

**11**

**STANDING COMMITTEE  
ON EXTERNAL AFFAIRS  
(2015-2016)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF EXTERNAL AFFAIRS**

**DEMANDS FOR GRANTS  
(2016-2017)**

**ELEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*APRIL, 2016/VAISAKHA, 1938 (Saka)*

**ELEVENTH REPORT**  
**STANDING COMMITTEE ON**  
**EXTERNAL AFFAIRS**  
**(2015-2016)**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF EXTERNAL AFFAIRS**  
**DEMANDS FOR GRANTS**  
**(2016-2017)**

**Presented to Lok Sabha 2<sup>nd</sup> May, 2016**

**Laid in Rajya Sabha 2<sup>nd</sup> May, 2016**



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

*APRIL, 2016/VAISAKHA, 1937 (Saka)*

COEA NO. 123

*Price : Rs. ....*

<b>CONTENTS</b>		<b>PAGE</b>
COMPOSITION OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2015-16).....		(i)
CHAPTER I	Background Implementation of the Committee's Recommendations	1
CHAPTER II	Introductory	3
CHAPTER III	Review of Past Performance	7
CHAPTER IV	Analysis of Demand For Grants A. Overall Budgetary Proposals and Allocations B. Sectoral Allocation	16
CHAPTER V	Policy Planning & Formulation	45
CHAPTER VI	India's Development Engagement A. Budgetary Provisions B. Aid to Bangladesh C. Aid to Bhutan/Loan Advances to Bhutan D. Aid to Nepal E. Aid/Loan and Advances to Maldives F. Aid to Myanmar G. Indian Technical and Economic Cooperation (ITEC) H. SAARC Programmes I. Aid to African Countries J. Aid to Latin American Countries K. Aid to Afghanistan	56
CHAPTER VII	Organizational Set up, Secretarial Services and Training A. Secretariat General Services B. Training	101
CHAPTER VIII	Overseas Indian Affairs	110
CHAPTER IX	Autonomous Bodies	136
CHAPTER X	Miscellaneous A. States Division B. Investment and Technology Promotion ( ITP)	145

#### **APPENDICES**

I.	Minutes of the Twelfth sitting of the Committee held on 28.3.2016	153
II.	Minutes of the Thirteenth sitting of the Committee held on 28.4.2016	156

## COMPOSITION OF THE STANDING COMMITTEE ON EXTERNAL AFFAIRS (2015-16)

### Sl. No.                      Name of Members

1.        Dr. Shashi Tharoor, Chairperson

#### **MEMBERS**

#### **Lok Sabha**

2.                      Shri Sirajuddin Ajmal
3.                      Prof. (Dr.) Sugata Bose
4.                      Shri Ranjit Singh Brahmputra
5.                      Shri Arka Keshari Deo
6.                      Shri Feroze Varun Gandhi
7.                      Shri Rahul Gandhi
8.                      Prof. Richard Hay \*
9.                      Shri Anant Kumar Hegde
10.                     Shri Raghav Lakhnani
11.                     Shri Venakateswara Rao Maganti
12.                     Shri Jose K. Mani
13.                     Shri Chhedi Paswan
14.                     Shri A. Anwar Raajhaa
15.                     Shri Vishnu Dayal Ram
16.                     Shri Mohammad Salim
17.                     Prof. (Dr.) Mamta Sanghamita
18.                     Shri P.R. Senthilnathan
19.                     Shri Ram Swaroop Sharma
20.                     Smt. Supriya Sule
21.                     Shri Sharad Tripathi

#### **Rajya Sabha**

22.                     Shri Satyavrat Chaturvedi
23.                     Shri Chunibhai Kanjibhai Gohel
24.                     Smt. Kanimozhi
25.                     Shri Ram Kumar Kashyap
26.                     Shri C.M. Ramesh
27.                     Dr. Karan Singh
28.                     Shri D. P. Tripathi
29.                     Shri Pavan Kumar Varma
30.                     Vacant<sup>#</sup>
31.                     Vacant

#### **Secretariat**

1. Shri Cyril John                      -        Joint Secretary
2. Dr. Ram Raj Rai                      -        Director
3. Smt. Jyochnamayi Sinha           -        Additional Director
4. Ms. Smita Singh                      -        Executive Assistant

\*Prof. Richard Hay has been nominated *w.e.f.* 13.04.2016 *vice* Smt. Raksha Khadse who has been nominated to the Committee on Agriculture

<sup>#</sup>Sri H.K. Dua retired on 17.11.2015.

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on External Affairs, having been authorized by the Committee to present the Report on their behalf, present this Eleventh Report of the Standing Committee on External Affairs (2015-16) on Demands for Grants of the Ministry of External Affairs for the year 2016-17.

2. The Committee heard the views of the representatives of the Ministry of External Affairs at their Twelfth sitting held on 28<sup>th</sup> March, 2016.

3. The Committee wish to express their gratitude to the officers of the Ministry of External Affairs 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 for the year 2016-17.

4. The Report was considered and adopted by the Committee at their Thirteenth sitting held on 28<sup>th</sup> April, 2016.

5. The Minutes of the sittings of the Committee held on 28<sup>th</sup> March, 2016 and 28<sup>th</sup> April, 2016 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**  
**28<sup>th</sup> April, 2016**  

---

**8 Vaisakha, 1938 (Saka)**

**DR. SHASHI THAROOR**  
**Chairperson,**  
**Standing Committee on External Affairs**

## **CHAPTER – I**

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

The Fifth and Sixth Reports (16<sup>th</sup> Lok Sabha) of the Standing Committee on External Affairs on the Demands for Grants (2015-16) of the erstwhile Ministry of Overseas Indian Affairs and Ministry of External Affairs respectively were presented to the Lok Sabha and laid in the Rajya Sabha on 28<sup>th</sup> April, 2015. The Fifth Report contained 16 recommendations/observations and the Sixth Report contained 40 recommendations/observations.

1.2 In compliance of the Direction 73A of the Directions by the Speaker, the erstwhile Minister of Overseas Indian Affairs and the Minister of External Affairs had to make a statement in the Lok Sabha giving the status of implementation of the Observations/Recommendations made by the Committee in their Fifth And Sixth Reports respectively within six months from the date of presentation of the Reports. However, no such statement has been laid by the Ministry so far.

1.3 On the basis of the Action Taken Replies received from the erstwhile Ministry of Overseas Indian Affairs on the Fifth Report, the Committee presented their Ninth Report (Action Taken Report) to the Lok Sabha on 30<sup>th</sup> November, 2015 and laid in the Rajya Sabha on 2<sup>nd</sup> December, 2015. The Committee in their Ninth Report have commented on the action taken replies furnished by the Ministry in respect of recommendation Nos. 1,2,3,4,5,8,9,10,11,12,13,14 and 15 contained in the Fifth Report.

1.4 On the basis of the Action Taken Replies received from the Ministry of External Affairs on the Sixth Report, the Committee presented their Tenth Report (Action Taken Report) to both the Houses of Parliament on 23<sup>rd</sup> December, 2015. The Committee in their Tenth Report have commented on the action taken replies furnished by the Ministry in respect of Recommendation Nos. 1, 2, 4, 7, 8, 9, 10, 11, 12, 13, 17, 19, 20, 22, 23, 24, 26, 27, 28, 29, 32, 33, 34, 36, 37, 38, 39 and 40 contained in the Sixth Report.

1.5 With regard to the status of implementation of the Committee's recommendations made by the Committee in its aforesaid Reports, the Foreign Secretary assured the Committee during the course of oral evidence on the Demands for Grants (2016-17) as under:-

“ ...we note the ongoing recommendations of the Committee in its various Reports including its Tenth Report table in Parliament in December, 2015. We are fully committed to implementing them.”



## **CHAPTER-II INTRODUCTORY**

The Ministry of External Affairs (MEA) formulates and conducts India's foreign policy within the framework of our values and principles of fostering international peace and cooperation with the overall objective of meeting India's strategic aims and aspirations as well as to secure our national interests. In pursuance of its mandated objectives, MEA headquarters in New Delhi is assisted by 187 Missions and Posts abroad; its Branch Secretariats and Passport Offices in India; and Autonomous Bodies funded by it. The Ministry is also supported by other Ministries and State Governments who also contribute to India's international engagement in consultation and coordination with MEA.

