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**STANDING COMMITTEE  
ON EXTERNAL AFFAIRS  
(2012-2013)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF EXTERNAL AFFAIRS**

**DEMANDS FOR GRANTS  
(2013-2014)**

**TWENTIETH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*APRIL, 2013/VAISAKHA, 1935 (Saka)*

**TWENTIETH REPORT**  
**STANDING COMMITTEE ON**  
**EXTERNAL AFFAIRS**  
**(2012-2013)**

**(FIFTEENTH LOK SABHA)**

**MINISTRY OF EXTERNAL AFFAIRS**  
**DEMANDS FOR GRANTS**  
**(2013-2014)**

**Presented to Lok Sabha on 26<sup>th</sup> April, 2013**

**Laid in Rajya Sabha on 29<sup>th</sup> April, 2013**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

***APRIL, 2013/ VAISAKHA, 1935 (Saka)***

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**COMPOSITION OF THE COMMITTEE ON EXTERNAL AFFAIRS (2012-2013)**

**Sl. Name of Member**

**No.**

1. Shri Ananth Kumar - Chairman

**Lok Sabha**

2. Shri Anto Antony
3. Shri Sansuma Khunggur Bwiswmuthiary
4. Shri Bhudeo Choudhary
5. Shri Bhakta Charan Das
6. Shri Suresh Kalmadi
7. Shri Pradeep Kumar Majhi
8. Shri Jose K. Mani
9. Shri Gobinda Chandra Naskar
10. Shri Rakesh Pandey
11. Shri M.B. Rajesh
12. Shri J. Ramesh
13. Shri Rajendrasinh Rana
14. Shri Elangovan T.K.S.
15. Shri Francisco Sardinha
16. Dr. Bholu Singh
17. Shri Janardhana Swamy
18. Dr. Girija Vyas
19. Shri Sultan Ahmed \*
20. Shri Inder Singh Namdhari @
21. Vacant \$

## **Rajya Sabha**

22. Smt. Jaya Bachchan
23. Shri A.W. Rabi Bernard
24. Shri Murli Deora
25. Dr. Najma A. Heptulla
26. Shri Balbir Punj
27. Dr. K.P. Ramalingam
28. Dr. Karan Singh
29. Shri N.K. Singh
30. Shri D. P. Tripathi
- 31 Smt. Ambika Soni#

## **SECRETARIAT**

1. Shri U. S. Saxena - Joint Secretary
2. Dr. Ram Raj Rai - Director
3. Shri A. Sivanandam - Under Secretary
4. Ms. Kiran Bhargava - Sr. Executive Assistant

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\* Shri Manish Tewari ceased to be Member of the Committee consequent upon his appointment as Minister of State w.e.f. 28.10.2012 and Shri Sultan Ahmed is nominated w.e.f. 13.12.2012.

@ Dr. Shashi Tharoor ceased to be Member of the Committee consequent upon his appointment as Minister of State w.e.f. 28.10.2012 and Shri Inder Singh Namdhari is nominated w.e.f. 13.12.2012 .

\$ Shri Nama Nageswara Rao ceased to be Member of the Committee consequent upon change of nomination to Committee on Commerce w.e.f. 13.12.2012.

# Smt. Ambika Soni has been nominated to the Committee *vice* Dr. M. S. Gill who has been nominated to the Committee on Urban Development w.e.f. 27<sup>th</sup> December, 2012.

## 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 Twentieth Report of the Standing Committee on External Affairs (2012-2013) on Demands for Grants (2013-14) of the Ministry of External Affairs.

2. The Committee heard the views of the representatives of the Ministry of External Affairs at the sitting held on 9<sup>th</sup> April, 2013.

3. The Committee wish to express their thanks to the officers of the Ministry of External Affairs and others for placing before them the material and information that the Committee desired and also appearing before the Committee for placing their considered views before them in connection with the examination of Demands for Grants (2013-14).

4. The Report was considered and adopted by the Committee at their sitting held on 22<sup>nd</sup> April, 2013.

5. The Minutes of the sittings of the Committee held on 9<sup>th</sup> April, 2013 and 22<sup>nd</sup> April, 2013 are given in Appendix-I and II to the Report.

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

**NEW DELHI**  
**22 April, 2013**  
**02 Vaisakha, 1935 (Saka)**

**ANANTH KUMAR,**  
**Chairman,**  
**Standing Committee on External Affairs**

## **CHAPTER-I**

### **IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS**

The 14<sup>th</sup> Report of the Standing Committee on External Affairs on Demands for Grants of Ministry of External Affairs for the year 2012-2013 was presented to Lok Sabha and laid in Rajya Sabha on 08.05.2012. The Report contained 28 recommendations/observations.

1.2 In compliance of Direction 73-A of the Directions by the Speaker, the Minister of State for External Affairs made a statement in Lok Sabha on 25<sup>th</sup> April, 2012 giving the status of implementation of the recommendations made by the Committee in their 10<sup>th</sup> Report (15<sup>th</sup> L.S.). An analysis of the statement showed that out of 24 recommendations, the Government had accepted 24 recommendations. Out of these, 05 recommendations were implemented by the Government, 12 recommendations were under process of implementation and 07 recommendations were yet to be implemented.

1.3 On the basis of Action Taken replies received from the Ministry of External Affairs on the 14<sup>th</sup> Report, the Committee presented their 17<sup>th</sup> Report (Action Taken) to the Parliament on 30<sup>th</sup> August, 2012. The Committee, in their Action Taken Report have commented on the Action Taken replies furnished by the Ministry in respect of Recommendation Nos. 1,5,6,9,10,13,14,20,22,24 and 25 contained in the 14<sup>th</sup> Report. Final Action Taken Statement as furnished by the Ministry of External Affairs on the comments contained in the 17<sup>th</sup> Report was laid in both the Houses of the Parliament on 19.12.2012.



1.4 As, regards the status of implementation of the Committee's recommendations, the Foreign Secretary informed the Committee, during the course of evidence on the Demands for Grants (2013-14) as under:

“...We have noted the recommendations made by the Committee in its report for 2012-2013 and I would like to assure you that we are fully committed to implementing them.”

## **CHAPTER-II**

### **OVERALL BUDGETARY PROPOSALS**

#### **Background**

Ministry of External Affairs is mandated to frame and conduct the foreign policy of India with the aim to secure the country's fundamental security and strategic objectives under the dynamic circumstances and challenges of global politics and international relations. The Ministry has been building and consolidating India's political, economic, trade, commercial, cultural and consular relations with other countries. These objectives are shaped into action through bilateral, regional and international consultations both at Headquarters and abroad. The Ministry has 179 Missions/Posts abroad which constantly engage with the host governments as well as regional and multilateral bodies to pursue the objectives of India's foreign policy. The Ministry has also set up specialized offices across the world, and regional passport and branch offices in India. The Ministry is also responsible for the work of the Indian Council of Cultural Relations and the Indian Council of World Affairs.

2.2 The budget of the Ministry has both Plan and Non-Plan components though the share of the Plan funds is comparatively small. The Plan Budget of the Ministry is being allocated following a Cabinet decision taken in 1996. A noteworthy feature of the total budget has been its growth over the years, which is a reflection of the growing importance of India in global affairs and the

increasing functions of the Ministry. Both Plan and Non Plan components have seen an upward trend as can be seen from the table below:

(Rs. in Crores)

	BE 2012-13		RE 2012-13		BE 2013-14	
	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
Revenue	362	7261.97	482	7442	1531.5	8419
Capital	1138	900	1138	1000	1468.5	300
Total	1500	8161.97	1620	8442	3000	8719
Grand Total	9661.97		10062		11719	

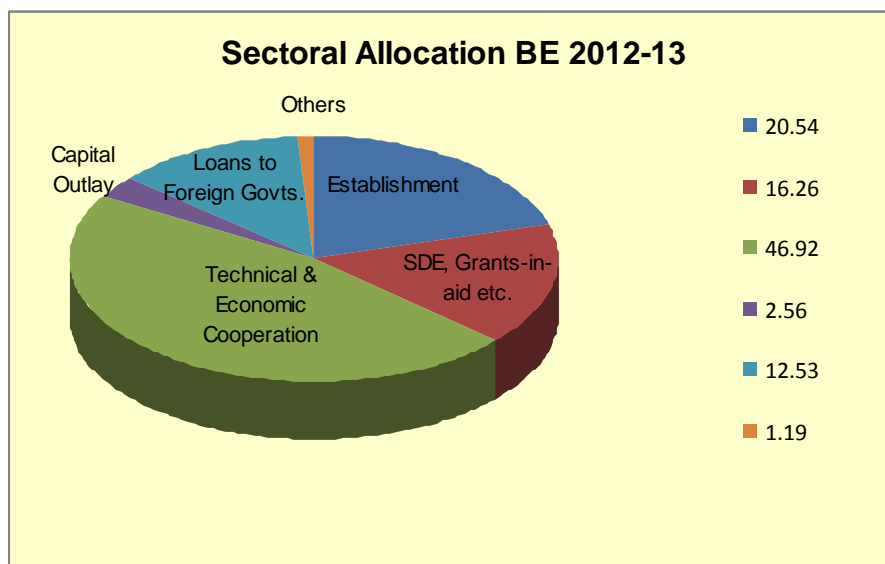
### A. Overall Budgetary Proposals

2.3 The BE 2013-14 has been pegged at Rs. 11,719 crores. It is Rs. 2057.03 crores more than BE 2012-13 of Rs. 9661.97 crores which is an enhancement of 21.29% over BE 2012-13 and 16.46% over RE 2012-13. It is Rs. 1657.00 crores more than RE 2012-13 of Rs. 10062.00 crores. Out of the BE 2013-14 of Rs. 11719 crores, Rs. 8719 crores is under Non-Plan and Rs. 3000 crores under Plan.

2.4 The budget of the Ministry for financial Year 2013-14 comprises of the following broad groups:

- i. Approximately 20.5% pertains to establishment costs i.e. expenditure on MEA Secretariat and Missions/Posts abroad as well as the expenditure on the overall establishment of the Central Passport Organisation;
- ii. Nearly 16.2% pertains to obligatory expenditure; such as expenditure on SDE, mandatory contributions to international organizations of which India is a member, Grants-in-aid to institutions;

- iii. Nearly 46.9% pertains to technical and economic cooperation with other countries;
- iv. Approximately 2.5% on the Capital Outlay of the Ministry;
- v. Loans to foreign Governments comprise 12.5%; and
- vi. Other expenditure approximately 1.1%



2.5 During the course of evidence, the Foreign Secretary dwelt upon the Budget Estimates and the expenditure trend and stated as under:

“We had sought a budget allocation of Rs. 19,228.64 crores in the Budget Estimates 2013-14 including a Plan component of Rs. 5,026.37 crores and Non- Plan component of Rs. 14,202.27 crores. Against this, the budget being considered by Parliament is Rs. 11,719 crore with a Plan Budget of Rs. 3,000 crores and Non- Plan budget of Rs. 8,719 crores. This is just Rs.1,657 crores more than our revised estimates of Rs. 10,062 crores for 2012-13.”

2.6 Regarding the provisional estimate of expenditure during 2012-13, the Foreign Secretary stated as under:

“Our provisional estimate of expenditure in the financial year 2012-13 is Rs. 9921.08 crore which is 98.6% of RE 2012-13. These are preliminary

estimates and the final expenditure figure would be available once the accounts have been compiled from all sources.”

2.7 The Foreign Secretary assured the Committee as under:

“we have scrupulously monitored expenditure to see that allocated funds are optimally utilized.”

2.8 Elaborating upon the situation during the financial year 2012-13, during the course of evidence, the Foreign Secretary informed the Committee as under:

“..... to summarise, the year 2012-13 proved to be a challenging year for us in our Budget management. Important high level international commitments had to be kept on hold, or partially implemented because of the lack of budgetary support. Our hydro-electric projects in Bhutan faced uncertain flows. We could not fully implement the CCS decision for 100 million dollar grant to Bangladesh. Under many budget heads contractors’ bills had to be rolled over to the next financial year. It was especially difficult for our missions and posts abroad whose full budgetary requirements could not be met. The rupee’s continued depreciation through the year further contracted foreign exchange availability. In our Budget demand for the fiscal year 2013-14, we have tried to keep in focus the current tight fiscal situation, however reduced allocations will impact on the fulfilment of some of our major international commitments. We are trying to address these budgetary constraints in consultation with the Ministry of Finance.”

2.9 While highlighting the problems faced by the Ministry in executing India’s International commitments, particularly in context of ongoing Hydro-electric Projects in Bhutan, the Foreign Secretary stated as under:

“In 2012-13, we were in the second successive year when we ran out of money towards mid-year. Towards end 2012-13, we were again allotted additional funds of Rs.400 crore against our request for Rs.907 crore.”

2.10 Regarding the revenue generated by the Ministry during 2012-13, the Foreign Secretary stated:

“During the financial year 2012-13, our revenues earned by Ministry from Passport, Visa and other services till the end of February 2013 were Rs. 3095.33 crore as against the last Financial Year 2011-12, when the revenue earned by the Ministry till the end of February, 2012 was Rs. 2,478.88 crore. This thus represents an increase of 25 per cent year-on-year.”

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

**(Rs in crores)**

Year	BE	RE	Actual Expenditure	Increase at RE Stage	Shortfall/Excess in Utilization of RE
2009-10	6293.00	6333.00	6290.78	40.00	-42.22
2010-11	6375.00	7120.00	7153.27	745.00	+33.27
2011-12	7106.00	7836.00	7872.76	730.00	+36.76
2012-13	9661.97	10062.00	-	400.03	-
2013-14	11719.00	-	-	-	-

The above table indicates that the initial budgetary allocations during the last 4 years were raised at RE stage. Yet, there has been a trend of excess of utilization of funds during the first two years i.e. 2010-11 and 2011-12. The revised allocation made during 2010-11 was Rs 7153.27 crores, which was Rs 745.00 crores more than the allocation made at BE stage. However, the actual utilization was excess, to the tune of Rs 33.27 crores. Similarly the revised allocation during 2011-12 was Rs 7836 crores which was Rs 730 crores more than allocations made at BE stage. Yet, over and above, the actual utilization was excess to the tune of Rs 36.76 crores. In 2012-13, there has been an increase of Rs 400.03 crores at RE stage pegging RE 2012-13 at Rs 10062 crores.

2.12 The Committee observed that the BE for 2011-12 was Rs 7106 crores, however, it was increased to Rs 7836 crores at RE stage. The Ministry was asked to elaborate upon the reasons for need of excess resources during the year 2011-12 and categorically explain as to how these additional resources were augmented. The Ministry in a written reply submitted as under:

“As detailed in the Supplementary Demands for Grants 2011-12, the additional funds were required for:

- (a) Settlement of bills pertaining to Air India and others for evacuation operations in Libya
- (b) For maintenance of aircrafts of Air india exclusively meant for VVIP travel
- (c) For recoupment of advance drawn from Contingency Fund for evacuation operations for Indians from Yemen
- (d) Providing Loans for ongoing hydro power projects in Bhutan
- (e) Providing Aid to Maldives as Standby Credit Facility
- (f) Grants in aid to ICCR

Additional funds of Rs 100 crores were made available in the third and final batch of supplementary Demands for Grants, taking the total available funds to Rs 7904.55 crore.”

2.13 While furnishing the reasons that necessitated considerable enhancement of Rs 400 crores of budgetary allocation for the year 2012-13 at RE stage and head-wise details and reasons for which this enhanced allocation was sought, the Ministry in written reply submitted as under:

”Funds allocated at BE stage (Rs 1138 crores) were exhausted in December 2012 and these projects were facing a grave situation due to paucity of funds. Rs 907 crores were required for the three ongoing Hydroelectric Power Projects (HEPs) in Bhutan viz., Punatsangchu I, Punatsangchu II and Mangdechu at RE 2012-13, out of which only Rs 400 crores were allocated at Second Supplementary stage. Rs 400 crores allocated have since been

released after passage of the 2<sup>nd</sup> Batch of Supplementary Demands for Grants 2012-13 (Rs 198 crores for Punatsangchu I, and Rs 101 crores each for Punatsangchu II and Mangdechu projects).”

2.14 While further elaborating upon the paucity of funds, Foreign Secretary during the course of evidence submitted that, since the hydro-electric power projects in Bhutan are ongoing projects, in previous year, some of the bills were kept pending for the beginning of financial year 2012-13. Resultantly, funds were exhausted by the end of 2012. Ministry of Finance was approached for additional funds and apprised of the situation. Only half of the desired funds were allocated, so certain bills were pushed for current year. Shortage of funds will result in a certain slowdown in completion of the projects. However, these projects need to be completed.”

2.15 The Committee has been recommending for even utilization of budgetary allocation during all the quarters. In this context, the Ministry furnished the following figures for Actual expenditure quarter wise for 2012-13:

(Rs. in crores)

Particulars	BE/RE 2012-13	Expenditure upto 30.6.2012	Expenditure upto 30.9.2012	Expenditure upto 31.12.2012	Expenditure upto 28.2.2013*
Total Budget available	RE 10062 crore	2668.48	4883.92	6566.01	7874.62

\* Final figures of expenditure for the period ending 31<sup>st</sup> March 2013 is under compilation.”

2.16 The Ministry in written reply assured the Committee that the Ministry is reasonably confident of utilizing the entire allocation of Rs 10062 crore in RE 2012-13. However the actual utilization would be known only after the appropriation accounts of 2012-13 are finalized.



2.17 Regarding the trends of expenditure and quarterly utilization during the last three financial years, the Ministry in written reply furnished the following figures and stated as under:

Particulars	Expenditure* upto 30 <sup>th</sup> June	Expenditure* upto 30 <sup>th</sup> Sep	Expenditure* upto 31 <sup>st</sup> Dec	Expenditure** upto 31 <sup>st</sup> Mar (final)
2009-10	1048.35 (16.66%)	2214.03 (35.18%)	3983.86 (63.31%)	6290.77 (99.33%)
2010-11	1182.24 (18.53%)	3274.21 (51.36%)	5030.99 (78.87%)	7154.54 (100.49%)
2011-12	2028.25 (28.54%)	3647.22 (51.33%)	5264.62 (74.09%)	7872.76 (100.47%)

\* Percentage of BE of respective year  
year

\*\* Percentage of RE of respective year

It is relevant to mention that aid programmes are influenced by the dynamics of diplomatic and political exigencies and, as a result, it is difficult to anticipate all the requirements accurately at the BE stage itself. The dynamics of undertaking projects in foreign countries are very fluid and therefore, it is susceptible to uneven expenditure.”

2.18 On being asked about the measures of economy that have been followed in Budget utilization over the years. The Ministry in written reply stated as under:

“The measures of economy as directed by the Ministry of Finance have been followed both in letter and spirit. These include reduction in the number of foreign delegations, reduction in the size of outgoing foreign delegations to a bare minimum, ban on purchase of official cars, ban on creation of new posts, monitoring of efficient utilization of funds in a cost-effective manner for projects abroad and other measures.”

2.19 The following table indicates the allocation for the BE 2012-13, RE 2012-13 and BE 2013-14 under the Section ‘Revenue’ and ‘Capital’ for ‘Plan’ and ‘Non-Plan’ expenditure:

(Rs in crores)

S/N	SECTION	BE 2012 - 2013		RE 2012 - 2013		BE 2013 - 2014	
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1	Revenue	362.00	7261.97	482.00	7442.00	1531.50	8419.00
2	Capital	1138.00	900.00	1138.00	1000.00	1468.50	300.00
	<b>Total</b>	<b>1500.00</b>	<b>8161.97</b>	<b>1620.00</b>	<b>8442.00</b>	<b>3000.00</b>	<b>8719.00</b>
	<b>Grand Total</b>	<b>9661.97</b>		<b>10062.00</b>		<b>11719.00</b>	

The Committee observed that under Non-Plan Capital Section, Budgetary allocation was increased from Rs 900 crores to Rs 1000 crores at RE stage during 2012-13. However, it has been drastically reduced to Rs 300 crores at BE 2013-14. While furnishing the reasons for reduced allocation, the Ministry in written reply stated as under:

“The Non Plan Capital section comprised of the following elements:

(Rs in crores)

Particulars	BE 2012-13	RE 2012-13	BE 2013-14
Capital Outlay on Public Works	275.00	200.00	225.00
Capital Outlay on Housing	75.00	100.00	75.00
Loans to Bhutan (Standby Credit Facility)	300.00	700.00	0.00
Loans to Maldives	250.00	0.00	0.00
<b>TOTAL</b>	<b>900.00</b>	<b>1000.00</b>	<b>300.00</b>

The augmentation of Rs 100 crore at RE stage was a net result of reduction of Rs 250 crore from Loans to Maldives, Rs 75 crore from Capital Outlay on Public Works and enhancement of Rs 400 crore under Loans to Bhutan and Rs 25 crore under Capital Outlay on Housing.”

