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**STANDING COMMITTEE
ON EXTERNAL AFFAIRS**

(2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF EXTERNAL AFFAIRS

**DEMANDS FOR GRANTS
(2010-2011)**

FOURTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/Chaitra, 1932 (Saka)

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STANDING COMMITTEE ON
EXTERNAL AFFAIRS
(2009-2010)

(FIFTEENTH LOK SABHA)

MINISTRY OF EXTERNAL AFFAIRS
DEMANDS FOR GRANTS
(2010-2011)

Presented to Lok Sabha on 20th April, 2010
Laid in Rajya Sabha on 20th April, 2010



LOK SABHA SECRETARIAT
NEW DELHI

April, 2010/Chaitra, 1932 (Saka)

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**STANDING COMMITTEE ON EXTERNAL AFFAIRS
(2009-2010)**

Chairman

Shri Yashwant Sinha*

MEMBERS

Lok Sabha

2. Shri S. Alagiri (Cuddalore)
3. Shri Anto Antony
4. Shri Devidhan Besra
5. Shri T.K.S. Elangovan
6. Shri Vishwa Mohan Kumar
7. Shri Pradeep Majhi
8. Shri Pinaki Misra
9. Shri Zafar Ali Naqvi
10. Shri Rajendrasinh Rana
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12. Kunwar Rewati Raman Singh
13. Smt. Supriya Sule
14. Smt. Sushma Swaraj
15. Shri Janardhana Swamy
16. Shri Takam Sanjoy
17. Shri Bhisma Shankar alias Kushal Tiwari
18. Shri Shivkumar Udasi
19. Vacant
20. Vacant
21. Vacant

Rajya Sabha

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27. Shri Bhartkumar Raut
28. Shri Arjun Kumar Sengupta
29. Dr. (Smt.) Kapila Vatsyayan
30. Shri H.K. Dua \$
31. Vacant@

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| 5. | Ms. Kiran Bhargava | - | Executive Assistant |

* Shri Yashwant Sinha has been nominated as a Member and appointed as Chairman of the Committee w.e.f. 6.1.2010 vice Smt. Sushma Swaraj resigned from the Chairpersonship of the Committee w.e.f. 1.1.2010.

\$ Nominated w.e.f. 2.3.2010 vice Shri Shivraj V. Patil ceased to be the Member of the Committee due to his resignation w.e.f.21.1.2010

@ Shri Ashwani Kumar ceased to be Member of the Committee consequent upon his retirement from Rajya Sabha w.e.f. 9.4.2010

INTRODUCTION

I, the Chairman of the Standing Committee on External Affairs, having been authorized by the Committee to present the Report on their behalf, present this Fourth Report of the Standing Committee on External Affairs (2009-2010) on Demands for Grants (2010-2011) of the Ministry of External Affairs.

2. The Committee took oral evidence of the representatives of the Ministry of External Affairs on 30th March, 2010.

3. The Committee considered and adopted this report at their sitting held on 15th April, 2010. Minutes of the sittings of the Committee held on 30th March, 2010 and 15th April, 2010 are given in Annexure I and II to the Report.

4. The Committee wish to express their thanks to the Ministry of External Affairs for placing before them the material and information which they desired in connection with examination of the Demands for Grants (2010-2011). The Committee also wish to express their thanks in particular to the representatives of the Ministry of External Affairs for appearing before the Committee and placing their considered views before them.

NEW DELHI
15 April, 2010

Chaitra 25, 1932 (Saka)

YASHWANT SINHA,
Chairman,
Standing Committee on External Affairs

CHAPTER – I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The 2nd Report of the Standing Committee on External Affairs on Demands for Grants of Ministry of External Affairs for the year 2009-2010 was presented to Lok Sabha and laid in Rajya Sabha on 3.12.2009. The Report contained 20 recommendations/ observations.

1.2 In compliance of the Direction 73-A of the Directions by the Speaker, the Minister of External Affairs has to make a statement in the House giving the status of the implementation of various recommendations/ observations made by the Committee in their 2nd Report within six months from the date of presentation of the Report.

1.3 The Action Taken Replies on the recommendations contained in the 2nd Report (15th Lok Sabha) have been received from the Ministry and the Action Taken Report on the same is being prepared.

1.4 During the course of evidence on Demands for Grants of the Ministry of External Affairs for the year 2010-11, on the status of implementation of the recommendations, the Foreign Secretary stated as under:

“...we have taken note of the recommendations made by the Standing Committee in its Second Report on the Demand for Grants of this Ministry for the current financial year 2009-10. We shall work towards implementing these recommendations. We have also taken note of them while formulating our budget for the next financial year”

CHAPTER - II

BUDGETARY ALLOCATION

The function of the Ministry of External Affairs is to implement the foreign policy of India and ensure that the designated objectives are achieved. The Ministry has been pursuing the national interests of India and the interests of her citizens while building the political, economic, commercial, cultural and consular relations with other countries. Cooperation in these and other areas is accomplished by the Ministry through bilateral, regional and international interactions at the Headquarters in New Delhi and through its 175 Missions/Posts and specialized offices across the world and branch offices in different parts of the country. Indian foreign policy is geared towards playing its due role in global affairs with responsibility and in the pursuit of peace, stability and progress in the region and beyond.

2.2 The budget of the Ministry has traditionally been a Non-Plan one. The Plan component has generally been small. India's role in global affairs has grown and so has been its engagement with the countries in the region. Accordingly, the plan budget of the Ministry has been increasing over the years for undertaking projects in the neighbouring countries.

2.3 The approved allocation for the Ministry in Budget Estimates 2010-11 is Rs. 6375 Crores. Compared to the Revised Estimates of 2009-10 of Rs. 6333 crores, this represents a marginal increase of Rs. 42 crores only. The allocation under the Non-Plan Head of BE 2010-11 is Rs. 5675 crores, which is marginally more than BE 2009-10 of Rs. 5664 crores. The RE 2009-10 was reduced to 5621 crores. The plan component of the Ministry has been fixed that Rs. 700 crores, which is more than BE 2009-10 of Rs 629 crores. However, it is less than the RE 2009-10 of Rs. 712 crores.

2.4 While referring to the quantum of allocation made during 2010-11, during the course of evidence, the Foreign Secretary informed the Committee:

“We had sought a budget allocation of nearly Rs. 10,000 crores in Budget Estimates 2010-11. Depending upon the pace of our expenditure in the coming financial year, we might have to approach the Ministry of Finance for a higher revised allocation.”

2.5 About the Plan Budget, the Foreign Secretary further informed the Committee as under:

“The Plan Budget of the Ministry has been fixed at Rs. 700 crores for the next financial year. The Ministry had proposed an outlay of nearly Rs. 1748 crore. An increase in the Plan Budget was sought owing to an expected surge in the construction of power projects in Bhutan. Higher allocation of funds is also required next year for the Kaladan Multimodal Transit Transport Project in Myanmar, construction of two additional power sub-stations in Afghanistan, and for the construction of the Nalanda University in India.”

A. Overall Budgetary Proposals

2.6 The following table shows the Total Budgetary Allocation for the MEA during the last 4 years along with RE for the respective years including Actual & shortfall in utilization of RE:

(Rs. in crores)

Year	BE	RE	Actual Expenditure	Increase at RE Stage	Shortfall in Utilization of RE
2006-07	3695.00	4095.00	3949.00	400.00	146.00
2007-08	4433.00	4783.00	4572.39	350.00	210.61
2008-09	5062.00	6868.42	6746.35	1806.42	122.07
2009-10	6293.00	6333.00	-	40.00	-
2010-11	6375.00	-	-	-	-

2.7 The Committee observed that the initial budgetary allocations during the last 4 years were raised at RE stage. However, the actual utilization was, less than the increased allocation made at RE stage resulting into shortfall in utilization of funds every year. The revised allocation made during 2009-10 is Rs. 40 crores more than the allocation made at BE stage. The Committee desired to know the Actual Expenditure made during each quarter of 2009-10 as against the Revised Estimate of Rs. 6333 crores The Ministry in a written reply furnished the actual expenditure upto 31st December, 2009 as under:

(Rs. in crores)

	Plan	Non-Plan	Total
Quarter I	18.31	1030.04	1048.35
Quarter II	62.36	1103.32	1165.68
Quarter III	184.20	1585.63	1769.83
Total	264.87	3718.99	3983.86

2.8 The Ministry further stated as under:

“The booked expenditure till 28th February, 2010 is Rs. 5174.96 Crore (**Plan**: Rs. 575.77 Crore representing 80.87% of RE 2009-10) and (**Non-Plan**: Rs. 4599.19 Crore representing 81.82% of RE 2009-10). The booked expenditure is nearly 82% of RE 2009-10. The actual utilization of revised allocation during 2009-10 would be known once the expenditure up to 31st March, 2010 is booked.”

2.9 The Committee observed that the Actual Expenditure Pattern during each quarter of the financial year 2009-10, clearly indicate that during first three quarters of the year only Rs. 3983.86 crores have been spent against the RE of Rs. 6333 crores and till 28th February, 2010, Rs. 5174.96 crores have been spent. In this context, the Committee asked the Ministry to give justification for this type of expenditure pattern of spending maximum money in the last quarter of the financial year. The Ministry in its post-evidence reply stated as under:

“The expenditure in the Ministry of External Affairs is incurred at two levels, namely, (i) by the Pay and Accounts Officer (PAO) level at Headquarters, and (ii) by Indian Missions/Posts abroad. The expenditure indicated in the Appropriation Account includes expenditure incurred by the PAO and by the Missions/Posts abroad.

The Cash Accounts of the Missions / Posts abroad are received in the Office of the Principal Chief Controller of Accounts (O/o Pr. CCA) in the Ministry for booking the expenditure in the monthly Accounts. The cash accounts from all the Missions/Posts are not received at the time of preparation of monthly accounts of the Ministry. Due to this delayed receipt of Cash Accounts by the O/o Pr. CCA, the same are finally adjusted and incorporated in the accounts of the financial year during the last quarter, particularly in the month of March. On account of this reason, though the expenditure has been incurred by the Mission/ Posts in the concerned months, the same are incorporated and accounted for at the end of the financial year, which leads to a rush of expenditure towards the end of the financial year.”

2.10 The Ministry was asked to explain categorically the reasons for shortfall in utilization of the Revised Estimates (RE) over the years and the steps that had been/were being taken by Ministry of External Affairs to arrest this trend. When the Committee sought the Ministry's justification for seeking enhanced allocation at RE stage every year despite under-utilization of the revised allocation sought in the past years, the Ministry stated in a written reply as under:

"Efforts have always been made to ask for budget allocations based on realistic assessment of the requirement of funds. The Ministry also makes every possible effort to ensure full utilization of the allocated funds.

A major portion of the Ministry's budgetary allocation is however utilized in promoting technical and economic cooperation with friendly/countries. These projects and programmes are implemented in other countries. Prior to making any allocation for executing a project abroad, the Ministry undertakes consultation with the beneficiary government in order to conclude a mutually acceptable agreement on project.... Progress in the implementation of such projects at times has been affected by internal political developments in the beneficiary states. This has resulted under- utilization of the allocated funds in the RE stage."

2.11 The Ministry further elaborated as under:

"The Ministry has set-up an Expenditure Monitoring Committee chaired by Foreign Secretary/ AS (FA) to monitor the progress of expenditure vis-à-vis the allocated budget. The Committee meets every quarter to review the progress. Instructions reiterating the need to adhere to budgetary discipline are issued to Heads of Divisions at Headquarters as well as Missions / Posts abroad from time to time....

The Ministry makes all possible efforts to frame its budget after making a realistic assessment of the projects to be undertaken in the coming financial year. Allocation of funds is sought accordingly from the Ministry of Finance, which however does not allocate the entire requirement sought in the BE stage. On the basis of progressive expenditure and the planned activities, the Ministry seeks an enhancement at the RE stage. While the Ministry desires and also strives to ensure full utilization of the allocated funds, there are several factors that prevents full utilization of the funds allocated in the RE stage which have been elaborated above".

2.12 When, the Committee desired to be apprised of factors which prevented utilization of funds, the Ministry in a post-evidence written reply stated as under:

"Besides political developments in the beneficiary state that have at times affected the full utilization of funds by the Ministry, other factors that have

prevented full utilization of funds allocated at the RE stage include the following:

- a. Delay in getting the approval of the Competent Authority, due to the process involved, for execution of a project abroad resulting in surrender of funds allocated for the project;
- b. Delay in receipt of required approvals from the local government before the commencement of a project;
- c. Development of any adverse security situation in the beneficiary government resulting in delay/ cancellation of the project;
- d. Slow progress in the implementation of project by the Contractor due to internal and external factors resulting in underutilization of the allocated funds;
- e. Non-submission of Running Account Bills by the Contractor for payment in time;
- f. Changes in the assessed rate of contribution of India to various International Organizations of which India is a member, which at times results in a lower contribution and consequential saving in the budgeted amount;
- g. Non-organization of some International Conferences/Events by the Ministry for which funds had been earmarked;
- h. Non-submission of Bills in time by Hotels, Airlines and other agencies in connection with the 'Hospitality' extended by the Ministry to visiting foreign Dignitaries; and
- i. Non-submission of claims by State Governments for work done by them in connection with the collection of passports."

2.13 The Ministry further stated as under:

"Progress in the execution of such projects at times has been affected by internal political developments in the beneficiary country. The recipient country sometimes seeks changes in the project design after the completion of internal approvals in India that leads to delays. Projects in Afghanistan, Nepal, Myanmar, and Sri Lanka have been adversely affected by the security and political developments in these countries. Some of the countries in Africa and Central Asia are going through political changes. There have been delays in receipt of approvals from their governments.

Experience has shown that Indian contractors have often quoted for executing a project abroad without taking into account all the factors in the beneficiary country. Once the work is awarded to them and they commence the execution, they encounter problems that had not been factored by them at the time of bidding for the project. Slow progress in the implementation of project by the Contractors occurs due to their internal problems and political and security developments in the beneficiary state."

2.14 The Committee observed that for the 10th Plan (2002-07) Approved Plan Outlay was Rs. 3244 crores, though the Actual Expenditure was Rs. 3094 crores. But for the 11th Plan (2007-12) Approved Outlay is Rs. 2488.41 crores only. In this context, the Committee asked Ministry to furnish the reasons/justification for reduction in plan outlay during 11th Five year Plan and desired to know as to how the Ministry proposed to pursue the objectives with that reduced outlay. In a written reply, the Ministry stated as under:

“The outlay for the 10th Plan Budget of the Ministry was primarily for execution of projects in Bhutan. These included construction of the mega Tala Hydro Electric Project (HEP) and the Dungsum Cement Plant. The Tala HEP has since been completed and consequently requirement of funds in the 11th Plan for this project declined considerably. At the time of the finalization of the 11th Five Year Plan, some of the projects in Bhutan such as the construction of the Punatsangchu-I HEP, Punatsangchu-II HEP and the Mangdechu HEP were at their inception stage. The DPR for these HEPs had not been prepared and hence their requirement of funds was not known. Owing to this reason, the 11th Five Year Plan outlay is less than that of the 10th Five Year Plan.”

2.15 The Ministry further informed the Committee:

“The Ministry has requested the Planning Commission for additional funds during the Mid-Term review of the 11th Five Year Plan. The Ministry is hopeful that the Planning Commission would be able to provide additional funds during the 11th Five Year Plan. The Planning Commission has been generally making higher allocation of funds in the Annual Plan Budget Estimates of the Ministry for the execution of the Plan projects abroad. Based upon the actual utilization, additional funds would be sought during the Revised Estimates stage of the Annual Plan, 2010-11.”

2.16 When the Committee enquired about the Mid-term appraisal of the plan performance of MEA and efforts that had been/were being made to obtain more funds under this head on the basis of Mid-term appraisal of current Five Year Plan, the Ministry in written reply stated as under:

“The mid-term appraisal of the plan performance of MEA was held in the Planning Commission in September 2009 along with the Half Yearly Review of Annual Plan 2009-10The Commission was informed that some major Hydro-Electric (HEP) Projects are being implemented by the Ministry in Bhutan and funded with plan outlay, and all these HEPs were proceeding on track... Regarding Myanmar, the Commission was informed that the process for the construction of the Kaladan Multi Model Transit and Transport Project had been initiated. In Nepal, all the projects to be implemented by MEA would be funded from the non-Plan. The Ministry had sought funds amounting to Rs. 4522.24 Crore in the 11th Five Year Plan. The allocation from the Commission is awaited.”

2.17 When, the Committee desired to know about the specific additional requirements which had been submitted before the Planning Commission and the justification for seeking additional funds during the remaining period of the current Five Year Plan, the Ministry furnished the following in post-evidence written reply:

“The requirement of funds posed to the Planning Commission for the remaining period of the 11th Five Year Plan is for various projects taken up in the neighbouring countries. The details are as under:

PROJECTS	ESTIMATED REQUIRMENT OF FUNDS (Rs. Crore)
BHUTAN	
Punatsangchu – I HEP	924.00
Mangdhechu HEP	901.00
Punatsangchhu-II HEP	847.00
Sankosh HEP	500.00
Amochu Reservoir	100.00
Chamkharchhu-I HEP	50.00
Kholongchhu HEP	150.00
Kuri Gongri HEP	100.00
Bunakha HEP	200.00
Wangchhu HEP	300.00
Total	4072.00
AFGHANISTAN	
Pul-e-Khumri Power Transmission Line and two sub-stations at Doshi and Charikar	149.00
MYANMAR	
Kaladan Multi-modal Transit Transport Project	300.00

2.18 The Ministry further stated as under:

“The Empowered Joint Group has recommended a number of HEPs in Bhutan for which DPRs are under preparation. The requirement of funds projected is based on standard norms. The actual requirement would be known once the DPRs are ready.”

2.19 For the Annual Plan 2009-10, the Proposed Outlay was Rs. 1274.70 crores but only Rs. 629 crores had been approved. Similarly, Proposed Outlay for the year 2010-11 was Rs. 1747.67 crores. However, the Approved Outlay is Rs. 700 crores only. The

Committee desired to know about the grounds on which the Planning Commission had not agreed to the proposed expenditure. The Ministry in written reply stated as under:

“During the Half-Yearly Review of the Annual Plan for 2009-10, the Planning Commission had indicated resource constraints and advised the Ministry to re-prioritize its project-expenses as per requirement and fund availability”.

2.20 The Committee desired to know whether there was any rethinking on part of MEA regarding reprioritisation of its projects. The Ministry in a post-evidence reply stated as under:

“The Projects of the Ministry in Bhutan, Afghanistan and Myanmar are being funded through its Plan-Budget... All these Projects are of great importance from the viewpoint of mutual benefit. The Ministry would approach the Planning Commission in the due course for additional allocation for these projects. The prioritization of these projects is not considered necessary as all of them have been committed and have to be completed as per schedule.”

2.21 The Committee further desired to know the reasons for Ministry’s inability to convince the fund allocating authorities for allocating the desired funds. The Ministry in its written reply stated as under:

“The Ministry had tried to convince the Planning Commission at the above-mentioned meeting. The necessity of allocating the required funds. Apparently, the Planning Commission might have allocated the funds based on the past utilization of budget by the Ministry.”

2.22 The Committee took serious note of the above reply and asked the Ministry to furnish the trend regarding its past and present under-utilization of funds Ministry’s justification regarding it and also wanted to know whether it adversely reflected upon the financial management within the MEA. The Ministry in post-evidence written reply stated as under:

“The following is the trend of the BE, RE and Actuals of the ‘Plan’ Budget of the Ministry during the last three years:

	BE	RE	Actuals
Financial Year	Plan	Plan	Plan
2007-08	500.00	300.00	293.97
2008-09	579.00	450.00	410.42
2009-10	629.00	712.00	602.99*

* Provisional upto 29th March, 2010

2.23 The Ministry further stated that:

“There was an under-utilization of funds in 2007-08 and 2008-09 primarily due to the political developments in Nepal and Myanmar, which have affected the planned projects of the Ministry in these two countries. There was no expenditure incurred on the Tala HEP and less than anticipated expenditure on pre-construction activities of the Punatsangchu-I HEP. The Dungsum Cement Plant Project in Bhutan and Pul-e-Khumri Transmission Line Project in Afghanistan have progressed as per schedule. As the projects in Bhutan and Afghanistan have picked up progressively, the actual utilization in 2009-10 has been higher compared to the previous two years. The Ministry expects that the projects in Bhutan, Myanmar and Afghanistan would proceed as per schedule in the coming years, which would result in higher utilization of plan budget.”