2.2 Article 113 of the Indian Constitution mandates that the estimates of expenditure from the Consolidated Fund of India in the Annual Financial Statement are required to be voted by the Lok Sabha that are submitted in the form of Demands for Grants. The Demands for Grants of the Ministry of External Affairs (Grant No 28) for the year 2016-17 was presented to Lok Sabha as well as laid on the table of Rajya Sabha on 28<sup>th</sup> February 2016.

### **Merger of MoIA with MEA**

2.3 It is worth noticing that till the last financial year, there were two separate Demands for Grants of Ministry of External Affairs and erstwhile Ministry of Overseas Indian Affairs as they were two separate Ministries. However, in February 2016 the Ministry of Overseas Indian Affairs, which was established in 2004, has been merged with the Ministry of External Affairs and thereby there is a combined Demands for Grants of Ministry of External Affairs for the year 2016-17.

2.4 Apprising the Committee about the merger of two separate demands into one, the Foreign Secretary while rendering oral evidence stated as under:-

“In BE 2016-17, while merging the budget of erstwhile MOIA into MEA, all budget heads and sub-heads under which various schemes, programmes, events

and policies relating to the Indian Diaspora were being implemented have been retained in their current form. They will be reviewed in the course of this year in order to enhance their effectiveness and to ensure optimal utilization of and synergy in available resources and capacities. The decision to merge was taken with the intention of better addressing the needs and concerns of the Diaspora. It is also in line with the Government's overall objective of minimizing government and maximizing governance.

We may seek your support for additional requirement of funds that could arise after this review exercise is completed. Sir, we have been given six months to examine all issues connected with the merger.”

2.5 On the Committee's query pertaining to the need and rationale behind the merger of the erstwhile MoIA with the MEA, the Ministry in a written reply submitted as under:-

“The Ministry of Overseas Indian Affairs was set-up in 2004. MOIA was a small Ministry which did not have the institutional mechanisms or platforms to efficiently handle implementation of their policies, schemes and initiatives. The execution of decisions, policies taken by MOIA, their schemes for engagement with the Diaspora, mobilizing participation in PBD and RPBD was largely through Indian Missions and Posts abroad.

Therefore, even during the decade when MOIA was operational, it was MEA and Indian Missions/Consulates abroad that mostly dealt with the Indian community abroad, their welfare and protection, and repatriation and evacuation in times of crises. Matters pertaining to Indian nationals abroad are also taken up by MEA in bilateral consular dialogues with foreign governments. Diaspora activities of MOIA have also been undertaken through Indian Missions and Posts abroad.

The division between the two Ministries resulted in inefficiencies of work and unnecessary delays in implementing decisions, schemes, programmes for Diaspora; and in addressing complaints and grievances of Indian nationals abroad. The decision to merge MOIA with MEA was therefore taken to further strengthen our engagement with our Diaspora to synergize our resources and to bring in more efficiency in addressing various issues faced by our Diaspora globally. Following the merger we are keen to use the organic linkages between our foreign policy objectives and Diaspora outreach more effectively.

The merger is also in line with the Government's overall objective of minimizing government and maximizing governance. This in fact is an

administrative decision which is a major step in the direction of good governance. Administrative arrangements of the merger are currently underway under the personal supervision of the External Affairs Minister to ensure that current resources and capabilities are strengthened and all needs and concerns of the Diaspora are addressed.”

2.6 The Committee desired to know the basis on which the idea of merger was mooted out and also whether any study has been undertaken before the merger was put in effect. The Ministry in a post evidence reply submitted as under:-

“Since the creation of MOIA in 2004, there have always been two separate Ministers in charge of the work of MEA and MOIA respectively. However, since May, 2014 under the current Government, one Minister and one Minister of State have handled both Ministries. It soon became apparent that there was more that could be done to utilize the natural synergy between our foreign policy objectives and Diaspora outreach if MoIA’s functions were with MEA. It was in this background that the decision to merge MoIA in its entirety with MEA was proposed.

Even during the decade when MoIA was operational, it was MEA and Indian Missions/Consulates abroad that mostly dealt with the Indian community abroad, their welfare and protection, and repatriation and evacuation in times of crises. Matters pertaining to Indian nationals abroad are also taken up by MEA in consular dialogues with foreign governments. Diaspora activities of MoIA were also undertaken mainly through Indian Missions and posts abroad. The division between the two Ministries was therefore unnatural, resulting in inefficiencies of work and unnecessary delays in implementing decisions, schemes, programmes for Diaspora; and in addressing complaints and grievances of Indian nationals abroad.”

**2.7 The Committee note that the Government have taken a very welcome decision to merge the Ministry of Overseas Indian Affairs with the Ministry of External Affairs w.e.f. February, 2016. The Committee have been continuously expressing their concerns about the performance of MoIA during the one decade of its existence. MOIA was totally dependent upon MEA for every matter pertaining to Indian Nationals abroad and all the Diaspora activities were undertaken through Missions and Posts abroad which were controlled by the MEA. Due to such an arrangement, there were unnecessary delays in the implementation of decisions, schemes, programmes for the Diaspora. Moreover, during all these years**

**MOIA received a very meagre allocation and it was not even able to utilize that small allocation. The Committee are also pleased to note that following the merger of the erstwhile MOIA with the MEA, all budget heads and sub-heads under which various schemes, programmes and events relating to the Diaspora will be retained in their current form. The Committee are hopeful that in the aftermath of this merger, the resources and capabilities will be strengthened and the needs and concerns of Diaspora would be addressed in a better way.**

**The Committee, therefore, strongly recommend that the Ministry should ensure that the work relating to reviewing all the schemes/programmes and events related to the erstwhile MoIA and issues concerned with the merger is completed within six months. The Committee may be apprised about the outcome of the review process, once it is completed.**

***(Recommendation No. 1)***

## CHAPTER III

### REVIEW OF PAST PERFORMANCE

#### **Budget Utilization during 2015-16**

The overall allocation for Ministry of External Affairs at the Revised Estimates (RE) stage for FY 2015-16 remained unchanged *vis-a-vis* the Budget Estimates (BE) 2015-16, which were Rs.14966.83 crores. In this context, when the Committee specifically enquired about the reasons for no enhancement in the Ministry's budget at RE stage, the Ministry in a written reply submitted as under:

“The overall allocation for MEA at the RE stage in 2015-16 remained unchanged. However, on account of underutilization of funds in HEPs in Bhutan, the allocation was reduced and funds to the tune of Rs. 678.02 crores were reallocated from Plan to Non-Plan while maintaining the overall ceiling of Rs. 14966.83 crores as provided at the BE stage.”

3.2 The Committee while examining the Demands for Grants for previous years have been observing that there has always been a mismatch between projections made by the Ministry and allocations given at the BE stage. Further, there were also continuous reductions at the RE stage in comparison to the BE stage. During the examination of DFG last year, the Ministry has agreed that it will continue its efforts to liaise with the Ministry of Finance for seeking additional funds at the Supplementary Demands/Revised Estimates stage. In this context, the Committee wanted to be apprised about the efforts made by the Ministry for communicating the financial constraints faced by it to the Ministry of Finance. The Ministry in a written reply submitted as under:-

“The Ministry maintains is in regular communication with MoF. The need for increased allocations has been taken up with the Ministry of Finance from time to time, including at senior levels.”

3.3 When the Committee specifically wanted to know the details of the total budgetary demand sought from the Ministry of Finance and the actual allocation at the BE and the RE stage for the last 3 years, the Ministry submitted as under:

(Rs. in Cr)

Year	BE		RE	
	Demand	Allocation	Demand	Allocation
2013-14	19230.64	11719.00	16585.18	11793.65
2014-15	19754.83	14730.39	17729.59	12620.00
2015-16	20034.62	14966.83	20034.75	14966.83

3.4 The Committee further wanted to be apprised about the reason for not being able to convince the Finance Ministry for additional grants. The Ministry in a written reply submitted that:-

“The matter of reduced allocations has been repeatedly taken up with the Ministry of Finance at the levels of the External Affairs Minister and the Foreign Secretary during the Financial Year 2015-16. However, these have not resulted in any enhancement of budgetary provisions.”

