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**STANDING COMMITTEE
ON EXTERNAL AFFAIRS
(2004-2005)**

FOURTEENTH LOK SABHA

MINISTRY OF EXTERNAL AFFAIRS

**DEMANDS FOR GRANTS
(2004-2005)**

FIRST REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2004/Sravana, 1926 (Saka)

FIRST REPORT
STANDING COMMITTEE ON
EXTERNAL AFFAIRS
(2004-2005)

(FOURTEENTH LOK SABHA)

MINISTRY OF EXTERNAL AFFAIRS

DEMANDS FOR GRANTS
(2004-2005)

Presented to Lok Sabha on 20.8.2004

Laid in Rajya Sabha on 20.8.2004



LOK SABHA SECRETARIAT
NEW DELHI

August, 2004/Sravana, 1926 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE
ON EXTERNAL AFFAIRS (2004-05)

Dr. Laxminarayan Pandey—*Chairman*

MEMBERS

Lok Sabha

2. Shri Omar Abdullah
3. Shri Yogi Aditya Nath
4. Prof. S.P. Singh Baghel
5. Shri Narayan Chandra Borkatakay
6. Shri P. C. Gaddigouda
7. Shri Vinod Khanna
8. Shri S.K. Kharventhan
9. Shri Narendra Kushwaha
10. Shri Nikhil Kumar
11. Shri Dinsha Patel
12. Shri Somabhai Patel
13. Dr. Sebastian Paul
14. Smt. Ranjit Ranjan
15. Shri P.A. Sangma
16. Dr. (Col.) Dhani Ram Shandil
17. Shri Saleem Iqbal Shervani
18. Shri Damodar Barku Shingada
19. Shri Madhu Goud Yashki
20. Shri Suresh Prabhu
21. Vacant*

Rajya Sabha

22. Shri P.K. Maheshwari
23. Smt. Prema Cariappa
24. Dr. Karan Singh

*Shri Atal Bihari Vajpayee ceased to be a Member of the Committee consequent upon his resignation w.e.f. 13.8.2004.

25. Shri Jana Krishnamurthy K.
26. Shri Arun Shourie
27. Smt. S.G. Indira
28. Smt. Jaya Bachchan
29. Shri S.M. Laljan Basha
30. Shri Fali S. Nariman
31. Dr. Mahendra Prasad

SECRETARIAT

- | | | |
|-----------------------------|---|-----------------------------|
| 1. Shri John Joseph | — | <i>Additional Secretary</i> |
| 2. Shri S.K. Sharma | — | <i>Joint Secretary</i> |
| 3. Shri U.S. Saxena | — | <i>Director</i> |
| 4. Shri Shiv Kumar | — | <i>Under Secretary</i> |
| 5. Dr. (Smt.) Sagarika Dash | — | <i>Committee Officer</i> |

INTRODUCTION

I, the Chairman, Standing Committee on External Affairs having been authorised by the Committee to submit the report on their behalf, present this First Report (14th Lok Sabha) on Demands for Grants of the Ministry of External Affairs for the year 2004-05.

2. The Standing Committee on External Affairs was constituted on 5th August, 2004. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to both the House. The Report shall not suggest anything of the nature of cut motions.

3. The Committee (2004-05) took evidence of the representatives of the Ministry of External Affairs on 10th August, 2004. The Committee wish to express their thanks to the officers of the Ministry of External Affairs for placing before the Committee the material and information which they desired in connection with the examination of the Demands for Grants of the Ministry for 2004-05 and for tendering evidence before the Committee.

4. The Committee (2004-2005) considered and adopted the report at their sitting held on 18th August, 2004.

5. The Committee place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

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

NEW DELHI;
17 August, 2004

26 Sravana, 1926 (Saka)

DR. LAXMINARAYAN PANDEY,
Chairman,
Standing Committee on External Affairs.

REPORT

INTRODUCTORY

The Demands for Grants of the Ministry of External Affairs for the year 2004-2005 were laid on the Table of the Lok Sabha on 21st July, 2004. The Budget of the Ministry of External Affairs is primarily non-Plan. From the financial year 1996-97 onwards, a 'Plan' Budget Head was created with the approval of the Union Cabinet for meeting the large expenditure outlay on the projects namely Tala Hydro-electric Project, Kurichu Hydro-electric Project and Dungsum Cement Project, being executed with Government of India's assistance in Bhutan. In addition, a new project viz. Punatsangchu Hydro-electric Project has been identified for implementation in future. These projects are being funded from "Plan" Budget. The allocation under the Plan Head was Rs. 650.00 crore in BE 2003-2004 which was increased to Rs. 760 crore at RE stage. Under the Head "Aid to Bhutan" in BE 2004-2005, an allocation for Plan and Non-Plan expenditure of Rs. 699.80 crore has been proposed, while Rs. 280.00 crore for Plan expenditure under the Head "Loan to Govt. of Bhutan" has been proposed.

2. The Committee took evidence of the representatives of the Ministry of External Affairs on 10 August, 2004 on issues arising out of Demands for Grants of the Ministry of External Affairs under Demand No. 31 for the year 2004-2005.

A. BUDGETARY PROPOSALS

3. Demand No. 31 pertaining to the Ministry of External Affairs contains the figures of Revenue as well as Capital Expenditure under the Charged and Voted Sections for the year 2004-2005 as per details given below:—

(Rs. in crore)			
Section	Revenue	Capital	Total
Charged	0.03	—	0.03
Voted	3264.03	376.63	3640.66
Total	3264.06	376.63	3640.69

4. The total allocation in BE 2003-2004 for Ministry of External Affairs under Revenue and Capital Sections was Rs. 3410.00 crore. There was no change in allocation at RE 2003-2004 against the Budget Estimates 2003-2004. For BE 2004-2005, the proposed allocation is Rs. 3640.69 crore, which is an enhancement over RE 2003-2004 and BE 2003-2004 by Rs. 230.69 crore (6.77%).

5. The BEs of different Major Heads and Minor Heads for the year 2004-2005 are shown separately as under:—

Budgetary Estimates (BE) of Major Heads and Minor Heads under Demand No. 31 for the year 2004-2005:

(Rs. in crore)				
Section	Major Head	Minor Head	BE 2004-2005	Total
1	2	3	4	5
Revenue	2052-Secretariat-General Services			130.18
		00.090-Secretariat	129.81	
		00.800-Other Expenditure	0.37	
	2061-External Affairs			1975.48
		00.003-Training	2.19	
		00.101-Embassies & Missions	855.00	
		00.103-Special Diplomatic Expenditure	841.01	
		00.104-International Conferences/Meetings	0.86	
		00.105-Passport & Emigration	121.86	
		00.106-Entertainment Charges	26.50	
		00.798-International Cooperation	42.11	
		00.800-Other expenditure	85.95	
	2070-Other Administrative Services			00.00
		120-Payment to State Governments/ Union Territories for Administration of Central Acts And Regulations	00.00	

1	2	3	4	5
	2075-Miscellaneous General Service			00.01
		00.791-Loss by Exchange	00.01	
	3605-Technical and Economic cooperation with other countries			1158.39
		00.101-Cooperation with other countries	1158.39	
		Total—Revenue Section		3264.06
Capital	4059-Capital Outlay on Public Works			70.00
		60.051-Construction	70.00	
	4216-Capital Outlay on Housing			25.00
		01.700-Other Housing	25.00	
	7605-Advances to Foreign Govt.			281.63
		00.098-Loans to Govt. of Bangladesh	1.62	
		00.097-Loans to Govt. of Bhutan	280.00	
		00.095-Loans to Govt. of Nepal	00.01	
	7615-Miscellaneous Loans			
		00.200-Miscellaneous loans	00.00	
		Total—Capital Section		376.63
		Total—Grant No. 31		3640.69

6. The overall budgetary position for the year 2003-2004 and the proposed allocations for the year 2004-2005 under the Revenue and

Capital Sections under both the Plan and Non-Plan Heads, are given below:

(Rs. in crore)

	BE 2003-2004		RE 2003-2004		BE 2004-2005	
	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan
Revenue Section	2636.99	402.00	2569.99	456.00	2809.06	455.00
Capital Section	123.01	248.00	80.01	304.00	96.63	280.00
Total	2760.00	650.00	2650.00	760.00	2905.69	735.00
Grand Total	3410.00		3410.00		3640.69	

Variation between BE 2003-2004 and RE 2003-2004 = NIL

Variation between BE 2004-2005 and RE 2003-2004 = 230.69 crore = 6.77%

Variation between BE 2004-2005 and RE 2003-2004 = 230.69 crore = 6.77%

7. Allocation of funds at RE stage to the Ministry, Actual Expenditure and the unspent balances from the year 1997-98 onwards are given as under:—

(Rs. in crore)

Year	Total Grant (RE)	Actual Expenditure	Unspent Balance
1997-1998	1553.42	1509.03	-44.39
1998-1999	2236.17	2073.76	-162.41
1999-2000	2249.44	2133.16	-116.28
2000-2001	2720.72	2488.85	-231.87
2001-2002	2830.00	2624.55	-205.45
2002-2003	3200.00	3253.79	+53.79
2003-2004	3410.00	—	—
2004-2005	3640.69 (BE)	—	—

8. The comparative figures indicating BE, RE and Actual Expenditure from the year 2000-2001 onwards and the BE for the year 2004-2005 are as under:—

(Rs. in crore)

Major Head	BE 2000-2001	RE 2000-2001	Actual 2000-2001	BE 2001-2002	RE 2001-2002	Actual 2001-2002	BE 2002-2003	RE 2002-2003	Actual 2002-2003	BE 2003-2004	RE 2003-2004	BE 2004-2005	RE 2004-2005
2052-Sectt. Gen. Services	101.50	111.70	107.971	120.31	121.46	118.68	123.70	123.67	116.83	129.40	127.63	130.18	
2061-External Affairs	1387.67	1527.40	1380.53	1706.34	1683.18	1604.16	1809.70	1806.42	1845.70	1892.51	1845.39	1975.48	
2070-Other Administrative Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.93	19.76	35.00	24.00	0.00	
2075-Miscellaneous General Services	0.01	0.01	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.01	0.01	0.01	0.01
3605-Technical & Economic Cooperation with other Countries	731.50	716.80	660.69	709.07	729.72	631.84	886.73	928.75	939.96	982.07	1028.96	1158.39	
4049-Capital Outlay on Public Works	70.00	64.00	53.65	67.20	50.78	25.43	67.20	22.66	11.77	68.00	50.00	70.00	
4216-Capital Outlay on Housing	30.00	25.00	26.13	27.00	27.42	8.39	36.59	42.15	33.53	35.00	10.00	25.00	
7605-Advances to Foreign Govts.	305.01	275.81	259.86	253.46	217.43	236.05	314.41	254.41	286.24	268.01	324.01	281.63	
7615-Miscellaneous Loans	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	2625.72	2720.72	2488.85	2883.39	2830.00	2624.55	3238.34	3200.00	3233.79	3410.00	3410.00	3640.69	

9. Explaining the budgetary proposals of the Ministry of External Affairs, the representative of the Ministry informed the Committee during evidence as under:

“An area of legitimate concern of this Committee has been that there is a persistent pattern of variation between actual expenditure incurred and projected in both Budget Estimates as well as in revised estimates. In some cases, there are variations even between actual expenditure and final estimates. This points to the need for more realistic projection, more meticulous monitoring of our expending pattern. I wish to point out further that in the last year there has been a significant improvement in this respect. For example, between the year 1999-2000 and 2002-2003, unspent provisions ranged from Rs. 116.6 crore to Rs. 258.84 crore. But this year the figure of unspent balances is a more modest Rs. 66 crore. We are conscious of the fact that our performance in this respect is still not good enough and I wish to inform the Committee that we are now setting up a mechanism which is headed by the Foreign Secretary and which includes the Additional Secretary (Financial Advisor), as also the Additional Secretary (AD) to ensure quarterly review of our expenditure forecast on different Divisions of our Ministry. We trust that by putting in this mechanism in the subsequent year, we would be able to address this problem in a much more determined fashion.”

10. From the budgetary allocation of the Ministry of External Affairs, it is observed that allocation of Rs. 3238.34 crore at BE stage in 2002-2003 was reduced to Rs. 3200.00 crore at RE stage. However, as against the past trend of unspent balances and their ultimate surrender, the year 2002-2003 showed a different trend of an increase in Actual Expenditure *i.e.* 3253.79 crore. On being asked by the Committee as to what were the reasons for increase in the Actual for the year 2002-2003 as also under which Head this additional expenditure was incurred and how the Ministry managed to raise this amount, the Ministry stated that the increase in the Actual Expenditure *vis-a-vis* BE for the year 2002-2003 was on account of expenditure on the celebration of Pravasi Bharatiya Divas, payment to State Governments for Passport services, aid to Other Developing Countries mainly Afghanistan, aid for Disaster Relief and Multilateral Economic Relations Programme. The additional amount was obtained through the Supplementary Demands for Grants.

11. The Committee enquired as to what were the reasons for allocation of Rs. 6.00 crore in BE 2004-2005 for celebration of ‘Pravasi Bharatiya Divas’ in their budget, while a separate Ministry of Non-Resident Indians Affairs had been formed. The Committee quite categorically desired to know as to why this amount had not been allocated to Ministry of Non-Resident Indians Affairs and whether celebration of Pravasi Bharatiya Divas was not proposed to be organised by Ministry of Non-Resident Indians Affairs. The Ministry responded as under:

“Allocation of business of the new Ministry is yet to be finalized by Group of Ministers and therefore the provision for the Pravasi Bharatiya Divas has been reflected in the budget of this Ministry.”

12. Elaborating, however, the reasons for enhancement of Rs. 230.69 crore in BE 2004-05 over RE 2003-2004, the Ministry stated that the increase in nominal terms in BE 2004-2005 over RE 2003-2004 was primarily for activities of the Ministry of External Affairs such as establishment expenses in Embassies & Missions abroad, Aid to Other Developing Countries, Aid to African Countries and Special Diplomatic Expenditure.

13. From the Annual Report of the Ministry for 2003-2004, as per the observations made by the C&AG in respect of the Ministry of External Affairs, the Committee noted that the unspent provision registered a constantly increasing trend from Rs. 116.26 crore in 1999-2000 to Rs. 136.85 crore in 2000-2001, which further increased to Rs. 258.84 crore during 2001-2002. This affected many vital areas like Embassies and Missions, Aid to neighbouring countries and construction—External Affairs during 2001-2002 and these unspent provision was not being surrendered fully and timely as well. In this context, the Committee wanted to know as to whether there was an unspent provision for the financial years 2002-2003 and 2003-2004 as well. To this, the Ministry in a written submission stated:

“The unspent provisions in financial year 2002-2003 and 2003-2004 were as follows:

2002-2003	—	Rs. 138.96 crore
2003-2004	—	Rs. 66.44 crore

The savings in 2002-2003 occurred due to less expenditure than provided for in the Secretariat budget under the Heads of Salaries,

Office Expenses and Rents, Rates and Taxes Heads and in the budget of Embassies & Missions under the Heads of Office Expenses, Rents, Rates and Taxes and Publicity. Savings also occurred due to less than anticipated expenditure under the International Conferences/Meetings Head, less expenditure on Salaries, Rents, rates and taxes, Professional Services Heads of the Central Passport Organisation, less expenditure under Aid provisions for Bangladesh, Nepal, Myanmar due to non-materialisation of activities envisaged while making budgetary provisions. Saving also occurred in the Capital Section primarily due to non-utilization of loans by Bangladesh.

Savings in 2003-2004 occurred mainly due to less expenditure than provided for under Special Diplomatic Expenditure. Savings also occurred under the Salaries, Wages, Rents, Rates & Taxes, Advertising & Publicity heads of the Secretariat budget, Aid budgets to Bangladesh, Nepal, Sri Lanka, Myanmar, Aid to Other Developing Countries, Aid for Disaster Relief and in the provisions for Capital Outlay for Public Works.”

14. From the Annual Report of the Ministry for 2003-2004, the Committee again noted with concern the rush of Expenditure in the Ministry during the last quarter and last months of the last financial years, wherein it had been observed by the C&AG that under six major Heads during March, 2002 and the last quarters of 2001-02, the expenditure was rushed through to the tune of 31 to 65 per cent and 31 to 67 per cent of total expenditure under the major Heads respectively. Against this backdrop, the Ministry were asked to give reasons thereby. To this the Ministry submitted as under:

“With regard to Major Head 2061, as most of the accounts under this Head are rendered by Embassies and Missions, the actual booking of the expenditure takes place one to two months after the month in which expenditure is incurred. This leads to the impression of Rush of Expenditure in the last quarter.

As regards Major Head 3605 which caters to expenditure on Technical and Economic Cooperation with other countries and Major Head 7605 which provides for Loans and Advances to Foreign Governments are concerned, the identification of projects, concurrence of the recipient governments, and final completion of the project or aid tends to take place towards the end of the financial year which leads to the impression of Rush of Expenditure in the last quarter of the financial year.

Expenditure under the Major Heads 4059 and 4216 which pertain to Capital Outlay on Public Works and Housing respectively, also tends to get bunched towards the end of the financial year due to the procedures involved in getting clearances for various projects and other associated works.

In 2003-2004, through close monitoring, it has been possible to reduce the rush of expenditure during the last quarters and the last month of the financial year.”

15. The Committee had been emphasising in their Reports in the past years about the need of realistic budgetary projections. In their Eleventh Report (13th L.S.), the Committee had strongly expressed their displeasure over the increasing trend of saving and surrender in MEA budget and recommended that every effort should be made for realistic projection of budgetary proposals under different Heads of the grant taking into account not only the past trend of Expenditure on a particular item but also all other factors affecting the actual disbursement of funds under the Heads. The Committee had also advised the Ministry to devise a mechanism to ensure that the allocated funds are not kept parked for whole of the year resulting in their ultimate surrender.

16. In this context, the Committee enquired as to whether any mechanism had been devised by the Ministry to avoid the endemic problem of saving and surrender. The Ministry in a written reply stated as under:

“An Expenditure Monitoring Committee has been constituted to review the expenditure pattern on a quarterly basis in the first three quarters of the financial year and on a monthly basis in the last quarter, to ensure optimal utilization of funds. The Committee will also review quarterly expenditure forecasts. The surrender/savings have come down in 2003-04 as a result of close monitoring of expenditure.”

17. Upon this, the Committee desired to know the composition of the Expenditure Monitoring Committee and actual date of its constitution. The Committee also desired to know whether the aforesaid Committee has started functioning and what observations have been made by the Committee so far, in connection with the Unspent Provision as also the rush of expenditure in the Ministry in the last

quarter of the financial year and what corrective steps have been suggested to curb these recurring trends:

“The Ministry have submitted that the expenditure Monitoring Committee is headed by the Foreign Secretary. The other members of the Committee are the Additional Secretary & Financial Adviser and the Director (Finance) in the Ministry. The Committee was constituted in August, 2003.

The Committee has started functioning and conducted review of the expenditure. Suggestions of the Committee for various spending Divisions were: (a) Need for evenly spreading of expenditure throughout the year; (b) Need to anticipate excess/savings in a time-bound manner and the Monitoring Committee will continue to review the expenditure pattern and also expenditure plans on a quarterly basis and take necessary steps to ensure optimal utilization of allocations. In the last quarter of the financial year, the Committee will meet on a monthly basis to review the expenditure pattern to avoid rush of expenditure.”

18. Noting with concern the creation of two new minor Heads of Expenditure in the Budget proposals for the year 2004-2005, the Committee asked the Ministry to give the justification for inclusion of these two Heads, viz. (i) India-China Joint Study Group; and (ii) External Affairs Housing Complex, Dwarka, especially when the Committee had recommended for the non-creation of unnecessary and unwarranted Heads of expenditure. The Ministry submitted as under:

“The India-China Joint Study Group will consist of officials and economists to examine the complementarities between the two countries for expansion of trade and economic cooperation in accordance with the decision taken during Prime Minister’s visit to China in June 2003. This is a new activity and the new head will meet expenditure on Secretariat of the Indian component of the Group.

The External Affairs Housing Complex, Dwarka, has recently been made available for occupation. With the occupation of the dwelling units in the Complex, there will be need for maintenance etc. As the expenditure on this Complex cannot be debited to the existing heads, a new head has been created. The esteemed Committee’s observation regarding non-creation of unnecessary and unwarranted Heads of expenditure has been noted.”

19. During the evidence on Demands for Grants 2004-2005, the Foreign Secretary stated:

“The Government is in agreement with the past recommendation of the Committee that creation of new Heads is to be avoided to the extent possible. For the Budget year 2004-2005, two new minor heads one on Indo-China Joint Study Groups, and the other on External Affairs Housing Complex at Dwarka were proposed to be created. However, we have now re-examined this issue and have tentatively decided that expenditure proposed in these new Heads can be adjusted under some of the existing Budgetary Heads. So, the Ministry intend to consult the Ministry of Finance for a decision in this matter.”

20. The Committee are happy to note that the unspent provision in the financial year 2002-2003 and 2003-2004 was Rs. 138.96 and Rs. 66.44 crore respectively-which reflects a decreasing trend and hope that this trend will continue in coming years as well. The Committee feel that the apparent cause of unspent provision was due to the non-materialization of projects/schemes envisaged at the time of making the Budgetary provisions. The Committee hope that assessment of expenditure under various Heads at the RE 2004-2005 stage are realistic and that there is no unspent balance and there will not be the need for surrendering any funds. The Committee, therefore, recommend the Ministry to ensure timely materialization of all the schemes/projects envisaged at the time of making the Budgetary provision.

The Committee also feel that the practice of constitution of Committees every now and then over routine administrative matters is totally unwarranted especially when the Foreign Secretary himself being at the helm of affairs of the Ministry can look directly into such matters on his own and ask any Department the reasons for not spending the allocated funds for the envisaged projects/schemes in a timely and proper manner. Once the budget has been allocated and if the money is not spent by the respective Divisions in the Ministry in the desired way, the persons concerned may be held responsible therefor and taken to task for the same. As such the Committee do not appreciate the creation of an Expenditure Monitoring Committee to review the expenditure pattern in the Ministry. In the opinion of the Committee this certainly is not a welcome trend. The Committee recommend the Ministry to have a fresh look into the matter.

(Recommendation No. 1)

21. The Committee note with concern that under the six major Heads during March 2002 and the last quarter of 2001-2002, the expenditure was rushed through to the tune of 13 to 65% and 31 to 67% under the major Heads respectively. Although the Ministry has advanced many reasons for the rush of expenditure and also submitted that, in 2003-2004, through close monitoring, it has been possible to reduce the rush of expenditure during the last quarter and the last month of financial year, the Committee find themselves in total disagreement with these reasons. The Committee are of the considered view that the rush of expenditure could be reduced by the distribution of work evenly-throughout the year-as it has now been suggested by the Expenditure Monitoring Committee, appointed to this effect. The Committee recommend that, at the planning and preparation stage of projects/schemes, a detailed time schedule should be drawn and all efforts should be made to complete the projects in the same manner, so as to reduce the rush of expenditure in the last quarter of the year and curb the perpetual trend of saving and surrender in the Ministry.

(Recommendation No. 2)

22. The Committee are constrained to note that the Ministry have created two new Heads namely (i) India-China Joint Study Group; and (ii) External Affairs Housing Complex, in the Budget 2004-2005. While the Committee appreciate the thrust given by the Government to India-China bilateral cooperation, the reasoning given by the Ministry that this is a new activity and the new Head will meet expenditure on Secretariat of the Indian component of the Group is not acceptable to the Committee because the expenditure under this Head could have been clubbed with the existing minor Head viz. "India-China Eminent Persons Group", which caters to similar kind of expenditure. Rather than creating another minor Head the budgetary allocation under the latter may have been augmented to meet the expenditure thereunder. During the evidence, however, the Ministry were also candid enough to concede to the wisdom of the earlier recommendation of the Committee regarding non-creation of unnecessary and unwarranted Heads of expenditure and admitted to having tentatively decided that expenditure proposed in these new Heads can be adjusted under some of the existing Heads. The Committee appreciate this action on the part of the Ministry, though taken as an after thought and recommend that the Ministry should bear this fact permanently in mind and make every effort to streamline the Heads of Expenditure.

(Recommendation No. 3)

B. RENTS, RATES, TAXES

a. Secretariat: 2052-02.00.14

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	5.20	6.50	5.77
2000-2001	8.58	13.00	11.78
2001-2002	13.65	13.65	10.63
2002-2003	13.65	11.65	6.40
2003-2004	12.00	11.25	—
2004-2005	11.25	—	—

b. External Affairs : Embassies and Missions: 2061-00.00.14

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	149.85	163.34	156.23
2000-2001	165.00	167.00	157.25
2001-2002	175.00	180.00	170.68
2002-2003	189.44	188.44	191.92
2003-2004	195.02	177.02	—
2004-2005	207.60	—	—

c. External Affairs : Passport and Emigration : 2061-00.105-00.00.14

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	2.85	3.80	1.85
2000-2001	3.80	7.50	4.16
2001-2002	7.75	8.10	5.92
2002-2003	7.80	7.00	3.62
2003-2004	8.00	6.50	—
2004-2005	6.50	—	—

23. In reply to a query as to explain the reasons for variation in BE and Actual Expenditure under these Heads and what measures had been taken to avoid such variations, the Ministry in a written submission stated as under:

“The budget provision was made keeping in mind the increasing outgo towards the rental of properties and rising costs of electricity and maintenance and the provision was made for the renting of buildings for the three new passport offices. This did not materialise during the year.

As regards the Secretariat, the saving is mainly on the rental liability for Akbar Bhavan for which rentals are being paid at old rates, awaiting Fair Rent Certificate. Provision had been made to meet payment of enhanced rent and arrears.

In the case of Embassies & Missions, the expenditure is in excess which could be attributed to increase in exchange rate and inflationary trends.

In the case of Passport and Emigration, provision had been made for payment of rents for the premises occupied by Passport Offices and other charges. However, actual payment was less because of non-receipt of demand for rental for some offices and non-finalization of lease deeds. Proposals for hiring of accommodation for three Passport Office for which provision had been made did not materialize leading to savings.”

24. The Ministry further explained that they proposed to address the issue by pursuing the matter of Fair Rent Certificate for Akbar Bhavan and settle the same and also to advise Passport Offices which are on rented premises, to pursue with the concerned Departments and settle the rental and other dues. Details of paid or payable rentals and other dues by each such office is being called for along with reasons, if any, for non-payment.

25. In reply to a further question regarding huge variation in BE 2004-2005 and expected time to get the Fair Rent Certificate in respect of the Akbar Bhavan, the Ministry in their written submission stated that the provision is primarily to cater the rentals of Akbar Bhavan. The variation is on account of provision made for payment of enhanced rent and arrears, if any, to NDMC who have been demanding a much higher rentals than is being paid to them at present. The Ministry further stated that the terms of Fair Rent Certificate already issued by

the CPWD for Akbar Bhawan are not acceptable to NDMC and the matter is under negotiation with the NDMC and after mutually acceptable terms for rentals are agreed upon, CPWD would be approached to review the existing Fair Rent Certificate. The matter is being pursued with NDMC for finalizing the lease deed.

26. The following figures indicate the rental outgo of Ministry of External Affairs during the last 5 years and BE of 2004-2005:

(Rs. in crore)

Year	Major Head 2052-Sectt. (MEA)	Major Head 2061- External Affairs- Embassies & Missions	Minor Head -Passport & Emigration	Total
1999-2000 (actual)	5.77	156.23	1.85	163.85
2000-01 (actual)	11.78	157.25	4.16	173.19
2001-02 (actual)	10.63	170.68	5.92	187.23
2002-03 (actual)	6.40	191.92	3.62	201.94
2003-04 (BE)	12.00	195.02	8.00	215.02
(RE)	11.25	177.02	6.50	214.77
2004-05 (BE)	11.25	207.60	6.50	225.35

27. The above table indicates the increasing trend of total rental liabilities of the Ministry. In this context, the Ministry were asked to explain the action taken/being taken to salvage the situation in the coming years. The Ministry replied:

“The increase in rental liability is attributable to general increase in rents during the last five years, worldwide. We also have, during the period opened new Missions and Posts in Kabul, Jalalabad, Herat, Kandahar, Mazar-e-Sharif, Zahidan, Mandalay, Abuja, Astana, Munich, Bandar Abbas and Birganj. The Ministry had identified

the stations where high rentals are being paid. Purchase proposals/ construction projects are being undertaken at these stations to acquire own properties for decreasing rental liability and in so far as Central Passport Organisation is concerned, efforts are now being made to move more and more Passport Offices to owned premises. In the year 2003-2004 RPO Chandigarh shifted to its own building. The new premises for PO Lucknow is under construction, Proposals to construct Office and residential buildings for Passport Offices at Kolkata and Bangalore have already been approved. Proposals for Bhubneshwar and Jaipur have already been initiated and final approval is expected shortly. There is also a proposal to construct office building of RPO Guwahati for which a plot of land has already been acquired. Other offices have been reminded to identify suitable plots of land to initiate the proposals.”

