04

STANDING COMMITTEE ON EXTERNAL AFFAIRS
(2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF EXTERNAL AFFAIRS

DEMANDS FOR GRANTS
(2014-2015)

FOURTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2014/AGRAHAYANA, 1936 (Saka)

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STANDING COMMITTEE ON EXTERNAL AFFAIRS (2014-2015)

(SIXTEENTH LOK SABHA)

MINISTRY OF EXTERNAL AFFAIRS DEMANDS FOR GRANTS (2014-2015)

Presented to Lok Sabha 22nd December, 2014

Laid in Rajya Sabha 22nd December, 2014

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2014/AGRAHAYANA, 1936 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2014-2015)

Sl. No.	Name of Members
1.	Dr. Shashi Tharoor, Chairperson
Lok Sabha	
2.	Shri Sirajuddin Ajmal
3.	Prof. (Dr.) Sugata Bose
4.	Shri Ranjit Singh Brahmpura
5.	Shri Arka Keshari Deo
6.	Shri Rahul Gandhi
7.	Shri Anantkumar Hegde
8.	Shrimati Rakshatai Khadse
9.	Shri Raghav Lakhanpal
10.	Shri Jose K. Mani
11.	Shri Feroze Varun Gandhi*
12.	Shri A. Anwhar Raajhaa
13.	Shri Magantti Venkateswara Rao (Babu)
14.	Md. Salim
15.	Dr. Mamtaz Sanghamita
16.	Shri P.R. Senthilnathan
17.	Shri Ram Swaroop Sharma
18.	Shrimati Supriya Sule
19.	Shri Sharad Tripathi
20.	Shri Shivkumar Udasi
21.	Vacant[#]
Rajya Sabha	
22.	Shri Satyavrat Chaturvedi
23.	Shri H.K. Dua
24.	Shri Chunibhai Kanjibhai Gohel
25.	Shrimati Kanimozhi
26.	Shri Ram Kumar Kashyap
27.	Dr. Karan Singh
28.	Shri D. P. Tripathi
29.	Shri Pavan Kumar Varma
30.	Shri C.M. Ramesh[@]
31.	Vacant[##]

SECRETARIAT

1.	Shri. Cyril John	-	Joint Secretary
2.	Dr. Ram Raj Rai	-	Director
3.	Smt. Rita Jailkhani	-	Additional Director
4.	Ms. Kiran Bhargava	-	Senior Executive Assistant

*Shri Feroze Varun Gandhi, Member of Parliament, Lok Sabha has been nominated *vice* Dr. K.C. Patel, Member of Parliament, Lok Sabha who has been nominated to the Committee on Information Technology *w.e.f.*11.09.2014.

[#] Shri Vijay Sampla ceased to be Member of the Committee consequent upon his appointment as Minister w.e.f. 09.11.2014.

[@] Shri Y. S. Chowdary ceased to be Member of the Committee consequent upon his appointment as Minister w.e.f. 09.11.2014 and Shri. C.M. Ramesh has been nominated w.e.f. 28.11.2014.

[# #] Shri Murli Deora, Member of Parliament, Rajya Sabha had been nominated *vice* Shri Anand Sharma, Member of Parliament, Rajya Sabha who had been nominated to the Committee on Chemicals and Fertilizers *w.e.f.* 25.09.2014. Vacancy arose *w.e.f.* 24.11.2014 due to his sad demise.

INTRODUCTION

I, the Chairperson of the Standing Committee on External Affairs, having been authorized by the Committee to present the Report on their behalf, present this Fourth Report of the Standing Committee on External Affairs (2014-2015) on Demands for Grants of the Ministry of External Affairs for the year 2014-15.

2. The Committee heard the views of the representatives of the Ministry of External Affairs at their third sitting held on 8th October 2014.

3. The Committee wish to express their gratitude to the officers of the Ministry of External Affairs for placing before them the material and information that the Committee desired and also appearing before the Committee for placing their considered views before them in connection with the examination of Demands for Grants for the year 2014-15.

4. The Report was considered and adopted by the Committee at their ninth sitting held on 16th December 2014.

5. The Minutes of the sittings of the Committee held on 8th October 2014 and 16th December, 2014 are given in Appendix-I and II to the Report.

6. For facility of reference, the observations/recommendations of the Committee have been printed in bold letters in the Report.

NEW DELHI	**DR. SHASHI THAROOR**
19th December, 2014	**Chairperson,**
28 Agrahayana, 1936 (Saka)	**Standing Committee on External Affairs.**

CHAPTER-I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The 20^{th} Report (15^{th} Lok Sabha) of the Standing Committee on External Affairs on Demands for Grants of Ministry of External Affairs for the year 2013-2014 was presented to Lok Sabha on 26^{th} April, 2013 and laid in Rajya Sabha on 29^{th} April, 2013. The Report contained 29 recommendations/observations.

1.2 In compliance of Direction 73-A of the Directions by the Speaker, the Minister of State for External Affairs made a statement in Lok Sabha on 8^{th} May, 2014 giving the status of implementation of the recommendations made by the Committee in their 14^{th} Report (15^{th} Lok Sabha). An analysis of the statement showed that out of 28 recommendations, the Government had accepted all the 28 recommendations. Out of these, 04 recommendations were implemented by the Government, 16 recommendations were under process of implementation, 01 recommendation was not implemented and 07 recommendations were yet to be implemented.

1.3 On the basis of Action Taken replies received from the Ministry of External Affairs on the 20^{th} Report (15^{th} Lok Sabha), the Committee presented their 22^{nd} Report (Action Taken) to the Lok Sabha on 24^{th} August, 2013 and laid in Rajya Sabha on 26^{th} August, 2013. The Committee, in their Action Taken Report have commented on the Action Taken replies furnished by the Ministry in respect of Recommendation Nos. 2,3,4,5,7,8,9,10,11,12,13,15,16,17,18, 21,23,24,25,27 and 29 contained in the 20^{th} Report. Final Action Taken Statement as furnished by the Ministry of External Affairs on the comments contained in the 22^{nd} Report was laid in both the Houses of the Parliament on 18^{th} February, 2014.

1.4 In compliance of Direction 73-A of the Directions by the Speaker, the Minister of State for External Affairs made a statement in Lok Sabha on 19^{th} February, 2014 giving the status of implementation of the recommendations made by the Committee in their 20^{th} Report (15^{th} L.S.). An analysis of the statement showed that out of 29 recommendations, the Government had accepted 28 recommendations, 06 recommendations were implemented by the Government, 14 recommendations under process of implementation, 02 recommendations were not implemented and 07 recommendations were yet to be implemented.

1.5 As, regards the status of implementation of the Committee's recommendations, the Foreign Secretary informed the Committee, during the course of evidence on the Demands for Grants (2014-15) as under:

> "...We have carefully noted the recommendations made by the earlier Committee and are fully committed to implementing them."

CHAPTER-II

BUDGETARY PROPOSALS

Background

The function of the Ministry of External Affairs has been laid down in the Government of India Allocation of Business Rules, 1961, as amended from time to time. The Ministry of External Affairs is entrusted with the task of formulating, implementing and managing the foreign policy of India. The Ministry has been building and consolidating India's political, economic, trade, commercial, cultural and consular relations with other countries. These objectives are shaped into action through bilateral, regional and international consultations both at Headquarters and abroad. The Ministry has 183 Missions/Posts abroad which constantly engage with the host government as well as regional and multilateral bodies to further the objectives of India's foreign policy. The Ministry has also set up specialized offices across the world, and regional passport and branch offices in India. The Ministry is also responsible for the work of the Indian Council of Cultural Relations and the Indian Council of World Affairs.

2.2 The Budget of the Ministry has both Plan and Non-Plan components. A noteworthy feature of the total budget has been its growth over the years, which reflects the growing importance of Indian global affairs and the increasing functions of the Ministry. Both Plan and Non-Plan components have seen an upward trend.

A. Overall Budgetary Proposals and Budget Allocation

2.3 The budgetary allocation for Ministry of External Affairs for the BE 2013-14, RE 2013-14 and BE 2014-15 under the Section 'Revenue' and 'Capital' for 'Plan' and 'Non-Plan' expenditure is as under: **(Rs. in crore)**

S/N	SECTION	BE 2013 - 2014		RE 2013 - 2014		BE 2014 - 2015	
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1	Revenue	1531.50	8419.00	1331.50	8565.65	2091.99	9172.39
2	Capital	1468.50	300.00	1468.50	428.00	3008.01	458.00
	Total	**3000.00**	**8719.00**	**2800.00**	**8993.65**	**5100.00**	**9630.39**
	Grand Total	**11719.00**		**11793.65**		**14730.39**	

2.4 The Total Budget allocation for MEA for the financial year 2014-15 has been pegged at Rs.14730.39 crore which is an enhancement of 25.70 % over BE 2013-14 and 24.90 % over RE

2013-14. Out of the BE 2014-15 of Rs.14790.39 crore, Rs.9630.39 crore is under 'Non-Plan' and Rs.5100.00 crore under 'Plan' Head.

2.5 Highlighting the insufficient allocation in the interim budget, the Foreign Secretary during the course of evidence enlightened the Committee as under:

> "I may mention that the Ministry had, in June, 2014, highlighted the insufficiency of allocation of Rs.14130 crore in the interim Budget. We had made an additional demand for Rs.6356 crore against which an additionality of only Rs.600 crore, less than one-tenth, was provided in the final BE 2014-15..."

2.6 During the course of evidence, the Foreign Secretary elaborated upon the budgetary proposals for the financial year 2014-15 and submitted as under:

> "In our Budget estimates of 2014-15 we sought an allocation of Rs.26,111 crore. This comprises a plan component of Rs.5950.16 crore and a non plan component of Rs.20161.07 crore.
>
> Against this, the budget approved by Parliament is Rs.14730.39 crore, with a Plan Budget of Rs.5,100 crore and non plan budget of Rs.9630.39 crore. This is about 25.7 per cent more than the Budget Estimates of 2013-14 but about 43.5 per cent less than what the Ministry had requested for."

2.7 Stressing upon the need for higher budgetary allocation at BE stage and highlighting the gravity of situation arising out of non-availability of adequate budgetary resources, the Foreign Secretary during the course evidence submitted as under:

> "We have been pointing out that a higher allocation of funds at the BE stage itself is desirable as it aids financial planning. Due to budget unavailability in the last two months of the financial year 2013-14, I regret to say that the pace of various important projects has slowed down. Payment of approximately Rs.77 crore for Salma Dam and Rs.11 crore of the Afghan Parliament Building were pending in last two months of 2013-14. Execution of these projects had almost come to a standstill as payments to various executing agencies could not be released in time. To maintain the pace of implementation of projects and optimum utilisation of resources, adequacy of funds is imperative to ensure payment to suppliers, executing agencies and workers."

2.8 During the course of evidence, elucidating the trend of lower allocation of funds to Ministry and its adverse impact on India assisted projects abroad, the Foreign Secretary informed the

Committee that in the past there had been an instance when in Punatsangchhu I Hydro Power Project the entire work was held up for almost one year because the funds were not released on time.

2.9 On Committee's query during the course of evidence, the representative of the Ministry enlightened the Committee about the efforts made by the Ministry to seek additional resources and re-appropriate funds within various Heads and submitted as under:

> "..though we have got 25 per cent more than last year's Budget Estimates but the fact is that we always do run short of funds especially development projects and aid. We take up with the Ministry of Finance and we do it regularly. In fact, now, we are going to take it up in Supplementary as well as in the RE stage once again our required funds. .. it is bit of a problem because we do not get what we require in the Ministry. So, with that we have to do some ingenuity to wherever it is more urgently or where it is politically more important, we do try to shift the budget accordingly. That is why you would have noticed that when you have gone through the last year's budget, there were changes done during the last few months. But that is only on account of the fact that there are some areas which require more funds... That is the hallmark of budgeting in the MEA. We cannot predict that we require this kind of money at this stage. It is a flexible kind of a thing. We do not have fixity in the sense of the other normal civil Ministries. Here, the requirement will be based on the international commitments or engagements or diplomatic initiatives; and therefore, what we normally project to Finance that we need some kind of a very firm budget right at the BE stage, initial stage so that the planning can be done accordingly in the course of the year. Our Mission know that yes this is the kind of budget that we have in various heads. Therefore, accordingly, they plan it including our divisional heads, the Joint Secretaries....this was our basic motive of highlighting the importance of having a greater BE at the start rather than increasing it at the RE stage..."

2.10 In view of insufficient allocation of funds at BE stage, the Foreign Secretary, during the course of evidence submitted to the Committee that there is a need for significant augmentation at the RE stage and through Supplementary Demands and stated as under:

> "..we are cognizant of the tight fiscal situation, the reduced allocations in our Budget demand for the Financial Year 2014-15 will impact on the fulfilment of some of our major international commitments. We are trying to address these Budgetary constrains in consultation with the Ministry of Finance through additional funds at the RE stage and through Supplementary Demands..."

2.11 Providing an overview of the allocation of budgetary resources within the Ministry for the financial year 2014-15, the Foreign Secretary during the course of evidence submitted as under:

> "...one of the key elements of India's foreign policy has been technical and economic cooperation with other countries, nearly 64 per cent of our Ministry's Budget is allocated for this purpose. Our development partnership encompasses virtually the entire spectrum of developing nations; the principal beneficiaries of these programmes are countries in our immediate neighbourhood, Bhutan, Afghanistan, Nepal, Sri Lanka, Bangladesh and Myanmar as well as the African countries.
>
> The development assistance is funded from both our plan and non plan allocations. The bulk of the plan budget of the Ministry, which has been fixed at Rs.5100 crore in BE 2014-15, goes to support the construction of hydroelectric projects in Bhutan. .... . Other plan projects include building two additional sub-stations at

Doshi and Charikar - in Afghanistan as part of the construction of the 220 KV transmission line from Pul-e-Khumri to Kabul, construction of the Kaladan Multi Modal Transit Transport Project in Myanmar and the establishment of the Nalanda University in Bihar.

A major portion of the non plan outlay of the Ministry in BE 2014-15, that is 46 per cent, is also allocated towards supporting our development partnership projects in neighbouring countries and in Africa, Eurasia and Latin America. Besides the HEPs, India extends significant assistance to Bhutan's Five year Plans. We have committed Rs.4,500 crore for the 11th Five Year Plan of Bhutan that runs from 2013-18. We also provided Rs.500 crore as part of the Economic Stimulus Programme to Bhutan. Notable among these projects are, in Afghanistan, the construction of Salma Dam and Afghan Parliament Building, in Nepal, construction of Terai roads, the cross border Jogbani-Biratnagar and Jaynagar-Bardibas rail links, Integrated Check Post at Birgunj and the Emergency Trauma Centre in Kathmandu, in Sri Lanka, the construction and repair of 50,000 houses for Internally Displaced Persons as part of our assistance for rehabilitation and reconstruction of Northern and eastern parts of that country, which is progressing on schedule and would be completed by 2015-16, in Myanmar, the ACARE and Rice Bio Park Project, the Myanmar Institute of Information Technology in Mandalay and an MOU on Border Area Development, which was signed during the then Prime Minister's visit Dr. Manmohan Singh and for which we have already extended the first tranche of funds, in Bangladesh, transit and connectivity projects like the Akhaura-Agartala rail link, development of Ashuganj inland port, upgrading several patches of Bangladesh rail network , etc., in Maldives, where development assistance resumed earlier this year following the visit of the new President of Maldives, we have initiated work on several big projects including renovation of Indira Gandhi Memorial Hospital, construction of Composite Training Centre and Ministry of Defence Building and are hoping that the work on National Police Academy would also commence soon. Further, we are also supporting implementation of small development projects in many of our neighbouring countries, projects which provide for greater involvement of the local communities. Through our ITEC programme, we continue to support development of human resources and capacity building in the areas of education, health, agriculture and rural development.

The remaining part of the Ministry's Budget is allocated in the following manner: approximately 19 per cent towards establishment cost of our Headquarters and our Missions/Posts abroad as well as the Central Passport Organisation; nearly 15 per cent to obligatory expenditure towards Special Diplomatic Expenditure, contributions to International Organisations and Grants-in-aid to Institutions and about two per cent on buying/construction of property abroad."

2.12 The Committee noted that few projects are under 'Plan' Head while others are under 'Non Plan' Head. The Committee desired to be enlightened about the distinction between Plan and Non-Plan Head and the criteria for determining the expenditure under Plan or Non-Plan head in context of the Ministry of External Affairs. The Foreign Secretary during the course of evidence informed the Committee as under:

"Generally, the Plan funds cover large infrastructure projects and these require substantive investment and are also funded through Plan funds in consultation with the Planning Commission. Non-Plan expenditure is of a more immediate nature like establishment costs for running our Missions and Posts, what we would spend in that year in question. So, this is roughly the distinction between the two."

2.13 The Committee noted that some portion of Ministry's international projects come under the Plan Budget whereas it is not a fixed cost or predictable cost. On Committee's query whether this expenditure should be under Non-Plan budget, the Foreign Secretary during the course of evidence clarified as under:

> "...it was not so much a fixed cost as a high cost project. For example, MEA's Plan Budget was created only about 20 years back, in 1996-97 and it was created specifically to support the Tala Hydro Electric Project in Bhutan. So, the thinking was to support infrastructure projects that will take a long time in gestation and also a Cement Plant Project in Bhutan.
> Thereafter, historically the Plan funds have been provided for hydro electric projects in Bhutan and currently Plan funds are supporting the hydro electric projects, they are supporting the Kaladan Multi Model Project in Myanmar, also in the nature of an infrastructure project, the Doshicharikar Project in Afghanistan and also the Nalanda University... We also support some fairly large hydro electric projects under Non-Plan funds. For example, for the Hulaki Road Project, the funds come from Non-Plan."

B. Plan Outlay

2.14 Under the 'Plan', BE 2013-14 was Rs.3000 crore while RE 2013-14 was Rs.2800 crore. There is a quantum increase in budgetary allocations for BE 2014-15 to the tune of Rs.5100 crore. The Committee desired to know under which Heads enhanced allocation was sought during BE 2014-15. The Ministry in a written reply furnished the figures and reasons for enhanced allocation under the 'Plan' Head as follows:

Enhancement in allocations in BE 2014-15 (Plan)

	RE 2013-14	BE 2014-15	Remarks
Intl. Cooperation (Plan) (Nalanda)	50.00	100.00	Enhanced allocation sought for the Establishment expenditures and construction.
Aid to Bhutan (Plan) (HEPs)	2520.00	4724.00	This additional allocation is towards the three ongoing HEPs- Punatsangchhu I, Punatsangchhu II and Mangdechu.
Aid to Afghanistan (Plan) (Doshi Charikar)	50.00	126.00	The additional allocation to Doshi and Charikar project has been made as the project is scheduled to be completed in this financial year and therefore, remaining amount of the projected cost is to be paid.

2.15 Further elucidating the reasons for enhanced allocation for BE 2014-15 under the 'Plan' Head, the Ministry submitted in a written reply as under:

> "Additional allocation under Aid to Bhutan: The allocation for HEPs in Bhutan in BE 2014-15 is Rs.4724 crore which is an enhancement of Rs.2204 crore as compared to RE 2013-14. This additional allocation is towards the three ongoing HEPs- Punatsangchhu I, Punatsangchhu II and Mangdechu. It includes token amounts for the four new HEPs being planned to be taken up during the year. This also includes an allocation of Rs.22.38 crore made for the Kholongchu HEP wherein pre-construction activities are expected to commence this year. As may be seen, most of the additional allocation is for Punatsangchhu I (Rs.1761.58 crore) wherein there was a delay in

construction due to a geological surprise in July 2013. An interim cost escalation of Rs.1765 crore was approved by the Union Cabinet in May 2014. The project is now being implemented in full swing and hence the additional requirement of funds.

(ii) Additional allocation for Nalanda University: The enhanced allocation to Nalanda University project has been made as the construction activities are expected to commence.

(iii) Additional allocation under Aid to Afghanistan-Plan: The additional allocation to Doshi and Charikar project has been made as the project is scheduled to be completed in this financial year and therefore, remaining amount of the projected cost is to be paid. Only 70% amount of expenditure on material / machine cost is paid on dispatch of the material/ machine. Remaining 30% amount will be paid on erection, testing and commissioning of the equipment at site which will be paid in CFY."

2.16 The Committee noted that in replies to several queries the Ministry has mentioned about severe crunch of resources. In light of the fact, the Committee sought justification for the reduced allocation during RE stage. The Ministry stated in a written reply as under:

"The reasons for reduced allocation in RE 2013-14 are as follows:

(i) Reduction in allocation for Nalanda University was on account of delay in commencement of construction of the project.

(ii) Reduced allocation under "Aid to Myanmar- Plan" was on account of slow off take of funds in the Kaladan Multimodal Transit Transport Project. Site related technical reasons (soil and geo-technical investigation, finalization of site and layout at Inland Waterway Terminal at Paletwa), delay in statutory approvals by the Government of Myanmar (in handing over of shoal location and disposal site for dredging of riverine route), law and order problems (strikes and riots), and cash flow problem of the contractor resulted in slower progress in implementation of the project, which resulted in lower utilisation of funds. As against BE 2013-14 of Rs.250 crore, RE 2013-14 of Rs.180 crore and FE of Rs.120 crore, actual utilisation was Rs.119.10 crore.

(iii) Reduced allocation under Aid to Afghanistan-Plan was on account of the reduced requirement of funds for Doshi and Charikar project. The slow implementation of the project is due to the adverse security situation in the project site area."

2.17 The Committee noted that under the 'Plan' Head, in the 'Revenue' Section, the BE 2013-14 was Rs.1531.50 crore which was reduced by Rs.200 crore during RE 2014-15 and was pegged at Rs.2091.99 crore during BE 2014-15. The Committee desired to be furnished of the reasons for reduced allocation at RE stage and enhanced allocation during BE 2014-15 under this Head. The Ministry furnished the same reasons as mentioned in the above query. The Committee noted that in the 'Plan' Head the 'Capital Section', BE 2013-14 and RE 2013-14 was kept constant at Rs.1468.50 crore while BE 2014-15 has been increased to Rs.3008.01 crore. On Committee's enquiry about the reasons for enhanced allocation during BE 2014-15 under this Head along with specific details. The Ministry in a written reply stated about additional allocation of funds under 'Aid to Bhutan':

C. Non Plan Outlay

2.18 Under the 'Non Plan' Head the allocation during BE 2013-14 was Rs.8719 crore, which was enhanced to Rs.8993.65 crore at RE stage. It has been further enhanced to Rs.9630.39 crore during BE 2014-15. The Committee desired to know under which Heads enhanced allocation were sought during BE 2014-15. Furnishing the figures and reasons for enhanced allocation in BE 2014-15 under 'Non Plan', the Ministry submitted in a written reply as under:

Enhancement in allocations in BE 2014-15 (Non-Plan)

(in Rs.Crore)

	RE 2013-14	BE 2014-15	Remarks
Missions/ Posts	1738.23	1832.31	Increase in salaries, rents, rates & taxes, salaries of local staff, increase in tuition fees, medical expenses and opening of new Missions/Posts.
Special Diplomatic Expenditure	1420.00	1596.00	The expenditure is discretionary in nature.
Central Passport Organisation	432.48	542.83	Enhancement is mainly on account of costs towards printing of passport booklets, etc., due to increased demand for passports.
Intl. Cooperation (Non Plan)	299.23	417.59	Enhance allocation for South Asian University to accommodate the operational contributions and for Nalanda University where construction activity is expected to commence
Aid to Nepal	380.00	450.00	Additional requirements in CFY for all ongoing projects
Sri Lanka – Other Aid Programmes	410.00	500.00	To meet enhanced targets in CFY in the project for construction of 50,000 houses for IDPs in Sri Lanka
Aid to Maldives	10.00	25.00	Additional requirements in ongoing projects
Aid to Myanmar	75.00	180.00	Enhanced pace of implementation of ongoing projects
Aid to African Countries	250.00	350.00	Enhanced pace of implementation of projects in view of the upcoming IAFS III
Aid to Afghanistan	475.00	550.00	Enhance allocation keeping in view likely completion of projects like Salma Dam and Afghan Parliament Building.
ASEAN ML	30.00	51.61	Enhancement sought for Contribution to ASEAN-India Cooperation Fund, Implementation of IT cooperation by C-DAC and Space Cooperation project.

2.19 The budgetary allocation in the 'Non Plan' Head under the 'Revenue Section' during the BE 2013-14 was pegged at Rs.8419 crore while RE 2013-14 was Rs.8565.65 crore. There has been further increase during BE 2014-15 and the budgetary allocation is pegged at Rs.9172.39 crore. On Committee's query regarding the enhanced allocation Head-wise during BE 2014-15 and reasons thereof, the Ministry stated in a written reply as under:

> "The broad reasons for enhancement under Revenue/Non-Plan in BE 2014-15 are as under:
>
> (i) Additional Allocation for Embassies and Missions on account of increase in salaries, rents, rates & taxes, salaries of local staff, increase in tuition fees, medical expenses and opening of new Missions/Posts.
>
> (ii) Additional allocation under Special diplomatic expenditure due to functional requirements.
>
> (iii) Additional allocation for Passport & Emigration: BE 2014-15 has been projected at Rs.542.83 crore due to higher provisioning for ISP, Nashik and under Information Technology heads and the rise in general establishment expenditure after the opening of 77 Passport Seva Kendras.
>
> (iv) Additional allocation for International Cooperation (in the nature of obligatory contributions to UN and other International Organisations of which India is a member). BE 2014-15 is higher because of enhanced budgetary allocation for South Asian University to accommodate the operational contributions and for Nalanda University where construction activity is expected to commence.
>
> (v) Additional funds allocated under "Aid to Nepal" towards the ongoing projects like Terai roads, Integrated check posts, Cross-border rail links, Embankment projects, Small Development projects and various other projects.
>
> (vi) Additional funds allocated under "Sri Lanka-Other Aid programmes" due to the economy cut imposed by the Ministry of Finance, a reduction had to be made in the allocation at RE 2013-14 stage. The allocation in BE 2014-15 has been maintained at the same levels as BE 2013-14.
>
> (vii) Funds allocated under "Aid to Myanmar" in BE 2013-14 was enhanced to Rs.200 crore to accommodate the Rhi-Tiddim road project, in addition to other ongoing projects, but reduced at RE stage due to change in project implementation modalities. BE 2014-15 has been projected at Rs.180 crore.
>
> (viii) Additional funds allocated under "Aid to African Countries" in anticipation of speedy implementation of commitments under IAFS particularly since the third India Africa Forum Summit is to held soon.
>
> (ix) Additional funds were allocated under "Aid to Afghanistan" as the FE 2013-14 for this head was restored at Rs.548.24 cr due to continuing requirement of funds in ongoing projects like Salma Dam and Afghan Parliament building. Therefore, BE 2014-15 has been retained at the same level BE 2013-14."