2.24 The Committee further desired to know whether it would be feasible for the Ministry to fulfill all its commitments/targets with lesser allocation and the areas that would be adversely affected due to non- allocation of the proposed outlay. The Ministry in written reply stated as under:

“The Ministry has been allocated Rs. 712 Crore in RE 2009-10, which is Rs.83 Crore more than BE 2009-10 under Plan budget. This would help the Ministry in fulfilling its commitments during the FY 2009-10. For additional funds during the FY 2010-11, the Ministry would approach the Planning Commission for additional funds at the RE Stage.

The provision under the Plan budget caters to the expenditure on plan projects in Bhutan, Myanmar, Afghanistan and construction of the Nalanda University in India. Inadequacy of funds would adversely affect the implementation of projects in these countries”.

2.25 The Committee desired to know about the alternative mechanism that had been evolved by the Ministry to fund those projects. The Ministry in post-evidence written reply stated as under:

“These projects are to be funded by the Government of India and as such no alternative source of funding has been envisaged. Additional funds during the financial year 2010-11, if necessary, would be sought from the Planning Commission at the RE Stage.”

2.26 Budgetary allocations under Plan and Non-Plan heads have been apportioned under the revenue and capital section as mentioned below:

(Rs. in crores)

Sl.No.	Section	BE 2009-10		RE 2009-10		BE 2010-11	
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1.	Revenue	629.00	5139.00	414.50	5096.00	321.60	5300.00
2.	Capital	00.00	525.00	297.50	525.00	378.40	375.00
	Total	629.00	5664.00	712.00	5621.00	700.00	5675.00
	Grand Total		6293.00		6333.00		6375.00

2.27 The Committee observed that under Plan head of Capital section zero allocation had been made at BE 2009-10 stage and it was enhanced to Rs. 297.50 crores at RE 2009-10 stage. In BE 2010-11, it has been enhanced to Rs. 378.40 crores. Under the 'Plan' head in the Revenue section Rs. 629 crores was allocated in BE 2009-10. However, it was reduced to Rs. 414.50 crores at RE 2009-10 and Rs. 321.60 crores at BE 2010-11 stage. The Committee desired to know the reasons for Zero allocation under Plan head of Capital section in BE 2009-10, the need to seek Rs. 297.50 crores during RE 2009-10 and the reason for not anticipating the demand at BE stage. The Ministry in written reply stated as under:

“The three plan projects in Bhutan, namely, Punatsangchhu-I Hydroelectric project, Mangdechhu Hydroelectric project and Punatsangchhu-II Hydroelectric project are financed out of the Plan Budget of the Ministry. The outlay has a 'Grant Component' and a 'Loan Component' in the ratio of 40:60 for the Punatsangchhu-I Hydroelectric project. The 'Loan Component' for this project is out of the Plan Capital Section, which was not included in the Plan Capital Section while preparing BE 2009-10. It was subsequently estimated and sought in the First Batch of Supplementary Demands for Grants for the year 2009-10 through which an allocation of Rs. 297.50 Crore has been made”

2.28 The Committee asked the Ministry to furnish the reason for not including the project under the Plan Capital Section while preparing the Budget Estimates for 2009-10. The Ministry submitted the following post-evidence written reply:

“The bifurcation of the Plan Budget under 'Grants' and 'Loan' components was inadvertently not made in BE 2009-10 for the Punatsangchhu-I HEP. Regarding Mangdechhu and Punatsangchhu-II HEP, at the time of preparation of BE 2009-10, it was not known whether these two projects would be

implemented under the Inter-Governmental Authority model, with Grant and Loan components or under some other model. As a result, the exact requirement of Plan (Grants) and Plan (Loans) could not be reflected during BE 2009-10 for these two projects.”

2.29 The Committee observed that there has been a constant decrease under Plan head under Revenue Section during RE 2009-10 and BE 2010-11. On being asked on the issue, the Ministry in written reply stated as under:

“The projects earlier being financed under the Plan head of ‘Aid to Nepal’, namely (i) Integrated Development of selected border checkpoints, (ii) Implementation of five cross border rail links between India and Nepal, and (iii) Development of road infrastructure in Terai region of Nepal, have been shifted to the non-Plan segment from the Current Financial Year 2009-10. The BE 2009-10 under this Head was kept at Rs. 118 Crore. A token allocation of Rs. 1 crore has been kept for the Naumure Hydro Electric Project in Nepal in BE 2010-11. The BE 2009-10 had an allocation of Rs. 50 crore earmarked for establishment of the Nalanda International University in India. As the construction could not commence in 2009-10, the same has been reduced to Rs. 1 crore at RE 2009-10 stage and a provision of Rs. 5 Crore has been kept in BE 2010-11. Owing to these reasons, there has been a decrease under ‘Plan’ head of revenue section during RE 2009-10 and BE 2010-11.”

2.30 The Committee also noted that the Plan budget of the Ministry had been increasing over the years for undertaking projects in neighbouring countries. The Committee desired to get acquainted with the position at RE stage and actual investment made during each year and desired to know whether there was actual increase in the investment during the last five years. The Ministry in post-evidence written reply stated as under:

“The allocation and actual utilization of Plan-Budget of the Ministry during the last 5 years were as under:

(in Rs. Crores)

	BE	RE	Actual Expenditure
2005-06	765.00	719.00	707.84
2006-07	222.30	222.30	141.20
2007-08	500.00	300.00	294.00
2008-09	579.00	450.00	410.12
2009-10	629.00	712.00	602.99*

* Provisional upto 29th March, 2010

“As is evident from the Table above, the actual Expenditure under the Plan Budget continued to remain high in 2003-04, 2004-05 and 2005-06 in comparison to their respective BEs and REs. The expenditure declined in 2006-07 as the construction of the Tala Hydroelectric Power Project in Bhutan got completed. The expenditure has started increasing from 2007-08 with the commencement of construction of the Dungsum Cement Plant and the Punatsangchu-I Hydroelectric Project (HEP) in Bhutan. The stupendous progress made in the construction of the Pul-e-Khumri Power Transmission Line has also added to a higher expenditure during this period.”

2.31 The Committee observed that the figures indicated that the initial budgetary allocation was reduced at RE stage during the year 2007-08 and 2008-09. However, the actual utilization was even lower. The Committee desired to know whether it meant that despite decrease in allocation, the funds had neither been properly estimated nor properly utilized. The Ministry in a written reply stated as under:

“The reasons for under utilization of funds in the Plan allocation in 2007-08 and 2008-09 was the reduced requirement of funds for the projects being implemented in neighboring countries particularly in Nepal and Myanmar. At the time of preparing the BE and RE, it was anticipated that these projects would take off but that did not happen”.

2.32 The Committee further desired to know the reason for increased allocation sought at RE 2009-10 stage under the Plan budget. and whether there was any shortfall in utilization of the revised allocation. The Ministry in written reply stated as under:

“The provision under the Plan budget caters to the expenditure on plan projects in Bhutan, Myanmar, Afghanistan and construction of the Nalanda University in India. Increased allocation at the RE 2009-10 has been sought for (i) the construction of the Punatsangchhu-I Hydroelectric Project, (ii) the pre construction activities in connection with the Punatsangchhu-II Hydroelectric Project and Mangdechu Hydro Electric Project, and (iii) Construction of the Pul-e-Khumri Kabul transmission line in Afghanistan and two sub- stations at Doshi and Charikar.”

2.33 On being asked as to whether there was any shortfall in utilization of the revised allocation. The Ministry sated as under:

“The expenditure till 28th Febraury, 2010 is Rs. 575.77 Crore, which is about 80.87% of RE 2009-10. The actual utilization of revised allocation during 2009-10w would be known after the expenditure upto 31st March, 2010 is booked.”

2.34 The Committee noted that an allocation of Rs. 400 crores had been made under Capital Outlay during 2009-10. Budget estimates for 2010-11 have been kept at Rs. 683.64 crores. On being asked to furnish a note on the progress made in the construction work of the ongoing Jawaharlal Nehru Bhawan project, alongwith the reasons for time and cost overrun, in a written reply the Ministry stated as under:

“As per the latest time-lines submitted by CPWD, nearly 80% of the building is complete. Critical activities have been worked out for the balance including testing and commissioning of all services and CPWD is confident of handing over the building complete in all respects by September 2010.

The project started in November 2006 with an anticipated construction time of 30 months. The time overrun is, therefore, about 18 months. The work was initially delayed because of difficulties encountered at foundation stage because of existence of a large number of NDMC electric lines and MTNL cables serving the VVIP areas. A number of court cases and a PIL in Delhi High Court also delayed the physical progress in the initial stages. The objective of constructing the building as a certified “Green Building” further delayed the progress because of care and caution to be taken for procurement of technologies and material, which were energy efficient and recyclable. Additional security requirements in view of the changed circumstances also required modified designing leading to some delays”

The cost overrun for the project is about Rs. 43 crores over the approved project cost of Rs. 175 crores (as indicated by CPWD in its revised estimates submitted in February 2010).”

2.35 The Committee in their last report had observed that there was immense need to build capacity within the structure of Ministry to deal with evolving multi dimensional nature of diplomacy. However as per the Outcome Budget the need for increased budgetary allocations for the Ministry has been met to a large extent in response to India’s role in global affairs. Though, it also states that Budget increases of a higher level would be required in the coming years. In this context, the Committee desired to know whether the Ministry was satisfied with the level of budgetary allocations and in view of increased political and economic engagement, did the Ministry contemplate that the number of existing Mission/Post/Chancelleries were enough. The Ministry in written reply stated as under:

“For the financial year 2010-11, the Budget Estimate submitted to the Ministry of Finance was Rs. 10,134.27 crore, out of which Rs. 8,632.27 crore was under Non-Plan and Rs. 1502.00 crore under Plan. The BE 2010-11 approved by the Ministry of Finance is Rs. 6375.00Crore.”

2.36 On being asked as to whether it was not pertinent to increase the number of Mission/Post/Chancelleries and look into the qualitative aspects and increasing facilities in these existing Missions. The Ministry stated as under:

“The Ministry of External Affairs is conscious of the need to establish physical presence in countries with whom diplomatic engagement is increasing, but where India does not have a resident diplomatic office at present. New Mission and Posts have been opened towards this end... The opening of some additional Missions and Consulates is under active consideration of the Ministry. However, the need to widen our diplomatic presence has to be balanced against considerations of manpower availability, and the simultaneous need to strengthen the staffing of the existing Missions and Posts.”

CHAPTER III

ESTABLISHMENT STRENGTH

The Committee observed from the establishment strength as shown in Demands for Grants 2010-11 document that as against the total number of 7,245 posts, only 6,293 persons were in position while the sanctioned strength was only 7,106. The Committee desired to know the reasons for keeping such high number of posts vacant and the steps that were being undertaken to fill the vacant posts. The Ministry in a written reply stated as under:

“The reasons for a number of posts remaining vacant include a large number of retirements in the past few years, delay and cancellation of examinations by the Staff Selection Commission (SSC) in the last few years and delays in promotion through Limited Departmental Examination by the Union Public Service Commission (UPSC). Also, it has been decided that the induction through direct recruitment should be staggered over a number of years for better management of the cadre rather than induction at one go, which, while meeting the immediate requirements, creates problems in management of the cadre at a later date.

In order to fill the vacant posts, the indents with the UPSC and the SSC have been increased. Also, steps have been initiated for regular holding of the meetings of the Departmental Promotion Committees SSC has been approached for regular holding of examinations so that the existing vacancies can be met at the regular intervals as per the indents given by the Ministry to the SSC.”

3.2 During the course of evidence, the Foreign Secretary submitted that:

“...During the last one year, the Ministry has made every effort to deal with the shortage of staff at the Headquarters. We have temporarily got some outsourced staff and also approached the Staff Selection Commission for filling up of existing vacancies and streamlining the process of recruitment.”

3.3 While replying to the queries raised by the Committee on expansion in officers strength, the Representative of Ministry of External Affairs submitted as under:

“... For the last two years we have had two tranches of creation – 62 posts of IFS and 41 posts of IFS-B have been created so far under the expansion plan. The Ministry has taken steps in accordance with the terms of the Cabinet approval to fill the posts. For filling the direct recruitment posts the IFS indent with the UPSC has been increased progressively. It has been increased from the usual figure of 12 to 20 to 26 and now it has gone up to 30

for the 2010 batch. The batch size is planned to be increased even further for the future batches in order to fill up the newly created posts. For filling up the promotion posts, 24 additional IFS-B officials have been promoted to the level of Under Secretary in the last two years...”

3.4 While justifying the incremental approach to additional posts, the Representative further submitted that:

“...it is a matter of cadre management. If we take in too many people from the UPSC, we have to depend upon the UPSC, and if we take, for example, 300 people in one year, the cadre management then becomes a very big problem. So, it has to be spread over a few years.”

3.5 On being asked about the shortage of meritorious students opting for Indian Foreign Service as a preferred choice and Ministry’s efforts to encourage young talent, the Foreign Secretary submitted as under:

“...we are trying to do now is, even our Public Diplomacy Division, one of the strategies that we have tried to adopt when we go to our domestic Universities to talk about foreign policy issues, we also like to present the Foreign Service and what it is as a career. There has been enormous interest.”

3.6 The Committee observed that as per the Annual Report 2009-10, the cadre strength for Posts/Missions for Interpreter’s cadre was 26 while the total number of Posts/Mission was 175. The Committee desired to know as to how did the Ministry manage with such a small number of interpreters in position and whether the Ministry believed that there was a need to increase the Interpreter cadre strength in view of linguistic problems faced by the locals in dealing with the Indian Missions for various purposes. The Ministry stated in a written reply as under:

“Indian Missions and Posts abroad have the posts of locally hired Interpreters. Their services are availed of during official interactions. At the Headquarters, whenever required, the Ministry hires Interpreters to meet the needs over and above those met by the available Interpreters in the Ministry itself... In addition, all Indian Foreign Service officers have to acquire skills in one foreign language... Accordingly, they are also able to help in the smoother communication between the Mission and the local Government and other entities.

Since all the Indian Missions and Posts abroad have locally hired Interpreters, no problem is faced by the local citizens in dealing with the Indian Missions and Posts abroad.”

3.7 The Committee pointed out that the strength of Interpreters Grade is 7 at Headquarters. Keeping in view the increasing global engagement of India, the Ministry was asked whether the strength and language base of interpreter was sufficient to conduct its international relations and for interacting with the visiting delegation, The Ministry in written reply stated as under:

"At present, sufficient numbers of Interpreters are available in the Ministry for interaction in languages used in the United Nations Organization. Whenever required, the Ministry hires additional Interpreters. Interpreters are hired by the concerned territorial and functional divisions in the Ministry from recognized institutions in Delhi."

3.8 The Committee wanted to know the basis on which the services of interpreter from outside the cadres of the Ministry were availed of and the way in which the interpreters of required languages were identified/approached and paid. The Ministry was also asked to furnish the details of the amount that was spent for this purpose during the last three years. The Ministry in written reply stated as under:

"Payment is made to them with the administrative approval of the concerned Secretary and concurrence of the Internal Finance Division. Information on amount paid to them during the last three years will need compilation by territorial and functions divisions in the Ministry."

3.9 While furnishing the justification for non- compilation of information regarding payment made by the Ministry to the interpreters during the last three years, the Ministry in post-evidence reply stated as under:

"...However, for organising events or visits, the Ministry occasionally needs to hire interpreters from the market, to assist the Ministry. As had been mentioned earlier, these interpreters are hired directly by the Territorial Divisions of the Ministry which are organising the event in question. As such, no centralised process is followed for hiring such interpreters, and hence information about payments made to them is not available in a consolidated form. Since there is no distinct budgetary head to which such payments are debited, it is difficult to compile this information on a post-facto basis. As had been pointed out earlier, however, all such cases of hiring of external interpreters are done with the approval of the Secretary in charge of the concerned Division, and with the concurrence of Internal Finance."

CHAPTER IV

Public Diplomacy Division

The Public Diplomacy Division organizes a wide range of outreach activities that are aimed at creating a greater understanding of India and its foreign policy concerns both within India and abroad. The Committee desired to know about the steps that had been undertaken for better projection of policies in the states, both within India and abroad through the Outreach Activities of the Ministry. The Ministry stated in a written reply as under:

“The last few years have witnessed an incredible change in global communications as well as politics. The proliferation of 24/7 news channels, the spread of the Internet and the ready availability of mobile phones with digital cameras are having a profound impact on the international media and on the manner in which governments have to formulate their media strategies. At the same time, global issues like terrorism, climate change or even multilateral trade negotiations have come to be closely intertwined with the domestic political agenda. Together, these trends highlight the need for a coherent public diplomacy strategy that functions as a vital part of foreign policy.

The Public Diplomacy Division of the Ministry of External Affairs was set up in 2006 to address the challenges posed by this rapidly changing global environment. Its role includes, inter-alia, the production of print and audio visual material that enables our missions to project the diverse facets of India more effectively. In addition, the division also organizes a wide range of outreach activities that are aimed at creating a greater understanding of India and its foreign policy concerns both within India and abroad. To achieve these objectives, the division partners with major domestic and international universities, think tanks and research organizations to organize seminars and conferences on subjects that are relevant to our concerns. The division hosts delegations from various countries and organizations to provide them with a broad-based exposure to India. In addition, the division organizes lectures and other events within India with the objective of fostering a more informed discourse on India's foreign policy.

4.2 Specific functions of the Public Diplomacy Division are:

- (i) Outreach activities (Projection of policies in the States, Projection of India/Indian Foreign Policy in Think Tank institutions and Universities – both within India and abroad).
- (ii) Selection and supply of books and magazines to Missions and selected foreign institutions.

- (iii) Production and supply of films and audio-visual material for think tanks/universities – both within India and abroad.
- (iv) Publications: VVIP visit records, special publicity bulletins, issue-based monographs and collections of speeches, etc. for supply to Missions.
- (v) Annual publication of foreign office statements and documents.
- (vi) Publishing and dissemination of India Perspectives magazine.”

4.3 The Ministry also furnished the summary of outreach activities for the year 2008-09 and 2009-10. The Ministry also informed that the “MEA Distinguished Lecture Series on India’s Foreign Policy” was launched at Banaras Hindu University, Varanasi in February, 2010. The lecture was part of a new initiative aimed at taking the discourse on key foreign policy issues to university campuses around the country.

4.4 The Committee observed that under the head ‘Advertising and Publicity’, the Ministry has been making arrangements for the visit of foreign journalists/delegations to India. The Committee desired to be apprised of such visits, alongwith the objectives and its outcomes. The Ministry in written reply stated as under:

“During 2009-10 twelve groups comprising of 126 foreign journalists were invited to India by the XP Division on familiarization tours and training workshops including from Africa, Gulf region, Afghanistan, Bangladesh, China, Nepal and Sri Lanka. In a first, a group of Nepalese women editors/senior journalists were hosted recently. The Division particularly focuses on SAARC countries and India’s extended neighbourhood. The objective is to expose them to various facets and viewpoints in India, through interactions with political leaders, officials, industrialists and media organizations, as well as, visits to centers of excellence. We are also assisting in capacity building in fellow developing countries by arranging for media training programmes. For example 30 journalists from audio- visual and print media from Afghanistan were invited for a two-week workshop in New Delhi in February 2010.”

