India to participate directly in constructing alternative development finance norms that better reflect Global South priorities and governance preferences.

These three functions are complementary rather than competing with one another. The credibility maintained through World Bank engagement gives India legitimacy in international forums including the G20 and United Nations processes. The efficiency gained through AIIB financing accelerates domestic infrastructure development without the constraints that would accompany World Bank financing for the same projects. The entrepreneurship exercised through NDB participation gives India a constructive role in reshaping development finance governance from within the multilateral system, rather than from outside it, which is a materially different position than either pure accommodation or pure confrontation would offer.

India's Differentiated Multilateral Engagement strategy carries three broader implications for how development finance governance is likely to evolve over the coming decade.

First, it suggests that large middle-income countries are not simply passive recipients of multilateral development finance norms. They are active participants in shaping those norms through their governance roles within institutions. As India's economy grows and its institutional sophistication deepens, its capacity to shape World Bank priorities, AIIB operational standards, and NDB governance norms is likely to increase rather than plateau. Development finance governance scholarship needs frameworks that treat this kind of emerging economy agency as a structural feature of the system, not an occasional exception to a rule-taking default.

Second, it illustrates that competition between established and new multilateral development banks is not necessarily zero-sum from a borrowing country's perspective. India's engagement with the AIIB and NDB has not reduced its World Bank relationship; the CPF FY26-31 commitment of $8 to $10 billion in annual financing suggests the opposite. Having alternative financing options may have modestly improved India's negotiating position within the World Bank by reducing dependence on any single institution, with direct implications for how established MDBs think about their own reform agendas.

Third, and most broadly, it raises an open question about what MDB proliferation means for governance coherence overall. If large borrowers distribute their engagement across institutions with different conditionality frameworks, does this create a race to the bottom on safeguards, as projects route toward institutions with lighter requirements? Or does it create competitive pressure on all institutions to improve efficiency and relevance? The honest answer is probably both, depending on project type and institutional relationship, and this deserves further empirical investigation using a comparative, multi-country design that a single-case paper cannot itself provide.

## 7. Conclusion

This paper has argued that India's simultaneous engagement with the World Bank, AIIB, and NDB since 2014 reflects a deliberate pattern of Differentiated Multilateral Engagement rather than opportunistic borrowing. Each institution serves a distinct strategic function: the World Bank for credibility and policy reform signalling, the AIIB for infrastructure financing at scale with reduced transaction costs, and the NDB for Global South solidarity and norm entrepreneurship in development finance governance.

This pattern is theoretically significant because it illustrates how a large emerging economy can use regime complexity strategically, participating simultaneously in Western-led and Southern-led institutions while using each for systematically different purposes. It extends existing scholarship on emerging power agency in international institutions by showing that the revisionist versus integrationist binary understates the sophistication with which a country like India actually navigates the multilateral system, and by extension likely understates the sophistication of other large emerging economies pursuing comparable, if less fully developed, strategies of their own.

The broader implication is for development finance governance itself. As more emerging economies develop the institutional capacity to engage strategically across multiple multilateral development banks, the governance architecture of international development finance will need to adapt. Institutions that fail to offer distinctive value relative to their competitors will find their relevance eroded over time. Institutions that successfully differentiate their offerings, as the World Bank, AIIB, and NDB have each done in India's specific case, may find that emerging economy engagement deepens in ways that fundamentally change their governance character over the coming decade, for better or worse depending on how conditionality and safeguard standards evolve under competitive pressure.

India's transition in development finance from rule-taker to rule-shaper is not complete, and this paper does not claim otherwise. But the trajectory is observable in the data reviewed here, and it runs through all three institutions simultaneously, not through any single relationship in isolation. Future research applying this paper's institutional-tracing method to other large borrowing countries, Brazil and Indonesia are the most obvious comparative candidates given their own multi-institutional footprints, would help establish whether Differentiated Multilateral Engagement is a genuinely generalisable strategy available to any sufficiently large emerging economy, or whether it depends on India-specific factors such as its scale, its founding-member status across all three institutions, and its particular diplomatic positioning between Western and Global South blocs that may not transfer cleanly to other cases.

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