28. In reply to a question as to how do the Ministry ensure that the contracts/agreements for the purpose have tenant friendly conditionalities regarding escalation clause, maintenance etc., the Ministry stated as under:

“.....Suitable properties are short-listed by the Mission/Post from local rent advertisements, sometimes with the help of rental agencies and proposals are sent to Ministry in prescribed format with Mission’s recommendations. In certain cases a Property team, consisting of officers from the Ministry, makes an on-the-spot assessment before signing of the lease.

Missions/Posts are advised to sign the lease for hiring as per standard lease deed devised by the Ministry. The lease deed is signed normally without any mid-term escalation of rentals and incorporates a ‘Diplomatic Break clause’ which provides for premature termination of lease should Indian Government decide to wind up its Mission/Post in the country or where Indian Government decides to go for acquisition of permanent asset.”

29. The Ministry were also asked to intimate as to how many rented properties, both official and residential had been vacated by the Ministry in order to shift them to permanent assets during the last three years and what had been the consequential savings in the rentals due to these shiftings. As per details furnished by the Ministry, the offices/residences shifted to Government own assets during the last

three years and the rental savings are as under:

Sl. No.	Name of the Mission/Post	Details of the property	Yearly savings in Indian Rupees
1.	PMI New York	PR's residence	1,56,80,700
2.	CGI Chicago	CG's residence	45,80,400
3.	Gaborone	Embassy Residence	10,76,500
4.	Abu Dhabi	Chancery	75,00,000
5.	Abu Dhabi	Embassy Residence	48,75,000
6.	Berlin	Chancery & 13 Residences	10,00,00,000
Total			13,37,12,600

30. On being asked to furnish in chronological order, the deadlines fixed for replacing rented properties both in India and abroad during the current financial year and the next three years and also the properties earmarked for replacement during the aforesaid period, in India and abroad including those being acquired for ICCR, the Ministry replied as under:

“A list of stations where rentals for Chanceries and Embassy Residences are the highest has been drawn. Efforts will be made to acquire properties at these stations on priority basis during the current financial year. Additionally, out of the earlier list of 14 stations of high rentals the Ministry will concentrate on construction projects in Kathmandu, Moscow, Beijing and other stations where collective rentals liabilities are the maximum. Fresh lists would be drawn only after reviewing progress on these stations. The construction projects are in advanced stages of planning, and Missions where rental liabilities are high have been asked to send viable purchase proposals for consideration of the Ministry.”

31. The Ministry were asked to state the present position in regard to purchase/construction of own properties at 14 highest liability Missions to reduce the rental liabilities and also how many years the Ministry were going to take for completion of construction projects like additional building for Chancery in Budapest, construction of a Cultural Centre and redevelopment of Chancery and residences in

Tokyo, redevelopment of Chancery and residential block in Singapore and staff residences in Nicosia. The Ministry responded:

“It will be seen that purchase proposals have been implemented in three of these, namely, Chicago, Panama and Prague during the last financial year.

Construction projects are under implementation in 6 stations, namely, Muscat, Beijing, Tashkent, Kathmandu, Dhaka and Moscow, of which for the first two projects, *i.e.* for Muscat and Beijing, and for the redevelopment of PR’s Residence in Geneva financial approvals have been received. In the case of Shanghai, discussions for settlement of the property issue are underway with China to resolve the matter. In the case of Baku and Sofia, our Missions have conveyed that the real estate market is not stable and dependable at the present point of time and proposals for purchase of property will be initiated at the appropriate time.

For the Chancery Annexe project in Budapest an Architect was appointed to draw a design concept and submit preliminary estimates. In the advice of the Mission, the design is being modified and a fresh cost estimate is being formulated. The planning will take six months and construction about 18 months. In the case of Tokyo, a comprehensive proposal for the development of all GOI properties has been initiated. The Ministry have approved the design brief and terms of reference and Japanese architects are being invited to submit their design proposals for consideration. A time frame is being worked out. In Nicosia, the cost of development of the plot of land has not been found to be economically viable, as per GOI norms. The project proposals for Singapore is pending with the Ministry of Finance for approval of the Committee for Non-Plan Expenditure.”

32. Elaborating over the issue of acquisition of properties abroad, the Foreign Secretary informed the Committee during evidence as under:

“This Committee has placed considerable emphasis on the need for our Ministry to acquire their own properties, both abroad as well as at Headquarters. This is very judicious advise which must be implemented for the sake of generating greater savings in respect of rents, rates and taxes that we pay. Out of the 14 places which were identified by the Committee for expeditious action to acquire or to build our own properties, I wish to inform you that this has already been implemented in respect of three Mission-Chicago,

Prague and Panama during the financial year 2003-2004. There are seven projects which we are undertaking to build and these are in the various stages of processing and implementation.

We have gone into the reasons why there are delays in the acquisition of property or in the execution of projects for buildings required by our Ministry. Firstly, we find that there is very little sanctity attached to the finalisation of designs for the buildings. A change of Head of Mission may result in our demand for design modification. The same is true of changes at decision-making levels at the Ministry itself. We now intend to lay down as an invariable principle that designs which are once decided cannot be altered.

We also need to re-examine the economic viability formula which is the basis for the acquisition of property abroad. The formula perhaps, as you know, is linked to the multiple of the annual rental value currently applicable to properties which are occupied by the Mission. In many countries we find that there is really very little linkage between the level of rents being paid and the cost of built up properties which may be suitable for Embassy premises. We need to have more flexibility in this respect and this is something that which we are hoping to examine further.

As a general point I would like to seek the understanding of the Committee that such projects imply expenditure of considerable sums of Government money and, therefore, there is need for careful examination of all aspects of our proposed delay before an irrevocable decision is made.”

33. On being asked whether the construction of Embassy Complex in Brazil was likely to be completed within the time schedule submitted earlier by the Ministry, the estimated cost of construction and steps taken by the Ministry in pursuance of the Committee’s recommendation for shortening of time span of the schedule and early construction of Embassy Complex in Brazil, the Ministry replied as under:

“Based on the local practices and the fee structure laid down by the Brazilian Council of Architecture, the Ministry have approved the revised fee of the Architect.

The Architect will provide the preliminary cost estimates after signing the Agreement, based on which the financial approval from CNE will be obtained.

The Architect has been raising demands for different clauses in agreement on piece-meal basis. After his higher fee was approved by the Ministry, he raised the question of safe-guard of his fee against local inflation. The Mission has now provided the requisite details and the same is being examined by the Ministry.

The time schedule submitted by the Ministry can not be adhered to as the Architect chosen for the project has delayed signing of the agreement on account of above.

Fresh comprehensive cost estimate, including cost of interior designing works, architect's fee and construction management charges would be drawn up by the Architect after the agreement is signed with him. As per the initial estimate submitted along with the design concept on 7.7.2003, the estimate for civil works is US\$1.41 million.

The Ministry had begun in right earnest and has tried to follow the time schedule fixed for the project. The design brief, terms of reference and honorarium for design entries were finalised in March 2003 and accordingly design entries were invited. The design competition was held on 30.9.2003, and after evaluation of the entries by the Project Design Selection Committee of the Ministry, headed by the Foreign Secretary, the selection was finalised in October 2003 and the Brasilia-based Architect, whose design entry was chosen, was asked to sign the agreement as per the terms of reference based on which he had participated in the design competition. The Architect responded with modification to the Agreement. These points had not been raised by him initially. Undue delay has taken place as the Ministry has to examine the financial implications of the new demands of the architect in order to protect the interests of the Government of India. Both the Mission and the Ministry hope to resolve this issue at the earliest."

34. During the course of Examination of Demands for Grants of the Ministry of External Affairs for the year 2003-2004, in reply to a question the Ministry had stated that the proposal from Ulaanbaatar was not found economically viable and also the property was not encumbrance free.

35. In response to a question as to whether there are any proposals with the Ministry to acquire/purchase the properties presently on rent in India and abroad in the near future for the purpose of creation of permanent assets of the Government so as to reduce the rental liabilities

of the Ministry, the Ministry in their reply, however, stated that there are proposals to acquire the existing rented Chanceries in Dushanbe, Phuentsholing, Embassy Residence in Caracas, Chancery and Embassy Residence in Ulaanbataar.

36. In the wake of above noted contradiction, on being asked to state as to what has necessitated the Ministry for a change of mind with regard to the proposal pertaining to Ulaanbaatar property, the Ministry submitted:

“The cost of the property in Ulaanbaatar was very marginally below the criterion of economic viability of Government. As for the encumbrance, there is a structure on the land rented out to another organization. The Mission has informed that it is a separate building having independent entry. AS (AD) had inspected the Mission in June 2004 and it was recommended that the Ministry review the purchase proposal, in view of the excellent location of the property, likely increase in property prices in the near future due to opening up of new Foreign Missions, and the possible requirement for extra space in future in tandem with the increasing bilateral activity. Purchase of the property rather than renting it, is also in conformity with the views of the Standing Committee of Parliament on External Affairs. The Committee has also recommended that where other factors are favourable, the economic viability criterion need not pose any restriction in the acquisition of a property.”

37. The Committee observed that the Actual Expenditure on account of “Rents, Rates Taxes” under the Heads Secretariat and External Affairs: Passport and Emigration, has been less than REs from the year 1999-2000 onwards. The reasons cited by the Ministry for projecting high REs due to rising cost of property, electricity, maintenance and increasing outgo towards the rental of properties are not convincing as the Committee feel that the Ministry have failed in making accurate estimation of requirement of funds even at the RE stage. They are surprised to find that the unrealistic projection of budgetary requirements has become the order of the day in the Ministry and the reasons cited therefor too appear to be monotonous. The assurances given by the Ministry in the last two years have not yielded any results as huge variations still continue. The Committee express their strong displeasure over this continuing trend and recommend again that the Ministry should take concrete steps to avoid such variations in future while preparing the REs on

the basis of actual trend of expenditure so as to avoid huge unspent balances towards the close of the financial year.

(Recommendation No. 4)

38. While the Committee can understand the slippages taking place in the physical and financial performance of the Ministry in projects abroad because of location specific laws, rules and regulations, etc. on which they have no control, the Committee take a serious note of the laxity in case of projects even at the domestic front. While the Ministry have reported savings under the Head "Secretariat" in respect of rental liabilities for Akbar Bhawan for which rentals are being paid at old rates, awaiting Fair Rent Certificate, at the same time, it has been stated that provision had been made to meet payment of enhanced rents and arrears. The Committee are at a loss to understand as to why this issue has been allowed to drag on for so long, specially when the matter has to be settled between the two agencies of the Government of India. The net result is that the Ministry have been having a surplus of 30 to 45 per cent even in the Revised Estimates during the last three years. The Committee, therefore, recommend that the Ministry should now focus on this issue with a view to sorting it out forthwith.

(Recommendation No. 5)

39. The Committee also observe that the BE for Major Head 2061 for the last financial year (2003-2004) was Rs. 195.02 crore. The RE were scaled down by almost 10 percent to Rs. 177.02 crore. The Actual Expenditure submitted to the Committee subsequently was, however, Rs. 198.18 crore. In all, the Ministry's calculations have gone awry by more than 20% under this particular Head. This clearly shows an imprudent handling of financial resources by the Ministry and the Committee would definitely like to be apprised of the reasons behind this flip-flop.

(Recommendation No. 6)

40. From the Ministry's submission the Committee have noted that a sum of Rs. 13,37,12,600/- is being saved on account of rentals abroad due to shifting of offices/residences to Government owned properties during the last three years. This is less than 7% of the rental outgo under the Head "Embassies and Missions". Keeping in view the not so heartening performance of the Ministry in reducing its rental outgo, the Committee are of the firm opinion that the Ministry should without wasting any further precious time in the matter work out clear cut targets and deadlines for replacement of

rental properties in the current financial year as also for the next three financial years.

(Recommendation No. 7)

41. The Committee have gone into the explanation furnished by the Ministry in the matter of inordinate delay in the construction of Chancery Complex in Brazil. It is incomprehensible as to why the architect who had applied for the tender with the fair knowledge of terms and conditions had been allowed to raise demands for different clauses in the Agreement. The most galling part is that the Ministry while catering to the whims and fancies of one individual has allowed such an important project to be delayed inordinately. In this context, the Committee would like to know as to whether the possibility of appointing a different architect was explored. Notwithstanding the Ministry's inability to adhere to the time schedule submitted earlier for the Brasilia project, the Committee would recommend this project to be completed on time—even if it requires extra efforts on the part of the Ministry.

(Recommendation No. 8)

42. In spite of the clarifications given by the Ministry, the Committee still have their apprehensions about the status of the land being acquired for Chancery-cum-residences at Ulaanbaatar. While in the first instance, it was pointed out by our Mission that the property was not encumbrance-free as there is a structure on the land rented out to another organisation, the Mission has subsequently informed that it is a separate building having independent entry. The Committee would, therefore, like the Ministry to make it absolutely sure that the land being acquired is really free from encumbrances and that there will be no problems in the future *vis-a-vis* the party, which had raised a stake on the land.

(Recommendation No. 9)

C. ADVERTISING AND PUBLICITY

a. Secretariat : 2052-02.00.26

(Rs. in crore)

Year	BE	RE	Actual
1	2	3	4
1999-2000	16.50	11.00	10.10
2000-2001	17.50	13.00	15.05

1	2	3	4
2001-2002	17.50	20.00	22.52
2002-2003	20.00	20.25	22.41
2003-2004	23.50	21.36	—
2004-2005	21.78	—	—

b. External Affairs—Embassies & Missions : 2061-00.00.26

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	22.50	22.38	15.68
2000-2001	23.65	24.40	15.18
2001-2002	25.62	19.68	15.08
2002-2003	25.62	25.34	18.93
2003-2004	25.64	22.08	—
2004-2005	21.92	—	—

43. On being asked to furnish the likely Actual Expenditure under both the above Heads in the year 2003-2004, the Ministry in their reply had stated that the Actual Expenditure for 2003-04 under “Advertising and Publicity” for “Secretariat” was likely to be Rs. 13.30 crore and the Actual Expenditure for 2003-04 under “Advertising and Publicity” for “Embassies and Missions” was likely to be Rs. 17.92 crore.

44. In reply to a query as to what reasons could be attributed for the failure of the Ministry in accurate estimation of requirements under these Heads at RE stage and over projection of the funds in the Budget Estimates, the Ministry submitted as under:

“The over projection of the funds in BE has been there in the case of “Embassies and Missions” since the Ministry ensures that the Missions are not put under budgetary constraints in fulfilling the country’s foreign policy objectives and that special initiatives taken by the Ministry and the Missions abroad are not adversely affected due to paucity of funds.

The publicity budget for certain Missions is kept higher than the anticipated level. This is essential because expenditure on VVIP visits, newspaper supplements, advertisements etc. cannot be accurately anticipated well beforehand. These activities are driven by unexpected events and situations. A certain cushion in the Missions' estimates is therefore consciously needed because the demands for funds can be sudden and substantive *e.g.* a one page advertisement in the New York Times could cost as much as \$ US 60,000.

A flexible estimate of requirements at RE stage is essential for specific events scheduled towards the end of the financial year or projects that are expected to be completed by the end of the financial year. However, some of these events/projects come to fruition in the next financial year because of lack of approvals, policy clarifications etc.”

45. In response to a question regarding non-utilization of allocated funds under the Head “Embassies & Missions” over the last several years while over-utilisation of the funds under the Head “Secretariat”, the Ministry replied as under:

“The Committee may note that there is a clear trend of increasing publicity expenditure under the Head “Embassies and Missions”. There are several Missions which are fully utilizing their publicity budgets.

In the past years the under-utilization was mainly because of major unexpected events like September 11 attacks, terrorist attack on Parliament, Gujarat riots etc. which required instant responses by the Missions, more in the nature of crisis management to ensure objective and correct portrayal of the Indian stand in international media. This work, though extremely demanding in terms of time and effort, was not necessarily hard on budget. The nature of the publicity activity that followed such events usually focused on personal meetings with opinion makers, supply of updated information, interviews and briefings, provision for emergency information etc. Such events affected “normal” publicity work on the basis of which the budget may have been projected—organizing seminars, film festivals, bringing out publications and special supplements and so on.

The under-utilization could also be due to local contingencies like last-minute cancellation of event(s) because of prevailing local

conditions, cancellation of expected visits by dignitaries from India and postponement of projects due to conditions beyond the control of the Missions.

A major reason for the Actual Expenditure being lower than estimated has been the increased reliance by our Missions abroad on modern communication technology *e.g.* use of e-mail for communication and dissemination of publicity material through Ministry's/Missions' websites. Many Missions, though, cannot fully rely on such means because of the expectations of local audiences, a section of which continue to demand printed hard copies. These Missions are in a transition phase and may actually incur savings during the year by increasing the reliance and popularity of electronic means.

The Committee may, however, note that the Ministry have been working in a coordinated fashion with all Indian Missions abroad in drawing up their annual publicity plans for better utilization of publicity budget. The Missions that are not able to fully utilize their budget are advised to review their publicity objectives and methodology so as to ensure that the funds available are not underutilized.

With the constant expansion of media activity in India, there has been substantial pressure on the budget resources available for publicity at headquarters. The Ministry have tried to keep pace with media demands both in terms of technology and infrastructure. Some projects have come to fruition within a year though they were not foreseen before the start of the financial year. In addition, our Missions depend heavily on the Ministry for print and audio-visual material on specific events/issues like September 11, December 13 attack on Parliament, Gujarat riots, elections etc. that could not be anticipated at the time of projecting budget demands. This has also been a cause of over-utilization of funds in some years.”

46. To a pointed query by the Committee as to whether the Ministry felt that the advertising and publicity objectives required any re-orientation due to changing eco-political scenario during the recent years, the Ministry responded as under:

“The publicity and advertising objectives of the Ministry are designed keeping in view the changing economic, political and

security scenario. In addition to traditional Indian themes for publicity like India's rich cultural heritage, strength of India's secular fabric, non-alignment, tourism etc. there has been a conscious effort to project modern India to the world audience by highlighting the impressive achievements of the Indian economy, rapid strides made by India in IT and S&T, global appeal of popular Indian films, immense potential for tourism in India etc. India has also been projected as a prime destination hub of the 21st century for overseas investment and a reliable trading partner. The Ministry has been interacting closely with all apex chambers of commerce and industry and economic Ministries in designing its publicity programs.

Over the last few years, External Publicity Division has brought out publications and commissioned documentaries on a wide variety of developmental subjects such as agriculture, industry, space and environment. The focus of Ministry's publicity efforts has also been on projecting Government's principles and policy relating to the fight against terrorism, especially cross-border terrorism. After the September 11 attacks and the attack on the Parliament these policies have been articulated in a transparent and cogent manner. Special sections on the war against terrorism and on Jammu & Kashmir also appear on the website.

India's excellent relations with its neighbours and major countries of the world and the increasingly important role being played by India in the international arena have been highlighted. Other contemporary foreign policy issues like SAARC, Disarmament, Indian Ocean Rim, ASEAN and BIMST-EC have also been suitably addressed in publicity efforts. With the emergence of India as a donor country to several developing countries in Asia, Africa and Latin America, the Ministry has been publicizing the financial/technical assistance as also training/scholarships being provided by it under various programmes.

A few examples of the re-orientation brought about in the Ministry's publicity efforts in keeping with the changing scenario were as follows:

In the year 2003-04 a crisp 15-minute film, "Fulfilling the Vision", showcasing modern India and the rapid strides that the country has taken, particularly in infrastructure, space and IT over the last few years was produced. Many Missions used the film during the Republic Day 2004 celebrations.

In view of the emerging global economic issues and to effectively counter different types of non-tariff barriers, the Ministry is working on a film on “Child Labour in India”. Following India’s success in pharmaceuticals and IT sectors, the Ministry has decided to project India’s prowess in the sunrise sector of biotechnology with a film titled “New Horizons”.

Special publications “India: Scripting Future Histories” (in Chinese, English, French, Italian, Japanese and Urdu) and “Afghans First: India at work in Afghanistan” showcasing India’s aid to Afghanistan were also brought out in 2003-04.”

47. To a related query as to how these were redesigned and reoriented with the advent of the medium of infotechnology, the Ministry replied as under:

“The Ministry have been laying stress on the use of Information Technology tools in the pursuit of achieving its publicity and advertising objectives. The Ministry’s website <http://meaindia.nic.in> has proved to be a vital tool in dissemination of information related to India and the Ministry. The website is updated on a real time basis (frequently several times a day) with latest press releases, briefings, statements, documents, reports, Question-Answers in Parliament, interviews and relevant articles and opted pieces from Indian and international press. In addition, hyper links are provided to websites of Indian missions, States, ministries and reputed organizations. Audio-visual material is also incorporated. Most of the publications brought out by the External Publicity Division of the Ministry are uploaded on the website in time-bound manner. Several Missions also have their own Websites, in many cases bilingual, to cater to the local requirements. The Missions have been establishing/upgrading their websites regularly and are making maximum use of IT tools.

MEA Newswire, the weekly newsletter of the Ministry covering important developments of the week targets intellectuals, opinion-makers, think-tanks and India-watchers across the globe. Similarly, many Missions have also been issuing electronic newsletters.

An electronic Notice Board has also been created for disseminating information like feature articles, photos etc. which are of direct relevance for Indian Missions abroad. The Ministry have also been making efforts to disseminate most of its material in the forms of audio/video CDs and CD-ROMs, which are more efficient and durable forms of data storage as compared to traditional means.”

48. Against the backdrop that the need for stepping up information campaigns both at Headquarters and Missions/Posts level for projecting a positive image of the country abroad has been stressed by the Parliamentary Committee time and again, the Ministry were asked as to what measures have been initiated by them to this effect. The Ministry submitted:

“The Ministry have adopted a multi-pronged approach for stepping up information campaigns both at Headquarters and Missions/Posts using most modern tools for publicity. Some of these measures include:

Creation/maintenance of user-friendly and regularly updated websites at Headquarters and Missions/Posts.

Commissioning of documentary films by producers of repute for projection abroad of a positive image of India.

Supply of books, brochures, children kits, VCDs and audio CDs for library and presentation purposes and documentaries and films for telecast on foreign TV networks.

Organizing film festivals, seminars, conferences, India weeks abroad
Organizing familiarization visits for foreign journalists on Government of India’s hospitality, including for ethnic media on Pravasi Bharatiya Divas to give them first-hand experience of modern India.

Supply of relevant articles and photos to Missions/Posts for publication in foreign newspapers/magazines and for special supplements on the occasion of Republic Day/Independence Day.

Publication of the Ministry’s flagship monthly magazine “India Perspectives” in 10 international languages to ensure widest possible reach.”

49. Elaborating further on the publicity and media interaction efforts of the Ministry, the Foreign Secretary during the evidence informed the Committee as follows:

“What we are looking at is arranging media interaction in different, centres, using also the infrastructure which is already available with the Ministry of Information and Broadcasting. They also have facilities in various State capitals. This is what we intend to do.

We can work together and cooperate together with them and at regular intervals arrange media interaction for local media where we can bring to their attention the initiatives which have been taken in the field of foreign policy which would have an impact on that particular region. It is because we are living in a more globalized world. Whatever happens outside has also an impact inside. This is really the objective of that exercise.”

50. The Committee desired to know apart from USA, whether the Ministry have taken recourse to appointment of lobbying firms to supplement the efforts of its Missions in other countries also and which are the countries where such appointments have been undertaken during last five years. To this, the Ministry replied that they have not appointed any lobbying firms in other countries, apart from USA.

51. In reply to a further question as to what were the reasons for not appointing any lobbying firm in other countries, apart from USA and whether the Ministry think that there was no need to appoint any lobbying firms in other countries of world, the Ministry replied as under:

“Formal and open lobbying through paid lobbyists in USA is a legal and acceptable method of providing inputs to shaping opinions of decision makers. This is done openly and actively in USA by a large number of countries. However, the situation is different in other countries and regions. Lobbying is either not legal or non-existent. The Ministry keeps a constant eye on the evolving situation in all countries where significant interests of India are involved. Desirability and feasibility of hiring lobbying firms is the main criteria for not hiring any lobbying firms in other countries at present.”

52. The Committee have noted that the non-utilisation of allocated funds for Advertising and Publicity under the Head “Embassies and Missions” during all the 5 years for which the information had been furnished by the Ministry is largely due to reasons beyond the control of the Ministry. In so far as the expenditure on Advertising and Publicity under the Head “Secretariat” during the last financial year was concerned, the Committee observe that the BE for the purpose was Rs. 23.50 crore which was scaled down to Rs. 21.36 crore at the RE stage and the likely Actual Expenditure under the Head is expected to be in the vicinity of Rs. 13.30 crore. The Committee are not convinced by the reasons advanced by the

Ministry for the substantial under-utilisation of funds under this Head. In fact, the Ministry's response in the matter contradicts their own replies to other queries where an increasing trend in the expenditure on Advertising and Publicity under Secretariat Head has been justified because of increasing reliance of the Missions and Embassies on Advertising and Publicity material from the Headquarters. In the opinion of the Committee, Advertising and Publicity provide the most important interface for projection of the country's image as also for improving bilateral relations. Any under-utilisation of funds meant for the purpose, therefore, is directly indicative of the missed opportunities. The Committee, therefore, strongly recommend that the utilisation schedules for this purpose are very carefully drawn and funds allocated for the purpose spent with due prudence.

(Recommendation No. 10)

53. The Committee have noted that the Ministry are utilising the services of one or another lobbying firms in USA to further the interest of the country. According to the Ministry the efforts of the Lobbying Firm have yielded positive results. The Committee would also recommend the Ministry to explore the possibility of having the assistance of NRIs, wherever, they might prove to be beneficial for furthering the interests of the country.

(Recommendation No. 11)

D. PROFESSIONAL SERVICES

a. Secretariat : 2052-02.00.28

(Rs. in Lakh)

Year	BE	RE	Actual
1999-2000	06.00	30.00	17.23
2000-2001	40.00	55.00	54.05
2001-2002	40.00	20.00	3.66
2002-2003	20.00	20.00	10.00
2003-2004	20.00	20.00	—
2004-2005	20.00	—	—

External Affairs—Passport and Emigration:**(2061-02.105—00.00.28)****(Rs. in Lakh)**

Year	BE	RE	Actual
1999-2000	75.00	119.27	00.46
2000-2001	200.00	200.00	181.65
2001-2002	210.00	240.14	199.09
2002-2003	138.57	108.57	3.52
2003-2004	115.50	103.95	—
2004-2005	106.10	—	—

54. On being asked to furnish the likely Actual Expenditure under both the above mentioned Heads during the year 2003-2004, the Ministry stated that the Actual Expenditure under the above head during the year 2003-2004 was Rs. 731600.00 This does not include the expenditure incurred by BSM Division. The Ministry further stated that the BE figures for CPV Division under this Head for 2003-2004 was Rs. 15.50 lakh. The proposed BE figures for 2004-2005 has been kept at Rs. 11.6 lakh.

55. When asked to explain the reasons for fluctuation of Budget Estimates under the Head “Passport and Emigration”, the Ministry replied as under:

“The reason for keeping the BE figures at a much higher level than the Actual Expenditure is that the Standing Committee on External Affairs in its Ninth Report have recommended to form a separate panel of Advocates for court cases particularly of Extradition proceedings. The matter has been taken up the Ministry of Law & Justice. A final decision is yet to be taken. However, adequate provision for the same was made in BE 2003-04 and has been projected by CPV Division in BE 2004-05.”

56. Further, in reply to a question, whether the Ministry have selected the advocates for inclusion in the panel of Special Counsels for extradition cases and what are the terms and conditions for the Counsels to be engaged for the purpose, the Ministry in a written

submission stated as under:

“The Ministry are yet to finalise the advocates from the list provided by the Ministry of Law and Justice. The Ministry’s Legal and Treaties Division, which has expertise in legal matters, is being consulted to examine and finalise the names to form the panel of advocates.”

57. The Ministry were further asked to state the likely time by which the names of advocates from the list provided by the Ministry of Law and Justice were to be finalised. In their reply the Ministry submitted:

“This Ministry are considering finalisation of the panel of advocates from the list provided by the Ministry of Law and Justice in the year 2002. We have recently learnt that the Ministry of Law and Justice is working on a new list and the same will come in effect shortly. Once the new list of advocates is received, this Ministry will finalize the panel of advocates, after due consultation with the Legal and Treaties Division of this Ministry and the Ministry of Law and Justice. Though it is difficult to give specific time frame for completing this exercise, the Ministry would try to complete it in 6-9 months period. This period could slightly vary depending upon the response from Ministry of Law and Justice.”