3.5 The Ministry further stated that “while the Ministry has been receiving economy cuts over the years, in order to deal with the resulting budgetary challenge, the Ministry tries to prioritize as well as rationalize its expenditure keeping in view foreign policy priorities and objectives.”

3.6 The total budgetary outlay for the Ministry of External Affairs and the erstwhile Ministry of Overseas Indian Affairs are provided in the table below:-

(Rs. in crores)

	2014-15		2015-16	
	BE	RE	BE	RE
MEA	14730.39	12620.00	14966.83	14966.83
MOIA	149.98	99.00	118.17	87.73

3.7 The Committee noted that the total budgetary outlay of the Ministry of External Affairs (MEA) for 2015-16 was Rs. 14966.83 (cr.) which was 1.67% more than the budget allocated for 2014-15 (Rs. 14730.39 cr.). A major part of this Budget was committed towards technical and economic cooperation with other countries through both Plan and Non-Plan funds.

3.8 On Committee's query, the Ministry also furnished the head wise details of allocations at both the stages during the last three years. The Committee further desired to know whether the issues of reduced allocation of funds as compared to the proposed funds over the years have been taken up with the Ministry of Finance as well as at the highest level. The Ministry submitted in a written reply as under:-

“The matter of reduced allocations has been repeatedly taken up with the Ministry of Finance at the levels of the External Affairs Minister and the Foreign Secretary during the Financial Year 2015-16. However, these have not resulted in any enhancement of budgetary provisions.”

3.9 On being specifically asked about the response of the Ministry of Finance to the same and the reasons for failure of such high level efforts, the Ministry submitted as under:

“It may be recalled that in 2014-15 there was an unprecedented cut of budget at RE stage in MEA's budget. All efforts of communicating and convincing the Ministry of Finance have been stepped up since then. The efforts cannot be said to have failed completely as no overall reduction in budget in 2015-16 was done. Rather funds which were unlikely to be utilized under Plan were reallocated to Non Plan by the Ministry of Finance. Subsequently identified savings from unspent heads have also been re-appropriated with due approvals from Ministry of Finance. To ensure full utilization and prevent lapse of funds a waiver sought on the ceiling of 33 % spending in the last quarter of Financial year has also been approved. Efforts made have yielded positive results so far and MEA will continue to make a consistent pitch to convince Ministry of Finance into providing allocations closer to the demands.”

3.10 The Ministry has stated that the allocation for the Ministry of External Affairs was reduced and the funds were reallocated from Plan to Non-Plan due to the underutilization of funds in Hydro-electric Projects in Bhutan. In this context, the Committee desired to know the reasons for the underutilization of funds in Bhutan and also the remedial measures taken for the same. The Ministry in post evidence written reply submitted as under:

“Allocation provided in BE 2015-16 for the three Hydroelectric Projects (HEPs) in Bhutan being funded by GoI – Punatsangchhu-I,

Punatsangchhu-II and Mangdechhu - was higher than the projected requirements for the year. The projected requirements reflected the fact that these HEPs are already past their peak construction period with their commissioning expected by 2018-19.

Further, the geological surprises in the Punatsangchhu-I & II HEPs led to a slowing-down of project execution and funds requirement. The reduced budgetary allocations in RE 2015-16 reflect the funds requirement as projected by the respective Project Authorities.

The Ministry has taken measures to ensure uninterrupted project construction. . Approval of the Union Cabinet was obtained for the Revised Cost Estimate (RCE) of Punatsangchhu-I HEP in July 2015, and for the RCE of Mangdechhu HEP in March 2016, while the RCE proposal for Punatsangchhu-II HEP is under consideration.”

3.11 On the Committee’s query, the Ministry provided the details of allocations sought at the Supplementary Demands/Revised Estimates stages and the actual amount given by the Ministry of Finance during 2015-16. The Committee further asked about the specific reason for no allocation on these stages and also the reasons put forward by the Ministry of Finance for such a treatment. The Ministry in a written reply submitted as under:-

“The Supplementary demands sought from the Ministry of Finance in 2015-16 are as follows:

<b>(Rs. in Crores)</b>		
<b>Supplementary 2015-16</b>	<b>Demand</b>	<b>Allocation</b>
First Supplementary	3770.84	10.00
Second Supplementary	4017.53	0.02(Token)
Third Supplementary	414.60	Under consideration

“In the first Supplementary demand for grants, Rs. 10 Crores was provided for the World Hindi Conference at Bhopal. No further demands made at the Second and Third Supplementary stages were provided. No reasons to justify non-allocation of funds against the demands raised by MEA were given. It may also be mentioned that the Ministry of Finance usually provides a Token Supplementary, and not a Cash Supplementary, which entails provision of funds from anticipated savings of the Ministry.”

3.12 When asked about the reasons for reduction in Plan expenditure and increase in Non Plan expenditure during 2015-16 at the BE and RE stage, the Ministry in a written reply stated as follows:-



“An amount of Rs. 547.51 crores was re-allocated from the head Aid to Bhutan (Plan) to Non-Plan at the RE stage in 2015-16. It may be mentioned that the allocation at the BE stage itself (by the Ministry of Finance) for this head was more than MEA’s demand. Besides the off take of funds was slower than expected as the RCE (Revised Cost Estimates) approvals by the Cabinet for Punatsangchhu –I, Punatsangchhu-II and Mangdechhu were awaited. As a result of this, there was underutilization of allocated funds. The remaining Rs. 130.51 crores was from the Plan heads under Aid to Afghanistan and Aid to Myanmar.”

3.13 During the examination of budget documents, the Committee discerned that a consistent feature of Ministry’s expenditure management has been almost full utilization of the budgetary grant both on Revenue and Capital accounts. This has been due to regular monitoring of expenditure by various Divisions as well as by the Ministry’s Integrated Finance Division.

	2013-14		2014-15		2015-16 (up to 31 Dec 2015)	
	Revised Estimates	Percentage Utilised	Revised Estimates	Percentage Utilised	Revised Estimates	Percentage Utilised
<b>Revenue</b>	9897.15	100.03	10018.40	98.43	11238.03	68.66
<b>Capital</b>	1896.50	99.93	2601.60	87.91	3728.80	40.26
<b>Total</b>	<b>11793.65</b>	<b>100.01</b>	<b>12620.00</b>	<b>96.26</b>	<b>14966.83</b>	<b>61.58</b>

3.14 While furnishing figures regarding quarterly allocation and utilization during the last three financial years and highlighting the steps taken/being taken by the Ministry for balanced expenditure during each quarter of the financial year during this period year wise, the Ministry submitted in a written reply as under:-

“The quarterly allocation and utilization during last 3 financial years are as follows:  
(Rs. in cr.)

2013-14	Ist Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
<b>Allocation</b>	2648.00	2647.00	2646.73	3777.27
<b>Utilisation</b>	3496.23	2580.01	2666.84	3064.47

2014-15	Ist Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
---------	-------------	-------------------------	-------------------------	-------------------------

<b>Allocation</b>	3755.62	3196.60	2917.15	4861.02
<b>Utilisation</b>	3666.68	3259.12	3137.82	2085.12

<b>2015-16</b>	<b>Ist Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
<b>Allocation</b>	3342.59	3342.58	3342.60	4939.06
<b>Utilisation</b>	3066.08	4133.77	2016.92	2439.96

3.15 When the Committee desired to know about the measures of the economy that have been followed in budget utilization over these years and whether there is any mechanism to ensure optimal utilization of budgetary resources during each quarter of the year, the Ministry submitted in a written reply as under:-

“The instructions contained in the circulars of Ministry of Finance towards economy measures, rationalization of expenditure, etc., are scrupulously followed by the Ministry. Accordingly, the number of personnel sent on visits to foreign countries is limited to bare minimum. The conduct of seminars, conferences, etc. in five star hotels is discouraged. Purchase of cars is banned, except against condemned ones, which is pursued with the approval of Ministry of Finance. Creation of posts is also done with approval of Ministry of Finance.