2.20 The Ministry in written reply further clarified that enhancement of Rs 400 crore, was for extending Standby Credit Facility to Bhutan. Enhancement under Housing was for projects executed in Kabul, Islamabad, Abuja, Brasilia, Kathmandu, Dhaka etc.

2.21 The Ministry in written reply further elaborated upon the reason for overall enhancement in RE 2012-13 and stated as under:

“Enhancement in RE 2012-13 under Plan are for the additional funds of Rs 400 crore allocated under “Grants” for the three ongoing Hydroelectric Power Projects underway in Bhutan viz., Punatsangchu I, Punatsangchu II and Mangdechu. This was against a demand of Rs 907 crore in RE 2012-13. Enhancement under Non Plan was for extending Standby Credit Facility to Bhutan.

Enhancements in BE 2013-14 under Plan are for all Plan projects undertaken by the Ministry and for token allocations under each of five new Hydroelectric Power Projects in Bhutan. Enhancements under Non Plan are broadly for Establishment heads of Headquarters, Embassies/Missions and Regional Passport Offices, Contributions to International Organisations under ‘International Cooperation’, Technical and Economic Cooperation (Aid heads) etc.”

## **B. Plan Outlay**

2.22 The Committee noted that as compared to BE 2012-13, the allocation under BE 2013-14 is substantially enhanced under ‘Plan’. As compared to the RE 2012-13, the allocation under BE 2013-14 has increased by 85% (Rs 1380 crore). During the course of evidence, the Foreign Secretary elaborated upon the reasons for seeking enhanced allocation and informed the Committee as under:

“The Plan budget of the Ministry has been fixed at Rs 3,000 crore in BE 2013-14, against the demand of nearly Rs 5,026.37 crore. This increase in the Plan Budget was sought from the Planning Commission mainly owing to the progress in the construction of the ongoing hydro-electric projects (HEPs) in Bhutan as well as the new hydro-electric projects to be initiated in Bhutan and the progress expected in the implementation of the ongoing projects in Myanmar, Afghanistan, and the construction of the Nalanda University in India.”

2.23 While further elaborating and furnishing the justification for the increase, the Ministry in post-evidence written reply stated as under:

“A major portion of increase in allocation of Plan funds in BE 2013-14 compared to BE 2012-13 is due to enhancements for the three ongoing Hydroelectric Projects (HEPs) in Bhutan. The increase in BE 2013-14 under Plan is by Rs 1500 crore over BE 2012-13 and by Rs 1380 crore over RE 2012-13. Additional allocation has also been made for Nalanda University project in anticipation of commencement of construction activity (Rs 125 crore). The remaining funds have been allocated for 5 new HEPs in Bhutan (Rs 1 crore of token allocation), Kaladan Multimodal Transport project in Myanmar (Rs 250 crore) and Doshi Charikar substations project in Afghanistan (Rs 100 crore). Allocations have been tabulated below for ease of reference:

	(Rs in crore)		
	<b>BE 2012-13</b>	<b>RE 2012-13</b>	<b>BE 2013-14</b>
Punatsangchu I HEP	500	698	735
Punatsangchu II HEP	478	579	900
Mangdechu HEP	160	261	885
5 new HEPs	0	0	5
Kaladan Multimodal Transport Project	220	65	250
Doshi Charikar substations project	127	5	100
Nalanda University	15	12	125
<b>TOTAL</b>	<b>1500</b>	<b>1620</b>	<b>3000</b>

2.24 Under the Capital Section, ‘Plan’ Head, the budgetary allocation for BE 2012-13 and RE 2012-13 was kept at the same level as Rs 1138 crores. However, in BE 2013-14, it has been increased to Rs 1468.50 crores. While elaborating upon the reasons for enhanced allocation during RE 2013-14, the Ministry in written reply submitted as under:

“This amount of Rs 1468.50 crore relates to the Loan portion of the India’s contribution towards the Hydroelectric Power projects underway in Bhutan. An allocation of Rs 2525 crore has been made for the Hydroelectric projects, out of which Rs 1506.50 crore has been allocated under “Grants” portion (Major Head 3605) and Rs 1468.50 crore has been allocated under “Loans” portion (Major Head 7605).

2.25 On the Committee’s query, the Ministry in post-evidence written reply clarified as under:

“Under the Capital Section, in ‘Plan’ head entire allocation of Rs. 1468.50 crores during BE 2013-14 is devoted only to the projects for Bhutan.

The breakup of the allocation under Capital Head under Plan in BE 2013-14 is as follows:

(Rs in crore)

Project name	Allocation under BE 2013-14
Punatsangchu I HEP	286.60
Punatsangchu II HEP	549.00
Mangdechu HEP	632.90
<b>TOTAL</b>	<b>1468.50</b>

### **C. Non-Plan Outlay**

2.26 In the Revenue Section, under the ‘Non-Plan’ Head, there has been an increase in budgetary allocation in RE 2012-13 as well as BE 2013-14 which is Rs 7442 crores and Rs 8419 crores respectively. While elaborating upon the reasons for seeking enhanced allocation during RE 2012-13 and BE 2013-14 and

furnishing a detailed note on the heads of expenditure and allocation for each purpose, the Ministry in written reply submitted as under:

“The broad reasons for enhancement under Revenue/Non Plan in RE 2012-13 were as under:

- (i) Additional expenses under Establishment heads of Headquarter (MH 2052);
- (ii) Additional allocation under Salaries for Embassies & Missions;
- (iii) Additional allocation for South Asian University;
- (iv) Additional allocation for payment of Maintenance Cost of Air India Aircraft used for VVIP Travel;
- (v) Additional allocation for payment of grant assistance of US\$ 50 million to Government of Bangladesh; as per the decision of CCS, India is to provide US\$ 200 million of grant assistance to Bangladesh in four equal instalments, two in FY 2012-13 and the remaining two in FY 2013-14. CCS had stipulated that first instalment would be provided out of MEA’s existing budget provision in BE 2012-13. While MEA managed to disburse the 1<sup>st</sup> instalment of US\$ 50 million in Feb. 2013, the 2<sup>nd</sup> instalment could not be released in 2012-13 as no additional funds were provided by Ministry of Finance despite the demand being made in 2<sup>nd</sup> Batch of Supplementary Demands for Grants. Therefore, provision of US\$ 100 million has been made in BE 2013-14 for disbursement of 3<sup>rd</sup> and 4<sup>th</sup> instalments, while the funds for 2<sup>nd</sup> instalment are yet to be provided by Ministry of Finance. The demand has been conveyed to Ministry of Finance for the same for provision of funds at the earliest.”

2.27 The Ministry in written reply further stated that

“During the Second Batch of Supplementary Demands for Grants, an additional amount of Rs 400 crore was sanctioned for the various ongoing Hydroelectric Power Projects in Bhutan.”

2.28 While elaborating upon the reasons for increase in budgetary allocation during RE 2012-13 and the actual expenditure made under this head, the Ministry in written reply submitted as under:

“The brief reasons for additional requirement under Non Plan head during 2012-13 are as below:

- (a) Payment of Rs 400 crore as additional funds towards Standby Credit Facility to Bhutan and
- (b) Payment of Rs 73.73 crore towards Maintenance cost of VVIP aircraft to Air India.

These payments were to be made out of Ministry’s own budget, therefore these had to be accomplished by way of “Technical Supplementary” grants.”

2.29 The Committee noted that as per the information furnished by the Ministry, the 2<sup>nd</sup> installment of grant assistance to Bangladesh could not be released in 2012-13 as no additional funds were provided by Ministry of Finance despite the demand being made in 2<sup>nd</sup> Batch of Supplementary Demands for Grants. In this context, the Committee desired to know about the efforts made by the Ministry for timely release of funds and whether all the additional requirements would be supported by the proposed marginal enhancement. The Ministry in post-evidence reply explained as under:

“In the BE 2013-14, provision for the 2<sup>nd</sup> and 3<sup>rd</sup> instalments of US\$ 50 million each has been made. Ministry of Finance has already been requested to provide an additional US\$ 50 million for the remaining portion of the grant assistance.

It may be stated that Ministry had projected a demand of Rs 14202.27 crore under Non Plan for BE 2013-14. The allocation provided is Rs 8719 crore. It may be seen that the allocation has been lower than the requirements projected by the Ministry. It will not be possible to meet all the additional requirements .....under this marginal enhancement of 3.28% in BE 2013-14 over RE 2012-13 under Non Plan.”

2.30 During BE 2013-14, budgetary allocation under ‘Non-Plan’ Head has been marginally increased to Rs 8719 crores compared to BE 2012-13 for Rs 8161.97 crores and RE 2012-13 of Rs 8442 crores. While furnishing the broad reasons for enhancement in BE 2013-14 over RE 2012-13, the Ministry in written reply stated as under:

- (a) “Payment of US\$ 100 million as grant assistance to Govt. of Bangladesh..... provision of US\$ 100 million has been made in BE 2013-14 for disbursement of 3<sup>rd</sup> and 4<sup>th</sup> instalments, while the funds for 2<sup>nd</sup> instalment are yet to be provided by Ministry of Finance.
- (b) Additional funds allocated under “Aid to Nepal” towards Terai Road Project, Rail Link projects, Integrated Check posts, Embankment project, Small Development projects, and various other projects.
- (c) Additional funds allocated under “Aid to Myanmar” towards Trilateral Highway project, Rhi-Tiddim Road project, Tamu-Kalewa-Kalemyo (TKK) Road project, Establishment of Myanmar Institute of Information Technology and various other projects.
- (d) Additional funds allocated under “Aid to African Countries” towards implementation of projects committed under India-Africa Forum Summit (IAFS);
- (e) Additional funds allocated under “Sri Lanka – Other Aid Programmes” towards Housing project for the Internally Displaced Persons (IDPs);
- (f) Additional funds allocated under ITEC/SCAAP schemes towards training programmes;
- (g) Additional funds allocated under Investment Promotion and Publicity Programme towards Interest Equalisation Support to be extended to EXIM Bank etc.”



**2.31** The Committee observe that the Ministry of External Affairs had sought an allocation of Rs. 19,228.64 crores, including the Plan component of Rs. 5026.37 crores and Non-Plan component of Rs. 14202.27 crores. However, the Committee are dismayed to note that the proposed budgetary allocation for the Ministry for the financial year 2013-14 is pegged at only Rs. 11719 crores including the Plan budget of 3000 crores and Non-Plan budget of Rs. 8719 crores. The Committee express their concern at serious under-resourcing of the Ministry of External Affairs whose budgetary allocation and staff strength do not commensurate with the global nature of its responsibility and emerging & expanding arenas of engagement. The Committee note that there is a vast gap between the requirements and actual resources available at the disposal of the Ministry.

The Committee, therefore, strongly recommend that the budgetary allocation of the Ministry must be substantially enhanced and prioritized so that the Ministry is able to fulfill its role in domestic and global arena.

**(Recommendation No. 1)**

**2.32** While analyzing the budgetary allocation of the Ministry of External Affairs, the Committee, observe that it is dismally inappropriate as compared to the mandate assigned to the Ministry. Though, the total outlay for the Ministry for the financial year 2013-14 is Rs. 11719.00 crores yet interestingly, out of the total allocation, Rs. 7343.23 crores, which is 62.66% of total allocation is in nature of mandatory/obligatory expenditure in view of India's international commitments as it includes 'Contributions to International Organization', 'Technical and Economic Cooperation', 'Loans to Foreign Governments'. Only Rs. 4375.77 crores is available with the Ministry that too includes Rs. 1320.00 crores earmarked for 'Special Diplomatic Expenditure' which is discretionary in nature and is not readily available to Ministry for its internal use and Rs. 209.12 crores are earmarked for 'Grants to institutions'. Hence, in real terms only Rs.

**2846.65 cores are available to the Ministry to cater to its mandate of conducting India's foreign policy, maintenance of its international relations via establishment of 179 Missions/Posts and rendering of services by Missions/Passport Offices and all other establishments including Indian Cultural Centres/Chairs across the world and conduct diplomacy, political, economic and cultural and maintain high level of services rendered by these offices in India and world and engage with various academic and research institutes. The Committee note that the Ministry has been functioning under immense financial pressures and is hindered in performing upto the expected level due to financial constraints. The Committee, therefore, take a serious note of the state of affairs and recommend that the Ministry must take up the issue of low allocation of funds with Ministry of Finance.**

**(Recommendation No. 2)**

**2.33 The Committee are distressed to note that high level international commitment had to be kept on hold or partially implemented due to lack of budgetary support. The Committee are appalled to note that due to budgetary constraints Government of India was unable to fully implement Cabinet Committee on Security (CCS) decision for 100 million US\$ grant to Bangladesh in pursuance of announcement of a grant of US\$ 200 million to Bangladesh made during the bilateral visit of then Finance Minister in May 2012. The Committee further note that the 2<sup>nd</sup> installment could not be released in 2012-13 as no additional funds were provided by the Ministry of Finance, despite the demand being made in 2<sup>nd</sup> batch of supplementary demands. The Committee also note that resources were augmented for the 1<sup>st</sup> installment from within the already allocated resources of the Ministry.**

**The Committee have taken a very serious note of the Ministry of Finance's refusal to grant funds for timely release of 2<sup>nd</sup> installment for grants to Bangladesh, though, it was provided later at the fag-end of the financial year. The Committee are of the opinion that the Ministry of External Affairs should pursue the matter further and CCS must be apprised of the situation. The Ministry of External Affairs must ensure arrangement for funds for 3<sup>rd</sup> and 4<sup>th</sup> installment. The Committee further recommend that the payment of grant to Bangladesh must not be delayed on account of budgetary constraints.**

**(Recommendation No. 3)**

**2.34 The Committee find that in several case, the MEA has not been able to provide funds for the projects committed and announced by the Head of States/Government/Ministry of External Affairs on strategically important visits to the foreign countries due to budgetary constraints. The Committee, therefore, desire that a separate head may be created for India's International Commitments announced by the Head of State/Government/Minister of External Affairs at international fora, wherein it should be mandatory for Ministry of Finance to provide funds for fulfillment of such commitments without any scope of discretionary reduction of allocation by the Ministry of Finance or the Planning Commission.**

**(Recommendation No. 4)**

**2.35 The Committee note that as part of the inter-governmental model, three ongoing hydro-power projects in Bhutan have faced serious shortage of funds and it is really unfortunate that for second successive year, the funds for three hydro-power projects in Bhutan have exhausted mid-year. The Committee are appalled to know that due to problems in timely release of funds, the project authorities in one of the projects have to**

face difficult situation even in releasing salary for its employee. The Committee acknowledge the Ministry's endeavour to augment funds from internal sources by re-appropriating funds allocated for various projects so that the work in these ongoing projects do not come to a halt. The Committee also opine that innovative ways of financing based on securitization of the likely revenue stream from such hydel power may be explored to obviate the paucity of resources. The Committee, however, desire that the Ministry should endeavour to ensure timely release of funds for ongoing projects, as delay in release of funds will result in slow pace of work leading to gradual cost escalation and also affect the prestige of India in the commity of nations.

(Recommendation No. 5)

2.36 The Committee have been finding discrepancy in the Budget documents furnished by the Ministry and bringing it to the notice of the Ministry particularly the issue of variation in the figures contained in various documents or within the documents. But several discrepancies have been noted by the Committee in the budget documents submitted to the Committee and have been accepted by the Ministry. The Committee, therefore, reiterate that the Ministry must be cautious in furnishing information to the Committee and must ascertain correctness of information while furnishing the documents and the replies to the queries raised by the Committee.

(Recommendation No. 6)

**CHAPTER-III**  
**SECTORAL ALLOCATION**

**Sectoral Allocation** -The Sectoral allocation for Ministry of External Affairs during RE 2012-13 and BE 2013-14 is as under:

<b>Allocation (in Rs Crores)</b>		
<b>Sectors</b>	<b>RE 2012-13</b>	<b>BE 2013-14</b> <b>(Proposed)</b>
MEA Secretariat	241.93	270.67
Embassies & Missions	1589.83	1683.23
Passport & Emigration	560.93	453.48
Special Diplomatic Expenditure	1185.00	1320.00
Contributions to International Organisations	271.61	376.23
Grant to Institutions	199.44	209.12
Technical & Economic Cooperation	3633.93	5498.50
Capital Outlay	300.00	300.00
Loans to Foreign Governments	1838.00	1468.50
Others	241.33	139.27
<b>Total Budget</b>	<b>10062.00</b>	<b>11719.00</b>

3.2 While furnishing the reasons for increase in allocation under the head Embassies and Missions, Special Diplomatic Expenditure as well as Technical and Economic Cooperation, the Ministry in written reply stated as under:

“Allocation under BE 2013-14 in Embassies and Missions has increased by Rs 93.40 crore as compared to RE 2012-13 primarily on account of enhanced allocation under Salaries and Rent, Rates and Taxes (RRT) heads. It may be mentioned that the expenditure under Salaries also includes various components such as Children’s Educational Allowance, Salaries of Local Staff, Representational Grant, Foreign Allowance etc.

Allocation under BE 2013-14 in Special Diplomatic Expenditure is as per functional requirements. The expenditure is discretionary in nature.

Allocation under BE 2013-14 in Technical and Economic Cooperation has been enhanced .....

#### **A. Secretariat General Services**

3.3 The Major Head 2052, Secretariat General Services provides for expenditure on the Secretariat of the Ministry of External Affairs, Foreign and Domestic Travel Expenses, Expenditure on Public Diplomacy and Press and Media Relations at Headquarters. The BE 2013-14 has been increased by 18.94% to the tune of Rs 270.67 crores. In this context, the Committee desired to know about the efforts that have been made by MEA to introduce cost effective measures and management tools in managing its Establishment. The Ministry furnished details of measures that have been adopted to introduce cost effective management of Establishment and in written reply further submitted as under:

“MEA has been introducing appropriate technological solutions and modern means of communications for finding more efficient solutions at lower costs, including for delivery of various services. Some salient efforts in this direction include:

- (i) Implementation of the IT-driven Immigration, Visa and Foreigners Registration and Tracking Project (IVFRT), already introduced in 130 Missions/Posts abroad providing facilities for online submission and processing of visa applications;
- ii) Integrated Missions Accounting Software (I-MAS), operationalized in nearly all Missions/Posts abroad for better monitoring and management of budgetary allocation and expenditure virtually on real time basis;
- iii) In 73 Missions, the processing of visa/passport /consular services has been outsourced to professional service providers, which aims at not only making the system more efficient but also user friendly;
- iv) All Indian Missions/Posts abroad have been linked through the electronic communication channels providing a system of information exchange on a real time basis at negligible cost; and
- v) The personnel and administrative data base is being progressively built in digital form for easy storage and retrieval. All these measures are primarily meant for enhanced efficiency at lower cost.”

3.4 Regarding the initiative being taken for regular updation of the content and integration for websites of Indian Missions and Posts, the Ministry in written reply submitted as under:

“The web portal project launched by the Ministry of External Affairs mandated revamping of all websites of the Ministry to create a uniform image of the Ministry in the digital space as well as integration of the websites of various Indian Missions with the official portal. As of date more than 100 missions have already successfully integrated their web pages with the official MEA website ([www.mea.gov.in](http://www.mea.gov.in)). The administrative control of the integrated webpages rests with the individual missions themselves thus enabling them to directly upload information on their assigned webpages. Work on redesigning of all websites of the Ministry is currently underway and nearly a dozen websites have already been revamped. The redesigned websites are more user friendly and also enable easy and regular updation.”

3.5 In the post-evidence written reply, the Ministry further elaborated as under:  
“the work of redesigning of all websites of the Ministry was taken up as part of the Web Portal Project launched by the Ministry with the objective of providing a uniform, corporate look and feel to all websites of the Ministry so as to have a standard image for the Ministry in the digital space with which users from across the world can associate with.