58. The Committee find gross underutilisation of funds by the Ministry under the Head “Professional Services” in the year 2001-2002, the BE for the purpose was Rs. 40 lakh which was halved to just Rs. 20 lakh in the RE. The actual spending, however, was a meagre Rs. 3.66 lakh. In the next year, the BE and the RE remained constant at Rs. 20 lakh and the Actual Expenditure was Rs. 10 lakh only. The Committee are constrained to note that in 2003-2004, the BE and RE were again pegged at Rs. 20 lakh—Rs. 15.50 lakh meant for CPV Division and Rs. 4.50 lakh meant for BSM Division. However, out of this, only a paltry sum of Rs. 73,160/- could be spent. The Actual Expenditure figures for BSM Division were, however, not furnished to the Committee.

59. The Committee are not happy with the alibi extended by the Ministry that the BE figures have been kept at a higher level than Actual Expenditure due to the recommendations of the previous Committee for having a separate panel of advocates for court cases, particularly of extradition proceedings. To put the record straight, the Committee’s recommendation was given almost two-and-half

years back and the list of advocates from the Ministry of Law & Justice was also received by the Ministry more than a year back. All this time, the Ministry have been sitting over the matter while precious funds have been kept blocked in anticipation. The Ministry's delay has also led to the expiry of the panel sent by the Ministry of Law & Justice and naturally there is a wait for a new panel. The Committee do not agree with the Ministry's reply that it is difficult to give specific time frame for completing this exercise and the Ministry would try to complete the finalisation of the panel of advocates in 6-9 months period. The Committee feel that the reasons for the delay are mainly of the Ministry's own creation. They, therefore, recommend that a decision in the matter may be taken within the next three months so that realistic Budgetary Estimates are made under this Head for the next financial year and the funds are not kept blocked in anticipation without making any headway in achieving the desired objectives.

(Recommendation No. 12)

E. FOREIGN SERVICE TRAINING INSTITUTE

Head : 2061-00.003-01.00.13

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	2.00	1.25	1.07
2000-2001	1.50	1.25	1.20
2001-2002	1.58	2.10	1.78
2002-2003	2.15	2.15	2.13
2003-2004	2.15	2.15	—
2004-2005	2.19	—	—

60. The Foreign Service Institute was established in 1986 to meet the professional training requirements of the officers of the Ministry of External Affairs (MEA) especially those belonging to the Indian Foreign Service. The Institute has since diversified its activities to include courses for officers of other Ministries as well as for foreign diplomats.

61. On being asked as to whether the budgetary allocation for the Institute was sufficient enough to achieve its desired objectives the Ministry informed the Committee that the budgetary allocation for the

Institute is sufficient for the activities envisaged in this financial year. The budgetary allocation would have to be increased substantially once the Institute moves to its premises to meet the establishment and running costs.

62. Responding to a query as to how well the courses of FSI are designed in equipping the Indian diplomats posted in Indian Missions/ Posts abroad with the necessary skills and expertise in dealing with all the exigencies of diplomacy, the Ministry stated as under:—

“The FSI training programmes are designed keeping in view the latest developments and trends in international affairs. The trainee officers are imparted with the latest developments in the foreign policy field covering the theoretical aspects as well as the practical aspects of policy formulations and implementation.”

63. To a related query as to whether there have been any deficiencies observed in the functioning of the FSI and what improvements the Ministry are contemplating to make the training courses more dynamic, interactive, result-oriented and at par with the best diplomatic Institute of the World, the Ministry replied:

“Recognising the need to broaden the training programme and extend it to serving mid-career diplomats, both in Headquarters and abroad, the FSI has, in July 2004, initiated a Mid-Career Training Programme, which is imparted to our serving diplomats via distance education methods. This internet training programme has been designed in co-operation with the Indira Gandhi National Open University, who are pioneers in the field of distance education. The FSI is one of the very few diplomatic Institutes in the world that have developed and initiated training programmes via the internet medium.”

64. Earlier during the examination of the Demands for Grants for the year 2003-2004, the Committee were informed that the Foreign Service Training Institute will be moving to its own complex some time in July 2004. In this context, the Ministry were asked to furnish details as to whether all the necessary arrangements have been made for the shifting of this Institute to the new complex.

65. To this, the Ministry replied that the new premises of the Foreign Service Institute is under construction. This process is expected to be completed in calendar year 2005. Upon completion of the construction, the Foreign Service Institute would shift to the new complex.

66. During the examination of Demands for Grants of the Ministry (2003-2004), the Committee was assured that the Foreign Service Institute will be moving to its own complex some time in July 2004. The new complex will have the state of the art facilities. On line mid career training programmes for the officers of the Indian Foreign Service are being designed and will be implemented as soon as possible. Now the Ministry maintain that the new premises of the Foreign Service Institute is still under construction and the process is expected to be completed in the calendar year 2005. The Committee take a serious view of the reply forwarded by the Ministry. Lingering on with projects, setting new target dates and deadlines have become a routine with the Ministry, as is evident in the case of Washington Cultural Centre, the Brasilia Project, Videsh Bhawan Project, Doha Project and so on and so forth. The Committee, once again, recommend the Ministry to take necessary steps for expediting the completion of the Foreign Service Institute Building Complex in the current year itself, because they feel that the Institute can work more effectively—if it starts functioning from this new complex which has got the state of the art facilities—with full backup of cyber technology.

(Recommendation No. 13)

F. EMBASSIES AND MISSIONS

(2061-00.101)

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	617.23	652.85	660.01
2000-2001	674.75	727.01	691.61
2001-2002	756.06	759.92	719.96
2002-2003	787.82	783.54	800.54
2003-2004	811.43	773.31	—
2004-2005	855.00	—	—

67. When asked as to what were the reasons for variation in BE and Actual Expenditure under this Head and what measures had been

taken to avoid such variations, the Ministry replied:

“The allocations approved for Embassies and Missions are much lower than the projections made by them. This is due to the fact that allocations for all Heads have to be restricted to overall financial ceilings approved by the Ministry of Finance. Efforts will be made to make provisions in respect of Embassies and Missions as close as possible to the projections made by them.”

68. Elaborating over the reasons for enhancement of Rs. 82.00 crore in BE 2004-2005 over RE 2003-2004 particularly when the Actual under this Head have been less than REs except for the year 2002-2003, the Ministry stated that the enhancement in 2004-2005 under this Head has been proposed keeping in view the pattern of expenditure in the last two financial years. The enhancement would also cater to routine inflationary trends, fluctuation in rate of exchange, increase in emoluments, increase in international air travel costs, routine rise in rentals, increase in costs of goods and services.

69. The Ministry in a brief submitted to the Committee had stated that the enhanced allocation under BE 2004-2005 would also (besides other things) cater to the expenditure of the newly opened Indian Post at CGI Birgunj in Nepal. On being asked to explain the grounds for opening the above CGI, the Ministry stated:

“The rationale for opening of a Consulate General of India in Birgunj (Nepal) is based broadly on political, trade, economic and security considerations. Raxaul/Birgunj is the most important entry point into Nepal. Moreover, the Terai belt where the CGI is located has extensive interlinkages with India. India has a large number of ongoing projects along the Indo-Nepal border in the Terai belt. In view of the above, Government of India has opened a Consulate General of India in Birgunj.”

70. To a query by the Committee as to whether some more E/Is and CGIs are proposed to be opened during the year 2004-2005, the Ministry stated that there is a proposal to open a Consulate General in Melbourne, Australia during 2004-2005. When asked to give the rationale behind the proposal to open a Consulate General in Melbourne, at what stage exactly proposal presently lies and by when

budgetary details of the proposal were likely to be worked out the Ministry responded as under:

“The Ministry are proposing to open a Consulate General of India in Melbourne, Australia, to promote and safeguard India’s economic and political interests in Southern Australia, and also to meet the growing consular demands of large Indian community in Melbourne and surrounding areas.

Melbourne is an important commercial, financial and cultural centre in Australia, which has an estimated 70,000 strong Indian community. There is a demand for providing timely consular services as the existing arrangement of Honorary Consulate is ill-equipped to cater to the growing needs of the Indian community. Moreover, Melbourne is becoming an important centre for international fairs and exhibitions and the presence of a CGI would help promote bilateral trade with Australia. A large number of Australians are visiting India for tourism purposes, and a CGI in Melbourne would help promote tourism to India from Southern Australia.

The Ministry are presently in the process of seeking administrative approvals for setting up of a CGI in Melbourne. An estimated annual expenditure of Rs. 2 crore would be incurred in setting up of the CGI in Melbourne.”

71. The Committee in their 11th Report on Demands for Grants had strongly recommended for strict evaluation of the performance of all the officials deployed in different Indian Missions/Posts so as to bring improvement in their functioning. The Ministry in their action taken reply had stated that they had already set up the Foreign Service Inspectorate headed by an Additional Secretary Level Officer for carrying out performance audit of Indian Missions/Posts abroad. Against this backdrop, the Committee desired to know the details regarding the organisational set up of Foreign Service Inspectorate, its aims and objectives and the details as to how it was planning to carry out the performance audit of Indian Missions. The Ministry in their reply submitted as under:

“The organizational setup of the Foreign Service Inspectorate, which has been named as Director General of Inspections (DGI), involves:

Additional Secretary (Administration) as Director General of Inspections; Supported by a Deputy Secretary level officer (soon to

be upgraded to the level of Director to be assisted by an Under Secretary level officer); A Section consisting of Section Officer, a Junior Analyst and support staff. The DGI submits Inspection Report to Foreign Secretary and Minister of External Affairs.

The main objective of the Directorate General of Inspection (DGI) is to serve as an independent and objective evaluator of activities, functions and operations of Indian Missions/Posts abroad. The Inspectorate would critically evaluate functioning of Missions/Posts abroad in the backdrop of stated foreign policy objectives of the country in an efficient, effective and in economical manner. It would look at optimization of human resource allocation and utilization in Missions/Posts abroad. The Inspectorate would also carry out assessment of officers posted in Missions/Posts abroad, as performance of each individual officer has far reaching impact on the relationship between India and the respective country.”

72. To a related query as to whether the Ministry had already drawn up any blue print for carrying out inspections of all Indian Missions/Posts abroad, the Ministry replied that the DGI has been setup in February 2004. It is proposed to carry out inspection of a Mission/Post at least once in 5 years. The Director General carries out pre-inspection consultations with the concerned Divisions in the Ministry. During the inspection, the Director General would examine the entire gamut of issues relating to performance of the Mission/Post concerned, officers/staff, human resource management in the Mission and constraints/problems faced by the Mission/Post concerned in discharge of its responsibilities.

73. When asked as to whether any review of the functioning of Indian Missions/Posts abroad has been made so far and if so, what kind of deficiencies have been noticed in the functioning of our Missions abroad during the last three years, the Ministry submitted that they have already initiated inspection of the Indian Missions/Posts abroad. During the last 6 months, inspections have been carried out in our Missions in Ulaanbaatar (Mongolia), Islamabad (Pakistan), Kabul (Afghanistan) and CGI Jalalabad (Afghanistan). In addition, some more Missions/Posts have been identified such as Belgrade, Brasilia, Sao Paulo, Washington, London and Tripoli, for inspection during the next few months. The Ministry are also in the process of drawing up a detailed schedule for inspection of Missions/Posts abroad. A detailed schedule would be available in the Ministry by December every year for the inspections to be carried out in the next year. It has been

noticed that our Missions in Ulaanbaatar, Islamabad, Kabul and Jalalabad are functioning in a well coordinated manner despite having constraints in their functioning due to harsh living conditions. There is a need for augmenting India-based officers/staff strength in some of these Missions particularly in Islamabad and Kabul. No deficiencies have been noticed either in the functioning of the Missions or in performance of the Indian-based officers serving in these Missions/ Posts.

74. The C&AG in their Report No. 2 of 2003 made observations in Para 4.7 that repeated audit observations notwithstanding cash management by Overseas Missions continued to be deficient resulting in retention of cash balances in excess of actual requirements and consequential recurring loss of interest. When the Committee invited comments of the Ministry thereto, they were informed as follows:

“Para 4.7 of C&AG report pertains to the retention of excess cash balance by 27 missions/posts abroad.

The reasons for holding excess cash balance beyond six weeks’ requirements as obtained from the missions/posts varies from mission to mission and are summed up as under:

Sudden spurt in Consular receipts;

Receipt of special or additional remittances towards end of month;

Last moment cancellation or postponement of VVIP visits for which special remittances were sent earlier;

Donations received for PM’s relief fund,

Sale proceeds of Cars,

Reimbursement of VAT by local Government in local currency which are non-convertible and cannot be utilized immediately,

Funds required for payments in regard to a construction/renovation project, Delays in transaction owing to local banking regulations.”

75. In response to further question as to what remedial/corrective measures have been taken by the Ministry to avoid such recurring loss of interest attributable to deficiencies in resource management, the Committee were informed:

“From time to time, Ministry has been issuing instructions to Indian missions/posts abroad reiterating the need to manage their cash

requirements in such a way that at no time their cash balance exceeds six weeks requirements. Heads of Missions/Posts have been clearly instructed to streamline the internal financial control and meticulously plan their monthly requirements in order to avoid holding of funds in excess of the prescribed requirements. Last such instructions were reiterated *vide* Ministry circular of 2.6.2003.

Missions/Posts cash balance reports are being monitored on a regular basis and in case any mission/post is found holding excess cash balance without any convincing reasons, it is being asked to repatriate excess funds or its monthly remittance is adjusted accordingly.”

Monthly remittances to the Missions/Posts have now been started on quarterly basis instead of earlier half yearly arrangement, Computerization of Cash accounts of Missions/Posts in the Ministry through appropriate software system is also under consideration.”

76. In reply to another related query as to when did the Ministry change the practice of making monthly remittances to its Missions/Posts from half-yearly basis to the quarterly basis and how much time, the Ministry expect it to take for computerisation of cash accounts of Missions/Posts in the Ministry, the Committee were informed:

- (i) The practice of computing monthly remittances on quarterly basis for Indian Missions/Posts abroad has been started from April, 2004.
- (ii) National Informatics Centre of Ministry of Information Technology has been commissioned to develop software for computerization of Missions' account. They are currently in the process of studying the software requirement. It is expected that the software will be ready by the second half of 2005-06.

77. The Committee express their happiness over the fact that for this financial year the Ministry are proposing to open two consulates one each in Birganj, Nepal and in Melbourne, Australia. In their 11th Report (2003-2004) the Committee had recommended that with a view to reducing the administrative expenses, the Ministry should conduct a thorough review to assess the need and desirability of opening and operating Indian Missions/Posts in different countries of the world. The Committee hope that the Ministry have done a thorough study of the need for having these two consulates. The

Committee are in agreement with the Ministry that there is an urgent need for CGIs in Birganj and Melborune. These two consulates being proposed in two strategically important places will not only serve Indians but also help promoting tourism, furthering our bilateral ties and boosting economic cooperating with these countries. Keeping this in view, the Committee recommend the Ministry to take all necessary steps so that these projects take off as early as possible and are completed within the time schedule outlined for them-in order to avoid any possible cost escalation at later stages.

(Recommendation No. 14)

78. The Committee in their Eleventh Report on Demands for Grants had observed that there was an apparent need for evaluation of the functioning of the Indian Missions/Posts abroad with a view to bringing improvement in their functioning. The Committee were informed that the Ministry have already set up a body *i.e.* the Foreign Service Inspectorate to this effect, which has already started functioning. Further, the Ministry are also in the process of drawing up a detailed schedule for carrying out inspection of our Missions/Posts abroad. The Committee appreciate the action taken by the Ministry in this regard. They further recommend that apart from undertaking inspections of our Missions from time-to-time, this Foreign Service Inspectorate should work as a standing body constantly monitoring the working of Missions/Posts and report on any deficiencies found for taking necessary corrective measures. The Committee also desire that they may be apprised of the details of the Inspection Reports as carried in all the Missions and the action taken thereon.

(Recommendation No. 15)

79. The Committee observe that C&AG in their Report No. 2 of 2003 had made observations in Para 4.7 that repeated observations notwithstanding cash management by Overseas Missions continued to be deficient resulting in retention of cash balances in excess of actual requirements and consequential recurring loss of interest. The Committee are shocked to observe that this has happened in spite of the Ministry issuing instructions from time to time to Indian Missions/Posts abroad reiterating the need to manage their cash requirements in such a way that at no time their cash exceeds six weeks' requirement. The Ministry have informed that last such instructions were issued vide the Ministry circular of 2.6.2003. The

Committee view such lapses seriously and recommend the Ministry of make sure that the Missions/Posts take note of these instructions for strict compliance and adherence. The Committee are of the opinion that computerisation of cash accounts of Missions/Posts in the Ministry through appropriate software system can lead to a better internal financial management and minimise such cases. They, therefore, recommend that computerisation of cash accounts of Missions/Posts be undertaken at the earliest.

(Recommendation No. 16)

G. PASSPORT AND EMIGRATION

Head : 2061-00.105

Year	BE	RE	Actual
1999-2000	68.87	87.57	76.88
2000-2001	88.41	95.96	79.75
2001-2002	98.48	99.64	94.26
2002-2003	101.23	93.76	102.59
2003-2004	103.87	95.75	—
2004-2005	121.86	—	—

80. On being asked by the Committee to state as to how many districts the decentralisation of passport services has been completed so far and by what time, this scheme will be implemented in all the districts throughout the country, the Ministry replied as follows :

“As a step towards bringing passport services closer to applicants through the process of decentralisation, District Passport cells have been opened in approximately 400 districts in the country. Efforts are being made to cover the remaining districts. This largely depends on the support and co-operation from the State Governments.”

81. In reply to a question as to how far the scheme of decentralisation of Passport Services have been successful in those States, where it has been introduced, the Ministry Replied:

“In the year 2003, approximately 11% passport applications were received through District Passport Cells (DPCs) in those States where the scheme has been introduced. In certain States like Tamil Nadu, Punjab and Haryana, this scheme has been quite successful with more than 25% applications being received through DPCs.”

Ministry are regularly requesting these two State Governments to start DPCs in their respective States, at the earliest.

85. On being asked to indicate the number of Passport Offices functioning in rented buildings and also the rent being paid in each case, the Ministry had furnished the following table showing the name of passport offices and annual rent being paid in each case:

S.No.	Name of the Office	Annual rental in Rs.
1.	Bhubaneswar	2,40,000/-
2.	Bangalore	35,41,680/-
3.	Bhopal	1,59,168/-
4.	Guwahati	4,61,460/-
5.	Jalandhar	8,82,000/-
6.	Jammu	2,23,524/-
7.	Jaipur	30,00,000/-
8.	Lucknow	20,47,500/-
9.	Mumbai	157,80,00/-
10.	Pune	31,14,804/-
11.	Ranchi	3,66,024/-
12.	Surat	11,77,176/-
13.	Tiruchirapally	6,10,392/-
14.	Thiruvananthpuram	6,31,632/-
15.	Thane	33,08,239/-
16.	Vishakapatnam	4,43,400/-

86. The Ministry were asked to state as to how many passport offices are under construction at present and also to furnish information on the cost, date of commencement of construction, the schedule of construction and also the cost and time overruns, if any, in respect of each Passport Office. The Ministry submitted:

“At present only the building for RPO, Lucknow is under construction. The details are as follows:

- | | |
|------------------------------|----------------------------|
| (a) Cost | = Rs. 7,52,61,935/- |
| (b) Date of commencement | = June, 2003 |
| (c) Schedule of construction | = Dec., 2005 |
| (d) Cost and time overrun | = 2-3 weeks off schedule.” |

87. In their action taken reply to the recommendation (Para No. 94) of 11th Report (13th L.S.) of the Committee, the Ministry had stated that out of 17 Passport Offices, which are functioning in the rented buildings, a building for Chandigarh Passport Office had been constructed, foundation stone for P.O. building Lucknow has been laid, construction proposals for Passport Offices at Bhubaneswar, Bangalore & Jaipur were in advance stage. It was also stated that the land for Passport Office, Guwahati was being given free of cost by the Government of Assam and all other Passport Offices functioning from rented buildings had been asked to send suitable proposals for purchase of land and construction of Passport Offices.

88. In this connection, the Ministry were asked to state as to whether the construction work of Passport Office, Lucknow had been started and the present position of construction of Passport Office buildings at Bhubaneswar, Bangalore and Jaipur and whether the remaining Passport Offices had sent any proposal for purchase of land and construction of Passport Offices. The Ministry replied as under:

“Yes. The construction work of PO Lucknow building has been started and is likely to be completed by December, 2005.

Bhubaneswar: Preliminary drawings have already been approved by Ministry of External Affairs, CPWD, Patna on 06.07.2004 has submitted the preliminary estimate amounting to Rs. 2,18,30,000/- including 3% contingencies for the office cum residential complex for RPO, Bhubaneswar. CPWD, Patna has mentioned the time of construction as 24 months from the date of administrative approval and expenditure sanctioned 6 months for pre-tendering activities and 18 months after award of work.

Bangalore: The External Affairs Minister in May, 2004 has approved the proposal for construction of building for Passport Office in Bangalore at a total cost of Rs. 594.97 lakhs. CPWD, Bangalore has

furnished the tentative programme for the construction of the Passport Office in Bangalore as under:

- | | | |
|----|-----------------------------------------|---------------------------------------------|
| a. | Submission of Architectural Drawings | Last week of July, 2004 |
| b. | Approval of local bodies | Last week of Aug., 2004 |
| c. | Call of tenders and award of civil work | 1st week of Sep., to 1st week of Nov., 2004 |
| d. | Start of Main work | 2nd week of Nov., 2004 |
| e. | Completion of main civil work | August, 2006 |
| f. | Handing over of building | September, 2006 |

All electrical works will be executed simultaneously with civil work.

Jaipur: The preliminary draft has been finalised by Ministry of External Affairs. The preliminary estimate received from CPWD for construction of RPO office and 25 Nos. residential flats at the cost of Rs. 4,39,48,000/- has been submitted for the approval of Financial Authorities. CPWD has proposed a time period of 30 months for the construction of the complex.”

89. On being categorically asked as to whether the construction work on the land given by Govt. of Assam has been started, the Ministry replied as under:—

“A plot of size of 3 Kathas (8700 sq.ft.) + 2000 sq.ft. has already been acquired during September, 2003 by RPO, Guwahati. Action has already been initiated to get the preliminary drawings prepared from CPWD. The following steps are required to be taken now:-

Space requirement is to be worked out by the RPO and approved by the Ministry preliminary estimate is to be prepared by the CPWD based on the plans approved by the Ministry of external Affairs estimate will then be sanctioned by the Ministry of External Affairs funds to be obtained by CPWD from the Ministry of Urban Development against the funds sanctioned by the Ministry of External Affairs.

The work on (a) is under process.

Only the Passport Offices Jalandhar and Mumbai have sent their proposals for purchase of land and construction of Passport Offices,

States do not appear satisfactory for which the success rate of this scheme is quite low. Therefore, the Committee would urge the Ministry to further enhance their efforts in this direction and give wide publicity to this scheme through newspapers and other media.

(Recommendation No. 17)

93. The Committee are happy to note that the efforts of the Ministry have borne fruit and DPCs are now proposed to be opened in the States of Bihar and Rajasthan shortly. The Committee desire that the Ministry should ensure a regular follow up in respect of these two States.

(Recommendation No. 18)

94. The Committee find that the Ministry's plan to ultimately shift all RPOs from rented premises to owned premises is not making much headway. Though a concrete action in this regard is apparent in case of Bhubaneswar, Bangalore, Jaipur and Guwahati, the Passport Offices in Jalandhar and Mumbai have kept silent after informing the Ministry about the availability of land almost a year back. Recently, Passport Office, Trichy has also informed the Ministry about the availability of land. As regards the large number of Passport Offices still functioning from rented premises, the Ministry, on their part have, however, merely kept on reminding such passport offices from time-to-time—without any concrete response from other side. The Committee views this as insensitivity and irresponsibility on the part of the subordinate offices in carrying out directions from the nodal Ministry. The Committee, therefore, recommend that the Ministry should convey in no uncertain terms to the non-responding Passport Offices about the urgent need to complete these projects expeditiously and in case of further delay in the matter they should be held directly responsible for the same. The Committee would also like to be apprised of the action taken by the Ministry in this direction.

(Recommendation No. 19)

95. The Committee express their happiness over the creation of Central Database for all the passports, that are issued by the passport office in the country. The Committee note that such a database is really an important tool because if the passport of a person is lost while travelling abroad, this database will enable the concerned authority to verify—the original passport details instantly. The

Committee hope that creation of this Central Database will certainly facilitate the process of issue of Duplicate Passport to a great extent. The Committee desire that Database facility should be made fully operational and put into service forthwith. The Committee further desire that this Database should be constantly updated for quick retrieval of passport details for the issue of Duplicate Passport.

(Recommendation No. 20)

H. INDIAN COUNCIL FOR CULTURAL RELATIONS

Head : 2061-11.01.31

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	37.00	37.00	36.82
2000-2001	39.00	39.65	39.68
2001-2002	40.00	41.62	41.62
2002-2003	42.43	42.00	42.00
2003-2004	54.50	54.50	—
2004-2005	55.59	—	—

96. Rs. 55.59 crore have been allocated in BE 2004-2005 against Rs. 54.50 crore in RE 2003-2004 under this Head. On being asked as to whether the enhancement of Rs. 1.09 crore will be sufficient enough to fulfil the requirements, keeping in view of the expanding activities of ICCR and for new schemes likely to be undertaken by the Council in the financial year 2004-2005. The Ministry, in their reply, have stated that the enhancement of Council's budget during 2004-05 of Rs. 1.09 crore over the previous year is insufficient to meet the Council's requirement. The Council (*vide* its letter No. BFA/751/Budget/2003-04 dated 4th December, 2003) had requested in December 2003 for allocation of an amount of Rs. 66.80 crore for BE 2004-05.

97. While elaborating over the reasons for the increase, the Ministry stated that the increase for BE 2004-05 over 2003-04 (Rs. 56.50 crore) was mainly on account of the following reasons:

- (i) In accordance with directives of the Parliamentary Standing Committee on External Affairs and ICCR's Statutory Bodies, new Cultural Centres are being established abroad. A new

Cultural Centre has been set up in Kuala Lumpur. During the year, a Cultural Centre will be set-up in Suva (Fiji) alongwith a sub-Centre in Lautoka. Another sub-Centre is being set-up in Bali (Indonesia). In addition Cultural Centres are also proposed to be set up in Washington, Tehran, Beijing among other countries.

- (ii) Maintenance of buildings of the Cultural Centres which was earlier being done by the Ministry of External Affairs, will now be the responsibility of ICCR.
- (iii) A proposal for renovation of the Nehru Centre, London and its Art Gallery is being processed. Similarly, the maintenance work of the Indira Gandhi Centre for Indian Culture in Mauritius is also expected to be carried out.
- (iv) New Regional Offices in India are being established. One office has been set-up in Jaipur in April, 2004. Other offices are proposed to be opened shortly in the North-East (Shillong and Imphal), Bhubaneswar, Bhopal and Srinagar.
- (v) Renovation of ICCR Property in Mumbai (Jinnah House) and in New Delhi (Africa House) is being carried out during the year.
- (vi) Five Computer kiosks are being set-up in different parts of Cambodia which will impart computer training to under-privileged sections of the society.
- (vii) Under the Mekong-Ganga Cooperation, a Museum of Traditional Asian Textiles is being set up in Siem Reap, Cambodia.
- (viii) An increase in the cultural activities of the Council is also planned. Participation in international festivals in Brazil, USA, Central Asia etc. are programmed. In addition, a number of Festivals in India such as Malhar, International Festival of Culture, Festival of Island Countries, International Sufi Festival etc. are planned.
- (ix) Number of scholarships to foreign scholars desiring to study Indian performing arts like dance and music has been increased. Airfares are also being extended to certain Central Asian countries to encourage the participation of deserving scholars.

98. The Ministry have also stated that taking the above expenditure into account, suitable request will be made at the RE Stage 2004-05 for an enhanced allocation to the ICCR.

99. During the course of the evidence while elaborating over the cultural diplomacy the Foreign Secretary stated:

“The Government consider cultural diplomacy to be an extremely important arm of our diplomacy. Apart from the promotion of cultural exchanges with foreign countries, the Ministry have a network of cultural centres all over the world. In this respect, it has been found that in most cases, the establishment and administrative expenses of running a cultural centre far exceed the amount that is available for carrying out other activities. It has been found that huge share of the total budget allocated to cultural centres is going for paying the rents for the buildings, salaries and allowances for the staff and the teachers who were posted at that centre. The establishment expenses took away the lion share of the expenditure involved, and centres are left with only mere amount every year to actually carry out the activities. This is something, which I believe needs to be changed. If the Ministry are going to put a large amount of money in the setting up of a cultural centre, then it is very important that the activity budget of that centre be commensurate with what the Ministry want to achieve in that country. In fact, I would like to see a reversal of the allocation of budget from the present, that is, there should be smaller establishment expenditure and it should actually support a much larger activity budget. This is something, which I intend to look into by working together with ICCR. We have to see how we can energise our cultural diplomacy, and make certain that the money that we are investing in these culture centres which are very important tools of our cultural diplomacy really perform the functions that we want them to perform.”