In order to ensure optimal utilization of budgetary resources, expenditure is closely monitored by the Financial Advisor in consultation with the Divisional Heads. As a result of these measures, the Ministry has been able to maintain optimal expenditure in each quarter.”

3.16 As per the Outcome Budget, till December 2015 expenditure incurred on the erstwhile Ministry of Overseas Indian Affairs has been Rs. 44.88 crores while the Revised Estimates was Rs. 87.73 crores (RE). In this context, the Committee asked the reasons for under utilization of funds by the erstwhile Ministry of Overseas Indian Affairs. The Ministry in a written reply submitted as under:

“In FY 2015-16, the BE for MOIA was Rs.118.18 crores and RE 2015-16 was Rs. 74.25 Cr of this amount a total of Rs. 68.84 crores was utilized by the end of the Financial Year. The Fund utilization was low because some of the major programmes, schemes and initiatives of the Ministry could not be implemented/or implemented fully during the year 2015-16.”

3.17 Revenues earned by the Ministry, which contributes to Government’s efforts to enhance Non-Tax revenue, are shown in the table below:

<b>Fees</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b> <i>(up to Dec 2015)</i>
<b>Passport</b>	1336.06	1873.13	2167.07	1621.40
<b>Visa</b>	1535.28	1913.60	1884.71	1320.88
<b>Others</b>	253.15	308.58	254.49	217.84
<b>Total</b>	<b>3124.49</b>	<b>4095.31</b>	<b>4306.27</b>	<b>3160.12</b>

3.18 The Committee observed that several Missions/Posts abroad have been able to generate substantial revenue accruing from Consular services. The Ministry has made efforts to reduce the cash holding by Missions/Posts abroad by undertaking a monthly review of their cash balances and determining the amount to be remitted accordingly. An important measure taken by the Ministry towards financial management has been the implementation of the Integrated Mission Accounting System (I-MAS) in all Missions/ Posts abroad, which has brought them on a common accounting platform and enabled timely incorporation of their monthly cash accounts into the Ministry's monthly accounts. Work is underway for development of an updated version of this software, which would enable real time availability of accounting information.

3.19 On the Committee's query, the Ministry in a written reply provided the mechanisms for regular monitoring of expenditure as under:-

“Expenditure is closely monitored by the Financial Advisor in consultation with the Divisional heads regularly. Meetings are held with major Spending Units every quarter and more frequently in the last quarter of the Financial Year. Savings/surrenders information is sought on a real time basis and reallocated to other Spending Units to ensure full utilization of scarce resources. Missions/Posts have also been sensitized to fully utilize their allocated budgets while ensuring adherence to canons of financial propriety and extant rules”

**3.20** While analyzing the budgetary allocations made for MEA during 2015-16, the Committee found that the Ministry sought an allocation of Rs. 22967.01 crores including the Plan component of Rs. 4940.36 crores and non-Plan component of Rs. 18026.65 crores against which the actual allocation made at the BE stage was Rs. 14,966.83 crores only. The Committee, therefore, had criticized such a drastic reduction in the budget of the Ministry and had desired the Ministry to rigorously pursue substantially enhanced allocation at Revised Estimates stage. The Committee, however, are disappointed to note that despite the intervention made at the level of the External Affairs Minister as well as the Foreign Secretary, the situation could not be improved. The budgetary allocation at RE stage remained unchanged and there was only a reallocation of Rs. 678.02 crores from plan to non-plan owing to underutilization of funds in HEPs in Bhutan. The Committee note that against the demands of Rs. 3770.84 crores, Rs. 4017.53 crores and Rs. 414.60 crores sought by the Ministry for developmental projects at the first, second and third supplementary stage respectively, an allocation of only Rs. 10 crores was provided in the name of World Hindi Conference at Bhopal in the first supplementary stage. The Committee are distressed to note the unsympathetic attitude of the Government of India, particularly the Ministry of Finance, towards the conduct of India's Foreign policy.

*(Recommendation No. 2)*

**3.21** The Committee note that one of the important challenges the Ministry faces is that its developmental projects implemented abroad are impacted by climatic conditions, political uncertainties, security concerns etc. Therefore, there is a limited working period available to complete the projects. Non-availability of funds during critical windows makes timely completion even more difficult and leads to cost overruns. Delay in release of payment to vendors can also stall projects. Therefore, the Committee strongly urge the Ministry of External Affairs to bring all these facts forcefully to convince the Ministry of Finance to provide predictable and full funding at BE stage itself so that embarrassing conditions can be avoided and effective financial planning and better project management can be

done. Further, the Committee recommend that the Ministry regularly take up the low allocation of funds with the Ministry of Finance at all possible levels.

*(Recommendation No. 3)*

3.22 The Committee note the trend of discernible mismatch between the budgetary demands made and the allocations given by the Ministry of Finance over the last three years. This is perplexing given the fact that the Ministry of External Affairs have been an effective spender with utilization to the tune of 100 percent utilization in 2013-14, 96.26 per cent in 2014-15 and 61.58 per cent (till December 2015). The Committee have noted that a consistent feature of the Ministry is that its Missions/Posts have been showing almost full utilization of the budgetary grant both on revenue and capital accounts. The Committee note that the revenue earned by the Ministry from Passport, visa and other services was Rs. 4095.31crores in 2013-14, Rs. 4306.27 crores in Rs. 2014-15 and 3160.12 crores till December 2015. The Committee observe that for financial management, the Ministry has been implementing the Integrated Mission Accounting System (I-MAS) in all Missions/Posts that has brought about a common accounting platform and thereby enabled timely incorporation of the Ministry's monthly cash accounts in the Ministry's monthly account. However, the poor and uneven spending pattern of erstwhile MOIA has been an issue of serious concern over the years and the Committee in their earlier Reports have highlighted it.

The Committee, therefore, strongly recommend that the Ministry of Finance should particularly consider the past budgetary utilization pattern, revenue earning as well as future budgetary requirement and demand of MEA while making budgetary allocations to the Ministry for the next financial year. The Committee also recommend that the Ministry of External Affairs should ensure that it continues to be an effective spender, particularly of the allocation for schemes relating to Overseas Indian Affairs, through regular monitoring of expenditure and also take corrective measures to improve the poor expenditure patterns of the erstwhile MOIA which is now the part of MEA Budget.

*(Recommendation No 4)*

## **CHAPTER-IV**

### **ANALYSIS OF DEMANDS FOR GRANTS 2016-17**

A noteworthy feature of the budgetary allocation of the Ministry of External Affairs is that despite merger of the erstwhile Ministry of Overseas Indian Affairs there was no increase in budgetary allocations in BE 2016-17, rather there has been a decline of 2.04% *vis-à-vis* BE 2015-16 (excluding budgetary allocations to Ministry of Overseas Indian Affairs)

4.2 On being asked to justify the reasons for reduced budgetary allocation for BE 2016-17 in spite of the merger with MOIA, the Ministry in a written reply submitted as under:-

“The budgetary demands of MEA were projected to Ministry of Finance in the month of September 2015. The BE 2016-17 demand was Rs. 4940.36 (Plan) and Rs. 18026.65 (Non Plan). The basis of these demands were clearly indicated to the Ministry of Finance and also flagged during the discussions with Secretary (Expenditure) in November 2015. However, the BE allocation conveyed on 22<sup>nd</sup> December 2015 by Ministry of Finance provided for only 63.38% of the demand. A budgetary allocation of Rs. 71.44 (Non Plan) was also similarly conveyed to Ministry of Overseas Indian Affairs against their demand of Rs. 250.18 cr. Subsequent to the merger of erstwhile MOIA with MEA, Ministry of Finance in February 2016 merged the two separate demands (No. 33 and No. 70) by combining their budgetary allocations. Since the process for BE allocations for 2016-17 had already been completed by then, further demands could not be made which will now be made at the RE stage.”