2.20 On Committee's query the Ministry furnished the Head-wise reasons for enhanced allocation during RE 2013-14 under revenue / Non Plan in a written reply as under:

> "The broad reasons for enhancement under Revenue/Non Plan in RE 2013-14 are as under:
>
> (i) Additional allocation for Embassies & Missions mainly on account of increase in salaries, rents, rates and taxes, salaries of local staff, increase in tuition fees, medical expenses, opening of new Missions/Posts etc.

(ii) Additional allocation under Special Diplomatic Expenditure on account of pace of expenditure and functional requirements.
(iii) Additional allocation under "Aid to Bhutan" to provide for the Economic Stimulus Package assistance extended to Bhutan under their Five year plan."

2.21 In the 'Non-Plan' Head under the Capital Section, the budgetary allocation for BE 2013-14 was Rs.300 crore which was enhanced to Rs.428 crore at RE 2013-14 and it has further been marginally increased to Rs.458 crore during BE 2014-15. On Committee's query, the Ministry furnished the reasons for enhanced allocation during BE 2014-15 under this Head as under:

"In RE 2011-12, a Standby Credit Facility of US$ 100 million (Rs.500 crore) to Government of Maldives was extended, half of which (Rs.250 crore) was paid in 2011-12 and the remaining amount of Rs.250 crore was to be paid in 2012-13. This was a one-time facility, and as per the decision of the Cabinet, a provision for the remaining US$ 50 million (Rs.250 crore) was made in BE 2012-13. However, in view of the developments in Maldives, disbursement was not made in 2012-13. No provision was initially made in BE 2013-14. However, in view of further developments, in RE 2013-14, a provision equivalent to US$ 25 million was made for disbursement. The remaining US$ 25 million has been provided for in BE 2014-15.
The allocation under Capital Outlay has been enhanced to expedite the process of acquiring and constructing properties abroad in order to reduce the financial outgo on rentals. This is in pursuance of the previous recommendation of the Standing Committee."

2.22 The Total Budgetary Allocation for the Ministry of External Affairs during the last 4 years along with Budget Estimates (BE) and Revised Estimates (RE) for the respective years including Actual Expenditure and shortfall/excess in utilization of RE is as follows: **(Rs.in crore)**

Financial Year	BE	RE	Actual Expenditure	Increase At RE Stage	Shortfall/Excess in Utilization of RE
2010-11	6375.00	7120.00	7153.27	745.00	+33.27
2011-12	7106.00	7836.00	7872.76	730.00	+36.76
2012-13	9661.97	10062.00	10120.70	400.03	+58.7
2013-14	11719.00	11793.65	11807.35	74.65	+13.7
2014-15	14730.39	-			

2.23 The above table indicates that the initial budgetary allocations during the last four years were raised at RE stage. Yet, there has been a trend of excess utilization of funds. During the financial year 2011-12, the budget allocation was Rs.7106.00 crore while the revised allocation was Rs.7836.00 crore, which was Rs.730.00 crore more than the allocation made at BE stage. However, the actual utilization was excess to the tune of Rs.36.76 crore. Similarly, during the financial year 2012-13 the budget allocation during BE was Rs.9661.97 crore while the revised allocation during RE 2012-13 was Rs.10062.00 crore which was Rs.400 crore more than allocations made at BE stage. Yet, over and above, the actual utilization was excess to the tune of Rs.58.7 crore. In financial year 2013-14, the BE was Rs.11719.00 crore while there was a marginal increase of Rs.74.65 crore at RE stage pegging RE 2013-14 at Rs.11793.65 crore. However, the actual utilization was excess to the tune of Rs.13.7 crore.

2.24 The Committee desired to know the reasons for such trend of expenditure during these years including the need for excess resources and system of cash management under such situation and sought explanation as to how these additional resources were augmented. The Ministry stated in a written reply as under:

> "The main reasons for such trend of expenditure has been inadequate budgetary allocations and unpredictable external environment faced by the Ministry in implementation of aid projects abroad. As may be seen, the Ministry's budgetary allocation over the past few years has been far less than the BE demands as is evident from the table below. This puts pressure on the budget during the year and leads to the need for extra resources.

(in Rs.Crore)

Financial Year	BE Demand	BE Allocation	Percentage of demand allocated
2012-13	13465.12	9661.97	71.75%
2013-14	17913.27	11719.00	65.42%
2014-15	26111.23	14730.39	56.41%

> Further, almost two-thirds of the Ministry's budget is devoted to fund our aid programmes in other countries. These aid programmes are influenced by the dynamics of diplomatic and political exigencies and, as a result, it is difficult to anticipate all the requirements accurately in advance. The dynamics of undertaking projects in foreign countries are very fluid and therefore, it is susceptible to uneven expenditure. Further, the unfavorable exchange rate in rupee terms in the last couple of years has placed an additional burden on the Ministry's budget, particularly in respect of allocations for establishment expenses of our Missions/Posts as well as commitments made in foreign currency, which has necessitated the need for extra resources."

2.25 On the demands for additional funds to Ministry of Finance for RE 2013-14, the Ministry submitted in a written reply as under:

> "Demands for additional funds to Ministry of Finance were made in 2013-14 at the RE stage and in second and third batches of Supplementary as is evident from the table below. It may be seen that these demands were not acceded and no substantial increase was granted. In fact, the increase in RE stage to Rs.11793.65 crore was only notional, as no cash supplementary was provided.

	Demand 2013-14			**Allocation 2013-14**		
	Plan	Non Plan	Total	Plan	Non Plan	Total
BE	5026.37	14202.27	19228.64	3000.00 (59.6%)	8719.00 (61.4%)	11719.00 (60.9%)
RE	3742.01	12843.17	16585.18	2800.00 (74.8%)	8993.65 (70%)	11793.65 (71.1%)

2nd batch of Supplementary Demands for Grants	--	2638.64 (Cash Supplementary)	2638.64	--	125.01 (Technical Supplementary/ Token)	125.01
3rd batch of Supplementary Demands for Grants	--	400.01 (Cash Supplementary/ Token)	400.01	--	0.01 (Token)	0.01

2.26 The Committee sought justification from the Ministry for additional allocation of such a meager amount of Rs.74.65 crore at RE stage when the Ministry had been facing continuous financial crunch leading to adverse impact on execution of its projects abroad. The Ministry furnished in a written reply as under:

> "The allocation sought by the Ministry at the RE stage in 2013-14 was Rs.16585.18 crore on account of the requirements mentioned above. Against this demand, the Ministry of Finance initially reduced the RE allocation from Rs.11719 crore to Rs.11693.65 crore. Subsequently, an additional Rs.100 crore was provided, earmarked for Special Diplomatic Expenditure head, taking the RE figure to Rs.11793. 65 crore (an enhancement of Rs.74.65 crore)."

2.27 Further providing explanation upon the Committee's query on the issue, the Ministry stated in a written reply as under:

> "When this was communicated to the Ministry, it was understood that this additionality of Rs.100 crore would be provided as cash supplementary. However, this was not provided in the third and final supplementary grants and the Ministry's allocation was actually short by this amount in real terms. An excess has been therefore incurred which pertains to expenses of a discretionary nature."

2.28 Clarifying the position regarding to the RE 2013-14, the Ministry informed the Committee as under:

> "The total budget allocation for Ministry of External Affairs in BE 2013-2014 was Rs.11719 crore. This allocation was marginally increased at the stage of RE 2013-2014 to Rs.11793.65 crore. The increase was not, however, supported by Cash and was managed within the Ministry's budget by way of token supplementary. However, it is relevant to mention that during FY 2013-14, although the allocation was marginally increased by Rs.74.65 crore, this was not supported by Cash Supplementary Demands for Grants, and the Ministry's allocation was actually short by this amount in real terms."

2.29 The Committee noted that at RE stage in 2013-14 against the Demand of Rs.16585.18 crore sought by the Ministry, the Ministry of Finance had initially reduced the RE allocations from 11719 crore to Rs.11693.65 crore. In this context, the Committee desired to be acquainted into the details of

Head/Minor Heads under which increased allocation were sought during RE 2013-14 along with the reasons. The Ministry in a post-evidence reply submitted as under:

Secretariat	The increase has been due to increase in Salaries on account of enhancement of Dearness Allowance, new recruitments, regularization of daily wage staff, increase in FTE and office related expenses.
Training	Funds are being sought to be augmented in the backdrop of the new Training Policy Framework of the Ministry for a contingent disputed payment to facilities provider, training for IFS probationers and certain renovation works.
Embassies and Missions	On account of projected increase in mandatory expenses like salaries, allowances and Rent, Rates and Taxes head.
Special Diplomatic Expenditure	The expenditure is discretionary in nature
Passport and Emigration	Increase sought due to increase in Salaries, Office Expenses and Publications. A Productivity Linked Incentive Scheme was implemented across all Passport Offices with the approval of the Ministry of Finance, due to which there has been an increase under the Salaries head.
International Cooperation	Increase was primarily because India's share of contribution to UN Organizations and other International Organizations increased in rupee terms due to higher outflow in rupee terms following unfavourable exchange rate.
Cooperation With Other Countries	This budget head caters to India's multilateral and bilateral aid and assistance programmes to neighbouring and other developing countries. The allocations reflect India's abiding interest in providing assistance to development projects in friendly countries. It may also be appreciated that many of the projects for which requirements are being projected.. are the commitments of the Hon'ble Prime Minister, Cabinet committees, External Affairs Minister among others.
Construction and Other Housing	To meet requirement of funds for ongoing construction/renovation projects of chanceries/residences in Abuja, Bahrain, Brasilia, Colombo, Dhaka, Kabul, Kathmandu, Warsaw, Kuala Lumpur, Dubai, and acquisition of properties in Bangkok, Birmingham, Helsinki, Kabul, Port Moresby, Washington and Zagreb.
Loans to Govt. of Bhutan	To meet requirement of funds in consonance with the progress of the HEPs in Bhutan.
Loans to Govt. of Maldives	Provision made for Standby Credit Facility.

2.30 In view of the initially reduced allocation during RE 2013-14, the Committee sought information about Heads under which allocation was reduced. The Ministry in a post-evidence reply stated as under**:**

Secretariat	Economy Cut imposed by the Ministry of Finance.
Training	Economy Cut imposed by the Ministry of Finance.
Passport and Emigration	Economy Cut imposed by the Ministry of Finance.
Entertainment Charges	Economy Cut imposed by the Ministry of Finance.
International Cooperation	Non-commencement of construction of Nalanda University.
Cooperation With Other Countries	Plan allocation reduced at RE stage by Ministry of Finance
Construction	Economy Cut imposed by the Ministry of Finance.

2.31 On Committee's query about the adverse impact of reduced allocation upon the implementation of the projects abroad, the Ministry in a post-evidence reply stated as under:

> "Inadequacy of budget at BE stage, and reduction of budget at RE stage do have adverse impacts on the implementation of the projects abroad. In fact, over the last 2-3 years, shortfalls in budgetary allocations have resulted in rolling over payments into the next financial year. Contractors do not continue working while waiting for payment; they demobilize labour and material and then remobilize when funds become available. This has enormous schedule and cost implications. This also creates grounds for monetary claims by contractors against the Government as payment schedules are defined in the agreements with the contractoRs.In a number of countries, the main working season is between November and May (dry season). Rolling over of payments from January-March, when funds from enhanced allocation in Revised Estimates (RE) become available, has a disproportionately large impact on project implementation. A 2-month delay results in a one year project delay, with consequent cost overruns.
>
> To cite instances, payment of approximately Rs.77 crore for Salma dam and Rs.11 crore of the Afghan Parliament building were pending in last two months of 2013-14. Execution of these projects had almost come to stand still as payments to various executing agencies could not be released in time. During 2012-13, the three hydroelectric power projects under execution in Bhutan viz., Punatsangchu I, Punatsangchu II and Mangdechu were on the verge of coming to a standstill due to inadequacy of funds in BE stage."

2.32 In view of the severe constraints being faced by the Ministry on account of reduced allocation to the Ministry both at BE and RE stage and its impact on implementation of international projects undertaken by the Government of India in other countries, the Committee desired to know whether this issue was taken up at the highest level. The Ministry in a post-evidence reply submitted as under:

> "The matter was taken up with the Hon'ble Minister of Finance by Hon'ble EAM at RE 2013-2014 stage vide letters dated January 08, 2014 and January 29, 2014."

2.33 According to the Ministry a consistent feature of expenditure management in the Ministry has been the full utilization of the budgetary grant both on the Revenue and Capital Accounts. This has been the result of regular monitoring of projects and expenditure by various Divisions of the Ministry. The Table below shows the utilization pattern of the Budget on the basis of the funds allocated at the Revised Estimates stage.

	2011-12		2012-13		2013-14*	
	Budget (Revised Estimated) Rs.crore	Percent Utilised	Budget (Revised Estimated) Rs.crore	Percent Utilised	Budget (Revised Estimated) Rs.crore	Percent Utilised
Revenue	6445.00	100.46	7924.00	100.68	9897.15	100.14
Capital	1391.00	100.52	2138.00	100.22	1896.50	99.99
Total	7836.00	100.47	10062.00	100.58	11793.65	100.11

2.34 The Committee observe that the Ministry of External Affairs during Budget Estimates (BE) 2014-15 had sought an allocation of Rs.26,111.23 crore including the 'Plan' component of Rs.20,161.07 crore. The Committee, however, are distressed to note that the actual Budget allocation made at BE Stage is Rs.14,730.39 crore with a 'Plan' Budget of Rs.5,100 crore and 'Non-Plan' Budget of Rs.9,630.39 crore. The Committee are concerned to observe that there is a vast gap between the allocation sought by the Ministry and the actual allocation made to the tune of 43.5 percent. The Committee are of the view that the budgetary allocation is grossly inadequate considering the size and aspirations of the country. The Committee opine that if India intends to be a major power in the region and play an important role in world affairs, the intentions should be duly accompanied and complimented by appropriate budgetary support. The Committee, therefore, strongly recommend that on this strong ground, the Ministry of External Affairs should vigorously pursue the matter so that the budgetary allocation of the Ministry is substantially enhanced at the RE 2014-15 stage. The Committee further recommend that the Ministry should also present their case strongly at the highest level in the Ministry of Finance and Planning Commission for the desired enhancement in budgetary allocation for the financial year 2015-16 from the very beginning.

(Recommendation No. 1)

2.35 The Committee specifically note a peculiar situation created during 2013-14, when against the demand of Rs.16585.18 crore at RE Stage, the Ministry of Finance had initially reduced the allocation from Rs.11719.00 crore (BE allocation) to Rs.11693.65 crore and

subsequently an additional Rs.100 crore was provided taking the RE figure to Rs.11793.65 crore. But surprisingly, this allocation was not supported by cash and was managed within the Ministry's Budget by way of token supplementary. The Committee express their dismay at such a state of affairs regarding allocation of the resources to the Ministry which has a mandate to implement India's foreign policy and pursue its interests globally. Similarly, the Committee were informed that due to non-availability of funds in the last two months of the financial year 2013-14, the pace of various important projects in neighbouring countries had slowed down and execution of projects had almost come to a standstill as payments to various executing agencies could not be released in time with enormous pending schedules and cost implications. The Committee are concerned to note that due to the limited working season in several countries, a two-month delay results in a one year delay with consequent overruns. The Committee are of the strong view that such practice should be averted because this leads to a situation wherein a tool meant to provide leverage and advantage becomes counter-productive, leading to adverse media attention and resultant public and political reaction in the beneficiary country. The Committee, therefore, recommend that the Ministry of External Affairs should take necessary precautionary action to avert stalling of projects midway with a more vigilant monitoring mechanism which would anticipate shortage of funds well in advance and take adequate steps.

(Recommendation No. 2)

2.36 By the Ministry's own admission, the Committee note that due to budgetary constraints, the Ministry has to constantly resort to internal allocation and shifting of funds from one head to other head owing to the urgency or the strategic or political importance of the expenditure. The Committee understand that some degree of flexibility is required owing to the nature of Ministry's international engagement and immediate requirement of funds for strategic and political commitments at the highest level. The Committee, however, are not appreciative of this practice of shifting of funds mid-year based upon exigency. The Committee, therefore, are of the view that rather than making it a permanent feature, the provision for flexibility should be kept to the minimum and continuing projects/already committed projects should not suffer on account of other immediate needs. The Committee recommend that if international commitments are made after the budgetary allocation at the BE stage, the Ministry must come to an arrangement with the Ministry of Finance so that the entire amount committed internationally is provided at the RE stage or at the supplementary stage as per the time-frame of such declaration rather than arranging such funds from the internal resources of the Ministry.

(Recommendation No. 3)

2.37 The Committee have once again found several discrepancies and omissions in the various Budget documents prepared during the current financial year. The Committee, therefore, would like to reiterate that the Ministry must ascertain the correctness of information and that there are no omissions. It is also essential that complete information is invariably submitted to the Committee. Moreover, the Committee note that often there are revised timelines and escalation in the cost of many projects but the details like the original timeline or the cost at the time of inception are nowhere reflected in the Budget documents. The Committee were informed that there is no such 'column' in the Outcome Budget documents. The Committee, however, note that in the Statement 'Review of past performance in terms of targets fixed in (the previous year)' in the Outcome Budget, there is a column for original and anticipated dates of completion. The Committee, therefore, recommend that instead of furnishing revised date of completion in this column, the Ministry must furnish the original time-frame and cost as well as at completion. The Committee further suggest that in the column 'Factor wise analysis of cost escalation, impact of cost over run and viability of project etc', the Ministry could incorporate the original cost of the project at the time of inception and mention about the cost escalation, if any, and the revised estimates alongwith the reasons therefor.

(Recommendation No. 4)

CHAPTER III

ESTABLISHMENT STRENGTH

A. Establishment Strength

As per the Annual Report 2013-14, within the Ministry the cadre strength at Headquarters and Missions/Posts abroad as on 31st March 2014 (including post budgets by Ministry of Commerce and those of ex-cadre etc.) is 4086. 561 recruitments were made through direct recruitment, departmental promotion and limited departmental examination made in the Ministry alongwith reserved vacancies for the period 1st April 2013 to 31st March 2014. Cadre strength of the Central Passport Organisation as on 31st March 2014 was 2,697.

3.2 The Committee deliberated upon the size of the service and its adequate numbers in view of eminent and urgent challenges, the Committee desired to know Ministry's plan for expansion of its cadre. During the course of evidence, the Foreign Secretary submitted as under:

> "There has been an expansion plan in operation since 2008 and it envisages an increase in our numbers by about a little over 500 over the next 10 years including through deputations. But the fact of the matter is – and I have to agree with you whole-heartedly on that – it is inadequate. We need to increase the size of the service. For a size of what our country is and what we aspire to be on the world stage, I would easily support a doubling of the service. .... we have been increasing our intakes both of lateral entries through deputations as well as officers at the entry level. But even with that, we are not able to fulfil our numbers. The fact of the matter is simply this that you have to get enough takers. You might even lower the bar. But we still are not being able to get it up to speed for a variety of reasons. But the short point is, we cannot lower the bar to such an extent that the efficiency and the professionalism of the Service goes for a toss. We have already increased the number of lateral entries. ..... we need to increase the numbers of intake and we are presently looking at ways and means of how do we do this and still manage the cadre."

3.3 During the course of deliberation, the Foreign Secretary informed the Committee that the annual entry for Indian Foreign Service is 36 per annum at entry level. On Committee's further query on the issue of intakes at all levels, as IFS is an integrated service and the problem being faced by the Ministry due to the rules of Department of Personnel and Training, if any, the Foreign Secretary during the course of evidence submitted as under:

> "It is a complex issue.. We would like to get more deputationists. We would even like to post deputationists overseas. It is a problem that is at Headquarters as well as at Missions and Posts. But then you have certain services who are determined that they will slant or skew the odds in their favour. So you have several other services who might be very well trained and who have worked. For instance the deputationists who work in the Ministry of External Affairs for two to three years, we would like to post them; they can have a posting and then come back. But it does not count for anything.

They still have to go through DoPT where you have a much wider pool were the odds are again skewed in favour of a particular service. So, I would be very frank over here in saying that what we would like to do is, by way of increasing the lateral entry. And this is at all levels including Directors, including Deputy Secretaries and Under Secretaries. We are not in a position to do because of these rules that are very outdated and are really needed to be looked at. I think we are in the process of looking at an exercise.

3.4 The Committee have been continuously expressing their concern over serious under-resourcing of the Ministry in terms of both budget as well as staff. The Committee have also deliberated upon the incongruously small size of the Indian Foreign Services considering the enormous tasks and challenges faced by the Ministry. The Committee also recognize the plan in place to increase the annual intake over the period of ten years and initiative taken by the Ministry for lateral entry at various levels and the problems being faced by the Ministry in retaining the deputationists and in their postings overseas. The Committee, however, are of the view that the challenges are imminent and urgent and the Ministry is short of diplomats to address them. Staggered recruitment means that staff recruited today would need years to be trained to meet the acute needs of today. The Committee, therefore, suggest to the Ministry to engage in a *de novo* exercise of assessing its present available manpower and actual requirements and find a way to speed up the process of intake through the lateral entry of qualified and experienced individuals without compromising on the quality of recruits. The Committee recommend that the Ministry must engage with the Department of Personnel and Training (DoPT) and impress upon them about the urgency of providing more staff, including through recruitment from other cadres and the academic and private sector, as per the specialized needs of the Ministry. The Committee further recommend to the Ministry to take up the issue of altering the fixed cadre ratio and retention of deputationists from other cadres in view of their experience within the Ministry and the expertise achieved over the years. The Committee would also like the inclusion of officials of other services like Parliamentary and Legal services alongwith All India Services working on equivalent posts for the purpose of deputation with a view to expanding the base of expertise/experience in the Ministry. Recruitment on contract basis from individuals with academic or private sector experience that is directly relevant to urgent needs should be permitted.

(Recommendation No.5)

B. Training

3.5 New Training Framework in line with the National Training Policy, 2012 was approved by the Ministry and communicated to the Department of Personnel and Training in July, 2013.

When the Committee pointed towards the constant allocation over the last three years of Rs.8.53 crore at the BE stage during 2012-13, 2013-14 and 2014-15, and further reduction at RE stage to Rs.7.02 crore in 2012-13 and Rs.6.68 crore in 2013-14 and wanted to know the reasons therefor, the Ministry explained in a written reply as under:

> "The projections have been kept constant at the BE stage and allocations decreased at the RE stage based on the pace of expenditure. This has been the trend of expenditure for the last three years."

3.6 On Committee's query regarding the 'Actuals' for the last two financial years, the Ministry furnished the following facts in a written reply as under:

> "Our projected BE for 2012-13 was Rs.11.67 crore which was reduced to Rs.8.53 crore. FSI projected Rs.10.29 crore at RE stage and Rs.7.02 crore was approved. The actual expenditure in FY 2012-13 was Rs.6.42 crore."

> "Our projected BE for 2013-14 was Rs.12.57 crore which was reduced to Rs.8.53 crore. FSI projected Rs.11.00 crore at RE stage and Rs.6.68 crore was approved. The actual expenditure in FY 2013-14 was Rs.6.27 crore."

3.7 On Committee's query regarding lower RE 2013-14 and non-utilization of fund during FY 2013-14, the Foreign Secretary during the course of evidence submitted that the Ministry has adopted new training framework in 2013, now there is a provision for training across all levels from Joint Secretaries to group D and Interpreters. There might be a fluctuation due to lack of expenditure on heavy expenditure components *viz* training of Group III and joining of two batches of Directors for training.

3.8 The Committee noted that the Ministry has not been able to spend the allocated funds and sought Ministry's justification for seeking more allocation during BE and RE Stages. The Committee wondered whether the Ministry is training its cadre enough. The Ministry in replies to the points raised during the sitting stated as under:

> "Approved BE is a decision by IFD, MEA, based on overall budget approval by the Ministry of Finance. We invariably seek more funds but are allotted way too little. Ability to spend depends inter alia upon timely receipt of budget. Most of the training programs have to be planned by upto an year in advance. Inadequate BE and too late a revision upwards via RE do not help. In addition to the above, another reason for less AE (Actual Expenditure, at 6.42 crore) even compared to approved RE (at 6.68 crore) was that part of the payment (around INR one crore) to one of the outsourced companies was withheld following an alert that it was not making EPF payments to its workers. .No, it is not true that we are not training enough. In fact, training has expanded to cover all ranks and levels. Technology like webinar is being used to do more within available resources. Budget estimates are proposed based on plan of training programs, development of infrastructure and fixed costs. If more money is made available in time, FSI can do more."

3.9 The Committee sought clarification from the Ministry regarding the actual amount spent on training for officials of Foreign Service cadre and officials of the Ministry as well as officers from Foreign Countries. The Ministry in a post-evidence reply stated as under:

Description	Expenditure 2012-13 (in Crore Rs.)		Expenditure 2013-14 (in Crore Rs.)
Official of Foreign Service cadre	1.44	Official of Foreign Service cadre	1.09
Official from foreign countries	1.76	Official from foreign countries	1.46
Total	3.20		2.55

3.10 The Committee note that over the last three years, inspite of higher projections under the head 'Training', the budget allocation at BE stage has been kept at constant level of Rs.8.53 crore. The Committee are dismayed to note that during the same period the allocation was revised downwards at the RE stage and the Ministry was even not able to utilize the reduced allocation. The Committee also take note of the Ministry's initiative of using modern mediums in imparting training in order to maximize the outcomes from the available resources. The Committee, however, are not convinced at all with the Ministry's justification for continuous underutilization of allocated resources for training, particularly when the Committee have been regularly stressing upon the importance of regular orientation programmes for the personnel of the Ministry of External Affairs and for building in-house capacity in view of the evolving strategic and dynamic diplomatic and technological scenario. The lack of adequate language training for officers assigned to posts other than those using their preferred foreign languages could also be remedied by use of these funds. The Committee, therefore, once again strongly recommend that Ministry should impart periodic training to its officers at all levels both in India and abroad taking the help of latest training modules.