100. When the Committee enquired about the new proposals, which are being considered for opening of Cultural Centers abroad, the Ministry have replied that at present, there is no new proposal for the opening of Indian Cultural Centres, however, the ICCR has been working on the proposals which have the approval of the Ministry of External Affairs viz. Fiji, (with a Sub-Centre at Lautoka), Washington D.C., Iran, Japan, Thailand, Cambodia and China.

101. The Committee then desired to know about the present status of setting up of Cultural Centre in Washington. The Ministry have furnished reply as follows:-

- (i) The Ministry had purchased the property of PR's Residence in New York after placing fund in Escrow Account. The intention was to follow a similar procedure for the purchase of the property in Washington. However, while processing this requirement, it was ruled by the Ministry of Finance that the purchase proposal be processed without resorting to Escrow Account payment. In the meantime, it was informed by the property agents handling this transaction that the seller could not wait further as the local Government was taking much time in giving permission from zoning angle for the intended use of the property as a Cultural Centre.
- (ii) The feasibility report of construction of auditorium and other areas for use of the India Culture Centre has revealed that only marginal addition of space would be possible through fresh construction owing to the local body regulations. As such, the Mission has been asked to look for properties with rental options. Following these developments, Mission has been asked to make a concerted, renewed effort to locate a suitable rental property in the Washington D.C. area to house the India Cultural Centre.

102. The Ministry had submitted in their action taken reply (12th Report, 13th L.S.), that the Council had initiated action on the opening of new Cultural Centres in USA, Malaysia and Fiji. In this connection, the Committee desired to know whether a Cultural Centre had already been opened in Fiji and also as to what was the present status of the Centre. To this, the Ministry replied that necessary approval from the Ministry of Finance with regard to the creation of posts for the Cultural Centre at Fiji and Sub-Centre in Lautoka has been received. Teachers have been selected and their accommodation clearance for the teachers, the Centre at Suva, and the Sub-Centre at Lautoka, are awaited. Once the requisite accommodation is hired by the Mission, the teachers would be deployed and the Centre & the Sub-Centre would become operational.

103. In reply to a specific recommendation of the Committee on the opening of more Regional Centres in the ICCR in the country, the

Ministry of External Affairs had submitted:

“The council is constituting ‘Advisory Committees’ for each of the existing and proposed new regional centres. Each such Committee would comprise of people from diverse field of culture in the region and General Assembly member from the region. The Advisory Committees will give its recommendations to further strengthen the activities of the Council. With regard to the recommendation of the Standing Committee to remove regional imbalance while opening the new regional centres, a detailed proposal would be processed for consideration of the statutory bodies of the Council.”

104. The Committee desired to know about the criterion of constitution, composition and jurisdiction of such “Advisory Committees” and also about progress which had been achieved in this direction so far. To this, the Ministry have replied that the Advisory Committees are being set-up for each of the Regional Offices of the Council. The General Assembly member coming from that particular region will be appointed as Convenor of the Advisory Committee. The Advisory Committee will facilitate the task of the Regional Centres and will help to provide visibility to the Council’s activities.

105. The Council is in the process of identifying distinguished personalities in the field of art and culture for constituting Advisory Committee for each of the Regional Offices of the Council. Each Committee will consist of 3-5 members out of which, one or two members will be from among the members of the statutory bodies belonging to the concerned region and the remaining members will be eminent personalities in the field of art and culture from the concerned region. These Advisory Committees will submit reports for placing before the statutory bodies for their consideration and further recommendations.

106. On being asked as to whether any proposals have been put forward for opening new Regional Centres for consideration of the statutory bodies of the Council, the Ministry have stated that a new Regional Office has been established in Jaipur in April, 2004. Other Regional Offices are proposed to be opened in Bhubaneswar, Bhopal, Srinagar and North-East (Shillong and Imphal).

107. The Committee are in agreement with the Ministry that the present trend of Budget allocation in ICCR is not favourably activity oriented as a lion’s share of the Budget is going for payment of

rents, salaries and allowances, etc. and only a meagre amount remains with the Council to support much larger activities. The Committee welcome the idea about reversal of the trend regarding allocation of the Budget from the present practice and concur with the views expressed by the Foreign Secretary. The Committee, therefore, sincerely hope that from now onwards the activity Budget of the ICCR will be substantially augmented as against its establishment Budget.

(Recommendation No. 21)

108. The Committee have been informed that the Council had already requested for an amount of Rs. 66.80 crore in the BE 2004-2005, against which only Rs. 55.59 crore has been allocated, and as compared to Rs. 54.50 crore in RE 2003-2004. The enhancement of Council's budget during 2004-2005 by Rs. 1.09 crore over the previous year is not at all sufficient to meet the Council's requirement. The Committee with great concern are shocked to note that the Council had requested for an amount of Rs. 66.80 crore and same had not been provided to them. What further agitates the Committee is the fact that the projects/tasks assigned to the Council are not going smoothly and as per schedule. Almost, all the projects, viz. opening of new Cultural Centres abroad or setting up of Regional Centres in India are not moving forward an inch and are almost in a state of freeze. The Committee fear that shortage of fund can disturb the momentum of the Council. The Committee, therefore, strongly recommend that no impediment should occur due to paucity of fund and Ministry should be more vigilant over the activities and requirements of the Council. Keeping in view the expanding activities and new schemes which are likely to be undertaken in the financial year 2004-2005, the budgetary allocation to the Council should be substantially augmented and the incremental amount should be utilised to support much larger activities.

(Recommendation No. 22)

109. The Ministry have furnished various reasons for increase in BE 2004-2005 over BE 2003-2004 some of which are as, opening of Cultural Centres abroad, maintenance of building of Cultural Centre which was earlier being done by the Ministry of External Affairs, renovation of Nehru Centre, London and its art gallery, opening of New Regional Offices in India, renovation of ICCR property (Jinnah House, Mumbai and Africa House, New Delhi) re-establishment of computer kiosks in Cambodia and increase in number of scholarship

being administered by ICCR etc. The Committee are constrained to note that the ICCR have increased the number of scholarships to foreign students desiring to study Indian Performing Arts like dance and music. The Committee note that the track record of the ICCR in respect of utilisation of scholarships given to foreign students by them during the previous years has not been very encouraging as during the year 2003-2004 out of a total of 1093 scholarship on offer, only 779 could actually be utilised. Again, most of the projects undertaken by the ICCR themselves have not progressed well and are in no way in a position to be completed within time schedules. The Committee wonder as to why the ICCR are taking the additional burden of maintenance of Cultural Centre buildings into their shoulders. The Committee are of the clear view and recommend that only those tasks which the ICCR can accomplish should be undertaken by them and the Council concentrate on making efforts to fulfill the vision and mission which have originally been assigned to them.

(Recommendation No. 23)

110. The Committee would like to express their deep anguish at the reply given by the Ministry with regard to the establishment of Cultural Centre in Washington. The Committee in almost all their meetings and Reports presented to Parliament have been emphasising that the Ministry must go ahead to buy a property, in order to set up a Cultural Centre in Washington. However, it is utterly deplorable on the part of the Ministry that they have once again lost the opportunity to acquire a suitable property in Washington. Time and again, properties have come in hand, and by the time the Ministry of External Affairs and Ministry of Finance get their act together, the property gets sold. As a result of all this, the Committee find to their utter amazement and shock that Government are back to square one and looking for a suitable property. The Committee strongly recommend that the Cultural Centre at Washington should be established at the earliest at any cost. Similarly, all the necessary arrangements with regard to establishment of a Cultural Centre in Fiji, should be made by the Ministry so as to ensure that a full fledged Cultural Centre is operational there in time.

(Recommendation No. 24)

111. The Committee note that Advisory Committees are being set up for each of the Regional Offices of the Council. The Council

is in process of identifying distinguished personalities in the field of art and culture as the members of Advisory Committees. Each Committee will consist of 3 to 5 members out of which one or two members will be from among the members of statutory bodies/ eminent personalities in the field of art and culture from the concerned region. These Advisory Committees will submit reports for placing before the statutory bodies for their consideration and further recommendations. The Committee also note that Regional Offices are proposed to be opened in Bhubaneswar, Bhopal, Srinagar and North-East (Shillong and Imphal). The Committee observe that similar reply is being furnished by the Ministry with regard to the establishment of Regional Cultural Centres in the country time and again, while no progress has been achieved in this direction. The Committee recommend that Constitution of Advisory Committees should be done at the earliest and all the necessary formalities in this regard should be completed. As far as the opening of the Regional Centres in Bhubaneswar, Bhopal, Srinagar and North-East are concerned these should be opened without losing any further precious time to remove the regional imbalances.

(Recommendation No. 25)

112. The Committee agree with the views of the Ministry regarding the importance of cultural diplomacy. Cultural diplomacy certainly is a very powerful weapon in the hands of the Ministry of External Affairs to promote relationship between people of this country and people of other countries. ICCR is one of India's oldest bodies working for the promotion of this cause. It has got a very fine tradition and its potential for spreading our cultural heritage is immense. However, as to the working of the ICCR, the Committee by their experience are constrained to take the view that it is moving without any direction though having been controlled by the Ministry of External Affairs. The Committee feel that the ICCR is groping in the dark and as such is unable to fulfil its vision in a meaningful fashion. The Committee would, therefore, recommend that it is high time the Ministry made a thorough review of the working of ICCR so that it really serves as an important and integral tool in achieving the objectives of our Cultural Diplomacy.

(Recommendation No. 26)

I. SOCIETY FOR RESEARCH AND INFORMATION SYSTEM (RIS)
FOR NON-ALIGNED AND OTHER DEVELOPING COUNTRIES

Head : 2061 : 11.04.31

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	1.30	1.30	1.01
2000-2001	1.35	1.35	1.35
2001-2002	1.35	1.37	1.37
2002-2003	1.37	1.37	1.37
2002-2004	1.37	—	—
2004-2005	1.37	—	—

113. On being asked as to how is it that beginning from 2001-2002, REs and also in the Budget Estimate 2004-2005, the allocation under this Head continues to be the Rs. 1.37 crore, the Ministry have replied that the annual budgetary allocation of Rs. 1.37 crores from 2001-2002 to RIS in the form of grant-in-aid to meet the day-to-day expenditure of RIS and includes expenditure on salaries and allowances, provident fund, gratuity, medical facilities for RIS employees. The expenditure on seminars/conferences/workshop is also met from the budgetary allocation. The expenditure on Documentation Centre is also met out of this allocation. In fact with the increase in salary/daily allowance and inflation, there is a request from RIS for increase in its budgetary allocation.

114. The Committee, however, desired to have complete details about the functioning of the Society for Research and Information System for Non-Aligned and other Developing Countries and also about the aims and objectives of this Society.

115. In response to this, the Ministry submitted as under:—

“At the Seventh Non-aligned Summit held in New Delhi, the Government of India decided to set up the Research and Information system for the Non-Aligned and Other Developing Countries (RIS), as an autonomous body under the Ministry of External Affairs with the objective of providing analytical support to the developing countries on the international economic issues of negotiations and also to create a forum for exchange of ideas

and information among developing countries. RIS was established in 1983 with the approval of the Foreign Minister and as per recommendations made by the Committee of Secretaries. The financial support to RIS is provided by Ministry of External Affairs. It acts as a specialized 'Think Tank' on global issues in the field of international economic relations and development cooperation. It provides analytical inputs to India and other developing countries on the issues taken up at the international fora, such as G-77, NAM Summits, Regional Summits, UNCTAD, IMF, WTO, OECD, ASEAN, IOR-ARC, BIMSTEC etc. RIS is also mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic and social issues, including regional and sub-regional cooperation arrangements, as may be referred to it from time to time. RIS has a consultative status with UNCTAD, NAM, WTO and has conducted policy research and other activities in collaboration with other agencies, including ESCAP, UNCTAD, G-77, SAARC Secretariat, Asian Development Bank, the World Bank and the South Centre. It was granted Guest Status for 13th Non-aligned Summit held in Malaysia. SAARC Secretariat has designated RIS as a nodal institution. RIS has evolved a network of institutions in the developing world and also established linkages with those in the developed world and the multilateral institutions with a view to facilitate exchange of ideas and information on critical areas of development and economic cooperation.

It is an autonomous organization registered in India under the Societies' Act and receives the core grant from the Ministry of External Affairs. It, however, generates its own revenue as well by receiving project grants from donor and multilateral funding organisations for activities undertaken on their behalf.

RIS conducts research studies sponsored by different economic ministries, departments and other organizations from time to time. It also provides analytical inputs for bilateral/regional trade arrangements, assists in the process of India's economic engagement with other countries at bilateral, sub-regional, regional and multilateral levels. It has a Documentation Centre, which is steadily growing and is quite useful.

RIS conducts seminars/conferences/workshops and brings out publication on global issues, multilateral economic issues, discussion papers and occasion papers. It also brings out journals, namely,

South Asia Economic Journal, Asian Biotechnology and Development Review and RIS Dairy.

In order to influence the international development policy agenda and strengthen its outreach, an attempt has been made to participate in major international events. RIS participated in the XIII NAM Summit, Kuala Lumpur, February 2003 and in the Fifth Ministerial Conference of WTO, Cancun, September 2003. A number of events were organized on the sidelines of the WTO Ministerial. DG-RIS addressed the Preparatory Committee (PrepCom) for UNCTAD XI in Geneva on 23 February 2004.

The networking with other policy think-tanks for collaborative activities was strengthened with MoUs signed with the International Institute for Trade Development (Bangkok) and the Ethiopian Institute for Development Research. UN-ESCAP has invited RIS to be a core institution for the Asia-Research Network on Trade (ARTNET). RIS continued to participate in the activities of SAARC Network of Researchers as India's National Focal Point nominated by the MEA. RIS has set up a New Asia Forum, as an institutional network to advance the agenda of formation of an Asian Economic Community with a quarterly journal New Asia Monitor and a dedicated website www.newasiaforum.org.

RIS collaborated with the Asian Development Bank (Manila), UNDP's Asia Trade Initiative (Hanoi), Food and Agricultural Organization (Bangkok), Un-ESCAP, International Centre for Trade and Sustainable Development (Geneva), International Food Policy Research Institute (Washington), South Asia Centre for Policy Studies (Dhaka), Thammasat University (Bangkok), Australian National University, Institute for Southeast Asian Studies (Singapore), Malaysian Institute for Economic Research, CSIS (Jakarta), Institute for Policy Studies (Colombo), Pakistan Institute of Development Research (Islamabad), among others.

Visiting Fellowship Programme on International Issues and Development Policy: Capacity Building in Other Developing Countries

Under this programme, conducted in conjunction with ITEC Programme of MEA, nominees from Nepal, Egypt and Uzbekistan visited RIS during February—June 2003 to receive an orientation in contemporary international economic policy issues and work on a research project jointly with RIS faculty.”

116. The Committee desired to know whether and in what manner this Society is beneficial for India. The Ministry have replied that RIS is a specialized 'Think Tank' for the Government of India and over the years, it has acquired a high level of expertise on various issues of trade negotiations, regional economic integration, investment and technology transfers and other aspects of development. In the era of globalization of economic activity, regional and bilateral free trade agreements, RIS provides analytical back-up to MEA and Ministry of Commerce. In India's growing cooperation with groupings such as ASEAN, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), the catalytic role of RIS in formulation of India's policy towards such regional and sub-regional groupings has been significant. RIS has been encouraged to generate its own resources by undertaking funded programmes/projects.

117. The Committee are of the view that the Society for Research and Information System (RIS) for non-aligned and other developing countries is doing a good job and appreciate the jobs undertaken so far by the Society. As informed by the Government, the Society acts as a specialised 'think tank' on global issues in the field of international economic relations and development cooperation. It provides analytical inputs also to India and other developing countries on the issues taken up at the international fora such as G-77, NAM, SUMMITS, IMF, WTO, ASEAN, IOR-ARC and BIMSTEC etc. RIS is also mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic & social issues including regional & sub-regional cooperation arrangements, as may be referred to it from time to time. The Ministry have also informed that it is an autonomous organisation registered in India under the Societies' Act and receives the core grant from the Ministry of External Affairs. It, however, generates its own revenue as well by receiving project grant from donor and multilateral funding organisations for activities undertaken on their behalf. The Committee also note that the RIS plays a catalytic role in the formulation of India's policy towards such regional groupings. Keeping in view the significant role being played by RIS towards formulation of India's foreign policy and in other matters, the Committee strongly feel and recommend that budgetary allocations should be augmented suitably so as to enable RIS to perform its role without encumbrances in a much larger perspective in this era of globalisation.

(Recommendation No. 27)

J. INDIAN COUNCIL OF WORLD AFFAIRS

Head : 2061—11.05.31

(Rs. in lakhs)

Year	BE	RE	Actuals
1999-2000	01.00	0.00	0.00
2000-2001	01.00	80.00	65.00
2001-2002	100.00	120.00	134.36
2002-2003	150.00	150.00	112.32
2003-2004	160.00	160.00	—
2004-2005	165.00	—	—

118. The Committee expressed their desire to know about the background, history, Aims and objectives of the Indian Council of World Affairs (ICWA). The Ministry in a detailed note stated as follows:—

“Indian Council of World Affairs was established way back in 1943 as a non-official, non-political and non-profit organization exclusively for study of international relations and foreign affairs. It has continued to effectively serve the purpose for which it was established and historic international conferences have taken place here and world-renowned dignitaries addressed conferences/ meetings organized by the Council at Sapru House.

The ICWA at Sapru House has now adequate infrastructure as far as the premises is concerned. It may be mentioned that from earlier times international personalities have come to and addressed meetings at Sapru House.

By an Act of Parliament in 2001, the Indian Council of World Affairs has been declared to be an institution of national importance and taken over by a new ‘Body Corporate’ under this Act. In terms of the Act, the declared objects of ICWA include:—

- (a) to promote the study of Indian and international affairs so as to develop a body of informed opinion on international matters;
- (b) to promote India’s relations with other countries through study, research, discussion, lectures, exchange of ideas and information with other organizations within and outside India engaged in similar activities;

- (c) to serve as a clearing house of information and knowledge regarding world affairs;
- (d) to publish books, periodicals, journals, reviews, papers, pamphlets and other literature on subjects covered under clauses (a) and (b);
- (e) to establish contracts with organisations promoting objects mentioned in this section;
- (f) to arrange conferences and seminars to discuss and study the Indian policy towards international affairs; and
- (g) to undertake such other activities for the promotion of ideas and attainment of the above mentioned objects.”

119. The organizational set up of the ICWA consists of one Deputy Director General, ICWA who is a Joint Secretary from Ministry of External Affairs and one Officer on Special Duty of the rank of Deputy Secretary from Ministry of External Affairs and other supporting staff.

120. The Committee wanted to know the extent to which the ICWA has succeeded in achieving its objectives so far. To this, the Ministry have replied that the objectives of Indian Council of World Affairs are clearly detailed in the I.C.W.A. Act. Since its takeover by the Govt. of India in September, 2000, it organized 89 seminars/lectures/conferences/meetings and also resumed publications of India Quarterly and Foreign Affairs Reports on a regular basis.

121. The Committee desired to know about details of expenditure by ICWA of the allocated 160 lakh in RE 2003-2004 and asked whether the budgetary provision of Rs. 1.65 crore in BE 2004-2005 will be sufficient enough to meet its requirement and achieve the objectives set out in the Act. The Ministry have furnished the details of expenditure of the allocated Rs. 160 lakh in RE 2003-2004 as under:

(a)	Salary	—	Rs. 57.60 lakh
(b)	Office Expenses	—	Rs. 53.16 lakh
(c)	Seminars	—	Rs. 08.59 lakh
(d)	Publications	—	Rs. 03.97 lakh
(e)	Library	—	Rs. 04.63 lakh
(f)	Capital	—	Rs. 34.33 lakh
Total			Rs. 162.28 lakh

122. The Ministry have also added that the budgetary provision of Rs. 1.65 crore in BE 2004-2005 will not be sufficient enough to meet the requirement of ICWA. The additional funds will be projected in the RE 2004-2005 in order to achieve the objectives set out in the ICWA Act.

123. On being asked by the Committee as to whether the governing body of the Indian Council of World Affairs has been formed, the Ministry have replied as under:

“The governing body of the Indian Council of World Affairs has not yet been formed. The meeting of the Council of I.C.W.A. is yet to take place and thereafter under section 14 (1) of the Indian Council of World Affairs Act, 2001 [Incorporating (Amendment) Act, 2003 (No. 5 of 2004)] the governing body of the Council shall be constituted by the Council.”

124. On the activities of ICWA, the Ministry further informed:

“The ICWA will expand its activities once the Council is formed and vacant posts and other supporting staff are filled. Necessary vacant posts can be filled once the Council and the governing body of the Council are formed as the authority to fill the vacant posts would lie with the Council.”

125. The Committee desired to know as to when the renovation work of the Sapru House was likely to be completed in all respects, to which the Ministry replied as under:

“The Central Public Works Department have been apprised in writing of the urgent renovation work to be undertaken at Sapru House and there response is awaited. It is hoped that the necessary renovation work of Sapru House may be completed by the end of this Financial Year.”

126. The Committee note that the Ministry themselves are candid enough to accept that the budgetary provision of Rs. 1.65 crore in BE 2004-2005 will not be sufficient enough to meet the requirement of ICWA. Going by the declared objectives of ICWA, the Committee also feel that allocation of such small amount is really insufficient to achieve those objectives. The Committee recommend that allocation of fund to ICWA at RE stage should be appropriately increased. The Committee observe that the formation of the governing body of the Council is pending for quite a long time and many of its activities

can be undertaken only after the formation of the governing body. The Committee expect that the formation of the governing body should be done within one or two months and other pending work such as the filling of vacant posts, etc. should be undertaken by the Council immediately. The Committee also hope that the renovation work at Sapru House be completed by the end of the current financial year. The Committee sincerely hope the ICWA to get back to its past glory and touch new heights in the near future.

(Recommendation No. 28)

K. PROPAGATION OF HINDI

Head : 2061-13.01.26

(Rs. in lakh)

Year	BE	RE	Actuals
1998-1999	52.00	68.00	39.76
1999-2000	175.00	285.00	219.45
2000-2001	75.00	70.00	71.11
2001-2002	73.50	72.50	74.22
2002-2003	70.00	100.00	50.57
2003-2004	270.00	250.00	—
2004-2005	90.00	—	—

127. While noting the fact that Rs. 50.57 lakh was actually spent against RE of Rs. 100.00 lakh for the purpose during the year 2002-2003, the Committee categorically desired to know the reasons for substantial under utilisation of allocated funds under this Head during the year. The Ministry stated that during 2002-03, an allocation of Rs. 70 lakh as regular budget plus an additional Rs. 30 lakh at RE stage was made. An amount of Rs. 42,35,062/- was actually spent. Every year Ministry sends Hindi books in bulk to various Missions/Posts. Bulk purchase of books involves approximately Rs. 30 to 40 lakh including packaging, forwarding and freight charges. The under utilization of allocated funds under this Head during the year has been mainly due to Ministry's preoccupation with the 7th World Hindi Conference. Moreover, approximately Rs. 30 lakh was proposed at the RE stage in anticipation of advances to be paid to the Mission and ICCR for expenses towards organizing the 7th WHC. However, this

expenditure on this account could not materialize within the last financial year.

128. Similarly, Rs. 270.00 lakh were allocated in BE 2003-2004 and it was reduced to 250.00 lakh in RE stage. Now in BE 2004-2005 only Rs. 90.00 lakh have been allocated for propagation of Hindi through Missions abroad under minor Head.

129. The Committee wanted to know the reasons for such a substantial decrease of funds under this Head as also about the outcome of 7th World Hindi Conference held at Paramaribo, Suriname in June, 2003. To this, the Ministry replied:

“The VII World Hindi Conference held in Paramaribo was successful particularly in propagation of Hindi as a World language. Besides India delegations from Guyana, Trinidad & Tobago, Nepal, Russia, Japan, France, Poland, UK, Tajikistan, South Africa, Mauritius, Fiji, USA, Holland and Hungary participated in the Conference. This Conference was unique from the previous ones as all the deliberations were made in Hindi only. Some Resolutions passed during the VII World Hindi Conference include:

- (a) Recognition of Hindi as one of the official languages of the UN.
- (b) Establishment of Hindi Chairs in foreign universities, and strengthen Hindi teaching activities abroad.
- (c) Propagation of Hindi Language and propagation of Hindi among the people of Indian origin.
- (d) Development of a Hindi website and use of Information Technology in propagating of Hindi.
- (e) Publication of a World Director of Hindi Scholars.
- (f) World Hindi Day to be celebrated every year.
- (g) Establishment of Caribbean Hindi Parishad.
- (h) Establishing Hindi department in 10 Universities of South India.
- (i) Foreign Hindi writing to be incorporated in the MA (Hindi) curriculum of Indian Universities.
- (j) Promoting Hindi teaching in Suriname.”

The VII World Hindi conference gave an impetus for launching greater propagation and promotion of Hindi as evident from the demand from a large number of delegations for organizing Regional Hindi Conferences in different parts of the World.”

130. The Committee then questioned as to what follow up action was taken by the Ministry of External Affairs after 7th World Hindi Conference, the Ministry stated that as a follow-up action to the recommendations of the Regional Hindi Conferences, a high level Committee under the Chairmanship of External Affairs Minister had been set-up to intensify efforts to make Hindi as one of the official languages of the UN. The Committee then again quite categorically desired to know as to what specific efforts have been made so far to make Hindi as one of the official languages of the UN and whether the Ministry are facing any constraints in their drive to make Hindi as official language of the UN. The Ministry replied:

“A meeting of the High Level Committee under the Chairmanship of EAM to intensify the efforts to make Hindi as one of the official Languages of the UN was held on 29.7.2003. The Meeting also discussed the financial implications of this proposal. A further meeting of a Sub-Committee under the Chairmanship of Minister of State for External Affairs was held on 22.8.03. The Committee decided to set-up a Core Group under Additional Secretary (AD) to prepare an Action Plan in this direction. The meeting of the Core Group was held on 17.10.03 and a decision was taken to prepare an Advocacy paper in support of our concept in this regard. The ‘Hindi Salahkaar Samiti’ meeting under the Chairmanship of EAM was held in February 2004 where the matter was further discussed. Shri Nirmal Pathak, reputed journalist has been commissioned to prepare the Advocacy paper. Dr. Vidya Niwas Mishra, Chairman of the Sub-Committee of the Central Hindi Committee has also sent his considered views on the Advocacy paper. The paper is expected to be finalized at the earliest.”

131. The Ministry stated that they do not face any constraints in their drive to make Hindi as official Language of the UN and are taking systematic efforts in this regard.

132. In written reply to a question raised in Lok Sabha on 30th July, 2003 the Ministry of External Affairs have informed that the Ministry have a comprehensive scheme for propagation of Hindi abroad including use of Hindi in Embassies. In certain Embassies, Hindi

Officers and Hindi secretarial staff have also been provided. Annual Programmes issued by official Language Department are sent to all Missions for compliance. Hindi Computer Software has been supplied to 97 Missions and it is being supplied to the remaining Missions. Under instructions from Headquarters, Hindi is given due status in our Missions and all nameplates, signboards, letterheads, stationery are also printed in Hindi. Hindi books are regularly purchased and supplied to our Embassies for their libraries.

133. The Committee asked to furnish a list of Embassies where Hindi officers and Hindi Secretarial staff have already been provided as also whether the Ministry are making any efforts to supply Hindi Computer Software to the remaining Missions. The Committee also desired to know as to when the installation of Hindi Computer software is likely to be completed in the remaining Missions, what are the salient features of this software and how far the installation of aforesaid 'Hindi Computer Software' will be effective in achieving the objectives of propagation of Hindi worldwide. To this, the Ministry replied as under:

- (i) There are six Hindi Officers and one Hindi translator in 6 different Missions/Posts abroad. Out of these, there are 3 posts of Attached (Hindi & Culture) one each in UK, Suriname and Nepal and 3 posts of Second Secretary (Hindi & Culture) one each in Fiji, Mauritius and Trinidad & Tobago. There is only one post of a translator in Suriname Mission. At present this post is vacant. Selection procedure is underway for all the above posts.
- (ii) Ministry have asked all the Missions to send a utility report of Hindi software to the Missions/Posts. Many Missions have requested for Hindi Software. Ministry is presently compiling the above information. In this Software, any person who is not familiar with Hindi Software, can work on computer in Hindi. We can directly e-mail any document with Hindi font.
- (iii) It is mandatory that each MOU/Agreement, which is signed with India, be prepared bilingually i.e. in Hindi and the official language of the country concerned. If Hindi Software is available in the Mission, it will be useful for the Mission to finalize any last minute changes in such MOUs/Agreements. Mission would also be able to correspond in Hindi with various organizations propagating Hindi. Apart

from this, Hindi Software is easy to operate. With this Software, Mission can prepare data bank of Hindi related information which could be further disseminated locally.