#### **A. OVERALL BUDGETARY PROPOSALS AND ALLOCATIONS**

4.3 For the financial year 2016-2017, the Budget Estimate of the Ministry of External Affairs is Rs. 14662.66 crores, including the budget estimate of Rs. 81.44 crores of the erstwhile Ministry of Overseas Indian Affairs (MOIA). The Demands *vis-à-vis* allocation of funds made and the actual utilization by the Ministry has been discussed in details in succeeding paragraphs.

4.4 The total budgetary allocation for the Ministry of External Affairs (MEA) during the last 5 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)**

<b>Year</b>	<b>BE</b>	<b>RE</b>	<b>Actual Expenditure</b>	<b>Increase/ Decrease at RE Stage</b>
<b>2011-12</b>	7106.00	7836.00	7872.76	+730.00
<b>2012-13</b>	9661.97	10062.00	10120.70	+400.03
<b>2013-14</b>	11719.00	11793.65	11807.35	+74.65
<b>2014-15</b>	14730.39	12620.00	12148.82	-2110.39
<b>2015-16</b>	14966.83	14966.83	11656.76*	-
<b>2016-17</b>	14662.66	-	-	-

\* Upto February, 2016

4.5 It is evident from the above table that since 2014-15, the budgetary allocation at the RE stage has either remained same or has decreased. In the last Financial Year 2015-16, the budgetary allocation has been kept unchanged at the RE stage with only a re-appropriation of Rs. 678 crores from the Plan to Non-Plan budget. Further, the BE for FY 2016-17 is Rs. 14662.66 crores which is Rs. 304.17 crores less than BE/RE for 2015-16.

4.6 In response to the specific query about the budgetary allocation of the Ministry of External Affairs as percent of the overall budget of the Government of India during the last five years, the Ministry furnished the following details of budgetary allocation of Ministry of External Affairs *vis-a-vis* the overall budget of the Government of India during the last five years which is as under:

<b>Year</b>	<b>MEA budget as % of GOI budget</b>
<b>2012-13</b>	0.65
<b>2013-14</b>	0.7
<b>2014-15</b>	0.82
<b>2015-16</b>	0.84
<b>2016-17</b>	0.74

4.7 The Committee asked whether the Ministry has undertaken any comparative study of the budgetary allocations made to other Ministries as a proportion of the overall Government of India budget. The Ministry in a written reply submitted as under:-

“The Ministry has not undertaken such a study. It is felt that the scope of work, projects/schemes, priorities and the target group for expenditure of each Ministry is different. Therefore, a comparison of budgetary allocations made to other Ministries as a proportion of the overall budgetary allocation of the Government of India *vis a vis* their budgetary demand may not be very relevant from the point of view of this Ministry’s budgetary demand.”

4.8 The Committee further asked whether the Ministry intends to undertake a cross country comparative study of budgetary allocations made to the various Ministries/Councils entrusted with the task of managing Foreign Affairs. The Ministry in a written reply submitted as under:-

“The Ministry has not undertaken such a study. It will be taken up in this financial year.”

4.9 Elaborating upon the budgetary proposals for the Financial Year 2016-17, the Foreign Secretary during the course of evidence submitted as under:-

“We had sought an allocation of Rs. 22,967.01 crores in our Budget Estimates 2016-17 comprising a Plan component of Rs. 4940.36 crores and non-Plan component of Rs. 18,026.65 crores. I must mention that this request pre-dated the decision to merge the Ministry of Overseas Indian Affairs with the Ministry of External Affairs. Erstwhile MOIA had separately made a demand of Rs. 290.18 crores (Rs. 40 crores for Plan and Rs. 250.18 crores for non-Plan.) Against these requests, the overall budget proposed to Parliament for BE 2016-17 is Rs. 14662.66 crores with a Plan component of Rs. 4720 crores and non-Plan component of Rs. 9942.66 crores. This includes the budgetary allocation of Rs. 81.44 crores for the erstwhile Ministry of Overseas Indian Affairs.”

4.10 The Budget of the Ministry has both Plan and Non-Plan components. The budgetary allocation of Ministry under Plan and Non-Plan heads has been further apportioned under the Revenue and Capital Sections as below:



S/N	SECTION	BE 2015 - 2016		RE 2015 - 2016		BE 2016 - 2017 (includes MOIA)	
		Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1	Revenue	2095.40	9142.63	1417.38	9820.65	2044.50	9635.16
2	Capital	3240.80	488.00	3240.80	488.00	2675.50	307.50
	<b>Total</b>	<b>5336.20</b>	<b>9630.63</b>	<b>4658.18</b>	<b>10308.65</b>	<b>4720.00</b>	<b>9942.66</b>
	<b>Grand Total</b>	<b>14966.83</b>		<b>14966.83</b>		<b>14662.66</b>	

4.11 It is evident from the above table that under Revenue Section, plan expenditure was reduced from Rs. 2095.40 crores to 1417.38 crores and non-Plan expenditure was enhanced from Rs.9142.63 crores to Rs. 9820.65 crores keeping the capital expenditure and total expenditure unchanged.

4.12 When the Committee specifically enquired about the heads impacted due to such a re-allocation, the Ministry submitted in a written reply submitted as under:

“The Heads affected by such reduction are Aid to Bhutan (Plan), Aid to Afghanistan (Plan) and Aid to Myanmar (Plan).”

**4.13 The Committee note that against the projected demand of Rs. 22967.01 crores by MEA only an allocation of Rs. 14662.66 crores was made at the BE stage during the year 2016-17. Surprisingly, the percentage of budget of the Ministry of External Affairs against the total allocation of the Government of India has been reduced 0.74% as compared to 0.84 % during 2015-16. The proposed allocation is only 63% of the overall projections made by the Ministry. Similarly, against the demand of Rs. 290.18 crores of MOIA, only 81.44 crores has been allocated and both these demands have been merged for BE 2016-17. During deliberations, the Foreign Secretary stated that additional requirement of funds will be taken up after the review exercise on the merging of two Ministries will be completed. The Committee, further note that while providing allocations at BE 2016-17, the Ministry of Finance has also not taken into account the inflationary trend and the devaluation of Indian rupee against dollar. The Committee are concerned to note that with such a mismatch in projections and allocations at the BE stage, the**

**Ministry of External Affairs has been put in a situation where during the current year they will have to manage India's expanding international engagement and the welfare of the Diaspora with limited resources that the objectives of India's foreign policy are definitely going to be compromised. In the Committee's view, the Ministry of External Affairs requires full predictable funding at the BE stage itself to enable them to achieve India's international commitments, foreign policy goals and objectives as well as the establishment costs of the Ministry of External Affairs Secretariat, 187 Missions and Posts abroad, Central Passport Organization, the Foreign Service Institute and now the Office of the Protector of Emigrants and Diaspora related schemes. But this has not been done at the BE 2016-17 stage. The Committee, therefore, urge the Ministry of External Affairs to convince the Ministry of Finance to provide the required allocations at the RE stage during the year 2016-17. The Committee also desire that the Ministry should explore the integration of other sources of funds as developmental partnership with other participating Ministries in pursuance of the country's foreign policy goals.**

*(Recommendation No. 5)*

**B. Budgetary Proposals for International Commitments**

4.14 The Committee have noted that the preceding year was marked by high-level political exchange. On Committee's query, the Ministry furnished the details of the visits undertaken by India's Head of State, Head of Government as well as Minister of External Affairs. Elaborating upon the impact of these visits on enhancing India's international as well as in conduct of its foreign relations, the Ministry in a written reply submitted as under:-

“India has ratified in July 2015 the SAARC Energy Framework (Electricity) Agreement which is expected to enhance grid connectivity among SAARC countries and promote trade in Electricity in the region. Efforts are on to arrive at a SAARC Regional Railway agreement and SAARC Motor Vehicle agreement that will facilitate movement of motor vehicles and trains within SAARC promoting transport connectivity and physical integration in the region. India has also fulfilled its commitment under SAFTA which would pave the way for economic integration of South Asia.”