CHAPTER V
TECHNICAL AND ECONOMIC COOPERATION

A sizeable portion of the budget of the Ministry is earmarked for technical assistance to neighbouring countries and other developing countries. The allocation under 'Aid and Loan Programme' in BE 2009-10(RE) and 2010-11(BE proposed) are detailed below:

(Rs. in crores)

Aid & Loan to Countries	RE 2009-10	BE 2010-11 (Proposed)
Bhutan	1301.98	1294.00
Afghanistan	287.00	290.00
Nepal	150.00	151.00
African Countries	125.00	150.00
Mongolia	125.00	0.00
Sri Lanka	80.00	90.00
Myanmar	55.00	90.00
Eurasian Countries	20.00	40.00
Bangladesh	3.76	6.00
Maldives	3.50	3.00
Latin American Countries	2.00	4.00
Others	205.55	219.35
Total	2358.79	2337.35

5.2 The Committee noted that there was no major change in the share of different countries, particularly in a situation when there was a stress on making better economic cooperation with the neighbouring countries and other developing countries. The Ministry was asked to justify the current approach of the Government in view of the present economic scenario and important role envisaged by India in the changed economic situation. The Ministry in written reply stated as under:

“India’s relations with Latin America & Caribbean countries are diversifying to our mutual advantage. We have historical and cultural linkages with some of the Caribbean countries which have large presence of Indian Diaspora. Our technical cooperation assistance for projects and for training of experts through ITEC has been highly appreciated in the region...

So far as Aid to African countries is concerned, the current approach of the Govt. is to enhance interaction with them at bilateral, regional and

multilateral levels. The proposed Budget Estimates for 2010-11 in respect of E &SA Division have been prepared keeping in view this approach. The projects already initiated in the countries of the region are at various stages of implementation and steps have been initiated to fulfill our commitments made under India-Africa Forum summit of April, 2008...

The Nepal and Bhutan aid and loan programme has a long term focus on addressing certain immutable requirements of our relationship with neighbouring countries. The programme aims to address not only the unique and special nature of relations and the strong and enduring cultural and linguistic affinities, but also focuses on creating goodwill and establishing necessary wherewithal such improved and upgraded connectivity with road and rail projects that would lead to greater economic integration with India. ...

...Government of India has committed to provide assistance to the Bhutan in the implementation of its 10th Five Year Plan (2008-13). This includes Development S u b s i d y / P r o g r a m m e G r a n t , Project-tied Assistance, Small Development projects, and Grant and Loans for various hydropower projects in Bhutan.

.....India has provided assistance to Nepal for implementation of projects in areas of infrastructure, health, water resources, rural and community development education, etc.....

The assistance extended to Mongolia in the form of Stabilization Loan of US\$ 25 million (Rs. 125 crores approximately) was during FY 2009-10, in response to a specific request from the Government of Mongolia to help stabilize its economy in the wake of the global financial crisis.

While the overall budget of the Ministry for technical assistance to neighboring and developing countries is proposed to remain at the same level (Rs.2337 crore), the 'Aid to Eurasian countries' budget is proposed to be increased from Rs.20 crore to Rs.40 crore, in keeping with India's strategy to steadily increase its footprint through developmental assistance in Eurasian countries.

India's continued assistance to Afghanistan is vital not only for economic reconstruction and stability of that country, but also serves India's core interests in a strategically important region..."

A. Assistance to Bhutan

5.3 India continues to be the largest trade and developmental partner of Bhutan. The Government of the India has committed assistance worth Rs.3400 crores during Bhutan's 10th Five Year Plan. India's aid and assistance programme in Bhutan is provided from

both Plan and Non Plan budget allocations of the Ministry. Requirement of additional funds of Rs. 374 crores for Loans to Government of Bhutan was sought in the First Batch of Supplementary Demands for Grants for the year 2009-10. The Committee desired to know the reason for seeking no allocation under Minor Head 'Loans' to Government of Bhutan (in Plan Section) at BE 2009-10 stage. The Ministry stated in a written reply as under:

"The Division had sought Rs. 814 crores for BE 2009-10 under Plan "Aid to Bhutan" budget. The classification of the Plan budget into Plan (Grants) and Plan (Loan) was inadvertently not made. For Punatsangchhu-I hydroelectric project (HEP), it was however mentioned that Rs. 300 crores (60% of the expenditure in FY 2009-10) would be spent under Plan (Loan) and Rs. 200 crores (40% of the expenditure in FY 2009-10) would be spent under Plan (Grant). At the BE 2009-10 preparation stage, it was not known whether the Mangdechhu and Punatsangchhu-II HEPs would be implemented under the Inter-governmental Authority model, with Grant and Loan components, or some other model. As a result, the classification of Plan (Grants) and Plan (Loans) could not be reflected during BE 2009-10."

5.4 On being asked to furnish the reasons for sudden need for extending loans to Government of Bhutan for undertaking various Hydro-Electric Projects. The Ministry stated as under:

"As Punatsangchhu-I HEP is implemented under 60% Plan (Loan) and 40% Plan (Grant) assistance and, as no allocation had been made under Plan (Loan) of the "Aid to Bhutan" budget, the Ministry sought funds under Plan (Loan) of the "Aid to Bhutan" budget. In August 2009, the Government of India and the Royal Government of Bhutan agreed that Mangdechhu and Punatsangchhu-II HEP would be implemented under the Inter-governmental Authority model with Plan (Loan) component of 70% and Plan (Grant) component of 30%. As funds for the pre-construction activity of the projects were required to be released, Plan (Loan) component was requested."

5.5 The Committee further desired to know as to why the need was not anticipated during the budgetary allocation 2009-10 and whether the Planning Commission was approached at that stage. The Committee also enquired about the 'actual expenditure' under the head for the year 2009-10. The Ministry in written reply stated as under:

"The anticipated expenditure under Plan (Loan) of Mangdechhu and Punatsangchhu- II HEPs could not be envisaged at the BE stage since it was not known whether the projects would be implemented under the Inter-governmental Authority model with Loan and Grant components of GoI assistance. Planning Commission granted "in principle" approval of

grant of Rs. 65 crores for undertaking the pre-construction activities of Mangdechhu and Punatsangchhu-II HEPs. The Actual expenditure under Plan (Loan) component of the “Aid to Bhutan” budget is Rs. 297.5 crores till date (25.3.2010).”

5.6 Under ‘Aid to Bhutan’, a New Head 7605 was created at the RE stage and an amount of Rs. 297.50 crores was allocated. In BE of 2010-11, the amount under this head has been enhanced to Rs. 378.40 crores. The Committee desired to know the significance of creation of new head and upward revision in between RE 2009-10 and BE 2010-11. The Ministry in written reply stated as under:

“A new Head 7605 was created for Plan Loans at the RE stage to provide the Plan Loan component of Punatsangchhu-I HEP in Bhutan. This head was not provided at BE 2009-10 stage due to oversight. Disbursement of funds for Punatsangchhu-I HEP are made in the proportion of 60% Plan Loan and 40% Plan Grant as approved by the Cabinet.

In BE 2010-11, the amount under this head has been enhanced to Rs. 378.40 crores on account of larger estimated disbursements for Punatsangchhu-I HEP due to implementation of the project ahead of schedule. Fund disbursements have to be made for Mangdechhu, and Punatsangchhu-II HEPs, which are two new hydropower projects.”

5.7 Under the Revenue Section, Budget allocation for BE 2009-10 under Plan head for ‘Aid to Bhutan’ was Rs. 401 crores. As per the brief furnished by the Ministry, the projected BE for 2010-11 is Rs. 215.60 crores. The Committee note that there has been a trend of under-utilization of funds in terms of various projects in Bhutan. The Ministry was asked whether any study has been conducted to ascertain the reasons for delays in project resulting in shortfall in utilization of funds. The Ministry in written reply stated as under:

“In BE 2009-10, the Plan Head for “Aid to Bhutan” budget was Rs. 401 crores. This should have included not just Plan (Grant) component but also Plan (Loan) component. Since Plan (Loan) was not provided, the Ministry initially could not disburse funds as Plan (Loan) from the Plan budget of Rs. 401 crores. Under RE 2009-10, the Ministry was granted Rs. 297.5 crores under Plan (Loan) that has been disbursed and Rs. 321.5 crores under Plan (Grants) out of which Rs. 225 crores have already been disbursed till date (25.3.2010) and the remaining disbursements are under process. There has thus been no delay in implementation of Plan projects in Bhutan and no under-utilization of funds.”

5.8 In order to have an overall assessment of various projects undertaken by the Ministry and the element of cost overrun, the Ministry was asked to furnish a statement on the initial cost of various projects undertaken in Bhutan and the final cost of completion of the projects. The Ministry in written reply stated as under:

“Tala Hydroelectric project is the only Plan project that has been recently completed. The Detailed Project Report cost of Tala HEP was Rs. 1408 crores as per 1993 price level. The final completion cost of the project was Rs. 4125.84 crores in 2007.”

5.9 The Committee desired to know the reasons for such huge cost escalation in the project and whether there was any time overrun. The Ministry in post-evidence reply stated as under:

“The Tala Hydroelectric Project was funded from the Plan Budget of the Ministry of External Affairs. According to the bilateral agreement between the Government of India and the Royal Government of Bhutan regarding the implementation of the project, the initial cost of the Project was estimated to be Rs.1408 crore at June 1993 price level on 60% Grant and 40% Loan basis. The completion cost of the Project was Rs. 4125.85 crore. The difference between the initial cost and the completion cost of the Project was Rs. 2717.85 crores.”

5.10 The Ministry further stated that:

“The bilateral agreement signed between the two Governments for the implementation of the project in 1996 had provision for GOI to provide additional funds, as mutually determined, for the completion of the Project. Approval of the Cabinet was, therefore, obtained in September 2002 for cost to completion estimate of the project amounting to Rs. 3580.00 crore. In 2005, following examination for additional funds for the project by CEA/CWC, Cabinet approved revised cost to completion of Rs 4124 crores.”

5.11 The Ministry also stated that:

“The Tala HEP was completed as per schedule without any time over-run. The first unit of the project was commissioned on July 31, 2006 followed by the commissioning of the remaining five units progressively by March 30, 2007.”

5.12 The Committee further desired to know whether any study has been conducted and lessons have been derived from the project which might provide insight for all future projects. The Ministry in post-evidence reply stated as under:

“Although the Tala HEP was completed successfully in the best possible cost and time frame as compared to any contemporary Projects of similar complexity, some lessons were learnt and are being addressed for implementation of Hydro-Power Projects in Bhutan. The important lessons learnt are:

- (i) More time should be devoted for conducting adequate survey and investigation, especially for the underground structures so as to frame more realistic estimates at the DPR stage.
- (ii) Rock classification in the Himalayas may be drawn for new projects on the basis of actually executed Projects in the vicinity.
- (iii) Environment Impact Assessment needs to be prepared and addressed more adequately to lessen and avoid the adverse impacts of development activities.”

5.13 According to Outcome Budget 2010-11, Punatsangchu-I Hydroelectric project is under construction and target date for its completion is 2015. The Committee desired to know whether any plan had been prepared to avoid cost escalation and time overrun. The Ministry in written reply stated as under:

“The construction cost of the Punatsangchu-I Hydroelectric project as per the Detailed Project Report is Rs. 3514.81 crores as per December 2006 prices. The project is expected to be completed in 2015. The Government of India and the Royal Government of Bhutan have established a bilateral Punatsangchu-I Hydroelectric Project Authority to monitor progress in the implementation of the project and the expenditure incurred thereon. The biennial Board Meetings of the Punatsangchu-I Hydroelectric Project are held for this purpose. However, it is expected that on account of inflation etc, there could be escalation in the project cost.”

5.14 When the Committee desired to know when the project is likely to start and the time schedule fixed for completion of the project and the steps that had been undertaken to ensure its early start and completion in a time bound manner. The Ministry in written reply stated as under:

“The Agreement for the pre-construction activity of the Punatsangchu-II HEP was signed between WAPCOS Ltd. and the RGoB on March 23, 2010. Planning Commission has granted ‘in principle’ approval of Rs. 50 crores for the pre-construction activity of the project that would start immediately. The project is expected to be completed by 2016. As the project is being implemented under the Inter-governmental Authority model, the Board meetings of the Punatsangchu-II Hydroelectric Project Authority would be held biennially to monitor progress in the implementation of the project as well as the expenditure incurred thereof.”

5.15 The Annual Proposed Outlay for the year 2010-11 for Mangdechhu Hydro-electric Project (HEP) was Rs. 400 crores while only Rs. 120 crores has been approved. The Committee desired to know the reason for reduced allocation and the anticipated impact on the proposed project and whether the timelines had been followed till then. The Ministry stated in written reply as under:

“NHPC Ltd. had submitted the Detailed Project Report (DPR) of Mangdechhu HEP for approval of the Ministry of Power in September 2008. The DPR was approved in December 2009. On account of the delay, progress in the implementation of the project during this period will not be as per the earlier estimate; hence, the reduced allocation. The Ministry is processing release of Rs. 65 crores for the pre-construction activity of the Mangdechhu Hydroelectric project for CFY. Mangdechhu HEP is expected to be completed by the year 2016.”

5.16 During the course of evidence, while updating the Committee on the current status of the projects, the Foreign Secretary submitted as under:

“The pre-construction activities for the implementation of Punatsangchu-II and Mangdechhu Hydroelectric Projects are expected to begin shortly with the assistance of the Government of India.”

5.17 Foreign Secretary further informed the Committee that:

“The Prime Minister has announced that India would double the target of hydropower development in Bhutan to 10,000 MW for export to India by 2020.”

B. Assistance to Nepal

5.18 India attaches the highest priority to strengthening the existing understanding and cooperation with Nepal. India continued to contribute to Government of Nepal's development efforts by undertaking various development project in the areas of infrastructure, health, rural and community development, education, etc. India has also agreed to assist Nepal to develop its infrastructure in the border areas adjoining India through the development of Integrated Check Posts, Cross-Border Rail Links and the feeder and lateral roads in the Terai area of Nepal. Under the head 'Aid to Nepal' the expenditure was earlier being met from plan funds which has now been shifted to the Non-Plan section. The Committee desired to be acquainted with the logic for the shift from Plan to Non-plan section and its anticipated implications. The Ministry submitted the following details in written reply:

“Nepal is undergoing a political transition and the situation is fluid. India is working and assisting the Government of Nepal in its socio-economic development through ‘Aid to Nepal’ budget. India has undertaken projects in the areas of infrastructure development, health, water resources, rural and community development, education, etc.

In view of the importance and uniqueness of relations with Nepal as also the political transition that Nepal is undergoing, a decision was made to shift the funds allocated under the Plan Head covering primarily the development of infrastructure in the border to the Non- Plan head to provide greater flexibility for implementation of the projects and meet the requirements that such a transition demands.”

5.19 Under ‘Aid and Loans to Nepal’ Rs.151.00 crores have been earmarked. The Committee desired to know about the current status of Mahendra Nagar-Tanakpur link road Project. The Ministry in written reply stated as under:

“The Mahendra Nagar – Tanakpur link Road is a 13.6 kms road from Tanakpur Barrage in India to Mahendranagar in Nepal. Of the 13.6 kms road, 1.3 kms is in India and the remaining portion is in Nepal. The first DPR of the road project was prepared in 2000 by M/s RITES. M/s RITES was appointed consultant for the project in September 2006. A revised DPR due to change in, estimated costs was submitted by M/s RITES in March, 2007. As the road was made a part of the Asian Highway II by the Government of Nepal (GoN) in 2007, it was decided to redesign the road as per the Asian Highways Standard by Ministry of Road Transport & Highways, Government of India (GoI). The traffic surveys for the road were completed in February 2009.

A subsequent revision of the DPR has been necessitated and alignment of the road has to be decided due to change in the alignment of a canal being constructed along the road. The revision of the DPR and alignment of the road has been undertaken for 1.3 kms of the road on the Indian side. Similarly, revision of the DPR and alignment of the road has been undertaken for the 0.5 kms of the initial portion of the road on the Nepalese side. The revision of the DPR is being undertaken for the remaining length of the road on the Nepalese side. A large part of the land on the Nepalese side required for implementation of the project has been acquired by the GoN. As 1.3 kms of the road on the Indian side falls under Forest Land, Forest Department, Government of Uttarakhand has been requested permission for use of the land for the project.”

5.20 On being asked about the creation of Four Integrated Check Posts (ICPs) in Nepal, the Ministry in written reply stated as under:

“A MoU between India and Nepal for setting up of ICPs was signed in 2005. In the first phase, construction of ICPs at Raxaul (India) - Birgunj (Nepal) and Jogbani (India)-Biratnagar (Nepal) are envisaged. Construction

of the ICPs on the Indian side is being funded by Ministry of Home Affairs and on the Nepalese side by this Ministry. GoN has acquired land for setting up of the ICP at Birgunj. Land acquisition at Biratnagar is not complete as part of the land is an archaeological site. M/s RITES has been appointed as the project consultant.

Cabinet has approved Rs. 200 crores for the project in August 2009. Tender has been published by M/s RITES for construction of the ICP at Birgunj. It is expected that the tendering process will take approx. 4-5 months. M/s RITES has indicated 14 months would be required for construction of each ICP. GoN has been requested to expedite the process for acquisition of land for the ICP at Biratnagar.”

5.21 On being asked further regarding projects for increasing connectivity in the Tarai region, the Ministry in written reply stated as under:

“A MoU for implementation of the project was signed during the visit of the Minister of External Affairs to Nepal in January 2010. In Phase I, 20 Terai feeder and lateral roads of 660 kms length would be constructed. M/s RITES has been appointed the project consultant. Cabinet has approved Rs. 805 crores for the project in August 2009. M/s RITES has divided the project into six packages and each package would take a minimum of 30 months for completion. The tendering process for each package would take around 4 months and would be undertaken in a phased manner. GoN has acquired land for twelve roads and is in the process of acquiring the remaining eight roads. Package 1 and Package 5 consist of roads for which the GoN has acquired land. While the tendering process for Package 1 has commenced, the tendering process for the Package 5 will commence shortly. M/s RITES is optimistic that majority of the roads would be under construction by end 2010.”

C. Assistance to Sri Lanka

5.22 India’s humanitarian effort in Sri Lanka has expanded since the end of Military hostilities to encompass rehabilitation and reconstruction. Under ‘Aid to Srilanka’, higher budget allocation was sought in BE 2009-10, as the Finance Minister had announced assistance of Rs. 500 crores to Sri Lanka in his budget speech of 2009. The Committee desired to know about the details of the utilization of this assistance of Rs. 500 crores. The Ministry submitted as under:

“Of the sanctioned amount of Rs 500 crores, initially Rs 90 crores was budgeted for the various projects as the projects had to be identified in consultation with Sri Lankan authorities and due to prevailing situation on the ground. In addition to the various relief and rehabilitation measures being undertaken under this grant, India has also given a Line of credit of USD 425 Million for rehabilitation of Railway infrastructure in Northern Sri Lanka....

Initial assistance was towards meeting the urgent needs for the relief measures of the people living in the camps. In order to meet their needs, a medical camp consisting of 62 member field hospital was deployed which treated over 50,000 patients, 2.5 lakh family relief packs were distributed and two consignments of medical supplies have been gifted to the Sri Lankan Government to cater to the urgent requirement of IDPs.

India is assisting Sri Lanka in resettlement and reconstruction of the war affected Northern and Eastern Provinces. Several projects are being taken up by India in this regard are in various stages of planning and implementation.

The amount of Rs. 500 crores earmarked by Government of India is being utilized for these projects. Many of these projects are ongoing projects and are spread across more than one year. Further, the reconstruction and rehabilitation efforts are hampered by the situation on the ground viz. extensive mining in large areas, damaged infrastructure etc. Hence, the Government has been giving thrust to those activities such as demining which would enable implementation of the projects aimed at reconstruction and rehabilitation.”