Standard templates have been circulated to our missions/ posts and all of them have been asked to initiate action in this regard and complete the migration to the new design at the earliest. They will be reminded to speed up action on this matter.”

3.6 In the post-evidence written reply, the Ministry assured the Committee that other remaining missions are in the process of integrating their web pages with the MEA web portal which is expected to be completed very soon.

**3.7 The Committee observe that MEA is in the process of revamping all the websites of the Ministry under its web portal project. Standard templates have been circulated to all Missions and Posts and they have been asked to integrate themselves with the official portal as per new design. But only 100 Missions have integrated their web pages with the official web site of MEA. Under the project a dozen websites of the Ministry have already been redesigned and others are yet to be undertaken to make them more user friendly. The Committee note that the presence of several websites of the Ministry creates confusion and user is unable to get complete information at one place. The Committee have been frequently asking the Ministry to create one integrated website of the Ministry with focused links rather than a multiplicity of websites. The Committee hope that after completion of the process of integration and revamping of websites at the earliest, the Ministry would constantly upgrade their website and make it user friendly, easily accessible and interactive.**

**(Recommendation No. 7)**



3.8 The Committee noted that in terms of Digital Diplomacy, the Ministry became the first Central Government Organisation to proactively use social media sites such as Twitter, Facebook and Youtube to engage the younger generation in India and abroad to create awareness about various dimensions of India's international cooperation and diplomacy. The webfeeds have been followed eagerly and has facilitated interactive dialogue among the users of these social websites on India's foreign policy and other issues.

3.9 In light of Ministry's presence in social virtual space, the Committee desired to know about the precautions being undertaken by the Ministry to ensure security of its accounts from hackers. The Ministry in written reply submitted as under:

“The EG&IT Division has taken initiative to frame “Guidelines for Safe Use of Social Media”. The draft guidelines have been vetted by IB and Cert-In and are in the final stages of consultation with in the Ministry.”

**3.10 The Committee note that India's diplomatic efforts have led to global engagement at governmental level. The Ministry's efforts are supplemented by Public Diplomacy, Press and Media Relations. The Committee also acknowledge the Ministry's digital presence in social media. The Committee are of the opinion that in the information age, the virtual social space has provided a unique platform to the Ministry to engage with the public and particularly the young generation. The Committee, therefore, desire that the Ministry should adopt a holistic approach and coordinated efforts must be made in this direction. The Committee, however, would like to emphasize and caution the Ministry that diplomatic paradigms and stringent digital safety standards are adhered to. The guidelines being prepared for safe use of social media should be finalized at the earliest and the Committee should be informed accordingly.**

**(Recommendation No. 8)**

## **B. Embassies and Missions**

3.11 There are 182 Indian Missions and Posts abroad. India maintains diplomatic relations with all member states of the United Nations. In as many as 127 countries, India has resident diplomatic missions, which additionally cover 74 countries through the arrangement of concurrent accreditation. Heads of Missions and other officers regularly visit the countries under their concurrent accreditation and provide a permanent link for promoting India's overall relationship with these countries, including rendering all necessary services to the members of Diaspora. Some 36 of these countries also have resident Honorary Consulates. A full resident Mission/Post is established in a country based on a variety of reasons including larger national interest, reciprocity, functional requirements, presence of Diaspora, trade and commercial relations.

3.12 Under the sub-head Embassies and Missions, the budgetary allocation during BE 2013-14 has been enhanced to the tune of Rs 1683.22 crores as compared to BE and RE 2012-13 of Rs 1526.23 crores and Rs 1589.83 crores respectively. Regarding the Government of India's policy regarding opening of new Embassy/Mission/Post, the Ministry in written reply submitted as under:

“A resident Mission/Post is established in a country based on a variety of reasons including larger national interest, reciprocity, functional requirements, presence of diaspora, trade and commercial relations. Resident Mission/Post abroad are established with the approval of the Union Cabinet.”

3.13 While further elaborating on the issue, the Ministry further stated as under:

“India already has an extensive resident diplomatic presence in a large number of countries. However, given India's growing international profile and presence, there have been some proposals/requests for setting up more residents missions abroad. These proposals are considered carefully in keeping with the countries overall geopolitical and other interests.”

3.14 In the post-evidence reply, the Ministry submitted that at present, no additional proposal has reached a stage for consideration of opening new resident Mission.

3.15 The Committee desired to know about the efforts being made by the Ministry to keep check on the quality of services being rendered by Indian Missions/Posts and system of conducting any inspection in Missions and Posts in order to have a real view of the quality of services being rendered by them. The Ministry in written reply submitted as under:

“Since 2004, the Ministry has set up a Directorate General of Inspections (DGI) with the main objective of critically evaluating the activities/services and functioning of Indian Missions/Posts abroad.

Yes, the Government reviews the working of Indian Missions/Posts abroad through inspections.”

3.16 The Ministry also furnished a list of inspections carried out during the last 3 years (2010-11, 2011-12 and 2012-13). However, the list included inspections done upto May 2011 and did not mention any inspection after the date. In written reply, the Ministry further submitted that in addition to the full-fledged inspections by the Directorate of Inspections, a number of inspections have also been carried out for administrative, establishment and consular matters. Moreover, regular inspections are carried out of various missions and posts abroad from the security viewpoint. On the Outcome of such exercise the Ministry stated as under:

“The inspections are a means to undertake an overall evaluation of the functioning of Missions/Posts .....Recommendations of the Inspection Teams are taken up for implementation by the Mission/ Divisions concerned in the Ministry. Follow up action on various recommendations is taken periodically.

The inputs provided by the Missions on various aspects of their functioning help the Inspection Teams in suggesting ways of removal of procedural shortcomings and better management of human resources.

The inspection process helps the Missions in addressing wide-ranging issues of their concern including proper utilization of budgetary allocations, preparation and implementation of their annual action plan, providing timely service to PIOs/NRIs etc.”

3.17 The Committee desired to know about the internal mechanism to monitor all the instructions issued by the Headquarters reach the Missions/Posts on time/immediately and are followed across its establishment particularly regarding Consular and visa services. The Ministry in written reply stated as under:

“All instructions regarding passport, visa and consular fees are issued by e-mail/e-gram/fax and acknowledgement of receipt sought. This ensures that instructions are received promptly. Copies of instructions are sent by diplomatic bag also. Missions and Posts are also required to send a monthly consular proforma certifying that the latest instructions on passport, visa and consular fees are being followed.”

3.18 As per information furnished by the Ministry, in 73 Missions, the processing of visa/passport/consular services have been outsourced to professional service providers. Furnishing the justification for outsourcing of visa services, the Ministry in post-evidence reply submitted as under:

“In order to reduce congestion of visa applicants in the Embassy complex, to create a better security environment in the Embassy, the visa related peripheral work has been outsourced. This would enable the officers of the Mission/Post to devote the time in policy and security related work pertaining to grant of visas. All the policy and security related matters regarding visas are handled by authorized India based officers only.”

3.19 On Committee’s query regarding legal hurdles faced by the Ministry in its efforts for visa outsourcing, the Ministry in post-evidence reply stated as under:

“There have been no legal hurdles for implementation of the outsourcing of visa services scheme from any foreign government or private agencies. There have been no court cases abroad by vendors. Out of the 73 Missions/Posts abroad where visa services have been outsourced, only 5 court cases have been filed so far in India. Four of which have been

resolved. The fifth one, which was filed recently, is still under hearing. All the cases were filed by the aggrieved companies, which is not unusual.

Ministry has issued instructions to all Indian Missions/Posts to give detailed reasons for disqualification of the bidding companies and to demonstrate transparency and fair-play in the tender process by strictly adhering to Ministry's instructions.”

3.20 The Committee desired to know whether any adverse reports have come to light regarding non-transparency or application of lack of due diligence in the procedure for selection of service providers for outsourcing of visa services by MEA. The Ministry categorically stated in the post-evidence reply that there have been no adverse reports from any agency in this regard. The Ministry further furnished details of the measures undertaken by the Ministry to remove deficiency in the procedure as well as the entire system from issuing of tenders for selection of service provider, negotiating terms and conditions etc. and making the system more economical, efficient and transparent.

3.21 The Committee observed that the Ministry has to deal with several private firms particularly for outsourcing of visa process/passport process and participation of private sector in various projects. The Committee desired to know whether Ministry has any Standard Operating Procedure in this regard and whether there is any particular Division to deal with issue of tenders, evaluation of bids, selection of service providers, deciding on terms and conditions and to ensure that the decided terms and conditions are adhered to. The Ministry in post-evidence reply stated as under:

“ Ministry has issued detailed guidelines regarding outsourcing of visa/passport/consular services. Ministry also has issued revised model tender documents, i.e Invitation for Bids, Request for Proposal and Agreement. Ministry's guidelines and model tender documents form a standard operating procedure.”

The Ministry further stated that CPV Division of the Ministry of External Affairs in consultation with Legal & Treaties Division issues guidelines and prepare model tender documents and furnished details of tendering process.

**3.22 Indian Missions/Posts form India's resident diplomatic presence in the host country. In light of India's growing international profile and presence, during the meetings with the Committee, various foreign delegations visiting India have expressed their desire to have Indian Mission/Post in their country and several such requests are pending in the Ministry. But, the Committee have been informed that no new proposal has even reached at a stage of consideration of opening of new resident Mission. In this context, the Committee have a view that such proposals should be extensively examined on priority basis and after due diplomatic and other considerations, the Ministry must come to a decision in each case and such efforts should not be stalled or delayed atleast due to financial constraints.**

**(Recommendation No. 9)**

**3.23 The Committee are of the view that the Missions/Posts must be empowered to cater to various demands according to the changing profile of the role and job which is expected to be fulfilled by the Missions/Posts. The Committee take note of the Ministry's efforts in regard to taking stock of the changing functional and human resource needs of the Missions/Posts through O&M study and conduct of regular inspections. The Committee, however, express their dissatisfaction over non-availability of any report of inspection in Missions/Posts since May 2011. The Committee, therefore, desire that there should be a regular review and inspection of functioning of Missions/Posts particularly on the parameters of overall functioning, coordination mechanism between the Headquarters, Missions and other Ministries, channels of communication and implementation of Ministry's instructions/directions in most efficient and diligent manner. Simultaneously,**

**Ministry should also ensure that due resources, physical and human, are provided to the Indian establishments abroad so that they are able to maintain minimum standards and deliver standard services. The Committee would further like to reiterate that Ministry must ensure due training to the officers/staff about local legalities as well as soft skills and the system should be made more responsive to the needs of the people seeking information/services from the Missions/Posts.**

**(Recommendation No. 10)**

**3.24 The Committee note that the Ministry is regularly and increasingly dealing with private parties particularly, in view of outsourcing of visa process/passport process and participation of private sector in various projects. The Committee, however, observe that there is neither any specific Standard Operating Procedure to be followed in that regard nor there is any separate Division to deal with issue of tenders, evaluation of bids, selection of service providers, deciding on terms and conditions and to ensure whether the related terms and conditions are adhered to or not. The Committee, therefore, are of the view that the Ministry must develop a mechanism or create a sub-division to have a uniform and coordinated approach by creating standard operating procedures and to look into the nitty-gritties of the entire process. The Ministry must ensure regular monitoring and evaluation of services in a due diligent manner. The Committee further suggest that the Ministry should adhere to stringent norms and exercise transparency in the process pertaining to tendering and outsourcing while giving paramouncy to the security concerns.**

**(Recommendation No. 11)**

### **C. Establishment Strength**

3.25 On being asked about the efforts being made by MEA to access the requirements of human resources at Headquarters as well as Missions/Post or any other Establishment of MEA and the efforts being made by the Ministry to fasten the pace of its expansion programme, the Ministry in written reply submitted as under:

“The need for optimal requirement of human resource keeps changing with India’s expanding and diversifying global role, and the Ministry of External Affairs regularly monitors such changes and adjusts its personnel strength for meeting these needs to the extent possible. In addition to the standard system of inspections of the working of the various Missions/Posts abroad and the work study conducted by O&M Branch for the Headquarters, the Ministry remains constantly alert to the changing functional and human resource needs of the Ministry as a whole. In view of the fact that MEA maintains its diplomatic establishments in over 180 different stations globally, with varying geopolitical situations, challenges, needs and opportunities, deployment of a right mix of human resource is a very dynamic and challenging process, sometimes requiring day to day monitoring and assessment. An important feature of this analysis and assessment for quite some time has been the pressing need for larger human resource base for effectively addressing the growing demands and expectations. For meeting these needs more effectively, there have been two major initiatives in the recent past, namely, the IFS Expansion Plan and the IFS (B) cadre review. The officer level positions under this plan are to be primarily filled through three different routes, i) direct recruitment through UPSC; ii) departmental promotion, and iii) lateral induction through the deputation route. As far as direct recruitment and departmental promotions are concerned, the Ministry is largely up to date in terms of utilizing these additional posts. As regards deputation route, the Ministry has been fairly successful in sourcing the expertise it needs from other specialized cadres and line ministries. So far, around two dozen officers have joined the



Ministry through this route. The Ministry is also fairly up to date for conducting departmental promotion committees for implementing the IFS (B) cadre review, including the downstream recruitment through the Staff Selection Commission.”

3.26 When asked about the ‘Medium Term Expansion Plan’ as well as scheme for lateral entry upto certain level, the Ministry in written reply submitted as under:

“In August 2008, the Union Cabinet approved a medium term Expansion Plan for the Indian Foreign Service spanning over ten years from 2008 to 2018, adding a total of 514 new positions, a majority of them being at the diplomatic level. These new posts will be filled through three different channels, namely, a) direct recruitment through UPSC, b) departmental promotion, and c) induction through deputation.”

3.27 On the lateral entry scheme and the feedback from concerned authorities regarding the role and efficiency of the human resources sourced via lateral entry scheme, the Ministry in written reply submitted as under:

“.....These two dozen officers have been carefully selected and deployed in such divisions in the Ministry where they could make optimal contribution to the working of the MEA as also gain experience from their own exposure to the various specialized aspects of India’s foreign policy... The Ministry’s experience has been very positive as these deployments have resulted in generation of much greater synergy in the Ministry’s in-house human resource capability, so much so, that the tenures of some of the officers have been sought to be extended for mutual benefit. This process is still in the initial stage and with the passage of time, the Ministry expects a much better and effective match making between its requirements and the specialized qualifications offered by the selected candidates.”

3.28 The Committee observed that the total number of posts in Group A and Group B, Officers/staff is 7346, while the number of employees in position is 5761. In this context, the Committee desired to know the reasons for gap of 1585

which is 21.5% of the total present sanctioned strength and the measures being taken by the Ministry to rectify the situation. The Committee further noted that the estimated strength in Group A and Group B, officers and staff is stated to be 7397 in 2013 and 7448 in 2014 respectively and desired to know the reasons for enhancing the sanctioned strength, when the Ministry is unable to fill the already sanctioned posts. The Ministry in written reply submitted as under:

“The Ministry closely plans and monitors its overall human resource requirements and seeks to enhance or relocate posts depending upon the actual ground needs from time to time. Given the expanding global role and engagement of India, the Ministry had worked on several initiatives for expanding its overall strength. This was primarily done through the IFS Expansion Plan, which aims to add a total of more than 500 positions over a period of ten years and the IFS (B) Cadre Review, which has added close to 400 new positions in one go. While the posts have been created, recruitment against the same takes time. This has become the main source of a relatively large gap between the approved and the operative strength. However, this is a temporary phenomena, as the Ministry is regularly filing its indents with the recruiting agencies, namely, UPSC and SSC, and exploring other possibilities of induction. Accordingly, the Ministry hopes to narrow this gap in the next couple of years... Incidentally, officers taken through the outsourcing/consultant route do not count towards the normal operative strength thereby giving an impression of a larger gap.”

3.29 While furnishing the data on approved and operative strength of the IFS cadre and the progress made so far under the IFS induction plan, the Ministry in post-evidence reply submitted as under:

“Approved strength of Indian Foreign Service is 845 and the operative 734. This is excluding the indents currently under process both for direct recruitment as well as departmental promotion. The Ministry has been able to utilize the direct recruitment and departmental promotion route to the full

extent and under the lateral entry there have been over two dozen cases of deputations through the ex-cadre route.”

3.30 The Ministry in post-evidence reply furnished the same reasons for the shortage and furnished the figure for the number of posts category-wise and number of persons in position under each category as under:

“Counting all the Cadres in the Ministry including the subordinate/attached cadres namely, from ICCR, CPO and ex-cadre posts, the broad break-up is as follows:

Group A: has 1887 employees against an approved strength of 2553.

Group B: has 3874 employees against an approved strength of 4793.

..The principle reasons for the gap between the approved and operative strength are, a) time lag between creation of posts under the IFS Expansion Plan and the IFS(B) Cadre Review and the actual filling up through various recruitment channels; b) difficulty of finding suitable candidates against vacancies in specialized cadres; c) backlog vacancies in various reserved categories; d) while outsourced short-term employees are taken in lieu of the vacancies in various cadres, they are not actually counted against the operative strength.”

3.31 The Committee noted that the Ministry is also resorting to induction through the deputation route under the Expansion Plan as also through outsourcing of manpower including consultants. in light of the nature of Ministry’s work, the Committee desired to know about the measures that are being taken by the Ministry of ensure the credentials of outsourced staff. The Ministry in post-evidence reply submitted as under:

“The outsourced staff is taken for junior level positions. In addition to the police reports in each case, their antecedents are also verified through the Bureau of Security. Moreover, they are deployed in non-sensitive locations and functions.”

3.32 However, the Committee noted that during the examination of Demands for Grants, the Ministry has stated that the measures of economy as directed by

the Ministry of Finance have been followed by the Ministry in letter and spirit including ban on creation of new posts. Yet, the Ministry has been assuring the Committee time and again regarding expansion of its cadre. The Committee desired to know the factual position in this regard, both in terms of recruitment at Officer level and downstream recruitment. During the course of evidence, the Foreign Secretary submitted as under:

“The ban on creation of posts is a general policy but within we have taken cabinet approval for an expansion in the IFS cadre starting from 2008 and continuing up to 2018. We are in mid-point in it. What we require to do is that every year also go back to the Ministry of Finance and say that we have the approval of the Cabinet and this is how the plan is working and in this particular year we will be expanding by the given figure for that particular year. So far we have been able to sustain it.”

3.33 The Committee made note of instances of vacant ambassadorial position in Indian establishment abroad. The Ministry furnished details of the general policy in this regard and elaborated upon the reasons for non timely filling of the vacant positions. On the instances of appointment for ambassadors from within the Ministry but belonging to other cadres than IFS, the Ministry in post-evidence reply submitted as under:

“Heads of Missions are appointed in keeping with India’s overall priorities, the requirement in a particular diplomatic mission and suitability of the officers. On most occasions, officers belonging to Indian Foreign Service are appointed as Heads of the Mission. However, under rare and exceptional circumstances and situations, officers belonging to other cadres of the Ministry have also been appointed as Heads of Mission.”

3.34 The Committee desired to know about the Government of India’s policy regarding locally recruited staff in Missions/Posts and the special measures being undertaken by local Missions to ensure that Indian security/interest are not compromised. The Ministry in written reply submitted as under:

“Understanding of India’s global partners and interlocutors is key to the successful working of the MEA. The Ministry tries to achieve this goal through multiple means, i.e., regional specialization amongst its own cadre; linguistic skills; training programmes & capacity building, etc. An important link in this chain is the local cadre which acts as an important bridge with the local people and authorities, in addition to providing some degree of continuity and linguistic expertise. There are standard guidelines for recruiting local employees, which aim to combine the functional needs of Indian Missions/Posts abroad with the local labour norms to the extent possible. As regards security clearance of the locally recruited staff, in addition to normal precautions taken by the concerned Missions/Posts abroad, the antecedents of such candidates are also verified through the Ministry’s Bureau of Security.”

3.35 On Committee’s further query, the Ministry submitted that there have been isolated instances of general misconduct/indiscipline by some local staff and that Missions have taken prompt corrective actions.