4.15 The Committee noted that the preceding year was marked by high-level political exchange. On Committee's query, the Ministry furnished the details of the visits undertaken by India's Head of State, Head of Government as well as Minister of External Affairs. Elaborating upon the impact of these visits on enhancing India's international as well as in conduct of its international relations, the Ministry in a written reply submitted as under:-

“The high-level visits by the Indian leadership are the most important form of diplomatic outreach. The greater energy, planning and focus in these visits in recent years has led to revitalisation of our relationships with traditional partners, while simultaneously expanding our diplomatic canvas into newer areas. Prime Minister's visits have also served as valuable instruments to demonstrate the importance of personal chemistry between leaders as a means of advancing relations. They have served as means to reach out to foreign investors for contributing to India's growth. They have also provided opportunities for public outreach, especially to the Indian expatriate community abroad.”

4.16 On Committee's query, the Ministry specified the head under which these expenses were included in a written reply as under :-

“The bulk of expenditure regarding visits undertaken by India's Head of State are settled by President's Secretariat. The bulk of expenditure regarding visits undertaken by India's Head of Government and Minister of External Affairs are settled through the Cabinet Secretariat or Ministry of Defence. Some miscellaneous expenditure towards printing of booklets and departure arrangements from New Delhi are booked under the head “High Level Visits abroad.”

4.17 During the examination of Demands for Grants 2014-15 and 2015-16, the Committee had noted that several commitments were made by the Prime Minister but the economic implications were not factored in the allocations. The Committee were of the view that by not providing those allocations, India's prestige at international fora would face a serious setback. In this connection, the Ministry furnished the list of Projects/Initiatives announced by the Prime Minister during the last three financial year's alongwith the actual expenditure and allocations. The Committee further asked whether the Ministry plans to take up the issue of economy cut at the BE as well as RE stage with the Ministry of Finance, particularly for international Projects/commitments. The Ministry in a written reply submitted as under:-

“Keeping in view the need to meet our international aid commitments, the Ministry has been repeatedly taking up with the Ministry of Finance the issue of under – allocation of resources and the need for predictability in budgetary support, both over the short and medium term.”

**4.18 The Committee observe that due to the overall budgetary cuts, there has been a budgetary cut for aid/assistance to countries under various heads. The Committee are distressed to note that as a result high level international commitments had to be kept in abeyance due to budgetary constraints. The Committee have taken serious note of the cavalier approach of the Ministry of Finance over such a significant matter that undermines India’s credibility abroad. The Committee, therefore, reiterate their earlier recommendation to the Ministry to pursue the bifurcation of the budget to include allocations earmarked for the internal usage of the Ministry on one side and separate budget for all international commitments for aid assistance on the other. The Committee further desire to treat this issue with utmost priority as it involves the country’s international credentials. The Committee also desire to be apprised of the steps taken and progress made in this regard.**

*(Recommendation No. 6)*

**4.19 The Committee are concerned to note that despite India’s expanding engagements around the world, the budgetary allocation is contracting. As a result, the Ministry is making compromises in fulfilling its responsibilities. During deliberations, the Committee were apprised that the Ministry will not be taking up new projects until the old ones are finished. The Committee note that some of the projects are progressing satisfactorily while in some cases the progress has been slow due to various unforeseen circumstances like adverse climatic conditions, geological changes and technological changes causing time and cost overruns. The Committee, therefore, reinforce the Ministry’s intention not to take up new projects until the old projects are completed. The Committee further urge the Ministry to formulate a clear cut policy in this regard and apprise the Committee about the action taken thereon.**

### C. SECTORAL ALLOCATION

4.20 The sectoral allocation made under the Ministry for BE 2016-17 is provided in the table below:-

Sectors	BE2015-16	BE 2016-17	
		RE 2015-16	(Proposed)
MEA Secretariat	297.98	319.17	402.32
Embassies and Missions	2265.01	2370.47	2460.58
Passport and Emigration	591.72	902.75	730.04
Special Diplomatic Expenditure	1650.01	1775.01	1870.01
Contributions to International Organisations	386.03	460.09	527.78
Grant-in-Aid to Institutions	214.43	214.43	241.24
Technical and Economic Cooperation	5708.22	5044.69	5232.32
Capital Outlay	330.00	330.00	307.50
Loans to Foreign Governments	3398.80	3398.80	2675.50
Others	124.63	151.42	215.37
Total Budget	14966.83	14966.83	14662.66
Non-Plan Allocation	9630.63	10308.65	9942.66
Plan Allocation	5336.20	4658.18	4720.00
Total Budget	14966.83	14966.83	14662.66
Revenue Section	11238.03	11238.03	11679.66
Capital Section	3728.80	3728.80	2983.00
Total Budget	14966.83	14966.83	14662.66

4.21 The Ministry's proposed budget for Financial Year 2016-17 comprises the following broad groups:-

- i. Nearly 24.6% pertains to establishment costs of MEA HQs, Missions/ Posts and Central Passport Organisation;
- ii. Approximately 18.0% pertains to SDE, mandatory contributions to international organizations and Grant-in-Aid;
- iii. About 35.7% is earmarked for Technical and Economic cooperation;
- iv. Nearly 2.1% pertains to Capital Outlay of the Ministry.
- v. Approximately 18.3% pertains to Technical and Economic cooperation (Loans to foreign governments); and,
- vi. About 1.3% pertains to other expenditure.

#### **I. Embassies and Missions**

4.22 The Minor Head 'Embassies and Missions' provide for expenditure on India's

representation and functioning of Missions and Posts abroad. The budgetary allocation during BE 2015-16 was Rs. 2265.01 crores which was increased by 4.65% to Rs. 2370.47 crores at the RE stage. The budgetary allocation during BE 2016-17 has been further increased to Rs. 2460.57 crores which is an increase of 8.63 % over the BE 2015-16. On Committee's specific query regarding the reasons that necessitated enhancement of allocation during RE 2015-16 and BE 2016-17, the Ministry submitted in a written reply as under:-

“At the RE stage the increase under this head was on account of additional allocations sought by Missions under Office Expenses, Rents and Medical. Salary head was reduced. BE 2016-17 was increased on account of allocation to Salary head and minor increases across all other heads in anticipation of currency fluctuations.”

4.23 The Committee in their Sixth Report had desired the Ministry of External Affairs to come up with a concrete policy regarding establishment of new embassies/Missions abroad. On being specifically asked about the present status of framing the policy in this regard, the Ministry submitted in a written reply as under:-

“In order to expand relations with other countries in various spheres, Consulates/Embassies are opened as required, based on assessment of the political, economic, consular and logistical and other relevant factors in view. It is Ministry's endeavour to open new Embassies in countries where there are no resident Missions at present .....

4.24 The Committee further desired to know whether the Ministry plans for expansion in terms of establishment of new Missions/Posts. The Ministry in a written reply stated as under:-

“..., it has been decided to open a new Consulate in Erbil Iraq and Cultural Centres in Sydney (Australia) & Hanoi (Vietnam).”

4.25 During the course of oral evidence, the Foreign Secretary underscored the problems faced by Indian Missions abroad as under:-

“..establishment expenditure for our Missions continue to be under stress due to the fluctuating value of Indian rupee, opening of new Missions and posts and general inflation.”

4.26 The Committee noted that according to the Ministry, the problem of under provisioning of Missions/Posts kept compounding on account of depreciating value of Indian Rupee. On being asked the Ministry in a written reply elaborated as under:

“The Ministry received only 54.76 % of its non Plan demand which included the demands of 183 Missions/Posts. During the FY 2015-16, the Rupee has been depreciating against the dollar. From Rs.63.96 to a dollar in June 2015, it fell to Rs.66.65 to a dollar in December 2015 and further to Rs.68.05 to a dollar in February 2016. Due to this depreciation, more rupees were required to meet the same quantum (in terms of dollars) of the budgetary demands of Missions/Posts. However, the Missions/Posts have to remain largely within their original allocations which has been fixed in rupee terms at the beginning of the year. This has led to a compounding of their under-provisioning problems.”