(Recommendation No.6)

C. Use of Hindi in Indian establishments abroad

3.11 On Committee’s query regarding current status of working in Hindi, Ministry’s proposal in this regard and whether this proposal is to be met from the projected budgetary allocations, the Foreign Secretary informed as under:

> “On Hindi as an official language, the Official Language Implementation Committee led by our Joint Secretary, Administration meets regularly. There is increased use of Hindi in notings.... Stenos are being trained in Hindi typing. Important documents and stationery are already bilingual. There is assistance for Hindi training abroad in embassies. We organised many events related to Hindi including Hindi day and Hindi

week. .... May be there might not be Hindi typist on Hindi computers but most of our officers try to deal in Hindi with Hindi speakers."

3.12 While replying to the points raised during the sitting, the Ministry submitted in a written reply as under:

"In addition to what has been stated by the Foreign Secretary during the course of the sitting of the Standing Committee, the following may be noted:

(i) All Missions/Posts in MEA will be equipped with Hindi infrastructure in the form of software from Hindi Branch.

(ii) All PAs/ PSs would be joining Hindi training before their posting abroad.

(iii) A special module in use of Hindi in office will include in training programme of all official going abroad.

(iv) Hindi workshops may be organized in Missions on the basis of the workshops organized at the Headquarters to impart knowledge about the policy of Official Language and train them to work on computers in Hindi and file work in Hindi.

The expenditure is proposed to be met from the projected budgetary allocations for Hindi-related work of the Ministry and Indian Missions abroad."

3.13 The Committee deliberated upon the lack of infrastructure related to Hindi language and non-adherence to official language norms and lapses in Missions/ Posts in its implementation. The Committee note that some new initiatives have been taken recently by the Ministry regarding the development of infrastructure and capacity building in Hindi language in the offices of MEA. The Ministry, however, has not mentioned any time-frame for implementation of these initiatives and there is no mention of steps being taken to strengthen the interpretation facility from Hindi to foreign languages and vice versa. The Committee in their 14th Report (15th Lok Sabha) had pointed out about non-availability of such interpretation facility in Indian Missions/Posts and had suggested the development of a separate cadre pool of interpreters for that purpose. The Committee, therefore, recommend that adequate steps should be taken in a time bound manner for development of infrastructure and capacity building in Hindi language in the offices of MEA and also for formation of a pool of interpreters from Hindi to foreign languages and vice versa and make such facility available in Indian Missions/Posts abroad.

(Recommendation No.7)

CHAPTER-IV

SECTORAL ALLOCATION

The Sectoral allocation for Ministry of External Affairs during RE 2013-14 and BE 2014-15 (proposed) is as under:

		Allocation Rs.in Crore
Sectors	**RE 2013-14**	**BE 2014-15 (proposed)**
MEA Secretariat	261.67	282.76
Embassies and Missions	1738.23	1832.31
Passport and Emigration	432.48	542.83
Special Diplomatic Expenditure	1420.00	1596.01
Contributions to International Organisations	299.23	417.59
Grant to Institutions	209.12	198.30
Technical & Economic Cooperation	5411.65	6268.81
Capital Outlay	270.00	300.00
Loans to Foreign Governments	1626.50	3166.01
Others	124.77	125.77
Total Budget	**11793.65**	**14730.39**
Non Plan Allocation	8993.65	9630.39
Plan Allocation	2800.00	5100.00
Total Budget	**11793.65**	**14730.39**
Revenue Section	9897.15	11264.38
Capital Section	1896.50	3466.01
Total Budget	**11793.65**	**14730.39**

4.2 The budget of the Ministry for financial year 2014-15 comprises of the following broad groups:

i Approximately 17.92% pertains to establishment costs i.e. expenditure on Ministry of External Affairs Secretariat and Missions/Posts abroad as well as the expenditure on the overall establishment of the Central passport Organisation.

ii Nearly 15.02% pertains to obligatory expenditure; such as expenditure on SDE, mandatory contributions to international organizations of which India is a member, Grants-in-aid to institutions;

iii Nearly 42.56% pertains to technical and economic cooperation with other countries;

iv Approximately 2.04% on the Capital Outlay of the Ministry;

v Loans to foreign Government comprise 21.49% and

vi Other expenditure approximately 0.98%.

A. Embassies and Missions

4.3 The Minor Head 'Embassies and Missions' provide for expenditure on India's representation and functioning of Missions and Posts abroad. As per the budgetary documents furnished by the Ministry, the budgetary allocation during BE 2013-14 was Rs.1683.22 crore. While RE 2013-14 was increased to Rs.1738.23 crore. The budgetary allocation during BE 2014-15 has been further increased to Rs.1832.31 crore. Elaborating upon the reasons for enhanced allocation during RE 2013-14 and BE 2014-15, the Ministry stated in a written reply as under:

> "The reason for enhanced allocation was on account of increase in salaries, rents, rates & taxes, salaries of local staff, increase in tuition fees, medical expenses and opening of new Missions/Posts."

4.4 During the course of evidence, the Foreign Secretary further informed the Committee that the establishment expenditure for our Missions/Posts continues to be under stress due to the fluctuating value of Indian rupee vis-à-vis foreign currencies, opening of new Missions/Posts, general inflation etc.

4.5 Replying to Committee's query about optimal utilization of budgetary resources, the Ministry in a written reply has stated that an analysis of the excess of the last few years shows that this has been incurred due to unforeseen situations or for committed requirements towards salaries and other establishment expenses mainly of Missions/Posts etc. alongwith other factors.

4.6 In this context, when the Committee desired to know whether there is any account head that caters for improvement of services delivered by Indian Missions/Posts abroad, the Ministry submitted the following facts in a post-evidence written reply as under:

> **"**There is no such head that caters for improvement of services delivered by Indian Mission/Posts abroad. The allocation of funds against various object heads has to conform to the description given in the delegation of Financial Powers Rules 1978. The subject matter is qualitative in nature. The provision for improvement of services has to be made within the existing budget heads."

4.7 In response to specific query whether there is any feedback obtaining mechanism regarding rendering of services in each Missions/Posts and existence of any centralized monitoring mechanism at Headquarters to keep check or ensure efficient and fast delivery of services by Indian Missions/Posts, the Ministry stated in a post-evidence written reply as under:

> "Missions/Posts abroad regularly send feedbacks in the form of reports to the Ministry on a daily, weekly and monthly basis. These reports among other things include services provided by the Missions/Posts to the public including consular and commercial services. The Ministry through its territorial and functional divisions monitors these feedbacks closely to keep check and ensure efficient and fast delivery of services. Administration Division regularly receives feedback from Missions/Posts for the services provided to members of India-based officials and local staff in Missions/Posts abroad.….These services provided to members of the India-based officials are monitored and reviewed from time to time depending on the changing requirements and the needs indicated by the members of the Missions/Posts. Complaints received from members of the Mission/Post are also addressed and disposed off by the Mission/Post concerned.

The Missions and Posts of the Ministry abroad are under constant supervision of the Ministry. Besides the concerned Territorial Division, their work is scrutinized and regularly assessed by the other service Divisions such as Administration, Accounts, Establishment, Finance, Projects, Bureau of Security, E-Governance & IT, Vigilance, Consular, Passport and Visa (CPV). Additionally, they are audited externally by the C&AG of India and internally by the Office of the Principal Chief Controller of Accounts of the Ministry.

4.8 The Directorate General of Inspections (DGI) was set-up in 2004 with the main objective of critically evaluating the activities/services and functioning of Indian Missions/Posts abroad and for evolving a comprehensive model and coordinated approach for such inspections. The DGI has been reviewing the working of Indian Missions/ Posts abroad through inspections to undertake an overall evaluation of the functioning of Missions/Posts in areas such as political, economic and commercial, consular, information and publicity, Indian community welfare, cultural diplomacy and other related areas including administration and establishment matters of the concerned Missions/Posts. The DGI has sent inspection teams to more than 60 Missions/Posts abroad since 2006. When the Committee desired to be acquainted with the details of inspections held by DGI during the last two years, the Ministry submitted the following details in a post-evidence written reply as under:

"During the last three years, the Ministry has been going through the process of taking follow-up action and also implementing the various recommendations made by the Inspection Teams, which are undertaken by the concerned Missions/ Posts and/ or the various Divisions in the Ministry. The Ministry has also been following up on the steps that should be institutionalized in order to further improve the working of the DGI. In view of these aspects, the DGI has not undertaken inspection of any Mission/Post during the last two years. However, every Secretary of the four Secretaries in MEA as well as of Special Secretary/ Additional Secretary (Administration) and the concerned Joint Secretaries have continued to undertake on a regular basis, visits and critical evaluation of the functioning of Missions and Posts overseas."

4.9 The Ministry further stated as under:

"The comprehensive review of the functioning of the DGI has shown that it could be improved with a full complement of officers and a more uniform and holistic inspection, including of accounts, administration and establishment matters in Missions and Posts as well as other aspects of performance, including the manner in which the Missions have pursued their political, economic, commercial and consular mandate in their country of accreditation and the constraints they face in this endeavour.

To address the lacunae in the earlier system, a new system of Inspection is in the process of being put into place. The DGI will be headed by an officer of the rank of Special Secretary / Additional Secretary and shall be assisted by a number of other Officers of the Ministry. The DGI will be responsible for establishing Standard Operating Procedures (SOPs) for effective inspection regime for Indian Missions/Posts abroad and to implement actions according to these SOPs. It will evaluate whether Missions/ Posts are equipped to meet their performance objectives, whether they are actually meeting them and, if not, what can be done to remedy the situation. The DGI is expected to commence the inspection of Missions/Posts very shortly, as per revised SOPs."

4.10 On the issue to O&M study conducted in Indian Missions/Posts in the recent years, the Ministry in a post-evidence reply submitted as under:

> "Administration Division regularly seeks information on the Organisation and Methods being adopted in Missions/Posts abroad. Based on the inputs received from Missions/Posts abroad, the Ministry allocates resources and manpower to these Missions/Posts so as to increase efficiency and optimize use of resources in our Missions/Posts abroad."

4.11 Indian Embassies/Missions/Posts represent India in the respective countries. The delivery of services by them to Indian Citizens and other service seekers has been an issue of concern. Though the Committee take note that a mechanism for supervision across various Divisions including a Directorate-General of Inspection (DGI) exists, they are dismayed to find that there is no specific/separate Division to oversee the services delivered by the Missions/Posts to the general public and there is no separate allocation to cater to the need for improving services in this area. The Committee specifically note that the Directorate-General of Inspection (DGI), which was set up in 2004 with the main objective of evaluating the activities/services and functioning of Indian Missions/Posts abroad and for evolving a comprehensive model and coordinated approach for such inspection, has not conducted any inspection since 2011. The Ministry has also accepted that there are lacunae in the existing system of inspection and the Committee have been informed that a comprehensive review of the functioning of DGI has been done and new system of inspection is in the process of being put into place. The Committee, therefore, desire that the new system of inspection should be evolved at the earliest and Standard Operating Procedures (SOPs) be defined incorporating the new roles of Missions/Posts in the context of emerging contour of economic, commercial and cultural aspects of diplomacy.

Further, the Committee also note that there is lack of any feedback mechanism from public especially regarding consular and commercial services. The Committee, therefore, suggest that various channels of obtaining feedback should also be created at the level of Missions/Posts and this should be duly reflected in the reports sent by these Missions/Posts to the Ministry alongwith grievance redressal status. The Committee, also recommend that centralized monitoring mechanism at the Headquarters must be strengthened to keep check and ensure efficient and fast delivery of services at all the Indian Missions/Posts abroad. The Committee stress that the Ministry should make a separate provision for improvement of services in the Missions/Posts abroad under one of the existing budget heads.

(Recommendation No. 8)

Digitization Project

4.12 The 'Digitization Project' for 'creation of image retrievable database' for passport, visa, Overseas Citizens of India (OCI) and Person of Indian Origin (PIO) application in Indian Missions/ Posts is underway. On Committee's queries, the Ministry furnished its status as under:

> "The "Digitization Project" commenced under Phase I in 5 Indian Missions/Posts and is completed in these Missions except in London, where only the current consular applications are digitized.
>
> In the IInd Phase, this project was to be undertaken in another 34 Indian Missions/Posts, out of which the work orders for 27 Missions/Post have been issued. Out of these 27 Missions, the digitization project has finished in 8 Missions/Posts, with current consular applications being digitized in another 2 Missions. In another 3 Missions/Posts, the work could not commence on account of administrative reasons or renovation of building.
>
> The proposal for further extension of the project for one year is presently under consideration."

4.13 On the likely date of completion of the Project, the Ministry in a post-evidence reply informed the Committee as under:

> **"**The digitization in all the 39 Indian Missions/Posts would be completed by May 2015, provided approval for extension of contract by one year till May 2015 is conveyed at the earliest and also there is timely release of the funds exclusively for this project to the concerned Missions/Posts."

4.14 Responding to the Committee's specific query regarding the reasons for further extension of the Project by one year, the Ministry in a post-evidence reply stated as under:

> **"**….under Phase II, the work is in progress in 14 Missions/Posts at present.
>
> Apart from it, after approval from competent authorities for extension of contract by one year i.e. till May 2015, the work order for the rest of 7 Missions/Posts would be issued. In a nutshell, extension of contract by one year is required for completion of this project in all the Missions/Posts."

4.15 Furnishing the reasons for delay in implementation of the Project, the Ministry in a post-evidence reply stated as under:

> **"**The delay in implementation of this project is on account of various reasons. In some cases, despite issuance of work orders to the vendors, the Missions/Posts have not given go ahead to the vendors for commencement of the work on account of logistics problems or shortage of manpower or on account of non-receipt of funds for this project. Also, there was substantial delay in the project on account of non-receipt or late receipt of funds from Finance Division by the concerned Missions/Posts."

4.16 The Committee note that the Ministry had embarked upon 'Digitization Project' for creation of image set retrievable database for passport, visa, OCI and PIO applications. The Committee, however, are not satisfied with the pace of implementation of the project. The Committee observe that out of 183 Indian Missions/Posts, this project covers only 39 Missions/ Posts and the digitization is expected to be completed in these Missions/ Posts by May 2015

depending upon the desired approvals and timely and adequate release of funds. The Committee, therefore, recommend that the Ministry should complete the project in all the 39 Missions/Posts within the time schedule fixed in this regard and it should further be expanded to include all the Indian Missions/Posts by formulating a time bound plan for digitization of existing data in all these establishments.

(Recommendation No. 9)

B. Passport and Emigration

4.17 This Minor Head provides for expenditure on Passport Offices (POs), printing of travel documents, scanning of passport applications and files, lease of passport printers and printing of travel documents, purchase of passport printers, computerization of Passport Offices, payments to State Governments and Union Territories for their passport related services, verification etc. The allocation during BE 2013-14 was Rs.453.48 crore, which was significantly lower from BE 2012-13 and RE 2012-13. It was further reduced in RE 2013-14 to Rs.432.48 crore. However, the Budgetary allocation for BE 2014-15 has been increased by 19.70% to the tune of Rs 542.83 crore. On the reasons for increased allocation during BE 2014-15, the Ministry stated in a written reply as under:

> "During the Financial Year 2014-15, Rs 416 crore were sought at BE 2014-15 stage to meet the shortfall of Rs 149.5 crore in 2013-14 and to meet the increased expenditure on procurement of passport booklets."

4.18 In this context, the Committee enquired whether the enhancement of Budget is sufficient in view of quantum jump in the number of travel documents issued by various passport offices and Indian Missions/Posts abroad and need of more printers and other hardware and infrastructure and also to improve the services in Consular wings. The Committee also desired to know about the efforts made by the Ministry to get more funds at RE stage during 2013-14 and BE 2014-15. The Ministry stated in a written reply as under:

> "The budget allocation is not sufficient in view of the increase in travel documents and the improvement of infrastructure including the need for additional printers. The number of passport service applications processed in India by the 37 Passport Offices and the Andaman & Nicobar Islands Administration has risen from 65.53 lakh in the calendar year 2011 to 72.76 lakh in 2013 i.e. an increase of over 11%. During January – August 2014, the number of passport service related applications has already crossed 55.4 lakh and likely to be over 84 lakh during the calendar year 2014 – an estimated increase of 15.4%. The Ministry's repeated requests in the last financial year to enhance budget allocation were not acceded to...."

4.19 The Ministry furnished a comparative figure of earnings through Passport issuance system and immigration and allocation/expenditure during the last three years as under:

> "…the expenditure on Passport services was 39.4% of the passport revenue in 2011-12, 41.8% of the passport revenue in 2012-13 and only 23.5% in 2013-14."

4.20 During the course of evidence the Foreign Secretary also submitted the comparative analysis of revenue generated and put forward the case for enhanced allocation under this Head and stated as under:

> "... compared to the passport revenue of Rs.941 crore in 2010-11, the corresponding figure for 2013-14 was Rs.1855 crore – a rise of over 97 per cent. It may also be mentioned that the overall costs to earn higher revenue has come down from 38 per cent in 2010-11 to 23 per cent in 2013-14. There is, therefore, a compelling case for ploughing back a part of this revenue for enhancement of passport services to our fellow citizens."

4.21 The Committee desired to know as to why the Ministry is not able to convince the Ministry of Finance to obtain more funds in view of increased earning through these services. The Ministry in a stated written reply as under:

> "The Ministry in various meetings with officials of the Ministry of Finance has repeatedly raised the issue of additional funds to meet legitimate costs for passport services, including for procurement of passport booklets. It has also been pointed out that these costs are a small proportion of the total revenue generated by these services for the Government of India. For instance, during the year 2013-14, Rs 1800 crore income was generated by issue of passports as against Rs 155 crore allocated for procurement of passport booklets. However, Ministry of Finance has so far not agreed to enhancement of allocations for passport services on this basis."

4.22 On the issue of pending bill amount of Indian Security Press (ISP), Nashik and other state agencies and the provision made for making payment to these agencies during the year 2014-15, the Ministry informed in a written reply as under:

> "As on date bills totaling Rs.46 crore from India Security Press, Nashik towards supply of passport are pending. Based on the requirements provisions are being made."

4.23 The Committee noted that in the budgetary documents furnished by the Ministry, it is stated that 'after the opening of 77 Passport Seva Kendras, the general establishment expenditure is on the rise'. Furnishing the reasons for 'general rise of expenditure'. The Ministry stated in a written reply as under:

> "The expenditure has risen in the last three years due to contractual payments being made to the Service Provider for the Cabinet mandated Passport Seva Project (PSP) which has been implemented in Public-Private-Partnership Mode, modifications and enhancements necessitated in the PSP Application/ Software aimed at improving passport services and for integration PSP System with other e-governance projects, provision for more printers, incorporation of additional security features in passport booklets, strengthening of Strategic Control Team and visits of Inspection Teams to PSKs and Passport Offices. In view of the increase in the number of passport service applications mentioned in the preceding para in the last three years, the Ministry would necessarily need more funds to meet its contractual obligations and to upgrade the existing infrastructure."

4.24 When the Committee sought information on the financial implications of Passport Seva Project, the Ministry furnished a statement showing the total expenditure incurred on Passport Seva Project (PSP) from its inception in April 2006 till 31.3.2014 as under:

> "… The total expenditure is Rs.228.96 crore till 31-3-2014. The bulk of the expenditure constitutes payment towards the cost of PSP Application Software, Data Centre, System Software and Service Charges to the Service Provider. However, compared to the passport revenue of Rs.1873 crore during FY 2013-14, the expenditure is not significant."

4.25 The Committee enquired whether there are any rental liabilities on account of Passport Seva Project. The Ministry stated in a written reply as under:

> "There are no rental liabilities on account of Passport Seva Project as all the PSKs have been constructed or taken on rent by the Service Provider except for the 9 co-located PSKs, out of which space has been provided in the Government owned building to Service Provider for PSKs at Delhi, Bhubaneswar, Jammu & Panaji…"

4.26 The Committee note that an increase in allocation was sought in BE 2014-15 under the head 'Passport and Emigration' to meet the shortfall of Rs.149.5 crore in 2013-14 for the increased expenditure on procurement of passport booklets. At the same time, the Committee also observe that the Ministry is able to generate revenue to the tune of 35% of its current overall budgetary allocation from this head. The Committee, therefore, strongly believe that there is a compelling case for increased allocation at least under this Head. The Committee further recommend that sufficient allocation should be made under this head so as to ensure timely payment to ISP, Nasik in order to maintain regular flow of passport booklets and also for the purpose of rental liabilities for establishment of nine co-located PSKs. The printing of sufficient reserve stock of passports, so as to avoid a recurrence of the shortages, must also be provided for.

(Recommendation No. 10)

C. International Cooperation

4.27 The expenditure under this Minor Head is for obligatory contribution to UN and other International Organisations of which India is a member. This head also caters to the contribution for establishment of South Asian University on the Non-Plan side and for establishment of Nalanda University on Plan side. Under the Non-Plan section the Budgetary allocation for the BE 2013-14 was pegged at Rs.376.23 crore while it was reduced to Rs.299.23 crore during RE 2013-14. The allocation during BE 2014-5 was increased to Rs.417.59 crore. Specifying the reason for reduced allocation for RE 2013-14, the Ministry stated in a written reply as under:

> "BE 2013-14 was allocated a higher amount mainly to provide for Nalanda University where construction activities were expected to begin. RE 2013-14 was reduced due to non-commencement of the same."

4.28 On the reason for enhanced allocation during BE 2014-15, the Ministry stated in a written reply as under:

> "BE 2014-15 is higher because of enhanced budgetary allocation for South Asian University to provide for India's operational contributions to the University and for Nalanda University where construction activity is expected to commence."

4.29 The Committee note that two international universities i.e. South Asian University and Nalanda University are established in India under the aegis of the Ministry. The Committee are of the view that these Universities should not become mere symbols and serve the purpose of tokenism. The Committee suggest that management and academic activities including curriculum should incorporate the vision behind the establishment of these Universities. The Committee also suggest that the Ministry should ponder upon the desirability of exclusive involvement of Ministry of External Affairs in the management of Universities and see if a more appropriate Ministry or agency related to administration of University and academics should be involved or even take over the academic supervision of these institutions.

(Recommendation No.11)

a. Nalanda University

4.30 Under the 'Plan' section, the budgetary allocation for Nalanda University during BE 2013-14 was Rs.125 crore which was reduced during RE 2013-14 to Rs.50 crore. During BE 2014-15, the allocation has been increased to Rs.100 crore. Due to non commencement of construction, the allocation was reduced to Rs.50 crore at RE stage of 2013-14. However, the Actual utilization in 2013-14 (provisional) was dismally low at Rs.9.15 crore. In this context, the Committee asked the Ministry to furnish the original timelines for construction and operationalization of Nalanda University and desired to know the reasons for delay as compared to original timelines. The Ministry stated in a written reply as under:

> "The construction of the University campus was to begin in January 2012 and teaching was to commence from the academic year 2014-15.
>
> The University planned to construct a Net Zero Energy Consumption campus which required wider consultations for preparing the brief for the launch of the Global Design Competition in November 2012. The winner of the competition was declared in the first week of May 2013 by an International Jury. In July 2013, the Expenditure Finance Committee scrutinised the budgetary support envisaged in EdCIL's detailed project

report (DPR). The CCEA approval for the quantum of GoI assistance was conveyed in January 2014. Thereafter, the University appointed the Architects and also signed a formal contract with them in May 2014. Preliminary activities for construction have commenced and the first phase of construction on site is expected to begin by the last quarter of 2014-15.

The Rajgir office of the University has started functioning in full swing from August 2014 and teaching in two Schools has commenced from leased premises from 1st September, 2014 as per schedule. The External Affairs Minister formally inaugurated the University on 19th September, 2014."

4.31 On the issue of fixing the responsibility for the slow pace of execution, the Ministry in a post-evidence reply stated as under**:**

> "…..the challenges in establishing a new institution have led to the evolution of the parameters for execution of the Nalanda project. It may be noted that the classes commenced in September 2014 from the temporary campus in Rajgir."

4.32 The Committee sought Ministry's justification for budgetary allocation of Rs.100 crore during BE 2014-15 under this Head, when over the years, there has been a trend of massive under utilization of funds due to non-adherence of timelines and construction as well as academic schedule, the Ministry stated in a written reply as under:

> "The budgetary allocation of Rs.100 crore for the year 2014-15 was sought keeping in view the commencement of academic schedule, renovation of the temporary campus, setting up of facilities and preliminary activities relating to the construction of the main campus. Preliminary work has commenced on the site. Approvals are being processed. As recently as 25-26 September, 2014, the University held detailed discussions with the Architects on various aspects relating to the construction of the main campus. A follow-up meeting is scheduled on 11th October, 2014. Rs.17 crore have been released to the University in the current financial year. Allocation of funds at the RE stage is being reduced, keeping in view the anticipated progress on construction and other expenditure."

4.33 On Committee's query about realistic budgetary projections, the Ministry stated in a written reply further that:

> "The University seeks allocation of funds after assessment of ground realities in a realistic manner, and taking into account procedural constraints."

4.34 The Committee desired to know whether there is any revision in costs due to delay in construction activity. The Ministry In a post-evidence reply stated as under:

> **"**The CCEA revised the projected capital expenditure from Rs.2154.35 crore to Rs.1749.65 crore. As such, the University does not foresee any escalation in the costs except on account of cost index as notified by CPWD from time to time."

4.35 On Committee's specific query about the revised timeline for construction of the Nalanda University, the Ministry in a post-evidence reply stated as under:

> "The budgetary support towards capital expenditure during the establishment phase of the University runs till the year 2020-21. The University has informed that completion of the Phase I of the construction of the campus is expected to be achieved by September 2017."