5.23 While elaborating upon the Monitoring mechanism to oversee optimal utilization of the aid, the Ministry in written reply stated as under:

“There are set procedures and norms of Government of India for Monitoring and supervising the projects taken up by various Ministries and Departments. The Ministry follows these procedures and norms scrupulously.

The projects are carefully chosen to have maximum impact on rehabilitation and well being of Internally Displaced People in Sri Lanka.

Upon receiving the detailed project proposals, the Ministry scrutinizes and as per prevailing norms approves the proposals. Internal Finance Division scrutinizes the cost estimates in detail and conveys its concurrence.

The overall supervision of each proposal is with High Commission of India (HCI), Colombo on the ground. To monitor the project a committee is set up comprising of senior officers of the HCI under overall supervision of High Commissioner. HCI in consultation with Government of Sri Lanka (GoSL) monitors the project. Funds are released after monitoring the progress of the project and as required.

To implement the project credible implementing agencies are employed. All possible mechanisms are put in place to ensure that the targeted population is benefited.”

5.24 While stating the actual utilization out of total amount of Rs. 500 crores, the Ministry in post-evidence reply stated as under:

“Out of Rs 90 crores sanctioned for 2009-10, Rs 63.49 crores has been utilized.”

D. Assistance to Afghanistan

5.25 India has remained actively engaged in the task of reconstruction and development of Afghanistan. Spanning almost the entire gamut of economic and social developmental activities, India’s bilateral assistance to Afghanistan crossed US \$ 1.3 billion (as against a pledge of US\$ 1.2 billion). Allocation for Afghanistan is as under:

(Rs. In crores)

Sections	BE 2009-10	RE 2009-10	BE 2010-11
Plan	35.00	67.00	40.00
Non-Plan	407.05	220.00	250.00
Total	442.05	287.00	290.00

5.26 During BE 2009-10, allocation for Afghanistan was Rs.442.05 crores, but at RE 2009-10 stage, it was substantially reduced to Rs.287 crore. However, BE 2010-11 is pegged at Rs. 290 crores. The Ministry was asked to furnish detailed breakup of various Loans and Aid being provided to Afghanistan under different Heads and the reasons for reduced allocations. The Ministry in written reply stated as under:

“Aid is being provided to Afghanistan under the Head “Aid to Afghanistan” only. No loans are extended.”

5.27 The Ministry further stated as under:

“Due to the security situation in Afghanistan, delays were experienced in implementation of most of the ongoing projects in Afghanistan, resulting in, *inter alia*, less than projected expenditure. Therefore, the projections were readjusted at the RE stage. We had projected an expenditure of Rs.1,306.75 crore for the financial year 2010-11 (F/A), whereas the approved BE for year 2010-11 has been Rs.290 crore keeping in view the expenditure incurred in the current financial year. The request for increasing this amount will be taken up at the time of submitting our projection at RE stage, keeping in view the status of ongoing projects/demands for payment received against each project and the security situation obtaining in Afghanistan.”

5.28 The Committee observed that as per the Outcome Budget 2009-10, the total Outlay for Afghanistan was Rs. 442.05 crores. However, expenditure made upto December 2009 is Rs. 100.02 crores. While furnishing the reason for gross underutilization of the funds, the Ministry in written reply stated as under:

“The deteriorating security situation in Afghanistan and delay in procuring material adversely affected the timely completion of projects thereby affecting their payment schedule. This is the reason for less utilization of funds in the current financial year. Some of the bills for the works undertaken have also not been received from implementing agencies and others are under submission.”

5.29 During the course of evidence, commenting on current security scenario and its impact on implementation of various projects, the Foreign Secretary also submitted to the Committee as under:

“Despite persistent attacks, India has stressed that its commitment to assisting the people and Government of Afghanistan as they build a peaceful, pluralistic, democratic and prosperous Afghanistan is undiluted. At the same time, necessary measures are being taken to enhance security for our personnel and other Indians in that country. These attacks have, however, had an impact on the project implementation schedules and utilization of budget allocated under 'Aid to Afghanistan' Budget Head in BE 2009-10. Therefore, we have had to reduce the RE 2009-10 to Rs. 220 Crore in the Non-Plan section, which we have enhanced to Rs. 250 Crore in BE 2010-11 with the expectation that the implementation of our projects in Afghanistan would gather momentum, with a more conducive security situation.”

5.30 During the course of evidence, the Foreign Secretary further submitted that:

“India has undertaken projects virtually in all parts of Afghanistan, and in important sectors like hydro-power generation, power transmission, road construction, agriculture, industry, telecommunications, information & broadcasting, education & health, capacity building and humanitarian assistance.”

5.31 In a reply to a query the Ministry stated that the Original Project Cost of the reconstruction and completion of Salma Dam Power Project in Herat province, was Rs. 351.58 crore. However, the Revised Project Cost is stated to be Rs. 800.85 crores and Rs. 50 crores for escalation on costs up to December, 2010. The Committee desired to know the reasons for such huge revision in the project cost and the total amount of

expenditure already incurred on the Project. The Ministry in post-evidence reply stated as under:

“M/s WAPCOS, the executing agency of the project, submitted a revised cost estimate of Rs.498.93 crore against the approved cost of Rs.351.8757 crore because of increase in cost of labour, fuel, cement, steel and other inputs ranging from 50% to 95% for civil works and 36% to 136% for electro-mechanical works due to unstable economic & security situation in Afghanistan. The proposal could not be taken up for the approval of the Cabinet as recommended by CNE in its decision of 4th August, 2006 as in the meantime M/s WAPCOS Ltd further submitted the revised cost estimates of Rs.804.4345 Crores plus Rs. 54.01 Crore as escalation up to December, 2010.”

5.32 Apart from the above the following are the main reasons for cost escalation, that are furnished by the Ministry:

- “(a) Non-availability of river bed material and procurement of explosives for rock blasting.
- (b) Security Situation
- (c) Flood Damage
- (d) Disputes over payments with local sub-contractors:
- (e) Increase in cost of inputs”

5.33 The Committee further desired to know whether the Ministry anticipated any further escalation of cost and whether it was possible to complete the project by the target date of December, 2010. The Ministry in post-evidence reply stated as under:

“Ministry of External Affairs has released Rs. 351.13 crore to M/s WAPCOS so far against the existing approval of Rs. 351.87 crore.

(M/s WAPCOS do not anticipate any further escalation of cost with respect to what has been recommended in CNE meeting held on 07.09.2009. Cabinet approval of the revised cost estimates is being sought.

M/s WAPCOS is trying its best to complete the Project by December, 2010 in the prevailing conditions in Afghanistan.”

E. Implementation Issues

5.34 Mega-projects funded by Government of India are located in Bhutan, Afghanistan and Myanmar and are budgeted out of plan allocations. According to the Ministry, these projects undergo a rigorous feasibility study and have a detailed implementation schedule. There is a regular monitoring process and the Outlay and Outcome streams

are clearly laid out. Yet, most of these Mega-Projects have undergone time and cost overrun. Accordingly, an increased allocation is made every year but the actual expenditure is quite low. To get acquainted with the actual situation, the Committee desired to know the number of these Mega-Projects completed, under implementation and the number of projects for which Detailed Project Reports (DPR) had been prepared but were yet to commence. The Ministry in written reply stated as under:

“The following mega-projects have been completed or are under implementation under the Plan ‘Aid to Bhutan’ budget of the Ministry:

- (a) Tala Hydroelectric Project-Commissioned in 2007.
- (b) Punatsangchhu-I Hydroelectric Project-Under implementation; Expected to be completed in 2015.
- (c) Punatsangchhu-II and Mangdechhu HEPs-Pre-construction activities have started.
- (d) DPRs of seven other hydropower projects in Bhutan are at different stages of preparation/updation.”

While in Myanmar, Kaladan Multi Modal Transit Transport Project is under implementation. in Afghanistan, there is only one Mega-project under Plan expenditure, namely, the construction of 220 KV double circuit transmission line from Pul-e-Khumri to Kabul and construction of a sub-station at Kabul. This project was completed as per schedule in February 2009 and commissioned in May 2009. Two more sub-stations are proposed at Doshi and Charikar with additional financial implications of Rs.26.04 crore over and above the approved original cost of Rs.478.76 crore. The original project was completed within the projected timeframe. The additional work undertaken, as already approved by Planning Commission will be completed in two years.”

5.35 The Ministry further asserted as under:

“There has been no delay or unwarranted cost escalation for the hydropower projects in Bhutan.”

5.36 The Committee desired to know about the procedural aspects and mechanism for Indian Projects abroad undertaken by MEA, from identification, inception upto its completion. The Ministry in post-evidence reply stated as under:

- i. The Ministry undertakes consultations with the Government of a beneficiary country to identify mutually beneficial projects to be undertaken by the Government of India in that country.
- ii. The project conception, design, terms of financing and technical assistance, its management, implementation and monitoring are thereafter mutually discussed and agreed upon with the beneficiary country.

- iii. Once the process of identifying a mutually beneficial project has been completed, the Ministry prepares detailed estimated cost of the project. At times, consultants are also engaged to prepare the DPR for the projects. Funds are accordingly earmarked for the execution of the projects in the Ministry's budget over one or more financial years.
- iv. The approval of the concerned Competent Authority is obtained in terms of the delegated powers as laid down by the Ministry of Finance.
- v. After obtaining the approval of the Competent Authority, the Ministry concludes an Agreement/MOU with the beneficiary country for the execution of the project.
- vi. Steps are initiated for tendering the work as per the provisions of GFR 2005. The work is, thereafter, awarded to the lowest tenderer and an Agreement signed with the contractor (lowest tenderer) for the implementation of the project.
- vii. The Ministry oversees implementation of the Project primarily through the Indian Mission/Post in the beneficiary country. At times, a Consultant is hired who acts as a Project Manager and assists the Ministry in the execution of the project.
- viii. A Project Monitoring Committee is set-up for the evaluation of progress/performance of the projects comprising of representatives of the Territorial Division of MEA, concerned line Ministry, Internal Finance Division of MEA and the concerned Mission/Post."

5.37 On being asked about the monitoring mechanism to oversee project implementation and the remedial measures that are undertaken to ensure timely completion of projects without any cost escalation and time overrun, the Ministry in written reply stated as under:

"The hydropower projects in Bhutan are being implemented under the Inter- governmental Authority model. The Board meetings of the Project Authorities review and monitor progress of implementation and cost of the projects.

While for projects in Myanmar, an India-Myanmar Project Coordinating committee has been constituted to monitor the progress of the Kaladan Project. In Afghanistan, Project Monitoring Committee met periodically to monitor the progress of the project."

5.38 The Committee desired to know the role of Internal Finance Division regarding regulation of financial aspects and the monitoring mechanism for such projects so as to ensure that no time and cost overruns occurred in such Projects. The Ministry in post-evidence reply stated as under:

"The Internal Finance Division (IFD) examines all proposals from financial angles and renders appropriate advice to the concerned Territorial Divisions of the Ministry. IFD processes cases for examination of the Standing Finance Committee (SFC), Committee for Non-Plan Expenditure (CNE), Expenditure

Finance Committee (EFC), etc. IFD also screens all expenditure proposals which require to be referred to the Ministry of Finance for concurrence. IFD is closely associated with the formulation of Schemes and important expenditure proposals since their inception. One of the most important roles of the IFD is to associate itself with the evaluation of progress/performance of the projects and other continuing schemes. There is a representative of IFD in the Project Monitoring Committees (PMC) of the Ministry to monitor various projects undertaken by the Ministry. IFD ensures that the results of such evaluation studies conducted by PMC are taken into account at the time of formulating the budget of the Ministry.

The IFD monitors the progress of expenditure vis-à-vis the allocated budget. IFD also issues instructions to Heads of Divisions at Headquarters as well as to Missions / Posts abroad, from time to time, reiterating the need to adhere to budgetary discipline.”

5.39 The Ministry was asked whether there is any rethinking in the Ministry to streamline its project implementation and execution. The Ministry in written reply stated as under:

“An Empowered Joint Group for Hydropower Development in Bhutan has been established between India and Bhutan to fast track implementation of the hydropower projects in Bhutan. The group meets biennially to discuss outstanding issues to fast track the process of implementation of the projects.”

F. Aid to African Countries

5.40 India continues to attach immense significance to its traditionally friendly relations with African countries. A landmark event was India-Africa Forum Summit in April 2008 that adopted the Delhi Declaration and India-Africa Framework for Cooperation. The follow up actions on India-Africa Forum Summit continued during the year. In view of the enhanced requirements under the head ‘Aid to African countries’, BE 2010-11 has been projected at higher level of Rs. 150 crores. In the brief note on ‘India Africa Forum Summit held in April 2008 furnished to the Committee, the Ministry stated as under :

“In April 2008, India hosted the First India-Africa Forum Summit. This summit built upon the foundations of the historical relationship that existed between India and Africa, and designed a new architecture for a structured engagement, interaction and cooperation between India and our African partners, in the 21st century. The Summit celebrated our friendship and renewed our commitment to Africa. Two historic documents, the Delhi Declaration and the India-Africa Framework for Cooperation adopted at the end of the Summit now serve as the contours for our systematic engagement with Africa in the coming years.

...The India-Africa Framework for Cooperation spelt out the agreed area of cooperation, including human resources and institutional capacity building, education, science & technology, agricultural productivity and food security, industrial growth, including small & medium enterprises and minerals, development of the health sector, development of infrastructure, ICT and the establishment of judicial systems with police and defence establishments under civilian control.

PM announced a series of important and new initiatives at the Summit which were aimed at strengthening our existing partnership with Africa....

Further, long-term scholarships for African students in the undergraduate, postgraduate and higher level courses would be doubled and the number of slots under the Indian Technical and Economic Cooperation Programme (ITEC) would be increased.

Following the India-Africa Forum Summit 2008, nearly \$ 6 billion in new funds have been committed for economic engagement with Africa including a significant proportion committed to capacity building and human resource development.”

5.41 During the course of evidence the Foreign Secretary further informed the Committee as under:

“A wide-ranging programme of capacity building for US\$ 500 million for the next five years was announced by Prime Minister at the Summit, which will be implemented out of the 'Aid to Africa' Budget Head of the Ministry of External Affairs in partnership with several Ministries and agencies of the Government of India.”

5.42 The Committee further desired to know whether any blueprint has been prepared and the projects been identified for utilization of the allocations. The Ministry in written reply stated as under:

“The blueprint for utilization of the allocation has been prepared. Cabinet has already approved allocation of funds for implementation of projects under the India-Africa Forum Summit, with the support of our partner Ministries and Agencies in Govt. of India”.

(i) PAN African Network Project

5.43 47 out of the 53 African Union countries have joined the Pan-African e-Network Project of the Government of India and started availing the tele-education and tele-medicine facilities. The total estimated cost of “PAN African Network Project” is Rs. 546.00 crores over 5 years. The total Outlay for 2009-10 was Rs. 27.29 crores. However, expenditure upto Dec, 2009 was Rs. 37.25 crores. The Committee desired to be updated about the PAN African Network Project and its current status. The Ministry in written reply stated as under:

“Under the Pan African Network Project India is helping in setting up a fibre-optic network to provide satellite connectivity, tele-medicine and tele-education to all 53 nations of the African Union.

TCIL, a Government of India enterprise, is the implementing agency for the project and the entire cost of Rs. 542 crores is being met by Ministry of External Affairs as grant....

Only 33 countries had signed the country agreement with TCIL within one year of start of operation of the Hub. However, Sudan and Zimbabwe were under US sanctions and suppliers of equipment could not supply the materials and services in these two countries.

TCIL had implemented the network at 26 out of the remaining 31 countries that signed the agreement upto April 2009.

Fourteen more countries signed the country agreement with TCIL after April 2009. The project is under implementation in eight out of 33 countries which had signed the agreement earlier and 14 countries which signed the agreement later. (According to latest information provided by TCIL informally, the network has since been implemented in two more countries.)”

5.44 On being asked to furnish the reasons for delay in implementation of the project and whether there was any anticipation of cost overrun, the Ministry in written reply stated as under:

- i) Delay in signing of the Agreements by countries with TCIL, in other words due to delay in acceptance of the project by the countries
- ii) Delay by countries in making available the sites along with infrastructure to TCIL for implementing the project. (Some of the countries do not have the required resources to do so.

There would obviously be time over runs in the project of this nature. Since the project is being implemented in sovereign countries some of which are categorized as Least Developed Countries and have their own constraints both in terms of capacity and capability. However, efforts are being made to implement the project as early as possible. There are no cost overruns so far. However, it is too early for the Ministry to categorically rule out cost overrun. The Ministry and our Missions abroad are actively monitoring the project and intervene whenever required.”

5.45 The Ministry in written reply further stated as under:

“The allocation was not revised at RE 2009-10. An amount of Rs.120 crore was earmarked during the financial year 2009-10. Out of this payment to the tune of Rs.46 crore has been made to TCIL. Further payments to the tune of Rs.30 crores have been cleared by Finance and will be released shortly. Some more bills are being submitted by TCIL in the current week. Till date, a total amount of Rs. 180 (crores) has been disbursed to TCIL.

The project was to be implemented till 30th Sept. 2009. However TCIL has sought an extension for a period of nine months i.e. 30th June 2010, which is under Ministry’s consideration.”

5.46 The Committee desired to know the reasons for spending additional funds on Tele-education, Tele-medicine Pilot Project in Ethiopia. The Ministry in written reply stated as under:

“The Tele-education & Tele-Medicine pilot project in Ethiopia was a pilot project to test the effectiveness of the project. Separate approvals were taken for the project. The expenditure for supplies to Liberia is part of the overall project. As Liberia had joined late, the supplies were made later.”

5.47 While elaborating upon the achievement so far, the Ministry stated as under:

“The project has achieved some of the goals set initially. Under the Tele-medicine programme, till 2 March 2010, M/s. Appollo Hospitals, Chennai had provided 103 Medical consultations. M/s/. Fortis Hospital Noida had conducted 24 Medical consultations, M/s. Sri Ramachandra, Chennai had conducted 10 consultations. Under the Tele-Education service 695 students from various countries have already enrolled with Amity University and 403 students have enrolled with IGNOU, New Delhi. It will take some more time for the project to make an impact. So far, the countries concerned where the project has been implemented have appreciated the benefits of connectivity.”

(ii) Hole in the Wall Project

5.48 The Committee observed that “Hole in the Wall Project” is being implemented by Government of India in various African countries. The Committee desired to be apprised of the objectives of this project and the total amount spent under this project so far.

“Hole-in-the-Wall Education Ltd. (HiWEL) is a joint venture between NIIT Ltd. and the International Finance Corporation (a part of The World Bank Group). Established in 2001, HiWEL was set up to research and propagate the idea of Hole-in-the-Wall, a path-breaking learning methodology created by Dr. Sugata Mitra, Chief Scientist of NIIT....

With the formation of HiWEL in 2001, a national research program was started, in which Learning Stations were set up in 23 locations across rural India. In 2004, the Hole-in-the-Wall reached Cambodia through the Ministry of External Affairs, Government of India.

Besides India, HiWEL also has projects in African countries like Uganda, Rwanda, Mozambique, Zambia, Swaziland, Botswana and Nigeria. (Zambia, Swaziland, Uganda, Mozambique and Namibia projects have been sponsored by MEA). So far, E &SA Division has incurred an expenditure of Rs. 1,97,35,950 in 6 countries on the project.

As regards West Africa is concerned, proposals are being processed for setting up the Hole-in-the-Wall Learning Stations in Central African Republic, Liberia and Democratic Republic of Congo. Hence no amount has been spent so far.”