**3.36 The Committee in their deliberations and Reports over the years have expressed serious concern over the lower establishment strength of the Ministry but there is no satisfactory improvement. The Committee once again observe that there is a huge gap between the actual number of employees and approved strength in Group A & B services. As against the total number of 7346 posts, 5761 employees are in position. The Committee are not convinced with the reasons furnished by the Ministry for such gap. The Committee, therefore, desire that sincere efforts should be made by the Ministry to take up the matter with the Ministry of Personnel and Training to fill the vacant posts at the earliest. The Committee also take note of the ‘Medium Term Expansion Plan’ and various methods for induction through different channels. The Committee, however, are not convinced with such**

slow pace of expansion of service spanning over ten years. The Committee would like to suggest that the Ministry must approach the Ministry of Personnel and Training with fresh proposals for further expansion in the cadre of the Ministry in both Gazetted as well as Non-gazetted posts during a shorter period. The Committee make a note of the lateral entry scheme to build in-house capacity within the Ministry and appreciate Ministry's efforts for recruitment of experts for Technical Cell in Projects Division as well as Development Partnership Administration (DPA). The Committee, however, note that the present approach of lateral induction and those with domain knowledge at various levels both in Headquarter and in Embassy is far too slow. In Committee's view with such approach, shortage of personnel will continue to handicap the Ministry's work. The Committee, therefore, desire that lateral induction must be substantially accelerated at various levels through contractual or deputation so that in the course of the next three years, the current shortages are substantially overcome. However, the Committee would like to caution the Ministry that while engaging the experts, through deputation or outsourcing consultants, the Ministry must give due consideration to the security and diplomatic aspects. The Committee suggest that Ministry should come up with innovative ways for attracting the desired expertise and specialists to conduct various activities in view of increased arenas of diplomatic engagement particularly in terms of emerging contours of economic and environmental diplomacy.

**(Recommendation No. 12)**

3.37 The Committee take note of the reports of several vacant Ambassadorial positions and do not find any transparent policy and justification in this regard. The Committee are of the view that a proactive approach should be adopted by the Ministry and they should come up with the practice of announcement for placement of Ambassadors well in advance in cases of anticipated vacancies on account of retirement etc. The Committee also expect the Ministry to ensure due regard to the policy in matters of

**appointment of Ambassadors for an efficient carrying out of diplomatic responsibilities.**

**(Recommendation No. 13)**

#### **D. Training**

3.38 Under the Major Head 2061, External Affairs, in the minor Head 'Training' provision is made for anticipated expenditure on the activities of the Foreign Service Institute (FSI) for various training/Professional Courses. However, there has been a continuous trend of decline in allocation at BE as well as RE stage.

3.39 While elaborating upon the efforts being made by the Ministry for capacity building within the organization to deal with the dynamic and involving international situation and expanding areas of engagement between countries across the world on bilateral, regional and global level, the Ministry in written reply submitted as under:

“In view of the ever-changing global situation and emerging challenges, adaptation of human resource is an important requirement. The Ministry of External Affairs has put in place a fairly extensive capacity building programme for its employees at all levels. Foreign Service Institute (FSI) was specifically created in the mid 80's for meeting this specialized need. Foreign Service officers go through an elaborate two to three years training programme at the induction stage including proficiency in one of the major foreign languages. Thereafter, the officers are put through several stages of mid career training, at the level of Director and Joint Secretary. Officers are also encouraged to attend specialized training programmes conducted at premier national and international institutions/universities/centres of excellence relevant to the Indian Foreign Policy issues. In tune with the provisions of the national training policy, the Ministry is also working on a comprehensive revision of its own training framework, which would aim to impart requisite skills right from the level of induction till some of the highest positions in the Ministry.”

3.40 The BE 2013-14 is pegged at the same level as BE 2012-13 i.e. Rs 8.53 crores. The Committee note that in the past, during BE 2011-12 budgetary allocation was Rs 9.82 crores which was reduced to Rs 7.00 crores during RE 2011-12. On the same pattern, the original allocation during BE 2012-13 was reduced to Rs 8.53 crores which was further reduced to Rs 7.02 crores during RE 2012-13. On being asked by the Committee, the Ministry in written reply furnished figures for the expenditure on OAE, i.e. training in the last three years has been as follows:

**(Amount in Rs. Crores)**

	2010-11	2011-12	2012-13
BE	6.50	3.1	3.29
RE	3.1	3.5	3.29
Actuals	1.83	2.63	3.29 (anticipated)

3.41 The Ministry in written reply further clarified as under:

“As can be seen, the actual expenditure on training has been consistently increasing. The reason for lack of utilization of funds in 2010-11 were (i) non-materialization of one planned PCFD during 2010-11 (Rs. 1.3 crore) and (ii) Pruning projected expenditure on boarding/lodging and internal travel of trainees of PCFD (Rs. 1.78 crores).”

**3.42 The Committee feel that in view of the evolving strategic and dynamic diplomatic and the ever evolving technological scenario, there is a need to arrange regular orientation programmes for the personnel of MEA and endeavour for in-house capacity building and expertise. The Committee, therefore, desire that the Ministry should come up with a comprehensive training policy in tune with the provisions of national training policy and futuristic orientation and expand the horizon for training and multi-**



**disciplinary approach to accommodate the evolving needs of diversified nature of diplomacy.**

**Moreover, in context of the Ministry's efforts for induction of personnel through various channels, the Committee would like to suggest that before posting, such personnel must be sensitized about the nature of Ministry's job and its diplomatic engagement through orientation or small duration training programmes, even if such personnel are engaged for purely technical jobs in Technical Cell of Projects Division or even in Development Partnership Administration. The Committee further desire that alongwith Foreign Service Institute (FSI), Indian diplomats must be exposed to global institutes of eminence so that Indian diplomats are more in tune with global academic, intellectual and diplomatic discourse.**

**(Recommendation No. 14)**

## **CHAPTER-IV**

### **PASSPORT SERVICES**

The Consular, Passport and Visa (CPV) Division of the Ministry provides passport services through Central Passport Organization (CPO) and its network of Passport Offices and Passport Seva Kendras (PSKs). Under the minor Head, 'Passport and Emigration', the budgetary allocation during BE 2012-13 was Rs 583.73 crores which was reduced to Rs 560.93 crores at RE stage. It has further been reduced to Rs 453.48 crores at BE 2013-14.

4.2 During the course of evidence, the Foreign Secretary elaborated upon the Passport Offices and Passport Seva Projects and submitted that:

“All Passport Offices have been computerized and they now issue machine-readable passports. E-official and E-diplomatic passports were also issued by the Ministry.

Passport Seva Project (PSP) is one of the principal projects undertaken by the Ministry to bring about qualitative and quantitative improvement in Passport services to the citizens of India. By June 2012, all the planned 77 Passport Seva Kendras (PSK) were set up and operationalised in the country.”

4.3 The Committee noted that as per the information furnished by the Ministry, due to opening of 77 Passport Seva Kendras (PSKs) the general establishment is on the rise and the Ministry is unable to fully accommodate these requirements on account of budgetary constraints. The Committee desired to know about the financial impact of Passport Seva Project and opening of PSKs, alongwith the additional budgetary allocation sought for PSKs, including maintenance of PSKs etc. The Committee further desired to know about the financial implications of involvement of a service provider i.e. TCS in Passport Seva Project. However, the Ministry in written reply submitted a general brief on Passport Seva Project only. On Committee's insistence during the post evidence, on the same issue, the Ministry submitted as under:

“The Ministry in connection with implementation of PSP, has spent Rs.122.57 crores from 1-4-2006 to 31-3-2013. Besides this, it is estimated that an expenditure of Rs.154.92 crores may be incurred by the Ministry during FY 2013-14 on account of payment to the STQC, NISG, CDAC, MTNL, India Post, TCS, setting up of mini-PSKs and Professional Services.

Consequent upon opening of PSKs, additional financial liability towards Establishment expenses has accrued on account of (i) Rental/maintenance @ Rs.1.40 crores per annum for additional space hired for 4 co-located PSKs in Dehradun, Shimla, Raipur and Ranchi, (ii) more power tariff on account of air-conditioning etc, in the other 5 co-located PSKs and (iii) TA/DA payable by the RPOs to staff as they have to be rotated between the PSKs and RPOs.”

4.4 The Ministry further submitted the figures on account of additional budgetary allocation sought for PSKs and including maintenance of PSKs etc. and stated that the financial implications of involvement are of TCS in Passport Seva Project are not readily available and are being ascertained from the RPOs concerned.

4.5 While elaborating upon the concept of co-located PSKs, the Ministry in post-evidence reply submitted as under:

“The Union Cabinet had accorded approval to launch of Passport Seva Project (PSP) in September 2007 including setting up of 68 Passport Facilitation Centres later known as Passport Seva Kendras (PSKs) in the country. Subsequently, as per the RFP published in October, 2007 for the implementation of PSP, in addition to 68 PSKs approved by the Union Cabinet, 9 co-located PSKs were also envisaged at Bhubaneswar, Ranchi, Guwahati, Panaji, Jammu, Srinagar, Shimla, Raipur and Dehradun as the passport demand from these areas was lower compared to that from others in the country ...It was also laid down in the RFP that it would be obligatory for the Ministry, to provide the co-located sites to the Service Provider. The Service Provider was entrusted with the designing and furnishing these sites

in consultation with the Ministry, set up the hardware and software and make these operational as laid down for other PSKs.

Though as per the RFP, the co-located PSKs were to be accommodated within the premises of the existing Passport Offices, but during the implementation of the Project, for practical reasons, it was not found possible to locate some of the new PSKs in the premises of the existing Passport offices. The charges towards rentals of co-located PSKs are not being met by the SP in accordance with the provisions of RFP.”

4.6 Under the Passport Seva Project, a new online portal [passportindia.gov.in](http://passportindia.gov.in) has been created to offer passport services. In this context, the Ministry in written reply submitted as under:

“The older website [www.passport.gov.in](http://www.passport.gov.in) has been kept operational as the Diplomatic/ Official passports issued by CPV Division, HQs, are still served from the previous (pre-PSP) system. The migration of Diplomatic/Official passports into PSP application issued by CPV, HQs is under progress and would be completed shortly. As soon as it is completed the old website would be completely closed down. It is submitted that all other individual websites of each Passport Offices served through the old website i.e. [www.passport.gov.in](http://www.passport.gov.in) have been closed down and there is no more conflicting information. Entire passport services and other travel documents related information are now centrally available in PSP website i.e. [www.passportindia.gov.in](http://www.passportindia.gov.in) .”

4.7 The Committee desired to know about the status of establishing the connectivity between RPO/PSK in all the States and all the district police Headquarters and whether in some States no connectivity has been established till date. The Ministry in written reply submitted as under:

“All the RPOs/PSKs are connected with Multi Protocol Label Switching (MPLS) leased line connectivity in back-up mode to the Passport Seva Data Centers located in Delhi and Chennai. The minimum bandwidth provided to each of these links is 2 Mbps. The Service Provider (SP) would increase the bandwidth if needed, as per the RFP/MSA. The connectivity to the District Police Headquarters (DPHq) is not in the scope of work of PSP/MSA. Providing DPHq connectivity is incumbent on the State Police Authorities. It has, however, been observed that the DPHQs which are integrated with PSP system are having broad-band internet connectivity (minimum 512 Kbps) available.

..... the DPHQ police connectivity is the responsibility of the State Govts and is outside the scope of PSP/ MSA. However, to address this critical issue, a DGP level meeting was organized with each State before the launch of PSP in the respective State to brief them about the PSP’s requirement for expediting the police verification process. The senior officers MEA briefed the respective DGPs about the processes involved and the readiness required from States for on-line connectivity of PSP system with respective DPHqs. It was also conveyed to them that Service Provider (M/s. TCS) would provide required ICT infrastructure, broadband internet connectivity, consumables and data entry operators at State Police Headquarter (SPHq) level as per the scope of the RFP provided the State is ready to start at least SPHq model, bringing some changes in the police verification process which would make digital movement of PV process up to SPHq level.”

4.8 The Committee sought data regarding connectivity of RPO/ PSKs with DPHq/SPHq. Regarding the efforts that have been made by the Ministry of External Affairs on the issue of establishing connectivity with DPHq/SPHq since 2010 and whether the issue has been taken up with respective State Governments, the Ministry in post-evidence reply further submitted as under:

“..... Ministry is in continuous touch with the States where neither SPHQ nor DPHQ model is deployed and has been urging them to implement the same. The respective RPOs are instructed to follow-up with the concerned State Police to expedite the same.”

4.9 Elaborating upon the success in reducing the time taken in police verification where the connectivity has been established, the Ministry in post-evidence reply further stated as under:

“It is submitted that the States where DPHq/SPHq model has been taken up, the progress is highly encouraging. In the States/UT like Delhi NCT, Andhra Pradesh , Punjab, Tamil Nadu, Kerala, police verification process is completed now in 14 to 30 days. In the other States are completing the PVR varying from 30 to 150 days.”

4.10 The Committee desired to know whether all the Missions/Posts are connected with the Passport Seva Project website as well as Central Passport Organization website, if any. The Ministry in post-evidence reply further submitted as under:

“All the Missions/Posts have been given access to Passport Central Database (PRIDE) for checking Index/PAC matching (duplicity and other backgrounds of the applicants) before granting decision is taken by PIA. Missions/Posts are also given access for undertaking DRIL (damaged, revoked, impound, lost) analysis/process. However, issuance of Passports and related services are still rendered through the old application supported by NIC. The applicants’ data from Missions/Posts is transferred to PRIDE through data migration process from the old system. Work is in progress for bringing Missions/Posts under the Passport Seva Application for issuance of passport related services during the CFY 2013-14.”

4.11 The Committee further desired to know whether the passport file and the related data generated at Missions/Embassy have also been scanned electronically and added to the Central Data Base and the efforts that have been made by the CPV Division in this regard. The Ministry in written reply submitted as under:

“The passport file and the related data generated at Missions/Posts having considerable volume of consular documents are scanned electronically and added to the Central Data Base. In this regard, a global tender for “Creation of image retrievable database” (as was done for the passport applications submitted in Passport Offices in India since 2002), was advertised in June 2011 and after completion of various formalities/documentations, was awarded to a panel of 3 vendors.

In the first phase, the work commenced in 5 Missions at London, San Francisco, Dubai, Abu Dhabi and Riyadh in 2012, having nearly 50% of the total anticipated volume of consular documents to be digitized and with continuous intake of high volume. The digitization job has nearly finished in these Missions and the data scanned has been added to the Central Data Base. In the IInd phase, this project is going to commence in another 34 Missions/Posts having high volume of consular documents. This project would ultimately lead to a central repository of the data, easy retrievability of the files and uniformity all over the world.

In these Missions/Posts where digitization job has been completed, would get this job done from the outsourcing agency to whom the consular job has been awarded, using same parameters for the purpose of continuity of this digitization project.”

**4.12 The Committee are concerned to note that there is no connectivity between the Central Passport Organization (CPO) and the Missions/Posts and the Missions/Posts have access to Passport Central Data (PRIDE) only to check data but passport related services are rendered by Mission/Post only through old system and that the process of data migration from old system to**

**new system is done and the work is in progress for bringing Missions/Posts under the Passport Application System. The Committee, therefore, strongly recommend that the Ministry should prepare a dedicated action plan and implement it with a fixed time frame for establishing connectivity between the Headquarters and Missions/Posts as well as with the Passport Seva Application.**

**The Committee are concerned that the Ministry is only in initial phase of the digital process in the project for ‘creation of image retrievable database’ and the Ministry is yet to embark on the phase-II which includes capturing of data only of 34 Missions/Posts. The Committee, therefore, strongly recommend that the Ministry should expedite the process of digitization of data, across its establishments. The Committee also desire that the Ministry must take necessary steps on urgent basis for data management in the Missions/Posts.**

**(Recommendation No. 15)**

4.13 While furnishing the details of expected time of completion of the work and the measures that have been taken to ensure that security of data is not compromised with, the Ministry in post-evidence reply further submitted as under:

“.....we expect this project to complete by early 2014. The Ministry has obtained the security clearances of the vendors and their employees from the concerned agencies in India. The scanning project at the Missions/Posts is done only at their premises. No documents have been allowed to be taken out side the Missions/Posts premises. A non-disclosure agreement has been signed between the Ministry and the vendor has been signed, according to which the vendor will not use, copy to external storage devices, extract, manipulate or retain the electronic and paper files. The Missions/Posts have also been instructed to ensure that the staffs hired for this project by the vendor are security cleared.”



4.14 Regarding the opening of Mini PSKs in the state of North-Eastern Region, the Ministry in written reply submitted as under:

“....with the view to secure greater outreach and providing speedier passport service to applicants, the Ministry is committed to setting up 16 mini-PSKs now known as Passport Seva Laghu Kendras (PSLKs) ....Since in the RFP relating to PSP, there was no provision for setting up PSLKs, the expenditure on PSLKs has to be entirely borne by the Ministry. As regards North-East, a PSLK is already functional in Aizawl. Civil and electrical works is under way at PSLK Shillong. A location for setting up a PSLK in Gangtok has been identified. The work for locating PSLK Agartala is in advanced stage.”

4.15 In context of Ministry's reply, the Committee desired to be acquainted with a time-line for the identified Mini PSKs in North Eastern Region, the Ministry in post-evidence reply stated that in view of the multiplicity of factors governing setting up and operationalisation of mini-PSKs, it is not possible to indicate any time line in this regard.

**4.16 The Committee observe that the Ministry has opened all the 77 Passport Seva Kendras (PSKs) in various States but several Passport Seva Kendras/Regional Passport Offices(RPOs) are still not connected online with State Police Headquarters or District Police Headquarters in many states. Due to such situation in those states, police verification still takes time of 30-150 days. Therefore, the main objective of Passport Seva Project i.e. reducing the time period for police verification process is not being achieved. Though, the Committee understand that it is primarily the responsibility of the State Governments, yet the Ministry or RPOs have to pursue the matter with police authorities in those States The Committee, therefore, desire that the Ministry/RPOs should sincerely follow the issue with respective State Governments and Police Authorities continuously and impress upon them the need and importance of establishing online**

**connectivity between PSKs, RPOs and the Police Headquarters, as by Ministry's own admission wherever DPH/SPHq. model exist, the results have been very encouraging.**

**The Committee would like to be assured that the new procedures for issuance of passports have substantially benefitted the potential applicants. However, an objective external assessment may be undertaken by any reputed consultant to study and track passport issuance to ascertain the cases of delay and adopt such changes necessary for the benefit of passport applicants.**

**(Recommendation No. 16)**

**4.17 The Committee have been pursuing the matter of establishment of Mini PSKs in North-Eastern States. The Ministry had assured the Committee that Mini PSKs would be established in Aizwal by 2010 and in other States of North-East by December, 2011. However, the Committee note that Mini PSK has been established only in Aizwal after much delay in 2012 and all the other PSKs in North East are yet to be established. As per the information furnished to the Committee, the work is in progress at Passport Seva Laghu Kendra (PSLK) at Shillong, while at Gangtok and Agartala only the location has been identified. The Ministry is still silent on the establishment of PSLK or Mini-PSK in other States of North-Eastern Region and has also shown its inability in providing defined timelines for the establishment of these PSLKs. The Committee deplore such approach of the Ministry and strongly recommend that Ministry should expedite its efforts to ensure establishment of all the PSLKs/Mini-PSKs in North-Eastern States at the earliest though active engagement with State Governments for overcoming the problems with creative solutions.**

**(Recommendation No. 17)**

## **e-Passport**

4.18 e-passport project was a highly ambitious project of Ministry of External Affairs. While furnishing details of e-passport Project, the Ministry in written reply submitted as under:

“In accordance with ICAO guidelines to incorporate biometrics data in the Machine Readable Travel Documents, India has also decided to upgrade its existing passports to electronic category of e-passports. Accordingly, a pilot project for issue of e-passports in the category of Official and Diplomatic e-passports was launched on 5<sup>th</sup> June 2008. National Informatics Centre (NIC) provided the entire technical expertise and support. The India Security Press, Nasik was fully involved in the project. Based on the experience gained through this pilot phase, the Ministry decided to introduce e-passports for ordinary category as well.

