

4

**STANDING COMMITTEE ON  
EXTERNAL AFFAIRS  
(1998-99)**

**TWELFTH LOK SABHA**

**MINISTRY OF EXTERNAL AFFAIRS**

**DEMANDS FOR GRANTS  
(1999-2000)**

**FOURTH REPORT**

External - 8  
LS - XII  
R - 4



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1999/Chaitra, 1921 (Saka)*

**FOURTH REPORT**  
**STANDING COMMITTEE ON**  
**EXTERNAL AFFAIRS**  
**(1998-99)**

**(TWELFTH LOK SABHA)**

**MINISTRY OF EXTERNAL AFFAIRS**

**DEMANDS FOR GRANTS**  
**(1999-2000)**

*Presented to Lok Sabha on ..... 22 APR 1999*  
*Laid in Rajya Sabha on .....*

19 APR 1999



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April, 1999/Chaitra, 1921 (Saka)*

**C.O.E.A. No. 4**

*Price ; Rs. 24.00*

© 1999 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by Jainco Art India, New Delhi-110005.

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
REPORT .....	1

### APPENDICES

I. Minutes of the Sitting of the Committee on External Affairs (1998-99) held on 24.3.1999, 5.4.1999 and 12.4.1999 .....	42
II. Statement of Observations/Recommendations .....	48

COMPOSITION OF THE STANDING COMMITTEE  
ON EXTERNAL AFFAIRS (1998-99)

Shri Inder Kumar Gujral — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Dileep Sanghani
3. Shri D.B. Roy
4. Shri Faggan Singh Kulaste
5. Shri Bikram Keshari Deo
6. Smt. Ila Pant
7. Shri Tapan Sikdar
8. Shri Tarun Gogoi
9. Shri Bhubaneswar Kalita
10. Shri Sharad Pawar
11. Shri Sushil Kumar Shinde
12. Shri P.A. Sangma
13. Shri K. Natwar Singh
14. Shri Shivraj V. Patil
15. Shri P. Shiv Shanker
16. Shri Suresh Kurup
17. Smt. Minati Sen
18. Shri Saleem Iqbal Sherwani
19. Shri C. Gopal
20. Shri Heera Lal Rai
21. Shri Bhartruhari Mahtab
22. Smt. Geeta Mukherjee
23. Shri Anant Gangaram Geete
24. Shri N. Dennis
25. Shri Ajaykumar Sambasdashiv Sarnaik
26. Shri Vaiko

27. Shri E. Ahmed
28. Shri Arif Mohammad Khan
29. Shri Madhavrao Scindia ###
30. Shri Suresh Chandel \*\*\*

*Rajya Sabha*

31. Shri Madhav Sinh Solanki
32. Shri Bhuvnesh Chaturvedi
33. Shri K.M. Khan
34. Dr. Mahesh Chandra Sharma
35. Shri Md. Salim
36. Smt. Jayaprada Nahata
37. Smt. Kamla Sinha
38. Shri N. Thalavai Sundaram
39. Dr. Karan Singh
40. Shri Yoginder K. Alagh
41. Shri Jayant Kumar Malhoutra
42. Shri Rangnath Misra #
43. Shri Triloki Nath Chaturvedi \*
44. Shri L.M. Singhvi \*\*
45. Shri Swaraj Kaushal ##

SECRETARIAT

1. Dr. Ashok Kumar Pandey — *Additional Secretary*
2. Shri Harnam Singh — *Joint Secretary*
3. Shri A.K. Singh — *Deputy Secretary*
4. Shri R.K. Saxena — *Under Secretary*
5. Smt. Anita B. Panda — *Committee Officer*

---

\* Ceased to be a Member of the Committee consequent upon his retirement w.e.f. 4.7.1998 and re-nominated to the Committee w.e.f. 31.7.1998.

\*\* Nominated as Member of the Committee w.e.f. 31.7.1998.

\*\*\* Nominated as Member of the Committee w.e.f. 18.3.1999.

# Nominated as Member of the Committee w.e.f. 17.7.1998.

## Nominated as Member of the Committee w.e.f. 11.8.1998.

### Nominated as Member of the Committee w.e.f. 16.12.1998.

## INTRODUCTION

1. I, the Chairman, Standing Committee on External Affairs having been authorised by the Committee to submit the report on their behalf, present this Fourth Report on Demands for Grants of the Ministry of External Affairs for 1999-2000.

2. The Committee (1998-99) took evidence of the representatives of the Ministry of External Affairs on 24th March & 5th April, 1999. The Committee wish to express their thanks to the officers of the Ministry of External Affairs for placing before the Committee the material and information which they desired in connection with the examination of the Demands for Grants of 1999-2000 of the Ministry and for giving evidence before the Committee.

3. The Committee (1998-99) considered and adopted the report at their sitting held on 12 April, 1999. Minutes of the sittings of the Committee have been reproduced in Appendix I to the Report.

4. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in consolidated form in Appendix II.

NEW DELHI;  
April 12, 1999  
Chaitra 22, 1921 (Saka)

I. K. GUJRAL,  
Chairman,  
Standing Committee on External Affairs.

## REPORT

The Demands for Grants of the Ministry of External Affairs were laid on the Table of Lok Sabha on 10th March, 1999. The budgetary provision for the Ministry of External Affairs has earlier been entirely non-plan. However, from the financial year 1996-97 onwards, a 'Plan' Budget Head was created with the approval of Union Cabinet for meeting the large outlay on the Tala Hydro-electric Project in Bhutan being executed with Government of India assistance. Similarly, Kurichu Hydro-electric Project and Dungsum Cement Project, being executed with Government of India assistance in Bhutan will be funded from 'Plan' Budget Head. The expenditure under Plan Head in 1997-98 was Rs. 60 crores. The allocation under the Plan Head in BE 1998-99 was Rs. 250 crores, RE 1998-99 Rs. 300 crores and for the financial year 1999-2000, is Rs. 400 crores.

2. Demand No. 24 pertaining to the Ministry of External Affairs contains the figures of Revenue as well as Capital expenditure for 1999-2000 which are as follows :

(In thousands of Rs.)

	Revenue	Capital	Total
Charged	3,00	—	3,00
Voted	1940,42,00	269,02,00	2209,44,00

3. The details of the actual Revenue and Capital expenditure for the year 1997-98, Budget Estimates and Revised Estimates for 1998-99 and Budget Estimates for 1999-2000 of the Ministry are as under :



(Rs. in thousands)

Sl. No.	Major Head	Items	1997-98 Actual	1998-99		1999-2000	
				BE Non-Plan	RE Non-Plan	BE Non-Plan	RE Non-Plan
1	2	3	4	5	6	7	7
<b>REVENUE SECTION</b>							
1.	2062	Secretariat		1,00	1,00	1,00	1,00
		General Services	74,47,10	81,61,00	84,32,00	86,10,00	86,10,00
2.	2061	External Affairs	16,12	1,00	1,00	1,00	1,00
		Embassies & Missions	532,96,93	599,99,00	596,60,69	617,21,69	617,21,69
		Passport and Emigration	53,34,25	86,00,00	65,55,00	68,87,00	68,87,00
		Training	1,23,31	2,10,00	1,57,00	2,00,00	2,00,00
		Special Diplomatic Expenditure		1,00	1,00	1,00	1,00
			283,61,84	474,02,00	612,38,00	422,40,00	422,40,00

1	2	3	4	5	6	7
		International Conferences/ Meetings	2,20,69	4,00,00	94,00	1,00,00
		Entertainment Charges	32,26,82	15,00,00	18,00,00	18,00,00
		International Cooperation	24,32,52	28,91,95	28,08,80	30,86,13
		Other Expenditure	51,14,45	70,01,05	67,99,71	52,50,18
		Total Major Head "2061"				
			16,12	2,00	2,00	2,00
			981,10,81	1280,04,00	1391,13,00	1212,85,00
3.	2075	Miscellaneous General Services	-	1,00	1,00	1,00
4.	3052	Shipping	-	1,00	1,00	1,00
5.	3053	Civil Aviation	25,60	1,00	1,00	1,00
6.	3605	Technical and Economic Cooperation with other countries	337,40,33	530,00,00	568,64,00	641,44,00
		Total: Revenue Section				
			16,12	3,00	3,00	3,00
			1393,23,84	1891,68,00	2044,12,00	1940,42,00

1	2	3	4	5	6	7
<b>CAPITAL SECTION</b>						
7.	4089	Capital outlay on Public works	39,75,65	80,00,00	45,00,00	70,00,00
8.	4216	Capital outlay on Housing	15,31,86	20,00,00	19,00,00	30,00,00
9.	7605	Advances to Foreign Governments	60,55,31 #	129,00,00 ##	128,01,00 ###	169,01,00 ###
10.	7615	Miscellaneous Loans	-	1,00	1,00	1,00
<b>Total: Capital Section</b>			<b>115,62,82</b>	<b>229,01,00</b>	<b>192,02,00</b>	<b>269,02,00</b>
<b>Grand Total :</b>						
					<b>Charged</b>	
					<b>Voted</b>	
			16,12	3,00	3,00	3,00
			1508,86,66	2120,69,00	2236,14,00	2209,44,00

- \* Include Rs.36,00,00 Plan expenditure in respect of Aid to Bhutan.
- \*\* Include Rs.150,00,00 Plan expenditure in respect of Aid to Bhutan.
- \*\*\* Include Rs.185,00,00 Plan expenditure in respect of Aid to Bhutan.
- \*\*\*\* Include Rs.246,00,00 Plan expenditure in respect of Aid to Bhutan.
- # Include Rs.24,00,00 Plan expenditure in respect of Loan to Bhutan.
- ## Include Rs.100,00,00 Plan expenditure in respect of Loan to Bhutan.
- ### Include Rs.115,00,00 Plan expenditure in respect of Loan to Bhutan.
- #### Include Rs.154,00,00 Plan expenditure in respect of Loan to Bhutan.

## Overview

4. The allocation of Rs. 2209.47 crores in BE 1999-2000 is higher by Rs. 88.75 crores than BE 1998-99 and lower by Rs. 26.70 crores than the RE 1998-99. The break-up of BE 1999-2000 is as under :

(Amount in crores of Rupees)	
Revenue	1940.45
Capital	269.02
<b>Total</b>	<b>2209.47</b>

The Revenue allocation includes Rs. 3.00 Lakhs as charged expenditure.

5. The expenditure on establishment represents 34.95% of the total budget of the Ministry. This is made up of expenditure on Missions/ Posts abroad (27.94%), Headquarters (3.90%) and Passport & Emigration (3.11%). The break-up on the rest of the expenditure is as follows :

Aid to Foreign Governments	29.03%
Special Diplomatic Expenditure	19.12%
Capital Section	12.18%
Other Activities (Grants-in-aid to various institutions including ICCR)	04.72%

### Expenditure on Headquarters

6. The estimated expenditure on the Headquarters Organisation of the Ministry during the financial year (1999-2000) is expected to be Rs. 86.11 crores which is 4.44% of the total estimated revenue expenditure of this Ministry. Out of this, Rs. 26.21 crores will be on Salaries and Wages, Rs. 16.00 crores on Foreign Travel Expenses, Rs. 20.77 crores on Office Expenses, Rs. 16.50 crores on Advertisement and Publicity and Rs. 5.20 crores on Rents, Rates, Taxes.

### Expenditure on Missions

7. The total estimated expenditure on Indian Embassies/Missions abroad is expected to be Rs. 617.23 crores during the financial year (1999-2000) which works out to 31.81% of the total estimated Revenue Expenditure of the Ministry. Out of this, an amount of Rs. 288.27 crores is for Salaries (including Foreign Allowance and Representational Grant), Overtime allowance and Wages, Rs. 58.26 crores for Travel Expenses (Transfer Passages/Home Leave Passages and Local Tours), Rs. 98.35 crores for Office Expenses and Rs. 22.50 crores for Advertising and Publicity and Rs. 149.85 crores for Rent, Rates and Taxes as well as for Repairs and Maintenance of Government owned/rented accommodation in Missions abroad.