4.36 On the issue of monitoring mechanism for efficient utilization of funds and ensuring that timelines are being followed, the Ministry stated in a written reply as under:

> "The Vice-Chancellor and the Ministry monitor utilisation of funds on a continuous basis. The University authorities have been directed to make all possible efforts to ensure that timelines are followed."

4.37 When the Committee desired to know whether the financial contribution from other will reduce the responsibility of Indian Government in terms of financial support, the Ministry clarified the position in a written reply as under**:**

> "Nalanda University has received US$ 1 million from China for the construction of a China Floor in the Library. The Governments of Thailand and Laos have contributed US$ 100,000 and 50,000 respectively without specifying the manner of the use of this money by the University. Australia has granted Australian $ 1 million for the establishment of a Chair in the School of Ecology and Environment Studies. Singapore has offered a contribution of $ 5 million to design, build and deliver the University's library. These contributions have been taken into account by the government when making financial allocations for the project. Additional contributions from other countries may reduce to some extent the financial liability of the Government of India."

4.38 In reply to Committee's query regarding utilization of these funds in view of lack of physical infrastructure, the Ministry submitted in a post-evidence reply as under:

> "The University has received funds from China, Thailand, Laos and Australia. The Chinese funds will be used for the construction of a China floor in the Library. The Australia grant is for a Chair in the School of Ecology and Environment where teaching has already commenced."

4.39 The Committee enquired whether non-utilization of funds contributed by various countries not adversely affect India's image and status as well as future prospectus of the University. The Ministry in a post-evidence reply stated as under:

> "The participating countries are constantly updated at the EAS meetings on the progress of the Nalanda University project. Ten countries have signed the inter-governmental MoU on the Establishment of Nalanda University with India to date. The reference to Nalanda University in the draft Statement proposed to be adopted at the 9th East Asia Summit in November 2014 is as follows: "We were pleased that construction of Nalanda University had commenced and looked forward to its early opening. We were appreciative of India's commitment to this project and noted India's proposal to set up the University as a non-state, non-profit and self-governing international institute of excellence. We were pleased the Government of India would provide immunities to the University."

4.40 On Committee's query regarding continued involvement of Ministry of External Affairs rather than Ministry of Human Resources in managing the affairs of the Nalanda University, representative of the Ministry of External Affairs stated as under:

> "It is true that MEA is a coordinating Ministry for Nalanda University and historically it is because of the fact that there was an external dimension to this University to begin with. It was an outcome of the East-Asia Summit. ..... The Finance Committee of Nalanda University includes representatives of both the MEA and the Ministry of Human Resource Development. So, there is representative from that Ministry also..... MEA is not really running the Nalanda University. It is a coordinating role that we are doing. Very shortly, even this role is going to be reduced considerably."

4.41 While informing the Committee about the amendments to be made in Nalanda University Act, the representative of Ministry of External Affairs stated asunder:

> "As far as the Nalanda University Act is concerned, certain amendments were sought, which happened in the previous Parliament, and because of the elections this Bill could not go through. Now, it is up to the current Government to re-examine what needs to happen with those amendments and whether those amendments are actually required or not....."

4.42 The Committee are concerned to note that the allocation for Nalanda University during BE 2013-14 was Rs.125 crore which was reduced to Rs.50 crore at RE stage while the actual utilization was as dismally low as Rs.9.15 crore. Similarly, for 2014-15 an allocation of Rs.100 crore has been made but only 17 crore has been released and allocation is being reduced at the RE stage in view of slow progress in construction and other expenditure. In view of the continuous trend of inappropriately higher projections and dismally low utilization, the Committee in their 20th Report (15th Lok Sabha) had strongly recommended that University must streamline its budgetary projection process. In view of further delay in the project and highly inappropriate projections, the Committee desire that actual ground reality should be kept in mind while making projections and responsibility should also be fixed for slow pace of the execution of the project. The Committee further recommend that the existing arrangement must be reviewed and necessary changes made, if required, in order to streamline the decision-making process in the Ministry as well as in Nalanda University administration. The Committee are of the opinion that there is an urgent need to begin the construction activity as the academic activity has already started and the Government of India has also received funds from some other countries for the project. Further, the Committee urge the Government to consider and address the issues in the Nalanda University (Amendment) Bill, which was examined and reported by the Committee in 2013.

(Recommendation No.12)

b. South Asian University

4.43 Furnishing the reasons for enhanced allocation for South Asian University during BE 2014-15, the Ministry stated in a written reply as under:

> "The enhanced allocation for South Asian University during BE 2014-15 has been for commencement of the construction process. Apart from Capital Cost, Government of India was also required to release its share of operational contribution."

4.44 On Committee's query regarding specific formula fixed for contribution by various countries and the contribution made so far by various countries for establishment and functioning of the South Asian University since the inception of the University, the Ministry stated in a written reply as under:

> "As per the SAARC norms, capital cost of the Regional Centres/SAARC Specialised Bodies is met by the host country. The operational cost is shared by the Member States. The agreed percentage of contribution of Member States to the operational cost for South Asian University is as follows:

Afghanistan	:	3.47%
Bangladesh	:	7.42%
Bhutan	:	3.47%
India(host)	:	51.80%
Maldives	:	3.47%
Nepal	:	4.43%
Pakistan	:	11.83%
Sri Lanka	:	4.43%

> These percentages add up to 90.32%. The shortfall of 9.68% would be eventually met through accrual of tuition fee from students outside the SAARC region.."

4.45 On Committee's query the Ministry also furnished details of contribution made by all SAARC member states according to their share as well as mentioned the pending amount. Statement showing details of Operational Contribution received till 29-09-2014 is as under:

Name of the Country	Year	Contribution Due (in $)	Date of Receipts	Contribution Received (in $)	Contribution to be received (in $)
Afghanistan	2010	51000	30-Nov-11	102415	
	2011	201000	27-Jan-11	149535	
	2012	411000	18-Dec-12	411000	
	2013	681000	3-Oct-13	681000	
	2014	957000		0	957,000
Bangladesh	2010	108000	21-Jun-10	108000	
	2011	429000	15-Jun-11	429000	
	2012	879000	15-Jun-12	879000	

	2013	1457000	4-Jun-13	1457000	
	2014	2047000	24-Apr-14	154301144	503,989
Bhutan	2010	51000	13-Aug-10	51000	
	2011	201000	23-Sep-11	395119.37	
			27-Oct-11	181091.39	
			30-Nov-11	15880.63	
	2012	411000	31-May-11	4028.02	
	2013	681000	5-Feb-13	696880.63	
	2014	957000	21-Mar-14	957000	
India	2010	756000	15-Jul-10	506000	
			19-Jul-10	250000	
	2011	3005000	4-May-11	3005000	
	2012	6146000	17-Jun-12	2331087.23	
			24-May-13	9621346.89	193,566
	2013	10195000		0	10,195,000
	2014	14319000		0	14,319,000
Maldives	2010	51000	30-Jun-10	51000	
	2011	201000	19-Apr-11	201000	
	2012	411000	25-Jun-12	411000	
	2013	681000		0	681,000
	2014	957000		0	957,000
Nepal	2010	65000	21-Jan-11	65000	
	2011	258000	11-Nov-11	258000	
	2012	527000			
	2013	874000	15-May-13	1385157.74	15,842
	2014	1227000	23-Jun-14	1235886.55	8,887
Pakistan	2010	172000		0	
	2011	685000		0	
	2012	1402000		0	
	2013	2325000		0	
	2014	3266000		0	7,850,000
Sri Lanka	2010	65000	21-Jan-11	65000	
	2011	258000	11-Nov-11	258000	
	2012	527000	8-Aug-12	527000	
	2013	874000	22-May-13	874000	
	2014	1227000	7-May-14	1227000	
TOTAL		**59996000**		**24332489.85**	**35,663,510**

4.46 The Ministry in a post evidence reply further stated that the Government of India is committed to bear 100% capital cost towards the establishment of the University.

4.47 Furnishing a status report on the construction of South Asian University, the Ministry stated as under:

"The Master Layout plan of the University campus along with number of other statutory clearances/ NOCs have since been received. Tenders for Package 1 has been invited through NIT published on 19-09-2014. Tender for second package was originally scheduled for issue in November 2014. The drawings/ designs of the various buildings/ services of the stages 1&2 buildings are being worked out for preparation of detailed estimates & tender documents."

4.48 On Committee's query regarding original cost and timeline for construction of South Asian University (SAU) campus, the Ministry in a post-evidence reply stated as under:

"A summary of the figures for initial and revised budget for campus construction is given in following table:

Parameter	Initial Plan	Revised Plan	Increase
Total area (sq ft)	3,403,000	5,567,000	2,164,000*
Rate (US$/sq ft)	60.00	60.00	60
Total cost (mUS$)	**204.20****	**334.00*****	**129.8**

4.49 The Ministry further stated as under:

"SAU has informed that as per the Business plan of SAU (Phase I: 2010-2014), prepared by the SAARC Inter-Governmental Task Force on Infrastructure in July, 2009, the tentative timelines for construction of initial 2.042 million sft space was scheduled by end 2013. At that stage the time required for obtaining various statutory clearances was not known.

The Ministry in a post-evidence reply elaborated the reasons for delay and informed the Committee that the revised schedule as per current programme finalized by the Building Works Committee with the Architects & Project Management Consultants of the project is 2017."

4.50 The Committee take note of financial contribution made by various countries in supporting the functioning of South Asian University as well as the pending amount of their share. The Committee note that there is an instance wherein no contribution has been received from one of the member-states so far. The Committee desire that the Ministry must pursue the matter at the SAARC forum and emphasize the need for timely contribution by each of the member states. The Committee further take note of the delay in construction schedule of South Asian University and suggest to the Ministry to enhance the pace of construction as per newly fixed timeline and furnish a status report to the Committee in three months.

(Recommendation No. 13)

D. Capital Outlay

4.51 The budgetary allocation for BE 2013-14, RE 2013-14 and BE 2014-15 under capital outlay as under: **(Rs. in crore)**

	BE 2013-14	RE 2013-14	BE 2014-15
Captial Outlay on Housing	**75**	**75**	**100**
Capital Outlay on Public Works	**225**	**195**	**200**
Total	**300**	**270**	**300**

The Two Major Head 4059 and 4216 Capital Outlay on Public Works and Housing cater to the expenditure on acquisition of chanceries and residential properties abroad and offices/ institutes in India.

4.52 During the course of evidence, the Foreign Secretary stated as under:

> "In pursuance of the previous recommendation of the Standing Committee, the Ministry continues to acquire and construct properties abroad to reduce the financial outgo on rentals. However, allocations have not been commensurate with our demands."

4.53 The Committee desired to know whether there is any mechanism to monitor the progress related to acquisition and renovation of any property abroad from the stage of negotiations to actual acquisition. The Ministry stated in a written reply as under:

> "On receipt of any proposal/request from the Missions/Posts for acquiring the properties abroad, Projects Division analyses the proposal taking into consideration economic viability and space norms. Thereafter, in principal administrative approval from the competent authority is obtained. Thereafter, if need be, most of the times, a Property Team is deputed to this site to make on site inspection. Thereafter, the Division obtains views/comments of the L&T Division from legal angle. Finally decision is taken through SFC and CNE depending on quantum of investment.
>
> As regards to routine repair and maintenance work in GoI properties abroad, there are no guidelines as these R&M works are determined by local practices and hence it is not possible to have a uniform practice for all such works. However, in case of major renovations, Ministry has been following GFR norms and ensuring that such projects are executed by engaging consultants who is entrusted with the responsibilities for drafting detailed scope of work, bill of quantities, electrical, mechanical and AC renovation plants etc. along with an estimate of cost of carrying out these renovations. Thereafter, tenders are floated for securing competitive bids for undertaking these renovation projects. Progress of these renovation/repair works is continuously monitored by the concerned Missions with the help of consultant."

4.54 On Committee's query to specify the mechanism to ensure that the legal opinion regarding local laws/rules /specifications pertaining to property use are sought and considered during the process of acquisition and whether there have been any lapses on these accounts, the Ministry stated in a written reply as under:

> "After obtaining Foreign Government's approval which ensures that all the local legal procedures are met, services of local lawyer are taken and on their advice, decisions are made. No such lapses have occurred."

4.55 On Committee's query on the mechanism available locally to ensure diligent use of funds during the process of acquisition, renovation and leasing, the Ministry stated in a written reply as under:

> "Project Division on monthly basis monitors the details of expenditure incurred under Capital Outlay MH 4059 and MH 4216 based on the information obtained from CCAO

and Missions to keep regular watch to ensure that funds are used diligently during the process of acquisition, renovation."

4.56 On the centralized monitoring mechanism, the Ministry stated in a written reply as under:

"Yes, for Capital Outlay, there is centralized mechanism in the Projects Division of the Ministry for monitoring the expenditure on monthly basis."

4.57 The Ministry also specified the role of Projects Division in this regard and exact role of Technical Cell under the Projects Division and stated as under:

"Projects Division is entrusted with the responsibility of coordinating Ministry's Budget under Capital Outlay in respect of Budget Allotment of MH 4059 & MH 4216. Projects Division's primary role is to augment GoI assets abroad with a view to reduce the rental liabilities of the Ministry. Projects Division acquires land, built up properties and builds buildings abroad for Chancery, Embassy Residence and Residences for other officers/Staff and undertakes major renovations of the property acquired abroad, if required."

4.58 Budgetary allocation during Financial Year 2014-15 in the Minor Head 'Embassies and Missions' under 'Rent, Rates and Taxes' Rs.262.75 crore is earmarked. In the Minor Head 'Passport and Emigration', Rs.8.00 crore is earmarked. In this context, the Committee desired to know the efforts made by the Ministry to reduce their rental liabilities. The Ministry stated in a written reply as under:

"Ministry continuously strives to reduce its rental outgo for office and residential properties hired by Indian Missions and Posts abroad. This is primarily done through acquisition of properties abroad. However, due to budgetary constraints, the number of such properties that the Ministry is able to purchase is rather limited. In order to minimize the rental outgo, all rental proposals are examined as per the laid down rules and regulations. Ministry has sought to fix rental ceilings for a reasonably longer period of about 6 years for residential properties in respect of may Missions and Posts abroad. In some cases, due to rapid political and economic developments, the situation in terms of availability of good quality housing in secure areas is limited and rentals are constantly increasing, the same as obtains in India. This has led to additional pressure on rental outgo. Ministry also seeks to reduce, whenever this is unavoidable, vacancies in leased properties. Vacant residential properties are often used as transit accommodation for India-based officials on their first arrival to save hotel charges. Lastly, due to the sudden and significant devaluation of India Rupee vis-à-vis major international currencies during the last 2-3 years, there has been a consequent rise in Ministry's rental liabilities, as rent is paid in various convertible currencies."

4.59 On Committee query whether the Ministry has consolidated and detailed data about its properties abroad, the Ministry stated in a written reply that yes the Ministry has a list of Government of India properties in Mission/Posts abroad.

4.60 The Committee desired to know whether there is a comprehensive policy regarding acquisition of property abroad and enquired about the exact measures undertaken by the Ministry to accelerate the process of acquisition of property mechanism to ensure that appropriate property is acquired at the most competitive rates in the areas that are easily accessible to public. The Ministry in post-evidence reply stated as under:

"Projects Division in the Ministry has a Five Year Action Plan for acquisition of built up properties/plot of land for Chancery and residences abroad for the financial year 2014-15 to 2018-19. This Acquisition Action Plan is executed judiciously. However, the constraint remains of resources. The Projects Division, for the last five years, has been receiving financial allocation of approximately Rs.300 crores. This had been fully utilised. If adequate funds are made available as per our Five Year Acquisition Action Plan, we would be in a better position to acquire built up properties/plots of land for Chancery and residences abroad.

4.61 While furnishing the list of ongoing projects, which are delayed by over a year or more or where the cost escalation/final cost has been more than 10% or more of the original estimates. The Ministry furnished as under:

"A list of ongoing construction project as on 31.03.2014 with delay over one year and cost escalation/ final cost more than 10% of the original cost is as under

(i) Construction Projects with Delay of more than one year

S. No.	**Name of the Project**	**Date of Commencement**	**Stipulated Period of Completion**	**Present Position**
1.	Chancery and Residential Complex for High Commission of India –Dhaka	21.10.2010	24 Months	Extension of Time Granted upto 31.12.2014
2.	Residential Complex for the High Commission of India -Islamabad	28.03.2010	24 Months	Extension of Time Granted upto 31.12.2014
3.	Redevelopment Chancery and Residences for the Embassy of India, Kathmandu	November 2007	30 Months	Extension of Time Granted upto 31.12.2014
4.	Chancery, High Commissioner's Residence and Staff Residences for the High Commission of India-Abuja	14.07.2011	540 days	Handed over on 30.06.2014

4.62 On the issue of projects that have been conceived but are yet to materialize or have been materialized so far for more than five years, the Ministry submitted in a written reply as under:

"List of the construction projects for Missions abroad that have been conceived but are yet to materialize or have been materialized so far alongwith the reasons for delay is as under:

S.No.	Name of the Project	Date of appointment of Consultant	Present Status	Reasons for delay
1	Chancery and Residences for India based Staff for High Commission of India, Dar-es-Salaam	January 2008	Lowest Bidders ascertained. Approval of SFC under process	Revision of local area norms in Dar-es-Salaam building
2	05 Residential units for Embassy of India, Nicosia	November 1989	Tender Documents under finalization	(i) Earlier proposal not found economically viable; (ii) Time taken to freeze the revise option; (iii) Revision due to opening a new tax unit by Ministry of Finance of GoI. (iv) Revision of residential space norms for India based officers and staff at Missions abroad in 2010.
3	Chancery Building including Multipurpose Hall and 19 residences for India based staff for High Commission of India-Port Louis (Mauritius).	December 2009	Detailed Estimates and Tender Documents under finalization	Revision of residential space norms for India based officers and staff at Missions abroad in 2010.
4	Construction of World Hindi Secretariat at Port Louis (Mauritius)	January 2009	Detailed Estimates and Tender Documents under finalization	Govt. of Mauritius has not transferred the plot of land in the name of World Hindi Secretariat
5	Construction of Chancery, Embassy Residence, Cultural Centre and Staff Residences for Embassy of India, Tashkent	May 1994	Prequalification document floated	On account of the reasons which were beyond the control of the Ministry such as delay in unencumbered possession of land and obtaining necessary approvals in India and Uzbekistan.

S.No.	Name of the Project	Date of appointment of Consultant	Present Status	Reasons for delay
6	Construction of Mahatma Gandhi International Cultural Centre at Port of Spain	February 2000	Tender Document under finalization	(i) Poor response had to resort to re-tendering in 2011 (ii) Non cooperation by the Consultant.
7	Construction of Indian Culture Center in Bali (Indonesia)	January 2011	Preliminary Estimates approved in July 2014	Disagreement with ICCR on the design issues
8	Construction of residences for India-based officials and Indian Cultural Centre for Embassy of India, Bangkok	2006	Design for the project under finalization	Access problem to the plot of land, which has now been resolved
9	Construction of Chancery, ER and Residences for Embassy of India, Khartoum	February 2011	Preliminary Cost Estimates under finalization	Consultant not providing the required information for processing the Preliminary Estimates
10	Construction of Chancery and Staff Residences for Embassy of India, Wellington	September 2010	Detailed Estimates and Tender Documents under Finalization	Due to non finalization of terms and conditions of the Tender Documents proposed by the Consultant as per local practice

4.63 On the mechanism for monthly appraisal of the Projects as well as maintaining of quality, cost and performance of the ongoing projects and provision of internal audit and action taken thereon, the Ministry in a written reply mentioned about mechanism for monthly appraisal, mechanism for maintaining the quality, mechanism for cost control and mechanism for appraisal of performance.

4.64 While elaborating on the Internal Audit Mechanism, the Ministry stated in a written reply as under:

> Working of the Projects Division has been reviewed recently by the C&AG of India. Their observations appeared in the Performance Audit Report No. 16 of Year 2014. No internal agency of the Ministry has been entrusted to review the overall working of the Projects Division.
> However, the progress of the individual projects is reviewed by the Project Monitoring Teams from the Ministry comprising of the representatives from Projects Division,

Finance Division, and Technical Cell of the Ministry. Representative of the Bureau of Security of the Ministry also accompany the Project Monitoring Teams on need basis."

4.65 The Committee desired to know about the steps have been undertaken by the Ministry to improve its contract management in acquiring property/construction in light of adverse comments by C&AG. The Ministry stated in a written reply as under:

"Following steps have been undertaken to improve contract management:-

(a) Standard templates, based on experience in the previous contracts, have been devised for the various activities and it has been decided to utilize these documents for ensuing construction and major renovation projects. These documents will be the standard documentation for most of the projects and will result saving time taken for legal vetting and financial concurrence. Details of these documents are as under:

   a. Notice inviting expression of interest from the Architects
   b. Architectural Consultancy and Construction Management Agreements
   c. Tender Documents for the Construction Projects
   d. Tender Documents for the Major Renovation Projects

(b) To avoid any omissions in the projects, a checklist mentioning the services to be included in the Chancery Buildings and Residential Buildings has been devised, which restrict delays and cost overrun of the projects due to additions during execution stage

(c) To avoid cost run over in the projects, most of the construction projects under Projects Division of the Ministry are awarded on the basis of lump sum tendered cost on the basis of specification and drawings for the project. Lump sum consideration of the work discourages the contractors to delay the projects as there are no escalation benefits to the contractor in delaying the works.

(d) Ministry has recently finalized security guidelines, following which security related items will be made a part of the main tender for the Civil and Electromechanical Work. This will avoid delays in utilizing the building after completion for want of the security equipments."

4.66 While considering the status of acquisition of Chanceries and residential properties abroad, the Committee note that there is a delay in three ongoing construction projects whereas several construction projects that were conceived are yet to be implemented for various reasons. The Committee, therefore, recommend that each case be closely examined and factors leading to delay be addressed. The Committee desire that a status note relating to this be furnished to the Committee within three months.

The Committee observe that the Ministry has a five year Action Plan for the acquisition of buildup properties/ plot of land for chancelleries and residences abroad and have made certain changes to improve contract management in view of adverse comments by C&AG in their report about property management of the Ministry of External Affairs. The Committee, therefore, desire that the Project Division must ascertain that at the

proposal stage itself the concerned Mission must ensure that the property/plot which is to be acquired conforms to the local laws/regulations before proceeding further. The Committee further suggest that accessibility to public as well as security considerations must be given due priority while considering the location.

(Recommendation No.14)

CHAPTER-V

INDIA'S DEVELOPMENTAL ENGAGEMENT

Development Cooperation occupies on important place in India's foreign policy. India has never been a donor in the traditional sense on the international economic stage. However, India has always shared its technical expertise in building human resources capacity in other developing countries, training foreign personnel in India for educational and skill enhancements, undertaking development projects in partnership with recipient countries and extending aid in times of natural disasters. Such assistance has been extended through bilateral as well as regional and multilateral mechanisms.

5.2 The Major Head - '3605' - Technical and Economic Cooperation with Other Countries caters to India's multilateral and bilateral aid and assistance programmes to neighbouring and other developing countries. It also caters for Aid for Disaster Relief and contributions to various regional funds. The Major Head 7605 is for making provisions of Loans and Advances to the Governments of Bhutan, Maldives, Nepal and Mongolia. Out of the total budgetary allocations the Ministry, nearly 42.56% pertains to technical and economic cooperation with other countries and 21.49% comprise loans to foreign Governments.

5.3 The Technical and Economic Cooperation programme of the Ministry encompasses virtually the entire spectrum of developing nations. Nearly 64.05% of Ministry's budget is devoted to Technical and Economic Cooperation with other countries. The quantum of projects dealt under this programme and their geographical spread has been growing year to year. India's assistance to the neighbouring countries has been accorded most significant priority. In its extended neighbourhood, India has embarked upon supporting infrastructure and development projects in Africa as prioritized by the African countries themselves.

5.4 The principal beneficiaries of these technical and economic assistance programmes in 2013-14 in (RE) and 2014-15 (proposed BE) are given below:

		Rs.in Crore
Aid and Loan to Countries	**RE 2013-14**	**BE 2014-15 (proposed)**
Bhutan	4109.00	6074.00
Afghanistan	525.00	676.00
Nepal	380.00	450.00
African Countries	250.00	350.00
Mongolia	1.50	2.50
Sri Lanka	410.00	500.00
Myanmar	255.00	330.00

Eurasian Countries	25.00	40.00
Bangladesh	580.00	350.00
Maldives	168.00	183.00
Latin American Countries	5.00	30.00
Others	329.65	449.32
Total	**7038.15**	**9434.82**

5.5 The Ministry informed the Committee that it is relevant to mention that aid programmes are influenced by the dynamics of diplomatic engagements and political relations and, as a result, it is difficult to anticipate all the requirements accurately at the BE stage itself. The allocations reflect India's abiding interest in providing assistance to development projects in friendly countries, not only in the near and extended neighbourhood but also in Africa, Central Asia, South Asia and Latin America.

5.6 In context of Ministry's reply, the Committee sought clarification whether allocation has been sought during BE 2014-15 for the aforesaid amount and allocation is made as per the proposed figures. The Ministry in a post-evidence reply submitted as under:

> "The projections of the Ministry for allocation under BE 2014-15 were based on some of these announcements as well as several other ongoing projects in many countries abroad. The allocation in BE 2014-15, particularly under Non Plan, was not commensurate with the demand made by the Ministry. The Ministry implements these announcements after following the due process. As the overall allocation is lower, the Divisions in the Ministry prioritize the expenditure, which results in some of these announcements being provided for and some others being flagged for the next FY."

5.7 The Committee noted that in the past several instances while furnishing the reasons for reduced allocation under various heads during RE 2013-14, the Ministry had stated that due to economy cut imposed by the Ministry of Finance, a reduction has been made. On Committee query about its adverse impact on ongoing projects and its implications, the Ministry stated in a written reply as under:

> **"**MEA's budget includes a number of commitments made at the highest level (PM and EAM – with Cabinet approval) during various international meetings/fora and bilaterally to other countries. Delay in honouring these commitments has implications in terms of India's international standing and prestige, and in some cases could adversely affect India's security and strategic interests….."