134. The Committee note with immense satisfaction that the VII World Hindi conference gave an impetus for launching greater propagation and promotion of Hindi as was evident from the demand from a large number of delegations for organizing Regional Hindi Conferences in different parts of the World. The Committee are of the view that such Conferences should be organised more frequently and funds required for propagation of Hindi should be provided without any hesitation because the promotion of India's national language is an important national concern. The Committee further note that there are so many countries where Hindi is being spoken and written by huge numbers of people. The Government, in the opinion of the Committee, should form an organisation of countries where Hindi is being spoken and written. And in particular when no constraints are being faced by the Ministry in their drive to make Hindi as official language of the U.N., the Committee recommend the Ministry to make vigorous efforts to achieve this target in a definite time-frame.

(Recommendation No. 29)

135. The Committee are shocked to note that out of more than 160 Missions/Posts only six different Missions and Posts abroad have appointed six Hindi Officers and only one translator. It is a pity that where more than 50 crore people speak Hindi at least two-three hundred people are not available to save the national pride. If, it is due to non-provision of fund then in the opinion of the Committee, it is truly unsatisfactory. The Committee recommend that at least one Hindi Officer should be appointed in each Mission/Post for the propagation of Hindi. Each and every Mission and Post should be well-equipped with equipment like Hindi software, dictionaries, magazines, etc. to serve the purpose of propagating Hindi. The Committee are of the considered view that no nation can develop without development of its national language. As rightly said by the great scholar Babu Bhartendu Harish Chandra "Nij Bhasha unnati ahai, sub unnati ko mool" (it means development of our own Language is the root of all development), the Committee hope that world wide propagation of Hindi should be done as effectively as possible through our Missions/Posts as also through the ICCR.

(Recommendation No. 30)

L. FOREIGN ECONOMIC RELATIONS: TECHNICAL & ECONOMIC
CO-OPERATION WITH OTHER COUNTRIES

Major Head: 3605

(Rs. in Crore)

Year	BE			RE			Actuals		
	Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
1999-2000	246.00	395.44	651.44	246.00	348.12	594.12	238.93	333.87	572.80
2000-2001	345.00	386.50	731.50	349.20	367.60	716.80	334.19	326.50	660.69
2001-2002	272.00	437.07	709.07	240.00	489.71	729.71	276.12	355.72	631.84
2002-2003	365.60	521.13	886.73	335.60	593.15	928.75	375.25	564.72	939.97
2003-2004	402.00	580.07	982.07	456.00	572.96	1028.96	—	—	—
2004-2005	455.00	703.39	1158.39	—	—	—	—	—	—

136. According to the brief submitted by the Ministry, the allocation reflects India's abiding interest in providing assistance for developmental projects not only in friendly neighbouring countries, but also in Africa, Central Asia and Southeast Asia.

137. The Committee desired to know as to how the allocation of such huge amount under the Head: 3605 serves the purpose, to which, the Ministry replied:

"Idea of Foreign Economic Relations of the MEA was initiated in 1964 as a tool of India's foreign policy. The leadership at that time evinced keen interest in imparting technical and economic know how to the newly emerging countries of the developing world after decolonisation. As a result of this policy the trend has continued to date and several countries in the world have benefited from India's ITEC programme justifying the need for increased budgetary allocation from year to year. TC Division deputed a number of experts to various countries. A record number of 50 Indian experts were deputed in the last financial year as against 25 in 2002-03 and only 12 in 2001-02. A reason for increase in the total expenditure is the extension of the tenure of the experts who are already in these countries as in the event of extension though the expenditure towards final air fare and transportation the baggage is borne by the host government but GOI continue to pay their FA, CEA etc."

138. The Committee categorically asked as to whether India's interests are being fully served and protected in providing assistance of such huge amounts for developmental projects in friendly countries in Africa, Central Asia and Southeast Asia. The Ministry replied:

“The programmes included under these Heads imparting technical cooperation to the friendly countries generating goodwill among them. The increasing number of requests from beneficiary countries has entailed substantially larger amounts of budgetary allocation to meet the variety of requirements in executing this programme. The nature of interest under technical cooperation including civilian trainees trained under the ITEC programme has increased and in the year 2004-05 it is projected that TC Division would be training over 3500 candidates and among them a large number of requests is for training in It, which in effect is an acceptance of India's superiority in the IT Sector. Similarly, the number of experts who are sent abroad has taken a quantum leap with more and more countries seeking India's assistance by way of deputation of experts. The prestigious courses like National Defence College, Defence Service Staff College (DSCC) and other allied defence courses have become the most sought after courses attracting candidates from many countries.”

139. The Ministry also furnished about the specific achievements made through the massive allocation under this Head during recent past as under:

“Feasibility studies and projects have also been a major component of ITEC training and this part of ITEC has attracted sizeable large investments for the Government. Some examples can be stated and this would include the solar energy, electrification of the Tyona National Park in Colombia. This was a significant achievement for the MEA since it was for the first time that a project had been successfully undertaken in Latin America. Similarly in Cambodia, Lao PDR and Vietnam experts from the Archaeological Survey of India have restored the Angorvat Temple. The restoration work of Ta Prohm Temple complex at Siem Reap in Cambodia has already been started by ASI. A Vocational Training Centre for Construction sector in Jakarta has also been set up in pursuance of request made by the former President of Indonesia. Also, Rs. 1 crore worth of medicines to Mongolia, Loa PDR and Vietnam has been supplied as a measure of emerging relief under ITEC programme.”

140. The Committee appreciate India's abiding interests in providing assistance for developmental projects not only in neighbouring friendly countries, but also in Africa, Central Asia and South-east Asia. The Ministry have stated that one of the reasons for increase in total expenditure is the extension of the tenure of experts who are already in these countries as in the event of extension though the expenditure towards final air fare and transportation of the baggage are borne by the host Government, the Government of India continues to pay their FA, CEA etc. The increasing number of requests from beneficiary countries have also entailed substantially larger amounts of budgetary allocation to meet the variety of requirements in executing this programme. Similarly, the number of experts who are sent abroad has taken a quantum leap with more and more countries seeking India's assistance by way of deputation of experts. The Committee are of the view that programmes imparting technical cooperation to friendly countries certainly generate considerable goodwill among them and need of the time is that we should be proactively involved in promoting the same. While developed countries are influencing developing countries by providing huge assistance and in the end exploiting them, India should make efforts to develop cordial relations with friendly countries; not for their exploitation, but for building up permanent friendly relations and promoting strong ties. And to achieve the same, if there is requirement of additional funds, the Government should provide the same without any inhibitions.

(Recommendation No. 31)

(a) Bangladesh, India, Myanmar, Sri Lanka and Thailand Economic Cooperation (BIMST -EC)

141. According to the Annual Report of MEA for the year 2003-04 the BIMST-EC, a sub regional economic cooperation grouping of countries on the rim of Bay of Bengal has been formed. On being asked about the idea to form such an alternative organisation, the Ministry informed that the sub-regional economic cooperation grouping, Bangladesh, India, Myanmar, Sri Lanka, Thailand-Economic Cooperation (BIMST-EC), was formed in Bangkok in December 1997. Its precursor was known as BIMST-EC (Bangladesh, India, Sri Lanka, Thailand Economic Cooperation), which was formed in June the same year. Later on in February, 2004, Nepal and Bhutan too formally joined the grouping. Therefore, at present there are seven members in this sub regional economic cooperation grouping. In the first ever Summit of

BIMST-EC held in Bangkok on July 31, 2004, the name was changed to BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation). The grouping was largely formed due to a coalescing of Thai and Indian interests—Thailand's desire for a 'Look West' policy and India's desire to expand its 'Look East' policy. Although a young grouping, the peoples of the BIMST-EC countries have had close cultural, social and commercial ties throughout history, including active contacts between the business communities.

142. The Ministry also stated that BIMST-EC is very young grouping and therefore it will need time to show results. However, the initiatives launched so far have been helpful in developing the priority areas mentioned above. Many initiatives are still in the feasibility study phases. However, the win-win situation in most of these projects have put all the countries together in seeking to advance their collective interests faster. Once, these initiatives start taking shape, the sub-continent's eastern parts will have better environment for growth and development.

143. The BIMST-EC is a sub-regional economic cooperation grouping of countries on the rim of Bay of Bengal. At present, there are seven members (Bangladesh, India, Srilanka, Thailand, Myanmar, Nepal and Bhutan) in this sub-regional economic cooperation grouping. The grouping was largely formed due to a coalescing of Thai and Indian interests—Thailand's desire for a 'Look West' policy and India's desire to expand its 'Look East' Policy. Although a young grouping, the people of the BIMST-EC countries have had close cultural, social and commercial ties throughout history, including active contacts between the business communities. The Ministry have stated that BIMST-EC is very young grouping and, therefore, it will need time to show results. The Committee hope that the initiative taken so far will be helpful in developing the priority areas. The initiatives which are still in feasibility study phases will start taking shape soon and the BIMST-EC will bind all its countries together in seeking to advance their collective interests faster. The Committee also hope that the eastern part of the sub-continent will have better environment for growth and development in the near future. In order to achieve the same, the Committee recommend that collective definite efforts and strategies need to be made to strengthen this newly born organisation, which in the long run, thus, may be quite useful for all the seven member countries.

(Recommendation No. 32)

(b) Mekong-Ganga Cooperation (MGC)

144. On being asked about the funds allocated to MGC by India during the last three years, the Ministry replied that the allocation to MGC has been part of the overall allocations made under the Major Head 3605:00. 101:23:23.00.32—Multilateral Economic Relations Programme. The expenditure under Multilateral Economic Programme during the year 2001-2002, 2002-2003 was Rs. 4,42,000 and Rs. 12,63,78,874 respectively and during 2003-2004 (approved Budget Estimates) was Rs. 500,00,000.

145. As per the Ministry of External Affairs achievements of Mekong-Ganga Cooperation during last three years and prospective gains for India from this cooperation is as under:

“The Mekong-Ganga Cooperation (MGC) was formally launched in 2000 at Luang Prabang in Lao PDR on the banks of the Mekong. The first Ministerial Meeting of MGC was held in Vientiane from 9-13 November 2000 and issued the Vientiane Declaration of MGC. The Declaration covers cooperation in four sectors, namely tourism, culture, education, transport and communications. The lead countries for the four sectors of cooperation are: Thailand (tourism); India (education); Lao PDR (transport and communications); and Cambodia (culture).”

146. The Second Mekong-Ganga Cooperation Ministerial Meeting was held in Hanoi on 28th July 2001 and adopted the Hanoi Plan of Action (HPA). At this meeting India offered cooperation projects relating to flood control and management, the setting up of a Museum of Traditional Textiles in Cambodia (with a grant of US\$ 1 million towards the project), teaching of English, and cooperation in other fields such as museology and conservation. India also offered free space to MGC countries to participate in the World Book Fair and the Handicrafts and Gifts Fair held annually in New Delhi. The HPA has a six-year timeframe covering the period July 2001-2007. The Museum of Traditional Textiles project in Seim reap is being coordinated by ICCR. Cambodian Government has allocated a prime site for it near the Angkor monuments. Architects are being short listed for designing the museum building.

147. One of the main focuses of MGC has been on the reliable transportation and tourism between India and member countries. The then EAM made an announcement of Delhi-Hanoi rail link at the MGC Ministerial Meeting held in Phnom Penh on 20.6.2003. In this

direction, the feasibility study of Jiribam-Mandalay Rail link is being undertaken by RITES Ltd. and will be completed in 3 1/2 month's time. It would promote rail connectivity from India to member countries. In view of the close cultural and historical links with MGC member countries, the MGC mechanism provides the additionality to further strengthening cooperation with MGC member countries.

148. The Committee observe that the Mekong-Ganga Cooperation (MGC) was formally launched in 2000 at Luang Prabang in Lao PDR on the bank of Mekong. During the first Ministerial meeting of MGC a Declaration had been issued on MGC. The Declaration covers cooperation in four sectors, namely tourism, cultural, education, transport and communication. The leading countries for the four sector of cooperation are: Thailand (Tourism) India (Education), Lao PDR (transport and communication) and Cambodia (Culture). One of the main focuses of MGC has been on the reliable transportation and tourism between India and member countries. In view of the close cultural and historical links with member countries the MGC mechanism provides an additional forum to further strengthening cooperation with MGC member countries. The Committee express their satisfaction over the development so far. The Committee, however, recommend that cultural and historical links with member countries should be strengthened and possibility of further cooperation should be explored. The Committee, therefore, urge the Government of India to extend all possible help to MGC and if required some additional budget may also be allocated to this Cooperation to achieve its objectives.

(Recommendation No. 33)

(c) Financial Allocations for Government of Bangladesh

(a) Aid to Bangladesh: 3605-00.101-09.00.32

(Rs. in crore)

Year	BE	RE	Actual
2000-201	10.00	8.75	5.02
2001-2002	9.00	4.00	0.04
2002-2003	10.00	2.50	0.49
2003-2004	20.00	2.00	—
2004-2005	3.30	—	—

(b) Loan to Government of Bangladesh: 7605-00.098-00.00.55

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	15.00	50.00	19.55
2000-2001	75.00	75.00	59.08
2001-2002	105.45	57.42	78.61
2002-2003	80.00	40.00	13.34
2003-2004	20.00	20.00	—
2004-2005	1.62	—	—

149. Allocation of funds to Bangladesh under the heads Aid and loan to Bangladesh in BE 2004-2005 is lower than BE 2003-2004. Going by the brief submitted by Ministry of External Affairs, it is because of the change in political scenario.

150. On being asked as to what were the specific reasons which compelled the Ministry to reduce significantly the BE allocation to Bangladesh, the Ministry have replied that the reduction in budgetary allocation for Aid to Bangladesh Major Head '3605' is due to the fact that a number of ongoing projects with Bangladesh were completed in the year 2003-04 or otherwise were not proposed for implementation in the current financial year. Accordingly no provision has been kept. A number of projects are under discussion between the two sides and provisions will be suitably made once there is bilateral agreement.

151. Disbursements under the head of Loans to Bangladesh Major Head '7605' are being made under the 1999 Credit Line of Rs. 200 crores extended to Bangladesh. The credit line stands substantially exhausted and Rs. 177 crore has already been disbursed. Only one major project for supply of 3 BG locomotives remains to be covered. The entire project amount of Rs. 21.97 crores was to have been spent in the last financial year but eventually only Rs. 6.31 crores could be spent. The balance amount under this project will be projected under RE 2004-05.

152. The Committee also desired to know whether the Ministry have evaluated the long term prospects for India in context of the financial assistance being extended to the Government of Bangladesh and whether there has been any visible beneficial impact discernible from such loan or assistance programmes, the Ministry have stated that the Government of India is committed to providing both grant and loan assistance to Bangladesh with a view to promoting strengthened cooperation in the various areas of bilateral engagement.

The loan assistance has been used mainly in the transport sector and has contributed to improved rail and road connectivity and development of infrastructure in Bangladesh. Economic assistance has also enabled Indian companies to establish themselves in the Bangladesh market. The Bangladesh Government has been appreciative of Indian assistance and at present, extension of a US \$ 150 million line of credit for projects mainly in the railways sector is under discussion between the two sides. Indian grant assistance has funded a number of technical assistance projects in sectors such as IT, health, journalism and training which have also been well received by the Government of Bangladesh. Both grant and loan assistance are key components of economic cooperation between the two countries.

153. The Committee observe that allocation of funds to Bangladesh under the Head "Aid and Loan" in BE 2004-2005 is lower than BE 2003-2004. As stated by the Ministry it was because a number of projects are under discussion between the two sides are yet to be finalised and provisions will be suitably made once there is bilateral agreement over these. The Bangladesh Government has been appreciative of Indian Assistance and understand that both kinds of assistance is the key components of economic cooperation between the two countries. The Committee also appreciate the commitment of Government of India to provide both grants and loan assistance to Bangladesh with a view to promoting and strengthening cooperation in the various areas of bilateral agreement. The Committee recommend that the agreements which have to be negotiated may be negotiated speedily and projects which are under discussion should also be attempted to be finalised as early as possible.

(Recommendation No. 34)

(d) Financial Allocations for Government of Bhutan

(a) Aid to Bhutan: 3605-10.00.32

(Rs. in crore)

Year	BE	RE	Actual
1998-1999	331.00	372.00	357.78
1999-2000	436.00	436.00	451.88
2000-2001	545.00	549.20	553.36
2001-2002	482.00	495.00	507.25
2002-2003	597.05	567.05	607.78
2003-2004	644.00	696.00	—
2004-2005	699.80	—	—

Loan to Government of Bhutan: (7605-00.097-00.00.55)

(Rs. in crore)

Year	BE	RE	Actual
1999-2000	154.00	154.00	156.00
2000-2001	230.00	200.80	200.78
2001-2002	148.00	160.00	157.44
2002-2003	234.40	214.40	272.88
2003-2004	248.00	304.00	—
2004-2005	280.00	—	—

(Rs. in crore)

Year	Head-“Aid to Bhutan”			Head-“Loans to Govt. of Bhutan”			Grand Total (a+b)
	Plan	Non-Plan	Total (a)	Plan	Non-Plan	Total (b)	
1999-2000 (Actual)	238.93	212.94	451.87	156.00	156.00	156.00	607.87
2000-2001 (Actual)	334.19	219.17	553.36	200.78	0.00	200.78	754.14
2001-2002 (Actual)	276.12	231.13	507.25	157.44	0.00	157.44	664.69
2002-2003 (Actual)	375.24	232.54	607.78	272.88	0.00	272.88	880.68
2003-2004 (RE)	456.00	240.00	696.00	304.00	0.00	304.00	1000.00
2004-2005 (BE)	455.00	244.80	699.80	280.00	0.00	280.00	979.80

154. On being asked as to what are the prospective gains for India after the completion of projects in Bhutan with the help of Indian Government, the Ministry have replied that India's policy towards Bhutan comprises two basic elements—(a) recognition and

accommodation of Bhutan's legitimate aspirations as an independent country while ensuring that our own vital national interests are not in any way compromised, (b) integration of the two economies, particularly through mutually beneficial sectors like hydroelectricity.

155. India played a decisive role in the modernization of Bhutan providing technical and financial assistance to Bhutan's Five Year Plans since 1961. The first two Five Year Plans were entirely financed by Government of India (GOI). Other bilateral and multi-lateral donors entered Bhutan in the subsequent Five Year Plans but India continues to play a dominant role. In addition, GOI contribution to Bhutan's Five Year Plans can be seen in the following Table.

(Rupees in crore)				
Year (Five Year Plan)	Total Plan Outlay	GOI Contribution In Rs	GOI Contribution %	Contribution of other multilateral donors %
1961-66-I FYP	10.72	10.72	100.00	Nil
1966-71-II FYP	20.22	20.22	100.0	Nil
1971-76-III FYP	47.52	42.66	90.0	3
1976-81-IV FYP	110.62	85.30	77.0	18
1981-87-V FYP	444.05	134.00	30.2	21
1987-92-VI FYP	950.00	400.00	42.1	15
1992-97-VII FYP	2350.00	750.00	31.9	34
1997-02-VIII FYP	4000.00	1050.00	26.0	27.0

156. India has also undertaken some major projects such as Chukha, Kurichu and Tala Hydroelectric Projects, which are outside the purview of Bhutan's Five Year Plans. While these Projects generate substantial revenues for RGoB, the electricity from the Projects is transmitted to energy deficient States in India.

157. On being asked as to whether proposals of new projects are being considered for negotiation between both the countries, the Ministry have replied that as part of GOI assistance to Ninth Plan of Bhutan, Tata Energy Research Institute is preparing an Energy Master Plan for Bhutan. The Master Plan will form the basis of cooperation

in this sector. Under GOI assistance for Bhutan's Ninth Plan, Feasibility Studies of three projects with total expected potential of 2000 MW will also be undertaken. These projects are Punatsangchu II (Punakha District), Daglia (Zemgang District) and Kholongchu (Tashiyangse).

158. The Ministry have stated that the expenditure on the major projects in Bhutan is meant out of the plan fund of the Ministry. BE 2003-2004 projections due to increase in requirements under both plan and non-plan as a result of physical progress in various projects under implementation.

159. It has however been noted by the Committee that the Plan allocation of the Ministry has been actually reduced by 25 crore than the RE for the year 2003-2004. The Committee in this context had asked the Ministry as to explain the above stated mismatch. In response to that the Ministry have furnished as under:

Aid to Bhutan (Non Plan):	Rs. 250 crore	(Allocated as per Demand for Grant Rs. 244.80 crores)
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Aid to Bhutan (Plan):	Rs. 725 crore	(Allocated as per Demand for Grant Rs. 735 crores)
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However, due to shortfall in allocation of RE 2003-04 and FE 2003-04, the requirement of funds for BE, was revised as follows:

Aid to Bhutan (Plan): Rs. 800 crore

Due to increased commitments on both Non Plan and Plan budgets, additional funds will be sought during RE stage.

1.60 On being asked about the exact time schedule for completion of the proposed Dungsam Cement Plant, the Ministry have replied that the Dungsam Cement Plant is currently in a state of suspension. Although request has been received from Royal Government of Bhutan for its reactivation, the decision can be taken only after review of the security situation of the area and detailed discussions between the two sides on other aspects of the Project. The area has also faced unprecedented floods this year causing damages to the roads which is expected to delay the reactivation of the Project. The exact time schedule of the Project can be worked out only after detailed consultations between Government of India and Royal Government of Bhutan on reactivation of the Project and re-appointment of the Consultant.

161. The Committee are happy to note that India is playing quite a pivotal role in the modernisation of Bhutan, providing technical and financial assistance to Bhutan's five year plans since 1961. As a consequence of our support to Bhutan's development programmes, the overall relations between India and Bhutan have matured over the years to become a model for mutually beneficial cooperation in the region; providing immense benefit to the peoples of both countries. While the bilateral relationship is multifaceted and diverse, encompassing political, security, economic, cultural and social fields, it is in the area of development cooperation, that the mutual benefits are most tangible. The concerted efforts by the two countries continue to draw upon the complementarities and comparative advantages of the two economies-placing bilateral relations on the firm footing. The Committee recommend that while our policy towards Bhutan such as recognising their legitimate aspirations and integrating the two economies should remain intact, at the same time, the Government should ensure that our own vital national interests are not in any way compromised and efforts should be made in finding more mutually beneficial sectors like hydroelectricity and others.

(Recommendation No. 35)

162. The Committee also note that as part of Government of India assistance to Ninth Plan of Bhutan, Tata Energy Research Institute is preparing an Energy Master Plan for Bhutan. The Master Plan will form the basis of cooperation in this sector Under GOI assistance for Bhutan's Ninth Plan, Feasibility Studies of three projects with total expected potential of 2000 MW will also be undertaken. These projects are Punatsangchu II (Punakha District), Dagma (Zemgang District) and Kholongchu (Tashiyangse). The Committee recommend that keeping in view our own national interests feasibility studies of projects with total expected potential of 2000 MW should be undertaken on urgent basis. The Committee trust that the efforts and money put into these projects will not go waste and ultimately benefit both the countries, in the coming years.

(Recommendation No. 36)

163. The Committee note with surprise that the Dungsum Cement Plant is currently in a state of suspension. Although request has been received from the Royal Government of Bhutan for its reactivation, the Ministry have submitted that the decision can be taken only after a review of the security situation of the area and detailed discussions between the two sides on other aspects of the

Project. The area has also faced unprecedented floods this year causing damages to the roads which is expected to delay the reactivation of the Project. The exact time schedule of the Project can be worked out only after detailed consultations between Government of India and the Royal Government of Bhutan on reactivation of the Project and re-appointment of the Consultant. The Committee would like to say in this regard that security problems and floods are not permanent problems and due to these problems the project should not be allowed to remain in a state of suspension. And especially when a request for reactivation for the project has been received from the Royal Government of Bhutan, the situation should be studied for reactivation of the project at the earliest.

(Recommendation No. 37)

(e) Financial Allocation For Government of Nepal

a. Aid to Nepal: 3605-03-00-32

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	65.00	65.00	42.39
2000-2001	65.00	62.00	42.25
2001-2002	109.00	60.25	39.53
2002-2003	107.25	79.99	45.93
2003-2004	92.16	60.00	—
2004-2005	59.20	—	—

b. Loan to Nepal: 00.095-00.00.55

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	.01	.01	00.00
2000-2001	.01	.01	00.00
2001-2002	.01	.01	00.00
2002-2003	.01	.01	00.00
2003-2004	.01	.01	—
2004-2005	.01	—	—

(Rs. in crore)

Year	Head-Aid to Nepal (a)	Head-Loan to Nepal (b)	Total (a+b)
1999-2000 (Actuals)	42.39	00	42.39
2000-2001 (Actuals)	42.25	00	42.25
2001-2002 (Actuals)	39.53	00	39.53
2002-2003 (Actuals)	45.93	00	45.93
2003-2004 (RE)	60.00	00.01	60.01
2004-2005 (BE)	59.20	00.01	59.21

164. On being asked about the terms and conditions of each agreements on various projects for which Aid have been provided to Government of Nepal by Indian Government and the manner in which the Government of India is going to be benefited by all these projects, the Ministry have submitted:

“The Economic integration of Nepal with India, with specific focus on Terai, is a key long-term strategic goal in Indo-Nepal cooperation. Strengthening of existing social, cultural, familial and economic linkages across the border would go a long way towards achieving this objective. To achieve the purpose, we have undertaken projects in areas of infrastructure, health, water resources, rural and community development, education, etc. A large part of the early infrastructure in Nepal is built with Indian assistance. During the last two years, the focus of GOI assistance has shifted to include also small grassroots level projects in the portfolio. The projects are selected and implemented in a manner so as to ensure that the benefits reach to the grass-root level, while earning visibility and goodwill for India.

In addition to this, several new projects have been launched to improve transport infrastructure and connectivity on the two sides of the border. These include development of border check-posts, development of important link roads on both sides of the border and development of broad-gauge rail links between important border towns. Once implemented, these projects would also contribute towards maintenance of security and development of trade and economic cooperation between India and Nepal.

Efforts are also underway to develop cooperation with Nepal in the field of water resources. There is vast potential for cooperation

between India and Nepal in the areas of power generation, flood control and irrigation.

165. During the course of evidence, Foreign Secretary informed the Committee:

“In Nepal, actually, the Government have not put aside any money for these projects. There are projects that are in the pipeline that have not been implemented. As an example, in Nepal, we have the Pancheswar Project. This project is already about eight years old. Ever since the agreement was signed, the Government are still nowhere near the implementation of that project. This is where unfortunately, in our relationship with Nepal sometimes, politics comes into consideration of such projects. In case of Pancheswar, the main thing has been that there is a different of opinion about the re-regulation or storage. It will regulate the flow of electricity on an annual basis. Nepal says that the site that we have chosen along with the technical people of Nepal will lead to the submergence of a fair large amount of land, and displacement of people. They have suggested a different site. So, the Ministry have to make a cost benefit analysis. For Pancheswar, the Government have worked out a fresh strategy that will take on board some of the concerns that were expressed by Nepal. Within perhaps a month or so, the Ministry will have the next meeting of Joint Group of Experts. There is one more project, namely Saphthakoshi High Dam Project. This project is something that can control floods, particularly in Bihar. After a considerable amount of discussion, the Ministry have only recently managed to sign an agreement with Nepal for setting up of a Joint Project Office. This will be coming up in a year or two. It will prepare the DPR for the high dam project. It also includes certain storage facilities and also perhaps even navigation facilities for Nepal. This is something that the Ministry also trying to replicate in our relationship with Nepal. It also has a very major hydro-electric power resource.”

166. The Committee are happy to note that the Economic integration of Nepal with India, with specific focus on Terai, is a key long-term strategic goal of the Indo-Nepal cooperation. Strengthening of existing social, cultural, familial and economic linkages across the border would go a long way towards achieving this object. Projects in areas of infrastructure, health, water resources, rural and community development, education, etc. are being undertaken to strengthen the Indo-Nepal cooperation. The Committee appreciate the Indian efforts which are being made to provide assistance to Nepal as to earn visibility and goodwill for India, the benefits are being made available to grass root level by implementing

projects in Nepal. The Committee are also happy to note that several new projects have been launched to improve transport infrastructure and connectivity on the two sides of the border including development of border check-posts, development of important link roads on both sides of the border and development of broad-gauge rail links between important border towns and believe that once implemented, these projects would contribute towards maintenance of security and development of trade and economic cooperation between India and Nepal. The Committee also observe that vast scope is there in the field of water resources and efforts are under way to develop cooperation in this field as has been elaborated by the Foreign Secretary during the course of evidence. The Committee, therefore, feel that this area should be explored earnestly on the lines of projects being executed in Bhutan. The Committee also believe that investment in Nepal will be certainly fruitful for India and Government should go ahead with this so that other countries in the region should not be allowed to take advantage in exploiting Nepal by providing mere assistance.