8. The Demands for Grants (1999-2000) were discussed by the Committee with the representatives of the Ministry of External Affairs and the salient points arising out of the discussions held are given head-wise in the succeeding paragraphs.

### Variation between RE 1998-99 and BE 1998-99

	(Rs. in crores)	
	BE 1998-99	RE 1998-99
Revenue Section	1891.71	2044.15
Capital Section	229.01	192.02
<b>Total</b>	<b>2120.72</b>	<b>2236.17</b>

9. The overall increase of Rs. 115.45 crores is primarily due to the following enhancements/decrease at RE stage :

#### (i) Increase in RE 1998-99 over BE 1998-99

(a) Secretariat—General Services	Rs. 2.71 crores
(b) Special Diplomatic Expenditure	Rs. 138.36 crores
(c) Entertainment Charges	Rs. 3.00 crores
(d) Aid Programme for Foreign Govts.	Rs. 38.64 crores

<b>TOTAL</b>	<b>Rs. 182.71 crores</b>
--------------	--------------------------

**(ii) Decrease in RE 1998-99 over BE 1998-99**

(a) Missions and Post abroad	Rs. 03.39 crores
(b) Passport & Emigration	Rs. 20.45 crores
(c) Training	Rs. 00.53 crores
(d) International Conferences/Meetings	Rs. 03.06 crores
(e) International Cooperation	Rs. 00.83 crores
(f) Other Expenditure	Rs. 02.01 crores
(g) Capital Outlay.	Rs. 36.00 crores
(h) Loan to Foreign Govts.	Rs. 00.99 crores
<hr/>	
<b>TOTAL</b>	<b>Rs. 67.26 crores</b>
<hr/>	
<b>Net increase (i) - (ii)</b>	<b>Rs. 115.45 crores</b>
<hr/>	

10. The overall increase of Rs. 115.45 crores in the RE 1998-99 over the BE 1998-99 is primarily due to certain major enhancements in the budgetary provisions for Secretariat General Services (Rs. 2.71 crores), Special Diplomatic Expenditure (Rs. 138.36 crores), Entertainment Charges (Rs. 3.00 crores), Aid Programme to Foreign Govt. (Rs. 38.64 crores). There is a decrease in the budgetary provision for Missions and Posts abroad (Rs. 3.39 crores), Passport & Emigration (Rs. 20.45 crores), Training (Rs. 0.53 crores), International Conferences/Meetings (Rs. 3.06 crores), International Cooperation (Rs. 0.83 crores), Other Expenditure (Rs. 2.01 crores), Capital Outlay (Rs. 36.00 crores) and Loan to Foreign Govts. (Rs. 0.99 crores).

**Increase in BE 1999-2000 over BE 1998-99**

11. Against the Budget Estimates (BE) 1998-99 of Rs. 2120.72 crores, the Budget Estimates for 1999-2000 is Rs. 2209.47 crores which means

that there is increase to the tune of Rs. 88.75 crores. The break-up of Rs. 88.75 crores is as under:

	Variation (Rs. in crores)
(a) M.H. '2052' Secretariat- General Services	(+ 4.49
(b) M.H. '2061' External Affairs	(-) 67.19
(c) M.H.'3605' Technical and Economic Cooperation	(+ 111.44
(d) M.H. '4059' Capital Outlay on Public Works	(-) 10.00
(e) M.H. '4216' Capital Outlay on Housing	(+ 10.00
(f) M.H. '7605' Advances to Foreign Governments	(+ 40.01

12. It is seen from Demands for Grants that against the Budget Estimates (BE) 1998-99 of Rs. 2120.72 crores for the Ministry of External Affairs, Revised Estimates (RE) for 1998-99 was raised to Rs. 2236.17 crores. For BE 1999-2000, the proposed allocation is Rs. 2209.47 crores, which is reduced allocation over RE 1998-99 by Rs. 26.70 crores *i.e.* 1.19% and a step up over BE 1998-99 by Rs. 88.75 crores *i.e.* 4.18%.

13. According to the Ministry, out of the total Budgetary Estimate for the year 1999-2000, *i.e.*, Rs. 2209.47 crores, the major amount is to be spent on expenditure on Indian Embassies/Missions abroad (Rs. 617.23 crores), Special Diplomatic Expenditure (Rs. 422.41 crores), Technical and Economic Cooperation with other Countries (Rs. 641.44 crores) and Capital Section & Advances to Foreign Government (Rs. 269.02 crores). Thus, allocation under the above four Heads works out to be Rs. 1950.10 crores which is more than, 88% of the total amount allocated under BE 1999-2000.

14. Explaining the basic objectives and priority tasks which provide the setting of the budgetary requirements of the Ministry, the Foreign Secretary stated that foreign policy is viewed as an integral part of a

larger effort of building national capabilities through economic development, through strengthening the social sector and safeguarding our sovereignty, territorial integrity and security. It was further stated that the Ministry seek to build understanding and support in the outside world for our national strategic interests including our security concerns and understanding for our national aspirations and to develop mutually beneficial and broad-based structures of cooperation on the economic side, that is, in trade, investment, transfer of technology and in other functional areas with all countries using normal instrumentalities as well as by facilitating business and professional contacts.

15. During the evidence, the representatives of the Ministry of External Affairs informed the Committee that when the Ministry approached the Ministry of Finance at the BE stage, they had projected a requirement of Rs. 2573 crores. The Ministry of Finance, however, in view of their own constraints reduced this to Rs. 2209 crores suggesting that augmentation would be made at the RE stage, if necessary. The Foreign Secretary further stated as follows :—

"...We have also followed the principle that we will seek augmentation of resources in areas that are of vital interest..." He further stated: "on our part, we will further closely monitor the requirements of funds and wherever the need arises, we will work for additional resources by asking for additionality at the RE stage or by reappropriating some savings". Foreign Secretary also stated: "...Members will note that the current allocation that is provided for the Passport & Emigration setup will require a considerable enhancement at the RE stage on account of the comprehensive computerisation project which is envisaged".

16. It may be pointed out that the pattern followed by the Ministry in projecting their budgetary requirements and the actual expenditure incurred in the last three years has been as follows :

(In crores of Rupees)		
BE 1995-96	RE 1995-96	Actuals 1995-96
997.95	1245.36	1170.11
BE 1996-97	RE 1996-97	Actuals 1996-97
1274.12	1357.92	1286.42
	(Plan 3.00)	
	(Non-Plan 1354.92)	



BE 1997-98	RE 1997-98	Actuals 1997-98
1513.42	1553.42	1509.00
	(Plan 60.00)	(Plan 60.00)
	(Non-Plan 1493.42)	(Non-Plan 1449.03)
BE 1998-99	RE 1998-99	
2120.72	2236.17	
(Plan 250.00)	(Plan 300.00)	
(Non-Plan 1870.72)	(Non-Plan 1936.17)	
BE 1999-2000	RE 1999-2000	
2209.47	—	
(Plan 400.00)		
(Non-Plan 1809.47)		

17. In a subsequent note, the Ministry stated that:—

"The BE 1998-99 was Rs. 2120.72 crores. At the RE stage, it was felt that our total requirements would be higher and an augmentation to the budget to Rs. 2236.17 crores was made. The total additionality between RE 1998-99 and BE 1998-99 was, therefore, Rs. 115.45 crores (increase of Rs. 152.44 crores under Revenue Section and decrease of Rs. 36.99 crores under Capital Section). Following a careful review of our requirements in February, 1999, the matter was re-assessed and it was felt that the additionality of Rs. 152.44 crores under Revenue Section was not in fact required. The main reason was that on re-assessment of latest developments, it was not considered necessary to spend the additional amount under the head 'Special Diplomatic Expenditure' of the tune of Rs. 138.36 crores."

18. The Committee note that Budget Estimates for the Financial Year 1998-99 was Rs. 2120.72 crores. At the RE stage it was augmented to Rs. 2236.17 crores. The total additionality between RE-1998-99 and BE 1998-99 was Rs. 115.45 crores. The Committee were informed that following a review of requirements in February,

1999 the matter was reassessed and it was felt that additionality of Rs. 152.44 crores was in fact not required. The Committee also note that the proposed budget allocation of Rs. 2209.47 crores under BE 1999-2000 shows decline of 1.19% over RE 1998-99. The Committee were informed that the Ministry had projected a requirement of Rs. 2573.75 crores to the Ministry of Finance at BE stage. However, the Ministry of Finance reduced this to Rs. 2209 crores suggesting that augmentation would be made at RE stage, if necessary. During the evidence it was further pointed out by Foreign Secretary that if the need arises for additional funds the Ministry will ask for additionality at RE stage or by reappropriating some savings. In the past also, the Ministry has been relying on augmentation at RE stage.

19. The Committee are constrained to note that the Ministry of External Affairs could not justify their projected requirements of Rs. 2573 crores to the Ministry of Finance. As a result, the amount of Rs. 2573 crores proposed in the BE 1999-2000 was reduced to Rs. 2209 crores by the Ministry of Finance. The Committee are also not happy at the tendency of the Ministry to place greater reliance on augmentation of resources at RE stage almost every year. The fact that even the resources allocated at RE stage in the year 1998-99 were not required on reassessment made, as late as in February, 1999, shows the flaws in the budgetary planning and the exercise related thereto in the Ministry.

20. The Committee are of the strong view that as the increases effected at RE stage is generally not scrutinised by the Committee, MEA should frame their requirements in proper perspective at BE stage itself so as to avoid substantial enhancement of fund allocation at RE stage. The Committee further observe that this tendency on the part of the Ministry to request for enhanced allocation at RE stage, barring in exceptional circumstances, needs to be curbed to dispel the impression that the Ministry is deliberately avoiding the scrutiny of their Budgetary Estimates by the Standing Committee.

21. The Committee note that the BE 1999-2000 of Rs. 2209.47 crores shows a decline of 1.19% over RE 1998-99 of Rs. 2236.17 crores, though there is an increase of 4.18% *vis-a-vis* BE 1998-99 of Rs. 2120 crores. Keeping in view inflationary trends and also usual increases in expenditure on salaries and allowances, Special Diplomatic Expenditure and Technical & Economic Cooperation with other countries, the Committee find that there has been an actual decline

in the funds available to the Ministry to carry out their normal activities and promoting India's Foreign Policy objectives. The Committee desire that the Ministry should make all possible efforts so that none of the areas of our Foreign Policy's interests are affected because of decline in the overall budgetary allocation. This can be done by resorting to cost-efficient practices ensuring that functional capabilities are enhanced and not compromised. The Committee would like to be apprised of measures taken in this regard.

#### Embassies and Missions

BE 1998-99	Rs. 600.00 crores
RE 1998-99	Rs. 596.61 crores
BE 1999-2000	Rs. 617.23 crores

22. This provision relates to the expenditure on the 158 Indian Missions/Posts abroad. According to the Ministry, the Standing Committee had recommended increased allocation to the Missions for up-grading the equipment and facilities in order to improve their functional capabilities and increase in publicity efforts in the face of global challenges. Accordingly, the allocation in BE 1999-2000 is Rs. 20.62 crores which is more than RE 1998-99. The Ministry have also stated that further augmentation may be required at the RE stage to take into account factors beyond the control of this Ministry such as increase in air tariffs, increase in rentals, depreciation in the value of Indian rupee against major foreign currencies (which reduces the availability of funds for the expenditure of the Missions abroad as the budget is denoted in Indian rupees), increase in cost of living and normal inflationary trends in the world economy. An enhanced provision has been made under 'Publicity' expenditure of Missions which has been increased by Rs. 5 crores over RE 1998-99.

23. On the question of budgetary allocation for Embassies and Missions in the current financial year, representative of the Ministry informed the Committee as follows:—

"The total projected allocation for Missions and Posts abroad is of the order of Rs. 617 crores spread over 158 Missions and Posts. This means an average expenditure of Rs. 4 crores per Mission or Post. I would like to draw attention to the fact that this average figure does not fully indicate as there is a range of

expenditure and this range varies from about Rs. 0.37 crores to Rs. 30.68 crores reflecting the difference between the sizes of our largest and smallest Missions."