4.27 The Committee further enquired about the steps taken/being taken to overcome the problem of under provisioning of Missions/Posts. The Ministry in a written reply submitted as under:-

“Currency fluctuations have budgetary implications and the Ministry is trying its best to absorb the same from available resources. As mentioned earlier, the RE allocation of the Ministry remained unchanged as compared to the BE allocation. However, an amount of Rs. 678 cr was reallocated from Plan to Non Plan side. A part of this reallocation was utilized to provide additional funds to Missions/Posts under Office Expenses and other establishment heads in order to alleviate some of their budgetary problems caused due to under-provisioning and aggravated due to currency depreciation.”

4.28 When the Committee desired to know whether any steps have been taken to rationalize Indian Missions abroad, the Foreign Secretary during the oral evidence submitted as under:-

“In terms of reducing or rationalizing Missions, actually today we have Missions in 123 countries and, I think, five permanent Missions in addition. If anything the broad conclusion I would draw – I am not saying that I would stand by the location of every current Mission – is that India should head in the direction of having a broader footprint even it means a lighter footprint rather than a more clustered smaller footprint because at the end of day, a Resident Ambassador makes a very big difference.”

**4.29** The Committee are aware that Missions and Posts are the field offices under the Ministry's control and their financial powers vested in the Ministry is delegated to GOI Representatives in Missions abroad. At present there are 187 Missions/Posts in 123 countries and allocation of adequate funds in the Ministry budget is imperative for smooth functioning of Indian Missions & Posts abroad. The Committee are optimistic to note that there was a surge in budgetary allocation under this head both at the RE 2015-16 stage as well as the BE 2016-17 stage. The BE for 2015-16 was Rs. 2265.01 crores which at RE stage was increased to 2370.47 crores and further enhanced to Rs. 2460.58 crores during BE 2016-17. However, the Committee are perturbed to note that over the years there has been a discernible gap in the budgetary demands made by the Ministry and actual allocations provided under this head despite optimum utilization of funds. Further, the Committee have also noted the problems of under provisioning of Missions/Posts on account of the depreciating value of the Indian rupee and general inflation. The Committee would therefore urge the government to be mindful of the provisions of currency fluctuation while proposing budget under this head so that the functioning of Indian Posts/Missions abroad are not adversely impacted due to paucity of funds. The Committee also reiterate their earlier recommendation that the Ministry should come up with a coherent policy regarding establishment of Indian Missions/Posts abroad.

*(Recommendation No.8)*

**4.30** The Committee understand that many Missions-Posts are staffed by one Ambassador and two other local staff limited responsibilities. For such a small set up, the government is incurring significant establishment cost. The Committee agree to the consideration of the Ministry about the need to rationalize Missions and support the view that in the case of small countries a cluster of Missions under one roof can be a workable solution. Similarly, the Committee also desire that to ensure economy in their expenditure, the Ministry should hire more local employees on average in the Missions/Posts, because the cost of the local employee is just 20% of the cost of an India based employee. The Committee desire that the



**Ministry should take an early decision on the issue of clustering of Missions/Posts and the possibility of hiring a larger number of local employees with an objective to reduce the establishment expenditure on Missions/Posts, and apprise them about the action taken thereon.**

*(Recommendation No.9)*

## **II. Special Diplomatic Expenditure**

4.31 The Expenditure under this Minor Head is discretionary. The budgetary allocation under this Minor Head during the BE 2015-16 was Rs. 1650.01 crores which was further enhanced to Rs. 1775.01 crores during RE 2015-16. The budgetary allocation during BE 2016-17 has been kept as Rs. 1870.00 crores which is an increase of 13.33 % over BE 2015-16. On the Committee's query, the Ministry furnished the following figures of 'Actuals Expenditure' for the last three financial years under this head:

<b>Sl. No.</b>	<b>Financial Year</b>	<b>Actual Expenditure (in Rs. Crores)</b>
1	2012-13	1170.39
2	2013-14	1432.08
3	2014-15	1714.66

4.32 On being asked to submit the reasons for enhancement of allocations during RE 2015-16 as well as BE 2016-17, the Ministry submitted in a written reply as under:

“The RE for 2015-16 is Rs. 1775.01 crores and the proposed BE for 2016-17 is Rs. 1870.00 crores. The increase is on account of India's increased engagements with the external world and the resultant anticipated higher expenditure in the Current Financial Year 2015-16 as well as in the Next Financial Year 2016-17.”

4.33 Specifying the monitoring mechanism to oversee expenditure of funds under Special Diplomatic Expenditure and change in the monitoring mechanism in recent times, the Ministry submitted in a written reply as under:

“Expenditure under 'Special Diplomatic Expenditure' (SDE) Budget Head is governed by regulations prescribed by the Ministry of Finance. In accordance with these regulations, the general control of expenditure is vested in the officer at whose disposal an allotment has been placed. The officer is responsible for ensuring that accounts are duly maintained and

that payments have been properly made for the purpose for which the appropriation has been made. Foreign Secretary is the controlling and sanctioning authority for utilization of the SDE Budget. Joint Secretary (CNV) is the spending authority at Headquarters and Heads of Missions/Posts are spending officers abroad. The budget for SDE is utilized with the concurrence of Director (Finance). Each spending officer submits pertinent details, duly supported by vouchers/receipts for scrutiny by Director (Finance). Measures of economy are duly followed in the utilization of budget under SDE.”

4.34 The Committee further sought clarifications about the nature of engagements with world and expenditure made thereon during the year 2015-16. The Ministry in post evidence written reply submitted as under:

“The expenditure incurred out of SDE is governed by regulations prescribed by MoF. These regulations envisage that the expenditure details would not be made available beyond Ministry.”

**4.35 The Committee note that despite the overall reduction in the Ministry’s budgetary allocations during the last two years, there was an increase under the head ‘Special Diplomatic Expenditure’ at the RE stage as well as in supplementary grants stage, on account of India’s increased engagements with other countries. This does prove the fact that the economy measures taken by the Ministry are duly followed in the utilization of budget under SDE. The Committee is glad to know that accepting the Committee’s recommendation, the Foreign Secretary has commenced a monthly review of the expenditure under SDE to ensure that expenditure incurred under this head adheres to the purpose for which it has been provided. The Committee note that the allocation under SDE should be in line with the active foreign policy objectives being pursued by the GOI. In view of the discretionary nature of expenditure, the Committee are of the opinion that the exercise of monthly review of expenditure should be scrupulously done and measures of economy should also be followed in the utilization of budget under each head.**

*(Recommendation No.10)*

### **III. International conferences/Meetings**

4.36 The Committee during a detailed scrutiny of the budget documents observed that earlier this sub-head provided for expenditure on international conferences on international migration countries organized by erstwhile Ministry of Overseas Indian Affairs (MOIA). Now, the Ministry has allocated the same amount for expenditure on all international conferences/meetings to be organized by MEA including those being organized by MOIA. The budgetary allocation for international conferences/Meetings were kept at Rs. 0.10 crores at both the BE and RE 2015-16 stage. However, there has been a marginal increase to Rs. 0.15 crores at BE 2016-17.

4.37 On being asked to justify the reasons for allocation of such a meager allocation for organizing all seminars/meetings to be organized during 2016-17 on subject of both Ministry of External Affairs and erstwhile Ministry of Overseas Indian Affairs, the Ministry in a written reply furnished the following reply:

“It may be mentioned that there is a separate budget head for Pravasi Bharatiya Divas with an allocation of Rs. 5 cr which caters to the flagship event for NRIs/OCIs. This has been reflected separately. MEA has also been holding/supporting conferences/meetings for international delegates like IAFS III, FIPIC and World Hindi Conference through various aid heads or other thematic heads. The allocation under the head international conferences/ Meetings has been made to cater to sundry meetings/conferences which may not be covered above. This head has been increased in BE 2016-17 by Rs. 5 lakhs as per the requirements of erstwhile MOIA.”