(Recommendation No. 38)

167. The Government have accepted that there are projects in the pipeline that have not been implemented for example, the Pancheswar project is about eight years old. Ever since, the agreement was signed the Government are still nowhere near the implementation of project. This is very unfortunate and projects considered or being considered in areas of power generation, flood control and irrigation between India and Nepal should be negotiated as early as possible, in order to guard against the time and cost escalations.

(Recommendation No. 39)

(f) Aid to Myanmar

Head: 3605-14.00.32

(Rs. In crore)

Year	BE	RE	Actuals
1999-2000	35.00	21.57	20.66
2000-2001	23.50	19.15	5.97
2001-2002	20.75	16.78	1.76
2002-2003	18.13	5.50	1.51
2003-2004	9.00	4.00	—
2004-2005	10.00	—	—

168. The above given table shows a drastic decrease in actual expenditure as against BE allocations under the head “Aid to Myanmar” from the year 2000-2001 to 2002-2003. On being asked about the reasons, the Ministry have submitted:

“From 1999-2000 to 2002-2003, there has been a decrease in actual expenditure under the “Aid-to-Myanmar” Head. During this period, several Projects were finalized after consultations between the Governments of India and Myanmar. Implementation of these Project, however, had to await several formalities from the Government of Myanmar before the take off stage could be reached. This was also the time when there was political turmoil in Myanmar and the period during which the democracy movement was in various stages of being controlled by the Government of Myanmar. Due to this development as well as the need for the Myanmar Government to concentrate more on the process of reconciliation with its ethnic minorities in order to prepare for the National Convention, the attention of the Myanmar Government on bilateral projects with India appear not to have been given priority. From India’s point of view, every effort was made to finalize agreements as well as facilitate implementation. The bilateral nature of these projects, however, required implementation from Myanmar.

For the record, however, there has been rapid progress in all projects in 2003-04 to the extent that the Budget allocation may need to be revised upward for this year. The reason for this is also directly a reflection of the controlled political situation within Myanmar.”

169. A detailed list of Projects together with the background notes and the utilization of funds is placed below:

1. Upgradation of the Tamu-Kalewa Road:

The 160 kms road in Myanmar along the India-Myanmar border across Manipur had been taken up as the first project under the MoU which India and Myanmar signed on March 19, 1997. The Project was financed by India and was assigned to the Border Roads Organisation. The road has been completed and was inaugurated by the EAM in February, 2001. A Memorandum of Understanding (MoU) between the Government of the Union of Myanmar and the Government of Republic of India on cooperation in the maintenance of Tamu-Kalemyo road was also signed on 25th May, 2001 in Yangon. Under the MoU, the

Government of India has taken up the responsibility of maintenance of the Tamu-Kalemyo-Kalewa road for the first six years by providing the services of Indian Road Maintenance Force along with necessary materials and manpower. After six years, the road will be handed over to the Government of Myanmar, who will be responsible for maintenance and upkeep of the road thereafter.

Total Cost of Maintenance for six year from

2001-02	Rs. 659.34 lakh (Tentative)	
Funds Released	Rs. 109.89 lakh (Tentative)	2001-2002
	Rs. 109.89 lakh (Tentative)	2002-2003
	Rs. 109.89 lakh (Tentative)	2003-2004

2. Kaladan Multi-Modal Project:

The Kaladan River flows from the Chin Hills in Myanmar into Mizoram and then southwards into Myanmar's Rakhine State, entering the Bay of Bengal at Sittwe (formerly Akyab).

The Kaladan Multi-Modal Transport aims to link Southern Mizoram to the port of Sittwe on the Rakhine coast in Myanmar. The Project involves:

- (a) Construction of an Inland Water Transport (IWT) Facility on River Kaladan from the Port of Sittwe to Kaletwa in Myanmar.
- (b) Construction of a Highway Alignment from Kaletwa to India-Myanmar Board along the River.
- (c) Construction of a road from India-Myanmar Border to NH-54 in Mizoram.

The Project is now underway after delayed approvals.

Total Cost: Rs. 3.66 (Crore (Approx.))

Funds Released:

2002-2003	Rs. 50,33,990.00/US \$ 52,500 (Tentative)
2003-2004	Rs. 95,97,694.00 (Tentative)

3. Tamanthi Hydro-Electric Power Project:

An Indo-Myanmar Hydro-Electric Power Project on the Chindwin River at Tamanthi, across the Nagaland border was initiated at the proposal of Myanmar. The Chindwin is the major river system in Western Myanmar and close to the India-Myanmar border (Tamanthi is only 80 kms from the India-Myanmar border). The Project is currently at the pre-feasibility stage and when completed, may have a potential of generating between 600-1000 MW of electricity, with most of the power being sold to India. This Project could contribute to India's growing power needs and transform the economy of Western Myanmar.

Latest Position

National Hydel Power Corporation (NHPC) has been designated as the nodal agency for carrying out the pre-feasibility study. A proposal for conducting a pre-feasibility study has been approved in principle and the cost estimates have been sent to Ministry of Power for verification.

Total cost		Rs. 88.40 lakhs (Tentative)
Funds Released:	2004-05	Rs. 14,75,800.00 (Tentative)

4. Rhi Tiddim and Rhi Falam Roads

Border trade is conducted at present through one point which is Tamu-Moreh. However, it has been agreed to operationalise another trading point in Zokhawatar-Rhi. However, Myanmar had made a request for upgradation of two roads to facilitate the smooth movement of goods. Broad survey of both road sections was carried out in June 2003 by a team from Border Roads Organisation (BRO) and the State of Mizoram. The team has submitted its report to the concerned authorities in the Government of India and it is being studied. RITES have recently submitted a detailed financial and technical proposal for construction of the roads which is under examination.

5. India-Myanmar Joint Oceanographic Studies

Total Cost	Rs. 36 lakh
MEA's Component	Rs. 20.5 lakh
Funds Released	Nil

6. Gifting of Musical Instruments to various organizations of Myanmar

Funds Released	1999-2000	Rs. 4 lakh
	2002-03	Rs. 9 lakh

7. Deputing faculty member in various discipline at the University of Yangon

Total Cost		Rs. 51,56,737.00 (approx.)
Funds Released	2003-04	Rs. 5,25,808.00

8. Upgradation of Deptt. of BT, Physics & IT at University of Yangon through Ed. CIL

Total Cost	Rs. 2,10,11,996.00
Funds Released	Rs. 21,01,200.00

9. Admission of Myanmarese candidates IISC, Bangalore

Total Cost:		Rs. 14.9 Lakh
Funds Released:	2002-03	Rs. 6,86,100/-

Installation of Tidal Gauge along with Myanmar Coast:

Total Cost:		Rs. 15,73252
Released:	2002-03	Rs. 11,21,000/-
	2003-04	Rs. 4,50,000/-

1.70 The Committee observe that there is a decrease in Actual Expenditure under the Head "Aid to Myanmar" in comparison to 2002-2003. Although, several projects were finalised after consultation between the Governments of the two countries, the implementation of all these projects is still awaited. The Ministry have informed the Committee that the attention of the Myanmar Government on bilateral projects with India appear not to have been given priority due to their internal situation and every effort was made to finalise agreements as well as facilitate implementation. Since, the bilateral nature of these projects required implementation from Myanmar, the Committee recommend that all possible efforts should be made by the Ministry at the earliest in respect of these projects and

assurance regarding timely and proper implementation should be secured from the Government of Myanmar forthwith.

(Recommendation No. 40)

(g) ITEC and SCAAP programmes

ITEC Programme

(3605—00.101-17)

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	31.00	29.00	29.32
2000-2001	30.00	29.75	28.96
2001-2002	31.18	31.00	30.81
2002-2003	31.00	26.00	37.18
2003-2004	30.50	28.00	—
2004-2005	30.00	—	—

SCAAP Programme

(3605-19.00.32)

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	5.00	5.00	4.58
2000-2001	5.00	4.00	5.18
2001-2002	4.10	4.50	8.04
2002-2003	5.00	4.00	6.39
2003-2004	5.50	5.00	—
2004-2005	5.50	—	—

171. The ITEC Programme and the Special Commonwealth Assistance for Africa Plan (SCAAP) have generated goodwill for India and recognition by the developing countries of India's achievements in science, technology, Industry, agriculture and human resource development. In this context, the Ministry were asked as to whether

the budgetary provisions under this Head were sufficient enough for the Ministry to achieve its objectives. To this, the Ministry replied:

“It is universally recognised that India is the hub of technical and economic activity such as IT software, small scale industries, industrial estates, civil and public administration, machine tools, railways etc. There is definitely a tremendous amount of goodwill generated by TC Division of MEA and it brings India closer to other developing countries and we are looked upon as a model for other countries all over the world. It is therefore only justifiable that more funds are made available to TC Division to carryout and execute various aspects of ITEC and fulfil the commitments of our leadership in conceptualizing such an aid programme where every aspect is taken care of from the moment of arrival and departure of the candidate from their home country.”

172. In the Expenditure Statement for the Financial Year 2003-2004 (ITEC-SCAAP Programme, under Major Head—3605, 17-ITEC Programme, 17.00.32—Contribution—the total No. of trainees as on February 2004 showed huge under-utilization of slots allotted in 2003-2004 whereas against the budgetary grant of Rs. 28 crore in 2003-2004, the expenditure incurred had been shown to be Rs. 39.51 crore, which was far in excess of the grant for the year. Against this backdrop, the Committee desired to know the reasons for the gross under-utilization of the slots as also of the excess expenditure made under this Head on far less number of slots but substantially in excess of the budgetary grant for the purpose. To this, the Ministry, in a written reply, submitted:

“The total number of civilian trainees trained in the financial year 2002-2003 was 2001. The total number of trainees in 2003-04 was 2130. The expenditure under ITEC in 02-03 was Rs. 37.18 crores and in 03-04 was Rs. 39.51 crores. It may be seen from the above figures that in every successive year there has been an increase both in the number of slots allotted as well as budgetary expenditures sent on civilian training. Civilian training has been a major component of the ITEC programme. A record number has been achieved for the year 2003-04 when 2130 students were trained. Therefore as can be seen there has not been any under utilisation of slots but an increase in the number of slots offered and utilised with the financial implication in every financial year.”

173. While the Ministry in their reply had stated that the total number of civilian trainees in the year 2003-2004 was 2130, in their Annual Report (2003-2004) the total number of trainees as against the slots numbered 2559, had shown to be 1690 only as on February, 2004. When asked to clarify the actual position as actually obtaining with regard to the utilisation of slots, the Ministry submitted:

“The figures shown in the Annual Report are up to 29th February, 2004, whereas the actual number of civilian trainees under ITEC/SCAAP upto 31st March, 2004 is 2130 during the financial year 2003-04. The actual number of trainees is calculated on the basis of joining reports submitted by the institutes for release of advance/final payments towards conducting the course. As the allotted funds during the financial year 2003-04 were exhausted in the month of January, a lot of institutes were advised to submit their claims when the budgetary position was expected to be clearer. The institutes forwarded the joining reports in the month of March, 2004 and thereafter for the courses undertaken during the months of January to March, 2004. The slots utilized under ITEC during 2003-04 was 1,652 against the allotted slots of 2559.”

174. Again in reply to a pointed question by the Committee in regard to under-utilization of Civilian Training slots under the ITEC Programme more particularly in respect of neighbouring countries during the year 2003-2004, the Ministry replied:

“Under the Head Civilian Training, the procedure entailed in the first instance is allotment of slots as per requirements of our Missions abroad. Empanelled institutions run several courses to meet the demands of our numerous partner countries. However it sometimes happens that the countries are not in a position to send enough candidates i.e. in Latin America and Central Asia where they are not in a position to speak or understand spoken or written English while in other cases the candidates do not possess the prerequisite technical knowledge. There has thus been on some occasions, a drop in utilisation of slots.”

175. To a related query as to what efforts were proposed to be made to check this trend, the Ministry informed the Committee:

“New courses to suit the interest of various region-wise countries are being chosen and fresh empanelment is being done every year. As a matter of fact in the current year TC Division has brought out a brochure detailing courses for the current year and it is

proposed to ringout another brochure listing some more empanelled institutions in the remaining half of the current financial year. One of the main reasons for rejection of the candidate is the lack of knowledge of English language. Such countries are encouraged to take training in English language.”

176. During the examination of Demands for Grants (2003-2004), the Ministry in a written submission had informed that the first major evaluation of ITEC programme was done in 1993 and in 2001, an Advisory Group on Technical Co-operation had been established to identify ways to enhance the level and modernise the technical cooperation programme. In this background, the Committee desired to know whether this Advisory Group has evaluated the programme of SCAAP also alongwith ITEC to suggest for ways to enhance the level and modernise the technical cooperation. To this, the Ministry submitted:

“The Advisory Group on Technical Cooperation set up in 2001 made certain recommendations for the SCAAP programme of ITEC-SCAAP and efforts have been made to enhance the level of cooperation. MEA’s TC Division has now its own website (itec.nic.in) and any person interested in ITEC/SCAAP programme can have easy access through its website. The TC Division has also established a data bank from which experts in various fields can be drawn upon as and when required by foreign countries. The selection procedure for Indian experts going abroad has been fine-tuned i.e. different institutions/Ministries such as Central Government and State Governments are requested for nominations of experts whenever the request is received from the partner country. The candidates are interviewed by a panel and once the decision has been made to choose an expert the permission or approval of the cadre controlling authority and the Minister concerned are always requested for and it is only after such a detailed and impartial procedure of selection that experts are nominated to go abroad. It is an indication of the modern facilities and technical cooperation methods that more and more courses are being organised for different levels of experience and knowledge.”

177. When the Committee asked about the details of the suggestions and recommendations made by the Advisory Group on Technical Co-operation and the action taken by the Government in pursuance thereof, the Ministry informed the Committee that in its implementation work,

they have taken note of the suggestions and recommendations made by the Advisory Group on Technical Cooperation, which met in 2001. Most of the suggestions and recommendations have been accepted and are being implemented. The Ministry are planning to appoint a Consultant for reform of ITEC programme.

178. To a related query as to whether the Ministry have appointed any consultant for reform of ITEC & SCAAP Programmes, the Ministry replied that they had shortlisted some companies as consultants to bring about reform in ITEC and SCAAP. The selection procedure has been well thought out and a transparent policy had been adopted. The final decision was to be taken shortly and the exact date for appointment of the consultants had not been worked out as yet.

179. The Committee are happy to note that the ITEC programme and the Special Commonwealth Assistance for Africa Plan (SCAAP) have generated goodwill for India and recognition by the developing countries of India's achievements in Science, Technology, Industry, Agriculture and Human Resource Development. The Committee are of the view that being the hub of technical and economical activity, such as, IT software, Small Scale Industries, Industrial Estates, Civil and Public Administration, machine tools, railways, etc., more and more fund will certainly be needed under this Head. The Committee hope that in order to fulfil our commitments, and to enable the ITEC to carryout its activities and execute various projects, the required fund to TC division will be made available by the Ministry. The Committee recommend that every aspect should be taken care of in order to bring India closer to other developing countries—all over the world.

(Recommendation No. 41)

180. The Committee have pointed that there is gross under-utilisation of the slots and expenditure made under the head "ITEC-SCAAP programme". As stated by the Ministry earlier the total number of civilians trained in the financial year 2002-2003 and 2003-2004 was 2001 and 2130 respectively. In this respect the Ministry informed later that the slots actually utilised under ITEC during 2003-2004 was 1652 against the allotted slots of 2559. The Committee are not satisfied with the confusing replies furnished by the Ministry at various stages and hope that this kind of replies will be avoided in future. As the Ministry have said, under the Head civilian training, the procedure entailed in the first instance is allotment of slots as

per requirements of our Missions abroad, the Committee recommend that before forwarding demands for allotment of slots, Missions should objectively examine the requirements of the concerned partner countries.

(Recommendation No. 42)

181. The Committee had expressed their desire to know about the details of suggestions and recommendations made by the Advisory Group on Technical Cooperation and the action taken by the Government. However, the Ministry have evaded the query and simply furnished a vague reply that they have taken note of the suggestions and recommendation made by Advisory Group on Technical cooperation which met in 2001, and that must of these have been accepted and are being implemented. The Committee are shocked to note that the Ministry are still planning to appoint a consultant for reform of ITEC programme. The Committee recommend that the appointment of Consultant should be finalised as quickly as possible in order to bring about suitable reforms in the ITEC and SCAAP programmes.

(Recommendation No. 43)

(h) Aid to the African Countries

Head : 3605-19.00.32

(Rs. in crore)

Year	BE	RE	Actuals
1999-2000	11.00	4.00	1.70
2000-2001	7.00	5.00	3.07
2001-2002	5.25	7.70	7.51
2002-2003	5.25	8.00	4.87
2003-2004	9.00	71.62	—
2004-2005	104.54	—	—

182. The Committee desire to know the reasons for such substantial increase in BE 2004-2005 against BE 2003-2004 under this Head. In this regard, the Ministry have stated that as against the RE of Rs. 71.62 crores in 2003-04, the Actual Expenditure upto 31.3.2004 was Rs. 81.42 crores. Bills amounting to Rs. 41,82,85,452 are still outstanding for the aid already provided during 2003-04. This aid was given due

to commitments given during VVIP visits. As such even after enhanced BE, the actual amount available will be less than last year's RE.

183. According to the Ministry, construction of International Convention Centre in Mauritius is a time bound project currently being implemented with a mix of grant and line of credit from the Government of India. The Committee asked for the justification and rationale for construction of International Convention Centre in Mauritius. The Ministry have replied, as India had agreed to provide assistance to the extent of US \$ 15 Millions for the construction of International Convention Centre in Mauritius as per agreement signed on 14.10.2003. ICC is required for hosting the UN conference on Small Island Developing States, which is being held in Mauritius in August-September 2004. India has agreed to assist in the construction of the ICC as a gesture of goodwill. The request for assistance was made during the visit of EAM to Mauritius on 1-2 July, 2003 and EAM had agreed in principle to provide Indian assistance.

184. On being enquired about the ratio of grant and credit provided by India for this project and the terms and conditions which have been negotiated between India and Mauritius in connection with this project. The Ministry have replied as out of the total assistance of US \$ 15 Million, 50% of the amount will be given as outright grant. The balance 50% will be extended as credit under the existing line of credit for the cyber city project in Mauritius.

185. On being asked as to when this project is likely to be completed, the Ministry have replied that the project has been assigned to M/S L & T and is scheduled to be completed on 15th August, 2004. There have been heavy rains in Mauritius during the last 3-4 months and as a result construction of ICC has been delayed.

186. During the course of evidence some Members expressed their concern over the lesser engagement on the part of India in the matter of extending loans etc. to the African countries. The Members were of the considered view that as in India there are very strict rules for writing off the bad debts and may be the fact that there are large amounts of outstanding against some of the African countries, our economic engagement with African countries has been found wanting. As a result of this, some of our neighbouring countries end up in outspending India—in terms of providing loans etc. to the African States.

187. The Committee note that there is substantial increase in BE 2004-2005 against the RE of Rs. 71.62 crore in 2003-2004 and the Actual Expenditure upto 31.3.2004 was Rs. 81.42 crore. Bills amounting to Rs. 41,82,85,452 still, however, remain outstanding for the aid already provided during 2003-2004. The Committee feel that India can do much more for African countries in order to build up better relations by paying more focussed attention on granting aid to these countries. There is a feeling amongst African countries that we do not consistently engage with them. Another problem area in engaging with Africa is that quite often we are outspent by some of our neighbouring countries. India is unable to provide aid to certain countries in Africa because they have large outstandings and there is likelihood of this money being recovered. The Committee hope that the Government will make positive efforts to improve our relations with African countries and also work in the direction of solving all these problems which come in the way of extending loans credits to the African countries or in other words our engagement with these countries. The Committee will highly appreciate, if relations with the African countries are strengthened.

(Recommendation No. 44)

(i) Community of Eastern & Southern Africa (COMESA)

188. According to the Ministry of External Affairs, two cooperation projects are under active consideration for implementation under the aegis of COMESA (i) Imparting training to COMESA personnel on harmonization of drugs and pharmaceutical standards and registration procedure; and (ii) Deputing experts to determine the feasibility of the Great Lakes Irrigation Projects. The Committee desired to know about details of both these projects, as also the manner in which India is going to be benefited from these projects. The Ministry replied :

“Under the MOU signed between India and COMESA in February 2003, the projects identified for assistance by India were (1) Great Lakes Railway Project, (2) Training facilities to COMESA States in Irrigation and (3) training of COMESA officials in drugs registration standards. Action has been initiated for training of COMESA personnel on harmonization of drugs and pharmaceutical standards and registration procedure. The Institute for the training in India has been identified and the modalities are being worked out for the training. The training would be for a period of 6-8 weeks and would help COMESA states in harmonization of drugs and

pharmaceutical standards and registration procedure, which in turn would provide access to the Indian pharmaceutical companies in COMESA region.

COMESA Secretariat has requested for deputation of Indian experts to COMESA states to determine feasibility of the COMESA Irrigation Master Plan. The experts from Water and Power Consultancy Services Ltd. (WAPCOS) would be deputed to COMESA member states to carry out feasibility study of the Irrigation project.

The objectives of India's cooperation with COMESA region are detailed below.

According to an IIFT study, India's exports to COMESA states increased by about 92% from Rs. 27,378 million in 1996-97 to Rs. 52,697 million in 2000-01. India's imports from COMESA states decreased by about 27% from Rs. 10,691 million in 1996-97 to Rs. 7,735 million in 2000-01. This study indicates that countries like Egypt, Mauritius, Kenya, Sudan, Ethiopia and Zambia are important markets for India's exports in these sub-regions. These countries are importing rice, wheat, tobacco, cotton yarn, footwear, pharmaceutical items, table, kitchen and household items, coal related products of iron and steel, paper and paper board, diesel engines, chemicals and fertilizers worth about US\$ 1 billion from other non-COMESA states. There is potential for India to supply some of these items.

The elimination of non-tariff barriers, trade harmonization and improvement of infrastructure will help the Indian companies to expand their trade and technological cooperation with COMESA states. It will also strengthen the prospects of increased Indian investments in pharmaceutical and other sectors in COMESA states. The Indian companies will be able to participate in projects for telecom development, promotion of E-Commerce and provide more services in banking, insurance, transport and other sectors to COMESA countries.

It will be useful for India to work on establishment of preferential trade arrangement, (with the ultimate target of conduct of free trade with the COMESA states), easier issue of visa to India businessmen valid for all COMESA states, to remove non-tariff barriers, harmonize our trade and investment regulations and

procedures and participate in regional economic and technical cooperation projects to strengthen our position in the COMESA market. Since other trading blocs and major states such as EU and USA are providing duty and quota free market access to COMESA states, the Indian companies established in these states can export their goods to these and other bigger countries in Africa such as Nigeria and South Africa.”

189. The Committee desired to know about the negotiations/pacts which have been signed between COMESA and India during the last five years, the Ministry responded thereto :

“India and COMESA signed an MOU on economic cooperation on 10th February 2003 in New Delhi. The MOU was signed by EAM and the Mauritian Minister for Foreign Affairs and Regional Cooperation, Anil Kumarsingh Gayan. The MOU between COMESA and India focuses on the potential for bilateral cooperation between India and the COMESA states through increased trade and investment flows. It identifies areas for increased technical cooperation such as pharmaceuticals, information technology, agriculture, biotechnology, and human resource development, provision of low cost housing, tourism, industry, non-conventional energy, research and regional infrastructure development. The two sides have agreed to establish “closer economic association.” They have agreed to take trade harmonization measures such as exchange of information on policies and procedures for investments, dialogue on standards, quality and customs procedures, exchange information on public health issues and trade promotion measures such as facilitating the exchange of business delegations, participation in trade fairs and exhibitions and increased contacts between the Chambers of Commerce.”

190. The Committee express their great pleasure to note that two cooperation projects are under active consideration for implementation under the aegis of COMESA viz. imparting training to COMESA personnel on harmonisation of drugs and pharmaceutical standard and registration procedure and deputing experts to determine the feasibility of the great lakes irrigation projects. The Committee note that countries like Egypt, Mauritius, Kenya, Sudan, Ethiopia and Zambia are important markets for India’s exports in these sub-regions and welcome the Memorandum of Understanding between COMESA and India which focuses on the potential for

bilateral cooperation between India and the COMESA states through increased trade and investment flows. The Committee hope that Government will explore more possibilities of export to these countries and our export will be mobilised by cordial relations which are developing by way of bilateral cooperation—between India and COMESA States.

(Recommendation No. 45)

M. CAPITAL SECTION

(Major Heads 4059 and 4216)

A. Capital Outlay on Public Works :4059 (Rs. in crore)

Year	BE	RE	Actuals
1999-2000	70.00	60.00	63.49
2000-2001	70.00	64.00	53.65
2001-2002	67.20	50.78	25.43
2002-2003	67.20	22.66	11.77
2003-2004	68.00	50.00	—
2004-2005	70.00	—	—

B. Capital Outlay on Housing : 4216 (Rs. in crore)

Year	BE	RE	Actuals
1999-2000	30.00	20.00	13.83
2000-2001	30.00	25.00	26.13
2001-2002	27.00	27.42	08.39
2002-2003	36.59	42.15	33.52
2003-2004	35.00	10.00	—
2004-2005	25.00	—	—

191. According to the Table A, a declining trend has grown over the years in allocation under the Head “Capital Outlay” on

Public Works. On being asked about the reasons, the Ministry have stated :

“The reason for the declining trend over the years in allocation under the Head : Capital Outlay on Public Works is due to the fact that though the Ministry had planned and provided funds for successive years in the hope that several of the construction projects under planning would mature to construction stages, this could not materialize due to reasons beyond the control of the Ministry. The construction project in Doha could not be executed as the Qatar Government has repeatedly changed the site of the plot even though financial approval was obtained in October 2001. For Muscat construction project, financial approval was obtained in September 2002 but the construction has been delayed due to large difference in the cost estimates prepared by the Consultant and the actual tendered amount. Brasilia construction project has been delayed as even though based on a design competition, the Consultant was selected in September 2003, he has delayed signing the Agreement.”

192. Among purchase proposals, purchase of Embassy residence building in Tehran (US \$3.4 million) could not take place as the landlady raised the price substantially. Purchase of a residence for Consul General of India in Chicago (US\$1.7 million) approved in June 2002 was delayed as the seller brought in certain additional conditions for sale. Additional Chancery building for Consulate General in Hong Kong (Rs. 15.13 crores) approved for purchase during 2002 could not be acquired due to a last minute legal issue, which was raised in a local court and had wider implications. The building approved for purchase for India Culture Centre in Washington (Rs. 30 crores) could not be acquired during 2003-2004 due to a last minute hitch over Escrow account payment.

193. The Ministry have presently 20 construction projects at various stages of planning and among them financial approvals for construction projects in Beijing and Geneva have been secured. During September 2003, the delegated financial powers of the Ministry have been raised from Rs. 5 crores to Rs 15 crore. With this the Ministry are confident to give impetus to the construction activity and acquisition of built-up properties in the coming years and thereby reversing the trend of declining allocation of funds under the Capital Outlay budget head.

194. The figures given in the above table indicate that Rs. 11.77 crore was actually spent against BE of Rs. 67.20 and Rs. 33.52 crore against BE of Rs. 36.59 crore during the year 2002-2003 under the major Heads 4059 and 4216 respectively.

195. When the Committee asked the reasons for under utilisation of funds under these Heads in the year 2002-2003, the Ministry replied as under :

“The reasons for under utilisation of funds in the year 2002-2003 in r/o Capital Outlay budget Heads are as follows :

(i) Major Head—4059—Capital Outlay on Public Works

The major reason for under-utilisation of budgeted funds to the tune of Rs. 49 crores was non-materialization of a number of purchase proposals that had been anticipated earlier as detailed below :

Bratislava—Purchase of Chancery building	Rs. 10 crore
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New York—Purchase of additional space to house Consular Wing	Rs. 12 crore
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Prague—Purchase of Chancery premises (Purchase was effected during 2003-2004).	Rs. 12 crore
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Washington—Purchase of premises for Cultural Centre	Rs. 15 crore
-----------------------------------------------------	--------------

Further, the remaining unspent balance of Rs. 6.50 crore was due to little progress on construction projects abroad in Beijing, Doha, Moscow and Muscat and FSI, AALCO construction projects in India.

(ii) Major Head—4216—Capital Outlay on Housing

An amount of Rs. 3.00 crore had been allocated to meet expenditure on renovation of Embassy Residence in Beijing against which only an amount of Rs 1 lakh was spent accounting for the gap between BE and actual expenditure under this Head in 2002-2003.