24. The Committee desired to know whether any review undertaken in the past ten years to examine/determine the justification of such a large number of Indian Missions/Posts abroad. In their reply, the Ministry stated:

"The justification of retaining various Missions/Posts established abroad are reviewed continuously in the context of emerging strategic, political, economic, consular and other ground realities. On the basis of such a review, during the last ten years, seven of our Missions/Posts were closed down and included Conakry (Guinea), Kinshasa (Zaire), Lilongwe (Malawi), Odessa (Ukraine), Mogadishu (Somalia), Kabul (Afghanistan) and Aden (Yemen), Bogota (Colombia) was closed down in 1992 and reopened subsequently. New Missions were opened in Armenia (Yerevan) & Azerbaijan (Baku) and the Mission in Fiji (Suva) was reopened. All these three Missions became functional in the first week of March, 1999. Government are convinced of the need for continued existence of the 158 Missions/Posts to service India's vital national interests abroad."

25. When asked to elaborate the criteria followed by all the countries of the world in setting up their Embassies/Missions in India, the Ministry stated:

"The basic criteria followed by all the countries of the world in setting up the Embassies/Missions abroad is based on their strategic, political, economic, consular and other interests in India. As of date, 128 countries have Diplomatic Missions in India, while we have High Commissions/Embassies in 115 Countries".

26. On the question, whether the Ministry have ever contemplated the proposal of opening joint Embassies/Missions with the neighbouring countries, namely, Nepal and Bhutan as has been done by BENELUX (Belgium, Netherlands, Luxembourg) countries. The Ministry stated that so far the Government have not given any thought to this matter.

27. The Committee further desired to be informed about the status of the "High Frequency Radio Communication Network" (HFRC) project of the Ministry. This project was approved by the Ministry of External Affairs in August, 1989 on an urgent requirement basis at an estimated cost of Rs. 10.50 crores for linking 27 Missions located in the countries of strategic importance with the headquarters at New Delhi to facilitate voice and data communication. The project which was to be completed within 15 months, consisted of setting up of a control centre along with transmission and receiving centre in New Delhi, a transit station at Accra and communication equipment in 27 Missions.

28. As per information supplied by the Ministry, the amount spent so far on the project is as follows :

- (i) Project Expenditure Rs. 29.16 crores (since 1989)
- (ii) Recurring expenditure Rs. 1.11 crores (since 1991)

The Ministry have further informed that the above project is only partly functional with both voice and data link only at Riyadh. In all other Missions the operational state of the equipment for transmission and message terminal is poor or non-functional due to computer problems. At the Mission in Kuala Lumpur, the present Chancery building is found to be unfit to support the antenna system and in the Mission in Ottawa, it has been decided to shift the equipment to some other locations as it may not be needed in Ottawa.

29. When asked to elaborate upon the justification of the recurring expenditure of Rs. 1.11 crores on HFRC since 1991 as the network has by and large remained non-operational, the Ministry stated that this expenditure has been incurred almost entirely on the operation/maintenance of the Headquarters facility, which is the centre of the entire system. It is stated that the proper functioning of Headquarters was essential for the entire system to work, even during the commissioning and testing stage. The Ministry further elaborated that the bulk of recurring expenditure consists of the annual operation and maintenance charges as well as the electricity charges paid to M/s Videsh Sanchar Nigam Ltd. (VSNL) since 1992-93. This has been paid since the beginning when the project was in the implementation, testing and commissioning stage. The charges being paid to VSNL represents the cost of their personnel needed to keep the Headquarters facility operational.

30. When asked to explain as to why the computerised Visa System for use in the Embassy of India, Washington was rendered useless within four years of its installation in September 1994, leaving the entire expenditure of US\$ 49,444 (equivalent to Rs. 15.60 lakhs) infructuous, the Ministry explained that the Visa section of the EMI, Washington was computerised in 1994-95 with the induction of 11 computers. However, this system has become outdated because of increase in data and requirement of fast and updated machines. Moreover, the computers have almost outlived their economic life. The Ministry stated that the system has been suitably modified over the last one year to make it compatible with our actual working procedures.

31. The Ministry had informed the Committee that a SAARC visa Exemption Scheme was initiated in the year 1988 to promote closer and more frequent contact among the peoples of the SAARC region. The scheme became operational from March 1, 1992 after approval by the Council of Ministers in Male in July, 1991. As per the scheme, SAARC Travel Endorsement Stickers are affixed on the passport of the persons whose names figure in the list approved by the SAARC Division for this purpose. This list includes the President/Vice-President, Members of Parliament, Members of National Federation of Chamber of Commerce and Industry, Member of SAARC Executive Committee and other mutually agreed list of holders of high offices. This entitles the dignitaries to enter and exit and visit any place in the SAARC region without a visa. On being enquired about the actions initiated by the Ministry so far on the recommendations of the Expert Group meeting held in Kathmandu on November 25-26, 1998 to further expand the SAARC Visa Exemption Scheme, the Ministry further informed the Committee that among the 22 new categories of dignitaries as suggested by the Expert Group are Secretary level officers in the Foreign/External Ministries, Vice-Chancellors of Public Universities, Ambassadors of SAARC Members States, 20 leading businessmen and industrialists from SAARC countries, Secretaries of Lower and Upper Houses of Parliament, Attorney General, etc. This list has been approved at the recent meeting of the SAARC Council of Ministers in Sri Lanka and the consolidated new list will be issued by the SAARC Secretariat shortly. According to the Ministry, this is expected to facilitate increased contacts, particularly among the business community and educational and cultural institutions in the region.

32. The Committee note that the Budget allocation of Embassies and Missions in the current Financial Year is of the order of Rs. 617.23 crores for 158 Missions/Posts. The Committee were also informed that the justification of retaining various Missions/Posts established abroad are reviewed continuously in the context of emerging strategic, political, economic, consular and other ground realities. On the basis of such a review, seven Missions/Posts were closed down during the last 10 years and 3 Missions were opened including reopening of the Mission in Fiji. The Committee were also informed that the basic criteria followed by all the countries in setting-up the Embassies/Missions abroad is more or less the same. The Committee also note that Ministry have so far not contemplated opening joint Missions/Posts.

33. The Committee are fully convinced of the necessity of the full scale endeavours to promote India's strategic, political, economic, consular and other interests all over the world. The Committee, however, feel that these interests keep on changing in the context of fast changing international scenario and shift in balance of political and economic equations. The overall resource crunch being faced by a developing country like ours also needs to be taken into consideration for continued existence of about 158 Missions and Posts abroad. The Committee feel that in the present day world, there is need to concentrate on focal points instead of thinly spreading scarce resources all over the world. The Committee are not convinced about efficacy of the routine kind of review being carried out in the Ministry in assessing the desirability of maintaining such a large number of Missions in proper perspective. The Committee, therefore, recommend that an expert group may be set-up to examine the matter in-depth in all its aspects.

34. The Committee further note that in many parts of the world Missions/Posts are required to render only consular services and no strategic angle is involved thereby presenting an ideal situation for Joint Missions/Posts. The Committee are surprised that Ministry have never examined this point which involves not only economy in expenditure but strengthening bonds of friendship and cooperation with our neighbours. The Committee recommend that the Ministry may get in touch with some neighbouring countries to examine if opening of Joint Missions/Posts in certain countries of the world are feasible. Only such countries may be considered where only consular services etc. for the persons of Indian origin are required.

35. The Committee is in full agreement with the observations of the Public Accounts Committee (1998-99) of Lok Sabha made in their Sixth Report on Infructuous Expenditure of Rs. 29 crores - Communication Network, that in an atmosphere of non-accountability, the Ministry failed to implement the High Frequency Radio Communication Network Project and that the inept handling of the project by MEA has rendered the expenditure of over Rs. 29 crores questionable and the basic objective of providing reliable communication network between New Delhi and 27 Missions unattainable in the foreseeable future. The Committee hope that now the Ministry would make earnest efforts to take corrective action and institutionalise the mechanism to monitor further progress on the project so that the system is made operational without further delay.

36. With regard to the Computerised Visa system installed in the Embassy of India, Washington, the Committee deplore the fact that the Ministry has shown lack of proper perspective by installing an already outdated computer equipment which lost its economic viability within four years of installation. Curiously enough, the Ministry have attempted to show an optimistic attitude by suggesting that the system has been modified. However, the Committee emphasise that this does not absolve the Ministry of their responsibility. It is, therefore, recommended that modernisation of various facilities provided by Indian Missions/Posts abroad, should be carried out taking into account not only the technicalities but also anticipated advancements in the field of information technology. The Committee would also like the Ministry to further expand the Computerised Visa facility in the prominent Indian Missions/Posts abroad. The Committee also desire that certain arrangements may be made in Islamabad to facilitate Visa Services to the people coming from Lahore and Karachi.

37. The Committee note that SAARC Visa Exemption Scheme was initiated in 1988 to promote closer and more frequent contact among peoples of SAARC Region. The Scheme became operational from March 1, 1992. The Scheme was further expanded on the basis of recommendations of an expert group and now 22 categories of dignitaries are covered in the exemption list. The Committee, however, feel that the Scheme has so far remained confined to the elite group alone and basic objectives of promoting closer and more frequent contact among the people of SAARC Region has remained a farfetched dream.



**The Committee hope that the Ministry would contemplate specific measures to achieve the basic objectives for which the scheme was initiated way back in 1988.**

### **Passport & Emigration**

#### **Maintenance of Register of Valuables by the Passport Offices**

38. Ministry of External Affairs were asked to state how many passport offices were maintaining Register of Valuables and whether a number of demand drafts became time barred in certain RPOs due to non maintenance of register of valuables and lack of control in cash management. The Ministry in their reply have informed that according to the audit report in 1996 RBI drafts worth Rs. 6.27 lakhs received by RPO, Calcutta during the period from February, 1992 to December, 1995 had become time barred due to their retention beyond their dates of validity. It is also stated that action was immediately initiated to get these drafts revalidated and realised and credited to the Government account.

39. Ministry have further stated that the instructions had been issued to all passport offices to maintain register of valuables and to observe proper procedure and guidelines in the matter to avoid repetition of such instances in future.

40. The Committee are constrained to point out that the Ministry are evasive in their reply by not informing as to whether "Register of Valuables" is actually being maintained in all the Regional Passport Offices/Passport Offices. The Committee are surprised at the casual approach of the Ministry even in the matter of financial impropriety worth Rs. 6.27 lakhs by allowing RBI drafts to become time barred by RPO Calcutta during the period from February, 1992 to December, 1995. These drafts were later on revalidated and credited to the Government account. The Committee feel that similar instances might occur in other RPOs as well in the absence of proper maintenance of the Register of Valuables. The Committee attach great importance to the observance of proper procedure and guidelines in the matter of receipt and expenditure to avoid recurrence of such lapses. The Committee, therefore, recommend that Register of Valuables must be maintained invariably by all the passport offices immediately and the Committee be apprised of the progress within a period of three months.

**Advertisement & Publicity (Secretariat)**

Actuals	1997-98	Rs. 11.01 crores
BE	1998-99	Rs. 12.75 crores
RE	1998-99	Rs. 14.00 crores
BE	1999-2000	Rs. 16.50 crores

**Advertisement & Publicity (Embassies & Missions)**

Actuals	1997-98	Rs. 12.43 crores
BE	1998-99	Rs. 15.23 crores
RE	1998-99	Rs. 17.50 crores
BE	1999-2000	Rs. 22.50 crores

41. According to the Ministry, the External Publicity effort of the Ministry and the Missions covered a wide canvas of projecting India in its totality, both traditional and modern through publications, films, direct communication with media and electronic means. The Standing Committee in the previous year have also been emphasising the need for stepping up publicity activities which could project India's views and concerns on national and international issues and acquaint public opinion abroad with the developments in India on spheres which have a bearing on India's foreign policy and security. The Ministry have informed that keeping in view the Standing Committee's recommendation to provide adequate funds in RE 1999-2000, the allocation for publicity is proposed to be raised to Rs. 16.50 crores for Headquarters and Rs. 22.50 crores for Embassies and Missions.

