

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4732

ANSWERED ON:23.04.2010

UTILISATION OF EXTERNAL LOANS

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**Will the Minister of FINANCE be pleased to state:**

- (a) the mechanism in place for proper utilization of the loans received from external sources;
- (b) whether a review has ever been conducted on the effectiveness of such mechanism during the last three years;
- (c) if so, the details thereof and the action taken by the Government thereon till now alongwith the outcome of the action taken; and
- (d) if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) An elaborate mechanism is in place for monitoring proper utilization of the loans received from the external agencies, which involves disbursement monitoring as well as physical and financial monitoring of the projects. Some of the steps taken for planned completion and fast disbursement of loans are:

# Close review of projects through bi-annual tripartite review meetings comprising of the Donor Agency, Department of Economic Affairs and the project authorities (including representatives of Central Ministry/State Government); State portfolio review meetings; quarterly special review meetings of problem projects; monitoring through correspondence; and field visits.

# Implementation of Project readiness filters to ensure that the projects are launched only when preparatory activities are completed.

# Capacity building of project authorities to ensure that the projects are implemented as per planned schedule.

(b), (c) & (d) The new review mechanism has been introduced in 2008-09. The outcome of the review mechanism is improvement in project monitoring and evaluation, faster resolution of issues and improvement in disbursement of funds to externally assisted projects.