5.8 In view of Ministry's reply, the Committee desired to be acquainted with the Ministry's strategy to deal with the issue in the future along with the steps undertaken by the Ministry to resolve the issue. The Ministry submitted in a post-evidence reply as under:

> "Ministry has through better management and supervision taken measures to better utilise the budget, re-allocating available funds as per project requirements. Better coordination with project management consultants, implementing agencies and regular

review meetings with stake-holders are important steps taken towards this end. However, predictability and adequacy of budgetary allocations are crucial for realistic projections of project implementation targets. MEA thus requires more funding at the BE stage rather than Ministry seeking additional funds at RE stage. Also additional fund allocation at the RE stage does not necessarily facilitate timely implementation of projects due to contractual obligations and limited working season."

5.9 During the course of evidence the Committee discussed the issue of reduced budgetary allocation as compared to the allocation sought by the Ministry and noted that a reduced allocation of Rs 5100 crore has been made against the proposed estimate of Rs 5950 crore under the plan expenditure and a reduced (more than 50%) allocation of Rs 9630 crore has been made against the demand of Rs 20161 crore under non-plan expenditure. The Committee sought the details of all the projects which would be adversely affected due to this sharp reduction in budget allocation. In reply to Committee's query, the Ministry furnished in written reply as under:

"A list of major projects that have been held up or have not started because of shortage of funds. Important projects which are affected by lack of budget are as under

Aid to Nepal

- Rail link: Jogbani – Biratnagar & gauge conversion (Jayanagar – Bijalpura – Bardibas)
- Embankment construction
- Terai Road Project
- Integrated Check Posts in two places

Aid to Bangladesh

- Akhaura – Agartala Rail Link
- Inland River Port at Ashuganj

Aid to African Countries

- A number of IAFS Initiatives

Aid to other Developing Countries

- Grant Assistance to Palestine
- Upgradation of Hospital in Sudan/South Sudan Projects
- Several Acquisition/Construction Proposals

Aid to Afghanistan

- Salma Dam Project
- Construction of Parliament Building
- Donation of wheat to Afghanistan
- Scholarships"

5.10 In view of discretionary reduction of allocation by Ministry of Finance and Planning Commission, the Committee in their previous Report (20th Report) (15th Lok Sabha) had desired that a separate head may be created for India's international commitment announced by the Head of the State/Government/Minister of External Affairs at international fora. The Committee desired to be enlightened about the progress made so far on the proposal and whether any action has been initiated in this regard. The Ministry submitted in a written reply as under:

"Better coordination among spending Divisions/units under each development assistance budget head as well as close management/monitoring and supervision, including re-allocation of available fund, as per project requirements, are important steps taken by the Ministry for fulfilment of the commitments made at high political levels. However, predictability and adequacy of budgetary allocations remain crucial for effective and timely implementation of development cooperation projects."

5.11 In view of the Ministry's general reply, the Committee asked the Ministry to categorically state Ministry's views on the issue. The Ministry stated in post-evidence reply as under:

"The Constitution of India indicates some 'Charged' expenditure which cannot be reduced by Vote e.g. Salaries of President, Vice-President, Chief Justice of India, Establishment expenses of Office of Comptroller & Auditor General of India etc. All voted expenditure is subject to reduction. Ministry's expenditure is also subject to vote, and therefore subject to reduction. Nevertheless Ministry of Finance has been addressed on the matter and their response is awaited."

A. India's Aid Policy

5.12 The Committee enquired whether Government of India has any defined Aid Policy or strategy for extending aid and loans to various countries and be enlightened about its main contours. The Committee further desired elaboration upon Government of India's objective in extending aid and loans. The Ministry submitted in a written reply as under:

"Development cooperation is an important component of India's foreign policy. The development assistance, which India extends to other developing countries in the form of project assistance / loans / and capacity building, is a reflection of mutually beneficial partnership and is voluntary in nature. The development assistance projects take into account the development needs / priorities of the country concerned and the regional context. The Ministry's efforts have been to share India's development experience, expertise and development of social and economic structures in the recipient country. India's national priorities and requirements are also an important consideration. The project undertaken under development cooperation / partnership initiatives create a better awareness of India's economic strength and business capabilities and provide commercial opportunities for business."

5.13 On Committee's query on term and conditions for providing aid and loans to various countries and factors deciding the amount of aid/loan to particular country, the Ministry submitted in a written reply as under:

"Development Cooperation is not a new direction of India's foreign policy. The policy framework for development cooperation is based on mutually beneficial exchange of developmental experiences and resources, a demand-driven approach which takes into consideration developmental priorities of partner countries and an understanding of their sensitivities in pursuing their own nation building priorities.

The extent of assistance and the modality of implementation of a development cooperation project/development assistance programme depends on the nature of the project proposal/request from the recipient country."

5.14 The Committee's desired to know whether any assessment has been carried out by Government of India to ascertain whether the desired aims and objectives are achieved. The Ministry submitted in a written reply as under:

> "The assessment of development assistance programme is an ongoing process in the context of pursuing India's foreign policy objectives. The Ministry's approach to implementation of development cooperation component of India's foreign policy, is based on an analysis of our past programme, their impact on the partner countries and on our future engagement with them in a challenging global environment. Consultations with think tanks/stake-holders for calibration of existing frameworks for development cooperation is undertaken with a view to make it more effective in terms of meeting the expectations of our partner countries and our own national priorities and foreign policy objectives."

5.15 On Committee's query on mechanism in place or software available for management of database and information of India's international aid/bilateral/developmental cooperation, the Ministry submitted in a written reply as under:

> "For efficient administration of capacity building programmes offered under the Indian Technical and Economic Cooperation (ITEC) and its sister schemes, namely, Special Commonwealth Assistance for Africa programme (SCAAP) and the TCS of Colombo Plan, a web based ITEC Applications Portal is being used since 2007-08. The Portal is continuously kept updated and upgraded. A comprehensive database on the Lines of Credit projects is maintained by Exim Bank of India. The data is shared on a monthly basis with MEA, Department of Economic Affairs and Missions."

5.16 Regarding the monitoring mechanism at the level of concerned Missions/Posts to ensure optimal and diligent utilization of funds and to ensure that the funds are used for desired purpose only and are not diverted, the Ministry submitted in a written reply:

> "A Project Monitoring Committee (PMC) comprising the nodal Ministry of the local government, other concerned Ministries and representatives of our Mission/Post undertake periodic review of the progress of implementation of the small development projects. After identification of the projects by a Steering Committee comprising these representatives, the proposal is forwarded to the Ministry for approval. Once approved, the concerned line Ministry undertakes tendering for selection of implementation agencies. Funds are released in installments based on the decision of the Steering Committee after obtaining necessary utilisation certificate. The Committee scrutinizes the physical and financial progress and verifies the utilisation certificates, before releasing the installments. Regular monitoring is done to ensure that the funds are not diverted for any other purpose, or between one project to another."

5.17 The Committee noted that under the developmental cooperation, Government of India is assessing small scale grass root level development projects in many countries. In this context, the Committee desired to know whether any assistance is given to Indian or local NGOs in carrying out these projects and the process for identification of these NGOs and the mechanism to ascertain their credibility and past performance. The Ministry submitted in a written reply as under:

> "The small development projects are mainly implemented through the local Ministries of the local Government. The projects are executed by agencies selected through

> transparent, fair and easy to administer tendering process, as per the norms of the local Government. A few projects have been implemented with the assistance of local non-governmental organizations who are identified in consultation with the local government."

5.18 On Committee's query about mechanism to access the performance of the identified organizations/NGOs. The Ministry stated in a written reply as under:

> "Records of each project, including on performance of agencies/organizations are maintained. Their performance is also evaluated as part of the review mechanism."

5.19 The Committee observe that developmental cooperation has emerged as an important tool in conducting India's foreign policy through grant of aid/loan/advances and development projects in neighbouring countries and countries in our extended neighbourhood. The Committee, however, are of the opinion that there is imminent need for India to define its aid policy with clear and unambiguous aims, objectives and targets. The Committee over the years have observed that the Ministry is unable to fulfill its commitments to several countries and its international projects have suffered due to inadequate funding. Aside from delayed release of funds by the Finance Ministry, the main reason for such failure is that each division prioritizes the expenditure differently. The Committee note that there is an imminent need for the Ministry to review its policy and resort to prioritization of its aid/loan/advances to other countries. The Committee recommend that rather than merely routine continuation of aid/project, there must be a direct co-relation between the aid provided and a continuing assessment of India's political relationship with the beneficiary country. Furthermore, the Committee observe that in view of the involvement of external agencies and NGOs in execution of its project, the Ministry should develop SOPs for each. Moreover, the provision for their regular and objective assessment should be duly incorporated, along with penal provisions in cases of non-fulfillment of objectives.

(Recommendation No. 15)

5.20 The Committee note that bulk of the 'Plan' and 'Non Plan' outlay of the Ministry is spent on the developmental engagement with various countries. The Committee understand that the aim behind giving the aid is to increase India's goodwill. The Committee, however, are of the view that uncertainty about availability of funds leading to non-timely release of funds, instead creates a counter-effect, leading to questions about India's credibility and commitments. In view of Ministry's inability in providing funds for the projects committed by Head of State/Government/Minister of External Affairs, during strategically important visits to foreign countries, the Committee in their 20^{th} Report (15^{th} Lok Sabha) had desired that a

separate head may be created for such international commitments, wherein allocation of requisite funds should be mandatory. The Ministry in its reply had stated that all voted expenditure is subject to reduction. The Committee are aware of constitutional provisions in this regard and, therefore, would like to suggest that the Ministry in consultation with the Ministry of Finance must explore the possibility of creating a separate head with the specific mandate of fulfilling the commitments and agreements made for projects/aid signed at the highest level.

Moreover, the Committee strongly believe that the commitments made at the highest political level with cabinet approval are a integral part of India's Foreign policy and it should be mandatory for the Ministry of Finance honour such decisions and provide funds for such commitments. The Committee recommend that the Ministry must ensure correlation between such announcement and availability of funds within the required time-frame.

(Recommendation No.16)

B. Development Partnership Administration

5.21 To ensure speedy and efficient implementation of Government of India's external economic assistance programmes development Partnership Administration (DPA) was set up in Ministry of External Affairs in January, 2012.

5.22 The Committee desired to know whether any assessment has been done to analyze the impact of creation of separate Division on effective implementation of the projects. The Ministry stated in a written as under:

> "The establishment of DPA has provided a more focused approach to the implementation of the development cooperation programme. DPA has taken significant steps to streamline the appraisal and approval of projects, the award of contracts, their implementation and supervision. The monitoring and supervision mechanism involving various stakeholders has been strengthened to ensure timely delivery and to undertake mid-course corrections, if necessary. The information base and experience resulting from similar type of projects in specific sectors being implemented in various countries has allowed DPA to take a holistic view of various aspects of India's development cooperation programme. The DPA is developing the professional skills, expertise and institutional structure, which has helped administer India's external assistance programme more professionally and efficiently. An assessment of the impact of DPA could be undertaken at a later stage once the resource structures in DPA have been developed and augmented."

5.23 As per Outcome Budget 2013-14, the Ministry had made provision for signing of Pre-contract Integrity Pact and the Ministry was in the process of appointing Independent External Monitors. While furnishing the progress that has been made so far in this regard, the Ministry submitted in a written reply as under:

"A Pre-contract Integrity Pact has to be signed between the Ministry of External Affairs and the prospective bidders/ sellers for all procurements/ projects of the value of Rs.50 crore and above. As per the information available with the Vigilance Unit of the Ministry, no such Pact has so far been signed by the Ministry since its introduction with effect from 1st January, 2013.

Two Independent External Monitors (IEMs) would have to be appointed by the Ministry in consultation with the Central Vigilance Commission (CVC) for evaluation of the integrity pacts so signed.

5.24 On Committee's further query about the reasons for delay in procedural issue related to signing of pre-contract Integrity Pact as well as delay in appointment of Independent External Monitors. The Ministry stated in post-evidence reply as under:

"...The Ministry is in the process of appointing two Independent External Monitors (IEM) for the implementation of the Integrity Pacts. There has been delay in the appointment of the IEM because of poor response to the Ministry's request inviting applications for this post. Advertisements were placed in two English and Hindi newspapers in July 2013 and on the Ministry's and the e-procure websites inviting applications for the post. In view of the initial poor response, the last date for submission was extended to 20th September, 2013, following which the Ministry received only eight expressions of interest. After obtaining the approval of the competent authority, a panel of four names was sent in October 2013 to the CVC for approval as appointment as IEM. CVC conveyed in December 2013 that a fresh panel of more names for appointment as IEMs be obtained by MEA and stipulated that the proposed IEMs should not be more than 70 years of age. MEA requested CVC in January 2014 to also confirm whether any educational qualification has been prescribed for the IEMs. The response of CVC, received in February 2014, did not clarify whether officers who have retired as Special Secretary/ Additional Secretary could also be considered for appointment as IEM. This aspect was subsequently confirmed by the CVC in June 2014 following which the next round of advertisement was issued in June 2014.

Since response to the second round of advertisement in the media and the Ministry's website was also not very encouraging and after clarification by the CVC that retired top Civil Servants could only apply, DOPT was also requested to disseminate the information about the appointment of IEMs by MEA amongst retired civil servants. As the response was not encouraging, the last date for receiving applications was extended first to 19th August 2014, and thereafter to 15th October 2014. Ministry has so far received 16 applications and these are under examination. A panel would be recommended to CVC from these applicants for appointment as the IEM of this Ministry."

5.25 The Committee noted that often there are cost and time over run in implementation of various international projects. In this context, the Committee sought Ministry's clarification whether in the entire set of budget documents there is any mention of original cost of the project at the stage of inception as well as original date of completion for all the projects. The Ministry stated in a post-evidence reply as under:

"The Outcome Budget of the Ministry submitted to the Parliament contains, in sufficient detail, particulars of the various programmes/schemes whose outcome could be measured in quantitative terms. The details of the projects depicted therein conform to the headings prescribed. These details include Name of the Scheme/programme, Objective/ Outcome, Outlay, Quantifiable deliverables, projected outcomes, processes/timelines etc. The original cost of the project at the stage of inception as well as original date of completion are not depicted since the proforma does not explicitly prescribe the same."

5.26 The Committee note that with the establishment of the Development Partnership Administration (DPA), implementation of the projects was supposed to be dealt with through a more focused approach. The Committee, however, note that even more than two and a half years after its establishment, the resource structure in DPA is still in the stage of development and augmentation. The Committee, therefore, recommend that the Ministry provide required financial and human resources to the DPA.

The Committee also observe that the provision of signing of the pre-contract Integrity Pact is stalled due to non-appointment of Independent External Monitors. The Committee suggest that in view of the fact that the number of applications from the retired civil servants is low, the Ministry should pursue the matter with the Department of Personnel and Training and explore other alternatives.

(Recommendation No. 17)

C. Aid to Afghanistan

5.27 India's bilateral assistance programme for Afghanistan is of about US$ 2 Billion and is spread across Afghanistan and spans almost the entire gamut of economic and social developmental activities Aid to Afghanistan under Plan and Non-Plan head is as under:

(Rupees in Crore)

	BE 2013-14	RE 2013-14	BE 2014-15
Plan	**100.00**	**50.00**	**126.00**
Non Plan	**548.24**	**475.00**	**550.00**
Total	**648.24**	**525.00**	**676.00**

5.28 On Committee's query, during the course of evidence the Foreign Secretary elaborated upon the ongoing projects in Afghanistan and informed the Committee as under:

"...we do make a constant assessment of the ground situation. Most of our money is going for major projects such as Afghanistan Parliamentary Building and the Salma Dam, a commitment which we are implementing against all the odds despite the security problems over there but it will bring great benefits to that part of Afghanistan.

5.29 The Committee desired to be acquainted with the reasons for decrease during 2013-14 at RE stage under both the Heads. The Ministry submitted in a written reply as under:

"The funds allocation was decreased during RE stage due to non allocation of funds by the Ministry of Finance against the RE demand of the Ministry. Though, by the time,

> RE allocation under Non-PLAN budget head was conveyed by the Ministry of Finance, expenditure of Rs.416.83 crore had already been booked. Therefore, the allocation was revised to Rs.548.34 crore at FE stage."

5.30 Furnishing the reason for head-wise enhanced budgetary allocation during BE 2014-15, the Ministry stated in a written reply as under:

> "Construction of Doshi and Charikar Substations in Afghanistan is under the PLAN Head, in which enhanced allocation of funds during FY 2014-15 was projected as the project is scheduled to be completed in CFY. Similarly, Enhanced allocation in Non-PLAN Head during FY 2014-15 was sought on account of anticipated larger outgo on the following projects:
>
> - Construction of the Afghan Parliament Building
> - Reconstruction of Salma Dam power project
> - Phase I, II and III of Small Development Project
> - Restoration of Stor Palace
> - Establishment of Agricultural University in Kandahar
> - Establishment of Mining Institute
> - Supply of medical equipment to IGICH, Kabul
> - 1000 scholarships for Afghan students administered by ICCR
> - 614 scholarships for Afghan students administered by ICAR
> - Donation of 1000 buses
> - Medical Package for Afghan patients."

5.31 During the examination of the Outcome Budget Document 2013-14, it was noted that the Statement 'Review of Past Performance in terms of targets fixed in Outcome Budget 2013-14, that as against the outlay of Rs.331.31 crore on the Security Sector Cooperation the expenditure was only Rs.64.10 crore. The Ministry also furnished the reasons for the same in a written reply.

5.32 The Committee noted that the original date of completion of construction of Parliament Building in Afghanistan was 2011 and the anticipated date of completion was June 2014. Regarding the pace of Project, the Ministry has stated that the construction work is progressing satisfactorily and is expected to be complete soon. The Committee desired to confirm whether the construction work has been completed and if not, desired to know the specific reasons for further delay and the cost escalation involved therein. The Ministry stated in a written reply as under:

> "The construction of the Afghan Parliament building is ongoing. CPWD has conveyed that the project would be completed by September 2015. Following are the main reasons for delay in completion of the project:
>
> - Handing over of site for construction of the Afghan Parliament Building was delayed;
> - Lay out of the plan of the building was approved after the lapse of considerable amount of time by the Afghan authorities;
> - Afghan authorities approved change of original samangan marble by white marble for external cladding in October 2012 as availability and quality of samangan marble was poor;

- Specification of Dome 'C' was changed at a late stage on the request of Government of Afghanistan;
- Difficult security situation in Afghanistan, delays in transportation of machinery and equipment, lack of participation in tenders for supplies, etc., also hamper the pace of implementation. Lack of availability of skilled manpower also contributes to the delays."

5.33 In context of Ministry's reply, the Committee desired to know the specific factors during the last one year that has led to further delay in completion of the projects. The Ministry submitted in a post-evidence reply as under:

"The main factors of delay in the construction of Parliament building in Afghanistan during the last one year are as follows:

i. Inadequate response of agencies in India for the remaining packages of works, which are yet to be awarded.

ii. Transportation of goods to Afghanistan from India is through Karachi. Extraordinary delay in clearance of containers at Karachi Port and, thereafter, to Kabul due to prevailing disturbances in Pakistan. It is taking more than two months extra time than normal time for clearance of most of the containers.

iii. Prevailing security situation in Kabul, Afghanistan. Number of security related incidents have increased during the last one year. Although the winter season and festivals such as Ramadan etc. in Afghanistan are annual and regular features, during this period implementation of works slows down adding to delays.

iv. Poor financial condition of the agency, M/s BSC-C&C'JV', engaged in main work and M/s C&C Construction Ltd., engaged for Bulk Electro Mechanical System (BEMS) work has also affected progress of work. The agency executing the main work has achieved only about 23% progress against 33% required as per agreement during the past one year. The agency executing the BEMS work has executed about 40% of the work during last one year as against 100% required in one year."

5.34 In context of information about original anticipated dates of completion of the Salma Dam Project as furnished in Outcome Budget, the Committee desired to know the date of inception of the project and initial estimated cost and that whether there is any revision in cost and time-line. The Ministry submitted in a post-evidence reply has as under:

"The original cost of Salma dam project was Rs.351.87 crore, which was approved by the Cabinet in November 2004. The project execution started in January 2006. On August 4, 2006, CNE approved the revised cost estimate of Rs.498.93 crore and the project was targeted to be completed in December, 2008. Subsequently, the cost and time line of the project were revised twice due to various reasons including change in scope of works, cost escalation, non-availability of inputs, security situation etc. as follows:

(i) Cabinet approved the revised cost of project to Rs.854.86 crore in June 2010. The revised time line for completion of the project was December 2010.

(ii) Cabinet approved the revised cost of project to Rs.1457.56 crore in January 2013. The revised time line for completion of the project was January 2015.

M/s WAPCOS has conveyed that the project would be completed by July 2015."

5.35 The Committee take note of the various projects in Afghanistan. Though the Committee acknowledge the difficulties in execution of projects in Afghanistan due to current security scenario, they feel concerned about the levels of expenditure and pace of the projects. The Committee observe that under the head 'Security Sector Cooperation' utilization of allocated funds has been low. The Committee suggest that necessary steps should be taken to enhance its pace and if needed, the Government may engage with the Government of Afghanistan. Furthermore, in the light of further delay in the construction of the Parliament building in Afghanistan due to the poor financial condition of the agencies engaged and the lack of response from agencies in India for the remaining packages of work, the Committee suggest that the Ministry should explore the possibility of engaging local agencies for execution of the projects.

The Committee further observe that the original cost of Salma Dam Project was Rs.351.87 crore, which has been revised in January 2013 to Rs.1457.56 crore. The Committee recommend that the Ministry must ensure that the project is completed as per the revised schedule so as to avoid any further time and cost escalation.

(Recommendation No. 18)

D. Aid to Bangladesh

5.36 As per the budget documents, under 'Aid to Bangladesh' the budgetary allocation for in BE 2013-14 was raised to Rs.580 crore to provide for two installments of grant assistance of US $ 50 million each. While fourth and final installment has been provided for BE 2014-15 with an allocation of Rs.350 crore. The Ministry in Annual Report 2013-14, 'steady progress has been achieved in the utilization of the US $ 1 billion Line of Credit extended to Bangladesh, which is the largest single line of credit given by India to any country.

5.37 On Committee's query on the project Akhaura- Agartala Rail Link that has been initiated to create a rail link between Agartala and Akhaura to provide better connectivity between India and Bangladesh, the Ministry submitted in a written reply as under:

> "The project is for construction of a rail link between Akhaura(Bangladesh) and Agartala at an estimated cost of Rs.267.49 crore, inclusive of Rs.143.22 crore for the Indian portion to be funded by DONER and Rs.124.27 crore for the Bangladesh portion to be financed under grant assistance by MEA.
>
> An MoU with the Government of Bangladesh for implementation of the Akhaura-Agartala Rail Link Project was signed on 16 February 2013.
>
> IRCON has carried out a feasibility study of the project. As per agreed Terms of Reference, M/s IRCON is the Technical Adviser for the project on both sides, IRCON began survey and land mapping work on the Bangladesh side in May 2013. The joint survey took place in April, 2014, following which IRCON completed the land plan

survey & planning work for the project and handed over the Land Aquistion Plan (LAP) to the Bangladesh side on July 27, 2014. The Bangladesh side is yet to finalise the Detailed Project Proposal (DPP). Further work of the Geotechnical Investigation would be undertaken by IRCON, after approval of the DPP by both the sides."

5.38 The Committee observe that for the establishment of an Akhaura-Agartala Rail Link, the Memorandum of Understanding was signed in February 2013 but not much headway has been made. After the joint survey, the Land Acquisition Plan was handed over to Bangladesh side in July 2014. The Bangladesh side is yet to finalize the Detailed Project Report (DPR). The Committee, therefore, suggest that the matter be taken up with the concerned authorities in Bangladesh so as to accelerate the pace of pre-construction activities.

(Recommendation No 19)

E. Aid/Loan Advances to Bhutan

5.39 India is the largest trade and development partner of Bhutan, the Budget Allocation under Aid to Bhutan/ Loan Advances to Bhutan, BE 2013-14, RE 2013-14 and BE 2014-15 are as under:

	BE 2013-14	RE 2013-14	BE 2014-15
Plan (Revenue Section)	1056.50	1051.50	1715.99
Non plan (Revenue Section)	1089.00	1589.00	1350.00
Plan (Capital Section)	1468.50	1468.50	3008.01
Total	3614.00	4109.00	6074.00

5.40 In context of the figures for Aid/Loan/Advances to Bhutan, the Committee desired to know the reasons for enhanced allocation under Non-Plan section during RE 2013-14 and sought Ministry's justification regarding the reduced allocation under the Non-Plan Section for BE 2014-15. The Ministry stated in a written reply as under:

"Government of India, in September 2013, announced an enhanced Assistance Package to the Royal Government of Bhutan (RGOB) that included Rs.4500 cr of grant assistance to Bhutan's XI Five Year Plan (2013-18) and a one-time Economic Stimulus Plan (ESP) of Rs.500 cr. Rs.400 cr was released towards the ESP in FY 2013-14. The remaining assistance of Rs.100 cr is being provided in five instalments spread over the XI FYP period of Bhutan. In view of completion of bulk of our commitment to the ESP, the projected demand was reduced to Rs.1350 cr in BE 2014-15.

5.41 The Committee desired to know whether there was any shortage of funds during Financial Year, 2013-14 and another additional funds were not sought at the RE stage. The Ministry stated in a written reply as under:

"Ministry had sought an allocation of Rs.1570 cr for Punatsangchhu-1 HEP in FY 2013-14. But, only Rs.1054.27 cr was allocated to the Punatsangchhu-1 HEP."