42. While providing details on the various items of expenditure to be covered under the enhanced budgetary allocation for Advertisement and Publicity purposes under BE 1999-2000, the Ministry have stated that the Ministry's website and those of 24 Missions have been continuously expanded and are visited regularly for their content and credibility. The Ministry's publicity efforts further include a substantial programme of exchanges of visits and meetings involving leading media personnel, both Indian and foreign. The Missions have been in close contact with the local and ethnic media, think tanks, universities,

academics and other relevant personalities from within and outside Government. Business and cultural sections have been important segments . The Ministry and Missions seek to project India's views and concerns on national and international issues and apprise public opinion with developments in India, particularly those which have a bearing on India's foreign policy and security. Annual expenditure at Headquarters is expected to be Rs. 16.5 crores while Missions abroad would spend Rs. 22.5 crores during this year.

43. In order to make an effective use of the increased funds, the Ministry propose to take the following measures :

#### **(A) HEADQUARTERS**

##### **Films**

Expenditure on commissioning documentaries, acquiring feature films and sub-titling/dubbing.

##### **Publicity campaign**

A comprehensive publicity campaign using audio visual and print media is being planned to project a positive image of India abroad. Advertising spots in networks and short capsules showing India's strength would form the basis for this effort.

##### **Visits**

In 1998, 120 journalists, individually or as part of media and TV delegations, visited India. This trend is likely to continue. Incoming and outgoing visits at the Head of State/Vice-President and Head of Government level are planned.

##### **India Perspectives**

Over fifty five thousand copies of India Perspectives, a prestigious monthly magazine published by the XP Division in ten different languages, are distributed through Indian Missions and Posts abroad. The magazine is also made available on the Ministry of External Affairs website audience. Besides highlighting India's historical and cultural heritage, the journal has been focussing on the impressive progress made by India in all facets of life.

## **Publication**

Expenditure on publications, books for libraries, periodicals, magazines for publicity and coffee table books for presentation to foreign dignitaries.

## **Internet**

Ministry of External Affairs website on Internet has received international recognition and is frequented by a large number of users. This can be gauged by the 2.2 million hits per month recorded by the site. Action has been initiated to enhance the effectiveness of the site by including audio-visual material.

## **Other Expenses**

Provision has been kept for fax charges, office equipment, maintenance, commissioning of articles and upkeep of premises.

## **(B) MISSIONS ABROAD**

- (i) Expenditure on purchase and dissemination of print publicity material—books, newspapers, journals and publications.
- (ii) Procurement of publicity—related equipment such as projection systems, TV, VCR and satellite dishes.
- (iii) Audio visual publicity material for dissemination—CD Roms, music tapes, video cassettes, beta tapes for telecast, film festivals etc.
- (iv) Supplements in newspapers on special occasions like Republic/Independent days.
- (v) Photo exhibitions and photo publicity.
- (vi) Visits and media related expenses, for *e.g.* Press Conferences, seminars, briefings etc.
- (vii) Maintenance of websites and creation of additional regional sites (Buenos Aires for Latin America; Cairo for Arab speaking countries etc.).
- (viii) Other miscellaneous and contingent publicity related expenditure. Important issues such as our nuclear tests, our response to make all out efforts to project India's point of view and counter negative trends. This is a sustained and ongoing process.

44. During the examination of Demands for Grants of the Ministry for the year 1998-99, the Committee were informed by the Ministry that some Missions have submitted proposals to step up their publicity activities if backed by adequate financial support. Accordingly, a global review was conducted to assess the requirement of additional funds for publicity efforts by the Mission abroad and the following 25 core Missions were selected for the purpose.

1. Abu Dhabi/Dubai\*
2. Ankara/Istambul\*
3. Beijing/Hong Kong\*/Shanghai\*
4. Bonn/Berlin\*/Frankfurt\*
5. Brussels
6. Cairo
7. Canberra/Sydney\*
8. Colombo
9. Dhaka
10. Islamabad
11. Kathmandu
12. Kuala Lumpur
13. London
14. Moscow
15. Ottawa/Toronto\*/Vanouver\*
16. Paris
17. Port Louis
18. Pretoria/Johannesburg\*/Durban\*
19. Riyadh/Jeddah\*

20. Rome
21. Singapore
22. Tehran
23. Tokyo/Kobe\*
24. Washington/Chicago\*/New York\*/San Francisco\*
25. Permanent Missions of India/New York/Geneva.

\* Note : Consulate General of India

45. One of the significant measures taken by the Ministry to provide extra thrust to External Publicity is hiring the services of lobbying firms in the United States. In this context, the Ministry informed the Committee that at present two lobbying firms are working for the Embassy of India, Washington, namely M/s Verner Liipfert and M/s APCO Associates. These were hired in July, 1998 for six months.

It was further intimated that the contract of lobbying firm M/s Verner Liipfert has been renewed for one year with effect from January 1, 1999 and shall continue through December 31, 1999. The contract of lobbying firm M/s APCO Associates has been renewed for six month with effect from January 1, 1999 and shall continue through June 30, 1999.

46. The firm M/s Verner Liipfert is receiving a monthly fee of US \$ 50,000 per month. The firm M/s APCO Associates is receiving a monthly fee of US \$ 25,000 per month. The expenditure on this account is debitable to the sanctioned budgetary allocation of the Embassy of India, Washington under its "Publicity" head.

47. The role of the lobbying firm is essentially one of facilitating the contacts of Embassy at various levels and arranging appropriate meetings. The Indian viewpoint is put across by the Ambassador and other diplomats, but the firms play a role in getting a favourable response from the US Congress and the Administration.

48. The lobbying firms provide useful strategic, technical and legal advise, keep a close watch on the development in the US Administration and the Congress with a view to alerting the Embassy, use their influence with various Congressmen and Senators to get

India-friendly statements on issues of interests to India, help organise appropriate meetings for the visiting Indian Delegations, facilitate participation of US Government in functions organised by the Embassy and help organise visits of Congressional Delegations to India.

49. The firms have been working vigorously to reverse the 'sanctions' imposed on India. The success we have achieved so far in securing the waiver of some of the "sanctions" is partly on account of their efforts.

Presently, they are engaged in working with various Senators and Congressmen to secure suspension, if not lifting of the sanctions. They also advise the Embassy on the strategy to deal with the issue of attacks on Christians in India which have generated negative reactions in the United States.

50. During the evidence, the Foreign Secretary stated that one of the major concern of the external publicity is projecting not only India's Foreign Policy but also India in its totality. Therefore, the Ministry works on this in an integrated fashion keeping in mind aspects like finance, foreign investments and cultural dimensions. He further stated that the Ministry keeps interacting with the Indian community abroad. In recent years this interaction has greatly widened in range and the Ministry has continued to play a central and enhanced role in the work relating to NRIs and persons of Indian origin. This multidimensional task encompasses providing efficient counselling services, protection of the rights of Indian Nationals, investment promotion and the nurturing of cultural ties.

51. The Committee note that certain positive steps have been taken to improve the effectiveness of our external publicity efforts. The Committee were also informed that the Ministry was in the process of finalising a comprehensive publicity campaign that would project a positive image of the country worldwide. The Committee were further informed that the Ministry's policy on films would increasingly focus on Foreign Policy and that all Missions were being assisted in upgrading their publicity tools. The Committee are constrained to observe several lacunae in the position stated by the Ministry. The Committee find the entire reply extremely vague and non-committal without any prospects of progress in near future. The Committee are of the opinion that each one of the measures proposed by the Ministry to project India's views and concerns seem to be at

a drawing board stage and needs an intensive planning within specific time-frame. The Committee are not sure whether the Ministry would be in position to fruitfully utilise the available funds since most of the publicity measures are still at planning stage.

52. The Committee desire that with the increased funds under the Head Advertising and Publicity, both at Headquarters and Missions level, vigorous efforts should be made in a time-bound manner to ensure that our external publicity campaign is more focussed, effective and result-oriented.

53. In regard to the 25 core Missions selected by the Ministry for purposes of external publicity, the Committee do not feel satisfied with the results achieved so far since India is yet to feel the change in the attitude of many of these countries and better appreciation of India's security compulsions, its threat perceptions and Indian point of view on global issues and internal matters which attract International attention.

54. The Committee note that lobbying efforts have yielded some positive results by projecting better understanding of India's well-established principles on external relations by the US Government and its people. The Committee desire that the Ministry should continue its endeavour to ensure that lobbying efforts are utilised at optimal level for sustained projection of the Indian Foreign Policy which is based on a realistic and contemporary assessment of the regional and global issues.

#### Grants to Institutions

##### Indian Council for Cultural Relations

Actuals	1997-98	Rs. 27.00 crores
BE	1998-99	Rs. 28.00 crores
RE	1998-99	Rs. 35.00 crores
BE	1999-2000	Rs. 37.00 crores

55. As against the actual expenditure during 1997-98 of Rs. 27.00 crores, the grants-in-aid for ICCR under BE 1999-2000 has been raised to Rs. 37.00 crores. It was informed that the actual expenditure in



1997-98 was Rs. 28.64 crores against the budget grant of Rs. 27 crores. For 1998-99 against a budget grant of Rs. 28 crores, which subsequently was raised due to the efforts to the Council in the face of pressing demands, the actual expenditure was Rs. 33 crores. Now the BE for 1999-2000 has been raised to 37 crores.

56. Explaining the reasons for increase in allocation of funds under BE 1999-2000, the Ministry stated that the enhancement in the grant-in-aid was required primarily to meet the increased costs on account of scholarships for foreign students and for the running of the Indian Cultural Centres and Chairs abroad. The new budgetary allocation for the year 1999-2000 takes into account the actual expenditure in respect of financing of the Council's activities consequent upon significant increase in the above two areas, as also an across-the-board increase in other activities of the ICCR on the programme side.

57. Providing Scholarships for Foreign Students on behalf of the Government of India is one of the most important activities of the ICCR. According to the Ministry, the Council offers over 1900 scholarships at any moment of time for studies in graduate, post-graduate and doctoral programmes and professional courses. A total of 615 new scholarships were offered this year to students from 60 countries. It is further informed that the increase in the Scholarship Schemes is the cumulative result of the extraordinary hike in Tuition Fees for foreign students in most of the Universities from 1995-96 onwards. With each succeeding year, while on the one hand newer students are coming in, for whom the Council has to pay these higher rates of fees, on the other hand, the pre-1995-96 students, for whom the Council was paying the old rates of fees are passing out. As a result, the expenditure on Scholarship is ballooning and as compared to the actual expenditure of Rs. 7.43 crores in 1997-98 the estimated expenditure on scholarships in 1998-99 is likely to be around Rs. 9.20 crores, and Rs. 10.10 crores in 1999-2000. This entire expenditure on scholarships cannot be reduced as it is bilateral commitment to other countries. Additional expenses are also anticipated towards increased stipends for meeting the enhanced cost of living.

58. The Committee were informed that no provision has been made by the ICCR for the Cultural Centre at Washington. Earlier the Committee had been told that the Government is moving ahead with this proposal. However, it was pointed out that this proposal should be taken up expeditiously and we should seek financial contributions

from the Indian community in the U.S. Explaining their position, the Ministry stated that the establishment of an India Centre in Washington is moving ahead. It has come to the stage of evaluating properties to house the India Centre. A property team visited Washington in February, 1999 and short-listed three prospective properties. Price negotiations in case of one of the short-listed buildings is presently being undertaken by the Indian Mission in Washington. Thereafter the matter will be taken up with the Ministry of Finance for obtaining necessary financial approval. As funds would be provided from the Ministry's budget, a separate provision has not been made in the Budget of the ICCR.

59. It was also informed by the Ministry that there has been considerable progress involving the concept of the Centre. It is now proposed that it will not be a Cultural Centre only in the sense of focusing on the performing arts, but would also play an important intellectual and academic role in association with leading think-tanks in the U.S. On the suggestion to involve Indian community to make contributions for the project, the Ministry stated that while the Centre will be run by the Embassy of India, Washington, provision has been made to receive contributions from the Indian community to finance specific programme activities of the Centre.