196. The budgetary provisions of Rs. 68.00 crore at BE 2003-2004 stage was reduced to Rs. 50.00 crore at RE stage under the Major Head 4059. According to the Ministry, on account of delays in getting the mandatory approvals from the local governments in respect of

certain projects and less than anticipated number of outright purchase proposals, the budgetary provisions was substantially reduced in last financial year at RE stage. On being asked to furnish a comprehensive list of the projects indicating budgetary provisions earmarked for individual projects at BE stage, the projects with held for want of mandatory approvals, the actual amount spent on each project, other reasons for the projects not taking off. The Ministry have stated that “BE 2003-2004 of Rs. 68 crore was pruned to Rs. 50 crore at RE-stage on account of non-materialization of purchase proposals of Chancery in Nairobi and Zagreb. For Beijing project, the Chinese authorities indicated that they would take one year in according necessary planning stage local body approvals. The India Culture Centre in Washington could not be purchased due to the lengthy time-frame and the complicated exercise of the local authorities in granting zoning permissions.”

197. In respect of Doha Construction Project the Ministry have informed that after the revised CNE approval for Doha project in October 2001, a supplementary agreement had to be signed with the Consultant. While the short-listing of contractors was being made, the Qatar Government decided to change the venue of the diplomatic Enclave. A decision on the new site has recently been taken and the Ministry has been offered the same size of land divided in two contiguous plots with reconfiguration. The Qatar government had initially ruled that setback norms would apply to the plots individually. Since the new plots have a different topography and setback norms as applicable before to a single unified plot were not made available, this was causing problem for adoption of the earlier approved design concept on which much work had been done by the Consultant. However, on 30.12.2003 the Mission conveyed that the Qatar government had agreed to treat the two plots as a single unified plot with the usual setback norms.

198. In this regard, the Committee asked what further progress has been made regarding the construction of project so far and furnish year-wise development from the date of approval of the project till date specially during the period from 2001—2004. The Ministry stated as under :

“Based on the Ambassador's reply dated 30.12.2003 the Consultant was advised to make a site visit and finalise the revised design concept with reference to the new amalgamated plots with reference to the applicable norms. The Mission had discussions with the

Foreign Office and it was confirmed that while having two separate entries on two sides of the plot for the Chancery and the Embassy Residence and a dividing wall between the two buildings, the plot could be treated as a single unified plot. The Consultant drew fresh plans and forwarded this to his local associate. However, due to change in contours of the new plot, the existing design had to be changed. The Consultant made a visit to Doha in April 2004 but was told by the Foreign Office that individual norms would apply to each of the plot separately. He was further informed that the plot for allotment to the Indian Embassy was not finalized as the overall layout of the Diplomatic Enclave were being redrawn, as the site in question was under legal dispute. A new location of plot is being processed. The Mission was asked to take up the matter with the Foreign Office as our construction project has got delayed. On April 26, 2004, the Mission conveyed allotment of a fresh plot, giving details of the same. However, the plot in question has still not been formally handed over to the Mission.”

199. In reply to another question, the Ministry have stated that “on the matter of allotment of land for the second Diplomatic Enclave in New Delhi, the Ministry have laid importance to the establishment of a Second Diplomatic Enclave so as to allot suitable land to those diplomatic Missions, which desire to build their Chancery/Embassy Residence here. The Ministry at the level of Committee of Secretaries have raised the matter for allotment of suitable land and a request for allotment of suitable land for this purpose has been made at the level of the Minister of External Affairs to the Minister of Urban Development. The Ministry of Urban Development have been reminded on a number of occasions, at the level of External Affairs Minister and Foreign Secretary, in the matter and their suggestions for sites suitable for the purpose are awaited.”

200. On being asked about the details of the efforts made by the Ministry to pursue the matter with concerned Authorities and progress which has been made in the matter so far, the Ministry have replied as a proposal for development of second Diplomatic Enclave was first mooted in 1970 in order to provide accommodation to various diplomatic missions whose request for allotment of suitable space were pending with the Ministry. A task force comprising representatives of CPWD, DDA and MUD&PA officers was set up in July 1981 to locate an area of 150 acres of land for the purpose in Delhi/New Delhi. The task force identified 6 locations and finally recommended allotment of

land in the south of Vasant Vihar (Vasant Kunj phase-II). The Ministry conveyed its agreement to the proposal in February 1991. The requirement of land, by then, was also brought down to 60 acres. The Ministry of Urban Development and Poverty Alleviation could not, however, allot the land in the area identified.

201. Again, in March 1992, the Ministry of Urban Development and Poverty Alleviation proposed to accommodate the second Diplomatic Enclave in a new area being developed at Papan Kalan (Dwaraka). The proposal was not found suitable for a number of reasons, e.g., proximity to the airport, distance from the existing Diplomatic Enclave and security considerations. In September 2000, the Ministry of Urban Development and Poverty Alleviation offered some land in Rangpuri but it was also not found acceptable to us after a visit to the site. The approach road to it from the Mahipalpur side was far too congested and the site itself was not free from encumbrances. With further requests from diplomatic Missions the requirement of land swelled to 75 acres.

202. As regards the new Diplomatic Enclave, the foreign Secretary during evidence informed the Committee as under :

“The Ministry of Urban Development has informed us that they have identified areas in the vicinity of Netaji Nagar, Moti Bagh, Safdarjung Railway Station, Shanti Path, R.K. Puram. The only hitch is that there is a need for change in the land use pattern, which will have to be made before the land becomes available for the Diplomatic Enclave. We are currently engaged in an exercise with the Ministry to try and get that through. Once that is done, the land will be available for the new Diplomatic Enclave.”

203. Regarding the Videsh Bhawan Project, the Ministry, in their reply to a recommendation (12th Report, 13th Lok Sabha) had stated that the Videsh Bhawan plot was handed over in two phases in 1992 to 1994 and the encroachments were removed only in 1997. After due planning a design competition was held in 2001. But as no entry could be declared successful and that the design requirements have been revised due to changed security and functional reasons, the matter was being reviewed as to whether to go for an open design competition. The issue has also been a subject matter of a court dispute. The court has now ruled that result of the competition may be declared. This necessitates review of the subject matter afresh. The matter will be pursued accordingly. As such there have not been any delays of

avoidable nature. The Ministry have further informed that they had decided to entrust the job of preparation of a fresh design concept to the CPWD. The CPWD have been working on the proposal and have already given two presentations for senior officers and the Foreign Secretary in the months of October and December 2003. Another presentation of Design Model is slated for February 11, 2004. With the award of work to CPWD, the Ministry is hopeful to proceed this matter without further delay.

204. In this context, the Committee asked as to what special steps have been/are being taken by the Government to ensure that the construction of Videsh Bhawan Project gets underway without any loss of further precious time. The Ministry have replied :

“The proposal for the construction of Videsh Bhawan, which has now been named Jawaharlal Nehru Bhawan, has been entrusted to CPWD. A detailed presentation, comprising an explanation of the concept design model was made for the Minister for External Affairs on July 13, 2004, and the same has been approved by him. The preliminary cost estimates have also been approved by the Minister and preparation of the memo for seeking approval of the Committee for Non-Plan Expenditure is underway. The project proposal, the approximate cost of which is expected to be around Rs. 180 crores, will require approval of the Union Cabinet also.”

205. During the evidence when asked about the latest position as obtained in respect of the Videsh Bhawan Project, the Foreign Secretary informed the Committee as under :

“The Ministry have now, finalised the plan for a new Nehru Bhawan to house the Ministry of External Affairs. The Ministry have also finalised a plan for building residential accommodation at a plot that the Ministry have in Chanakyapuri, the Ministry have assured that it will be their endeavour to have these projects completed at the earliest possible date.”

206. The Committee are surprised to note the declining trend which has shown over the years in the allocation under the Head Capital Outlay on public works. The Ministry have submitted that they had planned and provided funds for successive years in the hope that several of the construction projects under planning would mature to construction stages and that this could not materialise due to reasons beyond the control of the Ministry. The Committee find themselves totally unsatisfied over the progress made by the Ministry

regarding the execution of various projects under this Head. The Committee recommend that if the Ministry are unable to implement the projects due to non-feasibility, they should not project funds at the stage of Budgetary allocation itself. More funds may be needed only at the advance stage of finalisation of projects. The Committee hope that the Ministry will be able to complete some of the ongoing construction projects under this Head and the anxiety of the Committee will come down to some extent.

(Recommendation No. 46)

207. The Committee are also shocked to observe the fate of Doha construction Project. As per the Ministry a new location of plot is being processed. The Mission was asked to take up the matter with the foreign office as the construction project had got delayed on 26th April, 2004 and the Mission conveyed allotment of a fresh plot, giving details of the same. However, the plot in question has still not been formally handed over to the Mission. The Committee hope that after a high drama, now the Ministry will be able to formally acquire the plot. The Committee strongly recommend the Doha construction project should be completed in a time bound manner without any further precious loss of time.

(Recommendation No. 47)

208. Similarly, the Committee are shocked to see the working style of the Government in the matter of establishment of a second Diplomatic Enclave which has been sandwiched between the Ministries of External Affairs and Finance and could not be materialised in the last 34 years due to stringent and cumbersome bureaucratic procedures. The Committee strongly recommend that the other projects which are lagging behind schedule due to bureaucratic problems should be identified and executed at the earliest.

(Recommendation No. 48)

209. In regard to Videsh Bhavan Project, the Ministry have submitted that the Videsh Bhavan has now been named Jawaharlal Nehru Bhavan and it has been entrusted to CPWD. A detailed presentation comprising an explanation of the concept design model had been presented to the Minister of External Affairs on 3rd July, 2004 and same has been approved. The preliminary cost estimates have also been approved by the Minister and preparation of Memo

for seeking approval of the Committee for Non-Plan Expenditure is underway. The project proposal, the approximate cost of which is expected to be around Rs. 180 crore, will require approval of the Union Cabinet also. The Committee strongly recommend that a time schedule should be prepared at an early stage, monitoring of developments should be made each quarter of the year and Officials causing any undue delays should be held responsible. The Committee expect that taking a lesson from past experience, the Ministry will not repeat the same mistakes again and take steps for timely completion of this project.

(Recommendation No. 49)

210. Last but not the least, the Committee would like to make a general observation about the Budgeting process—as obtaining in the Ministry of External Affairs. The replies to the List of Points sent by the Committee on various subjects in the course of examination of the Demands for Grants of the Ministry were furnished by the Ministry to them on 6.8.04, which means more than 4 months, after close of the last financial year. Surprisingly, however, in some cases only *likely* estimations of the Actual Expenditure have been furnished. In many cases, the Committee have come across major discrepancies in figures furnished by the Ministry. In the opinion of the Committee, such careless approach and attitude towards an important exercise like Budget is highly deplorable. More so, when every data can be made available by the Ministry at the veritable click of a mouse. From this, the Committee can interpolate as to what kind of input may have gone into—while the Demands for 2004-2005 were being finalised in the absence of Actual Expenditures. The Committee, therefore, desire the Ministry to put in place a more quick and efficient accounting mechanism, so that, the exit financial data, which is the most essential input in the preparation as also analysis of a Budgetary exercise is available—in time—for any mid-course corrections and proper planning.

(Recommendation No. 50)

NEW DELHI;
19 August, 2004

26 Sravana, 1926 (Saka)

DR. LAXMINARAYAN PANDEY,
Chairman,
Standing Committee on External Affairs.

ANNEXURE I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON EXTERNAL AFFAIRS HELD ON 10TH AUGUST, 2004

The Committee sat from 1130 hrs. to 1400 hrs.

PRESENT

Dr. Laxminarayan Pandey — *Chairman*

MEMBERS

Lok Sabha

2. Shri Omar Abdullah
3. Prof. S.P. Singh Baghel
4. Shri Narendra Kushwaha
5. Shri Dinsha Patel
6. Shri Somabhai Patel
7. Dr. Sebastian Paul
8. Shri P.A. Sangma
9. Dr. (Col.) Dhani Ram Shandil
10. Shri Madhu Goud Yashki

Rajya Sabha

11. Shri P.K. Maheshwari
12. Dr. Karan Singh
13. Shri Jana Krishnamurthy K.
14. Smt. S.G. Indira
15. Shri S.M. Laljan Basha
16. Shri Fali S. Nariman

SECRETARIAT

1. Shri John Joseph — *Additional Secretary*
2. Shri U.S. Sexena — *Director*
3. Shri Shiv Kumar — *Under Secretary*

Witnesses (Ministry of External Affairs)

1. Shri Shyam Saran	Foreign Secretary
2. Shri Rakesh Kumar	Director General (ICCR)
3. Dr. Pradip Kumar	Additional Secretary (FA)
4. Dr. P.V. Joshi	Joint Secretary (E&SA)
5. Shri C.M. Bhandari	Joint Secretary (MER)
6. Shri J.S. Sapra	Joint Secretary (PP)
7. Smt. Mitra Vasisht	Joint Secretary (SEA-I)
8. Smt. Neelam Deo	Joint Secretary (BSM)
9. Shri Ashok K. Attri	Joint Secretary (Coord)
10. Shri Lal Dingliana	Joint Secretary (FSI)
11. Shri P.R. Chakravarty	Joint Secretary (COP)
12. Shri R. Viswanathan	Joint Secretary (ITP)
13. Shri Ashok K. Kantha	Joint Secretary (EA)
14. Shri Butshikan Singh	DDG (ICWA)
15. Shri K.V. Bhagirath	Joint Secretary (Estt.)
16. Dr. S. Jaishankar	Joint Secretary (USC)
17. Shri Ranjit Rae	Joint Secretary (NB)
18. Shri Navtej Sarna	Joint Secretary (XP)
19. Shri N. Parthasarathi	Joint Secretary (AD)
20. Dr. A.K. Amrohi	Joint Secretary (CPV)
21. Smt. Hemlata C. Bhagirath	Joint Secretary (TC)
22. Shri Malay Mishra	Joint Secretary (NRI)

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

3. The Committee then took evidence of the representatives of the Ministry of External Affairs on the various points arising out of the Demands for Grants of the Ministries of External Affairs and Non-Resident Indians Affairs for the year 2004-2005 and the replies to the List of Points by these Ministries. A copy of the verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

MINUTES OF THE SITTING OF THE STANDING COMMITTEE
ON EXTERNAL AFFAIRS HELD ON 18TH AUGUST, 2004

The Committee met from 1530 hrs. to 1730 hrs.

PRESENT

Dr. Laxminarayan Pandey—*Chairman*

MEMBERS

Lok Sabha

2. Shri Yogi Aditya Nath
3. Prof. S.P. Singh Baghel
4. Shri Narayan Chandra Borkataky
5. Shri S.K. Kharventhan
6. Shri Narendra Kushwaha
7. Shri Nikhil Kumar
8. Shri Dinsha Patel
9. Shri Somabhai Patel
10. Dr. (Col.) Dhani Ram Shandil
11. Shri Madhu Goud Yashki
12. Shri Suresh Prabhu

Rajya Sabha

13. Shri P.K. Maheshwari
14. Smt. Prema Cariappa
15. Dr. Karan Singh
16. Shri Jana Krishnamurthy K.
17. Smt. S.G. Indira
18. Smt. Jaya Bachchan
19. Shri S.M. Laljan Basha
20. Dr. Mahendra Prasad

SECRETARIAT

1. Shri U.S. Saxena — *Director*
2. Shri Shiv Kumar — *Under Secretary*

At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft First Report of the Committee on Demands for Grants of the Ministry of External Affairs for the year 2004-2005. The Chairman invited Members to offer their suggestions, if any, for incorporation in the draft Report.

2. The Members suggested certain modifications and desired that those be suitably incorporated into the body of the Report.

3. The Committee then authorized the Chairman to finalise the Report in the light of modifications suggested consequential changes, if any, arising out of factual verification of the Report by the Ministry and thereafter, to present the Report to Parliament. The draft Report was then adopted.

The meeting then adjourned.

ANNEXURE III

STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl. No.	Para No.	Ministry	Observations/Recommendations
1	2	3	4
1.	20	External Affairs	<p>The Committee are happy to note that the unspent provision in the financial year 2002-2003 and 2003-2004 was Rs. 138.96 and Rs. 66.44 crore respectively—which reflects a decreasing trend and hope that this trend will continue in coming years as well. The Committee feel that the apparent cause of unspent provision was due to the non-materialization of projects/schemes envisaged at the time of making the Budgetary provisions. The Committee hope that assessment of expenditure under various Heads at the RE 2004-2005 stage are realistic and that there is no unspent balance and there will not be the need for surrendering any funds. The Committee, therefore, recommend the Ministry to ensure timely materialization of all the schemes/projects envisaged at the time of making the Budgetary provision.</p> <p>The Committee also feel that the practice of constitution of</p>

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Committees every now and then over routine administrative matters is totally unwarranted especially when the Foreign Secretary himself being at the helm of affairs of the Ministry can look directly into such matters on his own and ask any Department the reasons for not spending the allocated funds for the envisaged projects/schemes in a timely and proper manner. Once the budget has been allocated and if the money is not spent by the respective Divisions in the Ministry in the desired way, the persons concerned may be held responsible therefor and taken to task for the same. As such the Committee do not appreciate the creation of an Expenditure Monitoring Committee to review the expenditure pattern in the Ministry. In the opinion of the Committee this certainly is not a welcome trend. The Committee recommend the Ministry to have a fresh look into the matter.

2. 21. External Affairs

The Committee note with concern that under the six major Heads during March 2002 and the last quarter of 2001-2002, the expenditure was rushed through to the tune of 13 to 65% and 31 to 67% under the major Heads respectively.

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Although the Ministry has advanced many reasons for the rush of expenditure and also submitted that, in 2003-2004, through close monitoring, it has been possible to reduce the rush of expenditure during the last quarter and the last month of financial year, the Committee find themselves in total disagreement with these reasons. The Committee are of the considered view that the rush of expenditure could be reduced by the distribution of work evenly—throughout the year—as it has now been suggested by the Expenditure Monitoring Committee, appointed to this effect. The Committee recommend that, at the planning and preparation stage of projects/schemes, a detailed time schedule should be drawn and all efforts should be made to complete the projects in the same manner, so as to reduce the rush of expenditure in the last quarter of the year and curb the perpetual trend of saving and surrender in the Ministry.

3. 22 External Affairs

The Committee are constrained to note that the Ministry have created two new Heads namely (i) India-China Joint Study Group and (ii) External Affairs Housing Complex, in the Budget 2004-2005. While the

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Committee appreciate the thrust given by the Government to India-China bilateral cooperation, the reasoning given by the Ministry that this is a new activity and the new Head will meet expenditure on Secretariat of the Indian component of the Group is not acceptable to the Committee because the expenditure under this Head could have been clubbed with the existing minor Head viz. "India-China Eminent Persons Group", which caters to similar kind of expenditure. Rather than creating another minor Head the budgetary allocation under the latter may have been augmented to meet the expenditure thereunder. During the evidence, however, the Ministry were also candid enough to concede to the wisdom of the earlier recommendation of the Committee regarding non-creation of unnecessary and unwarranted Heads of expenditure and admitted to having tentatively decided that expenditure proposed in these new Heads can be adjusted under some of the existing Heads. The Committee appreciate this action on the part of the Ministry, though taken as an after thought and recommend that the Ministry should bear this fact

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permanently in mind and make every effort to streamline the Heads of Expenditure.

4. 37 External Affairs

The Committee observed that the Actual Expenditure on account of "Rents, Rates, Taxes" under the Heads Secretariat and External Affairs: Passport and Emigration, has been less than REs from the year 1999-2000 onwards. The reasons cited by the Ministry for projecting high REs due to rising cost of property, electricity, maintenance and increasing outgo towards the rental of properties are not convincing as the Committee feel that the Ministry have failed in making accurate estimation of requirement of funds even at the RE stage. They are surprised to find that the unrealistic projection of budgetary requirements has become the order of the day in the Ministry and the reasons cited therefor too appear to be monotonous. The assurances given by the Ministry in the last two years have not yielded any results as huge variations still continue. The Committee express their strong displeasure over this continuing trend and recommend again that the Ministry should take concrete steps to avoid such variations in future while preparing the

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REs on the basis of actual trend of expenditure so as to avoid huge unspent balances towards the close of the financial year.

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External Affairs

While the Committee can understand the slippages taking place in the physical and financial performance of the Ministry in projects abroad because of location specific laws, rules and regulations, etc. on which they have no control, the Committee take a serious note of the laxity in case of projects even at the domestic front. While the Ministry have reported savings under the Head "Secretariat" in respect of rental liabilities for Akbar Bhawan for which rentals are being paid at old rates, awaiting Fair Rent Certificate, at the same time, it has been stated that provision had been made to meet payment of enhanced rents and arrears. The Committee are at a loss to understand as to why this issue has been allowed to drag on for so long, specially when the matter has to be settled between the two agencies of the Government of India. The net result is that the Ministry have been having a surplus of 30 to 45 per cent even in the Revised Estimates during the last three years. The Committee, therefore, recommend that the

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			Ministry should now focus on this issue with a view to sorting it out forthwith.
6.	39	External Affairs	The Committee also observe that the BE for Mjaor Head 2061 for the last financial year (2003-2004) was Rs. 195.02 crore. The RE were scaled down by almost 10 percent to Rs. 177.02 crore. The Actual Expenditure submitted to the Committee subsequently was, however, Rs. 198.18 crore. In all, the Ministry's calculations have gone awry by more than 20% under this particular Head. This clearly shows an imprudent handling of financial resources by the Ministry and the Committee would definitely like to be apprised of the reasons behind this flip-flop.
7.	40	—do—	From the Ministry's submission the Committee have noted that a sum of Rs. 13,37,12,600/- is being saved on account of rentals abroad due to shifting of offices/residences to Government owned properties during the last three years. This is less than 7% of the rental outgo under the Head "Embassies and Missions". Keeping in view the not so heartening performance of the Ministry in reducing its rental outgo, the Committee are of the firm opinion that the Ministry

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should without wasting any further precious time in the matter work out clear cut targets and deadlines for replacement of rental properties in the current financial year as also for the next three financial years.

8. 41 External Affairs

The Committee have gone into the explanation furnished by the Ministry in the matter of inordinate delay in the construction of Chancery Complex in Brazil. It is incomprehensible as to why the architect who had applied for the tender with the fair knowledge of terms and conditions had been allowed to raise demands for different clauses in the Agreement. The most galling part is that the Ministry while catering to the whims and fancies of one individual has allowed such an important project to be delayed inordinately. In this context, the Committee would like to know as to whether the possibility of appointing a different architect was explored. Notwithstanding the Ministry's inability to adhere to the time schedule submitted earlier for the Brasilia project, the Committee would recommend this project to be completed on time—even if it requires extra efforts on the part of the Ministry.

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9.	42	External Affairs	<p>In spite of the clarifications given by the Ministry, the Committee still have their apprehensions about the status of the land being acquired for Chancery-cum-residences at Ulan Baatar. While in the first instance, it was pointed out by our Mission that the property was not encumbrance-free as there is a structure on the land rented out to another organisation, the Mission has subsequently informed that it is a separate building having independent entry. The Committee would, therefore, like the Ministry to make it absolutely sure that the land being acquired is really free from encumbrances and that there will be no problems in the future <i>vis-a-vis</i> the party, which had raised a stake on the land.</p>
10.	52	—do—	<p>The Committee have noted that the non-utilisation of allocated funds for Advertising and Publicity under the Head “Embassies and Missions” during all the 5 years for which the information had been furnished by the Ministry is largely due to reasons beyond the control of the Ministry. In so far as the expenditure on Advertising and Publicity under the Head “Secretariat” during the last financial year was concerned, the Committee</p>

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observe that the BE for the purpose was Rs. 23.50 crore which was scaled down to Rs. 21.36 crore at the RE stage and the likely Actual Expenditure under the Head is expected to be in the vicinity of Rs. 13.30 crore. The Committee are not convinced by the reasons advanced by the Ministry for the substantial under-utilisation of funds under this Head. In fact, the Ministry's response in the matter contradicts their own replies to other queries where an increasing trend in the expenditure on Advertising and Publicity under Secretariat Head has been justified because of increasing reliance of the Missions and Embassies on Advertising and Publicity material from the Headquarters. In the opinion of the Committee, Advertising and Publicity provide the most important interface for projection of the country's image as also for improving bilateral relations. Any under-utilisation of funds meant for the purpose, therefore, is directly indicative of the missed opportunities. The Committee, therefore, strongly recommend that the utilisation schedules for this purpose are very carefully drawn and funds allocated for the purpose spent with due prudence.

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11.	53	External Affairs	<p>The Committee have noted that the Ministry are utilising the services of one or another lobbying firms in USA to further the interest of the country. According to the Ministry the efforts of the Lobbying Firm have yielded positive results. The Committee would also recommend the Ministry to explore the possibility of having the assistance of NRIs, wherever, they might prove to be beneficial for furthering the interests of the country.</p>
12.	58-59	—do—	<p>The Committee find gross underutilisation of funds by the Ministry under the Head “Professional Services” in the year 2001-2002, the BE for the purpose was Rs. 40 lakh which was halved to just Rs. 20 lakh in the RE. The actual spending, however, was a meagre Rs. 3.66 lakh. In the next year, the BE and the RE remained constant at Rs. 20 lakh and the Actual Expenditure was Rs. 10 lakh only. The Committee are constrained to note that in 2003-2004, the BE and RE were again pegged at Rs. 20 lakh—Rs. 15.50 lakh meant for CPV Division and Rs. 4.50 lakh meant for BSM Division. However, out of this, only a paltry sum of Rs. 73,160/- could be spent. The Actual</p>

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Expenditure figures for BSM Division were, however, not furnished to the Committee.

The Committee are not happy with the alibi extended by the Ministry that the BE figures have been kept at a higher level than Actual Expenditure due to the recommendations of the previous Committee for having a separate panel of advocates for court cases, particularly of extradition proceedings. To put the record straight, the Committee's recommendation was given almost two-and-half years back and the list of advocates from the Ministry of Law & Justice was also received by the Ministry more than a year back. All this time, the Ministry have been sitting over the matter while precious funds have been kept blocked in anticipation. The Ministry's delay has also led to the expiry of the panel sent by the Ministry of Law & Justice and naturally there is a wait for a new panel. The Committee do not agree with the Ministry's reply that it is difficult to give specific time frame for completing this exercise and the Ministry would try to complete the finalisation of the panel of advocates in 6-9 months period. The Committee feel that the reasons for the delay are mainly

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of the Ministry's own creation. They, therefore, recommend that a decision in the matter may be taken within the next three months so that realistic Budgetary Estimates are made under this Head for the next financial year and the funds are not kept blocked in anticipation without making any headway in achieving the desired objectives.

13. 66 External Affairs

During the examination of Demands for Grants of the Ministry (2003-2004), the Committee was assured that the Foreign Service Institute will be moving to its own complex some time in July 2004. The new complex will have the state of the art facilities. On line mid career training programmes for the officers of the Indian Foreign Service are being designed and will be implemented as soon as possible. Now the Ministry maintain that the new premises of the Foreign Service Institute is still under construction and the process is expected to be completed in the calendar year 2005. The Committee take a serious view of the reply forwarded by the Ministry. Linger on with projects, setting new target dates and deadlines have become a routine with the Ministry, as is

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evident in the case of Washington Cultural Centre, the Brasilia Project, Videsh Bhawan Project, Doha Project and so on and so forth. The Committee, once again, recommend the Ministry to take necessary steps for expediting the completion of the Foreign Service Institute Building Complex in the current year itself, because they feel that the Institute can work more effectively—if it starts functioning from this new complex which has got the state of the art facilities—with full backup of cyber technology.

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External Affairs

The Committee express their happiness over the fact that for this financial year the Ministry are proposing to open two consulates one each in Birganj, Nepal and in Melbourne, Australia. In their 11th Report (2003-2004) the Committee had recommended that with a view to reducing the administrative expenses, the Ministry should conduct a thorough review to assess the need and desirability of opening and operating Indian Missions/Posts in different countries of the world. The Committee hope that the Ministry have done a thorough study of the need for having these two consulates. The Committee are in agreement with the Ministry that there is

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an urgent need for CGIs in Birganj and Melborune. These two consulates being proposed in two strategically important places will not only serve Indians but also help promoting tourism, furthering our bilateral ties and boosting economic cooperation with these countries. Keeping this in view, the Committee recommend the Ministry to take all necessary steps so that these projects take off as early as possible and are completed within the time schedule outlined for them-in order to avoid any possible cost escalation at later stages.

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External Affairs

The Committee in their Eleventh Report on Demands for Grants had observed that there was an apparent need for evaluation of the functioning of the Indian Missions/Posts abroad with a view to bringing improvement in their functioning. The Committee were informed that the Ministry have already set up a body *i.e.* the Foreign Service Inspectorate to this effect, which has already started functioning. Further, the Ministry are also in the process of drawing up a detailed schedule for carrying out inspection of our Missions/Posts abroad. The Committee appreciate the action taken by the Ministry in this regard.