5.42 The Committee noted that in the previous years, projects in Bhutan have faced tremendous shortage of funds. During the financial year 2013-14, the BE & RE were constant at Rs.1468.50 crore under Plan Head. In this context, the Committee desired to know whether the Projects in Bhutan continue to be in progress as per schedule or there are any cost and time overruns due to shortage of funds. The Ministry stated in a written reply as under:

> "GOI, at present, is implementing three Hydro Electric Projects (HEPs) in Bhutan namely Punatsangchhu-1 (1200 MW), Punatsangchhu-2 (1020 MW) and Mangdechhu (720 MW). Construction of Punatsangchhu-1 (1200 MW) Hydro Electric Project (HEP) in Bhutan was started in 2008 and was expected to be completed in 2016. However, in July 2013, the project encountered a geological surprise, i.e., sinking of right bank of the hill abutting the dam site. The project authorities, at present, are carrying out the remedial measures like consolidation grouting, micro-piling and cable anchoring for strengthening the right bank. Due to this, it is expected that the completion of project may be delayed by one year, i.e., 2018. The two remaining HEPs are progressing as per schedule and are expected to be completed in 2017."

5.43 The Committee noted that under Loan and Advances to Bhutan, the allocation during BE 2014-15 has been more than doubled and increased by Rs.1539.51 crore to the tune of Rs.3008.01 crore. The Committee desired to know the reasons for enhanced allocation during BE 2014-15 and sought details of the projects to be undertaken during BE 2014-15 with the enhanced allocation. The Ministry stated in a written reply as under:

> "The concrete dam of Punatsangchhu-1 HEP, first critical activity in completion of the project, is being constructed by the project authorities and also the right bank stabilisation measures are being implemented. The technical agencies have determined that an amount of Rs.370.15 cr is required for the right bank slope stabilization works of Punatsangchhu-1 HEP. In view of this, Ministry has projected a higher demand of Rs.1539.51 cr to Punatsangchhu-1 HEP. For the remaining two HEPs, i.e., Punatsangchhu-2 (1020 MW) and Mangdechhu (720 MW) a demand of Rs.716.8 cr and Rs.751.7 cr respectively was projected under loan for the FY 2014-15."

5.44 On Committee's query regarding Punatsagchchu-1 Project, the Ministry informed the Committee that an interim cost escalation of Rs.1765 crore was approved by the Union Cabinet in May 2014. In this context, the Committee desired to know about the original cost and timeline of the project along with anticipated cost escalation and final date of completion. The Ministry stated in a post-evidence reply as under:

> "In July 2007, the Union Cabinet of India, approved the construction of Punatsangchhu-1 HEP at a cost of Rs.3514.81 cr (as per DPR at December 2006 Price Level). The entire funding is by GOI, with 60% loan and 40% grant. The interest rate on loan is 10%, and the repayment of loan will be in 12 equated annual installments after commission of project. Construction of the project commenced in November 2008 and it was expected to be completed in 2016. However, in July 2013, the project has encountered a geological surprise, i.e., sinking of right bank of the hill abutting the dam site. The project authorities, at present, are carrying out the remedial measures like consolidation grouting, micro-piling and cable anchoring for strengthening the right bank. Due to this, some of the contracted work had to be demobilized. This has caused

delay in the project construction by one year, over and above the one year delay due to destabilisation of right bank. Now that the right bank appears to have been stabilized, the project is likely to be commissioned by end 2018. Ministry of Power, in consultation with the Central Electricity Authority (CEA), has approved the Revised Cost Estimate (RCE) of project amounting to Rs.9387.8731cr. The RCE is under consideration of the Ministry."

5.45 As per the budgetary documents in a Statement showing provisions in the Budget for Central and Centrally sponsored Plan Scheme for Annual Plan 2012-13 to 2014-15, for five hydroelectric projects in Bhutan, the budgetary projections of Rs.36 crore, Rs.84.50, Rs.36.00 crore Rs.45.10 crore and Rs.55.70 crore were sought. However, actual allocation was only Rs.1 crore for each Project. For the same projects now, the Ministry in BE 2014-15 has proposed Rs.1 crore only except for Kholongchu Hydroelectric Project. In this context, the Committee sought justification for the Ministry's proposed projections for BE 2013-14 and sought explanation on the process that was followed for making hugely disproportionate projections. The Ministry stated in a written reply as under:

"Ministry has allocated a notional amount of Rs.1 cr each to Kholongchhu, Bunakha, Wangchhu and Chamkharchhu Hydro Electric Projects (HEPs) in the BE of 2013-14 as the Detailed Project Reports (DPRs) of these four HEPs were yet to be completed or under evaluation. It was proposed that actual allocations for the above projects would be sought after completion of their DPRs.However, the DPR of only one project, i.e., Kholongchhu HEP was completed by the end of FY 2013-14. The DPRs of remaining three HEPs are being evaluated by the technical agencies of GOI, i.e., Central Electricity Authority (CEA) and Central Water Commission (CWC)."

5.46 In regard to the new projects, the Committee desired to know whether there has been change in the financing of these projects and the revenue model for these new projects. The Ministry stated in a written reply as under:

"The Union Cabinet of India on 28 February 2014 has approved the signing of an Inter-Governmental Agreement on four Joint Venture Hydroelectric Projects with Bhutan and implementation of the 600 MW Kholongchhu Hydro Electric Project in Bhutan. Details of implementation of these four projects under Joint Venture mode are as follows:

Name of the HEP	**Capacity**	**JV partners**
Kholongchhu	600MW	50:50 Joint Venture between SJVNL of GOI and DGPC of RGOB
Chamkharchhu	770 MW	50:50 Joint Venture between NHPC of GOI and DGPC of RGOB
Wangchhu	570 MW	50:50 Joint Venture between SJVNL of GOI and DGPC of RGOB
Bunakha	180 MW	50:50 Joint Venture between THDC of GOI and DGPC of RGOB

The above four Joint Venture (JV) model HEPs would be constructed on the basis of 50:50 JV between the Indian Public Sector Undertaking (PSU) concerned and the Druk Green Power

Corporation (DGPC), the Bhutanese PSU. For the JV model projects, the debt- equity ratio would be 70:30, with the equity share equally between the Indian PSU and DGPC, and DPGC's share of the equity, i.e, 15% of the project cost, would be provided by GOI as grant to RGOB. As for the remaining 85% of the project cost, the Indian PSU would contribute its share of the equity (15% of project cost), and the remaining 70% would be raised by the JV Company form financial institutions and/or the market.

The JV Company would enter into long term Power Purchasing Agreements (PPAs) with the power buyers/companies in India and the revenue stream would be used to repay the loans of the JV Company."

5.47 The Committee noted that the Prime Minister of India made his maiden visit to Bhutan and sought details of new announcement regarding extending any grant/loan/aid to Bhutan and the allocation of funds being made for the newly announced projects. The Ministry stated in a written reply as under:

"Prime Minister visited Bhutan from 15-16 June, 2014 and during the visit, the Government of India has announced the doubling of Nehru- Wangchuck Scholarship to Rs.2 cr/year and providing the grant assistance for the establishment of digital section/E-library in the National Library of Bhutan and in all 20 districts of Bhutan. GOI, at present, is extending Rs.1 cr/year to Nehru- Wangchuck Scholarship for Bhutanese students to pursue post graduate and doctoral studies in India. The proposed increase of Rs.1 cr can be accommodated within the committed Government of India's Assistance Package of Rs.5000 cr to the XI Five Year Plan (2013-18) of Bhutan. Whereas, for the E-library project, Ministry has requested the Department of Electronics and Information Technology to send a team of C-DAC officials to Bhutan for discussing with the officials of Royal Government of Bhutan to estimate the total cost of the project."

5.48 The Committee observe that the original cost of Punatsagchhu-I Project at December 2006 prices was Rs.3814.81 crore while approved Revised Costs Estimate of the project is Rs.9387.87 crore and it is under consideration of the Ministry. The Committee also observe that in the past, there has been an instance of stalling of the project due to lack of availability of funds. The Committee, therefore, recommend that adequate funds be provided to the project authorities for timely execution of the project.

The Committee also note that during the last financial year higher budgetary allocation was sought for each of the five new Hydro Power Projects in Bhutan even when the Detailed Project Reports (DPRs) were awaited. The Committee, therefore, suggest that the Ministry should consider the exact stage of the projects while making budgetary projections.

(Recommendation No. 20)

F. Aid/Loan and Advances to Maldives

(Rupees in crore)

	BE 2013-14	RE 2013-14	BE 2014-15
Aid	**30.00**	**10.00**	**25.00**
Loan and Advances	**0.00**	**158.00**	**158.00**
Total	**30.00**	**168.00**	**183.00**

5.49. On Committee's query, the Ministry furnished the reasons for budgetary allocation of Rs.155 crore at the stage of RE 2013-14 and Rs.158 crore during BE 2014-15 and stated as under:

> "The Standby Credit Facility (SCF) to Maldives was resumed after the visit of the new President of Maldives Abdulla Yameen to India in January 2014. It was agreed that Government of India would release US $ 25 million (Rs.155cr.) of the US $ 100 million SCF to Maldives for imports from India. A sum of Rs.155 Cr (US$25m) was budgeted for this in RE for FY 2013-14 and disbursed to Government of Maldives in March 2014. A request was further received from Government of Maldives to release balance US $ 25 million (Rs 158 cr.) of the $ 100 million SCF in April 2014 towards budgetary support. Therefore, a sum of Rs.158 Cr (US$ 25m) has been kept in BE for FY 2014-15 on this account."

5.50 In an earlier reply, the Ministry has stated that the reasons for reduction in allocation under Aid to Maldives was Slow pace of implementation of Projects. Furnishing the reason for slow pace of implementation of projects in Maldives, the Ministry stated in a post-evidence reply as under:

> **"**Political instability in Maldives in 2013 was one of the main reasons for slow implementation of projects in Maldives. Additionally, there were project specific reasons. In the case of the project for renovation of Indira Gandhi Memorial Hospital, NBCC had to call the tender thrice as the costs received in the first two tenders were very high as compared to the estimated cost of the project. Similarly, the project for construction of National Police Academy could not commence as the Government of Maldives twice changed the location of the project."

5.51 On particular problems being faced by Government of India in execution of projects in Maldives, the Ministry stated in a post-evidence rely as under:

> "There have been no specific problems being faced in execution of projects in Maldives. As and when required, discussions are held with the Government of Maldives at the appropriate level if any problem arises in the execution of projects."

5.52 As per the statement 'Review of Past Performance in terms of targets fixed in Outcome Budget 2012-13, Rs.17.00 crore were allocated for Police Academy in Maldives. However, zero expenditure was incurred. During BE 2014-15, Rs.14.40 crore are allocated. Furnishing the reasons for delay in initiating the Project and problems if any, being faced in execution of the Project, the Ministry stated in a written reply as under:

> "The Memorandum of Understanding between the Government of India and the Government of Maldives for setting up a National Police Academy in Maldives was

signed during the visit of the Home Minister to Maldives in September 2012. Therefore, the funds requirement during FY 2013-14 was projected in anticipation of commencement of project implementation. However, the project could not take off and no expenditure could be incurred on the project as the Government of Maldives changed the location of the project twice. NBCC, the Consultant for the project, has submitted the revised layout plan in respect of new site, which has been forwarded to our High Commission in Male to seek concurrence of the Government of Maldives."

5.53 The Committee take note of slow pace of implementation of projects in the Maldives. The Committee observe that in regard to setting up of a Police Academy in the Maldives, a Memorandum of Understanding between the Governments of India and the Maldives was signed in September 2012 but not much progress has been made due to change in location of the project twice. The revised layout plan has been forwarded to High Commission of the Maldives. The Committee, therefore, suggest that the Ministry must engage with the concerned authorities in order to finally decide upon the location as well as for approval of the layout plan so that the pre-construction modalities and activities are completed and the construction could start in a time-bound manner.

(Recommendation No. 21)

G Aid to Myanmar

5.54 India is strongly committed to meeting Myanmar's developmental needs through development project. The BE 2013-14, RE 2013-14 and BE 2014-15 are as under:

(Rupees in crore)

	BE 2013-14	RE 2013-14	BE 2014-15
Non Plan	200.00	75.00	180.00
Plan	250.00	180.00	150.00
Total	450.00	255.00	330.00

The Committee desired to know the reason for reduced allocation during RE 2013-14. The Ministry stated in a written reply as under:

"It was expected that the project proposals for Myanmar Institute of Information Technology (MIIT) and Advanced Center for Agriculture Research and Education (ACARE) in Myanmar, which were submitted for approval of the competent authority in July 2013, would be approved in 2013-14 and formed the basis for seeking budget allocation in 2013-14. It was also expected that the Feasibility Report for the Trilateral Highway and commencement of construction, revision of the cost estimates of the Kaladan project, etc., would take place in 2013-14. However, the aforementioned projects remained at various stages of consideration and scrutiny till end 2013-14. The procurement of medical equipment for Yangon and Sittwe Hospitals in Myanmar was undertaken through M/s HSCC in 2013-14 and it was expected that tenders would be finalized for the MRI Machine, CT Scan machines and other equipment. However, only 25% of total tender packages of medical equipment could be finalized. As per the GFR, retendering was undertaken for several tender packages in 2013-14. In view of this, the projects could not be taken up for implementation and, therefore, the funds could not be utilized as anticipated under the head 'Aid to Myanmar'."

5.55 Furnishing the reasons for enhanced allocation under the head 'Non Plan' during BE 2014-15 as compared to RE 2013-14, the Ministry stated in a written reply as under:

> "It is expected that the project proposals of MIIT, ACARE and Trilateral Highway would be accorded approval in 2014-15. It is also anticipated that tenders for medical packages would be finalized in 2014-15. In view of the foregoing the projections were made for BE 2014-15."

5.56 The Ministry in a reply informed the Committee that allocation under Aid to Myanmar was reduced at RE stage due to change in project implementation modalities. In this context, the Ministry stated in post-evidence reply as under:

> "The Memorandum of Understanding (MoU) for the implementation of Rhi Tiddim road was signed in December 2012. At that time it was envisaged that the work for the construction of the road will be awarded in financial year 2013-14. Therefore, funds allocated in the BE 2013-14 were enhanced to accommodate the Rhi-Tiddim Road Project, in addition to the other ongoing projects. It was subsequently decided to appoint a consultant to prepare the Detailed Project Report for implementation of the project. Since the requisite approval for the appointment of a consultant could not be received by the third quarter of 2013-14, therefore, the fund requirement was reduced at the RE stage. An agency has since been appointed for preparation of the Detailed Project Report for the Rhi-Tiddim Road project in Myanmar."

5.57 As per the Outcome Budget, in Myanmar the Trilateral Highway Project is underway to provide road links with Thailand and maybe extended to ASEAN and Ganga- Mekong Basin countries. In this context, the Committee sought a status note on the project:

> "In April 2002, at a Trilateral Ministerial Meeting held in Yangon, India, Myanmar and Thailand decided to cooperate in the construction of a highway starting from Moreh (Manipur in India) to Mae Sot in Thailand through Bagan in Myanmar. The total length of the road project is approx.1360 km. In October 2008, Government of Myanmar suggested Government of India to undertake upgradation of the Chaungma - Yinmabin (23 kms) and Yinmabin – Pale - Lingadaw (50 Kms) segments of the Trilateral Highway. However, in February 2012, an alternate alignment of the Highway was suggested by the Union Minister of Construction of Myanmar during his visit to India viz. between Kalewa and Yagyi.
>
> The initial stretch of Trilateral Highway i.e. Tamu – Kalewa - Kalemyo (TKK) Road was upgraded by Border Road Organization (BRO) in 2002. During the visit of our PM to Myanmar in May 2012, it was agreed that GOI will undertake repairs/construction of 71 bridges, which are on the TKK Road. In February 2014, the work for preparation of Feasibility Report has been awarded to M/s IRCON. The inception report prepared by M/s IRCON has been forwarded to our Mission in Myanmar for seeking comments from the Myanmarese authorities. The Draft Feasibility Report is expected by October 2014. On completion of the Feasibility Report, the report will be vetted by the Ministry of Road Transport and Highways and approval of the competent authority for the project will be sought. This will be followed by tendering for appointment of the contractor.
>
> The work for preparation of the Feasibility Report for construction of Kalewa - Yagyi section (121.36 kms) has been awarded to M/s EGIS India consulting Ltd. in January

2014. Draft Feasibility report is expected to be ready by October 2014. On completion of the Feasibility Report, the report will be vetted by the Ministry of Road Transport and Highways and approval of the competent authority for the project will be sought. This will be followed by tendering for appointment of the contractor.

5.58 On Committee's query about the initiative that had been taken by Government of India to engage with other countries for extension of highway and response of the concerned countries. The Ministry stated in a written reply as under:

> "ASEAN countries have been wanting India to undertake the extension of the Trilateral Highway into Cambodia and Lao PDR and a new Highway into Vietnam. India has, however, made it clear that out of the box solutions would need to be found for this capital intensive exercise, that the private sectors should also be involved. India has been asking them since 2011 to provide coordinated route alignments for the extension so that further studies can be undertaken to involve the private sectors and International Financial Institutions. Earlier this month, Cambodia, Lao PDR and Vietnam have independently given route alignments for the extension of the Trilateral Highway to their respective countries. These coordinates are now under examination in the Ministry of External Affairs and the ASEAN India Centre. The route alignment coordinated between the three countries, is however, still awaited from the ASEAN side.

5.59 The Committee enquired about roadmap regarding engagement with other countries on the issue and whether any feasibility study including cost implication for India has been prepared. The Ministry stated in a written reply as under:

> "The roadmap for engagement will be prepared once an assessment is made of the coordinates given by Cambodia, Lao PDR and Vietnam. India will continue its discussions and engagement with the Governments of Lao PDR, Cambodia, and Vietnam through relevant dialogue mechanisms between ASEAN and India. These discussions would seek to integrate the possible extensions of the Trilateral Highway to economic activity and the development of these connectivity corridors as corridors for economic cooperation, as this would contribute to their financial viability and long term sustainability. India's priority is the completion of the Trilateral Highway. We would also like to see that the extension of the Trilateral highway is harmonized with the Master Plan on ASEAN Connectivity."

5.60 Regarding extension of the Trilateral Highway into Cambodia and Lao PDR, the Ministry has stated that India has been asking them since 2011 to provide coordinated route alignments for the extension so that further studies can be undertaken to involve the private sector and international financial institution. On the Committee's query regarding seeking India's view on Master Plan on ASEAN connectivity and financing of highways and whether the opinion of Ministry of Road Transport and Highways has been taken. The Ministry stated in post-evidence reply as under:

> "In September 2014, at the second ASEAN-India Connectivity Coordination Committee meeting, officials of the Governments of Laos, Vietnam and Cambodia submitted individual routes for extensions of the Trilateral highway to their respective countries. The ASEAN-India Centre (a think-tank and resource center set-up by the

MEA) is currently examining the feasibility of these routes. Once we have their response, Ministry will consult our Embassies in these three countries and also the Ministry of Surface Transport and Highways, and other relevant Ministries for their assessment and comments, following which the financial implications and feasibility will be assessed.

5.61 The Committee observe that various initiatives have been taken by the Government of India to engage with Cambodia, Lao PDR and Vietnam for the extension of Trilateral Highway Projects in these countries. The Committee note that India had asked Cambodia and Lao PDR to provide coordinated route alignments for extension since 2011 and in September 2014, the Governments of Cambodia, Lao PDR and Vietnam have submitted individual routes for extension of the Trilateral Highway and the ASEAN-India centre is currently examining the feasibility of these routes. Meanwhile, the Committee would like to suggest that the Ministry must consult the Ministry of Road Transport and Highways as well as the concerned State Governments to assess the impact of Highway and to ensure preparedness in India for establishing connectivity with the already identified Tamu-Kalewa-Kalemyo (TKK) route.

(Recommendation No. 22)

H. Aid to Nepal

5.62 India Nepal friendship and cooperation is characterized by open borders, extensive and people to people ties and multifaceted socio-economic interaction. As per the budgetary document under the Aid to Nepal, the budgetary allocation for BE 2013-14 and RE 2013-14 was Rs.380 crore. However, it is increased to Rs.450 crore during BE 2014-15. On Committee's query regarding the reasons for enhanced allocation, the Ministry in a written reply stated as under:

"Enhanced allocation in FY 2014-15 was sought on account of anticipated larger outgo on the following projects:

- Terai Road Project
- Rail Links project
- Integrated Check Posts projects
- Strengthening of India-Nepal power transmission lines
- Emergency Trauma Centre
- Establishment of Polytechnic at Hetauda
- Nepal-Bharat Maitri Dharmshala
- Goitre control programme
- Increase in scholarships
- Supply of 35 vehicles for Nepalese government
- Support for Nepalese think tanks and research projects
- Support for Pashupatinath Development Trust
- Logistical support for the SAARC Summit in Kathmandu.
- Small Developmental Projects
- 2700 Shallow tubewells in the Terai region
- Embankment construction for Lalbekaya, Kamala and Bagmati rivers."

5.63 During BE 2014-15, budgetary allocation for Terai Road Project is Rs.173.41 crore. In context of the delay in the project, the Committee sought a status note on the project. The Ministry furnished in a written reply as under:

> "Under the Terai road project, Government of India is constructing 605 kms of roads in the Terai region of Nepal. The 19 roads have been divided into six packages for tendering and construction purposes. Construction work for the six packages was awarded during the period November 2010 - September 2011, with completion date during the period April 2013 - March 2014, i.e., duration of 30 months for completion of each package."

5.64 The Ministry furnished the reasons for delay and on the current challenges the Ministry further stated in a written reply as under:

> "....Two contractors [M/s GVR, Chennai - Packages 2 and 6; and M/s Vishwa – BVSR JV, Hyderabad – Packages 3, 4 and 5] have approached the Dispute Review Expert (DRE) for relief on grounds of non-fulfilment of obligations such as provision of encumbrance free land by the Employer/Government of Nepal. The DRE proceedings for Packages 2, 3, 4 and 6 have been completed and DRE has given his recommendations in respect of Packages 3, 4 & 6 respectively. For Packages 3 and 4, DRE has interalia recommended that a supplementary agreement may be signed with the Contractor and recovery of mobilization advance and interest may be waived till 20% of financial progress is achieved, and also the penalty related to non-deployment of key personnel and provision of site offices may be waived off by the Employer. For Package 6, DRE has recommended to prepare a revised work programme based on a joint record of encumbrance free land as on date and to waive off the penalty related to non-deployment of key personnel, while retaining the penalty on non-provision of site offices. The recommendations of the DRE for Package 2 are awaited. Action is in hand on the DRE recommendations.
>
> The status of progress of the six packages, as on 30 August 2014, is as follows:

Package No.	Road length	Date of Award of Contract	Date of Commencement	Date of Completion	Physical progress (in %) as on 30.8.2014
Package-01 [M/s GR-Gawar 'JV', Udaipur]	88.80 km	7.9.2010	1.11.2010	30.4.2013	32
Package-02 [M/s GVR Infra Projects Ltd., Chennai]	113.10 km	9.8.2011	20.9.2011	19.3.2014	5.92
Package-03 [M/s VISHWA-BVSR'JV', Hyderabad]	118.8 km	31.1.2011	1.4.2011	30.9.2013	1.47
Package-04 [M/s VISHWA-BVSR 'JV', Hyderabad]	121 km	8.3.2011	13.5.2011	12.11.2013	0.48

Package-05 [M/s VISHWA-BVSR 'JV', Hyderabad]	80.9km	4.5.2011	1.7.2011	31.12.2013	1.36
Package-06 [M/s GVR Infra Projects Ltd., Chennai]	82.30 km	27.5.2011	1.8.2011	31.1.2014	8.24

5.65 During the course of evidence, the Foreign Secretary informed that the work was stalled since December 2013 as contractors have approached the Dispute Resolution Committee and the Ministry is for the judicial process to get over. The Foreign Secretary informed the Committee about the future course of action and stated that the Ministry is considering a solution. Though, India may provide the funds but the Ministry may request the Government of Nepal to implement the project for timely execution.

5.66 The Committee desired to be furnished a status note of Rail Link Project and cost and time overruns involved therein. The Ministry stated in a written reply as under:

> "Construction of two cross border rail links between India and Nepal viz., (i) Jogbani (Bihar) – Biratnagar (Nepal) (18.6 kms) and (ii) Jayanagar (Bihar) – Bijalpura (Nepal) – Bardibas (Nepal) (69.1 kms) was approved in August 2009. The Ministry of Railways is implementing the two projects and Ministry is providing funds for implementation of the two rail links. The Jogbani – Biratnagar rail link is being implemented by the North Frontier Railway and the Jayanagar – Bijalpura – Bardibas rail link is being implemented by the East Central Railway. M/s IRCON is the Project Manager and Consultant (PMC).
>
> Seventy percent (70%) of the earthwork and bridgework has been completed on the available land in Jogbani - Biratnagar link and 30% in Jayanagar – Bijalpura - Bardibas link, respectively. The two rail link projects have been delayed due to non-availability of land in the initial section of the railway line in Bihar and delay in acquisition of land in Nepal….."

5.67 The Ministry furnished the status of the two projects in the Indian section in a written reply as under:

> "To expedite the acquisition of land, at a meeting chaired by the Chief Secretary of Bihar in Patna on June 4, 2014, it was decided that Government of Bihar will carry out land acquisition required for laying of railway track for the Jogbani-Biratnagar rail link, commensurate with the amount already deposited with the Government of Bihar. For the Jaynagar-Bijalpura-Bardibas project, land will be acquired as per the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

5.68 On the problem being faced in Nepal side of the Project, the Ministry stated in a written reply as under:

> "There has also been considerable delay in acquisition of land in Nepal. Part of the land for the Jogbani - Biratnagar rail link was handed over by the Government of Nepal in December 2012 - January 2013. The Government of Nepal had assured to hand over 80% of the land required for the project by March 2014 but there has been further delay in completing the land acquisition due to delay in removal of hutments, encroachments, encumbrances, legal challenge to the land acquisition and delay in custom clearance. Earthwork and bridge construction is in progress in the land handed over by the Government of Nepal.
>
> For the Jaynagar – Bijalpura - Bardibas rail link, land acquisition plan was handed over to the Government of Nepal in July 2011; out of approx. 66 kms, approx. 11 kms of land was handed over by the Government of Nepal in May 2013. However, there are continuing problems in taking over of land in the remaining sections due to opposition by villageRs.The location of the Bardibas railway station - the end point of the rail link in Nepal also remains to be finalised as the alternative site identified by the Government of Nepal is technically not suitable as it is located in a river basin.
>
> At a coordination meeting held in August 2014 at Kathmandu between officials of both sides, it was noted that there has been long delay due to non-availability of land in Biratnagar, Janakpur and Bardibas. Government of Nepal assured that the required land for the project free from all encumbrances in Biratnagar, including for the Biratnagar station, Janakpur and Bardibas will be acquired and handed over to IRCON at the earliest to expedite the work in both the sectors.