60. On being enquired about the activities of the Regional Offices of ICCR in India, the Ministry informed that there are 8 such small servicing establishments meant primarily for assisting foreign students studying under ICCR's scholarships in the universities located in their regions by liaising with university authorities on matter of admissions etc. and for providing protocol and logistical support to visiting guests and cultural troupes of the ICCR as and when directed by the Headquarters of the ICCR. Regarding the budgets of the Regional offices, the Committee were informed that these offices have small budgets ranging from Rs. 7.3 lakhs per annum to Rs. 15 lakhs. The total budgetary allocation for salaries and establishments of 8 Regional Offices for 1999-2000 is Rs. 135 lakhs.

61. The Committee note that ICCR's programme of giving scholarships to foreign students plays a very significant role in generating considerable goodwill for India. In view of the substantial hike in tuition fee for foreign scholars by Indian universities for which Rs. 10.10 crores have been allocated to the Council under BE 1999-2000, the Committee feel that the Ministry may, in consultation

with the Department of Education (Ministry of Human Resource Development), explore the possibility of fixing the tuition fee of foreign scholars at certain level so as to avoid the frequent increase in expenditure of Cultural Centres due to regular escalation in tuition fees.

62. The Committee note that the Ministry is still in the process of evaluating the properties to house the India's Cultural Centre in Washington. The Committee further note that while the Cultural Centre will be run by Embassy of India, Washington, a provision has been made to receive contributions from the Indian community to finance specific programme activities of the Centre. The Committee are inclined to take a view that there should be a greater involvement of Indian community, particularly Indian Scholars in the implementation of projects like setting up of Cultural Centres which will not only reduce expenditure to some extent but also inculcate a sense of belonging among the Indian community. The Committee, therefore, counsel the Ministry to move towards an active dissemination of information on such areas of cultural diplomacy where members of the Indian community abroad could be encouraged to participate/contribute in a more active manner also by considering setting up of advisory Committees, wherever feasible.

63. With regard to 8 Regional Offices of ICCR, the Committee would like to emphasise that although these offices function under a relatively small budgetary support, it would be useful for the ICCR to have an assessment of their working and activate their Regional Offices to ensure optimum utilisation of allocated funds.

#### **Grants-in-Aid to Institutions**

Some of the Institutions receiving Grants-in-aid under this Head are as follows :

1. *Society for Research & Information System for Non-aligned & other Developing Countries (RIS)*

Actuals 1997-98	Rs. 1.17 crores
BE 1998-99	Rs. 1.10 crores
RE 1998-99	Rs. 1.20 crores
BE 1999-2000	Rs. 1.30 crores

2. *Indian Council for Research on International Economic Relations*

BE 1998-99	Rs. 4 lakhs
RE 1998-99	Rs. 1 lakhs
BE 1999-2000	Rs. 2 lakhs

3. *Bharat-Bangladesh Maitri Samiti*

Actuals 1997-98	Rs. 5 lakhs
BE 1998-99	Rs. 5 lakhs
RE 1998-99	Rs. 5 lakhs
BE 1999-2000	Rs. 5 lakhs

4. *Institute of Chinese Studies*

Actuals 1997-98	Rs. 5.01 lakhs
BE 1998-99	Rs. 9.78 lakhs
RE 1998-99	Rs. 9.70 lakhs
BE 1999-2000	Rs. 10.32 lakh

5. *India-Australia Council*

Actuals 1997-98	Rs. 4 lakhs
BE 1998-99	Rs. 2 lakhs
RE 1998-99	Rs. 2 lakhs
BE 1999-2000	Rs. 2 lakhs

6. *Indian Society of Asia and Pacific*

BE 1998-99	Rs. 5 lakhs
RE 1998-99	Rs. 5 lakhs
BE 1999-2000	Rs. 5 lakhs

64. The Ministry of External Affairs extend financial assistance to various academic institutions/think tanks and non-Governmental Bodies located in the country and abroad for conducting research in various fields e.g. international law, international affairs, social science etc. and holding conferences, seminars, preparation of research papers, exchange of scholars and support on issues related to India's external relations and security. Such bodies include Indian Council for Social Science Research, Indian Society of International Law, Society for Research and Information Systems in Non-Aligned Countries (RIS), Indian Council of World Affairs (ICWA), Indian Council for Research on International Economic Relations, University of Pennsylvania, Institute of Chinese Studies, India-Australia Council etc.

65. According to the Ministry, their Policy Planning Division (P P Division) receives requests/proposals for financial assistance from various institutions for organising seminars, conferences, studies, dialogues etc. Applicants are required to give all the necessary informations for evaluating and examining the proposal right from the financial angle to the subject matter and participants. Thereafter, the proposal is passed on to the concerned territorial division for eliciting their comments and suggestions regarding additions/deletions in the subject matter or participants and also examining and giving political clearances. The proposal then goes for administrative approval and financial vetting/concurrence by the Ministry's Finance Division. After due vetting, the Division issues sanction containing all the clauses and measures to ensure proper utilisation of the amount sanctioned. The organisers are also required to submit all the recommendations/papers presented at the seminar/conference which act as important inputs in policy formulation.

66. The Committee desired to know whether any Committee exists to examine the proposals of providing aid/assistance to various institutions. The Ministry in their reply stated that the checks and balances inbuilt in the present system are quite sufficient and have served their purpose for the past many years. They further mentioned that even if a Committee were to be formed, a proposal would still have to go through the same process as cited above. The Ministry have also stated that since the amounts sanctioned vary from Rs. 50,000 to Rs. 1-2 lakhs only, processing each and every proposal through a Committee may only prove more time consuming and make the process more complex.

67. On being enquired as to why the work done by various institutions except RIS, is not being monitored by the Ministry of External Affairs, the Ministry stated that the work done by various institutions to whom financial assistance is given, is monitored in respect of utilisation of the funds sanctioned by them. For every financial assistance made through the P.P. Division, the receiving institution is required to send the utilisation certificate along with supporting vouchers/bills to settle the accounts. More importantly, they are required to submit the recommendations/proceedings of the seminars/conferences within a minimum of one month. The inputs thus received from the various seminars/conferences assisted through the P.P. Division help various Divisions of the Ministry of External Affairs in policy formulation.

68. The Committee further desired to know about the aims and objectives of Society for Research and Information Systems for Non-aligned and other developing Countries (RIS) and the reasons for grant of Rs. 1.3 crores proposed under BE 1999-2000. To this, the Ministry responded by informing that RIS is a research institute established in 1983 by the Ministry after the seventh summit of NAM. RIS is India's contribution to the implementation of the various resolutions passed by NAM and is a forum for pursuing work relating to global issues in the field of International Economic Relations and Development Cooperation among developing countries. RIS has also been envisioned as a think-tank for developing countries, fostering effective intellectual dialogue on international economic issues. It was also informed that RIS is mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic and social issues including regional and sub-regional cooperation arrangement. It operates in close association with various Government bodies, research institutions, academicians, policy makers, business and industry circles. To fulfil its mandate, RIS regularly conducts research studies, organises conferences, seminars and workshops and disseminates its research findings by bringing out various publications and a quarterly journal called "RIS Digest" and a half yearly journal called "RIS Bio-technology and Development Review".

69. According to the Ministry, the current work programme of RIS includes India-ASEAN Programme of Eminent Persons Lectures Series, implementation of India's commitments under World Trade Organisation (WTO), (SAARC) Survey of Development and Cooperation, Studies on Indian Ocean Rim Association, etc. It was

further informed by the Ministry that so far as the monitoring of work done by RIS's concerned, it has a governing body on which MEA is represented at a senior level. The governing body meets periodically to monitor and review its activities and plan its work programme.

70. Another body on which the Committee desired to be informed about was the Indo-French Forum. According to the Ministry, this Forum was recently set-up as a high level non-Government body comprising of eminent Indian and French persons. Two meetings of the Forum have so far been held which have led to the identification of specific initiatives for enhancing mutually beneficial bilateral cooperation between India and France covering the fields of investments, scientific and technological cooperation, educational linkages, people-to-people contacts and cultural exchange. The financial assistance given to the Forum is limited to providing support for holding its meetings and some Secretarial assistance.

71. The Committee were informed that the proposals of providing financial assistance to various organisations/institutions are thoroughly scrutinised and that the existing system has sufficient checks and balances. The Committee nevertheless, feel that in order to ensure strict compliance of the guidelines and the procedure in this regard and to avoid any possible lapse or arbitrariness, setting up of a Committee appears desirable.

72. The Committee further note that inputs provided by these institutions/NGOs are reviewed/monitored at random basis. The Committee are not satisfied with the existing arrangements involving routine approach in monitoring the work done by these institutions even though these are provided with substantial financial assistance. The Committee would like the Ministry to have an effective mechanism to ensure regular and close monitoring at appropriate level. The Committee further desire that they may be apprised of various publications, research papers etc. brought out by these institutions/NGOs.

73. The Committee are aware of the financial constraints in providing assistance to large number of institutions/NGOs for promoting research/studies in the political and economic spheres and presenting Indian view point in proper prospective before the world community. The Committee would like the Ministry to examine the possibility of setting up an Indian foundation, a semi/non-official

**organisations on the lines of foundations established by countries like Japan and Germany, for better appreciation of Indian Policy in the political and economic spheres.**

#### **Foreign Economic Relations**

74. According to the Annual Report 1998-99 of the Ministry, contributing to the national effort of strengthening India's Economic Security and well-being of the citizens of India has been cited as one of the primary objectives of the Ministry of External Affairs' conduct of Foreign Economic Relations. India faced a challenging international economic scenario in 1998. The global economy had entered a very difficult and uncertain phase. Consequently, the Indian Economy suffered on account of declining demand for its goods and services. In their Annual Report, the Ministry stated that they have played an active role through its Economic Division and intensified initiatives and measures taken at the national level for encouraging foreign investment inflows particularly of foreign direct investment into India. Major thrust areas included infrastructure development, especially Energy, Power, Telecom and Information Technology. It is further stated that the Ministry undertook several initiatives towards suitably projecting our Investment Policy, in coordination with Indian Missions and Posts abroad as well as the various Ministries and Agencies inside the country. Also negotiations were held with the number of countries for concluding of bilateral investment promotion and protection agreements.

75. The Ministry have also informed in their Annual Report about their systematic endeavour to engage the advance industrial countries to develop them as markets for our exports, as source of investment and as partners for technology transfers. Indian Missions and Posts abroad centered their efforts to intensify dialogue with them at bilateral and multilateral levels to project a correct image of India as a substantial partner in trade and investment and industrial / technical cooperation.

76. During the evidence the representatives of the Ministry of External Affairs shortlisted one of the major preoccupations and the priorities of the Ministry as putting greater focus on Economic Diplomacy *i.e.* interaction with the international community through emphasising a cooperation in the technical and economic areas and investment promotion efforts, interaction with industry and so on. On



being told so, the Committee desire to know as to why in the Annual Report 1998-99 of the Ministry, the impact of sanctions on India's Investment Plan in this particular year has not been mentioned. It was further pointed out that in the Annual Report there are one line statements on the attitude of developed countries like the United States and Japan towards projects which are financed by multilateral agencies. It was also pointed out that setback to India's power sector is linked with the dismal functioning of our external foreign policy. It was further observed that Science & Technology Cooperation is a branch of foreign policy in this age and expressed concern that this aspect is being dealt with in a highly simplified manner. In this connection, the representative of the Ministry admitted as follows:

"It is a jurisdictional matter. The Ministry of Finance, Department of Economic Affairs is concerned with this question. It is not to say that the Ministry of External Affairs is not seized of it. We are involved in it. It is a simple jurisdictional question and I believe that the annual report of the Ministry of Finance will give details about what has happened in respect of funding of multilateral agencies and also about the impact on the Indian economy and specifically on projects which Hon'ble Member has mentioned....."