2. A global PQB notice dated 10<sup>th</sup> March 2009 for procuring inlays for contactless chips for production of e-passports was published by ISP, Nashik on 22<sup>nd</sup> March 2009 and 28<sup>th</sup> March 2009. The PQB applications were evaluated by the Tender Committee and they qualified two companies viz. M/s. Iris Technologies (Malaysia) and M/s. Oberthor (France). However, after receiving large number of complaints from other companies, the bidding process was annulled by the Ministry of Finance on 1<sup>st</sup> June, 2009. It was also decided by MOF, that the Committee may be reconstituted under the chairmanship of CMD, SMCIL. The new committee formed by SPMCIL called for fresh PQB tender. It also requested MEA to form a Technical Committee to provide the specifications.

3. The Technical Committee was reconstituted in February 2010 to go into technical aspects of e-passport inlays which is an integral and crucial part of the procurement process. The Technical Committee headed by DG,

NIC prepared and submitted the “technical specifications” according to ICAO standards to the Tender Committee headed by CMD, SPMCIL.

4. After receipt of security clearance from MHA in respect of 9 companies, the tender documents with approved technical specifications were released to these 9 companies for submission of their technical and price bid by 26<sup>th</sup> July, 2010. On 22<sup>nd</sup> July, 2010, MEA received a communication from IB alleging that CVC had received a complaint about M/s. GEMALTO (one of the nine companies). As suggested by IB, Technical Committee should consider these allegations and include representatives from National Technical Research Organization (NTRO) (under NSA) and Scientific Analysis Group (SAG), DRDO.

5. The Tender Committee also decided that fresh security clearance will be sought from MHA on M/s. GEMALTO. The financial bids can be opened only after receiving clearance from Technical Committee and fresh security clearance from MHA for the two firms i.e. M/s. GEMALTO and M/s. Safron Morpho.

6. In view of the above, the matter was taken up with MHA seeking security clearance on above companies, followed by communications at the level of Foreign Secretary, and thereafter at the level of External Affairs Minister to expedite this issue. The matter has again been taken up with the MHA, bringing to their notice that the present status or progress report regarding this project has neither been shared with this Ministry nor with Parliamentary Standing Committee. Relevant extracts of the report of the Hon’ble Committee has also been forwarded to them, with advice to expedite their reply. No reply has been received so far. MHA has again been reminded to expedite their reply.”

4.19 The Committee observed that e-passport has already been introduced in diplomatic category. The Committee desired to know about the firm that was involved in the issuance of e-passport for diplomatic category and the reason for not engaging the same firm in e-passport for general category. The Committee further observed that there have been issues regarding the selection of firm due to lack of desired clearance. Considering the security aspect, the Committee desired to know as to how the firm was identified and selected for issuance of e-passport for diplomatic category without due clearances and whether it will not compromise India's security at the highest level. The Ministry in post-evidence reply submitted as under:

“All kinds of Passports including e-Passports are issued by the Ministry of External Affairs and all kinds of Passport Booklets are manufactured by the India Security Press Nashik. ISP Nashik however, procures materials such as papers, ink, threads, chips, etc. from private vendors. In the case of e-Passport for Diplomatic and Official category, limited quantity of electronic contactless inlays (chips) was procured by ISP after floating an international tender which was won by M/s GEMALTO. Subsequently, e-Passport under Diplomatic and Official category was launched on 25<sup>th</sup> June 2008 as part of a Pilot Project. For Passports in general category, huge quantity of electronic chips are required for which another tender was floated by ISP in 2009-10 which has not been finalized till date.

As stated above, there have been issues regarding the security vetting of firms which have participated in the international bid floated by ISP. The supplier for the Pilot Project was selected following due bidding procedures and diligence. Therefore, the question of compromising India's security does not arise. “

4.20 In view of the undue delay in launching of e-passport Project in general category, the Committee desired to know when this project is actually going to see light of the day. The Ministry in post-evidence reply submitted as under:

“The Ministry of External Affairs is prepared to roll-out e-Passport for general category after the successful experience of the Pilot Project in Diplomatic and Official category. However, Passport booklets are manufactured by ISP Nashik and they require to procure materials before actual production of e-Passports could take place. Once procurement of electronic contactless inlays is finalized, ISP Nashik and this Ministry will work together to see that e-Passport under general category is rolled out at an early date.”

**4.21 The Committee note that even after much delay, the project to introduce e-passport for general category is yet to commence. The Committee were earlier informed that the delay is due to fresh security clearance from Ministry of Home Affairs (MHA) in respect of a technically qualified bidder. The matter has so far not been resolved even after sending a communication at the level of Foreign Secretary and External Affairs Minister. More surprisingly, the Committee also note that the security clearance in question pertains to the firm that was engaged for securing chip for e-passport in diplomatic/official categories and wonder that how the clearance for the same agency is not being given by the MHA and the matter is pending with them for a long time. The Committee, therefore, desire that the matter should be taken up with MHA at the highest level to get it resolved or adopt any alternate mechanism to secure the desired chip so that the project is rolled out at the earliest.**

**(Recommendation No. 18)**

## CHAPTER-V

### INDIA'S DEVELOPMENTAL ENGAGEMENT

#### Aid and Loans to Various Countries

A large portion of Ministry's budget is invested in Technical assistance programme in neighbouring countries as well other developed countries. The

<b>(Rs. In Crore)</b>			
<b>Aid and Loan to Countries</b>	<b>BE 2012-13</b>	<b>RE 2012-13 (proposed)</b>	<b>BE 2013-14</b>
<b>Bhutan</b>	<b>2638</b>	3409.06	3614.00
<b>Afghanistan</b>	<b>707</b>	491.16	648.24
<b>Nepal</b>	<b>270</b>	270.00	380.00
<b>African Countries</b>	<b>250</b>	237.50	300.00
<b>Mongolia</b>	<b>02</b>	1.00	2.50
<b>Sri Lanka</b>	<b>219</b>	290.00	500.00
<b>Myanmar</b>	<b>302.21</b>	125.00	450.00
<b>Eurasian Countries</b>	<b>30</b>	30.00	40.00
<b>Bangladesh</b>	<b>30</b>	280.00	580.00
<b>Maldives</b>	<b>286</b>	30.00	30.00
<b>Latin American Countries</b>	<b>15</b>	27.61	30.00
<b>Others</b>	<b>281</b>	280.60	392.26
<b>Total</b>	<b>5101.21</b>	<b>5471.93</b>	<b>6967.00</b>

figures for 2012-13 (RE) and 2013-14 (proposed BE) are as under:

#### A. 'Aid to Afghanistan'

5.2 Aid to Afghanistan is provided under the Revenue Section (Non-Plan) and Revenue Section Plan. Allocation during BE 2012-13, RE 2012-13 and BE 2013-14 is as under:

(Rs in crores)

<b>Revenue Section</b>	<b>BE 2012-13</b>	<b>RE 2012-13</b>	<b>BE 2013-14</b>
<b>Non-Plan</b>	<b>580.00</b>	<b>486.16</b>	<b>548.24</b>
<b>Plan</b>	<b>127.00</b>	<b>05.00</b>	<b>100.00</b>

5.3 The Committee noted that under ‘Aid to Afghanistan’, the budgetary allocation during BE 2012-13 was Rs 580 crores but, it was reduced to Rs 486.16 crores during RE 2012-13. But, it was enhanced to Rs 548.24 crores during BE 2013-14. The Committee further noted that the budgetary allocation during RE 2012-13 was reduced in view of reduced number of working month at Salma Dam Worksite while revised costs are under examination by Committee on Non-Plan expenditure and the Cabinet while only 60% of work is complete. Elaborating upon the reasons as to why the Ministry has to approach the Committee and Cabinet midway of the project, the Ministry in written reply submitted as under:

“Two committees established by the Ministry comprising the representatives of Ministry of Water Resources, Ministry of Power, MEA and Wapcos looked into the various options for revision of rates, change in scope of work due to site conditions, higher tender cost of electro-mechanical equipment, etc. Based on the recommendations of these two committees, the Ministry sought approval for the revised cost of the project for Rs. 1457.56 crore, which was approved by the Cabinet in January 2013. The fiscal progress in the project is 60% and the project is scheduled to be completed by January 2015.”

5.4 The Committee noted that allocation for Pul-e-Khumri project during BE 2012-13 was Rs 127 crores which was reduced to Rs 5 crores at RE stage. The Committee desired to know the reasons for massive reduction of funds and also observed that as per the information furnished by the Ministry, no expenses were made till December, 2012. While furnishing the reasons for non utilization of funds, the Ministry in written reply submitted as under:

“Due to delay in the handing over of the project site, a window of two months was available for undertaking construction work at the site before



onset of extreme winter weather conditions and snow at the project site, which precludes any civil works during this period. As a result, funds for the project were required only towards the end of the FY 2012-2013, when the weather permitted commencement of some works including leveling works, foundation for boundary wall, temporary shed construction, etc. In FY 2012-13, all design and preparatory work has been done. The equipment required for the two sub-stations have been manufactured and are ready for dispatch.”

5.5 When the Committee asked to elaborate upon the reasons as to why the provision of only Rs 127 crores has been made during Twelfth Five Year Plan for transmission line project from Pul-e-Khumri to Kabul and desired to know whether the issue has been taken up with the Planning Commission. The Ministry in written reply submitted as under:

“The supply of equipment will commence from April-May 2013, once PGCIL finalises the insurance coverage for the equipment. Out of the total cost for two sub-stations at Doshi and Charikar, Rs. 33 crore has been released to the implementing agency. Any shortfall of funds in the current FY would be requested at the RE stage.”

5.6 The Committee desired to know whether the Ministry anticipates that the project would be completed as per the scheduled date of completion in December, 2013. The Ministry in written reply categorically stated as under:

“As per the estimates provided by the implementing agency M/s PGCIL, the project will be completed by December, 2013 as per the agreed schedule.”

5.7 While furnishing a status note on Afghanistan Parliament Building, alongwith total expenditure incurred and specifying the time and cost overrun, the Ministry in written reply submitted as under:

“ As per the approved schedule, the main work was expected to be completed by December 2011. However due to the various .....

delays, there will be a time over-run of around two and half years. The main work amounting to US\$ 90.21 million awarded to the implementing agency is a fixed rate contract and other works, such as, work relating to construction of dome awarded in July 2012 and bulk electro-mechanical services awarded in January 2013 (although at a rate than the provision in the sanctioned amount), are also fixed rate contracts with no provision for escalation. However, cost over-run is possible due to depreciation of Rupee vis-à-vis US dollars; substitution of polycarbonate dome over MS frame to glass dome over SS frame in one block of the building; extra area for external development and extra cost for purchasing local Afghan stone for external cladding; it is only when tenders for remaining work are floated and bids received, that we will get an idea of the final project cost.”

5.8 The Committee desired to know whether the Ministry thinks that the building would be completed as per schedule date of completion i.e. December, 2013. The Ministry in written reply submitted that according to CPWD’s assessment, the tentative target for completion of work should be June 2014.

**5.9 The Committee take note of various projects being implemented in Afghanistan. Considering the evolving strategic and security scenario in Afghanistan, the Committee would like to urge the Ministry to expedite the implementation in the already delayed projects and hope that the Ministry will be able to complete the construction of Afghanistan Parliament Building and the two sub-stations as per the revised timelines and there is no further delay. The Committee further urge the Ministry to evolve mechanism to ensure safety of the personnel working at these sites as well as at the sites of other projects with Indian involvement.**

**(Recommendation No. 19)**

## **B. 'Aid to Bangladesh'**

5.10 The Committee observed that the allocation under Aid to Bangladesh was massively increased during RE 2012-13 to the tune of Rs 280 crores as compared to Rs 30 crores during BE 2012-13. During BE 2013-14 it has been further enhanced to Rs 580 crores and the rise has been to provide to two installments of grant assistance of US \$ 50 million. While elaborating upon the reasons for extension of US \$ 200 million to Bangladesh and mentioning the quantum of aid given to Bangladesh during financial year 2011-12 and 2012-13, the Ministry in written reply submitted as under:

“LOC of US\$ 1 billion is progressing well, but because of the strength of bilateral relations, it was decided to convert US\$ 200 million which had not been used for LOC into grant. An expenditure of Rs.8.80 crores was incurred under 'Aid to Bangladesh' in 2011-12 for various development projects. An expenditure of Rs.276.76 crores has been incurred during 2012-13 (upto 24<sup>th</sup> March) which includes Rs.270.40 crores cash grant (first tranche of US\$50 million of the US\$200 million cash grant) and expenditure on other development projects.”

5.11 While furnishing the reason for low expenditure of only Rs 3.04 crore upto December, 2012, out of total outlay of Rs 30 crores during 2012-13, the Ministry in written reply submitted as under:

“...The envisaged expenditure of Rs.22 crores on Akhaura-Agartala rail link project could not be incurred as there had been delay in signing of India-Bangladesh MOU for execution of the project. This has since been signed on 16<sup>th</sup> February 2013. Also, because of the decision to tender the project and to provide opportunity for potential bidders to visit the site and to attend a pre-bid conference, the selection of Consultant (WAPCOS) for preparation of Detailed Project Report for the establishment of Inland River Port at

Ashuganj, Bangladesh could be finalized only in January 2013; as the contract with the consultant could not be signed during 2012-13, no payment could be released during 2012-13.”

5.12 While furnishing a status note on Akhaura-Agartala rail link project, the Ministry in written reply submitted as under:

“.....India-Bangladesh MOU for development of Railway Infrastructure to establish rail link between Agartala (India) and Akhaura (Bangladesh) has been signed in Dhaka on 16<sup>th</sup> February, 2013. The MOU provides for the project to be implemented with complete financial and technical assistance from the GOI – i.e. by grants from GOI – based on the Engineering, Procurement and Construction (EPC) model.....The MOU also provides for the constitution of a Project Steering Committee (PSC) to monitor, supervise and give policy guidelines in the implementation of the project.

Ministry will resubmit the proposal for approval of the CNE, after receiving some inputs/clarifications from Ministry of Railways.”

**5.13 The Committee take note of increasing engagement with Bangladesh. However, the Committee recommend that India’s International commitments must be respected and that the Government must ensure timely release of funds for US\$ 200 million to Bangladesh. The Committee are of the opinion that Ministry must make efforts to expedite various projects in Bangladesh. The Committee are hopeful that since MoU has been signed between the two countries on Akhaura-Agartala rail link project, the pace of the activities related to pre-construction activity will accelerate. The Committee further urge the Ministry to look into the issues leading to delay in signing of the contract with regard to river port at Ashuganj and strive for resolution of issues or decide upon the alternative course of action.**

**(Recommendation No. 20)**

### C. 'Aid to Bhutan'

5.14 India and Bhutan share exemplary close and mutually beneficial relations and are sensitive to each other's concerns. During 2012-13, India's assistance for Bhutan's 10<sup>th</sup> Five Year Plan continued to be implemented which included regular budget subsidy, funding of several identified projects. Rs. 700 crore of Standby Credit Facility was extended to Bhutan in 2012-13 to help Bhutan overcome its rupee liquidity crunch.

5.15 The Committee noted that out of the total budgetary allocation for 'aid and loans to countries' of Rs 6967 crores, more than 50% of the allocation i.e. Rs 3614 crores have been allocated to Bhutan under Plan and Non-Plan section. The figures budgetary allocation under Revenue and Capital, both Plan and Non-Plan are as under:

Section	Plan/Non-Plan	BE 2012 - 2013	RE 2012 - 2013	BE 2013 - 2014
Aid to Bhutan				
Revenue	Non-Plan	1200	1171.06	1089
	Plan	0.00	400.00	1056.50
Loans and Advance to Bhutan				
Capital	Non-Plan	550.00	700.00	00.00
	Plan	1138.00	1138.00	1468.50

5.16 While furnishing the actual utilization quarter wise during 2012-13 and utilization as on 28.02.2013, The Ministry stated as under:

“ Utilization during 2012-13 is as below:

(Rs. in crore)

Particulars	BE/RE 2012-13	Expenditure* upto 30.6.2012	Expenditure* upto 30.9.2012	Expenditure* upto 31.12.2012	Expenditure** upto 28.2.2013
Non Plan (Revenue)	BE 1200.00 RE 1171.06	573.43 (47.78%)	614.88 (51.24%)	871.32 (72.61%)	939.71 (80.24%)
Plan (Revenue)	BE 0.00 RE 400.00	0.00	0.00	0.00	0.00
Non Plan (Capital)	BE 300.00 RE 700.00	300.00 (100%)	316.89@ (105.63%)	300.00 (100%)	300.00 (42.86%)
Plan (Capital)	BE 1138.00 RE 1138.00	470.00 (41.3%)	1047.60 (92.06%)	1138.00 (100%)	1138.00 (100%)

@ Incorrect booking, later corrected.

\* Percentage of BE of respective year

\*\* Percentage of RE of respective year

\*\* Final figures of expenditure for the period ending 31<sup>st</sup> March 2013 is under compilation

5.17 The Committee noted that as per the information furnished to the Committee the total outlay for the year 2012-13 was exhausted until December, 2012 in the three Hydro-power Projects in Bhutan. The Committee desired to know whether the Planning Commission has been apprised of the situation and how were additional funds augmented and whether the exhaustion of funds before the end of three quarters, not speak adversely about the Ministry which failed to convince Planning Commission about its genuine demands, The Ministry in written reply submitted as under:

“The Ministry from time to time have been drawing the attention of the authorities concerned about the requirement of funds for the three ongoing projects. EAM wrote to the Finance Minister on December 3<sup>rd</sup>, 2012 about the importance of providing necessary funds. Foreign Secretary also wrote to the Finance Secretary on 22<sup>nd</sup> January, 2013 about the necessity of providing funds in an urgent manner to these projects. Foreign Secretary also brought the issue of urgent necessity of funds to the notice of Principal Secretary to the Prime Minister in February 2013. Rs. 1138 crore was provided to the Ministry for these three projects. It was after the efforts made by the Ministry, an additional Rs. 400 crore was provided for these three projects in March, 2013.”

5.18 During the course of evidence, the Foreign Secretary elaborated upon the paucity of funds for projects in Bhutan and submitted as under:

“The hydro electric projects which are on-going. They are not modular really. What happened in the previous year is that some of the bills were kept pending for the beginning of the financial year which we just completed. As a result, the money ran out by the end of 2012. So, we had to go back to the Ministry of Finance and request for additional funds and say that they would not be able to continue funding those projects, then the work will come to a halt. So, we were given about half of what we sought and

certain bills have again been pushed on to the current financial year. The funding shortage will result in a certain slow down over a period of time of the completion of projects. But they are not modular projects and they have to be completed.”

5.19 The Committee observed that in the Revenue Section under Plan Head, in ‘Aid to Bhutan’, the budgetary allocation during BE 2012-13 was zero however, Rs 400 crores were allocation during RE 2012-13. It was further substantially enhanced by 2.5 times to Rs 1056 crores. The Committee desired to be informed about the reasons for enhanced allocation for BE 2013-14 under this Head. The Ministry in written reply submitted as under:

“The enhanced allocation under Revenue Plan “Aid to Bhutan” head pertains to the three ongoing Hydroelectric Power projects in Bhutan viz., Punatsangchu I, Punatsangchu II and Mangdechu. These projects are being implemented as per schedule and are in need of additional funds. The Revenue Plan under this head pertains to “Grants” portion of India’s assistance.

It would be pertinent to mention that increasing demand for funds for HEPs is in consonance with the progress in the implementation of the projects. In 2012-13, the demand projected was Rs 2309 crore, against which Rs 1138 crore could be allocated. At the RE stage, Ministry demanded an additional allocation of Rs 907 crore against which Rs 400 crore was allocated by the Ministry of Finance in the Second Supplementary. The demand projected for 2013-14 was Rs 4067.30 crore, against which an allocation of Rs 2525 crore has been made, out of which Rs 1056.50 crore is under the ‘Grants’ portion.”

5.20 Budgetary allocation under Capital Section Non-Plan during BE 2012-13 was Rs 300 crores which was increased to Rs 700 crores during RE 2012-13. However, during BE 2013-14 zero allocation under the Non-Plan Head was made.

5.21 While elaborating upon the reason for increase at RE stage, the Ministry in written reply submitted as under:

“These figures of Rs 300 crore and Rs 700 crore pertain the Standby Credit Facility extended to Bhutan during the FY 2012-13. The additional Rs 400 crore was not given as Cash Supplementary by Ministry of Finance, but the Ministry was asked to manage out of its own funds by way of Technical Supplementary.

No allocation has been made in BE 2013-14 as there is no proposal for loans to Bhutan under Capital Section Non Plan.”