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They further recommend that apart from undertaking inspections of our Missions from time to time, this Foreign Service Inspectorate should work as a standing body constantly monitoring the working of Missions/Posts and report on any deficiencies found for taking necessary corrective measures. The Committee also desire that they may be apprised of the details of the Inspection Reports as carried in all the Missions and the action taken thereon.

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External Affairs

The Committee observe that C&AG in their Report No. 2 of 2003 had made observations in Para 4.7 that repeated observations notwithstanding cash management by Obverseas Missions continued to be deficient resulting in retention of cash balances in excess of actual requirements and consequential recurring loss of interest. The Committee are shocked to observe that this has happened in spite of the Ministry issuing instructions from time to time to Indian Missions/Posts abroad reiterating the need to manage their cash requirements in such a way that at no time their cash exceeds six weeks' requirement. The Ministry have informed that last such instructions were

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issued *vide* the Ministry circular of 2.6.2003. The Committee view such lapses seriously and recommend the Ministry of make sure that the Missions/ Posts take note of these instructions for strict compliance and adherence. The Committee are of the opinion that computerisation of cash accounts of Missions/Posts in the Ministry through appropriate software system can lead to a better internal financial management and minimise such cases. They, therefore, recommend that computerisation of cash accounts of Missions/Posts be undertaken at the earliest.

17.

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External Affairs

The Committee note with satisfaction that out of 18 districts in West Bengal, DPCs are functional in 14 districts since January, 2004. Keeping in view the importance of the DPC scheme, the Committee would like the Ministry to cover the remaining four districts of the State at the Earliest. The Committee are also of the view that their publicity efforts with regard to DPC scheme in the States do not appear satisfactory for which the success rate of this scheme is quite low. Therefore, the Committee would urge the Ministry to further enhance

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			<p>their efforts in this direction and give wide publicity to this scheme through newspapers and other media.</p>
18.	93	External Affairs	<p>The Committee are happy to note that the efforts of the Ministry have borne fruit and DPCs are now proposed to be opened in the States of Bihar and Rajasthan shortly. The Committee desire that the Ministry should ensure a regular follow up in respect of these two States.</p>
19.	94	—do—	<p>The Committee find that the Ministry's plan to ultimately shift all RPOs from rented premises to owned premises is not making much headway. Though a concrete action in this regard is apparent in case of Bhubaneswar, Bangalore, Jaipur and Guwahati, the Passport Offices in Jalandhar and Mumbai have kept silent after informing the Ministry about the availability of land almost a year back. Recently, Trichy has also informed the Ministry about the availability of land. As regards the large number of Passport Offices still functioning from rented premises, the Ministry, on their part have, however, merely kept on reminding such passport offices from time-to-time—without any concrete response from other</p>

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side. The Committee views this as insensitivity and irresponsibility on the part of the subordinate offices in carrying out directions from the nodal Ministry. The Committee, therefore, recommend that the Ministry should convey in no uncertain terms to the non-responding Passport Offices about the urgent need to complete these projects expeditiously and in case of further delay in the matter they should be held directly responsible for the same. The Committee would also like to be apprised of the action taken by the Ministry in this direction.

20. 95 External Affairs

The Committee express their happiness over the creation of Central Database for all the passports, that are issued by the passport office in the country. The Committee note that such a database is really an important tool because if the passport of a person is lost while travelling abroad, this database will enable the concerned authority to verify the original passport details instantly. The Committee hope that creation of this Central Database will certainly facilitate the process of issue of Duplicate Passport to a great extent. The Committee desire

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that Database facility should be made fully operational and put into service forthwith. The Committee further desire that this Database should be constantly updated for quick retrieval of passport details for the issue of a Duplicate Passport.

21. 107 External Affairs

The Committee are in agreement with the Ministry that the present trend of Budget allocation in ICCR is not favourably activity oriented as a lion's share of the Budget is going for payment of rents, salaries and allowances, etc. and only a meagre amount remains with the Council to support much larger activities. The Committee welcome the idea about reversal of the trend regarding allocation of the Budget from the present practice and concur with the views expressed by the Foreign Secretary. The Committee, therefore, sincerely hope that from now onwards the activity Budget of the ICCR will be substantially augmented as against its establishment Budget.

22. 108 —do—

The Committee have been informed that the Council had already requested for an amount of Rs. 66.80 crore in the BE 2004-2005, against which

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only Rs. 55.59 crore has been allocated, and as compared to Rs. 54.50 crore in RE 2003-2004. The enhancement of Council's budget during 2004-2005 by Rs. 1.09 crore over the previous year is not at all sufficient to meet the Council's requirement. The Committee with great concern are shocked to note that the Council had requested for an amount of Rs. 66.80 crore and same had not been provided to them. What further agitates the Committee is the fact that the projects/tasks assigned to the Council are not going smoothly and as per schedule. Almost, all the projects, viz. opening of new Cultural Centres abroad or setting up of Regional Centres in India are not moving forward an inch and are almost in a state of freeze. The Committee fear that shortage of fund can disturb the momentum of the Council. The Committee, therefore, strongly recommend that no impediment should occur due to paucity of fund and Ministry should be more vigilant over the activities and requirements of the Council. Keeping in view the expanding activities and new schemes which are likely to be undertaken in the financial year 2004-2005, the budgetary allocation to the Council should

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			be substantially augmented and the incremental amount should be utilised to support much larger activities.
23.	109	External Affairs	<p>The Ministry have furnished various reasons for increase in BE 2004-2005 over BE 2003-2004 some of which are as, opening of Cultural Centres abroad, maintenance of building of Cultural Centre which was earlier being done by the Ministry of External Affairs, renovation of Nehru Centre, London and its art gallery, opening of New Regional Offices in India, renovation of ICCR property (Jinnah House, Mumbai and Africa House, New Delhi) re-establishment of computer kiosks in Cambodia and increase in number of scholarship being administered by ICCR etc. The Committee are constrained to note that the ICCR have increased the number of scholarships to foreign students desiring to study Indian Performing Arts like dance and music. The Committee note that the track record of the ICCR in respect of utilisation of scholarships given to foreign students by them during the previous years has not been very encouraging as during the year 2003-2004 out of a total of 1093 scholarships on offer, only 779 could actually</p>

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be utilised. Again, most of the projects undertaken by the ICCR themselves have not progressed well and are in no way in a position to be completed within time schedules. The Committee wonder as to why the ICCR are taking the additional burden of maintenance of Cultural Centre buildings into their shoulders. The Committee are of the clear view and recommend that only those tasks which the ICCR can accomplish should be undertaken by them and the Council concentrate on making efforts to fulfil the vision and mission which have originally been assigned to them.

24. 110 External Affairs

The Committee would like to express their deep anguish at the reply given by the Ministry with regard to the establishment of Cultural Centre in Washington. The Committee in almost all their meetings and Reports presented to Parliament have been emphasising that the Ministry must go ahead to buy a property, in order to set up a Cultural Centre in Washington. However, it is utterly deplorable on the part of the Ministry that they have once again lost the opportunity to acquire a suitable property in Washington. Time and again, properties have come in hand, and by the time the Ministry

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of External Affairs and Ministry of Finance get their act together, the property gets sold. As a result of all this, the Committee find to their utter amazement and shock that Government are back to square one and looking for a suitable property. The Committee strongly recommend that the Cultural Centre at Washington should be established at the earliest at any cost. Similarly, all the necessary arrangements with regard to establishment of a Cultural Centre in Fiji, should be made by the Ministry so as to ensure that a full fledged Cultural Centre is operational there in time.

25. 111 External Affairs

The Committee note that Advisory Committees are being set up for each of the Regional Offices of the Council. The Council is in process of identifying distinguished personalities in the field of art and culture as the members of Advisory Committees. Each Committee will consist of 3 to 5 members out of which one or two members will be from among the members of statutory bodies/ eminent personalities in the field of art and culture from the concerned region. These Advisory Committees will submit reports for placing before the statutory bodies for their consideration

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and further recommendations. The Committee also note that Regional Offices are proposed to be opened in Bhubaneswar, Bhopal, Srinagar and North-East (Shillong and Imphal). The Committee observe that similar reply is being furnished by the Ministry with regard to the establishment of Regional Cultural Centres in the country time and again, while no progress has been achieved in this direction. The Committee recommend that Constitution of Advisory Committees should be done at the earliest and all the necessary formalities in this regard should be completed. As far as the opening of the Regional Centres in Bhubaneswar, Bhopal, Srinagar and North-East are concerned these should be opened without losing any further precious time to remove the regional imbalances.

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External Affairs

The Committee agree with the views of the Ministry regarding the importance of cultural diplomacy. Cultural diplomacy certainly is a very powerful weapon in the hands of the Ministry of External Affairs to promote relationship between people of this country and people of other countries. ICCR is one of India's oldest bodies working for the promotion of this cause. It has got a very fine

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tradition and its potential for spreading our cultural heritage is immense. However, as to the working of the ICCR, the Committee by their experience are constrained to take the view that it is moving without any direction though having been controlled by the Ministry of External Affairs. The Committee feel that the ICCR is groping in the dark and as such is unable to fulfil its vision in a meaningful fashion. The Committee would, therefore, recommend that it is high time the Ministry made a thorough review of the working of ICCR so that it really serves as an important and integral tool in achieving the objectives of our Cultural Diplomacy.

27. 117 External Affairs

The Committee are of the view that the Society for Research and Information System (RIS) for non-aligned and other developing countries is doing a good job and appreciate the jobs undertaken so far by the Society. As informed by the Government, the Society acts as a specialised “think tank” on global issues in the field of international economic relations and development cooperation. It provides analytical inputs also to India and other developing countries on the issues taken up at the

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international fora such as G-77, NAM, SUMMITS, IMF, WTO, ASEAN, IOR-ARC and BIMSTEC etc. RIS is also mandated to function as an advisory body to the Government of India on matters pertaining to multilateral economic & social issues including regional & sub-regional cooperation arrangements, as may be referred to it from time to time. The Ministry have also informed that it is an autonomous organisation registered in India under the Societies' Act and receives the core grant from the Ministry of External Affairs. It, however, generates its own revenue as well by receiving project grant from donor and multilateral funding organisations for activities undertaken on their behalf. The Committee also note that the RIS plays a catalytic role in the formulation of India's policy towards such regional groupings. Keeping in view the significant role being played by RIS towards formulation of India's foreign policy and in other matters, the Committee strongly feel and recommend that budgetary allocations should be augmented suitably so as to enable RIS to perform its role without encumbrances in a

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External Affairs

much larger perspective in this era of globalisation.

The Committee note that the Ministry themselves are candid enough to accept that the budgetary provision of Rs. 1.65 crore in BE 2004-2005 will not be sufficient enough to meet the requirement of ICWA. Going by the declared objectives of ICWA, the Committee also feel that allocation of such small amount is really insufficient to achieve those objectives. The Committee recommend that allocation of fund to ICWA at RE stage should be appropriately increased. The Committee observe that the formation of the governing body of the Council is pending for quite a long time and many of its activities can be undertaken only after the formation of the governing body. The Committee expect that the formation of the governing body should be done within one or two months and other pending work such as the filling of vacant posts, etc. should be undertaken by the Council immediately. The Committee also hope that the renovation work at Sapru House be completed by the end of the current financial year. The Committee sincerely hope the ICWA to get back to its past

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External Affairs

glory and touch new heights in the near future.

The Committee note with immense satisfaction that the VII World Hindi conference gave an impetus for launching greater propagation and promotion of Hindi as was evident from the demand from a large number of delegations for organizing Regional Hindi Conferences in different parts of the World. The Committee are of the view that such Conferences should be organised more frequently and funds required for propagation of Hindi should be provided without any hesitation because the promotion of India's national language is an important national concern. The Committee further note that there are so many countries where Hindi is being spoken and written by huge numbers of people. The Government, in the opinion of the Committee, should form an organisation of countries where Hindi is being spoken and written. And in particular when no constraints are being faced by the Ministry in their drive to make Hindi as official language of the U.N., the Committee recommend the Ministry to make vigorous efforts to achieve this target in a definite time-frame.

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30.	135	—do—	<p>The Committee are shocked to note that out of more than 160 Missions/Posts only six different Missions and Posts abroad have appointed six Hindi Officers and only one translator. It is a pity that where more than 50 crore people speak Hindi at least two-three hundred people are not available to save the national pride. If, it is due to non-provision of fund then in the opinion of the Committee, it is truly unsatisfactory. The Committee recommend that at least one Hindi Officer should be appointed in each Mission/Post for the propagation of Hindi. Each and every Mission and Post should be well-equipped with equipment like Hindi software, dictionaries, magazines, etc. to serve the purpose of propagating Hindi. The Committee are of the considered view that no nation can develop without development of its national language. As rightly said by the great scholar Babu Bhartendu Harish Chandra “Nij Bhasha unnati ahai, sub unnati ko mool” (it means development of our own Language is the root of all development), the Committee hope that world wide propagation of Hindi should be done as effectively as possible through our Missions/Posts as also through the ICCR.</p>

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31.	140	External Affairs	<p>The Committee appreciate India's abiding interests in providing assistance for developmental projects not only in neighbouring friendly countries, but also in Africa, Central Asia and South-east Asia. The Ministry have stated that one of the reasons for increase in total expenditure is the extension of the tenure of experts who are already in these countries as in the event of extension though the expenditure towards final air fare and transportation of the baggage are borne by the host Government, the Government of India continues to pay their FA, CEA etc. The increasing number of requests from beneficiary countries have also entailed substantially larger amounts of budgetary allocation to meet the variety of requirements in executing this programme. Similarly, the number of experts who are sent abroad has taken a quantum leap with more and more countries seeking India's assistance by way of deputation of experts. The Committee are of the view that programmes imparting technical cooperation to friendly countries certainly generate considerable goodwill among them and need of the time is that we should be proactively involved in</p>

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promoting the same. While developed countries are influencing developing countries by providing huge assistance and in the end exploiting them, India should make efforts to develop cordial relations with friendly countries; not for their exploitation, but for building up permanent friendly relations and promoting strong ties. And to achieve the same, if their is requirement of additional funds, the Government should provide the same without any inhibitions.

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External Affairs

The BIMST-EC is a sub-regional economic cooperation grouping of countries on the rim of Bay of Bengal. At present, there are seven members (Bangladesh, India, Srilanka, Thailand, Myanmar, Nepal and Bhutan) in this sub-regional economic cooperation grouping. The grouping was largely formed due to a coalescing of Thai and Indian interests—Thailand's desire for a 'Look West' policy and India's desire to expand its 'Look East' Policy. Although a young grouping, the people of the BIMST-EC countries have had close cultural, social and commercial ties throughout history, including active contacts between the business communities. The Ministry have

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stated that BIMST-EC is very young grouping and, therefore, it will need time to show results. The Committee hope that the initiative taken so far will be helpful in developing the priority areas. The initiatives which are still in feasibility study phases will start taking shape soon and the BIMST-EC will bind all its countries together in seeking to advance their collective interests faster. The Committee also hope that the eastern part of the sub-continent will have better environment for growth and development in the near future. In order to achieve the same, the Committee recommend that collective definite efforts and strategies need to be made to strengthen this newly born organisation, which in the long run, thus, may be quite useful for all the seven member countries.

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External Affairs

The Committee observe that the Mekong-Ganga Cooperation (MGC) was formally launched in 2000 at Luang Prabang in Lao PDR on the bank of Mekong. During the first Ministerial meeting of MGC a Declaration had been issued on MGC. The Declaration covers cooperation in four sectors, namely tourism, cultural, education, transport and

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communication. The leading countries for the four sector of cooperation are: Thailand (Tourism) India (Education), Lao PDR (Transport and Communication) and Cambodia (Culture). One of the main focuses of MGC has been on the reliable transportation and tourism between India and member countries. In view of the close cultural and historical links with member countries the MGC mechanism provides an additional forum to further strengthening cooperation with MGC member countries. The Committee express their satisfaction over the development so far. The Committee, however, recommend that cultural and historical links with member countries should be strengthened and possibility of further cooperation should be explored. The Committee, therefore, urge the Government of India to extend all possible help to MGC and if required some additional budget may also be allocated to this Cooperation to achieve its objectives.

34. 153 External Affairs

The Committee observe that allocation of funds to Bangladesh under the Head "Aid and Loan" in BE 2004-2005 is lower than BE 2003-2004. As

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stated by the Ministry it was because a number of projects are under discussion between the two sides are yet to be finalised and provisions will be suitably made once there is bilateral agreement over these. The Bangladesh Government has been appreciative of Indian Assistance and understand that both kinds of assistance is the key components of economic cooperation between the two countries. The Committee also appreciate the commitment of Government of India to provide both grants and loan assistance to Bangladesh with a view to promoting and strengthening cooperation in the various areas of bilateral agreement. The Committee recommend that the agreements which have to be negotiated may be negotiated speedily and projects which are under discussion should also be attempted to be finalised as early as possible.

35. 161 External Affairs

The Committee are happy to note that India is playing quite a pivotal role in the modernisation of Bhutan, providing technical and financial assistance to Bhutan's five year plans since 1961. As a consequence of our support to Bhutan's development programmes, the overall

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relations between India and Bhutan have matured over the years to become a model for mutually beneficial cooperation in the region; providing immense benefit to the peoples of both countries. While the bilateral relationship is multifaceted and diverse, encompassing political, security, economic, cultural and social fields, it is in the area of development cooperation, that the mutual benefits are most tangible. The concerted efforts by the two countries continue to draw upon the complementarities and comparative advantages of the two economies-placing bilateral relations on the firm footing. The Committee recommend that while our policy towards Bhutan such as recognising their legitimate aspirations and integrating the two economies should remain intact, at the same time, the Government should ensure that our own vital national interests are not in any way compromised and efforts should be made in finding more mutually beneficial sectors like hydroelectricity and others.

36. 162 External Affairs

The Committee also note that as part of Government of India assistant to Ninth Plan of Bhutan, Tata Energy Research

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			<p>Institute is preparing an Energy Master Plan for Bhutan. The Master Plan will form the basis of cooperation in this sector Under GOI assistance for Bhutan's Ninth Plan, Feasibility Studies of three projects with total expected potential of 2000 MW will also be undertaken. These projects are Punatsangchu II (Punakha District), Daglia (Zemgang District) and Kholongchu (Tashiyangse). The Committee recommend that keeping in view our own national interests feasibility studies of projects with total expected potential of 2000 MW should be undertaken on urgent basis. The Committee trust that the efforts and money put into these projects will not go waste and ultimately benefit both the countries, in the coming years.</p>
37.	163	—do—	<p>The Committee note with surprise that the Dungsum Cement Plant is currently in a state of suspension. Although request has been received from the Royal Government of Bhutan for its reactivation, the Ministry have submitted that the decision can be taken only after a review of the security situation of the area and detailed discussions between the two sides on other aspects of the Project. The area has also</p>

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faced unprecedented floods this year causing damages to the roads which is expected to delay the reactivation of the Project. The exact time schedule of the Project can be worked out only after detailed consultations between Government of India and the Royal Government of Bhutan on reactivation of the Project and re-appointment of the Consultant. The Committee would like to say in this regard that security problems and floods are not permanent problems and due to these problems the project should not be allowed to remain in a state of suspension. And especially when a request for reactivation for the project has been received from the Royal Government of Bhutan, the situation should be studied for reactivation of the project at the earliest.

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External Affairs

The Committee are happy to note that the Economic integration of Nepal with India, with specific focus on Terai, is a key long-term strategic goal of the Indo-Nepal cooperation. Strengthening of existing social, cultural, familial and economic linkages across the border would go a long way towards achieving this object. Projects in areas of infrastructure, health, water resources, rural and community development, education, etc. are being undertaken to strengthen the

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Indo-Nepal cooperation. The Committee appreciate the Indian efforts which are being made to provide assistance to Nepal as to earn visibility and goodwill for India, the benefits are being made available to grass root level by implementing projects in Nepal. The Committee are also happy to note that several new projects have been launched to improve transport infrastructure and connectivity on the two sides of the border including development of border check-posts, development of important link roads on both sides of the border and development of broad-gauge rail links between important border towns and believe that once implemented, these projects would contribute towards maintenance of security and development of trade and economic cooperation between India and Nepal. The Committee also observe that vast scope is there in the field of water resources and efforts are under way to develop cooperation in this field as has been elaborated by the Foreign Secretary during the course of evidence. The Committee, therefore, feel that this area should be explored earnestly on the lines of projects being executed in Bhutan. The Committee also believe that investment in Nepal will be certainly fruitful for India and Government should go ahead

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			with this so that other countries in the region should not be allowed to take advantage in exploiting Nepal by providing mere assistance.
39.	167	External Affairs	The Government have accepted that there are projects in the pipeline that have not been implemented for example, the Pancheswar project is about eight years old. Ever since, the agreement was signed the Government are still nowhere near the implementation of project. This is very unfortunate and projects considered or being considered in areas of power generation, flood control and irrigation between India and Nepal should be negotiated as early as possible, in order to guard against the time and cost escalations.
40.	170	External Affairs	The Committee observe that there is a decrease in Actual Expenditure under the Head "Aid to Myanmar" in comparison to 2002-2003. Although, several projects were finalised after consultation between the Governments of the two countries, the implementation of all these projects is still awaited. The Ministry have informed the Committee that the attention of the Myanmar Government on bilateral projects with India appear not to have been given priority due to their internal situation and every effort was made to finalise agreements as

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			<p>well as facilitate implementation. Since, the bilateral nature of these projects required implementation from Myanmar, the Committee recommend that all possible efforts should be made by the Ministry at the earliest in respect of these projects and assurance regarding timely and proper implementation should be secured from the Government of Myanmar forthwith.</p>
41.	179	External Affairs	<p>The Committee are happy to note that the ITEC programme and the Special Commonwealth Assistance for Africa plan (SCAAP) have generated goodwill for India and recognition by the developing countries of India's achievements in Science, Technology, Industry, Agriculture and Human resource Development. The Committee are of the view that being the hub of technical and economical activity, such as, IT software, Smal Scale Industries, Industrial estates, Civil and Public Administration machine tools, railways, etc., more and more fund will certainly be needed under this Head. The Committee hope that in order to fulfill our commitments, and to enable the ITEC to carryout its activities and execute various projects, the required fund to TC division will be made available by the Ministry. The Committee recommend that</p>

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42.	180	External Affairs	<p>every aspect should be taken care of in order to bring India closer to other developing countries—all over the world.</p> <p>The Committee have pointed that there is gross under-utilisation of the slots and expenditure made under the head “ITEC-SCAAP programme”. As stated by the Ministry earlier the total number of civilians trained in the financial years 2002-2003 and 2003-2004 was 2001 and 2130 respectively. In this respect the Ministry informed later that the slots actually utilised under ITEC during 2003-2004 was 1652 against the allotted slots of 2559. The Committee are not satisfied with the confusing replies furnished by the Ministry at various stages and hope that this kind of replies will be avoided in future. As the Ministry have said, under the Head <i>civilian training</i>, the procedure entailed in the first instance is allotment of slots as per requirements of our Missions abroad, the Committee recommend that before forwarding demands for allotment of slots, Missions should objectively examine the requirements of the concerned partner countries.</p>
43.	181	External Affairs	<p>The Committee had expressed their desire to know about the details of suggestions and recommendations made by the Advisory Group on Technical</p>

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Cooperation and the action taken by the Government. However, the Ministry have evaded the query and simply furnished a vague reply that they have taken note of the suggestions and recommendations made by Advisory Group on Technical cooperation which met in 2001, and that most of these have been accepted and are being implemented. The Committee are shocked to note that the Ministry are still planning to appoint a consultant for reform of ITEC programme. The Committee recommend that the appointment of Consultant should be finalised as quickly as possible in order to bring about suitable reforms in the ITEC and SCAAP programmes.

44. 187 External Affairs

The Committee note that there is substantial increase in BE 2004-2005 against the RE of Rs. 71.62 crore in 2003-2004 and the Actual Expenditure upto 31.3.2004 was Rs. 81.42 crore. Bills amounting to Rs. 41,82,85,452 still, however, remain outstanding for the aid already provided during 2003-2004. The Committee feel that India can do much more for African countries in order to build up better relations by paying more focussed attention on granting aid to these countries. There is a feeling amongst African countries that we do not consistently engage with them. Another problem

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area in engaging with Africa is that quite often we are outspent by some of our neighbouring countries. India is unable to provide aid to certain countries in Africa because they have large outstanding and there is likelihood of this money being recovered. The Committee hope that the Government will make positive efforts to improve our relations with African countries and also work in the direction of solving all these problems which come in the way of extending loans credits to the African countries or in other words our engagement with these countries. The Committee will highly appreciate, if relations with the African countries are strengthened.

45. 190 External Affairs

The Committee express their great pleasure to note that two cooperation projects are under active consideration for implementation under the aegis of COMESA viz. imparting training to COMESA personnel on harmonisation of drugs and pharmaceutical standard and registration procedure and deputing experts to determine the feasibility of the great lakes irrigation projects. The Committee note that countries like Egypt, Mauritius, Kenya, Sudan, Ethiopia and Zambia are important markets for India's exports in these sub-regions and welcome the Memorandum of Understanding between COMESA and India which

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focuses on the potential for bilateral cooperation between India and the COMESA states through increased trade and investment flows. The Committee hope that Government will explore more possibilities of export to these countries and our export will be mobilised by cordial relations which are developing by way of bilateral cooperation—between India and COMESA States.

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External Affairs

The Committee are surprised to note the declining trend which has shown over the years in the allocation under the Head Capital Outlay on public works. The Ministry have submitted that they had planned and provided funds for successive years in the hope that several of the construction projects under planning would mature to construction stages and that this could not materialise due to reasons beyond the control of the Ministry. The Committee find themselves totally unsatisfied over the progress made by the Ministry regarding the execution of various projects under this Head. The Committee recommend that if the Ministry are unable to implement the projects due to non-feasibility, they should not project funds at the stage of Budgetary allocation itself. More funds may be needed only at the advance stage of finalisation of projects. The Committee hope that the

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			Ministry will be able to complete some of the ongoing construction projects under this Head and the anxiety of the Committee will come down to some extent.
47.	207	External Affairs	The Committee are also shocked to observe the fate of Doha construction Project. As per the Ministry a new location of plot is being processed. The Mission was asked to take up the matter with the foreign office as the construction project had got delayed on 26th April, 2004 and the Mission conveyed allotment of a fresh plot, giving details of the same. However, the plot in question has still not been formally handed over to the Mission. The Committee hope that after a high drama, now the Ministry will be able to formally acquire the plot. The Committee strongly recommend that Doha construction project should be completed in a time bound manner without any further precious loss of time.
48.	208	—do—	Similarly, the Committee are shocked to see the working style of the Government in the matter of establishment of a second diplomatic Enclave which has been sandwiched between the Ministries of External Affairs and Finance and could not be materialised in the last 34 years due to stringent and cumbersome bureaucratic procedures. The Committee strongly recommend

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49.	209	External Affairs	<p>that the other projects which are lagging behind schedule due to bureaucratic problems should be identified and executed at the earliest.</p> <p>In regard to Videsh Bhavan Project, the Ministry have submitted that the Videsh Bhavan has now been named Jawaharlal Nehru Bhavan and it has been entrusted to CPWD. A detailed presentation comprising an explanation of the concept design model had been presented to the Minister of External Affairs on 3rd July, 2004 and same has been approved. The preliminary cost estimates have also been approved by the Minister and preparation of Memo for seeking approval of the Committee for Non-Plan Expenditure is underway. The project proposal, the approximate cost of which is expected to be around Rs. 180 crore, will require approval of the Union Cabinet also. The Committee strongly recommend that a time schedule should be prepared at an early stage, monitoring of developments should be made each quarter of the year and Officials causing any undue delays should be held responsible. The Committee expect that taking a lesson from past experience, the Ministry will not repeat the same mistakes again and take steps for timely completion of this project.</p>

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50.	210	External Affairs	<p>Last but not the least, the Committee would like to make a general observation about the Budgeting process—as obtaining in the Ministry of External Affairs. The replies to the List of Points sent by the Committee on various subjects in the course of examination of the Demands for Grants of the Ministry were furnished by the Ministry to them on 6.8.04, which means more than 4 months, after close of the last financial year. Surprisingly, however, in some cases only likely estimations of the Actual Expenditure have been furnished. In many cases, the Committee have come across major discrepancies in figures furnished by the Ministry. In the opinion of the Committee, such careless approach and attitude towards an important exercise like Budget is highly deplorable. More so, when every data can be made available by the Ministry at the veritable click of a mouse. From this, the Committee can interpolate as to what kind of input may have gone into—while the Demands for 2004-2005 were being finalised in the absence of Actual Expenditures. The Committee, therefore, desire the Ministry to put in place a more quick and efficient accounting mechanism, so that, the exit financial data, which is the most essential input in the preparation as also analysis of a Budgetary exercise is available—in time—for any mid-course corrections and proper planning.</p>