"The function of the report is not to go into analytical details..... But as I said, I take the point that there is a lacuna in this regard. We would certainly work to fill that lacunae and to provide whatever information is necessary for that purpose to the Committee."

77. The Committee have observed that in their Annual Report, the Ministry have presented an unsatisfactory account of one of their preliminary objectives *i.e.* pursuing India's Economic Interests since the impact of sanctions on India's Investment Plans has not been mentioned in detail anywhere. The Committee further note that earlier technical assistance was provided by the developed nations like the United States and Overseas Economic Cooperation Fund for various on-going projects in India. However, not even a single project out of those which were approved two years back has been funded till recently. The Committee feel that India's power sector has suffered a setback due to non-cooperation from the developed nations and international institutions, a factor which could have been tackled through a well-targetted economic diplomacy. The Committee express concern over the fact that multilateral science and technology cooperation sector has not been handled with the seriousness that it deserved by the Ministry. The Committee strongly feel that a vigorous and proactive economic diplomacy and other corrective measures on the part of the Ministry are urgently required.

78. The Committee feel that with globalisation and liberalisation of our economy, the servicing of our Missions by the Headquarters needs to be considerably improved. This has already been pointed out by some experts and commented upon by the media. It is learnt that as many as 36 Missions in Africa are being serviced by one Joint Secretary in the Headquarters. Similar is the case regarding Europe. The Committee would therefore like the Ministry to undertake a review urgently to improve the situation.

79. For quite sometime, various expert Committees have been suggesting the need for restructuring the Foreign Service in order to develop expertise and specialisation in certain subjects and areas of its concern. The Committee have not come across any evidence if this has been undertaken and would like to be informed.

While doing this, it is important that the WTO and other international economic institutions are given more attention. It is also important to create a cadre of legal experts for this purpose.

#### Capital Section

Actuals	1997-98	Rs. 55.07 crores
BE	1998-99	Rs. 100.00 crores
RE	1998-99	Rs. 64.00 crores
BE	1999-2000	Rs. 100.00 crores

80. According to the Annual Report (1998-99), the Establishment Division of the Ministry of External Affairs have drawn up a long-term property acquisition plan beginning from 1995-96. Accordingly, financial provision under the Capital Outlay Budget Head 4059 (Non-Residential) and 4216 (Residential) is provided to purchase land/built up properties, complete construction projects for Chanceries and Residences and pursue proposals for repairs and maintenance of GOI properties abroad. The projects are monitored by Project Level Committees as well as Technical Teams from Headquarters to ensure timely progress and achievement of physical and financial milestones.

81. According to the Ministry, the Establishment Division carries out annual exercise to prioritise projects keeping in view the budget provided to it by the Ministry of Finance. The Ministry of External Affairs are also provided specialised professional assistance in the form of a technical cell manned by a Superintending Engineer and a Senior Architect from CPWD on deputation. It is the experience of the Ministry

that considerable time is required in planning a project as there are well laid down guidelines for purchase of properties and construction projects. In order to avoid time and cost overrun, fixed lumpsum value contracts are being awarded. Also, penalty/liquidity damages clause is inserted to provide protection against any delay. The Foreign Secretary holds fortnightly meetings to monitor the progress and to give overall guidance. As per the Ministry, the Government of India owns around 73 Chancery buildings, 77 Embassy Residences and more than 600 other residential units to reduce their rental liabilities.

82. The Committee have been further informed that the Ministry of External Affairs have undertaken construction projects after acquiring plots of land either on reciprocal basis or on purchase basis in a number of countries. Currently, the project for construction of Chancery and Embassy Residence in Abu Dhabi is in full swing. As per the Ministry, initial financial approval for this project was taken in 1990 at an estimated cost of Rs. 3.73 crores. The project was deferred on account of factors beyond the Ministry's control *viz.*, the Gulf War and subsequent freezing of Overseas Projects on account of foreign exchange crunch. After the re-approval of the project in January 1998 at a cost of Rs. 15.15 crores, the work commenced in March, 1998 and should be completed by October, 1999 as scheduled without any cost escalation. The Ministry have emphasised the facts that one of the important factors for cost escalation of the projects in Doha and Abu Dhabi are due to the fluctuation in the rate of Indian rupee since 1991.

83. The Ministry have further informed that the construction of Indira Gandhi Centre for Indian Culture in Port Louis, Mauritius is likely to be completed by the first half of 1999. Approval for this project was obtained in 1996 at a cost of Rs. 28.21 crores and the construction commenced in November 1996. It is stated that while there has been some time overrun, there has been no cost escalation. In order to avoid cost overrun, this project has been awarded as fixed value lumpsum contract.

84. Among other on-going construction projects is the Berlin project for construction of Chancery-cum-Residential Complex which is expected to start in March 1999. The Ministry have informed that all preparatory ground work including approval of design have been completed and the selection of the Contractor is in hand. Other projects on the anvil are Doha, Muscat, Dhaka, Islamabad and Brasilia. Moreover, the proposal for renovations and redevelopment of GOI properties in Singapore, Kiev, Moscow and London are also in hand.

The construction projects in India include, the construction of Videsh Bhawan, Foreign Service Institute, Residential Complex for officers in Chanakyapuri and ICCR in Calcutta and Passport Offices in Ahmedabad, Bangalore, Bhubaneswar, Calcutta, Chandigarh, Cochin, Goa, Kozhikode and Lucknow.

85. During evidence, the Committee desired to know the reasons for under-utilisation of funds of Rs. 100 crores allocated under BE 1998-99 to Rs. 64 crores at RE 1998-99 stage. In their reply, the Ministry stated the following reasons :

- (i) The proposal for purchase of additional land in Dhaka at an estimate cost of Rs. 12 crores was expected to materialise during the current financial year. A Property Team visited Dhaka to negotiate the price of the additional land with Bangladesh. Authorities who have agreed to reduce the cost to Rs. 10.99 crores. This has been intimated by our Mission in Dhaka on 19th March, 1999. The approval of the Committee on Non-Plan Expenditure for this expenditure is now being obtained. Actual payment will materialise only in next financial year as payment will be made only after an agreement is signed and registration done in our favour.
- (ii) Similarly, purchase of properties at Tehran, Chicago and Washington have been largely processed. However, actual payment will be only in the next financial year.
- (iii) Ministry has already approved major renovations in the Embassy of India, Berlin (Rs. 5.14 crores) which will be completed in the next financial year.
- (iv) Ministry of External Affairs had approved purchase of Embassy Residence in Buenos Aires at a total cost of Rs. 7.5 crores. The transaction fell through as the owner of the building backed out at the last moment.
- (v) Primarily, the proposal for purchase of residential flats in Madrid at a cost of around Rs. 5 crores was approved but while we were in the process of obtaining approval of the Foreign Office of Spain, the flats were sold out.
- (vi) The construction of Post Louis Cultural Centre at Mauritius started in November 1998 and is in the final stage of completion. Construction for the Chancery and Embassy Residence Project in Abu Dhabi started on 31st March, 1998. The work is

progressing satisfactorily and is likely to be completed by October 1999 as scheduled. For the Berlin Chancery-cum-Residential Project, tenders have been called and the construction work is likely to be awarded in April/May, 1999. The project is on schedule. All these projects are being closely monitored."

86. One of the major tasks of the Establishment Division of MEA is proper upkeep of GOI properties through major repairs and renovations. Currently, the proposals in hand are for the renovation and re-development of GOI properties in London, Singapore, Berlin, Kiev and Moscow for which budgetary provision during 1999-2000 has been projected as Rs. 10 crores. On being asked about the current estimates of expenditure for major repairs and renovations at various stations, the Ministry submitted the following :

**London**—An expenditure of approximately Rs. 20 crores has been estimated for the repairs. Tenders in this connection, have been called and firm cost will be available after the receipt of tenders shortly.

**Singapore**—There has been a proposal for re-development of all GOI properties in Singapore on a self-financing basis. However, it has now been decided to delink the renovation/refurbishment of the High Commissioner's Residence from the development of other properties. Action plan for starting the renovation/reconstruction of the High Commissioner's residence has been drawn up. Mission has been authorised to appoint a professional Surveyor to prepare detailed maps and drawings particularly as this is a conservation building. A list of architects has been drawn up. Selection of Architect will be made shortly. Work on the re-construction of HC's residence should commence in 7-8 months' time and would take 28 months to complete from the date of appointment of consultant.

**Berlin**—The estimated expenditure on the renovation of Embassy Residence is Rs. 6.5 crores approx. The contract has been awarded to a local contractor. Work is progressing satisfactorily and as per schedule.

**Kiev**—Estimated cost for repairs is USD 650,000 equivalent to Rs. 2.5 crores approx. The tender document etc. have been

completed. The Plans etc. stand submitted to the local body for building permit. Tenders will be called as soon as the permission is granted.

**Moscow**—(i) Approval has been accorded to utilise the services of UPDK, a semi-government agency in Russia to prepare detailed scope of work and bill of quantities. The estimated cost of the renovation would be about Rs. 13 crores. This figure, however, is not final and is approximate and will be firmed up after the feasibility studies and bill of quantities are available.

(ii) Renovation works are undertaken to keep the Government of India properties in a representational form and sound condition. Proposals in this regard, are initiated by the Mission in respect of properties which need major repairs/renovation. The proposals are examined/approved in the Ministry in consultation with the Technical Cell and Finance Division. Assistance of Director General, CPWD is also obtained in larger projects.

(iii) While formulating Budget proposals due care is taken to make provision under various categories like Construction Projects, purchase of ready-built properties, repairs and maintenance of Government of India properties. However, the funds provided under one category may be diverted to other categories depending upon the requirement.

87. While responding to the observations on the projects highlighted by the Committee during evidence, the Ministry further intimated as follows :

**"Permanent Representative (PR)'s Residence, New York :** The property which was recommended by PR was a penthouse costing over 7 million dollars which was much higher than the economic cost. Monthly condominium charges were very high. Hence, the property was not considered economically viable. The PR thereafter, opted to stay in the present rented premises.

**Doha :** Architect was appointed in 1984 for construction of Chancery and Embassy Residence. Final approval was obtained in May, 1989. The project was ready for call of tenders, when the Gulf War broke out in 1990. Immediately thereafter, there was freezing of overseas projects on account of foreign exchange crunch.

**ICCR, Calcutta :** The proposals have been formulated and the meeting of Committee on Non-Plan Expenditure is to be held shortly for obtaining approval. Estimated cost is Rs. 14.75 crores and would take three years to complete.

**Abu Dhabi :** The initial approval for the project was in 1990 at an estimated cost of Rs. 3.73 crores. The project was deferred on account of factors beyond our control, namely, the Gulf War and subsequent freezing of overseas project on account of foreign exchange crunch. After the project has been re-approved in 1998, the work has commenced and is progressing satisfactorily and should be complete by October, 1999 as scheduled without any cost escalation."

88. The Committee feel extremely dissatisfied over the inept handling of the various ongoing projects of constructions/purchase/repair and renovation of GOI properties abroad by the Ministry of External Affairs. It is felt that although the Committee have been expressing concern over the tremendous time and cost overruns under the Head Capital Outlay in their previous reports, the Ministry have resorted to repetitive and vague replies. The Committee also entirely disagree with the Ministry's reasoning on the deferring of certain projects in Gulf countries e.g. Doha and Abu Dhabi and feel that various factors cited therefor could well have been taken care of without much difficulty. While taking a serious view of the dismal performance of existing decision-making mechanism of the Government for acquiring land/properties abroad, the Committee urge the Ministry to mobilise the requisite resources within the shortest possible time and clinch the best options available before them, without further loss of time. The Committee also recommend that the Ministry must take urgent measures to streamline the procedures laid down for selection, acquisition, repair and maintenance of GOI properties abroad, so that the projects are completed without any time and cost overruns.