G. Aid to Other Developing Countries

5.49 Aid to Other Developing Countries’ caters to the expenditure on aid and assistance provided to the countries in West Asia/North Africa regions, countries in South East Asia and other countries for which there is no separate budgetary Head providing assistance. Under the Head, out of the total Outlay of Rs. 25.50 crores for 2009-10, expenditure upto Dec, 2009 was Rs 17.61 crores. The Committee observed that in most of the programmes allocations have been made but programmes are yet to start or are under consideration. In this context, the Committee desired to know the reasons for allocation of funds prior to approval. The Ministry in written reply stated as under:

“The allocations have been made with the expectation that the approval of the Competent Authority would be obtained both in India and from the beneficiary country before the end of the Financial Year.”

5.50 The Ministry was asked to furnish a brief note on the ‘Syria Phosphate Feasibility Study’. The Committee further desired to know whether there were any plans to conduct such studies in other countries particularly African countries regarding other Minerals. The Ministry in written reply stated as under:

“Following the visit of the President of Syria to India in June 2008, a Memorandum of Understanding (MoU) was signed between the Consortium of MECON, PDIL and RITES and the General Company for Phosphate and Mines (GECOPHAM), a State-owned company for undertaking feasibility studies for developing phosphate industry in Syria. India proposed to fund the studies at a cost of US \$ 1.5 million to be provided by this Ministry. The Consortium of MECON, PDIL and RITES, all PSUs of the Government of India, is carrying out the studies which started in May 2009. The scheduled completion time of the study is end of April 2010. According to Department of Fertilizers, draft final report is under preparation.”

5.51 The Ministry further stated as under:

“Department of Fertilizers is exploring possibilities for Joint Ventures / long term supply agreements from the countries having fertilizer resources all over the world including African continent. In Morocco, deliberations with state-owned Office Cherifien de Phosphate (OCP), Morocco are in progress. The Department and the Government of Senegal are working together regarding possibilities to develop the Matam Mines. In Ghana also, a Government to Government level MOU is being proposed.”

H. Latin America and Caribbean Countries

5.52 Latin America is an area of increasing engagement for India. Allocation under the head 'Aid to Latin American Countries was pegged at Rs. 4 crores during BE 2009-10. However, it was reduced to Rs. 2 crores during RE 2009-10. The Committee desired to know the reasons for reduced allocation of RE 2009-10 and BE 2010-11 stage and asked whether the Ministry was of the opinion that the present allocation under this head was sufficient in the era of increasing importance and enhanced engagement with Latin American Countries and whether there were any additional proposals under consideration for the region. The Ministry in post-evidence reply stated as under:

“Most of the programs and projects in the Latin American region are being funded by TC and ITP Division of MEA. These pertain to setting up of IT centres, training and exchange of experts under ITEC programmes and providing aid as relief and rehabilitation for disaster management. Therefore spending for projects in the LAC region, in particular, is not reflected under the LAC budgetary head. The allocation of Rs. 4 crores is to meet contingency requirements and not meant for any particular programme or project in the region. The programmes and projects in the region are ongoing and as and when we receive specific request from the Governments in the region, these proposals are processed for funding.”

5.53 India's footprint in the Caribbean countries is of a very different dimension, both in terms of India's soft power and in terms of presence of Indian companies. The Committee desired to know about the India's long term vision on our engagement with Caribbean countries. The Ministry in post-evidence reply stated as under:

“As part of India's commitment to South-South Cooperation, we are assisting Caribbean countries in capacity building initiatives and infrastructure creation through MEA's technical cooperation programmes and projects such as setting up of IT centres and training of their experts through ITEC programme. These programmes are ongoing.”

5.54 The developing world has significantly become an arena of competing influences for various emerging powers. In this backdrop, the Committee desired to know whether there was any thinking on the part of Government to modify the investment policy in the light of aggressive investment by other countries in regions where India is also interested. The Ministry in post-evidence reply had submitted the details of various projects but was silent on the issues of policy.

I. Investment and Technology Promotion

5.55 Economic Diplomacy continues to occupy an important place in India's foreign policy. The Government of India extends concessional Lines of Credit (LoCs) to developing countries in Africa, Latin America and Asia. As per the Outcome Budget 2010-11, under the programme 'Investment and Technology Promotion', out of total outlay of Rs. 16.40 crores for 2008-09, only Rs. 0.72 crores had been utilized. The Committee desired to know the reasons for such low utilization. The Ministry in written reply stated as under:

"Against BE of Rs. 16.40 crore during 2008-09, our utilization was Rs. 0.72 crores only. The main reason for such low utilization was non-payment of Interest Equalization Support to EXIM Bank for concessional lines of credit extended by the Government of India to developing countries. Out of total BE of Rs. 16.40 crore, a provision of Rs. 15.33 crore was kept for providing Interest Equalization Support to EXIM Bank for the following Lines of Credits (LOCs):

Cambodia	Rs.	3.31 crore
Vietnam	Rs.	4.23 crore
Sri Lanka	Rs.	7.79 crore
Total :	Rs.	15.33 crore

Against the above allocation, actual payments to EXIM Bank on account of Interest Equalization Support amounted to Rs. 26.82 lakh only. This low utilization occurred because payment of Interest Equalization Support is linked to the actual progress of Lines of Credit. Implementation of the above LOCs was quite slow in view of the various modalities involved in disbursement of Lines of Credits including signing of credit agreements, operationalisation and award of contracts, etc resulting in savings under this sub-head.

The other sub-head where savings took place was the printing of ITP Division's annual publication and its packing. The budgetary estimates were made on the basis of expected expenditure. However, we were able to get lower price for printing and packing of the publication. Against an allocation of Rs. 20 lakh, only Rs. 6.95 lakh was spent.

The total outlay of Rs. 16.4 crores also included a sum of Rs. 49 lakh for various activities of the newly created Energy Security Division under ITP. However, no expenditure was incurred on Energy Security Consultant's salary and travel; and subscription of journals which was initially provided for in ITP budget but the actual expenditure on these was debited to other budget heads."

J. Investment Promotion and Publicity Programme

5.56 The Committee observed that allocation under the Head 'Investment Promotion and Publicity Programme' was Rs. 16.40 crores in BE 2009-10. However, it was reduced to Rs. 5 crores during RE 2009-10 and BE 2010-11. The Committee desired to be apprised of the Investment Promotion and Publicity Programme. The Ministry in written reply stated as under:

"The MEA has been actively promoting foreign investment by reaching out to the investment community through promotional events in partnership with the private sector, apex business chambers and our Missions abroad as well as through dissemination of information on Indian's foreign investment policy through its website and publications. During 2009-10, financial support was extended to CII and FICCI for organizing a Conference on role of India and China in the post crisis world and an Indo-Arab Conclave on Investment... The MEA also facilitated and supported Missions abroad in their investment promotion initiatives and worked closely with various nodal Ministries handling investment promotion like DIPP, DEA etc."

5.57 The Ministry in its justification for keeping 'Investment Promotion and Publicity Programme' sub-head under the Head 'Technical and Economic Cooperation with other countries and advances to Foreign Governments', has stated as under:

"Sub-head relating to Investment Promotion and Publicity Programme is kept under the head "Technical and Economic Cooperation with other countries and advances to Foreign Governments" because a major part of the allocation under this sub-head is meant for Interest Equalization Support for concessional lines of credit extended by the Government of India to Foreign Governments. Since these Lines of Credits are heavily subsidized in terms of interest rates and repayment period they are a form of assistance provided to foreign Governments to assist in their infrastructure development and capacity building."

5.58 On being asked to furnish the reasons for reduced allocation under the head 'Investment Promotion and Publicity Programme, the Ministry in written reply stated as under:

"Budgetary allocation for Investment Promotion and Publicity Programme was reduced from Rs. 16.40 crore in BE 2009-10 to Rs. 5 crore during RE 2009-10. This is because out of the BE of Rs. 16.40 crore, Rs. 16.15 crore was kept for providing Interest Equalization Support to EXIM Bank for the following Lines of Credit (LOCs) extended by GOI to developing countries."

5.59 The Ministry further stated as under:

“Finance division has decided to allocate Rs. 5 crore during BE 2010-11 to finance various initiatives under this head including (a) consultancy services; (b) promotional activities; (c) website and printing of publication; and (d) Interest Equalization Support, if the LIBOR rate increases to beyond 1.25% and the need for payment on this account arises.”

5.60 The Committee desired to know the source of fund for publicizing the economic opportunities in India under the Head ‘Embassies and Missions’. The Ministry in written reply stated as under:

“There is no separate budget for publicizing economic opportunities in India under the head “Embassies and Missions”. Therefore, a new budget head called Market Expansion Activities was created during 2009-10 with the aim of providing additional resources to Embassies and Missions for carrying out various market expansion activities such as market surveys, seminars, conferences, participation in trade fairs, organizing buyer seller meets, publicizing investment opportunities etc. An allocation of Rs. 9.09 crore was made under this head in September 2009. Proposals worth Rs. 3.38 crore from 48 countries have been approved so far during 2009-10. Since this is a new scheme which was approved in the middle of the financial year, it took time for the Missions to plan out their activities and formulate viable proposals for expenditure under this head. Therefore, the budget could not be fully utilized. It is hoped that in the next financial year Missions will have adequate time to chart out their activities under this head in advance for promoting economic opportunities in India.”

K. ITEC Programme

5.61 International Technical and Economic Cooperation Programme focusing on the sharing of experience, transfer of technology and capacity building, formed an important component of India’s development partnership and cooperation with the developing world. ITEC Programme provides for expenditure on defence and civilian training programmes for candidates from various countries, deputation of expert from India to other countries and financial and technical assistance for developing countries for setting up of projects.

Allocation under ITEC programme has increased from Rs. 70 crores (BE 2009-10) to Rs. 85 crores at RE stage. It is further extended to Rs. 100 crores during BE 2010. The Committee desired to know the reason for enhanced allocation at RE stage and asked Ministry to elaborate upon the new projects being undertaken under ITEC programme during 2010-11. The Ministry in written reply stated as under:

“The need for enhancement of funds at RE stage was necessitated due to (i) increased participation by ITEC partner countries in various courses conducted during the year;(2) increase in international air fare,(3) revision of course fees pending for long time ; (4) providing better living conditions to ITEC participants and (5) increased number of Indian experts deputed to friendly developing countries under ITEC in pursuance of a decision taken by a Committee of Secretaries in MEA that we should respond liberally to the requests for deputation of Indian experts to developing countries.”

5.62 The Ministry further stated as under:

“In pursuance of commitment made by PM during the CHOGM in 2009, 250 additional slots were allocated to Commonwealth countries. Apart from that, during Foreign Office consultations and Joint Commission meetings, commitments were made for enhanced allocation of slots to individual countries. Consequently, we have increased the number of civilian slots to 5500 and defence slots to 1000 respectively for 2010-2011. Besides, we have increased the number of courses to be conducted in 2010-11 to 232 from around 200 conducted during 2009-2010. Ministry intends to revise the living allowance and book allowance also.”

5.63 During the course of evidence, underlining the importance of the programme the Foreign Secretary submitted as under:

“The ITEC programme has become a flagship programme of the Ministry and has expanded manifold covering partner countries across Asia and the Pacific, Africa, Latin America and the Caribbean, Eastern Europe and CIS. It fully symbolizes the true spirit of India's commitment and endeavour to South-South Cooperation.”

L. India International Development Cooperation Agency (IIDCA)

5.64 In order to have an organized set up for project delivery, an agency by name 'India International Development Cooperation Agency, (IIDCA) was proposed to be set up during 2007-08. The Committee in their 22nd Report (14th L.S) had commented that the proposal had already suffered inordinate delay for want of Cabinet approval and desired to be informed of the action taken in the matter at the earliest. In this context, the Committee desired to know about the current status of IIDCA and whether it has started functioning, its mandate and the projects undertaken by it. The Ministry in post-evidence reply stated as under:

“The Ministry of External Affairs has been pursuing the matter for setting up of a specialized agency for international cooperation, i.e. India-International Development Cooperation Agency(IIDCA), since renamed Indian Agency for Partnership in Development (IAPD), for around three years.

Draft Cabinet Notes submitted to Cabinet Secretariat twice were returned back including for further inter-Ministerial consultations. Department of Personnel & Training (DoPT) in its comments had questioned the rationale behind setting up of IAPD i.e. how IAPD was going to streamline the process of project implementation. In view of the observations of DoPT and other Ministries, the matter regarding setting up of IAPD was reviewed in the Ministry of External Affairs. It has now been decided with the approval of External Affairs Minister that the proposal regarding IIDCA/IAPD may be dropped and the desired objectives be met by strengthening the concerned Divisions of MEA.”

CHAPTER VI

Indian Council for Cultural Relations

The primary objective of Indian Council for Cultural Relations (ICCR) is to establish, revive and strengthen cultural relations and mutual understanding between India and other countries. According to the Ministry, the enhanced projection in BE 2009-10 was mainly due to a special budget allocation of Rs. 75 crores to ICCR to design and implement programmes to promote India's music, literature, dance, art, cuisine and films. There was a substantial increase in grant to ICCR from Rs. 85 crores during 2008-09 to Rs. 168.50 during BE 2009-10. The Committee desired to know about activities undertaken as a result of the enhanced allocation and the actual utilization for the year 2009-10. The Committee asked about the new Cultural Centres opened during last two years in India and abroad. The Ministry in written reply stated as under:

“The scopes of ICCR's activities have received a significant boost with the allocation of additional resources by the Government of India. This was done in recognition of ICCR's sterling role in projecting and enhancing India's image and soft power abroad through cultural diplomacy, and to enable the Council to expand its activities. Key elements of the expansion plan include organizing Indian Festivals abroad, establishing 15 new Cultural Centres overseas, creating new Chairs, a Fellowship Programme and grants to overseas NGOs promoting Indian culture abroad.

STATEMENT ON ICCR'S BUDGET PROJECTIONS

	(Figures in Crores)			
	2009-10		2010-11	
PARTICULARS	RE	Actual Utilized	Allocated	ICCR's Need for 2010-11
FOR ICCR'S NORMAL ACTIVITIES	114.54	114.00	110.00	126.41 (BE Projected by ICCR for 2010-11)
FOR ICCR'S 7 POINT EXPANSION PLAN	35.00	25.00*	40.00	50.00 (Rs. 75 crores was sanction for ICCR's expansion plan for two years of which only Rs. 25 crore could be spent in the Current Financial Year since several new projects on which work has been initiated would only mature in the next Financial Year. Hence the request to use the balance of Rs. 50 crore in 2010-11)
TOTAL	149.54	139.00	150.00	176.41

* New India Cultural Centre	Rs. 15.03 crores
New Chairs	Rs. 2.12.crores
Festival	Rs. 5.37 crores
Conference and Seminars	Rs. 0.49 crores
Support to NGOs abroad	Rs. 1.03 crores
New Fellowships	Rs. 0.42 crores
Total	Rs. 24.46 crores

(rounded to Rs. 25.00 crores)

6.2 The Ministry further stated that:

“In 2008-09, the expanded Cultural Wing of the Embassy of India, Beijing became functional in July 2008. Under the 7 Point Plan of expansion adopted in end 2008, ICCR had identified 15 new Centres to be opened.

Out of these, the ICCR has opened 5 new Cultural Centres in Bangkok, Tokyo, Kuala Lumpur, Abu Dhabi and Dhaka in 2009-10. Each of the new Centres are integrated and modern complexes, with facilities for library, dance and music classes, yoga and also have space for exhibitions of art & sculpture. The additional Centres are proposed to be located are in Thimpu, Mexico, Sao Paulo, Dar-e- Salaam, Budapest, Prague, Yangon, Paris, Washington, Ho chi Minh City, Rome, Kuwait, Lagos and Singapore. The proposals to open the Centres are being pursued vigorously.”

6.3 On being asked further regarding expenditure incurred from the additional grant, the Ministry in post-evidence reply stated as under:

“Additional grant of Rs.75 crores was given in 2009-10 for a two year period so as to undertake additional and expanded activities by ICCR. This additional grant of Rs.75 crores is accounted for and maintained separately than ICCR’s regular budget.”

6.4 According to the Annual Report 2009-10 the CAG’s Report has pointed out that the Indian Council for Cultural Relations (ICCR) made payment of Rs. 49.91 lakhs to a Public Relations Consultant without adequate justification and in contravention of Government policies. The Committee desired to know ICCR’s opinion on the issue and whether any responsibility has been fixed for this financial lapse. The Ministry in written reply stated as under:

“..ICCR does not have the expertise within the organization to publicize its activities professionally. Therefore, the need to have a Public Relations agency has been felt and endorsed at high levels in the Council.

The Public Relations agency M/s Ranbakshi Communications has been providing extensive coverage, both in electronic and print media for cultural events organized by ICCR. The background of the company and its effectiveness has been very good. As far as payments are concerned, these are made by clubbing together 3 major events and after ICCR has been satisfied that adequate media coverage was organised. It is once again emphasised that major cultural events cannot be organised without necessary publicity support.”

6.5 The Ministry in written reply further stated as under:

“The Council does not feel that there has been any financial lapse. Moreover, it has been completely satisfied with the work of M/s Ranbakshi Communications, which is being paid reasonable fees for publicity in print and electronic media for Council’s major events. It is clarified that the Public Relations firm is engaged only for major events organised by ICCR.”

6.6 The Committee further desired to know whether any remedial measures have been undertaken by ICCR to ensure proper identification of the Agencies, since ICCR deals with private sector/agencies. The Ministry in written reply stated as under:

“All private sector agencies providing services to ICCR are short-listed after scrutiny by an Empanelment Committee. Every effort is made to ensure that the rates quoted are reasonable. Before the work is contracted, 3 quotations are invited from available empanelled agencies. The companies listed by the Empanelment Committee are regularly reviewed.”

CHAPTER VII

Passport and Visa Services

There are presently 37 Passport Offices and 15 Passport Collection Centres in India. There has been a significant increase in the number of passports issued over the years. The Committee note substantial increase in BE 2009-10 was due to requirement of additional funds for payment of arrears to Indian Security Press (ISP), Nashik for supplying travel documents at enhanced rates. The Committee desired to know whether all the bills due to ISP Nashik had been settled or were there any bills still pending. The Ministry in written reply stated as under:

“The BE/RE for 2008-09 for settling bills of ISP, Nashik was Rs.122 crores. Though the Ministry had sought allocation of Rs.322.21 crores for 2009-10, yet an amount of Rs.189 crores only was provided in RE 2009-10 for meeting expenditure on settlement of bills for ISP, Nashik, cost of printing of passport booklets, travel and misc. office expenses. An additional amount of Rs. 43.14 crores has been re-appropriated in March 2010 only.”

7.2 The Ministry further stated as under:

“The bills amounting to Rs. 222.49 crore of ISP, Nashik have been settled. Bill amounting to Rs. 83.82 crore are still pending due to paucity of funds. The bills will be settled as soon as funds are provided to this Ministry.”

Passport Seva Project

7.3 To deliver all passport related services to the citizens in a timely, transparent, more accessible and reliable manner, the Ministry embarked on the prestigious Passport Seva Project in September 2007. The Project was due for launch in July-August 2009 but was revised to 1st October, 2009. The Committee was assured by the Ministry that the Pilot Phase would be launched on 13th November, 2009. However, as per information, furnished by the Ministry, this has been further postponed. The Committee desired to know the reasons for delay in launching of the project and the exact date of launch of the project. The Ministry in written reply stated as under:

“The launch of pilot phase of Passport Seva Project could not take place on 13.11.2009 as scheduled due to various reasons particularly with reference to the application software developed by the service provider (TCS).Standardisation, Testing and Quality Certification (STQC),

the Third Party Audit Agency, Directorate under the Dept. of Information Technology has been carrying out testing of technical and non-technical aspects of the project. The application software developed by the Service Provider (TCS) has been subjected to thorough scrutiny through STQC in order to ensure that flawless application software is available for use. STQC came up with several observations on the application software during the three cycles of testing on site at Bangalore. Some of the observations were found to be critical and hence Ministry has instructed the Service Provider to close all the defects pointed out by STQC before subjecting it to another cycle of testing. The fourth cycle of testing which was conducted at the end of January 2010 was satisfactory but there was scope for improvement. The Service Provider took another month in order to improvise the functionality of the system and submitted it to the Ministry in the 2nd week of March 2010. It was decided that in order to check the robustness of the software, it would be better to process the applications received from District Passport Cells etc. before going live at Passport Seva Kendras (PSK) with public interface. This process has begun and on trial basis few applications have been processed successfully. After processing sizeable number of applications smoothly the date for launching the project for public as PSKs will be decided.”