5.22 While furnishing a status note on all the three projects alongwith the cost of project, anticipated timeline for completion, the Ministry stated that Three Hydro Power Projects are being constructed in Bhutan with GOI funding and furnished the following information.

Name of the HEP	Projected Timeline Completion	Cost of the Project (Rs. In Crore)	Status of the Project
Punatsangchhu-I	September- November 2016	The Project was approved by Cabinet in July 2007 at a cost of Rs. 3514.81 crore with 60% as loan and 40% as grant.	Construction of Headrace Tunnel is ongoing and the Powerhouse Complex stands completed.
Punatsangchhu-II	July –December 2017	The Project was approved by Cabinet in 2010 at a cost of Rs. 3777.80 crore with 70% loan and 30% grant.	Civil works already underway and is expected to progress as per schedule. Diversion and Highway tunnels were completed. The project will include 2 years of infrastructure development.
Mangdechhu	June- September2016	The Project was approved by Cabinet in April 2010 at a cost of Rs. 2896.30 crore with 70% loan and 30% as grant.	Main access tunnel has been completed. Construction of Access roads and permanent structures for dam has started. Contracts for further hydro mechanical and electromechanical works are being awarded.



5.23 Regarding anticipated time or cost overrun, if any, the Ministry submitted as under:

“The Ministry expects that three HEPs will be completed as per schedule. The cost of the projects is expected to increase as the DPRs have been prepared at 2006-07 cost levels.”

5.24 Regarding the five newly identified Hydro-Electric Power Projects in Bhutan that have been allocated only Rs 1 crore, the Ministry in written reply furnished as under:

“Work on the newly identified HEPs, i.e., Sankosh, Chamkharchu, Bunakha, Kholongchhu and Wangchu has not yet started. The DPRs for these projects are still being finalized. Once DPRs are ready, Cabinet approval would be sought for each project. The allocations currently made in the Budget are only notional and would have to be revised after Cabinet approval.”

5.25 In context of the ongoing projects in Bhutan, the Committee desired to know whether any adverse observations have been made by the Comptroller and Auditor General of India of Audit Authority of Royal Government of Bhutan in execution of the project by Government of India in Bhutan. The Ministry in written reply submitted as under:

“The ongoing HEPs are being executed through Project Authorities chaired by the Minister of Economic Affairs of Government of Bhutan. As the projects are located in Bhutan, they have to adhere to Bhutan’s laws, rules and regulations. The HEPs are audited by Royal Audit Authority of Bhutan together with the Directorate General of Audit. Fourteen queries were raised during the three joint audits of the Punatsangchu I HEP, in 2010, 2011 and 2012 are outstanding and they are being responded to by the Project Authorities. The first audit of the Punatsangchu II and Mangdechu projects will be taken up later this year.”

5.26 The Committee also desired to know that since Bhutan's Eleventh Five Year Plan is about to commence, whether India has been approached by Bhutan for aid/loan for the next Five Year Plan and whether India has drawn any assessment of need of finances for Bhutan's Eleventh Five Year Plan and whether in BE 2013-14, any allocation has been made for Bhutan's Eleventh Five Year Plan. During the course of evidence, the Foreign Secretary elaborated upon India's commitment to Bhutan's Five Year Plan.

“India had committed an assistance worth Rs. 3,400 crore for the Tenth Five Year Plan (2008-13) of Bhutan. From July 2013, Bhutan would begin its 11<sup>th</sup> Five Year Plan. The Government of Bhutan has further placed a request with us for an assistance of Rs. 4,500 crore for the Eleventh Five Year Plan against their total outlay of Rs. 23,400 crore for the Plan period. Both the sides have initiated consultations to examine the Bhutanese request.”

5.27 The Ministry also furnished the total component for various projects in Bhutan in India's Eleventh as well as Twelfth Five Year Plan.

5.28 During the sitting of the Committee, the Committee also discussed the issue of deplorable condition of roads on India-Bhutan Border Areas and suggested road projects in the area.

**5.29 The Committee note that the three ongoing Hydro-power Projects in Bhutan have continuously been facing a situation of paucity of funds. The Committee are aware that India is committed to the Government of Bhutan for generation of 10000 MW of power by 2020 and for so the Ministry of External Affairs, along with the Government of Bhutan have identified few projects and are considering and working upon the modalities of new Hydro-Power projects. During the course of evidence, the Committee were informed that the Ministry is considering a new creative model through joint venture**

**and formation of Special Purpose Vehicle. The Committee are of the view that to avoid lack of continuous and timely budgetary support, the Ministry must explore alternative options and come up with innovative procedures to ensure that the ongoing as well as new projects do not come across budgetary constraints and continuous cash flow is available to them, so that implementation of project is ensured without any element of time overrun and cost escalation. However, the Committee are also of the opinion that since, these projects are bilateral projects, the Ministry must dwell upon the diplomatic considerations while giving due regard to the sensitivities of both the sides and Ministry must adopt a holistic view and consider all the aspects of alternative models for funding of the Hydro-Power Projects in Bhutan.**

**(Recommendation No. 21)**

**D. ‘Aid to Nepal’**

5.30 India and Nepal share a unique relationship of friendship and cooperation characterised by open border and deep-rooted people-to-people contacts. In its developmental engagement with Nepal, India is undertaking small developmental projects alongwith infrastructure projects. The Committee observed that under ‘Aid to Nepal’, the budgetary allocation during BE and RE 2012-13 was Rs 270 crores which is increased to Rs 380 crores during BE 2013-14. The Committee desired to know the reasons for increase in BE 2013-14 alongwith the projects that are to be undertaken, the Ministry in written reply furnished as under:

“The three major infrastructure/connectivity projects on the India-Nepal border, namely, Integrated Check Post at Birgunj, which is at an advanced stage of implementation, and implementation of Integrated Check Post at Biratnagar, for which the land has recently been acquired by the Government of Nepal and for which the detailed engineering report is being finalised, are being implemented in FY 2013-14; the railway links between Jogbani and Biratnagar and Jayanagar – Bijalpura and Bardibas as well as the 605 kms long Terai road project are expected to reach an advance stage of implementation during FY 2013-2014. In addition, a number of

intermediate projects as listed below, and other ongoing commitments have necessitated allocation of adequate funds under Aid to Nepal.”

5.31 While furnishing a note on execution of Five Cross Border Rail Links between India and Nepal, alongwith original cost, cost escalation, if any, projected time-line, delay, if any. The Ministry in written reply submitted details of signing of MoUs between various agencies. The Ministry also furnished note on the status of the two railway links and on allocation during financial year 2013-14 and stated as under:

“In view of the lower allocation of budgetary resources under ‘Aid to Nepal’ in FY 2013-14 (Rs. 380 crore against requirement of Rs. 650 crore), the amount earmarked for the two rail link project has been reduced; additional funds for the project will be requested at the RE stage.”

5.32 During 2012-13, Rs 40 crores were allocated for Terai Road Project, however, expenditure upto December, 2012 was only Rs 4.46 crores. While furnishing the present status of the Project, the Ministry in written reply also submitted the reasons for such low utilization of funds and justification for seeking budget outlay of Rs 118.87 crores under this object head when the actual expenditure upto December, 2012 was so low and stated as under:

“The actual utilization of funds till December 2012 in Terai Road project was Rs 20.42 crores which was inadvertently reflected as Rs 4.46 crores in Outcome Budget of the Ministry. The implementation of the Terai Road Project has not been in line with the anticipated progress that was expected in FY 2012-13....

It is expected that the Government of Nepal would expedite the land acquisition process and address other encumbrances that are necessary for the implementation of the Terai Roads Project in FY 2013-2014 and, consequently, adequate progress would be made in project implementation for which adequate funds are required.”

5.33 The Committee observed that outlay for 2013-14 for object head 'embankment construction on Lalbakaya, Bagamati, Kamla and Khado' is Rs 83.21 crores, while the outlay 2012-13 was Rs 15 crores, though, the expenditure upto December, 2012 is only Rs 6.83 crores. While furnishing the reasons for such high allocation during 2013-14, the Ministry in written reply submitted as under:

“While the outlay for 2012-13 was Rs. 15 crore, the expenditure upto December, 2012 was only Rs. 6.83 crore primarily due to the difficult weather conditions in Nepal and also the lack of decision-making on the Nepalese side due to the political situation in the country.

There has been an increase in the allocation for 2013-14 as the embankment construction on the said rivers is nearing completion and as such the requirement for more funds. Additional new rivers are also expected to be included for embankment construction on the Nepalese side.”

5.34 During the course of evidence, the Committee also dwelt upon the need to explore the possibility of engaging with the Government of Nepal for constructing dams including Saptakoshi Dam in order to mitigate disaster on Indian Plains. The Foreign Secretary responded to Committee's concern and submitted as under:

“..... we have undertaken some of the hydro projects in Nepal like the Sharada Barrage and the Kosi Project under which some 13 lakh hectares of land were irrigated. We do recognise that the big projects Saptakoshi, Sunkoshi and Pancheshwar will require cooperation of the Government of Nepal. We do have mechanisms for discussion with the Government of Nepal including the Joint Ministerial level Commission between Ministers for Water Resources.

...We also have another Joint Committee on Water Resources which is headed at the Secretary level, which meets twice a year. We then have a third level, which is called the 'Joint Standing Technical

Committee' which meets every quarter. We have a specialized team for the Saptakoshi project and the Sunkoshi project, and we will certainly be talking to our Ministry of Water Resources to reactivate the Nepal system to begin these projects. There are separate Committees on Koshi and Gandak.”

5.35 The Committee desired to know whether there is any information sharing system/network between Government of India and Government of Nepal regarding overflow of rivers during monsoon season so as to take pre-emptive action as part of Disaster Management, the Ministry in written reply submitted as under:

“The India-Nepal Joint Committee on Inundation and Flood Management (JCIFM) is the nodal bilateral mechanism between the two sides to oversee the embankment construction on the border rivers included under this outlay. Contact Officials have been designated by the JCIFM on Indian side and the Nepalese side to monitor/share data on regular basis as part of Disaster Management.”

**5.36 The Committee take note of progress made in respect of various infrastructural projects in Nepal and express hope that various small developmental programmes are adhering to the cost and timelines and are able to benefit the local community. The Committee take note of signing of MoU in respect of cross border rail links. However, the Committee express concern over allocation of Rs. 25.36 crores only for two rail links especially in light of the fact that during the preceding years, there was more allocation and over-utilization of funds for these projects. The Committee are of the view that considering the pace of the project, the allocation should appropriately be enhanced at RE stage.**

**The Committee also express concern over the pace of the Tarai Road Project. The Committee understand the hurdles being created by local administration and population in land acquisition and execution of these projects, however, the Committee would like the Ministry to engage with the Government of Nepal to expedite the land acquisition and the project execution.**

**The Committee express their concern over the approach of the Government showing lack of interest in resolving the issues relating to Saptakoshi, Sunkoshi and Pancheshwar dams on the rivers flowing through both the countries. The Committee desire that the MEA in consultation with Ministry of Water Resources and State Government of Bihar should engage with Government of Nepal on enhanced cooperation in this sector and resolve all the hurdles relating to these important and long pending projects with due commitment.**

**(Recommendation No. 22)**

**E. 'Aid to Sri Lanka'**

5.37 India and Sri Lanka enjoy close and multifaceted relationship. The Committee observed that under 'Aid to Sri Lanka', the budgetary allocation during BE and RE 2012-13 was Rs 290 crores in BE 2013-14, it has been substantially enhanced to Rs 500 crores. Furnishing the reasons for enhanced allocation during 2013-14, the Ministry in written reply submitted as under:

“Following are the reasons for enhanced allocation during 2013-14:-

The second phase of the Housing Project involving construction of 43,000 houses under the owner-driven model for IDPs of Northern and Eastern Provinces was launched on October 2, 2012. Till date, 11,379 beneficiaries have been selected and funds have been released to them based on the progress of the reconstruction/repair of their houses. On the basis of the projections available then, an amount of Rs. 348 crores was proposed for 2013-14 towards the implementation of this Project.

The third phase of the Housing Project involving construction of 4,000 houses for the estate people, predominantly 'Indian Origin Tamils' (IOTs), of the Central/Uva also began in FY 2012-13. The appointment of the Project Management Consultant has been finalized. Based on the projections available then, an amount of Rs. 121 crores was proposed for 2013-14 towards the implementation of this part of the Project. The position will be reviewed at the RE stage for 2013-14 for a more realistic assessment on the basis of progress made in the first six months of FY 2013-14.”

5.38 Elaborating upon the projects in Sri Lanka, Foreign Secretary during the course of evidence, submitted as under:

“.....The Government has undertaken various projects for the rehabilitation of Internally Displaced Persons (IDPs) and reconstruction of infrastructure in the Northern and Eastern Provinces of Sri Lanka including rehabilitation of the Kankesanthurai Harbour, construction of the Dickoya hospital, rehabilitation of the Atchchuvely Industrial Zone, rehabilitation of the Northern Railway line under the USD 800 million Line of Credit extended to Sri Lanka and construction and repair of 50,000 houses for IDPs in Sri Lanka with a sense of urgency.”

5.39 The Committee noted that out of total outlay of Rs 280 crores earmarked for Reconstruction and Repair of houses for Internally Displaced Persons (IDPs)', only Rs 35.77crores have been spent by December, 2012. While elaborating upon the reasons for such less spending during the three quarters of the financial year, the Ministry in written reply submitted as under:

“The second phase of construction of 43,000 houses under the owner-driven model for IDPs of Northern and Eastern Provinces involved considerable preparatory work of identifying beneficiaries which included scrutiny of land/house title, bank accounts, defining the criteria for selection etc. in close cooperation with local authorities. Reputed Implementing Agencies who would verify beneficiary lists and then extend technical support to beneficiaries had to be selected through an open tender. Suitable Banks had to be identified and selected who could disburse the amount to the beneficiaries as intended. All these processes which had to be done in a fair, transparent manner following due procedures took time. This part was over in August 2012 and the project was officially launched on 2 October 2012. On the day of the launch, 1504 beneficiaries received the first installment of funds. From then on, the project has progressed well as per targets and as on 30 March 2013, most of the funds allotted under the Budget Head have been utilized.



The spending has been proportionately less because the construction of 43,000 houses under the owner-driven model for IDPs of Northern and Eastern Provinces was officially launched on 2 October 2012 i.e. the third quarter of the financial year 2012-13 where only the first installment of funds were released to selected beneficiaries. The Project has gained momentum from the fourth quarter. As on 30 March 2013, an amount of Rs. 100 crore has been released to the beneficiaries and the Implementing Agencies.”

5.40 The Committee sought clarification from the Ministry in regard to the progress of the project, implementing agencies and identification of beneficiaries. The Foreign Secretary during the course of evidence stated as under:

“.....We have chosen four implementing agencies, which are international agencies of repute, like the United Nations Habitat, the International Federation of Red Cross, Habitat for Humanity. These are international organisations which are which are helping. We went through a very long and a very detailed process of examination of how to proceed. There were three or four elements which needed a lot of scrutiny before we took the final decision..... One was, how do we vet these beneficiary lists, who actually gets these houses. Here, we are working with the local district administration and the implementing agencies, particularly the UN agencies, who have done similar work. Second, once we decide on this model we had to appoint three or four preferably Indian banks who would handle the transfer of funds directly to the bank accounts of the individuals concerned....”

5.41 The Committee particularly desired to know whether the Government of India is facing any particular problem in construction of these houses. The Ministry in written reply submitted as under:

“None of any serious nature. The Housing Project under the owner-driven approach involves a huge volume of work which is closely monitored by the

Mission. The financial functions of the Project and the role of the Project Management Consultant (PMC) is carried out by the Mission. In the field, there are problems pertaining to availability of construction material like sand, timber and labour considering the volume of work but Mission is taking steps to ensure their availability by liaising with the concerned authorities of Government of Sri Lanka and providing training for skilled labour.”

5.42 Regarding the identification of beneficiaries and the mechanism to ensure that the benefits are not being acquired by non-targeted beneficiaries of various projects, the Ministry in written reply submitted as under:

“Nothing has been reported so far. A ‘Development Cooperation Wing’ has been functioning in HCI, Colombo since September 2011 to effectively coordinate and implement the various projects implemented by Government of India in Sri Lanka. The Mission closely scrutinizes the eligibility of each beneficiary selected under different Projects. The Consul General’s office in Jaffna ensures that the benefits of various Projects reach the target beneficiaries.”

5.43 On the mechanism to monitor that the funds are utilized for construction activities by the beneficiaries and are not used/diverted by beneficiary for any other purposes, the Ministry in post-evidence reply submitted as under:

“The release of various installments of funds is linked with completion of different construction stages and is done on the basis of certification and concrete evidence of achievement of the relevant milestone. Officials of High Commission of India, Colombo and the Consulate General of India, Jaffna, Implementing Agencies, local authorities and bank officials periodically visit the construction sites to ensure that funds are released on completion of specified stage(s) and that the funds are not used/diverted by beneficiary for any other purposes. Progress at each level is certified by the Implementing Agencies, and photographic evidence recorded on the file, before release of funds to the beneficiary. An individual agreement is signed with each beneficiary by the implementing agency, which has a built-in clause for recovery of the amounts, in case of diversion of the money received by the beneficiary.”

5.44 Considering the pace of the project so far, the Committee desired to know whether the Ministry think that it is feasible to achieve the target of completion of the project in 2014-15. During the course of evidence, the Foreign Secretary reassured the Committee and stated as under:

“...We had started this project of 50,000. What I am trying to say is that at least 11,000 have already taken the first instalment. By the end of this year, the number will be more than double of that. By the target date of 2015, all 50,000 houses will be completed.”

5.45 The Ministry also furnished details of projects likely to be undertaken in Eastern and Northern regions of Sri Lanka during the year 2013-14.

**5.46 While observing the progress of various projects being implemented in Sri Lanka, the Committee are deeply concerned about the slow pace of implementation of the Housing Project for Internally Displaced People in Sri Lanka. The Committee are of the view that this is totally unacceptable and the Committee seriously doubt whether it would be completed as per the fixed target. Though, the Committee are apprised of progress in direction of identification of implementing agencies and beneficiaries and follow up of various models for construction of the Houses, however, the Committee would suggest that the Ministry must ascertain the mechanism being adopted to identify the genuineness of the beneficiaries and ensure that not only the benefits of the projects reach the targeted beneficiaries but also ensure that cash is not diverted to other purposes and this needs to be carefully monitored. The Committee further recommend that immediate measure should be undertaken by the Ministry to expedite the process of identification of beneficiaries for the remaining projects and ensure expeditious release of money and faster pace of implementation. The Committee desire that the Ministry should furnish a detailed report on the status of the project based on the visit of senior officials from the Headquarters.**

**(Recommendation No. 23)**

## **F. ‘Aid to Eurasian countries’**

5.47 In order to deepen engagement with Central Asia, India launched a broad-based new “Connect Central Asia” policy in June 2012. This policy is based on a pro-active political, economic, cultural, educational and people-to-people engagements with Central Asian countries, both individually and collectively. The Committee noted that under ‘Aid to Eurasian countries’, the budgetary allocation during BE and RE 2012-13 was Rs 30 crores which was marginally increased to Rs 40 crores during BE 2013-14. The Committee desired to be informed about the ambitious Central Asia e-network Project for Tele-Education and Tele-Medicine. The Ministry in written reply submitted as under:

“An e-network connecting all countries of Central Asia with each other is one of the innovative efforts being considered by the Ministry to showcase India’s IT proficiency in these countries. Under the project, initially, an e-network for tele-education and tele-medicine will be commissioned to connect five Central Asian countries namely Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan with India. A draft Request for Proposal (RFP) to hire a Project Manager cum Consultant (PMC) for implementation of the Project is being finalized and bids shall be invited by the Ministry shortly.”

5.48 Furnishing a status note on Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline Project and mentioning the impediments leading to delay in execution of the projects and efforts being made by Government of India to ensure that the project is actually implemented, the Ministry in written reply submitted as under:

“ After several rounds of negotiations, two agreements Gas Pipeline Framework Agreement (GPFA) and Inter-Governmental Agreement (IGA)

were signed during the TAPI Summit held on December 11, 2010. On 23 May 2012, GAIL (India) Ltd and TurkmenGaz – the Turkmen National Gas Company signed the Gas Sale and Purchase Agreement which included the price of the gas to be paid to Turkmenistan and payment terms etc. In September 2012, roadshows were held in Singapore, New York and London to identify the consortium that would build, own and operate the pipeline. International Oil Companies (IOCs), pipeline operators and financial institutions were invited. No potential consortium leader could be identified in the roadshows.