5.69 The Committee during the evidence desired to know the status of Pancheshwar hydro-power project in Nepal. The Foreign Secretary informed the Committee that though there was no movement in the last three decades, however, the Terms of Reference of the Pancheshwar Development Authority had finally been agreed in August, 2014.

5.70 While furnishing a status note on the Project for Embankment Construction on Lal Bakaya, Bagmati, Kamla and Khando river, the Ministry stated in a written reply as under:

> "The project for construction of embankments on the three rivers Lal Bakaya, Bagmati and Kamla is nearing completion. In the 8^{th} meeting of the Joint Committee on Inundation and Flood Management (JCIFM) on 4-8 February, 2014, the Nepalese side was urged to expedite completion of works on these three rivers so that works on other rivers requested by them, including Khando, Lakhandehi, West Rapti can be taken up. The total outgo on the project of construction of embankments, so far, is around Rs.205 crore."

5.71 The Committee desired to know whether the Government of India is engaged with Government of Nepal on the issue of flooding of Indian Territory due to Rivers in Nepal and whether there is any institutional mechanism for sharing of data and early warning system between the two countries. The Ministry stated in a written reply as under:

> "….the project of construction of embankments is aimed at mitigation of floods in Nepal and India, as the two countries have shared riveRs.The issue of flood forecasting

is being pursued under the Joint Committee on Inundation and Flood Management (JCIFM). We have proposed installation of satellite based telemetry system in conjunction with CDMA/GSM based telemetry system at observation sites in a phased manner. In light of these suggestions, the Nepalese side has agreed to review the Task Force report of December 2011. The close cooperation between India and Nepal on flood control issues was amply demonstrated in recent months. The landslide in the upper reaches of Sun Koshi river in Sindhupal Chowk district of Nepal in early August 2014 could have triggered floods in Bihar which was averted because of our close cooperation. On another occasion, at Nepal's request, we opened several barrages on the Indian side to release waters, to mitigate floods in Nepal to some extent."

5.72 On Committee's further query during the course of evidence the Foreign Secretary informed the Committee that the Ministry is closely working with Nepal on the issue of flood control in India, particularly in the state of Bihar and elaborated upon the existing mechanism.

5.73 The Committee observe that there is undue delay in the execution of the Terai Road Project in Nepal and two contractors have approached the Dispute Review Committee. The Committee note that in view of the problems in acquisition of land and other delays, the Ministry is considering an alternate course by providing funds to the Government of Nepal for the execution of projects. The Committee, however, would like to suggest that the proposed change should be examined in depth and the opinion of the Government of Nepal should also be sought on the issue before adopting this model in all its projects in Nepal. Similarly, the Committee take note of the delay in Rail Link Project. The Committee desire that the process of acquisition of land should be expedited so that the work can start on Indian side as per schedule.

(Recommendation No. 23)

5.74 The Committee welcome the developments in context of the Pancheshwar Development Authority. The Committee, however, are concerned over the pace of embankment construction on Lal Bakaya, Bagmati, Kamla and Khando River, which is aimed at mitigation of floods in India and Nepal. The Committee, therefore, suggest that the Ministry should engage with the Government of Nepal for an early completion of the projects.

Further, the Committee take note of the cooperation between India and Nepal on the issue of sharing of information regarding landslides in Sunkoshi River which could have triggered floods. The Committee, however, would like to recommend the further strengthening of the institutional mechanism for sharing the data and putting in place an early warning system in India and Nepal.

(Recommendation No. 24)

I. Aid to African Countries

5.75 Under the Head Aid to African Countries, the BE 2013-14 was Rs.300 crore which was reduced to Rs.250 crore during RE 2013-14. During BE 2014-15, the budgetary allocation was increased to Rs.350 crore.

5.76 On the developmental engagement between India and African countries, during the course of evidence the Foreign Secretary submitted as under:

> "..In the two India-Africa Forum Summits in 2008 and 2011, India committed to an intensive economic engagement with Africa. The third India Africa Forum Summit is to be held in the course of the next year and we will work to implement as many decisions of the first two Summits as possible. However, we need a significant enhancement in BE allocation for Aid to Africa in order to do all this."

5.77 When the Committee desired to know the reasons for reduced budgetary allocation at RE stage, the Ministry stated in a written reply as under:

> "The allocation had to be reduced due to budgetary constraints. The Ministry submitted a consolidated RE demand of Rs.16585. 18 cr to Ministry of Finance against which additional funds of only Rs.74.65 cr was provided, earmarked for SDE. Hence, reductions had to be made in some heads to provide for additional funds from within for some key commitments, particularly under Aid to Bhutan"

5.78 Elaborating upon the reasons for enhanced allocation during BE 2014-15, the Ministry stated in a written reply as under**:**

> "The 3rd India-Africa Forum Summit (IAFS-III) is due to be held in India during financial year 2014-15. It has been decided to invite all African countries with which India has diplomatic relations to attend the summit. Entire expenditure on the IAFS-III is debited to "Aid to African countries" budget. Keeping in view the enhanced expenditure on this account, allocation was accordingly increased."

5.79 The Ministry furnished the details of projects that have started/have already been implemented and completed under IAFS-I.

> "Under IAFS-I, India had offered to set up 19 Capacity building institutes in Africa. Selection of locations to host these institutes was done by the African Union. Out of 19 institutes, 10 Vocational Training Centres (VTCs) were to be established in 10 countries of Africa. Two of these have already been completed in Ethiopia and Burundi. Seven others are at various stages of implementation. Location of one VTC was changed from Gabon to Liberia due to lack of response from the host country. 5 Human Settlement Institutes were to be established in 5 African countries. However, the selected host countries have not shown any interest in hosting them. India Africa Institute of Foreign Trade is under establishment in Uganda. India Africa Institute of IT Training is under implementation in Ghana. India Africa Diamond Institute is being set

up in Botswana and India Africa Institute of Educational Planning and Administration is nearing completion in Burundi."

5.80 On Committee's query about the reasons for delay in setting up of projects committed under IAFS-I & II, the Ministry stated in a written reply as under:

> "The progress in setting up of capacity building institutions has been slower than what we would have liked. It is so primarily due to: (a) The lack of response from the African Union and some of the Regional Economic Communities in Africa; (b) Some of the selected host countries either do not have the absorption capacity or they have shown disinclination in hosting the institutes; and (c) lack of adequate funds and manpower that has been made available so far to the concerned Divisions in MEA. …we had adopted a new model of partnership in setting up these institutes wherein the host country was to provide land, building and recurring costs. Unfortunately, several of the selected host countries have expressed inability to fulfill their obligations in this regard. This has had an adverse impact on project implementation."

5.81 The Committee enquired about the process for identification of beneficiary country as well as the mechanism for identification of projects under IAFS-I & II. The Ministry stated in a written reply as under:

> "The projects under IAFS-I and IAFS-II were selected in consultation with all the stakeholders viz., various GoI Ministries/Departments/Agencies; the African Union Commission; and our Missions in Africa. The African union Commission further discussed them with AU member countries. As Hon'ble Members are aware, our cooperation with Africa under IAFS mechanism is three-tiered: Pan-African, regional and bilateral levels. The locations for Pan-African institutes was decided by the AU while the beneficiaries for regional institutes were selected by the concerned regional Economic Community in Africa. The bilateral institutes were allotted on the basis of extensive discussions with and recommendations from our Missions in Africa."

5.82 In view of the Ministry's reply that for projects under India Africa Forum Summit-I, the selected host countries have not shown any interest in hosting institutions. In this context, the Committee enquired about the reasons for identifying these particular countries for hosting the institutions and whether these countries were consulted at the stage of inception of the projects. The Ministry in a post-evidence reply stated as under:

> "The locations for all the institutes under IAFS-I were selected by the African Union (AU). The AU headquarters in Addis Ababa has institutional mechanism in place for deliberations on such issues with their member states. IAFS-I was held in April 2008. The AU after extensive consultations with its member countries provided us the selected locations for the institutes only in December 2010."

5.83 The Committee sought clarification about the new model of partnership and whether the lack of interest of host country is due to the new model. The Ministry in a post-evidence reply stated as under:

"India's model of cooperation with African countries can be termed as "partnership model" as against the "donor-recipient" model of the traditional donor countries, which include former colonial powers such as Britain, France, Portugal etc. Other traditional donor countries such as the US, Sweden, Denmark etc. also follow this "donor-recipient" model.

This model was followed primarily for two reasons: a) To instill a sense of "ownership" of projects in our African partner countries; and b) India is a developing country with limited resources, however, we have never shied away from sharing our resources be it in terms of capital goods (machinery, equipment etc.) or technological expertise. The "partnership model" provides an ideal platform for bringing together Africa's needs/requirements with our expertise.

Many African countries are heavily aid-dependent. In some cases a significant proportion of the national budget is funded through foreign aid. Hence, it is quite possible that some of our African partners are not in a position to fulfill their obligations under the model which we have put in place."

5.84 There have been several instances of lack of interest in many African countries to host institution due to various reasons. The Committee desired to know whether the Ministry not see it as a failure of India's policy of multilateral engagement with African countries. The Ministry in a post-evidence reply stated as under:

"The lack of interest to host institutions by some African countries is primarily a reflection of host country's resource deficit as well limited absorption capacity. In India's democratic framework, there is a very high accountability for utilization of public funds. Hence, it may not be judicious for us to work on the model adopted by the traditional donor countries. Thus, the slow progress of our projects is not a "failure of policy" but requires closer consultations with African countries and allocation of greater resources – manpower and financial – for the Indian missions in African countries and Territorial Divisions dealing with Africa in MEA."

5.85 The Committee desired to know whether in view of lacklustre response, does the Government of India needs to redefine its strategy of developmental engagement with Africa. The Ministry in a post-evidence reply stated as under:

"The IAFS mechanism is barely 6 years old and establishment of capacity building institutions on a large scale in foreign countries is a relatively new venture for Indian government agencies. It is quite possible that some elements of our approach may require a review based on our experience with the projects under the rubric of IAFS."

5.86 On Committee's query regarding contemplation of any change in its strategy and model in view of lacklusture response of the beneficiary country. The Ministry in a post-evidence reply submitted as under:

"For the next edition of IAFS (IAFS-III), it is proposed that we need not undertake any new projects and attempt a speedy implementation of projects already announced under the two Summits. Accordingly, greater resources – manpower and financial – are sought for the Indian Missions in African countries as well as the Territorial Divisions handling Africa in MEA. We are also considering reinforcement of our support to Africa in terms of capacity building training programmers, workshops, expertise-sharing etc. Further, it is proposed to enhance the concessional lines of credit to African countries in areas where success rate is high."

5.87 Regarding implementation of projects under IAFS I & II, the Ministry has stated that alternate avenues of resources are being explored. On Committee query, the Ministry in a post-evidence reply stated as under:

> "Thus far the Ministry has been cautious about involvement of other countries/international agencies as far as project implementation is concerned. However, in the recent past we have initiated institutional mechanisms with countries such as Japan and the US to cooperate with regard to Africa. …. Though these programmes have been outside the ambit of IAFS, they do indicate towards a possible avenue for additional resources. Similarly, some of our implementing agencies have tie-ups with international agencies operating in Africa. ….. Barefoot College, Tilonia, which is in the process of setting up Vocational Training Centres for women solar engineers in Africa is exploring possibilities of topping up the Ministry's project budget with locally generated resources."

5.88 Due to lack of progress in Projects under IAFS, the Committee desired to know about the existence of any mechanism in the Ministry as well as any institutional mechanism within the African Union to oversee the pace of implementation of projects. The Ministry stated in a written reply as under:

> "The Ministry of External Affairs has been holding regular review meetings with all the concerned stakeholders in India including the nodal Ministries/Departments as well as the implementing agencies for various projects under IAFS. Our Mission in Addis Ababa has, on regular interval, taken up the issue of expediting project implementation with the African Union Commission. On the African Union, regularly holds discussions with its member states on the issue of implementing IAFS decisions. Apart from this, the Integrated Finance Division of MEA uses available financial measures such as milestone-linked payment disbursal as well as imposition of LD clause in case of delay in the process of project implementation."

5.89 In the Statement 'Review of Past Performance in terms of targets fixed in Outcome Budget 2013-14, under the head 'Aid to African Countries', for several Schemes/Programmes Outlay 2013-14 has been earmarked but the expenditure is 'zero'. On Committee enquiry o the issue, the Ministry stated in a written reply as under:

> **"**The African Union Commission as well as some Regional Economic Communities have, till now, not been able to select the location for the proposed capacity building institutes. In some cases, the selected host countries have expressed inability to provide land/building and recurring costs for the project as was initially committed by them. After a thorough analysis of all these projects it has been decided to take the following course of action: (ii) those projects which have not moved despite several reminders to the host countries may be altogether dropped; (ii) change the location of some of the projects if the host country is not interested in implementing them; and (iii) take all the rest of the projects, which are at various stages of implementation, into the third India-Africa Forum Summit (IAFS-III)."

5.90 The Committee desired to know whether dropping of projects would not adversely impact India's stature in international community. The Ministry in a post-evidence reply stated as under:

> "The projects which are being considered for dropping are mostly those where host governments have not evinced much interest or where the African Union (and the RECs in a few cases) has not been able to select a location. Hence such decision would not impact on India's stature. Further, we may allocate other institutes in consultation with the host country."

5.91 As per the Statement 'Review of Past Performance in terms of targets fixed in Outcome Budget 2013-14, under the head 'Aid to African Countries' for the scheme PAN African e-network Programme the outlay was Rs.75.91. crore while the expenditure was Rs.177.51 crore. The Committee sought clarification for hugely disproportionate expenditure. The Ministry stated in a written reply as under:

> "The actual expenditure on the Pan Africa e Network Project in the FY 2013-14 was Rs 86.55 crore. The inadvertent error in the figure shown earlier is regretted."

5.92 The Committee in their 14th Report (15th Lok Sabha) had expressed their concern over the tardy implementation of the decisions taken during India Africa Forum Summit-I (IAFS-I). The Committee note that one of the reasons for delay in projects is that the selected host countries have not shown any interest in hosting the selected institutions. The Committee, therefore, suggest that in view of the lacklustre response of the beneficiary countries, the Ministry should review its strategy and if required, the Ministry must redefine its policy and strategy of multilateral developmental engagement with countries in Africa. The Committee recommend that the Ministry must engage with the African Union Commission and explore alternate ways for identification of beneficiary state, wherein the institutions/projects are not forced upon the countries and it must be ascertained before allocation of the project that the beneficiary country is interested in hosting the institution.

Further, the Committee opine that dropping of the project in the host country would adversely impact India's stature. The Committee, therefore, suggest that the Ministry must hold a consultative process with the African Union Commission alongwith individual countries before making announcement/commitment of such projects/institutions. The Committee further recommend that the projects under implementation should be expedited and the Ministry should strive for their completion before IAFS-III.

(Recommendation No. 25)

J. Aid to Latin American Counties

5.93 India is assisting several developing countries in the Latin America and Caribbean Region though the ITEC Scholarship Proramme, Line of Credit, Grant-in-Aid and IT Centre as part of its commitment to South-South Cooperation. As per the Detailed Demands for Grants 2014-15, budgetary allocation in 2013-14 under the head Aid to Latin American Countries was Rs.30 crore which was reduced to merely Rs.5 crore in RE stage. The expenditure during 2013-14 was merely Rs.4.99 crore. The budgetary allocation during BE 2014-15 is Rs.30 crore. On Committee's query about such low utilization, the Ministry stated in a written reply as under:

> **"**During 2013-14, it was initially envisaged that a few major projects under the "Aid to Latin American Countries" would take off and a substantial portion of the payments would get booked during the financial year. These projects included supply of buses to Cuba and installation of flood lighting system in Sabina Park cricket stadium, together amounting to approx Rs.20 crore. The first one did not take off as anticipated due to shipping difficulties originating from restrictions imposed by US sanctions. The second project relating to flood lighting system also faced difficulties because of a sudden change in the requirement conveyed by the recipient country. Some other projects such as construction of River Salle Community Complex, Setting up of IT Centres in Ecuador and Peru started late due to delayed receipt of information from recipient countries and therefore less than anticipated expenditure during the financial year 2013-14."

5.94 On Committee's query on reduced allocation during BE 2014-15 as compared to BE 2013-14, the Ministry in a written reply only furnished the reasons for reduced allocation during RE 2013-14 and stated as under:

> "In the BE 2013-14, Rs.30 crore were allocated to the LAC Division but due to non-utilization of funds in the first six months, budget was reduced to Rs.5 crore at the RE stage for 2013-14."

5.95 The Committee noted that regarding project for supply of buses to Cuba, the Ministry stated that the project could not take off due to shipping difficulties originating from restrictions imposed by US sanction. In this context, the Committee enquired whether it does not display lack of foresight on part of Government of India. The Ministry in a post-evidence reply stated as under:

> "The then Minister for External Affairs Shri S.M. Krishna, offered to supply buses to Cuba when he visited Havana in June 2012. The Cuban authorities accepted our offer to receive buses under the grant-in-aid to LAC programme of the Ministry. The offer reiterated by the Hon'ble Vice President when he paid a state visit to Cuba in October 2012.
>
> The difficulties originating from US sanctions on Cuba were well anticipated and taken into account. The additional time taken was due to the efforts to ascertain extent and scope of these sanctions and accordingly determine action.

5.96 During the examination of budget documents, the Committee noted that as per the Statement on 'Review of Past Performance in terms of targets fixed in Outcome Budget 2013-14, in several schemes/Programmes, funds were earmarked, yet the expenditure was 'zero', utilization of funds. The Committee desired to know whether these programmes have been completed as per original/anticipated date of completion which is mentioned at 31.03.2014. The Ministry stated in a written reply as under**:**

"In the financial year 2013-14 LAC Division was allocated an amount of Rs.30 croes at the BE stage as several projects were in the pipeline. The countries in which the projects were to be undertaken did not provide important information such as complement of cost convered by local government, provision of human resource by local government and exemption of various duties etc. on Indian equipment. The projects thus got delayed because of delay in receiving information. In the absence of important information impacting the execution of projects, some of the projects could not take off on time. Division could not therefore, utilize funds in the first six months as expected.

5.97 The Committee take note of various projects in the Latin America and Caribbean Region. The Committee observe that the project to supply buses to Cuba could not take off due to shipping difficulties originating from restrictions imposed by US sanctions. The Committee are of the view that the concerned Mission should do appropriate ground work including identification and feasibility of the project before announcement of aid/project at the highest political level and the Ministry must ensure availability of funds before such announcement. The Committee further note that in the past years under certain heads the expenditure was zero. The projects were not implemented due to lack of important information from the host countries. The Committee, therefore, suggest that the concerned embassy/mission/post should maintain a channel of communication with the concerned authorities in order to expedite the process for execution of each project.

(Recommendation No. 26)

K. Aid to Developing Countries

5.98 As per the brief furnished by the Ministry, budgetary allocation under the Minor Head Aid to Developing Countries for BE 2013-14 was Rs.61.38 crore which was marginally reduced to Rs.59.55 crore. However, during BE 2014-15, the budgetary allocation was substantially increased to Rs.122.87 crore. On Committee's query regarding the reasons for enhanced allocation during BE 2014-15, the Ministry stated in a written reply that the substantial increase in the Budget Estimates 2014-15 is due to more projects being implemented by DPA/WANA/Southern Divisions and furnished details of the Projects and stated as under:

"BE 2014-15 has been projected more (Rs.122.87 crore) to accommodate Prime Minister's commitment of grant assistance of US $ 10 million to Palestine. The major chunk of our enhanced allocation relates to the projected amount of USD 9 million (eqvt to Rs 55.02 crore approx.) as the remaining disbursement for Palestine from the pledged support."

5.99 The Committee noted that the then Prime Minister pledged US$ 10 million as budgetary support to Palestine during the visit of Palestinian President in September 2012. First tranche of US$ 1 million (eqvt to Rs 5.82 crore approx.) was released in the last Financial Year i.e. 2013-14. The remaining USD 9 million (eqvt to Rs 55.02 cores approx.) is pending disbursement , which is proposed to be released in the CFY. In this context, on Committee's query regarding the reasons for delay and adverse impact on India's credibility in international arena, the Ministry in a post-evidence reply stated as under:

> "Reason for delay in disbursement of the pending USD 9 million commitment announced by PM in Sep 2012 to Palestine has been the financial constraints in 2013-14. During the current FY, of the pending USD 9 million, USD 4 million has recently been released. With this, there still remains a pending commitment of USD 5 million. This is, indeed, adversely affecting India's credibility in our bilateral relationship with the Palestinian Government, to which we have traditionally extended strong support. So far, the Palestinian Government has shown understanding of our financial constraints, but given their own financial needs in the wake of the recent Gaza conflict, the expectation that India will meet its full commitment at an early date, is high."

5.100 On the issue of mechanism to oversee the optimal utilization of funds in the beneficiary country for desired purpose, the Ministry stated in a written reply as under:

> **"**The Ministry maintains effective liaison with the host country through the Missions/Posts in order to oversee the optimal utilization of funds in the beneficiary countries. Issues faced in utilization of funds, if any, are addressed bilaterally with the governments concerned through the territorial divisions/missions. Moreover, the projects undertaken by the Ministry generally include a provision for project monitoring committee with members drawn from the Ministry, Mission and Implementing Agency, which periodically reviews the work done, ascertains the progress of the project as per the implementation plan, and suggests remedial measures."

5.101 Under the specific query of the Committee regarding implementation of the project by Development Partnership Administration (DPA), the Ministry stated that project mentioned under WANA and Southern Division are being implemented directly by the Territorial Divisions

5.102 The Committee observe that the then Prime Minister had committed to grant assistance of USD 10 Million to Palestine in 2012. The Committee are unhappy to note that during financial year 2013-14 first tranche of USD 1 Million was released and USD 4 Million was released during financial year 2014-15 and USD 5 Million is still pending. Furthermore, the reason for delay has been given as the financial constraints in 2013-14. The Committee note that by Ministry's own admission, this has adversely affected India's credibility in its bilateral relationship with the Palestine Government. The Committee, therefore, recommend to the Ministry to pursue the matter with the Ministry of Finance in order to obtain the necessary allocation for this purpose and release the pending amount to fulfill the commitment made at the highest political level.

(Recommendation No.27)

L. SAARC Programmes

5.103 India remains committed to stimulate and sustain cooperative Projects under SAARC that are instrumental in helping the people of South Asia to realize their shared aims and aspirations. As per the Budget documents by the Ministry, there is a separate allocation under SAARC Programmes for which Rs.20.00 crore have been allocated during BE 2014-15. On Committee's query about the Programmes to be undertaken with this allocation, the Ministry furnished the list of programmes to be undertaken under this budget head in a written reply.

SAARC PROGRAMMES FOR 2014-15	
SR. NO.	**PARTICULARS**
1	SAARC Cultural Week by ICCR (including Folkfore, Literary and Band Festival)
2	Silver Jubliee Scholarship
3	ICCR Scholarships
4	Surajkund Crafts Mela-2015
5	FRI Scholarships
6	Fourth Artist Camp for South Asian Countries-"Himalayan White" by ICCR
7	SAARC Literature Festival
8	SAARC Chair by ICCR
9	India Endowment for Climate Charge
10	Development of SAARC Museum of Textiles & Handicrafts
11	Training by Election Commission of India for SAARC officials
12	SAARC Telemedicine Project
13	SAARC Fellowship by ICCR
14	Study by Research and Information System on "Regional Cooperation in the Indian-Subcontinent and beyond" for the developing countries
15	Misc- Programmes

5.104 On Committee's specific query about the SAARC Tele-Medicine Project, the Ministry submitted in a written reply as under:

> "The SAARC Tele-Medicine e-Network project is for providing on-line medical consultations at two hour per day per country, and off-line medical advice from Indian Medical Specialists to the doctors in the remote Tele-Medicine center at IGICH, Kabul, Afghanistan and Patan Hospital, Kathmandu, Nepal and Continuing Medical Education (CME) to practicing doctors and working nurses/physicians' assistants to update their knowledge and skills. The project started in 2008 in different SAARC countries. The brief overview of the project is as follows:
>
> **Bhutan**: The Tele-Medicine Patient end was Jigme Dorji Wangchuck National Referral Hospital, Thimphu, Bhutan. The network was inaugurated in December 2008 and completed One year of operations in 2009. Extension had been granted for two consecutive years till Dec 2011. Currently, the network is not operational.
>
> **Afghanistan:** The Tele-medicine Patient end was Indira Gandhi Institute of Child Health, Kabul, Afghanistan. The network was inaugurated in September 2009 and completed One year of operations in August 2010. Services under this network got

extension for Three consecutive years from August 2010 till August 2013. Currently, the network is not operational.

Nepal: The Tele-medicine Patient end is Patan Hospital, Kathmandu. The network was inaugurated in January 2011 and completed One year of operations in January 2012. The network operations were extended for Two consecutive years from January 2012 till January 2014. Currently the network is not operational.

For renewal of agreements for continuation of the project, our Embassies in Kabul and Kathmandu have been asked for their assessment/opinion on its utility, efficacy and appreciation of these projects."

5.105 Furnishing a status note on SAARC Tele-Education Project, the Ministry submitted as under:

"This network was commissioned in March 2012 for providing provides Tele-education services. In India, one University center has been established in Indira Gandhi National Open University (I.G.N.O.U), New Delhi to provide courses and programs and one learning center in each SAARC member state. Network is designed utilizing a VSAT Network initially between University center and Learning center end at each SAARC Member Country. Programs and courses identified by University center based on requirements of the SAARC member nations to be delivered for a period of one year. The session shall be conducted in a staggered schedule from IGNOU to the member states depending upon the courses/programs selected by the member states. The project was commissioned in March 2012 with IGNOU as the University center in India and National Center for Education Development (NCED), Sanothimi Bhaktapur, Kathmandu, Nepal as the Learning center. The network operations completed one year in March 2013. Currently the network is not operational."