7.4 During the course of evidence the Foreign Secretary apprised the Members and stated that:

“Regrettably, the pilot launch could not take place as scheduled due to the fact that during testing of the Application Software developed by the Service Provider, M/s Tata Consultancy Services Limited, some critical errors were found. For this delay, the Service Provider has paid Rs 40 lakh to the Ministry as a penalty in terms of the Agreement.”

7.5 The Ministry in written reply further stated as under:

“As the applications received at RPO Bangalore from District Passport Cells have been successfully processed between 17th-24th March 2010 under the new system, the project is expected to be launched in April 2010 at the pilot locations in Karnataka.”

7.6 During the course of evidence the Foreign Secretary reassured the Committee that:

“After processing sizeable number of applications smoothly, the date for launching of the Project for public at PSKs would be announced.”

7.7 The Committee desired to know the exact problems which were being faced by the Ministry or the technical service provider. The Ministry in written reply stated as under:

“Ministry has been facing some resistance from the employees of Central Passport Organization with a demand that the application software has to be

under the control of the Government and also some issues pertaining to cadre, pay parity etc. Ministry has assured the staff that the strategic control of the assets including the application software will be under the control of government department/agency and is in consultations with Dept. of IT and National Information Centre (NIC) to take over the strategic control of strategic assets after certification. As regards cadre and pay parity, Ministry is taking up the relevant issues with the Dept. of Personnel & Training and other concerned Ministries. Resolution of Cadre and pay parity issues are expected to boost morale of CPO employees to actively participate in the comprehensive reforms being brought in for issuance of passports.”

7.8 The Ministry further stated as under:

“Ministry has sensitized the Service Provider (TCS) by summoning the top management of TCS on the importance of timely delivery of the project. They have ramped up the strength of their teams working for Passport Seva Project. Ministry also has invoked penalty clause as per the Master Services Agreement signed with them.”

7.9 The Committee desired to know the initial cost of Passport Seva Project and whether there was any element of time overrun and cost escalation in the project since its inception. The Ministry in written reply stated as under:

“The payments to be made by Ministry of External Affairs for the Passport Seva Project has been Rs. 57.80 crores, entirely to own the strategic assets like Data Centre, application software and software system. Rest of the investments have been put in by the Service Provider including the set up of Passport Seva Kendras, their rentals, staff recruited by them etc. As per the contractual obligations, TCS have paid the penalty for the delay in implementation of the Project. Ministry has not made any payments towards the strategic assets to the Service Provider as the payments would be due only after the certification of the project by the 3PAA (3rd Party Audit Agency).

The main expenditure for Ministry remains the same i.e. Rs. 57.80 crores to be paid to the Service Provider, only after the certification of all the strategic assets including data centre, application software and system software.”

7.10 The Committee desired to know about the Service Providers and the terms and conditions set out for them. The Ministry in post-evidence reply stated as under:

“M/s Tata Consultancy Services Limited are the Service Provider.

The Service Provider (is) entrusted with only front-end activities, is required to meet all the expenditure involved in setting up of the Passport Seva Kendras

(PSKs), recruitment of staff to man front end desks, setting up National Call Centre and staff for the same, assist Ministry in day to day management of DC/DRC, NOC etc, . For its services, it will be paid on the basis of number of applications received subject to compliance with the Service Level Agreements as laid down in the Agreement.”

7.11 The Committee further desired to know whether there are any penalty provisions in case of complaints or non-compliance against the Service Providers and the mechanism to ensure that due care was taken to address the security concerns and appropriate safety of information is maintained. The Ministry in post-evidence reply stated as under:

“Yes. According to the Agreement, for each week of delay in achieving the select milestones, the Ministry shall levy a penalty of Rupees Two Lakhs. If the final Go-Live is delayed beyond two months, or any particular milestone is delayed beyond one month, the Ministry may subject the contract for termination and also reserves the right to invoke the entire performance bank guarantee.

After Go Live of the Project, if the Service Provider does not comply with all the 27 Service Level Agreements (SLAs) specified in the Master Services Agreement, the service charges payable to it will be proportionately reduced.”

7.12 The Ministry further stated as under:

“All the Passport Seva Kendras across the country will be headed by officers from the Central Passport Organisation. The Ministry has appointed the Standards, Testing & Quality Certification (STQC), an organisation under the Department of Information Technology to act as the third party Audit Agency for auditing both technical and non technical assets of the project. Strategic assets like Data Centre, Application software, System software, Disaster Recovery Centre and Networking Operations Centre are owned by the Government to have the strategic control over the Passport Seva System.”

Biometric Passport

7.13 Issuance of e-passports also known as biometric passport was launched in 2008. According to the Ministry the full roll out of e-passports was expected by September 2010. The Committee wanted to know whether the e-passport project could not be fully rolled out due to non procurement of e booklets from Security Printing and Minting Corporation of India Limited (SPMCIL) and the anticipated timeframe for full roll out of project. The Ministry in written reply asserted as under:

“Yes. The global tendering process initiated in March 2009 by India Security Press, Nashik, an organ of SPMCIL for procurement of electronic contactless inlays essential for the production of e passport booklets had to be annulled in July 2009 due to technical infirmities. The Technical Committee, headed by the Director General, NIC and entrusted with finalizing technical specifications of inlays, has since been re-constituted comprising representatives from the Ministry of External Affairs, SPMCIL, ISP Nasik, Forensic Science Laboratory Dehradun, Ministry of Home Affairs, IB, IIT Mumbai and IIT Kanpur. The Committee which last met on 10th March 2010 is in the process of freezing the technical specifications of inlays.

Timelines for full roll out of the e-passports can be indicated only after finalization of technical specifications and fresh global tendering process”

7.14 The Committee desired to know about the impact on the staff strength and the percentage of work that was going to be outsourced in view of the beginning of Passport Seva Project and issuance of e-Passport. The Ministry in written reply asserted as under:

“A study has been conducted by National Institute of Smart Government (NISG) on the impact of Passport Seva Project on the staff strength of Central Passport Organisation and work load. This study has resulted in approval of about 400 additional posts to Central Passport Organisation. Though the amount of work being outsourced has not been quantified, it is basically the collection, digitization of applications and receipt of the fees are being outsourced to the Service Provider under the supervision of an officer from the Central Passport Organisation.

7.15 On being asked about the mechanism that had been put in place to ensure higher efficiency and correctness of information and to check the misuse of information by the Outsourcing Agencies. The Ministry in written reply asserted as under:

“The project has been designed in such a way that the service provider has to adhere to 27 strict service level agreements. In order to prevent any misuse of information of data the government is paying and owning all the strategic assets after they are developed by the service provider and certified by the 3PAA(3rd Party Audit Agency).”

Opening of New Passport Office

7.16 The Committee also desired to know about the proposals for opening of new Passport Office or Passport Collection Centres under the jurisdiction of already functioning RPOs. The Ministry in written reply stated as under:

“The criteria for identifying places to set up new Passport office or Passports collection centres is on the basis of number of passport applications received from the respective regions. Government has embarked on Passport Seva Project(PSP) to comprehensively transform Passport Service Delivery under the network of existing Passport offices. Under the Projects existing scope, 77(seventy seven) Passport Seva Kendra (PSK) are going to be established across the country. Further addition would be reviewed as and when a need arises. The existing District Passport Cells(DPC) would be closed co terminus with launch of Passport Seva Kendra(PSK) in the designated area of the DPC.”

7.17 The Ministry has undertaken several measures to make the passport issuance system simpler and speedier. The Committee desired to know the prescribed time limit set by the Ministry of External Affairs with regards to issue of fresh passport and for providing miscellaneous services to applicants and the number of RPOs that have been able to adhere to the prescribed time limit. The Ministry in written reply asserted as under:

“The target date set by the Ministry of External Affairs with regards to issue of fresh passport (other than Tatkaal) is 30 days, and for miscellaneous services, it is same day.

Most of the Passport offices are able to render miscellaneous services same day. While, passport offices at Trichy, Cochin, Ahmedabad, Panaji, Kozhikode, Surat and Malappuram are able to issue fresh passports in 30 days in substantial number of cases, other Passport offices have not been able to meet the time target of 30 days due to various reasons such as delay in receipt of Police Verification Reports, delayed receipt of applications from DPC/SPC and incomplete applications, shortage of staff and lack of office space and infrastructure. Hence, the Passport Seva Project is being launched to improve the services in all Passport offices.”

Rented/Hired Premises

7.18 The Committee desired to know the total amount of expenditure incurred by MEA on rental and maintenance of RPO premises and Collection Centres during 2007-08, 2008-09 and 2009-10. The Ministry in written reply has stated as under:

“The total amount incurred by the Ministry of External Affairs on rental and maintenance of RPO premises and Passport Collection Centres during the last three years is as given below:

Year	Expenditure (Rs)
2007-08	Rs. 5,18,74,153/-
2008-09	Rs. 5,20,31,775/-
2009-10	Rs. 5,03,57,434/-“

7.19 The Committee desired to know about the passport offices that were operating from hired premises and about the ongoing construction projects and the timeframe for their completion. The Ministry in written reply has stated as under:

“There are 37 Passport Offices all over India, out of which 19 are operating from Government/MEA-owned buildings. The remaining 18 Passport Offices, viz., Amritsar, Bhopal, Coimbatore, Dehradun, Guwahati, Jalandhar, Jammu, Kolkata, Mumbai, Madurai, Mallapuram, Pune, Ranchi, Surat, Srinagar, Trichy, Trivandram and Visakbapuram, are operating from rented buildings.

Out of the above-mentioned 18 Passport Offices which are operating from rented buildings, 8 passport offices, viz., Amritsar, Guwahati, Jalandhar, Mumbai, Pune, Surat, Srinagar and Vishakhapatnam, have already purchased suitable plot of land for construction of their own building. MEA is actively pursuing with the concerned State Government authorities for allotment of land in respect of the remaining 10 Passport Offices.

The Vishakhapatnam Passport Office building is likely to be completed by May/June, 2010. As for the construction project for Mumbai Passport Office, it is submitted that the Basement of the building has already been completed and tendering for the super structure is under way. The likely date of completion of the project is February 2012.

As regards Passport Office Projects in Srinagar, Jalandhar, Amritsar, Surat, Guwahati and Pune are concerned, MEA has already approved the building plans and the contractors have been asked to submit their preliminary estimates, except Pune where the land is still to be transferred in the name of the Passport Office. The construction of these Passport Office buildings may take 2-3 years.”

CHAPTER VIII

Miscellaneous

A. South Asian Association for Regional Cooperation (SAARC)

SAARC is an important focus of India's Foreign Policy. The allocation pegged under the Sub-head 'SAARC Programme' was Rs. 20 crores which was revised to Rs. 22 crores at RE stage. However, it has been reduced to Rs. 15 crores during 2010-11. The Committee desired to know the amount that has already been spent under this head during current financial year and reasons for seeking reduced allocation during BE 2010-11 and the commitments being undertaken under this head. The Ministry in written reply stated as under:

"An amount of Rs. 19.57 crore has been spent in the current financial year (2009-10) upto 28th February 2010 which is 89% of the Revised Budget Estimates. The expenditure during the year 2009-10 included one time payment to Delhi Tourism & Transportation Development Corporation (DTTDC) amounting to Rs. 13.88 crore towards lease rental for two galleries at Dilli Haat, Pitam Pura for SAARC Museum of Textiles & Handicrafts. If the above one time payment is excluded, there is an increase of almost 90% in the budget allocation for the year 2010-2011 as compared to the year 2009-10."

(i) South Asian University

8.2 Cooperation in the field of higher education is set to touch a new horizon, with establishment of the South Asian University. As per the Annual Report 2009-10, the total cost of establishing South Asian University and to make it fully functional as per the agreed parameters will be US \$ 308.91 million. India will be contributing US \$ 229.11 million to the project which will include bearing hundred percent of the capital cost. The University is expected to be fully established by 2015.

8.3 The Committee note that the total allocation under the Head SAARC Programmes is Rs. 15 crores for entire range of activities related to SAARC including Rs. 2 crores earmarked for South Asian University. Simultaneously, an allocation of Rs. 50.25 crores has been earmarked under the Minor Head 'International Cooperation for South Asian University'. The Committee desired to know the significance of making two Heads and the work to be undertaken under each allocation. The Ministry in written reply clarified as under:

“The budget allocation of Rs. 15.0 crores under SAARC Programmes is for the regular activities of SAARC like expenditure on SAARC Telemedicine Project, SAARC Museum of Textiles & Handicrafts, organizing of SAARC meetings and conferences and grants to NGOs for track II events etc.

The allocation of Rs. 50.25 crores earmarked under the Minor Head ‘International Cooperation for South Asian University’ is the amount of India’s contribution towards the capital cost of South Asian University for the first year.”

8.4 On being asked about the amount that has already been spent by India on South Asian University, the Ministry stated as under:

“A Project Office for establishment of South Asian University has been set up in New Delhi with Prof G. K. Chadha as its Chief Executive Officer. India agreed to fund the Project Office for first two year which is estimated at Rs. 6.316 crore. An amount of Rs.3.22 crore has been spent on the Project Office so far.”

8.5 On being asked to furnish a detailed note on South Asian University, the Ministry stated as under:

“At the Thirteenth SAARC Summit held in Dhaka, in November 2005, Hon'ble Prime Minister had proposed the establishment of a South Asian University in New Delhi to provide world class facilities and professional faculty to students and researchers from SAARC member countries. The Inter-governmental Agreement for the establishment of the University was signed at the 14th SAARC Summit (April 3-4, 2008). All Member States, except Afghanistan and Pakistan have ratified the SAU Agreement.

The mechanism of the Inter-governmental Steering Committee was set up by Member States to fast track the process of setting up the South Asian University. It was also decided that a Project Office for the University will be set up and funded by India for two years, inter alia, to oversee the construction of the University and draw up its Charter, Statutes, Bye-Laws, Business Plan, Governance Structure, and Course Curricula etc. Member States agreed that the first session of the University should commence from August 2010.

The establishment of the SAU is being executed by the Ministry of External Affairs in consultation with UGC and Ministry of Human Resource Development. The SAU Bill has been approved by both houses of Parliament on 23 December 2008. The South Asian University Act received the assent of the President of India on 11 January 2009 and has entered into force. The Headquarters Agreement for establishment of the South Asian University in New Delhi was signed between Government of India and the SAARC Secretariat on 1 December 2008 and was notified in the Gazette of India on 13 January 2009. This Agreement gives privileges and immunities under the United Nations (Privileges and Immunities) Act, 1947 to the South Asian University. A Gazette notification was issued on

23rd January 2009 stating that the South Asian University has come into existence.

The cost of fully establishing the South Asian University by 2015 is US \$ 308.91 million. India's contribution is US \$ 229.11 million, including bearing 100% of capital cost.

On the request of the Ministry of External Affairs, Delhi Development Authority (DDA) offered to allocate 100 acres of land for the South Asian University near Indira Gandhi National Open University (IGNOU) in Maidan Garhi. Although MEA has already taken possession of the land for SAU, the construction of the University is expected to be completed only by 2015.

There have been five meetings of the Intergovernmental Steering Committee on the establishment of the SAU since May 2008. The Sixth Meeting is scheduled to take place in New Delhi from 9-13 March, 2010. The most important task before this meeting will be the finalization of the Draft Statutes and Regulations of the SAU in order to complete the legal contours of the University before the 16th SAARC Summit in Thimphu on 28-29 April 2010."

8.6 The Committee further desired to know whether the timelines have been adhered to and when are the academic activities likely to start. The Ministry in its reply stated as under:

"The anticipated timeframe for the construction of South Asian University is 5 years i.e. 2014-2015. The academic activities are likely to commence in August / Sept 2010 in a rented premises subject to approval of draft Statutes, Regulations, Academic Structure and Business Plan in Meetings preceding the SAARC Summit in April 2010 in Thimphu."

8.7 Regarding the physical infrastructure of South Asian University, Representative of MEA further stated as under:

"The buildings for the University are expected to be ready by 2014. In the meantime there will be a gradual phasing in terms of upgrading of the University facilities leading to the actual utilisation of the University premises for which...land has been acquired in Delhi in the Mehrauli area. 85 acres of land has been already acquired. The basic thing is that considering that India proposed the establishment of a South Asian University only in 2005, we actually have a situation where in five years, we have at least the nucleus of university, which should be running later this year."

8.8 While reiterating the point, the Foreign Secretary submitted that:

"There has been significant progress in setting up of the South Asian University. The South Asian Association of Regional Cooperation, SAARC, Steering Committee has approved the rules, the regulations of the University in March this year; in Delhi it is meeting. These will now have to be approved

by the SAARC Summit in Thimpu on 28th and 29th of April, 2010. If approved by the SAARC Summit, the classes of the University will begin in August-September this year.”

8.9 During the course of evidence, while acknowledging the concerns of the Committee regarding the nature of the University and elaborating upon the idea behind the University, the Foreign Secretary stated that:

“...We want to pool knowledge and talent in the region to create a South Asian consciousness. The South Asian consciousness is, of course, not only just a modern South Asian consciousness but also a South Asian consciousness that is rooted in the civilisational heritage of this region.”

8.10 Elaborating upon the special mechanism to deal with the specific issues of the University and its pan-Asian character, the Foreign Secretary submitted as under:

“In fact, we have worked with the Home Ministry in coming out with a special South Asian University visa, SAU visa, which will enable and facilitate these young students to come, regardless of which country they belong to. Essentially it will be from the South Asian region and certainly it would go much beyond being Indo-centric. Perhaps there will be a few more Indian students than the students from other countries, but it will not be an Indo-centric university. It will be focussed, definitely, on South Asia and South Asian consciousness.”

8.11 Elaborating on the intricacies of the plan to establish the University in a phased manner and beginning of academic activities, the Representative of MEA stated as under:

“...we begin with starting only two courses in biotechnology and another scientific area with a very limited number of students and recruitment of faculty is something which is envisaged as soon as the approval for the University is received from the Summit. Immediately after that, I think, they will start the recruitment of faculty for these two courses and begin classes in August or September this year.”

(ii) SAARC Telemedicine Network Project

8.12 All the expenditure on SAARC Telemedicine Network Project is being incurred by Government of India. The Committee asked Ministry to furnish its current status. The Ministry in written reply stated as under:

“In pursuance of the proposal made by the Prime Minister of India at the 13th SAARC Summit, the Government of India had offered to establish a regional

Tele-medicine network in the SAARC Member States and to fund the project through a hub and spoke approach with India as the hub.

Assessment visits have taken place in all the SAARC countries. It is proposed that three super speciality hospitals in India - Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh, Sanjay Gandhi Post Graduate Institute of Medical Sciences (SGPGIMS), Lucknow and the All India Institute of Medical Sciences, New Delhi - will provide telemedicine services to designated hospitals in SAARC Member States. All Member States have identified hospitals where the project will be implemented.”