89. The Committee express deep concern over the current state of affairs in so far as the Singapore project and the project on Residences of Permanent Representative in New York is concerned. The Committee feel that there has been no progress whatsoever in respect of Singapore except working out of Action Plan during the last five years. Similarly, the project on hiring or requisitioning of the residence of our Permanent Representative in New York has

been lingering on for years. The Committee also feel that the Ministry have furnished very unsatisfactory reply on these two points. The Committee, therefore, desire that a detailed report indicating the progress in the matter should be furnished to the Committee within three months. The Committee also recommend a special audit of all expenditure incurred in the last five years on various constructions, purchases and renovation projects, particularly those in New York and Singapore with a view to ascertaining the magnitude of time and cost overruns. The Committee would also like the Ministry to fix the responsibility for additional expenditure incurred on these projects as the very purpose of acquiring the properties for substantial rental savings is defeated.

NEW DELHI;  
April 12, 1999  
Chaitra 22, 1921 (Saka)

I. K. GUJRAL,  
Chairman,  
Standing Committee on External Affairs.



## APPENDIX I

### MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS HELD ON 24 MARCH, 1999

The Committee sat from 1100 hrs. to 1340 hrs. and 1530 hrs. to 1715 hrs.

#### PRESENT

Shri I. K. Gujral—*Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Dileep Sanghani
3. Shri D.B. Roy
4. Shri Bikram Keshari Deo
5. Shri Sushil Kumar Shinde
6. Shri Suresh Kurup
7. Smt. Minati Sen
8. Shri C. Gopal
9. Shri Heera Lal Rai
10. Shri Bhartruhari Mahtab
11. Smt. Geeta Mukherjee
12. Shri Anant Gangaram Geete
13. Shri N. Dennis
14. Shri E. Ahamed

#### *Rajya Sabha*

15. Shri Madhav Singh Solanki
16. Shri Bhuvnesh Chaturvedi
17. Dr. Mahesh Chandra Sharma
18. Shri Triloki Nath Chaturvedi
19. Shri Md. Salim

20. Shri N. Thalavai Sundaram
21. Dr. Karan Singh
22. Dr. Yoginder K. Alagh
23. Shri Rangnath Misra
24. Dr. L.M. Singhvi

SECRETARIAT

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri Harnam Singh — *Joint Secretary*
3. Shri A.K. Singh — *Deputy Secretary*
4. Shri R.K. Saxena — *Under Secretary*

WITNESSES (MINISTRY OF EXTERNAL AFFAIRS)

1. Shri K. Raghunath — *Foreign Secretary*
2. Shri Nareshwar Dayal — *Secretary (East)*
3. Shri S.T. Devare — *Secretary (ER)*
4. Shri R.S. Kalha — *Secretary (West)*
5. Shri Dilip Lahiri — *Addl. Secretary (UN)*
6. Shri B.N. Jha — *Addl. Secretary(FA)*

At the outset, the Chairman welcomed the Members of the Committee and representatives of the Ministry of External Affairs to the sitting of the Committee.

The Committee then discussed with the representatives of the Ministry of External Affairs recent developments in Kosovo and the various points arising out of the Demands for Grants (1999-2000) of the Ministry. The representatives of the Ministry of External Affairs replied to the queries made by the Members. A verbatim record of the proceedings has been kept.

As the discussion was not concluded, the Committee decided to meet again on 5th April, 1999 at 1600 hrs.

*The Committee then adjourned.*

MINUTES OF THE SITTING OF THE STANDING COMMITTEE  
ON EXTERNAL AFFAIRS HELD ON 5 APRIL, 1999

The Committee sat from 1600 hrs. to 1820 hrs.

PRESENT

Shri I.K. Gujral — *Chairman*

MEMBERS

Lok Sabha

2. Shri Dileep Sanghani
3. Shri Faggan Singh Kulaste
4. Shri Bikram Keshari Deo
5. Shri Tapan Sikdar
6. Shri Bhubaneswar Kalita
7. Shri K. Natwar Singh
8. Smt. Minati Sen
9. Shri Heera Lal Rai
10. Shri Bhartruhari Mahtab
11. Smt. Geeta Mukherjee
12. Shri E. Ahamed

*Rajya Sabha*

13. Shri Bhuvnesh Chaturvedi
14. Shri K.M. Khan
15. Shri Triloki Nath Chaturvedi
16. Dr. Karan Singh
17. Dr. Yoginder K. Alagh
18. Shri Jayant Kumar Malhoutra
19. Shri Rangnath Mishra
20. Dr. L.M. Singhvi

## SECRETARIAT

- |                      |   |                             |
|----------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey   | — | <i>Additional Secretary</i> |
| 2. Shri Harnam Singh | — | <i>Joint Secretary</i>      |
| 3. Shri A.K. Singh   | — | <i>Deputy Secretary</i>     |
| 4. Shri R.K. Saxena  | — | <i>Under Secretary</i>      |

## WITNESSES (MINISTRY OF EXTERNAL AFFAIRS)

- |                         |   |                     |
|-------------------------|---|---------------------|
| 1. Shri K. Raghunath    | — | Foreign Secretary   |
| 2. Shri Nareahwar Dayal | — | Secretary (East)    |
| 3. Shri S.T. Devare     | — | Secretary (ER)      |
| 4. Shri R.S. Kalha      | — | Secretary (West)    |
| 5. Shri Dilip Lahiri    | — | Addl. Secy. (UN)    |
| 6. Shri B.N. Jha        | — | Addl. Secretary(FA) |

The Chairman welcomed the Members of the Committee and representatives of the Ministry of External Affairs to the sitting.

The Committee was further briefed by the Foreign Secretary on the latest developments in Kosovo. The Committee then resumed discussion with the representatives of the Ministry of External Affairs on the various points arising out of Demands for Grants of MEA for the year 1999-2000. The representatives of the Ministry of External Affairs replied to the queries made by the Members. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

MINUTES OF THE SITTING OF THE STANDING COMMITTEE  
ON EXTERNAL AFFAIRS HELD ON 12 APRIL, 1999

The Committee sat from 1100 hrs. to 1200 hrs.

PRESENT

Shri Inder Kumar Gujral — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Bikram Keshari Deo
3. Smt. Ila Pant
4. Shri Bhubaneswar Kalita
5. Shri Sushil Kumar Shinde
6. Shri P. Shiv Shanker
7. Shri C. Gopal
8. Shri Heera Lal Rai
9. Smt. Geeta Mukherjee

*Rajya Sabha*

10. Shri Madhav Sinh Solanki
11. Shri Bhuvnesh Chaturvedi
12. Dr. Mahesh Chandra Sharma
13. Shri Triloki Nath Chaturvedi
14. Shri N. Thalavai Sundaram
15. Dr. Karan Singh
16. Dr. Yoginder K. Alagh
17. Shri Jayant Kumar Malhotra
18. Dr. L.M. Singhvi

SECRETARIAT

1. Dr. Ashok Kumar Pandey — *Additional Secretary*
2. Shri Harnam Singh — *Joint Secretary*
3. Shri A.K. Singh — *Deputy Secretary*
4. Shri R.K. Saxena — *Under Secretary*

At the outset, the Chairman welcomed the Members of the Committee to the Sitting of the Committee.

2. The Committee then took up for consideration the draft Report on Demands for Grants of the Ministry of External Affairs for 1999-2000. The Chairman invited Members to offer their comments on the draft Report. The members suggested certain modifications/ amendments and desired that those be suitably incorporated into the body of the Report. The draft Report was then adopted.

3. The Committee then authorised the Chairman to finalise the Report for presentation to the House.

*The Committee then adjourned.*

## APPENDIX II

### STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl.No.	Para No.	Ministry	Observations/Recommendations
1	2	3	4
1.	18	External Affairs	<p>The Committee note that Budget Estimates for the Financial Year 1998-99 was Rs. 2120.72 crores. At the RE stage it was augmented to Rs. 2236.17 crores. The total additionality between RE-1998-99 and BE 1998-99 was Rs. 115.45 crores. The Committee were informed that following a review of requirements in February, 1999 the matter was reassessed and it was felt that additionality of Rs. 152.44 crores was in fact not required. The Committee also note that the proposed budget allocation of Rs. 2209.47 crores under BE 1999-2000 shows decline of 1.19% over RE 1998-99. The Committee were informed that the Ministry had projected a requirement of Rs. 2573.75 crores to the Ministry of Finance at BE stage. However, the Ministry of Finance reduced this to Rs. 2209 crores suggesting that augmentation would be made at RE stage, if necessary. During the evidence it was further pointed out by Foreign Secretary that if the need arises for additional funds the Ministry will ask for additionality at RE stage or by</p>

1	2	3	4
			reappropriating some savings. In the past also, the Ministry has been relying on augmentation at RE stage.
2.	19	External Affairs	The Committee are constrained to note that the Ministry of External Affairs could not justify their projected requirements of Rs. 2573 crores to the Ministry of Finance. As a result, the amount of Rs. 2573 crores proposed in the BE 1999-2000 was reduced to Rs. 2209 crores by the Ministry of Finance. The Committee are also not happy at the tendency of the Ministry to place greater reliance on augmentation of resources at RE stage almost every year. The fact that even the resources allocated at RE stage in the year 1998-99 were not required on reassessment made, as late as in February, 1999, shows the flaws in the budgetary planning and the exercise related thereto in the Ministry.
3.	20	-do-	The Committee are of the strong view that as the increases effected at RE stage is generally not scrutinised by the Committee, MEA should frame their requirements in proper perspective at BE stage itself so as to avoid substantial enhancement of fund allocation at RE stage. The Committee further observe that this tendency on the part of the Ministry to request for enhanced allocation at RE stage, barring in exceptional circumstances, needs to be



1	2	3	4
			<p>curbed to dispel the impression that the Ministry is deliberately avoiding the scrutiny of their Budgetary Estimates by the Standing Committee.</p>
4.	21	External Affairs	<p>The Committee note that the BE 1999-2000 of Rs. 2209.47 crores shows a decline of 1.19% over RE 1998-99 of Rs. 2236.17 crores, though there is an increase of 4.18% <i>vis-a-vis</i> BE 1998-99 of Rs. 2120 crores. Keeping in view inflationary trends and also usual increases in expenditure on salaries and allowances, Special Diplomatic Expenditure and Technical &amp; Economic Cooperation with other countries, the Committee find that there has been an actual decline in the funds available to the Ministry to carry out their normal activities and promoting India's Foreign Policy objectives. The Committee desire that the Ministry should make all possible efforts so that none of the areas of our Foreign Policy's interests are affected because of decline in the overall budgetary allocation. This can be done by resorting to cost-efficient practices ensuring that functional capabilities are enhanced and not compromised. The Committee would like to be apprised of measures taken in this regard.</p>
5.	32	External Affairs	<p>The Committee note that the Budget allocation of Embassies and Missions in the current Financial Year is of the order of Rs. 617.23 crores for 158</p>

1

2

3

4

**Missions/Posts.** The Committee were also informed that the justification of retaining various Missions/Posts established abroad are reviewed continuously in the context of emerging strategic, political, economic, consular and other ground realities. On the basis of such a review, seven Missions/Posts were closed down during the last 10 years and 3 Missions were opened including reopening of the Mission in Fiji. The Committee were also informed that the basic criteria followed by all the countries in setting-up the Embassies/Missions abroad is more or less the same. The Committee also note that Ministry have so far not contemplated opening joint Missions/Posts.

6.