5.49 The Ministry also furnished details of impediments leading to delay in execution of the projects. Regarding the proposal of all four countries to form a Special Purpose Vehicle (TAPI Ltd.) investing US \$ 5 Million each which would then conduct pre-project works like conducting a feasibility study and selecting the lead consortium partner, the Committee desired to know about the response that this proposal has generated amongst these countries, the details of progress made so far. The Ministry in post-evidence reply submitted as under:

“Turkmenistan and Pakistan agreed to the formation of TAPI Ltd considering it to be in consonance with the GPFA. Afghanistan also agreed to the formation of TAPI Ltd. India conveyed that the proposed structure would require approval of the competent authority. Approval of the Cabinet had been taken for formation of the SPV which involves initial contribution of USD 20 million i.e. USD 5 million from each of the 4 countries and GAIL has agreed to make an investment up to USD 5 million in the proposed SPV. During the last Technical Working Group meeting held at Bangkok on 17-19th March 2013, Pakistan and Turkmenistan representatives had conveyed that financial approval for investment in SPV was being undertaken. The meeting further discussed the terms and conditions for appointment of ADB as Transaction Advisor of the project.”

**5.50 The Committee take note of the new “Connect Central Asia” policy of Government of India to deepen their engagement with Eurasian countries. In context of the developmental engagement, the Committee would like to suggest the Ministry to expand areas of cooperation and come up with more proposals for projects in the region. The Committee appreciate the Government’s proposal for Central Asian e-network project for Tele-Education and Tele-Medicine and hope that India’s experiences in Africa will be fully utilized for quicker and efficient implementation of the project. The Committee further hope that Project Manager cum Consultant (PMC) for implementation of the project is finalized soon so that the process for actual execution of the programme is initiated.**

**The Committee are concerned over the pace of Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Project. However, the Committee are happy to note that the countries have created alternative arrangement to finance the project. The Committee hope that finalization of the modalities is reached upon so that further process may be initiated. The Committee urge the Ministry to approach the Cabinet regarding India’s contribution to the Special Purpose Vehicle at the earliest and the Committee may be kept apprised of India’s effort for execution of the Project.**

**(Recommendation No.24)**

#### **G. ‘Aid to African Countries’**

5.51 In the two India-Africa Forum summits in 2008 and 2011 India committed to an intensive economic engagement with Africa including a strong component of capacity building and human resource development. India extends Lines of credit to fund projects of development priority to the recipient countries

5.52 The Committee observed that under ‘Aid to African Countries’, the budgetary allocation during BE 2012-13 was Rs 250 crores but, it was reduced to

Rs 237.50 crores during RE 2012-13. However, it was increased to Rs 300 crores during BE 2013-14. On being asked about the reasons for expenditure of Rs 160.15 crores upto December, 2012 out of total outlay of Rs 250 crores, the Ministry in written reply submitted as under:

“ There was a delay in receipt of expected bills from the implementing agencies for various projects, for instance, TCIL for the Pan Africa e-Network project. In addition, slower than anticipated or lack of progress on certain projects being set up in different African countries led to less than anticipated expenditure till December 2012.”

5.53 The Committee observed that during IAFS-I many decisions were taken and many projects were identified. However their pace of project has been slow. Similarly, various programmes under Aid to Africa seems to be very ambitious. However, for most of the projects, the outlay as well as expenditure is marked as zero. The Committee desired to be informed of reasons for so and reasons for slow approval and execution of the projects. The Ministry in written reply submitted as under:

“Under the rubric of IAFS US\$ 1.2 billion or approximately Rs. 6000 crores (US\$ 500 million in IAFS-I and US\$ 700 million in IAFS-II) were committed under aid/grant for various institutions/capacity building projects. However, budget allocations under “Aid to Africa” have remained significantly lower. The budgetary shortfall leads to the need to prioritize commitments and projects will be implemented in a phased manner as budget and other conditions permit, as explained below.

In our model of cooperation with African countries, we have tried to instill a “sense of ownership” in the hosts by outlining their obligations in project implementation...

Many of the projects under IAFS are at Pan-African and regional levels wherein the location of the projects is to be decided either by the African Union (AU) or one of the Regional Economic Communities (RECs)..”

5.54 The Committee sought clarification from Ministry for non spending on various projects to be implemented under India Africa Forum Summit (IAFS II) for Human Resource Development and institutional capacity building, for which

Rs 153.40 crores has been earmarked. The Ministry in written reply submitted as under:

“There are no unspent funds under “Aid to Africa” Head. In fact, several of our implementing agencies were either directed to delay implementation or their payments are being carried forward to the next financial year because of the inadequacy of the budgetary allocation.”

5.55 During the course of evidence, the Foreign Secretary further clarified as under:

“The third India Africa forum summit is due in 2014. We will work to implement as many decisions of the first two summits as possible. However, our allocation this year for aid to Africa is only Rs. 300 crores against our demand Rs. 1603 crore. We will need significant augmentation at the RE stage.”

**5.56 In context of India’s partnership with Africa, the Committee in their 14<sup>th</sup> Report had expressed concern over tardy implementation of the decisions taken during India Africa Forum Summit (IAFS-I). However, the Committee are appalled to note that many of the implementing agencies were either directed to delay implementation or their payments were carried forward to the next financial year because of the inadequacy of budgetary allocation. The Committee are of the opinion that Ministry should strive to balance its budgetary allocation between competing demands for various projects. The Committee further take note of the fact that next IAFS Summit is scheduled to be held in 2014 and India has not been able to fulfil its commitment of IAFS- I&II. The Committee recommend that necessary funds should be allocated for these projects. DPA should make efforts for an early execution of these projects and if required, can approach for fund enhancement at RE stage. However, the Committee would like to urge the Ministry to take due care of the quality aspects in setting up of these institutes.**

**(Recommendation No. 25)**



## **H. Development Partnership Administration**

5.57 To ensure speedy and efficient implementation of Government of India's external economic assistance programmes as well as for smooth coordination with other Departments and Ministries of GOI for this purpose, an overarching structure called the Development Partnership Administration was created in the Ministry of External Affairs in January, 2012. The Division has been mandated to establish procedures for efficient handling of development projects and streamline and upgrade capacity building programmes under various schemes.

5.58 While furnishing a detailed status note on newly created Development Partnership Administration (DPA) and highlighting the role and impact of creation of DPA on overall administration of India's international aid and bilateral developmental cooperation, the Ministry in written reply submitted as under:

“DPA is developing Standard Operating Procedures to effectively handle India's development partnership projects through the stages of concept, launch, execution and completion. DPA is currently headed by a Secretary-level officer. It has three Divisions (DPA – I, DPA – II and DPA – III) headed by Joint Secretary-level officers. **DPA-I** handles all Lines of Credit (LoC), grant projects in the East, South and West African regions, grant assistance projects in Bangladesh and the Sri Lanka Housing project. DPA-I has increasingly focussed on project conceptualization, involvement of sectoral experts in project appraisal and greater scrutiny of projects through the inter-ministerial MEA-Department of Economic Affairs (DEA) Standing Committee.

**DPA-II** ITEC/SCAAP and TCS of Colombo Plan applications are processed online. DPA-II also handles grant assistance projects in Southeast Asia, Central Asia, West Asia and in Latin American countries. Humanitarian and disaster relief is also handled by this division.

**DPA – III** deals with the implementation of grant assistance projects in Afghanistan, Maldives, Myanmar, Nepal and Sri Lanka.”

5.59 The Ministry also furnished details of the basic idea behind extending Lines of Credit by the Government of India to various countries and elaborated upon the criteria for extending Line of Credit to a particular country. The Ministry further furnished list of countries for whom India has extended Lines of Credit.

5.60 Highlighting the efforts made by Development Partnership Administration, the Ministry in written reply submitted as under:

“Over the period of one year and three months since its creation, DPA has taken significant steps to streamline the appraisal and approval of projects, the award of contracts, their implementation and supervision as also their evaluation. .... Agreements with contracting companies are subject to greater scrutiny from technical and financial angle to safeguard the interest of the partner countries and GOI and to ensure better and timely implementation of the projects.

Amongst the other initiatives taken in recent months, is the engagement with the NGOs to learn from their experience in socio economic projects in India and developing countries. We are also exploring models of partnership with Indian business and industry so that our developmental assistance can be combined with commercial perspectives to create assets that have a larger impact in our partner countries. DPA has also been engaging with think tanks, media and other developmental agencies which has enabled us to convey our policy perspectives and also to see how we can further our development interests with our partners.”

5.61 The Ministry further furnished information regarding creating inhouse specialized technical, legal and financial skills within DPA, specified the process of identification of projects under developmental assistance and deciding the terms of execution and efforts made to reduce impact of external factors in carrying out of international projects and aid programmes. The Ministry also furnished the details of the initiatives undertaken to attain the objective of timely formulation, implementation and completion of projects, and further stated that the Ministry is working on a proposal to establish an empowered Inter-Ministerial Group to speed up the process of internal approvals for development projects abroad. The Ministry

also furnished details of the measure undertaken to ensure fair and transparent tendering process and identification of firms/contractors for implementation of various projects in foreign countries as well as for Line of Credit.

5.62 The Committee desired to know whether any reports have come to light regarding unfair practice in tendering process/grants of tenders or excess of payments made or lacklustre implementation or any other kind of malpractice at any state of the project/aid. The Ministry in written reply submitted as under:

“While there have been no confirmed reports of unfair practice in tendering process/grants of tenders or excess payment or any other kind of malpractice, there have been instances of delays in project implementation due to delay in mobilization of equipment and manpower by the implementing agency and other external factors which are sometimes not entirely attributable to the implementing agency or the project management consultant. These delays and the consequent penalties are addressed in accordance with the terms of the Agreement finalised between the implementing agency and the Ministry. In the case of Lines of Credit, where the prerogative of award of contract rests with the recipient governments, the Ministry’s approach is to be alert but non intrusive. It is the responsibility of the Exim Bank, as the Government’s implementing agency to ensure that the guidelines are followed in the tendering process and in the award of contracts.”

5.63 The Ministry stated that no firm/contractor has so far been black-listed or debarred or suspended from undertaking GOI assistance projects abroad. The Committee observed that the Ministry has made provision for signing of Pre-contract Integrity Pact and the Ministry is in the process of appointing Independent External Monitors. Regarding the progress made so far, the Ministry in written reply submitted as under:

“It has been decided that a Pre-contract Integrity Pact would be signed between the Ministry and the prospective bidders/sellers for all procurements/projects of the value of Rs. 50 crores and above from January 1, 2013 onwards. This is applicable to all attached/subordinate offices and autonomous bodies of the Ministry. A draft Integrity Pact has also been finalized to be signed with the prospective bidders/sellers.

The Ministry is in the process of appointing Independent External Monitors as stipulated in the Integrity Pact. This appointment would be made in consultation with the Central Vigilance Commission.”

5.64 The Committee desired to know about the efforts being made to fine-tune the budgetary projections for various projects and to arrive at near realistic projection and timelines as well as achieve desired outcomes. The Ministry in written reply submitted as under:

“.... To ensure better management of available funds and realistic projection, DPA has proposed a separate budget head for development cooperation rather than dipping into bilateral development assistance budgets. Through better management and supervision, DPA has been able to fully utilise last year’s budget, re-allocating available funds as per project requirements. Better coordination with project management consultants, implementing agencies and regular review meetings with stake-holders are important steps taken by DPA towards this end. However, in the ultimate analysis, predictability and adequacy of budgetary allocations are crucial for realistic projections of project implementation targets.”

5.65 The Committee desired to know about the initiatives been undertaken by the Ministry for data and information management of aid to bring efficiency and access effectiveness in implementation of the projects as well as focus on long term sustainability of India’s International aid and the mechanism in place or software available for data and information management of India’s International aid/bilateral/developmental cooperation. The Ministry in written reply submitted as under:

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

5.66 The Committee desired to know whether any mechanism is available with the Government/Ministry to access the full impact of India's International aid/cooperation. The Ministry in written reply submitted as under:

“An analysis of this nature could be undertaken at a later stage once the resource structures in DPA have been developed and augmented. The possibility of working with organisations such as RIS on such a project is being explored.”

5.67 In view of the establishment of DPA, the Committee desired to know whether the Government/Ministry plans to come up with comprehensive policy frame-work for international aid including developmental and humanitarian aid, the Ministry in written reply submitted as under:

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

5.68 Specifying the exact role of DPA in ensuring inter-ministerial coordination and preparation of annual projections for various projects, the Ministry in written reply submitted as under:

“DPA is seeking the assistance of the concerned GoI Ministries/Departments in identifying the project parameters, such as the scope of work, preparation of pre-feasibility report, site visit for preparation of tender documents for appointment of consultants to prepare DPR, vetting of feasibility study/DPR from financial and technical angles and wherever required, a representative of the concerned Ministry/Department is included in the Tender Evaluation Committee. At the project implementation stage, wherever required, a representative of the concerned GoI Ministry/Department is included in the bilateral project monitoring committee, comprising all stakeholders from the concerned partner country, project management consultant, implementing agency, Ministry, including representatives of our Mission/High Commission.”

**5.69 The Committee welcome the establishment of Developmental Partnership Administration (DPA) and incorporation of technical expertise into its organizational setup. The Committee are hopeful that the establishment of DPA will lead to efficient and on time delivery of India's international projects as well as ensure proper coordination amongst various departments and Ministries.**

**The Committee are expect that DPA would be able to streamline the process for appraisal of the project, award of contract, implementation, supervision as well as evaluation and ensure due measures of economy and efficiency. The Committee however, desire that DPA should develop Standard Operating Procedure (SOP) as well as guidelines for each step from the inception of the project to actual delivery of the project.**

**(Recommendation No. 26)**

## CHAPTER-VI

### INTERNATIONAL COOPERATION

#### A. South Asian University

The Committee observed that allocation for South Asian University during BE 2013-14 has been reduced within the overall budget ceiling to Rs 43 crores. The Committee desired to know the reasons for the reduced allocation during BE 2013-14 as well as reasons for enhanced allocation in RE 2012-13 and whether the University would be able to achieve the desired goals within this budgetary allocation. The Ministry in written reply submitted as under:

“The Demand for South Asian University head was Rs 557.60 crore under BE 2013-14. The higher demand was on the premise that the construction of the University was expected to commence. However, within the overall BE allocation (Non Plan) of Rs 8719 crore, only Rs 43 crore could be allocated.

BE 2012-13 allocation was Rs 20 crore. This was enhanced at RE 2012-13 stage to Rs 53.79 crore.

SAARC Division had projected Rs. 557.60 cr as BE 2013-14 keeping in view the following demand from the University and India’s commitment to meet operational costs and capital expenditure, details of which are given below :

#### Capital Cost

	Rupees (cr)
Estimated lump-sum figure for lab equipment/PCs for lab and office, ACs and electrical equipment at Akbar Bhawan	20
Construction of permanent campus at Maidan Garhi Timeline of construction is enclosed at Annex II.	456.6
Rent of Akbar Bhawan	24
Total	500.6

## Operational cost

Contribution payable by India to South Asian University 2013 is USD 10.195 million. (equiv. Rs. 57 cr. as on Sept, 2012).

Thus, a total of Rs. 557.6 cr. (500.6 + 57) was projected as BE 2013-14. Against this, only Rs. 43 crores have been approved, which is grossly inadequate.

Due to inadequate budgetary allocation in the FY 2012-13, India has not paid its full share of operational costs amounting to Rs. 20.86 cr.”

6.2 The Committee observed that the rental liability for South Asian University has been increasing over the years and increase in budgetary allocation has been sought on account of increasing rental liabilities. The Committee desired to be informed of yearly break-up for the figures for amount paid as rent since the inception of SAU and the efforts being made by SAU to reduce the rental liabilities. The Ministry in written reply submitted as under:

“India is committed to bearing 100% of the capital cost towards the establishment of the University. Until the regular premises of the University at Maidan Garhi, New Delhi, are ready, it has been decided to utilize the premises vacated by MEA at Akbar Bhawan as the temporary premises of the South Asian University. Since May 2012, SAARC Division has been paying Rs. 1,47,42,867/- per month on account of rent of Akbar Bhawan premises made available to the South Asian University.”

6.3 The Ministry also furnished a status note on current status of construction and infrastructure development in SAU. The Committee desired to know whether the “proposed revised time schedule for construction activity (upto finalization of tenders) as upto by BWC (as furnished in Action Taken Note) is being followed and whether the contract has been awarded for the construction, the Ministry in written reply submitted details of the problems being faced in acquisition of land and stated as under:



“.... SAU expects that the Master Layout Plan will be approved by the Standing Committee of SDMC by the end of May 2013. This Ministry and the SAU have been following up with DDA on all these issues.

M/s Tata Consulting Engineers Ltd. have been appointed for Project Management Consultancy (PMC) Services for the SAU construction project.”

6.4 The Ministry furnished the country-wise details of faculty, students and non-academic staff in percentage terms. In this context, the Committee desired to know whether this reflection is able to live up to the idea of Pan South Asian University rather than being Indo-centric University. The Ministry furnished figures for break-up of admission for the academic session 2010-11 and stated as under:

“..... While the response to the advertisement of faculty positions in the past was overwhelming in sheer size, the number of applicants from SAARC region outside India was low (about 3% applications).....As compared to 3% share in applications, about 16% of faculty members were recruited from SAARC countries other than India. This clearly shows that there is a positive bias in recruiting faculty from SAARC region. Selection committee experts are invited from various SAARC countries as a statutory requirement. It may be noted that that a good proportion (46.66%) of senior administrative staff in Grade IA to III is from outside..... With about 50% students also from outside India, the cultural milieu of SAU is very much South Asian.”

6.5 In this context, the Committee desired to know whether the South Asian University (SAU) has tried to probe into the reasons for low response for the faculty positions. The Ministry in post-evidence reply submitted the following reasons anticipated by the Ministry:

- (a) These countries are themselves deficient in experts and not many are available for recruitment at SAU.
- (b) As per SAU Rules, initial appointment has to be a contract appointment for 5 years. This might be putting off many applicants

because generally people in this region look for stability and may not prefer a 5 year appointment.

- (c) The SAU is a very new university and it may take a bit more time before the awareness about academic robustness of the university truly percolates well in these countries.”

6.6 The Committee desired to know whether SAU is in touch with leading universities of the South Asian Region, apart from India, on the issue of recruitment of faculty/admission of students and tried to look beyond South Asia for the academicians/scholars/experts working on the issues of South Asia. The Ministry in post-evidence reply submitted as under:

“The SAU is in contact with leading universities in the region both for recruitment of faculty as well as for students’ admission. SAU sends announcements and posters to Vice-Chancellors of leading universities for admission. Several Vice Chancellors from these countries have been/are members of SAU’s constitutional bodies like the Executive Council, Academic Council and the Governing Board. ....

The SAU has informed that it has not yet specifically advertised positions for non-SAARC experts with expertise or interest in South Asia. This will be done once SAU starts the Institute of South Asian Studies (ISAS) that is a part of their Academic Structure....”

6.7 The Committee particularly desired to know about the efforts made by SAU for recruitment of faculty and admission of students from region beyond South Asia particularly in African nations. The Ministry in post-evidence reply stated that the SAU has not yet made specific efforts to recruit faculty and admit students from Africa or outside SAARC region.

6.8 The Committee noted that the University has 323 students and 64 faculty members making student teacher ratio 5:1. The Committee desired to be informed

about the efforts made by the University to enhance number of students in the University. The Ministry in written reply submitted as under:

“.....The University expects to achieve a student strength of above 400 after this year’s admission and will reach to student strength of 500 by next year due to enhanced intake of PhD students. Additional space will be required if the number of academic programmes and student intake has to be increased.

...However, the SAU expects to move to their permanent campus in Maidan Garhi in 2016 and that is when they would be able to gradually take the student strength to about 5000 as planned.”