8.13 The Telemedicine Network Project is being implemented in the Member states as under:-

- (i) **Bhutan:** The Jigme Dorji Wangchuk National Referral Hospital, Bhutan has been connected with the two designated hospitals in India. The Government of India has agreed in principle to the request of the Royal Government of Bhutan to extend support to the Telemedicine Project in Bhutan for one more year. The total expenditure incurred by Gol on the project is Rs. 3,57,42,109/-.
- (ii) **Sri Lanka:** After the signing of an MoU with the Government of Sri Lanka the project equipment was sent to Colombo. However, due to political reasons Sri Lanka suspended the project and the project equipment was returned from Colombo port. The Government of Sri Lanka has been requested to consider revival of the project which was suspended at an advanced stage of implementation. An expenditure of Rs. 12,44,000/- has been incurred by Gol on the project. The estimated cost of the project is Rs. 1,24,44,347/-.
- (iii) **Afghanistan:** The Telemedicine Project has been implemented and operationalised at the Indira Gandhi Child Hospital (IGCH) in Kabul and a specialized Ultrasound of the Eye equipment has been installed in the IGCH. Gol has incurred an expenditure of Rs. 1,32,83,723/- on it till dated. The estimated cost of the project is Rs. 2, 36,92,370/-
- (iv) **Nepal:** MOU has been signed with the Government of Nepal on 8th June 2009 to implement the project in Patan Hospital, Lalitpur, Nepal. Expenditure of Rs. 30,56,000/- has so far been incurred by Gol on the Project. The estimated cost of the project is Rs.3,05,68,311/-.
- (v) **Bangladesh, Maldives and Pakistan:** These SAARC Member States are yet to approve the MoU sent to them in this regard.”

B. Nalanda International University

8.14 At the EAS Summit held in Thailand on October 24-24, 2009, the EAS member states issued a Joint Press Statement which *interalia* supported the establishment of the Nalanda University as a non-state, non-profit, secular and self-governing international institution with a continental focus that will bring together the

brightest and the most dedicated students from all countries of Asia. In the status report furnished by the Ministry, it is stated that:

“MEA thereafter initiated steps to enact the Nalanda University Bill 2010 in the Parliament for the establishment of the University.

Following an inter-ministerial meeting held on 15 February 2010, the Nalanda University Bill 2010 was drafted by the Legislative Department of the Ministry of Law and Justice. The Note for the Cabinet was accordingly modified to bring in harmony with the Bill. A confirmation was sent to Law Ministry on 22 February, 2010 that the Bill meets the requirements of MEA.

It is understood from the Legislative Department that the Note for the Cabinet and the Bill have been cleared by the Department of Legal Affairs from legal and constitutional angle and are now under submission to the Secretary, Legislative Department/Hon’ble Minister of Law and Justice for their approval.

As soon as the Note is received from the Ministry of Law and Justice the same will be submitted to the Cabinet for its approval.

It may be added that the Government of Bihar has agreed to transfer the acquired land of 446 acres in Nalanda to the Nalanda University once it is established. The Government of Bihar has also agreed to repeal the Nalanda University Act 2007 passed by Bihar State Legislature once the Nalanda University Bill 2010 is enacted by Parliament.”

8.15 The Committee observed that during BE 2009-10, Rs. 50 crores were allocated for Nalanda University. However, RE 2009-10 was reduced to Rs. 1 crores. The Annual Proposed Outlay 2010-11 for Nalanda University was Rs. 49.50 crores. However, only Rs. 5 crores has been approved. The Committee desired to know the reason for seeking huge allocations, when related legislation was not even prepared. The Ministry stated as under:

“The allocation was sought on the assumption that the proposed Bill would be passed at the beginning of the current financial year. However, this could not be done due to the postponement of the EAS Summit (from December 2008 to April 2009 and then July 2009). It was only after the EAS Summit was held in October 2009 that the draft Nalanda University Bill could be circulated to the Government of Bihar and other concerned Ministries for their comments and views. Thus several months were spent waiting for the EAS Summit to be held. The consensus of the EAS Summit was essential to establish the University as an international institution. The draft bill has now been formulated on the basis of the consensus arrived at the Summit through the issue of a Joint Press Statement.”

8.16 During the course of evidence, the Members expressed concern over the nature and character of the University. While reiterating the uniqueness and the academic orientation of the initiative, the Foreign Secretary stated as under:

“Nalanda Mentor Group, which is a group of eminent persons chaired by Prof. Amartya Sen, has been meeting and between July 07 and February last year, it held five meetings in Singapore, Tokyo, New York, Delhi and Gaya, and came up with a plan for setting up of the university. It would have different schools. The university would have different departments, approximately 12 such departments of study, which include Buddhism, Asian history, Asian business management with development focus, apart from other departments. There would be an international faculty that will be recruited.”

C. India’s Role in United Nations Organisation

8.17 With its strong commitment to multilateralism, India has worked to strengthening the United Nations Organisation. India has supported proposals for the reform of the United Nations Security Council and revitalization of the United Nations General Assembly. India’s engaged in the pursuant of genuine and comprehensive reform of UN Security Council. In this context, the Committee desired to know whether any tangible progress has been made during last three years. The Ministry in post-evidence reply stated as under:

“Discussions on the issue of reform and expansion of Security Council started in the UN General Assembly (UNGA) in December 1992. The UNGA established an Open-ended Working Group [OEWG] in December 1993 to deliberate on the matter. Since then, the OEWG has discussed the issue in its meetings held during each UNGA session without any progress.

In July 2005, India along with Brazil, Japan, and Germany (together known as G-4) introduced a framework resolution in the UNGA for reform and expansion of the Security Council.

Till mid-2008, discussions continued in UNGA’s OEWG. In September 2007, India, Brazil and South Africa with support of around 30 developing countries presented a resolution in the 61st UNGA session to prepare the ground for launch of intergovernmental negotiations in UNGA.

In September 2008, efforts by the G-4 and other supporters of L.69 resolution led to the adoption of a landmark decision (62/557) by the 62nd Session of the UNGA. This decision mandated launch of intergovernmental negotiations in UNGA informal plenary before the end of February 2009. It was also decided that the negotiations would focus on five key issues: (i) Categories of membership, (ii) Veto, (iii) Regional representation, (iv) Size of an enlarged Security Council and its working methods, and (v) Relationship between the Security Council and the General Assembly.

In February 2009, intergovernmental negotiations were launched in an informal plenary of the UNGA and four rounds were held between March

2009 and January 2010. These mainly consisted of oral statements instead of discussions on a draft text. In view of this, in December 2009, the G-4 countries along with South Africa moved a petition to the Chair of the intergovernmental negotiations. This petition was signed by 140 countries, requesting The Chair to present a text that could serve as a basis for further negotiations. the Chair announced that the next (fifth) round of the negotiations will be text-based and invited Member States to submit their positions and proposals by 5 March 2010.

In response to the Chair's letter, 29 proposals were submitted by various countries and groups. These include the US, UK/France, Russia, China, G-4, African Group, UFC (Uniting for Consensus), OIC, Arab League, S-5, NAM, L.69 Group, East European Group, CARICOM, Philippines, Slovenia, Cuba, Peru, North Korea, Liechtenstein, Bolivia, Denmark, Monaco, Norway, Uruguay and Venezuela. The Chair of the intergovernmental negotiations is expected to circulate a text for negotiations and announce the dates for the fifth round of negotiations."

(i) UN Democracy Fund

8.18 India has played a prominent role in the establishment of UN Democracy Fund which was launched in 2005. The Ministry was asked to furnish a detailed note on the UN Democracy Fund and desired to know the total amount contributed by Government of India in the Fund since its inception and the role of India in operationalisation of Fund and the projects that are being carried out under the fund. The Ministry in post-evidence reply stated as under:

"The UN Democracy Fund (UNDEF) was established on 4 July 2005 as a United Nations General Trust Fund, with the primary purpose of supporting and promoting democratic governance around the world. The Fund provides assistance for projects that consolidate and strengthen democratic institutions and facilitate rule of law. A large majority of UNDEF funds goes to local civil society organizations for capacity building towards consolidation of democracy. UNDEF has approved approximately US\$ 94 million for projects since 2007."

8.19 The Ministry further stated that:

"India has contributed an amount of US \$ 20 million to the UN Democracy Fund since its inception, making it the second largest contributor to the Fund after USA which has contributed US \$ 25.84 million. Overall thirty-six Member States of the United Nations have contributed to the Fund, which has received approximately US\$ 106 million till date.

India, along with 18 other member states, is a member of the UN Secretary General's Advisory Board, UNDEF's main governing body. The Advisory Board provides policy guidance to the UN Secretary General on the development of programme frameworks and funding guidelines, and

recommends funding proposals for his approval. Within the Fund, India has focused on four broad areas in which the Fund's resources could be used a) Institution Building, including conduct and management of elections, constitutional reforms, establishment of parliaments, restructuring/reforming of the judiciary; (b) Capacity Building- strengthening law enforcement mechanisms, setting up professional civil services, enhancing participation by the Civil Society in the democratic process; (c) Awareness Creation-through the network of media and NGOs; and (d) Leadership Development. India has also supported the evolution of methodologies to streamline UNDEF's internal processes."

(ii) UN Peace Keeping Operations

8.20 India has long standing association with UN Peace Keeping operations. India continued to maintain its position as the third largest troop contributor to the UN Peace Keeping missions. The Committee desired to be apprised of the role played by India in the UN Peace Keeping Force. The Ministry in post-evidence reply stated as under:

"India is amongst the longest serving and the third largest troop contributor to the UN Peacekeeping Operations. More than 100,000 Indian troops, Military Observers and Civilian Police Officers have participated in 43 out of the 63 peacekeeping operations and observer missions established since the inception of the UN. India is currently contributing to 9 of the 15 ongoing UN peacekeeping missions with the deployment of 8783 troops and police personnel, nearly 9 % of UN's overall force deployment. 133 Indian nationals have lost their lives while serving in UN Peacekeeping Missions."

(iii) Comprehensive Convention on International Terrorism (CCIT)

8.21 India has stressed upon enhancing global cooperation against terrorism through universal implementation of the UN Global Counter Terrorism strategies and early conclusion of negotiations on Comprehensive Convention on International Terrorism (CCIT). The Committee desired to know about the efforts being made by Government of India for early conclusion of CCIT. The Ministry in post-evidence reply stated as under:

"India had introduced a draft text for CCIT in the UN General Assembly (UNGA) in 1996. Since then the discussions have been taking place in the 6th Committee (Legal Committee) of the UN General Assembly and its Working Group and an Ad Hoc Committee (AHC) specifically created to discuss the Convention. However, the Convention is yet to be concluded due to differences between the Member States on exemption for armed forces and exemption for national liberation movements from the purview of the Convention. The issue is as follows:

- a. The draft excludes national armed forces from its purview as their activities are covered by a separate body of laws (International Humanitarian Law-IHL). The Organization of Islamic Conference (OIC) group has demanded that

national liberation movements should also be exempted from the purview of the Convention as, according to OIC's interpretation, such movements are also covered by IHL.

- b. In addition, the OIC has demanded inclusion of a 'definition' of terrorism in the Convention which differentiates between terrorism and acts committed by national liberation movements in the exercise of the right to self-determination and independence of all peoples under foreign occupation.
- c. Some Member States hold view that the definition of terrorism in the Convention should be extended to acts of State terrorism.

The above differences have persisted despite protracted negotiations. Several drafts of the CCIT text have been discussed over the years but none has been able to garner support. The Chair of the AHC has presented a new draft text in October 2009 and AHC is scheduled to meet on 12-16 April 2010 in New York to discuss this draft."

The Ministry further stated as under:

"India has consistently urged UN member states, both in the UN meetings and in bilateral meetings, to narrow down the differences and adopt the Convention. However, in view of the continued and perceptible differences on the CCIT text, it is not possible to say when the Convention will be concluded in the 192-member UN General Assembly."

D. Situation in Afghanistan

8.22 India's foreign policy has come under a lot of stress due to the new threats to India's security emerging from its terror infested neighbourhood. There was a terrorist attack on February 26, 2010 in Kabul targeting residential accommodation used, among others, by Indians. It appears that Indians were targeted in this particular attack. There was earlier an attack on the Indian Embassy in Kabul in October 2009. The Committee desired to know about the steps undertaken by Government of India to ensure security of Indians working in Afghanistan and asked whether any security alert been issued for Indian citizens in view of the deteriorating security scenario in Afghanistan. The Ministry in written reply has stated as under:

"Government of India is reviewing all security measures being taken for the safety of its personnel and other Indians working in Afghanistan. Government is also in constant touch with the Government of Afghanistan, which has assured that it will take all steps necessary to provide security to Indians in that country.

The Embassy of India and Consulates General of India in Afghanistan (in Kandahar, Jalalabad, Herat and Mazar-e-Sharif) are in regular touch with Indians who are registered with them and share security advisories based on the local situation and threat perception.”

8.23 In this context, the Committee desired to be updated on the issue of Indian casualties in Afghanistan. The Ministry in post-evidence reply stated as under:

“In total, there have been twenty Indian fatalities in Afghanistan since 2005 due to terrorist attacks, including on the Indian Embassy in Kabul in July 2008.

Recent attacks in Afghanistan targeted Indians engaged in humanitarian and development work, who were the visible symbols of India’s development partnership with Afghanistan. We are comprehensively reviewing and enhancing security measures being taken for the safety of our personnel and other Indians working in Afghanistan. We are also in regular touch with the Government of Afghanistan, which has assured that it will take all the steps necessary to provide security to Indians in that country.”

PART-II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

The Committee note that in the actual expenditure pattern, maximum amount is spent during the last quarter of the financial year. The Ministry in its justification has stated that the Cash Accounts from all the Missions/Posts are not received at the time of preparation of monthly assessment, therefore the same are incorporated and accounted at the end of the financial year. The Committee are not satisfied with the justification given by the Ministry. The Committee are aware that the Integrated Mission Accounting System (I-MAS) is functional in more than fifty Missions/Posts abroad for accounting purposes. The Committee therefore, desire that remaining Missions/Posts should be connected with the software at the earliest, so as to make actual assessment of expenditure in terms of real time basis. The Committee also desire that MEA should regularly update its website particularly, the section related to MEA Accounts. Moreover, the Committee are amazed to know that a country which is helping in building up e-network in other countries has failed to connect all its Missions/Posts through the e-network. The Committee, therefore, desire that the Ministry should ensure establishment of e-network in all the Missions/Posts without delay.

2. The Committee note that there has vast gap between the Proposed Outlays and the Actual Allocation in the Annual Plans over the years. The Approved Plan Outlay for the Ministry of External Affairs for 11th Five Year Plan is Rs. 2488.41 crores. Moreover, at the mid-term review stage, the Ministry has sought an allocation worth Rs. 4522.24 crores and the allocation is still awaited. The

Committee are of the view that the Ministry should make efforts for quicker allocation so that the pace of execution of the current projects and the projects in pipeline are not adversely affected. The Ministry has accepted the fact that the fund allocation by Planning Commission might have been based on the past utilization of budget by the Ministry. The Committee take very serious note of Ministry's casual approach in the matter and hold it responsible for continuous poor utilization of funds allocated to the Ministry. The Committee also note that inspite of reduced allocation, surrenders have taken place at the end of the year. Hence, the Committee would like to suggest that the Ministry should make more realistic assessment for Proposed Outlays in consonance with Ministry's capacity to spend.

3. The Committee regret to note that there are many discrepancies in facts and figures furnished by the Ministry to the Committee. Moreover, there are variations in the figures contained in various documents prepared by the Ministry. The Committee have observed mistakes in the Brief submitted to the Committee and the Outcome Budget and variance of figures in documents provided by the Ministry. The Committee had highlighted the same issue in its 15th Report (14th LS) but with no results. The Committee, therefore, would like to reiterate that Ministry should exercise due caution in future while presenting information to the Committee and Parliament.

4. The Ministry has informed that one of the reasons for under-utilization of funds during the past years was that Indian contractors often quoted for execution of projects abroad without taking into account all the factors particularly internal problems, political and security development in the beneficiary countries for the projects to be carried out under 'Technical and Economic Programme'. The

Committee are not convinced with the justification furnished by the Ministry shifting the responsibility on contractors and are appalled to note that the Ministry is still in jeopardy inspite of the fact that Ministry is undertaking such projects for a long time. The Committee, therefore, are of the view that there is an urgent need to overhaul the tendering process for the projects. The Committee also desire that the Ministry should consider factors like prior experience in a particular region and prior performance of the agencies participating in tendering process, alongwith quoted price while granting contracts. The contractors whose projects have element of cost and time overrun repeatedly should be discouraged. The appraisal and third party audit of the project should also be conducted. The Committee are of the opinion that it is the responsibility of Government to sensitize contractors about security and political factors before awarding contracts and help them in adverse conditions arising in emergency. Keeping in view the past performance of the Ministry, the Committee recommend that the Ministry should review the project planning/ monitoring process with a view to ensure proper utilization of funds as also achieving the physical targets set for various projects.

5. The Committee have noted that the Ministry has temporarily got engaged some outsourced staff to deal with the shortage of staff at the headquarters. The Committee are not in favour of such a move to outsource staff in a Ministry of such sensitive nature and suggest that the move for outsourcing of work of sensitive nature should be avoided. The Committee recommend that instead of outsourcing the staff, the Ministry should take steps to call staff on deputation basis from other Ministries and Departments for the time being. The Committee also recommend that Government should take all initiatives to persuade the Staff Selection Commission for filling up vacancies at the earliest.

6. The Committee observe that the Government is facing acute shortage of Indian Foreign Service Officers. Though, Ministry has made efforts in this direction and 62 posts of IFS officers and 41 posts of IFS-B have been created under expansion plan, but due to likely difficulty in cadre management, incremental approach is being followed in filling the direct recruitment posts. However, the Committee is of the opinion that an in-house Organization and Management Study is required to be conducted on the current set up of the organization, allocation of work within Division and job profile of its existing officers. Furthermore, the Committee note with deep concern that the Indian Foreign Service is no longer the most preferred career choice for the high ranking meritorious candidates selected through the Civil Services Examination. The Committee, therefore, advise the Ministry to undertake a holistic study to look into the reasons behind such a shift in priority of the younger generation and take remedial measures to attract more and more young and talented persons for joining Indian Foreign Service. The Committee advise that Ministry should be its own brand ambassador and should project itself before the youth and students in a better and planned way while interacting with universities, academics and intellectuals through various seminars, conferences etc.

7. The Committee understand that there is a change in the educational and socio-economic profile of the new entrants to the Indian Foreign Services. Simultaneously, the framework of international relations has also undergone tremendous change over the past few years with diverse and increased arenas of engagement. Due to these factors the freshers are under a lot of stress. The Committee would like to suggest that the Ministry should modify the training process in such a manner that it acts as a facilitator in reorienting the freshers and

to familiarize them with their current environment. More innovative and diversified training should be provided to empower them to face the new and growing challenges in conduct of India's Foreign Policy.

8. The Committee are dismayed to take note of such small number of interpreters in position at Headquarters and Missions. The Committee have also noted that as and when required the services of interpreters from outside the cadre of Ministry are also availed of. But the Ministry is not able to provide information about the payments made to them during the last three years. The Committee expect that the Ministry should have complete data regarding availing of services of interpreters from outside at Headquarters and Missions and payment made to them. The compilation of such data will facilitate the Ministry to make realistic assessment and requirements of the interpreters language wise. The Committee also feel that as India is increasing its global footprint, it is pertinent to have sufficient number of Interpreters in all major languages. The Committee do not favour the presence of outside interpreters in the important and politically sensitive international meetings. The Committee, therefore, reiterate that adequate study should be undertaken and the Ministry should build and strengthen its interpreter cadre particularly in Non-UN languages.

9. The Committee take note of Ministry's endeavor to keep pace with the challenges and changes posed by the fast pace of developments in global politics and communication. The Committee appreciate the intellectual and academic content of its engagement with the target audiences. However, the Committee are of the view that Ministry should also arrange for translation and publication of books written in Indian languages which are of everlasting importance, in various

languages in association with Indian Council for Cultural Relations, so as to directly engage with the general public. The Committee in particular note the initiatives of MEA 'Distinguished Lecture Series' on India's foreign policy at University level in India. The Committee desire that such lectures should be held in Universities across India as well as abroad, so as to enlighten the youth who are the future policy/opinion makers about the nuances of Indian foreign policy, to project MEA's working and make it as attractive career option for meritorious youth in India. At the same time, the Ministry will benefit by such interaction resulting in the flow of fresh ideas, approaches and insights in conduct of its international relations.

