

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:42

ANSWERED ON:22.02.2013

FOREIGN AID

Das Shri Ram Sundar;Karwariya Shri Kapil Muni

Will the Minister of FINANCE be pleased to state:

- (a) Whether unutilized committed external assistance has been increasing over the years;
- (b) If so, the details thereof and the reasons therefor, sector-wise and State-wise during each of the last three years;
- (c) Whether inadequate planning by Ministries/Departments resulted in avoidable expenditure in the form of commitment charges;
- (d) If so, the details thereof, sector-wise and State-wise; and
- (e) the steps taken by the Government in this regard?

Answer

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

(a) & (b). Yes, Sir. Externally aided Government projects generally have implementation period of 6 to 7 years, with low plan disbursement in the initial stages. Different activities including procurement of goods, works and services are spread, as per need, throughout the implementation period. Accordingly, the Project Implementing Agencies (PIAs) utilize the committed external assistance, in a phased manner. The unutilized committed external assistance in a year also increases due to signing of new agreements in that year. State-wise and Sector-wise details of unutilized committed external assistance during last three years are at Table I & II respectively.

(c) & (d). Department of Economic Affairs (DEA) enters into relevant financing agreements with external lending agencies after considering the preparedness of the projects and readiness of the implementing Ministries / State Governments for launching the project. As part of the terms and conditions of the loans under external assistance, commitment charges are levied by some lending agencies on unutilized loan commitments. Commitment charge is the charge levied for holding available the undisbursed balance of a loan commitment. Generally, these charges are levied after a grace period of signing the loan agreements (2 to 6 months, depending on the terms and conditions of the loan). Since only the disbursed portion of the loan earns interest for the lender, the undisbursed funds remain blocked without earning any interest. The lender incurs cost on these blocked funds, as these funds have to be kept in liquid assets, ready for disbursement. To compensate for this, a commitment charge is charged on the undisbursed loan balance. It is an integral part of terms and conditions of multilateral and bilateral loans and unavoidable, as such. Being usually a fraction of interest rate, it is significantly lower than alternate funding options.

As the average implementation period ranges from 6 to 7 years, projects may get delayed due to difficulties arising out of unforeseeable contingencies, often beyond the control of the implementing Ministries / State Governments and paying of commitment charges may not necessarily be attributable to inadequate planning by Ministries/Departments or State Governments.

(e) In order to ensure timely utilization of the committed external assistance, regular review meetings are held by DEA, Line Ministries/State Governments and external lending agencies to monitor the progress of implementation and identify bottlenecks to take corrective measures.

State-wise unutilized external assistance in Government projects

(Rs. crore)

Central/State	2009-10	2010-11	2011-12	2012-13
(As on 18.02.2013)				
Central Government (A)	42158.96	43260.7	64168.39	68081.42
State Governments (B)	63248.53	67630.69	84013.39	91682.87
Andhra Pradesh	12063	13076.58	13099.98	12137.85
Assam	2132.98	2554.67	3944.64	6062.83
Bihar	1777.93	3387.39	3681.87	4313.76
Chhattisgarh	658.27	223.78	189.5	78.79
Goa	1089.27	1198.74	1185.87	1054.63
Gujarat	726.58	644.82	1056.02	986.21
Haryana	1385.05	1065.05	1113.54	1122.68
Himachal Pradesh	2013.86	2725.47	2770.55	5484.7
Jammu & Kashmir	691.07	497.35	326.99	227.71

Jharkhand	0	810.89	899.36	795.36
Karnataka	7727.03	8024.43	10093.16	9112.48
Kerala	2379.21	2020.9	3637.64	3281.93
Madhya Pradesh	4090.59	3114.18	7398.54	6219.56
Maharashtra	2621.91	2244.3	3539.23	3186.93
Manipur	0	0	0	0
Meghalaya	80.3	83.8	25.92	0
Mizoram	250.81	270.52	65.58	68.39
Odisha	3677	3667.36	3701.31	3860.11
Puducherry	161.91	149.39	1.31	0
Punjab	1544.06	1433.62	1468.05	1348.55
Rajasthan	1939.63	1960.29	4063.76	6724.73
Sikkim	261.61	382.7	424.89	402.49
Tamilnadu	7156.75	7607.71	6109.96	9262.59
Tripura	315.63	322.08	331.66	289.72
Uttar Pradesh	3222.59	2870	3581.55	3315.45
Uttarakhand	2070.66	1705.47	1934.41	1733.51
West Bengal	1386	2018.54	3414.51	4303.19
Multi States	1824.83	3570.66	5953.59	6308.72
Grand Total (A+B)	105407.49	110891.39	148181.78	159764.29

Sector-wise utilized external assistance in Government projects

(Rs. crore)

Sector	2009-10	2010-11	2011-12	2012-13
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(As on

18.02.2013)

Agriculture	4207.09	4523.48	4450.61	7107.46
Education	865.47	4242.07	2111.16	4654.19
Energy: Atomic	3910.62	3660.54	4135.29	4351.14
Energy: General	1475.81	1447.79	1603.16	6229
Energy: Non	0	0	0	0
Conventional				
Energy: Power	7958.86	7882.56	14364.47	14884.6
Environment and	3786.69	5335.49	12077.87	11777.08
Forestry				
Financial	0	57.49	49.51	1128.01
Health	4864.66	4705.77	4321.77	3383.57
Industry & Finance	588.84	583.11	661.57	699.94
Infrastructure: General	5555.92	4792.79	3831.76	4772.03
Infrastructure: Port	200.62	225.57	512.84	508.67
Infrastructure:	5201.63	5709.56	11063.61	11725.69
Railways				
Infrastructure: Road	11619.27	16654.21	19983.91	21383.79
Law and Justice	0	0	867.19	726.49
Rural Development	4300.91	4857.66	10547.28	10810.32
Social	711.34	1174.49	1183.69	1116.17
Structural Adjustment	9077.57	89.28	0	0
Urban Development	23882.75	23351.76	30785.84	27263.62
Water Resource	7331.47	9790.87	12945.23	11902.58
Management				
Water Supply and	9860.15	11798.11	12685.02	15339.94
Sanitation				
Others	7.82	8.79	0	0
Total	105407.49	110891.39	148181.78	159764.29