33

**External  
Affairs**

The Committee are fully convinced of the necessity of the full scale endeavours to promote India's strategic, political, economic, consular and other interests all over the world. The Committee, however, feel that these interests keep on changing in the context of fast changing international scenario and shift in balance of political and economic equations. The overall resource crunch being faced by a developing country like ours also needs to be taken into consideration for continued existence of about 158 Missions and Posts abroad. The Committee feel that in the present day world, there is

1	2	3	4
			<p>need to concentrate on focal points instead of thinly spreading scarce resources all over the world. The Committee are not convinced about efficacy of the routine kind of review being carried out in the Ministry in assessing the desirability of maintaining such a large number of Missions in proper perspective. The Committee, therefore, recommend that an expert group may be set-up to examine the matter in-depth in all its aspects.</p>
7.	34	External Affairs	<p>The Committee further note that in many parts of the world Missions/Posts are required to render only consular services and no strategic angle is involved thereby presenting an ideal situation for Joint Missions/Posts. The Committee are surprised that Ministry have never examined this point which involves not only economy in expenditure but strengthening bonds of friendship and cooperation with our neighbours. The Committee recommend that the Ministry may get in touch with some neighbouring countries to examine if opening of Joint Missions/Posts in certain countries of the world are feasible. Only such countries may be considered where only consular services etc. for the persons of Indian origin are required.</p>
8.	35	-do-	<p>The Committee is in full agreement with the</p>

1	2	3	4
			<p>observations of the Public Accounts Committee (1998-99) of Lok Sabha made in their Sixth Report on Infructuous Expenditure of Rs. 29 crores - Communication Network, that in an atmosphere of non-accountability, the Ministry failed to implement the High Frequency Radio Communication Network Project and that the inept handling of the project by MEA has rendered the expenditure of over Rs. 29 crores questionable and the basic objective of providing reliable communication network between New Delhi and 27 Missions unattainable in the foreseeable future. The Committee hope that now the Ministry would make earnest efforts to take corrective action and institutionalise the mechanism to monitor further progress on the project so that the system is made operational without further delay.</p>
9.	36	External Affairs	<p>With regard to the Computerised Visa system installed in the Embassy of India, Washington, the Committee deplore the fact that the Ministry has shown lack of proper perspective by installing an already outdated computer equipment which lost its economic viability within four</p>

1	2	3	4
10.	37	<b>External Affairs</b>	<p>years of installation. Curiously enough, the Ministry have attempted to show an optimistic attitude by suggesting that the system has been modified. However, the Committee emphasise that this does not absolve the Ministry of their responsibility. It is, therefore, recommended that modernisation of various facilities provided by Indian Missions/Posts abroad, should be carried out taking into account not only the technicalities but also anticipated advancements in the field of information technology. The Committee would also like the Ministry to further expand the Computerised Visa facility in the prominent Indian Missions/Posts abroad. The Committee also desire that certain arrangements may be made in Islamabad to facilitate Visa Services to the people coming from Lahore and Karachi.</p> <p>The Committee note that SAARC Visa Exemption Scheme was initiated in 1988 to promote closer and more frequent contact among peoples of SAARC Region. The Scheme became operational from March 1, 1992. The Scheme was further expanded on the basis of recommendations of an</p>

1	2	3	4
11.	40	External Affairs	<p>expert group and now 22 categories of dignitaries are covered in the exemption list. The Committee, however, feel that the Scheme has so far remained confined to the elite group alone and basic objectives of promoting closer and more frequent contact among the people of SAARC Region has remained a farfetched dream.</p> <p>The Committee hope that the Ministry would contemplate specific measures to achieve the basic objectives for which the scheme was initiated way back in 1988.</p> <p>The Committee are constrained to point out that the Ministry are evasive in their reply by not informing as to whether "Register of Valuables" is actually being maintained in all the Regional Passport Offices/ Passport Offices. The Committee are surprised at the casual approach of the Ministry even in the matter of financial impropriety worth Rs. 6.27 lakhs by allowing RBI drafts to become time barred by RPO Calcutta during the period from February, 1992 to December, 1995. These drafts were later on revalidated and credited to the Government account. The Committee feel that similar instances might occur in other RPOs as well in the absence of proper maintenance of the Register of Valuables. The</p>

1

2

3

4

---

Committee attach great importance to the observance of proper procedure and guidelines in the matter of receipt and expenditure to avoid recurrence of such lapses. The Committee, therefore, recommend that Register of Valuables must be maintained invariably by all the passport offices immediately and the Committee be apprised of the progress within a period of three months.

12.

51

**External  
Affairs**

The Committee note that certain positive steps have been taken to improve the effectiveness of our external publicity efforts. The Committee were also informed that the Ministry was in the process of finalising a comprehensive publicity campaign that would project a positive image of the country worldwide. The Committee were further informed that the Ministry's policy on films would increasingly focus on Foreign Policy and that all Missions were being assisted in upgrading their publicity tools. The Committee are constrained to observe several lacunae in the position stated by the Ministry. The Committee find the entire reply extremely vague and non-committal without any prospects of progress in near future. The Committee are of the opinion that each one of the measures proposed by the Ministry to project India's views and

---

1	2	3	4
			<p>concerns seem to be at a drawing board stage and needs an intensive planning within specific time-frame. The Committee are not sure whether the Ministry would be in position to fruitfully utilise the available funds since most of the publicity measures are still at planning stage.</p>
13.	52	External Affairs	<p>The Committee desire that with the increased funds under the Head Advertising and Publicity, both at Headquarters and Missions level, vigorous efforts should be made in a time-bound manner to ensure that our external publicity campaign is more focussed, effective and result-oriented.</p>
14.	53	-do-	<p>In regard to the 25 core Missions selected by the Ministry for purposes of external publicity, the Committee do not feel satisfied with the results achieved so far since India is yet to feel the change in the attitude of many of these countries and better appreciation of India's security compulsions, its threat perceptions and Indian point of view on global issues and internal matters which attract International attention.</p>
15.	54	External Affairs	<p>The Committee note that lobbying efforts have yielded some positive results by projecting better understanding of India's well-established principles on external relations</p>



1	2	3	4
			by the US Government and its people. The Committee desire that the Ministry should continue its endeavour to ensure that lobbying efforts are utilised at optimal level for sustained projection of the Indian Foreign Policy which is based on a realistic and contemporary assessment of the regional and global issues.
16.	61	-do-	The Committee note that ICCR's programme of giving scholarships to foreign students plays a very significant role in generating considerable goodwill for India. In view of the substantial hike in tuition fee for foreign scholars by Indian universities for which Rs. 10.10 crores have been allocated to the Council under BE 1999-2000, the Committee feel that the Ministry may, in consultation with the Department of Education (Ministry of Human Resource Development), explore the possibility of fixing the tuition fee of foreign scholars at certain level so as to avoid the frequent increase in expenditure of Cultural Centres due to regular escalation in tuition fees.
17.	62	External Affairs	The Committee note that the Ministry is still in the process of evaluating the properties to house the India's Cultural Centre in Washington. The Committee further note that while the Cultural Centre will be run by Embassy of India, Washington, a provision has been made to receive

1	2	3	4
			<p>contributions from the Indian community to finance specific programme activities of the Centre. The Committee are inclined to take a view that there should be a greater involvement of Indian community, particularly Indian Scholars in the implementation of projects like setting up of Cultural Centres which will not only reduce expenditure to some extent but also inculcate a sense of belonging among the Indian community. The Committee, therefore, counsel the Ministry to move towards an active dissemination of information on such areas of cultural diplomacy where members of the Indian community abroad could be encouraged to participate/contribute in a more active manner also by considering setting up of advisory Committees, wherever feasible.</p>
18.	63	External Affairs	<p>With regard to 8 Regional Offices of ICCR, the Committee would like to emphasise that although these offices function under a relatively small budgetary support, it would be useful for the ICCR to have an assessment of their working and activate their Regional Offices to ensure optimum utilisation of allocated funds.</p>
19.	76	-do-	<p>The Committee have observed that in their Annual Report, the Ministry have presented an unsatisfactory account of one of their preliminary objectives <i>i.e.</i> pursuing India's Economic</p>

1

2

3

4

Interests since the impact of sanctions on India's Investment Plans has not been mentioned in detail anywhere. The Committee further note that earlier technical assistance was provided by the developed nations like the United States and Overseas Economic Cooperation Fund for various on-going projects in India. However, not even a single project out of those which were approved two years back has been funded till recently. The Committee feel that India's power sector has suffered a setback due to non-cooperation from the developed nations and international institutions, a factor which could have been tackled through a well-targetted economic diplomacy. The Committee express concern over the fact that multilateral science and technology cooperation sector has not been handled with the seriousness that it deserved by the Ministry. The Committee strongly feel that a vigorous and proactive economic diplomacy and other corrective measures on the part of the Ministry are urgently required.

20.

71

**External  
Affairs**

The Committee were informed that the proposals of providing financial assistance to various organisations/institutions are thoroughly scrutinised and that the existing system has sufficient checks and balances. The Committee nevertheless,

1	2	3	4
21.	72	External Affairs	<p>feel that in order to ensure strict compliance of the guidelines and the procedure in this regard and to avoid any possible lapse or arbitrariness, setting up of a Committee appears desirable.</p> <p>The Committee further note that inputs provided by these institutions/NGOs are reviewed/monitored at random basis. The Committee are not satisfied with the existing arrangements involving routine approach in monitoring the work done by these institutions even though these are provided with substantial financial assistance. The Committee would like the Ministry to have an effective mechanism to ensure regular and close monitoring at appropriate level. The Committee further desire that they may be apprised of various publications, research papers etc. brought out by these institutions/NGOs.</p>
22.	73	-do-	<p>The Committee are aware of the financial constraints in providing assistance to large number of institutions/NGOs for promoting research/studies in the political and economic spheres and presenting Indian view point in proper prospective before the world community. The Committee would like the Ministry to examine the possibility of setting up an Indian foundation, a semi/non-official organisation on the lines of</p>

1	2	3	4
23.	77	External Affairs	<p>foundations established by countries like Japan and Germany, for better appreciation of Indian Policy in the political and economic spheres.</p> <p>The Committee feel that with globalisation and liberalisation of our economy, the servicing of our Missions by the Headquarters needs to be considerably improved. This has already been pointed out by some experts and commented upon by the media. It is learnt that as many as 36 Missions in Africa are being serviced by one Joint Secretary in the Headquarters. Similar is the case regarding Europe. The Committee would therefore like the Ministry to undertake a review urgently to improve the situation.</p>
24.	78	-do-	<p>For quite sometime, various expert Committees have been suggesting the need for restructuring the Foreign Service in order to develop expertise and specialisation in certain subjects and areas of its concern. The Committee have not come across any evidence if this has been undertaken and would like to be informed.</p> <p>While doing this, it is important that the WTO and other international economic institutions are given more attention. It is also important to create a cadre of legal experts for this purpose.</p>

1	2	3	4
25.	87	External Affairs	<p>The Committee feel extremely dissatisfied over the inept handling of the various ongoing projects of constructions/ purchase/repair and renovation of GOI properties abroad by the Ministry of External Affairs. It is felt that although the Committee have been expressing concern over the tremendous time and cost overruns under the Head Capital Outlay in their previous reports, the Ministry have resorted to repetitive and vague replies. The Committee also entirely disagree with the Ministry's reasoning on the deferring of certain projects in Gulf countries e.g. Doha and Abu Dhabi and feel that various factors cited therefor could well have been taken care of without much difficulty. While taking a serious view of the dismal performance of existing decision-making mechanism of the Government for acquiring land/properties abroad, the Committee urge the Ministry to mobilise the requisite resources within the shortest possible time and clinch the best options available before them, without further loss of time. The Committee also recommend that the Ministry must take urgent measures to streamline the procedures laid down for selection, acquisition, repair and maintenance of GOI properties abroad, so that the projects are completed without any time and cost overruns.</p>

1	2	3	4
26.	89	<b>External Affairs</b>	<p>The Committee express deep concern over the current state of affairs in so far as the Singapore project and the project on Residences of Permanent Representative in New York is concerned. The Committee feel that there has been no progress whatsoever in respect of Singapore except working out of Action Plan during the last five years. Similarly, the project on hiring or requisitioning of the residence of our Permanent Representative in New York has been lingering on for years. The Committee also feel that the Ministry have furnished very unsatisfactory reply on these two points. The Committee, therefore, desire that a detailed report indicating the progress in the matter should be furnished to the Committee within three months. The Committee also recommend a special audit of all expenditure incurred in the last five years on various constructions, purchases and renovation projects, particularly those in New York and Singapore with a view to ascertaining the magnitude of time and cost overruns. The Committee would also like the Ministry to fix the responsibility for additional expenditure incurred on these projects as the very purpose of acquiring the properties for substantial rental savings is defeated.</p>