10. The Committee observe that Public Diplomacy Division of the Ministry makes arrangement for the visit of foreign journalists/delegations to India to expose them to various facts and view points in India and also to assist in capacity building in developing countries. The Committee take note of Ministry's efforts to engage with global audience and create positive image for India. However, the Committee is of the opinion that the focus of the Division should be expanded to include various walks of life to broaden its ambit and enhance its engagement with these countries and build upon the institutional initiatives undertaken by Government of India to intensify the constructive and positive engagement with the countries of these regions.

11. The Committee take note of Ministry's effort to provide Aid and Loan to neighbouring countries and developing countries under various heads. Apart from building very few mega-projects in neighbouring countries, the Ministry is engaged in Small Development Projects (SDPs) in these countries. However, for all other

countries the main focus of Ministry is to provide technical aid which is mainly focused on IT sector and capacity building of the personnel under International Technical and Economic Cooperation Programme. (ITEC Programme) The Committee are of the opinion that Ministry should evaluate the entire gamut of projects under 'Aid and Loans' and come out with the comprehensive review and a realistic, targeted blueprint with clearly stated aims and objectives encompassing developing countries of African and Latin American and Caribbean Countries as well as neighbouring countries.

The Committee are of the view that the Ministry should also focus on investment in projects for creating permanent assets particularly in the area of infrastructure. The Committee, therefore, desire that the Ministry should identify such projects that increase India's presence on a long term basis and citizens of a friendly country may feel India's presence as a friend in need. While making the investments, the attitude and affection of the people of that particular country should also be considered. The Committee also desire that alongwith the public sector, the Government of India should encourage, facilitate and channelize the energy of Indian private sector to increase India's presence in the African and Latin American regions. The Committee would like to reiterate that India should pay more attention towards these countries, in view of various competing influences operating in the region.

12. The Committee are informed that Tala Hydroelectric Project (HEP) in Bhutan is the only Plan project that has recently been completed. The Detailed Project Report Cost of Tala HEP was Rs. 1048 crores as per 1993 price level, which was revised to Rs. 3580 crores in September 2002. However, the final completion cost

of the project was Rs. 4125.84 crores in 2007. The Committee do not agree with Ministry's view that the Tala HEP was completed successfully in the best possible cost and timeframe and express anguish over such huge cost overrun in the project. The Committee strongly recommend that the Ministry should devote sufficient time for conducting adequate survey and investigation so as to frame more realistic estimates at the Detailed Project Report (DPR) stage so that such cost and time overrun may not recur.

The Committee would also like to draw the attention of the Ministry towards the low Plant Load Factor since the Tala Hydroelectric Project (HEP) started working and suggest to undertake technical review and appraisal before identification of any other Hydroelectric Project in the region. The Committee would like to advise the Ministry to seek the views of the experts in the field of HEP and consultants about the feasibility, long term sustainability and economic returns from the Hydroelectric projects in the region.

The Committee note that in the light of India's ambitious plan to double the target of hydro-power development in Bhutan to 10,000 MW for export in India by 2020 many more projects are expected to begin shortly. The Committee recommend that proper technical and feasibility studies including Environmental Impact and Risk Assessment, post-facto review and audit of the project should be undertaken and the entire process from identification to completion of the project should be evaluated vigorously.

13. The Committee note that MoU between the Government of India and Government of Nepal was signed in 2005 for implementation of various projects in Nepal but not much headway has been made so far. The Committee are aware of

the circumstances which have adversely affected the pace of implementation of various projects. However, the Committee urge the Government to speed up implementation of various programme for which agreements have been signed and execute the projects for creation of four Integrated Check Posts (ICPs). The Committee would also like to underline the importance of ICP projects in view of the change in political and security scenario within the region and desire that these should be executed on priority basis. The Committee are also of the view that once these ICPs are built, the Ministry should be able to identify and undertake more ICP projects in future.

14. Government of India has made various commitments and provides aid for relief, rehabilitation and reconstruction of war affected people and areas in Sri Lanka. The Committee have noted that as against the announcement of assistance of Rs. 500 crores, only Rs. 90 crores have been budgeted and Rs. 63.49 crores utilized. The Committee find that many of the projects are at the level of planning. The Committee are of the view that Government should identify and approve the project carefully keeping in mind the sentiments of people of Sri Lanka and initiate its execution in an efficient manner in consultation with various stakeholders so as to avoid cost and time overruns.

15. The Committee in their earlier Report have stressed upon the need to enhance India's engagement with Latin American and African countries. Besides being strategically and politically significant for India, these regions offer immense economic opportunities. The Committee take note of the start of the process of broad basing of India's economic activities in the region. The Committee would like to suggest that the Government should undertake and encourage Indian

private sector to take up studies like 'Syria Phosphate Feasibility Study'. The Committee are given to understand that the study will provide inputs on various requirements for developing mines and setting up of Joint Venture phosphate plants. India is already seeking participation in both of them. This will help India in securing fertilizer's resources from Syria. This will pave the way of entering into joint venture from the countries having fertilizer's resources all over the world including the African continent. The Committee are of the opinion that it is pertinent to diversify areas of India's economic engagement with these countries. India should leave an imprint in the field of economic cooperation with these countries.

16. The Committee note that the Ministry of External Affairs treats the 'Indian Technical and Economic Cooperation Programme' as a flagship programme of Government of India reflecting the true spirit of South-South Cooperation. But the enhancement in expenditure from Rs. 70 crores at BE 2009-10 to Rs. 85 crores at RE 2009-10 stage and BE 2010-11 at Rs. 100 crores is mainly due to revision in procedural expenditures. This shows that there is very little addition in projects/programmes being organized in these countries. The Committee are of the view that under the programme, Government must look beyond the IT sector to diversify and propel the programme to the next phase. In ITEC programmes India should capitalize on its expertise in other emerging sectors like pharma, biotechnology etc. that will also help in the capacity building in the recipient countries. The Committee also desire that the requests from these countries should get preference and if required fund allocation should be augmented at RE stage.

17. Economic Diplomacy has emerged as one of the key areas of engagement and an important instrument to enlarge India's sphere of influence within the developing and less developed countries. The Committee note that the allocation is made under two different heads, 'Investment and Technology Promotion' and 'Investment Promotion and Publicity Programme'. The Committee note that the objectives of these two programmes are different yet the Ministry has furnished overlapping replies regarding details of expenditure under these programmes. The Committee further note that the allocation for extending Line of Credits (LoCs) to developing countries is abysmally low. The Committee feel that in the era of competing influences over the less developed countries by emerging economies, the Ministry should adopt a more liberal policy towards extension of LoCs. The Committee suggest that efforts should be made to increase the allocation and it should be at least in tune with India's global aspirations.

The Committee take note of the new initiative undertaken by MEA called Market Expansion Activity. The Committee are of the opinion that MEA should formulate the basic frame-work before embarking on the project and approving the pending proposals. The Committee would like to suggest that in the era of increased economic engagement with the world, it is pertinent for Government to take such initiatives which enable India to look for economic opportunity across the continents.

18. The Committee recollect that in order to have an organized set up of Project delivery, an agency by name 'India-International Development Cooperation Agency' (IIDCA) was proposed to be set up in 2007-08. The Committee are

dismayed to note that Ministry of External Affairs has decided to drop the proposal and failed to convince DoPT even on the basic issues like the rationale behind setting up of India-International Development Cooperation Agency/Indian Agency for Partnership Development. Now it is proposed to meet the designed objectives by strengthening the concerned Divisions of MEA.

The Committee strongly feel that rather than dropping the proposal, the Ministry should have completed the basic ground work before approaching DoPT/ other Ministries or Cabinet. The Committee feel that since, a substantial part of allocation of the Ministry is used for International Projects, it is pertinent for Ministry to evolve an agency with holistic approach and futuristic outlook, equipped with due technical expertise in project delivery and stringent inbuilt monitoring mechanism. The Committee, therefore, desire that the Ministry should rethink about such an agency and move the proposal to establish Indian Agency for Partnership in Development, with clearly defined objectives, sufficient preparation and justification. An agency as proposed earlier may be put in place in order to have an organized set up of project delivery.

19. The Committee are happy to note that activities of ICCR have received a significant boost with its allocation of additional resources by the Government of India. In 2008-09, allocation was of Rs. 85 crores which was enhanced to Rs. 168.50 crores during BE 2009-10 but slightly revised at RE Rs. 149.54 crores. Budget allocation for 2010-11 is Rs. 150 crores. The Committee note that in view of increasing important role of ICCR, it will have to increasingly interact with private sector agencies for various purposes. Therefore, the Committee, expect that ICCR should overhaul present mechanism for identification of such agencies and artists.

For this purpose an Empanelment Committee is in position. This Committee should scrutinise all the proposals so as to make the entire process more transparent. The Committee also recommend that in-house monitoring mechanism should be built to oversee optimal utilization of resources.

20. The Committee note that the Passport Seva Project is still at the experimentation stage and repeated postponement in launching have raised many doubts about the future of the project. The Committee are not happy to note the developments in this regard nor the invoking of penalty clause on service provider placates the Committee. The Ministry has assured the Committee that the service provider has been sensitized on the importance of timely delivery of the project and after processing sizable number of applications smoothly, the date of launching of the project will be announced. The Committee take note of the efforts made by Ministry to ensure that there are no errors in the system, and want that due care should be taken to check the loopholes in the system. The Committee reiterate their earlier recommendation that Ministry should endeavour to launch the project at the earliest and also desire that the efforts should be made to ensure that the project attain the world class standard and flawless compliance as it deals with critical and sensitive matter of issuance of Passport.

21. Issuance of e-passport also called biometric passport is an ambitious project initiated by the Ministry in June 2008. The Ministry in Annual Report 2008-09 stated that based on the experience gained from the Pilot Project, it was proposed to start issuance of e-passports of ordinary category by the end of 2009. The Committee are given to understand that the inordinate delay in the launch of project is on account of non-procurement of e-booklets from Security Printing and

Minting Corporation of India Limited (SPMCIL) due to technical reasons. The Committee was further informed that the Technical Committee headed by Director General, NIC is in the process of freezing the technical specifications of inlays. The Committee, therefore, recommend that Ministry should coordinate with Technical Committee for an early finalization of technical specifications in the project followed by initiation of global tendering process so that the project becomes feasible and can be implemented on pan-India basis at the earliest possible opportunity. The Committee may be apprised of the progress made at regular intervals in this regard.

22. The Committee have repeatedly suggested that MEA should chalk out a comprehensive plan to either acquire suitable properties or to take up the matter with the respective State Governments for early allotment of suitable land for the construction of Passport offices as well as the residential complexes on priority basis. The Committee are deeply concerned to note that out of total of 37 Passport Offices, 19 Passport Offices are still functioning from rented buildings. Though 8 Passport Offices have already purchased land, the construction of their own building is yet to start. The Committee desire that due care should be taken in formulation of building designs and structure, based on futuristic projection of Passport Seva Kendras/e-passport and the increase in number of Passport Seekers and others availing of the services of Passport Offices. The Committee also reiterate that efforts should be made to acquire land for the rest of the Passport Offices at the earliest.

The Committee take note of the fact that various projects undertaken by the Ministry are not completed within schedule which results in huge cost and time overruns. The Committee desire that MEA should prepare stipulated timeframe to ensure quick execution and timely completion of projects. Stringent monitoring mechanism should also be put in place to avoid cost and time overruns and for ensuring optimum utilization of resources.

23. The Committee note that the idea of establishment of South Asian University was mooted in the year 2005 with huge expectations and was visualized as a major initiative to build upon the civilizational and historical linkages and the past shared experiences that will enable the countries of the region to rediscover and rebuild connectivity with the people of the region and reflect upon the commonalities of the region. The Committee note that the academic activities are expected to begin from August 2010 and the anticipated timeframe for the construction of University is 2014-15.

The Committee are, however, not satisfied with the progress made during the last five years. During this period, only land has been acquired for the University. For the namesake there is a proposal to start academic activities in August/September 2010 in rented premises. Draft Statute, Regulations, Academic Structure and Business plan have not been approved so far. The Committee expect that the University should emerge as a center of excellence which cater to academic as well as intellectual pursuits. The curriculum should range from the study of deeper and serious issues of Philosophy and Cultural Studies to the study of contemporary Social Science disciplines, Humanities, Management and Technical Studies. The Committee desire that a well thought out realistic blueprint

based on clear intent, aims and objectives for establishing the university and carrying out academic activities should be formulated before initiating any course randomly. The Committee want to be informed of the progress at regular intervals.

24. Nalanda University is an East Asian Summit (EAS) initiative. Nalanda Mentor Group (NMG) has come out with a plan for setting up of the University. The Committee observed that during BE 2009-10, Rs. 50 crores were allocated for Nalanda University which was reduced in RE 2009-10 to Rs. 1.00 crore. The Committee was informed that allocation was sought on the assumption that the proposed Bill would be passed but it could not happen due to postponement of East Asian Summit (EAS). The Committee have been informed that the draft Bill has been formulated. The Committee hope that the Bill will be tabled soon and all efforts are made to pass the Bill to put in place the proper legislative framework. The Committee are of the view that this is a very prestigious project and an important constituent in India's engagement with the East. The Committee, therefore, recommend that the project should not get delayed on account of any procedural reasons. The Committee desire that once the proposal is finalized for setting up of University is finalized by Nalanda Mentor Group, there should be quick and time-bound implementation of the same in an efficient manner.

The Committee are of the view that Nalanda University should be evolved as a centre of excellence and tool of deeper engagement within the region of East Asia and emerge as a facilitator in capitalising the soft power of India. The Committee feel that efforts should be made to evolve such a character and personality of this institution that it can match the historical significance of its name 'Nalanda'.

25. The Committee observe that India is committed to multilateralism in the conduct of international affairs, for which United Nations Organization is the basic institution. India's commitment is reflected in its role and proactive approach in UN Peacekeeping Force and UN Democracy Fund. India believes in strengthening of UN, for which the prime focus has been on United Nations reforms particularly in United Nations General Assembly and United Nations Security Council. The Committee would like to urge the Ministry to adopt proactive approach on the issue of reforms within the UN and engage with the other stakeholders and make coalition with countries who share the same views.

26. The Committee have been apprised of the security situation in Afghanistan. The Committee appreciate Government of India's resolve to engage in reconstruction of Afghanistan and its commitment towards pluralistic, democratic and united Afghanistan, despite all odds. However, the Committee would urge the Ministry to reexamine its strategy in Afghanistan in view of the changing perception about India in Afghanistan. The Committee are of the firm view that Government should undertake all steps to protect Indian citizens and interests in Afghanistan at all cost. The efforts of some countries to marginalize the role of India in Afghanistan should not be allowed to succeed.

NEW DELHI
15th April, 2010
25 Chaitra, 1932 (Saka)

Yashwant Sinha,
Chairman,
Standing Committee on External Affairs

**MINUTES OF THE FOURTEENTH SITTING OF THE STANDING
COMMITTEE ON EXTERNAL AFFAIRS HELD ON 30th MARCH, 2010**

The Committee sat from 1100 hrs. to 1400 hrs. in Committee Room B,
Parliament House Annexe, New Delhi.

Present

Shri Yashwant Sinha – Chairman

Members

Lok Sabha

2. Shri T.K.S. Elangovan
3. Shri Vishwa Mohan Kumar
4. Shri Rajendrasinh Rana
5. Shri Digvijay Singh
6. Shri Shivkumar Udasi

Rajya Sabha

7. Dr. Karan Singh
8. Dr. (Smt.) Najma A. Heptulla,
9. Shri Shreegopal Vyas
10. Shri Bharatkumar B. Raut
11. Dr. (Smt.) Kapila Vatsyayan
12. Shri H.K. Dua

Secretariat

1. Shri U.S. Saxena - Joint Secretary
2. Shri R.K. Jain - Director
3. Dr. Ram Raj Rai - Additional Director

Representatives of Ministry of External Affairs

Sl.No. Name & Designation

1. Smt.Nirupama Rao, Foreign Secretary
2. Shri Virendra Gupta, Director General, Indian Council for Cultural Relations.
3. Shri Ashok Tomar, Additional Secretary (Administration & Consular, Passport & Visa Division)
4. Shri K.N.Shrivastava, Additional Secretary (Financial Adviser)
5. Shri A.K.Goel, Joint Secretary (South)
6. Shri Vishnu Prakash, Joint Secretary (External Publicity)

7. Shri J.S.Mukul, Joint Secretary (Technical Cooperation)
8. Shri Y.K.Sinha, Joint Secretary (Pakistan, Afghanistan & Iran)
9. Shri P.M. Meena, Joint Secretary (Consular)
10. Shri K.S.Bharadwaj, Joint Secretary (Projects)
11. Shri S.C.Mehta, Joint Secretary (North)
12. Shri Rajiv Chander, OSD(Haj)
13. Shri H.V.S.Shringla, Joint Secretary (SAARC)
14. Shri Gautam Bambawale, Joint Secretary (East Asia)
15. Shri T.S. Tirumurti, Joint Secretary (Bangladesh, Sri Lanka, Myanmar)
16. Shri Ajay Bisaria, Joint Secretary (Eurasia)
17. Shri T.S.Sandhu, Joint Secretary (Administration)
18. Dr. Ausaf Sayeed, Joint Secretary (West Africa)
19. Shri Damu Ravi, Joint Secretary (Latin American and Carribbean)
20. Shri Y.C.Narang, Joint Secretary (Projects)-II
21. Shri S.N.Ray, Joint Secretary (Coordination)
22. Shri Suresh K. Reddy, Joint Secretary (Bangladesh, Sri Lanka, Myanmar)-II
23. Shri Amit Kumar, Director (Foreign Secretary's Office)
24. Shri T.N.Anantha Krishnan, Director (Public Diplomacy)
25. Shri Arun K. Chatterjee, Director (Finance)
26. Dr. T.V. Nagendra Prasad, Director (Passport, Visa)

2. At the outset, the Chairman welcomed the Members of the Committee and the representatives of the Ministry of External Affairs to the sitting of the Committee. The Chairman then drew attention of the witnesses to Direction 55(I) of the Directions by the Speaker, Lok Sabha.

3. The Committee then took evidence of the representatives of the Ministry of External Affairs in connection with examination of the Demands for Grants of the Ministry of External Affairs for the year 2010-2011 and discussed some important points in details, arising there from.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON EXTERNAL AFFAIRS HELD
ON 15TH APRIL, 2010**

The Committee sat from 1500 hrs. to 1530 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

Present

Shri Shreegopal Vyas – in Chair

**Members
Lok Sabha**

2. Shri Anto Antony
3. Shri T.K.S. Elangovan
4. Shri Vishwa Mohan Kumar
5. Shri Pradeep Majhi
6. Shri Pinaki Misra
7. Smt. Supriya Sule
8. Shri Shivkumar Udasi

Rajya Sabha

9. Shri Bharatkumar B. Raut
10. Dr. (Smt.) Kapila Vatsyayan

Secretariat

1. Shri U.S. Saxena - Joint Secretary
2. Dr. Ram Raj Rai - Additional Director

2. Due to other important Parliamentary engagement in the House, Hon'ble Chairman could not attend the sitting of the Committee. The Committee, therefore, designated Shri Shreegopal Vyas to chair the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee then took up for consideration the draft Reports on Demands for Grants of the Ministry of Overseas Indian Affairs and the Ministry of External Affairs for the year 2010-2011 respectively. The Committee adopted both the Reports without any additions/modifications. The Committee also desired that some more time should be given to study and discuss the Reports relating to Demands for Grants in future.

4. The Committee then authorized the Chairman to finalize the Reports and present the same to Parliament.

The Committee then adjourned.