5.106 The Committee observe that India has substantially contributed to the establishment of the SAARC Telemedicine E-Network Project and the SAARC Tele-Education Project in 2008 through its monetary contribution as well as expertise. The Committee, however, are dismayed to note that both the networks are not operational in any of the SAARC nations. The Committee fail to understand that after so much of investments in these projects, the Ministry has made no efforts to ensure their continuity. The Committee, therefore, recommend to the Ministry to examine the issues related to their non-operationalisation and engage with concerned departments in India and the Governments abroad and take appropriate measures to ensure that both the networks are operationalised.

(Recommendation No. 28)

CHAPTER VI

INDIAN COUNCIL FOR CULTURAL RELATIONS

One of the aims of Indian Council for Cultural Relations **(**ICCR) is to foster and strengthen cultural relations and mutual understanding between India and other countries. Budget of Rs.160 crore was proposed in BE 2013-14. RE 2013-14 was retained at the same levels. BE 2014-15 has been increased by 10% over BE 2013-14 TO Rs.176 crore. During the course of evidence, the Committee desired to know whether the Budget Estimate account sufficiently for the increased costs and whether additional activities have been contemplated or this is merely taking into account inflation. The representative of Ministry of External Affairs during the course of evidence submitted as under:

> "...last year our budget was 160 crore, which was fully utilized by deferring a lot of events. Of this, about 80 crore went to maintenance of cultural centers, Rs.30 crore for scholarships, Rs.10 crore for outgoing cultural delegations, about Rs.9 crore on chairs, about Rs.8 on incoming cultural delegations, Rs.22 crore for maintaining ICCR head office and 20 regional offices, which service our various foreign scholars, which are 6400 as is mentioned earlier. These are the broad activities. That is where we are allocating our resources".

6.2 On Committee's query whether the expenditure on ICCR is actually meeting the objectives of cultural diplomacy, the representative of Ministry of External Affairs during the course of evidence submitted as under:

> "I think last year and the current year is a year for consolidation, we just want to put out finances together and make sure that we do not exceed the budgets. But, hopefully, we will receive more funds. But, I agree with you that there is a more lot that we can do in terms of our soft power.
> ....we are trying to do more with less. For some of our chairs we have been able to secure at least 50 per cent of our cost from resources outside ICCR. Similarly, for cultural activities also, we are finding resources through public private partnerships."

6.3 On the activities carried out by the ICCR, the representative of Ministry of External Affairs during the course of evidence informed the Committee as under:

> "....I can divide them in three parts. One is academic and intellectual. We gave scholarships this year to about 6400 foreign students in India. We have 76 chairs abroad and 10 teacheRs.We organize regular conferences and seminars on various themes. These are the broad things that we do under academic and intellectual activities. We also bring out publications on our conferences and seminars in addition to five publications that we bring out in four languages.
> In terms of cultural activities, we have a large number of cultural delegations going abroad. We maintain 35 cultural centers in various parts of the world. We also organise about a dozen of international cultural festivals in India. We take them to other parts of India"

6.4 The representative of Ministry of External Affairs during the course of evidence further informed the Committee that In terms of Chairs, we have in all 86 chairs, which include 11 Hindi chairs. There are eleven professors and eleven teachers in Hindi, 5 Chairs in Sanskrit, two in Tamil and one in Bengali.

6.5 In pursuance of its objectives, ICCR is in the process of opening more Indian Cultural Centers abroad, in this context, the Committee desired to known whether ICCR has any defined strategy regarding opening of New Cultural Centers abroad. The Ministry stated in a written reply as under:

> "ICCR's cultural centres abroad are the principal instrument of India's institutional cultural outreach outside India. Hence, it is important to have Cultural Centres in various countries and regions, in particular, wherever India has significant economic, political, diaspora and cultural interests. This includes India's immediate neighbourhood, Southeast Asia, P-5 countries, BRICS as well as major countries in Central Asia, West Asia, Africa and Latin America. Indian Cultural Centres (ICC) abroad are central to ICCR's objective of fostering and strengthening cultural relations and mutual understanding between India and other countries."

6.6 On existence of objective criteria and procedure for opening new cultural centres abroad and whether the Ministry of External Affairs has any role in the process, the Ministry stated in a written reply as under:

> **"**In opening new cultural centres, the significance of the country and various aspects of our relations like India's economic, political and cultural interests with the country as also historical linkage with it and presence of Indian diaspora are considered. The current local conditions, including receptivity towards Indian culture in the general populace are also considered. Needless to add, the law and order condition there should be such that the proposed centre can operate as a cultural hub. It is also necessary that there should be adequate funding available to open a new ICC and meet the recurring cost of its functioning"
>
> As for the procedure for opening a new ICC, the statutory bodies of ICCR, namely the General Assembly, Governing Body and Finance Committee, accord their approval on the basis of positive recommendations from the concerned Indian Mission and Ministry of External Affairs, provided the requisite funding is available."

6.7 On the intention to open new cultural centre during 2014-15, the Ministry stated in a written reply as under:

> "Proposals for opening cultural centres in Hanoi, Sydney and Nairobi have been received and are under active consideration."

6.8 During the course of evidence, the representative of Ministry of External Affairs informed the Committee that in view of resource crunch, ICCR is involving private parties and engaging in partnership in its expansion plans and stated as under:

> ".. we are trying to do more with less. We now have partnership center in Spain, where annual contribution is less than the cost of posting a Director abroad in a cultural center. Three-fourth of the cost is met by local resources and one-fourth by us.... For next year, in case we get resources, we intend to work on public private partnership by

giving limited amount of resources for our side, balance being contributed by communities or other organisations."

6.9 On the Committee's query regarding following of due process in opening of cultural centers, the Ministry stated that the due process is being followed in opening of new cultural centres abroad. The Ministry explain the statutory approvals for creation of new posts and stated that approval for posting all Directors of ICCs abroad who are not from ICCR's cadre or from MEA is also taken on a case by case from MEA.

6.10 The Committee desired to know about the observations/ recommendations made in the Audit Report, the Ministry stated in a written reply as under:

"....in regard to opening of new ICCs abroad without obtaining approval of the MEA and Ministry of Finance, the Audit observed that before opening of new ICCs the approval of MEA and Ministry of Finance had to be obtained as this involved additional financial burden and creation of posts and recommended that the same should be obtained. The Audit also observed that posts of Directors in ICCs abroad should not have been operated without appropriate sanction from the Ministry of Finance and that ICCR should seek prior sanction of the Ministry of Finance for creation of the post of a Director in the ICCs.
As regards the action taken, due process...., is now being followed in opening new cultural centres. As for the issue of operating the posts of Directors in ICCs abroad without appropriate sanction from the Ministry of Finance, ICCR has taken up the matter of creation of posts of ICC Directors with MEA, explaining the necessity of creating these posts, and requested the latter to take up the matter with Ministry of Finance. Pending a final decision, ICCR is continuing to operate the posts of Directors of ICCs to enable the latter to remain operational.

6.11 The Committee noted that in a written reply, the Ministry has stated that due process was followed in opening of new Indian Cultural Centers abroad. The Ministry, however, later in the reply has stated about audit observation. The Committee sought Ministry's justification in this regard. The Ministry in post-evidence reply stated as under:

"ICCR opened Indian Cultural Centres (ICC) abroad, as per its practice, in consultation with MEA. Following Audit's observations due process is being followed to open Indian Cultural Centres (ICC) abroad…"

6.12 The Committee sought details of inspections conducted during last 3 years along with action taken on the findings, recommendations, if any. The Ministry in a post-evidence reply stated as under:

"In this connection, it is intimated that there is no other audit observation in regard to establishment of new Cultural Centres and their staffing for the period covered by the audit from 2010-11 to 2012-13. Inspection of the records of the Council for the period 2013-14 is underway by the audit."

6.13 The ICCR administers various scholarship schemes for foreign students. On Committees query, the Ministry furnished guidelines regarding identification of countries for the grant of scholarship and stated that it is mandatory to have a Cultural Exchange Programme (CEP) agreement for scholarships awarded under CEP/EEP (Educational Exchange Programme) Scheme. However, as per the Audit Report (16 of 2013) 25% of the scholarship slots were given to countries with which no valid Cultural Exchange / Education Exchange Programme existed. In this context, the Committee desired to know as to how such a crucial point was missed in granting of scholarship and sought justifications for Ministry's/ ICCR's action in this regard and whether any responsibility has been fixed. The Ministry in a post-evidence reply stated as under:

> "CEP/EEP are signed at the level of Governments, usually having validity from 3 to 5 years with a provision that in case the MoU is not terminated it would remain valid. Sometimes renewal of CEPs/EEPs takes time due to a variety of reasons, ICCR offers these scholarships only after the respective missions have reviewed the applications and recommended it to ICCR. Audit observations have been implemented and no scholarships are being offered to non CEP/ EEP countries under this scheme now."

6.14 On the issue of coordination with the Missions/Posts abroad regarding scholarships and expected role of Missions/Posts in this regard, the Ministry stated in a written reply as under:

> ".....the scholarship scheme is implemented in close co-ordination with India's Missions/Posts abroad. They initiate the process based on the guidelines of the ICCR scholarships scheme which is to inform the scholar, seek applications and examine them, check English proficiency and thereafter forward these applications to ICCR for admission to different courses in various Universities/Institutes. They are also responsible for issuing visas to students based on the confirmation of ICCR....."

6.15 The Committee in their Reports over the years have recommended for enhancing grants to ICCR. In this context, the Committee desired to know whether there is any mechanism to ensure optimum utilization of funds and sought elaboration upon the measures undertaken by ICCR in this regard. The Ministry stated in a written reply as under:

> "As regards a mechanism to ensure optimum utilization of funds, the Council prepares its annual Plan of Action and gets it approved from its Statutory Bodies which are composed of eminent persons from various walks of life. It seeks periodic requirement of funds with expenditure reports and monthly expenditure reports from ICCs abroad and ICCR's Regional Offices in India. Budget Estimates, Revised Estimates and allocation of funds are also approved by the Statutory Bodies of the Council. The recommendations of the internal audit by ICCR of its regional offices and ICCs are also implemented."

6.16 The Committee desired to know whether there is any monitoring mechanism to oversee that the outsourced agencies are adhering to the terms of the contract. The Ministry stated in a written reply as under:

> "As regards cleaning and security services, the monitoring mechanism involves surprise checks from time to time to ensure that the deployed personnel are discharging their duties efficiently with due care and attention. Any errant staff is promptly had replaced.

Likewise, the performance of the outsourced clerical staff is monitored on a continuing basis by the head of the relevant section and those not performing up to the mark are had replaced. Besides, it is checked from the deployed staff on a regular basis that they are getting their due monthly wages and other benefits. It is also checked whether the mandatory benefits as per extant government rules, i.e. Employees' State Insurance (ESI) and Employees' Provident Fund (EPF), are being extended to them by requiring production of documentary evidence."

6.17 The Report No. 16 of 2013 of the C&AG deals with 'Working of Indian Council for Cultural Relations. The Committee desired to know the specific action taken on the observation in the Report. The Ministry stated in a written reply as under:

"After complying with the recommendations/suggestions of the Audit, a draft Action Taken Note was prepared with suitable replies and sent to Audit. Some of the replies / compliance reports have been accepted by the Audit. In respect of some other Audit observations, certain additional informations /documentary evidences were asked for by the Audit and that have also been supplied.

Keeping in view the Audit's recommendations, the Council has taken numerous corrective actions. The more important ones are as follows:-

(i) Meeting of the statutory bodies of ICCR are now held regularly, as mandated in ICCR's Constitution.

(ii) The Council has started preparing an Annual Plan of Action and getting it approved from the Statutory Bodies of the Council.

(iii) The Council has also started following the due process for preparing Revised Estimates, Budget Estimates and Annual Accounts and getting it vetted / approved by the Statutory Bodies.

(iv) Annual Accounts are now audited after they are vetted and approved by the Council and the prescribed schedule is also adhered to for laying the Annual Accounts and Annual Report of the Council in both the Houses of Parliament.

(v) Any Programme or Event is sanctioned by the competent authority of the Council strictly up to the extent of the financial powers delegated to them.

(vi) While procuring services / material or executing any other work for the Council, due procedure is followed as prescribed in the General Financial Rules.

(vii) Tender/Quotation openings Committee have been constituted.

(viii) Guidelines / Committees have been framed / constituted for selection of ICC teachers, artistes, sculptors, exhibitions, visiting professors for ICCR chairs abroad, etc. in a transparent manner.

(ix) Optimum utilization of slots for ICCR scholars is ensured. Recommendations of the Audit in the regard are taken care of.

(x) Proposal for opening of new Cultural Centres abroad is deliberated upon by the Statutory Bodies of the Council. New Centres will be opened only on the recommendations the Mission and MEA, provided adequate funding is available.

(xi) Periodic Internal Audit of the Indian Cultural Centres abroad and the Regional Offices in India is being conducted.

(xii) Deployment of staff in the Regional Offices in India has been rationalized.

(xiii) ICCR is working together with the Government of States and Union Territories for minimizing the cost to ICCR for taking foreign troupes outside of Delhi.

(xiv) ICCR is also partnering with reputed cultural organizations in India for jointly holding major events in India with international participation.

(xv) The Council has started exploring the Public Private Partnership (PPP) model for promoting Indian culture abroad and strengthening cultural linkages with foreign countries."

6.18 The Committee consider ICCR to be the effective tool of India's cultural diplomacy and over the years have stressed upon its importance and the need of enhanced allocations to ICCR. But allocation for ICCR for 2014-15 has been kept at Rs.176 crore against the BE of Rs.160 crore during the 2013-14. Due to non-availability of funds ICCR has been facing difficulty in enhancing the number of scholarships and opening of Chairs and Centres abroad. The Committee, therefore, desire that the allocation for ICCR should be enhanced as per its needs and proposals so that it may be able to work as valuable tool of India's cultural diplomacy and an instrument of our "soft power" .

The Committee also welcome the fact that ICCR is in the process of opening new Indian Cultural Centres. The Committee, however, are dismayed to note that in the past such centres were opened without due approval. The Committee, therefore, would like to suggest to the Ministry to ensure that due procedures are followed and approvals are taken in the process of opening of new cultural centres abroad. The Committee further note that the C&AG report has highlighted that 25% slots of scholarship were allocated under Cultural Exchange Programme Scholarship Schemes to countries where no valid agreement of cultural exchange programme/education exchange programme existed. The Committee are not convinced with the Ministry's justification in this regard. The Committee, therefore, would like to recommend that the Ministry and ICCR must ensure that rules and norms are followed in execution of scholarship programmes and other programmes.

(Recommendation No. 29)

CHAPTER VII

MISCELLANEOUS

Indian Hostages and Evacuation of Indians

On the issue of incidents of Indian Nationals being held hostage by various groups internationally, the Committee desired to know about the efforts being made by Government of India for their release and the outcome. The Ministry in a post-evidence reply informed the Committee as under:

> "There have been some incidents of India nationals being held hostage. The details are given below:
>
> 7 Indian seafarers of Panama flagged vessel MV Asphalt Venture continue to remain in custody of Somali pirates. MV Asphalt Venture, which was hijacked by Somali pirates on 29 September 2010 had 15 Indian crew on board. Out of these 08 were released, along with the vessel, on 16 April 2011 by the pirates. However, remaining 7 Indian seafarers were held back at time and they continue to remain in their custody.
>
> In June 2014, Mr. Alexis Premkumar Antonysamy, an Indian national from Tamil Nadu, working with JRS (*Jesuit refugee Service*), an International NGO working in the field of education, was kidnapped from Herat province of Afghanistan by unknown elements. Indian Embassy in Kabul and Indian Consulate in Herat have been continuously making all efforts, in close coordination with the Afghan authorities, especially the various security and intelligence agencies to trace his whereabouts and arrange for his early release from his captors.
>
> Another group of about 41 Indian nationals working in a construction company in Mosul in Iraq were taken captives by an unidentified group. The Government is making all efforts and taking all steps to secure their release as well."

7.2 Elaborating on the efforts being made by the Government in the region, the Foreign Secretary submitted during the course of evidence as under:

> "In Iraq, our officers over there have been negotiating for the release of various Indians held captives who have been travelling to Mosul, to Erbil. Our officers in Libya, in Tunisia have been negotiating the return of thousands of people in extremely difficult circumstances... But in spite of that, we have continued to make sure that we get the resources and increase resources and attention that it deserves specially to safeguard the rights and citizens of our Indian nationals over there."

7.3 The Committee enquired whether it is the failure of Government's policy to deal with various actors in the region and desired to know the measures undertaken by the Government of India to safeguard Indian citizens in the region. The Ministry in a post-evidence reply stated as under:

> "The Government of India has been regularly and closely monitoring the security situation in Iraq. Since the onset of crisis in Iraq, the Government issued travel advisories for our nationals, including on 15 June, 24 June and 28 June. Indian nationals were advised to avoid all travel to Iraq, until further notification and a ban has been imposed by the Ministry of Overseas Indian Affairs on emigration to Iraq by ECR category travellers effective 19 June, 2014. The Government advised our nationals in Iraq to leave the country by commercial means if it is safe to do so. Our nationals living in areas affected by the ongoing armed conflict were advised to stay indoors as far as possible and to remain in contact with our Embassy in Baghdad for necessary

guidance and updated information on the evolving security situation. Those Indian nationals, who do not have travel documents or need other consular services like air tickets, help with immigration clearances etc., were advised to seek assistance from our Embassy in Baghdad. 24-hour helplines in dedicated control rooms were set up by our Embassy in Baghdad and the Ministry of External Affairs on June 15 to assist our nationals in Iraq and their concerned family members in India. Special camp offices were set up in Basra, Najaf and Karbala and strengthened our Mission in Baghdad through the addition of 25 staff members to assist Indian nationals. The Indian Community Welfare fund (ICWF) is being used to provide assistance to our nationals in Iraq.

In the wake of Ukrainian crisis, our mission in Romania has maintained a constant touch with Indian nationals living in Romania, Moldova through personal meetings, phone and email communications. Advisories were also issued in March 2014 on the prevailing security situation in these countries. Mission also wrote to Foreign Ministries of Romania and Moldova providing them lists of Indian nationals living in these countries and requesting them to provide consular assistance and security, if required

Our Missions in China, Japan, Republic of Korea and DPR Korea are well equipped to deal with any emergency situation arising out natural disasters, war etc. Timely evacuation of hundreds of Indian nationals from Japan following the Fukushima nuclear plant meltdown stands testimony to this fact.

To ensure the security and safety of Indian nationals in Ukraine, Indian Mission in Kyiv has been issuing advisories from time to time. The last advisory was issued on 09th September 2014."

7.4 In a reply regarding utilization of last year's budgetary allocation the Ministry has stated that an analysis of the excess of the last few years show that among different factors, this has also been due to emergency evacuation of Indian nationals. The Ministry informed the Committee that in the last five years, Indian Nationals from countries like Libya, Iraq, Ukraine, Syria, Egypt and Japan were evacuated because of the prevailing security conditions in those countries.

7.5 The Committee sought clarification whether the financial liability of evacuation is borne /shared by Ministry of External Affairs or Ministry of Overseas Indian Affairs or any other agency and also desired to know the position regarding evacuation of citizens of other countries. The Ministry in a post-evidence reply informed the Committee as under:

"At the request of SAARC countries, 48 nationals (Bangladesh-15, Maldives-16, Nepal-3, Pakistan-8 and Sri Lanka-6), stranded in Ukraine, were also extended all assistance in their evacuation from Luhansk to Kyiv. No charges were claimed from these countries."

7.6 The Committee express their concern over the incidents of Indian nationals being held hostage by various groups internationally. The Committee take note of efforts being made by the Government in the concerned region/country and congratulate the authorities for the successful evacuations that have occurred. The Committee, however, wonder whether widespread and repeated hostage taking indicates failure of Government of India's

policy to deal with various actors in the region. The Committee are particularly concerned about the plight of 41 Indian nationals being held hostage in Iraq. The Committee recommend that the Ministry must strategically and diplomatically engage with the International Community and major actors in the region to ensure their safe release. The Committee also note that thousands of Indians are struck in areas of violent conflict and they are willing to return to India. The Committee, therefore, recommend to the Government to equip its establishments in such zones and arrange for the expeditious evacuation of Indians.

(Recommendation No.30)

NEW DELHI
19th December, 2014
28 Agrahayana, 1936 (Saka)

DR. SHASHI THAROOR,
Chairperson,
Standing Committee on External Affairs

APPENDIX-I

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2014-15) HELD ON 08th OCTOBER, 2014

The Committee sat on Wednesday, 08th October, 2014 from 1100 hrs. to 1315 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

Members

Lok Sabha

2. Shri Magantti V. Rao (Babu)
3. Md. Salim
4. Shri Vijay Sampla
5. Dr. Mamtaz Sanghamita
6. Shri Ram Swaroop Sharma
7. Shri Sharad Tripathi

Rajya Sabha

8. Shri Satyavrat Chaturvedi
9. Shri H.K. Dua
10. Shri Chunibhai Kanjibhai Gohel
11. Shri Ram Kumar Kashyap
12. Shri Murli Deora
13. Dr. Karan Singh
14. Shri Pavan Kumar Varma

Secretariat

1.	Dr. Ram Raj Rai	-	Director
2.	Smt. Rita Jailkhani	-	Additional Director

List of Representatives of the Ministry of External Affairs

S.No.	Name		Designation
1	Shrimati Sujatha Singh	-	Foreign Secretary
2	Shri Anil Wadhwa	-	Secretary (East)
3	Shri Satish C. Mehta	-	DG, ICCR
4	Shri Binoy Kumar	-	AS & FA
5	Shri U.S. Pant	-	PRINCIPAL CCA
6	Shri Sandeep Kumar	-	JS (WANA)
7	Shri Ajay M. Gondane	-	JS (SAARC, BC & A&RM)
8	Shri Satbir Singh	-	JS (Projects)
9	Shrimati Riva Ganguly Das	-	JS (LAC)
10	Shri Alok Kumar Sinha	-	JS (DPA-I)
11	Shri Sanjay Bhattacharyya	-	JS (South)
12	Shri Vinay Mohan Kwatra	-	JS (CT, GCI & PP&R)
13	Shrimati Suchitra Durai	-	JS (SM & IOR)
14	Shri Sanjiv Kohli	-	JS (WA)
15	Shri Thanglura Darlong	-	JS (Parl & Coord)
16	Shri Pradeep Kumar Rawat	-	JS (EA)
17	Shri Ajit Vinayak Gupte	-	JS (Haj)
18	Shri Muktesh K. Pardeshi	-	JS (PSP) & CPO
19	Shri Kumar Tuhin	-	JS (DPA-II)
20	Shri Abhay Thakur	-	JS (North)
21	Shri Vinay Kumar	-	JS (E & SA)
22	Shri Arun K. Chatterjee	-	JS (CNV & I)
23	Shri P. Kumaran	-	JS (CPV)
24	Shri Sanjiv Ranjan	-	JS (DPA-III)
25	Shri G.V. Srinivas	-	JS (FSI-S)
26	Shri Sibi George	-	JS (AD)
27	Shrimati Vani Rao	-	JS (ASEAN-ML)
28	Shrimati Sripriya Ranganathan	-	JS (BM)
29	Shri Shambhu S. Kumaran	-	JS (ESTT)
30	Shri Ajay Bisaria	-	JS (ERS)
31	Shri Dinkar Asthana	-	DDG (DA)
32	Shri Anwar Haleem	-	DDG (AH)
33	Shri Anurag Srivastava	-	Director (Finance)
34	Smt. Mukta Shekhar	-	Director (ITP)
35	Shri Vijay Krishnamurthy	-	Director (ES)

2. At the outset, the Chairperson welcomed the Members of the Committee and the representatives of the Ministry of External Affairs to the sitting of the Committee. The Chairperson then drew attention of the witnesses to the confidential nature of the meeting.

3. After a brief introduction of the representatives of the Ministry of External Affairs and opening remarks of the Foreign Secretary about the Demands for Grants of the Ministry of External Affairs for the year 2014-15, the main points which came for detailed discussion included: Plan and non-plan component of Budget, less allocation of funds for training of officials of MEA, funding of ICCR, expansion of IFS Cadre, difficulties in issuance of passports, opening of Hindi Chairs in other countries, investments in neighbouring countries, construction of roads in Nepal, South Asian University and Nalanda University project. The Committee desired that the Ministry may furnish written replies to the various points raised by the Members during discussion.

The committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX – II

MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2014-15) HELD ON 16th DECEMBER, 2014

The Committee sat on Tuesday, 16th December, 2014 from 1500 hrs. to 1610 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Dr. Shashi Tharoor – Chairperson

Members
Lok Sabha

2. Shri Ranjit Singh Brahmpura
3. Shri Arka Keshari Deo
4. Shrimati Rakshatai Khadse
5. Shri Feroze Varun Gandhi
6. Dr. Mamtaz Sanghamita
7. Shrimati Supriya Sule
8. Shri Sharad Tripathi
9. Shri Shivkumar Udasi

Rajya Sabha

10. Shri H.K. Dua
11. Shri Chunibhai Kanjibhai Gohel
12. Shri Ram Kumar Kashyap
13. Dr. Karan Singh
14. Shri D. P. Tripathi

Secretariat

1.	Shri Cyril John	-	Joint Secretary
2.	Dr. Ram Raj Rai	-	Director
3.	Smt. Rita Jailkhani	-	Additional Director

2. At the outset, the Chairperson welcomed Members to the sitting of the Committee.

3. *** *** *** *** *** ***

4. The Committee then took up for consideration the draft Report on Demands for Grants of the Ministry of External Affairs for the year 2014-15. The Chairperson invited the Members to offer their suggestions, if any, for incorporation in the draft Report. The

Members suggested some minor modifications. The Committee adopted the draft Report with these minor modifications.

5. The Committee then authorized the Chairperson to finalize both the Reports incorporating the suggestions made by the Members and present the same to the Parliament.

The Committee then adjourned.