6.9 The Committee sought Ministry’s justification for recruitment of faculty when the actual intake of students is so less. The Ministry in post-evidence reply submitted as under:

“As the SAU is an international university, its expenditure on account of recruitment of faculty is met out of the Operational Costs that are shared by all Member States. The Governing Board of SAU, comprising representatives of all Member States, determines the requirement of faculty and intake of students.”

**6.10 The Committee observe that South Asian University (SAU) Act was passed by the Parliament in 2008 and it was notified in January, 2009. The first academic session commenced in August 2010 and during 2012-13, the University work with 323 students and 57 faculty members. At present, the SAU is working from Akbar Bhawan. It is very painful to observe that they are paying around Rs. 1.5 crores as rent every month. They have 5.32 acres of land in possession since 2010. But they have still not reached upto the Master Layout Plan level. The Committee, therefore, strongly recommend that South Asian University (SAU) authorities must expedite the process of pre-**

**construction activities and initiate the construction process, on the undisputed area, particularly in view of higher rental liabilities. The Committee note that out of the annual projection of Rs. 557.60 crores, only Rs. 43 crores have been allocated at BE stage which will not even be able to cover the operational costs of the projects. The Committee, therefore, desire that for SAU allocation should be enhanced during RE stage as per their actual annual budgetary projections so that it is able to fulfil its obligations.**

**The Committee also observe that SAU is not able to get desired number of experts/faculty to run the specific courses in the University. The Committee, therefore, desire that SAU should also find non-SAARC experts with expertise in South Asia so that the University could truly emerge as a pan South Asian Institution.**

**(Recommendation No. 27)**

## **B. Nalanda University**

6.11 The budgetary allocation for Nalanda University during BE 2013-14 is Rs. 125 crores. In this context, the Committee sought clarification from the Ministry and desired to be informed of the reasons for seeking annual allocation of Rs 547.07 crores during 2013-14, when the Ministry was even unable to spend the budgetary allocation of Rs 15 crores during annual plan (2012-13) and its anticipated expenditure is only Rs 12 crores. The Ministry in written reply furnished details of the project submitted as under:

“The Nalanda University Act came into effect on 25 November, 2010. The University has said that when it got possession of the land in February 2011, it expected to finalize the result of the Architectural Design Competition by December, 2011 itself. The proposed timeline for the construction of the project at that time was as follows:

April-May 2011	: Securing land and carrying out total land survey
July/August 2011	: Launch of Global Design Competition
December 2011	: Result of the Design Competition
January 2012	: Begin construction

6.12 The Ministry further added that because of the technical nature of work and also because of the fact that International standards as well as complete transparency had to be maintained, the University had to go through the several stages before the actual construction of the campus could begin. According to the university, the competition was launched on 21 November, 2012 by inviting Expression of Interest (EOI). Thereafter, the selected architect will prepare detailed drawings after which tenders for actual construction will be called for. After the completion of this process, the construction is expected to begin in the last quarter of 2013-14.

6.13 The Ministry in written reply further stated as under:

“According to the university, there was no major expenditure in 2012-13 because the construction of the campus could not begin as planned. A sum of Rs 547 crores was requested in 2013-14, in keeping with the projection in the DPR prepared by the Ed-CIL. The allocation of funds during the financial year 2013-14 has been reduced to Rs. 125 crores under BE 2013-14.”

6.14 Regarding the scaling down of projections, the Ministry in post-evidence reply submitted as under:

“According to the university, the requirement of funds has not really been scaled down; it has only been deferred for the time being. The amount so deferred may be required in the subsequent financial years of the 12th Five Year Plan period. This decision was taken by the Vice-Chancellor on the advice of the Finance Officer...”

6.15 The Committee noted that the projected requirement for Nalanda University during BE 2012-13 and BE 2013-14 is of Rs 598.95 crores and Rs 547.07 crores respectively. In light of the projection, actual expenditure and pace of the project, the Committee desired to know whether the Ministry think there is immediate need to streamline the projection process in Nalanda University and the measures taken by the Ministry to streamline the process of projection of demands for Nalanda University. The Ministry in written reply submitted as under:

“According to the university, after taking into account the ground realities and procedural constraints the University has scaled down its fund requirement for the year 2013-14 from Rs. 547 Crores to 125 Crores only.

According to the university, the projections are made on the basis of a realistic estimation of the activities planned in future. The figures are based on the cost estimates as shown in the DPR which is based on the CPWD PAR rates with due escalation to account for the rise in the cost of construction.”

6.16 Further justifying Ministry’s projection, The Ministry in post-evidence reply submitted as under:

“This figure has been estimated in a rational manner, keeping in mind that the bulk of this amount is to be spent on construction which is expected to begin in the last quarter of 2013-14, as per information provided by the university.”

6.17 The Committee desired to know whether the timelines are being followed for construction and beginning of academic activities in Nalanda University and whether the Ministry is contemplating for fixing responsibility for the delay. The Ministry in written reply submitted as under:

“There is some delay in the commencement of construction of the campus.... According to the university, the schedule for commencement of teaching in two Schools from the academic session 2014 from leased premises has not been affected. The university has stated that it has put in place lists of advisors for each of the schools and also tie-ups with international universities for each school.

The Ministry is not contemplating fixing responsibility for delay in the commencement of construction since all concerned are making the best efforts to ensure that Nalanda University comes up as a world-class project in a timely manner.”

6.18 The Ministry further furnished in a status note on Nalanda International University alongwith original timeline and anticipated timeline for such delay and furnished estimated cost of project as well as rise in costs due to delay. On Committee's inquiry about likely commencement of construction and whether built-up space available to Nalanda University is enough for the University to commence its academic activities, the Ministry in post-evidence reply stated that, the university has said that it has been made available to it a temporary campus comprising 4.5 acres of land.

6.19 Elaborating upon the tentative beginning of academic activities, the Ministry in written reply submitted as under:

“According to the university the first two schools are scheduled to begin in September, 2014. The academic calendar is linked to the hiring of faculty. It is hoped that the faculty recruitment process can get under way in June-July 2013. All the seven schools will commence teaching from the academic year 2017-18.”

6.20 The Ministry also furnished list of programmes/activities held under the auspices of Nalanda University. The Committee observed that it seems that so far lectures have been conducted by either Indian citizens or People of Indian Origin and desired to know the reasons for lack of international representation to reflect the international character of the University and efforts made for the Nalanda University to include international academia/foreign academia in the organization and academic processes and activities. The Ministry in written reply submitted as under:

“According to the university, people of Indian origin or Indian citizens also include among them extremely talented and brilliant academics of international excellence. It takes time and organization to co-ordinate travel plans of leading scholars, many of whom are very busy and have many

demands on their time. Moreover, to get them to come to Patna and if possible also Rajgir requires more effort.

Moreover, a look at the speakers list for the international conference in Patna in July 2012, includes nine Indians out of a total of twenty-seven speakers

.....According to the university it has reached out to scholars across the globe to introduce them to the project. It has also hosted international scholars and visitors at the site of the university in Rajgir and at its office in Delhi.”

6.21 The Ministry further stated that the University has many international scholars on the Advisory board for its first two schools and furnished the list of advisors and that in addition, the University has established and is in the process of taking further, collaborations with several institutions, most of which are international. The Committee also enquired about the efforts have been made to ensure diversity and representation of citizens of various South East Asian nations as well as foreign scholars in this scheme.

6.22 The Ministry was asked to furnish details of announcement, including amount for fellowships. The Committee sought Ministry’s justification for fellowship with call to engage the selected fellows with immediate effect, when there is lack of basic minimum infrastructure and desired to know whether actually they will be able to perform, without the existence of any premises and whether the selected fellows are expected to be based at Rajgir. The Ministry in post-evidence reply submitted as under:

“The university has already discussed and finalised the conceptual basis for the first two schools: the School of Historical Studies and the School of Ecology and Environment Studies.....

The fellowships do not for the present have any residential requirement and scholars can divide their time between Delhi and Rajgir. The Delhi office



does have space, as also the office in Rajgir (which is in the process of renovation).

According to the university, depending upon the nature of the research proposal some fellows may undertake research which is specific to the region in which the university is situated.”

6.23 The Ministry also furnished the details of anticipated activities to be undertaken by the selected fellows. The Committee also sought Ministry’s justification for huge sum being offered as monthly fellowships to these fellows. The Ministry in post-evidence reply submitted as under:

“According to the university, considering its international stature, the fellowships being offered are actually not really competitive with the standards of international institutions of repute.”

6.24 In context of Ministry’s statement “regarding lack of international representation, it requires more efforts to get them (scholars) to come to Patna and if possible, also Rajgir”, The Committee desired to know about the efforts made by the University to take up the issue of infrastructure with the Government, The Ministry in post-evidence reply submitted as under:

“The University has said that it is working closely with the Bihar government and the central government on infrastructure issues. A National Monitoring Committee for Nalanda University, chaired by the Deputy Chairman of the Planning Commission, has been set up to monitor issues of infrastructure in the area around the university. The NMC has discussed development of roads, railways, telephone and internet connectivity, electricity and heritage master plan of the region with all stakeholders. These departments have pledged support to the development needs of the area.”

6.25 The Committee desired to know whether the Ministry is planning to review the entire Nalanda University due to undue delay in creation of infrastructure/academic activities. The Ministry in written reply submitted as under:

“There has no plan to review Nalanda University. All efforts are being made to ensure that the project progresses without delay.”

**6.26 The Committee take note of the progress made in respect of establishing the Nalanda University. As per the original proposed timeline for the project, the construction was to begin in January 2012, however, due to procedural delay, the construction activity will now commence in 2013. The requirement of funds is being deferred and it has been scaled down for the year 2013-14 from Rs. 547 crores to Rs. 125 crores only. The Committee are concerned about the University’s budgetary projection for BE 2013-14 in view of University’s own admission that the construction is expected to begin in last quarter of 2013-14. The Committee, therefore, once again would like to reiterate their earlier view that University must streamline its budgetary projection process. The Committee further note that University proposes to start two Schools in September, 2014. The Committee, therefore, desire that Nalanda University should strive to begin the academic activities of Phase-I at the earliest. The Committee would further like to suggest that University in its academic endeavours should not adopt India-centric approach but be global in its outlook and should equally focus on Non-Indian/Indian Origin Intellectuals and academicians.**

**(Recommendation No. 28)**

## CHAPTER-VII

### Indian Council for Cultural Relations (ICCR)

Indian Council for Cultural Relations (ICCR) is Government of India's primary arm for projecting India's soft power and earning goodwill. The ICCR has undertaken a rapid expansion in its activities and outreach both inside and outside India. It also administers a large number of scholarships for foreign students in India.

7.2 In context of the mandate of ICCR and low budgetary allocation, the Committee desired to know about the efforts that have been made by ICCR to seek enhanced budgetary allocation. The Ministry in written reply submitted as under:

“ICCR has taken up the matter with the Ministries of Finance and External Affairs as also with the PMO regarding enhancement of Budget from time to time.”

7.3 Elaborating upon the budgetary constraints faced by ICCR, the Foreign Secretary during the course of evidence stated as under:

“.....Against the demand of Rs 252.30 crore, ICCR could be allocated only Rs. 150 crore in BE 2012-13 and Rs. 157.30 crore in RE 2012-13. For BE 2013-14, against the budget demand of Rs 282.50 crore, only Rs. 160 crore has been allocated to ICCR. Many of the Cultural Centres abroad are facing problems in view of the budget constraints and even many programme activities of ICCR are suffering. ICCR has also committed to participate in the Europalia International Festival in Belgium this year for which it has received no additional budgetary support. MEA has taken all possible measures to seek enhancement for ICCR's budget from Ministry of Finance at every possible stage.”

7.4 The Foreign Secretary assured the Committee that the Ministry would again seek enhanced allocation for ICCR during the Supplementary Demands for Grants and the RE stage, in view of ICCR's current crisis of budget constraints so that the organization is able to fulfill its mandate of cultural diplomacy in right measure.

7.5 The Committee noted that ICCR's annual outlay for 2011-12 was Rs 121 crores, however, its actual expenditure was Rs 136.37 crores. Similarly, the outlay for ICCR 2012-13 was Rs 150 crores while actual expenditure upto December, 2012 is Rs 233 crores. The Committee desired to know as to how the additional funds were augmented. The Committee further desired to know about the reasons as to why excess of funds to the tune of Rs 83 crores has been spent and whether the Ministry of External Affairs has been approached by ICCR for prior sanctioning of these additional expenses and whether responsibility can be fixed for additional expenses without prior sanction of the Ministry. In this context, the Ministry in written reply submitted as under:

“As a result of drastic reduction in allocations made against the budget requests, ICCR incurred a surplus expenditure of Rs 11 crores in 2011-12 and Rs. 42 crores in 2012-13. The surplus expenditure in the year 2011-12 was actually Rs. 38 crores. However, the previous ICCR cash balance was used to adjust the expenditure of Rs. 27 crores. The extra expenditure was managed through internal receipt and arrears dues of Agency Work received during the year.

..Closing down these Cultural Centres, Chairs and Regional Offices would send a wrong signal to the outside world putting India in an embarrassing position. The excess expenditure was therefore unavoidable, though it was minimized by reducing several activities as is reflected in the fact that compared to the budget projection of Rs.250 crores, the expenditure was limited to approximately Rs.200 cores.

..Financial powers have been delegated to executives of the organization at various levels with approval of its Finance Committee, Governing Body and the General Assembly where the Financial Advisor of the Ministry of External Affairs is a member.

The present situation is that ICCR does not have the surplus cash balance and has an excess expenditure of Rs. 42 crores to be paid out of the grant for the financial year 2013-14.”

7.6 Regarding open new ICCR regional Centres in India as well as ICCR's Cultural Centres abroad particularly in Latin American/Caribbean Region as well as in continent of Africa, the Ministry in written reply submitted as under:

“The Council proposes to open three more Regional Offices at Port Blair, Dehradun and Gangtok on top priority basis during the financial year 2013-14, subject to availability of funds.

ICCR has also been directed to open new Indian Cultural Centres in Buenos Aires (Argentina), Santiago (Chile), Lagos (Nigeria) and Nairobi (Kenya). In addition ICCR also has 6 new Centres in the pipeline which include Washington, Paris, Toronto, Sydney, Hanoi, Singapore.

However, opening of these new Centres although already committed, would be subject to availability of funds.”

**7.7 The Committee in their reports over the years have recommended to the Ministry to enhance budgetary allocation for Indian Council for Cultural Relations (ICCR) in view of emerging contours of cultural diplomacy. The Committee note that it is essential to expand the network of Indian Cultural Centres and establishment of chairs abroad, however, these endeavours will be requiring additional funds. With the funds allocated to ICCR, they are not even able to manage the established Centres outside India, then how can they think about new centres? The Committee observe that though the matter of enhanced allocation has been taken up even at PMO level, but not much headway is made. The Committee, therefore, once again strongly recommend that the Ministry should be allocated additional funds to ICCR at RE stage in view of their proposed requirements and further expansion. However, at the same time, the Committee suggest that ICCR must explore alternative ways to generate revenue for conduct of its regular activities.**

**(Recommendation No. 29)**

**MINUTES OF THE NINETEENTH SITTING OF THE STANDING COMMITTEE  
ON EXTERNAL AFFAIRS HELD ON 9<sup>TH</sup> APRIL, 2013**

The Committee sat from 1200 hrs to 1430 hrs. in Committee Room '62', Parliament House, New Delhi.

**Present**

**Dr. Karan Singh** - **In the Chair**

**Members**

**Lok Sabha**

2. Shri Anto Antony
3. Shri Sansuma Khunggur Bwiswmuthiary
4. Shri Bhakta Charan Das
5. Shri Gobinda Chandra Naskar
6. Shri Rakesh Pandey
7. Shri Rajendrasinh Rana
8. Shri Elangovan T.K.S.
9. Dr. Bhola Singh
10. Dr. Girija Vyas
11. Shri Sultan Ahmed
12. Shri Inder Singh Namdhari

**Rajya Sabha**

13. Shri A.W. Rabi Bernard
14. Dr. K.P. Ramalingam
15. Shri N.K. Singh
16. Shri D.P. Tripathi
17. Smt. Ambika Soni

**Secretariat**

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

## **Representative of Ministry of External Affairs**

1. Shri Ranjan Mathai, Foreign Secretary
2. Shri Pinak Ranjan Chakravarty, Secretary(ER)
3. Shri Suresh K Goel, Director General(ICCR)
4. Shri Basant Kumar Gupta, Special Secretary(CPV)
5. Shri P.S.Raghavan, Special Secretary (DPA & AD)
6. Shri Bimal Julka, Special Secretary(FA)
7. Shri Y.K. Sinha, Additional Secretary (PAI)
8. Smt. Archana Nigam, Principal Chief Controller of Accounts
9. Dr. Jitendra Nath Misra, Joint Secretary(Nalanda)
10. Shri Harsh Vardhan Shringla, Joint Secretary(BSM)
11. Shri Anup K. Mudgal, Joint Secretary(AD)
12. Shri Rajesh Kumar Sachdeva, Joint Secretary (Estt.)
13. Shri Syed Akbaruddin, Joint Secretary(XP)
14. Shri Alok K. Sinha, Joint Secretary(Projects)
15. Shri Sandeep Kumar, Joint Secretary(WANA)
16. Shri Paramjit Mann, Joint Secretary(FSI)
17. Shri Sanjiv Kohli, Joint Secretary(WA)
18. Shri Pavan Kapoor, Joint Secretary(UNP)
19. Shri Muktesh K. Pardeshi, Joint Secretary(PSP & CPO)
20. Shri Kumar Tuhin, Joint Secretary(DPA)
21. Shri Prabhat Kumar, Joint Secretary(ES & ITP)
22. Shri Arun K. Chatterjee, Joint Secretary(CNV)
23. Shri Sanjiv Ranjan, Joint Secretary(DPA)
24. Shri Mridul Kumar, Joint Secretary(Parl. & Coord.)
25. Shri Manish Chauhan, OSD (SAARC)
26. Shri Manish Prabhat, Director (Finance)
27. Shri Puneet Roy Kundal, Director (North)
28. Shri Ravindra Prasad Jaiswal, Director (South)
29. Shri Antony Cyriac, Director (DPA)

2. Hon'ble Chairman (Shri Ananth Kumar) could not attend the sitting of the Committee due to inevitable circumstances. The Committee therefore, chose Dr. Karan Singh to act as Chairman for the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Chair welcomed the Members of the Committee and the representatives of the Ministry of External Affairs to the sitting of the Committee. The Chair then drew attention of the witnesses to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. Thereafter, the Committee 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 2013-14 and discussed some important points arising therefrom in detail. The Committee desired that the Ministry may furnish written replies within 2 days to the various points raised by the Members during discussion.

5. The Committee then adjourned.

A verbatim record of the proceedings has been kept.



**MINUTES OF THE TWENTY-FIRST SITTING OF THE STANDING  
COMMITTEE ON EXTERNAL AFFAIRS HELD ON 22<sup>nd</sup> APRIL, 2013**

**The Committee sat from 1600 hrs. to 1800 hrs. in Committee Room 'D',  
Parliament House Annexe, New Delhi.**

**PRESENT**

Dr. Karan Singh – In the Chair

**MEMBERS  
LOK SABHA**

2. Shri Bhakta Charan Das
3. Shri Jose K. Mani
4. Shri Gobinda Chandra Naskar
5. Shri Francisco Sardinha
6. Shri Sultan Ahmed

**RAJYA SABHA**

7. Dr. Najma A. Heptulla
8. Dr. K.P. Ramalingam
9. Dr. N.K. Singh
10. Shri D.P. Tripathi

**SECRETARIAT**

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

2. Hon'ble Chairman (Shri Ananth Kumar) could not attend the sitting of the Committee due to some urgent engagement. The Committee therefore, chose Dr. Karan Singh to act as Chairman for the sitting in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chair welcomed Members to the sitting of the Committee.

4. The Committee then took up for consideration the draft Report on Demands for Grants of the Ministry of External Affairs for the year 2013-14. The Chair invited the Members to offer their suggestions, if any, for incorporation in the draft Report. The Members suggested some minor modifications. The Committee adopted the draft Report with minor modifications.

5. XXXX XXXX XXXX XXXX XXXX XXXX

6. The Committee then authorized the Chair to finalize the Report incorporating the suggestions made by the Members and present the same to Parliament.

*The Committee then adjourned.*