4.38 When asked whether the Ministry/erstwhile MOIA has made any objective review of the amount spent on such Meetings/Conferences in the light of the outcome of such Meeting/Conferences held in the past, the Ministry replied as under:

“The conferences and seminars organised or sponsored by MEA in the past have provided the Ministry with avenues for articulating India’s position on various international developments, for building understanding of India’s interests and stakes among the strategic community, and for ascertaining the views of other countries on these matters. In this way, they have been helpful inputs into the foreign policy formulation process. The actual amount of financial support provided to partner organisations for holding these conferences is stringently calculated on standard financial norms, and final installments are released only after confirming actual disbursements according to the initial estimates. Overall, the

conferences provide significant utility in projecting and advancing India's foreign policy interests, at reasonable financial cost."

4.39 The Committee noted that in the next Financial Year, MEA intends to associate itself actively with five major conferences as a co-organizer, in collaboration with reputed external think-tanks. When asked about the details of the Conferences/Meetings proposed to be organized by it during 2016-17, the Ministry in a written reply submitted that:

"In the next Financial Year, MEA intends to associate itself actively with five major conferences as a co-organiser, in collaboration with reputed external think-tanks. One of these would be a conference called 'Gateway of India Dialogue' meant to be organised in Mumbai in collaboration with the Gateway House think-tank. This conference would focus primarily on geo-economic issues, such as international trade, emerging trade pacts, international financial architecture and the emergence of new financial institutions, energy, power and other commodities. Later, Ministry intends to work with the Indian Council of World Affairs to organise a conference focusing on recent developments in West Asia, including the Arab Spring, the rise of the ISIS, the consequences of the Iran nuclear deal, etc. Another major conference that the Ministry will be associated with would be the India-China Think-Tank Forum. This would be organised in collaboration with the New Delhi based Institute of Chinese Studies, and will bring together representatives from the Governments as well as research organisations of India and China for a Track-1.5 discussion on the major issues facing both countries bilaterally as well as in the global context. One more conference to be organised would focus on the Indian Ocean region, and MEA is in the process of finalising an appropriate think-tank partner for it. Over the next financial year, MEA will also work with the Observer Research Foundation to organise the second round of its flagship Raisina Dialogue in the next financial year, the theme for which is still being planned."

4.40 In continuation of the Ministry's reply, the Committee desired to know the criteria for providing funding and advisory support to research organizations/ think-tanks that organize such events. The Ministry in a written reply submitted as under:

"Funding and advisory support to research organisation and think-tanks is considered after evaluating project proposals prepared by these institutions, which outlines the various facets of the subject intended to be covered in the conference, the number and stature of the speakers and other participants being invited, the kind of research and background work required to be done to prepare for the conference, the logistical and infrastructural arrangements that would need to be made during the

conference etc, and a projected budget with a cost break-up for these elements. The Ministry carefully examines the projected budget to ensure that the costs are reasonable and genuinely required and makes suitable reductions where necessary. The Ministry also

provides inputs about the topics to be covered and the speakers to be invited. Once the proposal is considered acceptable, it is processed further for required approval.”

4.41 The Committee further desired to know whether the Ministry intends to utilize the research papers/presentations made during the conferences as a valuable input for formulation of foreign policies. In a post evidence reply, the Ministry submitted as under:

“The Ministry benefits greatly from the papers presented and the presentations made during the conferences sponsored or organised by it. Officers of the Ministry attend the conferences and prepare their own reports about the deliberations. Depending on the subject, these reports are circulated to an appropriate audience within the Ministry for their information and background, and to contribute towards relevant policy inputs in formulation of approaches on various issues handled by different Divisions. These reports and papers also provide a useful perspective in the preparation of Ministry’s own policy papers and briefs.”

**4.42 The Committee are perplexed to note that despite the merger of the erstwhile MOIA with MEA, the budgetary allocation under the sub-head ‘International Conference/Meetings’ has been increased by Rs. 5 lakhs only keeping in view the requirements of the erstwhile MOIA. It has been informed that the MEA does not organize international conference of a public nature; rather it provides funding and advisory support to research organizations that organize such events.**

**The Committee, therefore, desire that the Ministry should clearly spell out the conferences/meetings that would be covered under this sub-head. They however, suggest that the various conferences organized by the Ministry should be covered under this head rather than in a disjointed way and also all the conferences/seminars to be organized during a particular year should be planned in advance with a specific pronounced objective and allocation.**

*(Recommendation No. 11)*

#### **IV. Passport and Emigration**

4.43 This Minor Head 'Passport and Emigration' provides for expenditure on Passport Offices (POs), printing of travel documents, scanning of passport applications and files, lease of passport printers and printing of travel documents, purchase of passport printers, computerization of Passport Offices, payments of State Governments and Union Territories for their passport related services-verification etc. The budgetary allocation under this head during BE 2015-16 was Rs. 591.72 crores, which was increased to Rs. 902.75 crores at the RE stage. The budgetary allocation under this head for BE 2016-17 has been kept at Rs. 730.04 crores.

4.44 The issuance of Passports and Travel Documents is the most visible citizen centric service rendered by the Ministry of External Affairs. On being asked to elaborate upon the measures taken to make quantitative and qualitative improvements in the delivery of passport services in the country during 2015-16, the Ministry stated that various steps such as online submission of application, launching of mPolice App, acceptance of registered rent agreement as proof of address, acceptance of self-attested documents, liberalization of requirement of NOC by the government officials etc have been undertaken for simplification and facilitation of passport application/submission procedure.

4.45 The Committee desired to know the details of revenue earnings collected through passport services *vis-à-vis* allocation made in BE and RE during the last three years, the Ministry gave the following details:

**(Figures in crores of Rs.)**

<b>Year</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Budget Estimates (BE)	583.73	453.48	542.83
Revised Estimates (RE)	560.93	432.48	560.33
Passport Fee	1336.06	1873.13	2167.07
Visa Fee	1535.28	1913.60	1884.70

4.46 The Committee sought justifications for the Ministry's inability to convince the Ministry of Finance to obtain funds in view of the fact that passport services are a

revenue earning arm of the Government. The Ministry in a written reply submitted as under:

“In discussions with Ministry of Finance, the Ministry has been consistently taking up the need to provide adequate resources to the Central Passport Organisation given the fact that it is a revenue-generating arm of the government and that the establishment cost spent in this is only 20-30% of passport revenue earned. However, Ministry of Finance has not been inclined to consider this request till date.”

4.47 The Committee noted that even though the expenditure on procurement of travel documents has been going up substantially, due to a quantum jump in the number of travel documents issued by various Passports Offices and Indian Missions / Posts abroad, allocation of resources has not kept pace due to budgetary constraints. In this regard, the Committee enquired about the actual amount sought for this purpose and also the way in which the CPO proposes to accommodate their requirements with the allocated amount. The Ministry in a written reply submitted as under:

“The actual amount sought for BE 2016-17 in respect of CPV Division was Rs. 934.14 crores. However, allocation had to be reduced to conform to overall ceiling communicated by Ministry of Finance. Further requirements will be sought at Supplementary/RE stage.”

4.48 The Committee desired to know the progress made so far in the direction of integration of Missions and Posts abroad with the Passport Seva Portal and the allocation made for the same in the BE 2016-17. The Ministry in a written reply submitted as under:

“A Technical Committee was formed to look into the proposal for integration of Missions and Posts abroad with the Passport Seva Portal. The Committee met on 20<sup>th</sup> October 2015 and deliberated on the techno-commercial proposal submitted by the Service Provider M/s TCS. The technical committee considered various financing options and deployment model displayed by service provider in its presentation. It was opined that the cost under various options appears to be on higher side and hence awarding work of Missions/Posts integration with Passport Seva on single nomination basis will be undesirable in the absence of yardstick to establish the reasonableness of the proposed cost. The Committee, therefore, suggested the service provider to follow the same business model regarding Capex and Opex cost as per the existing RFP/MSA of Passport Seva. The

service provider was asked to resubmit the proposal after aligning it to the current business model of Passport Seva. It is decided to have another round of discussion in this regards once Service Provider re-submits the proposal as discussed and agreed in the meeting. As the techno-commercial proposal has not been finalized, allocation of funds has not been sought so far.”

4.49 When asked, the Ministry in a post evidence reply enumerated the follow up action taken in line with the recommendations made by the technical Committee as under:

“As recommended by the Technical Committee, the Service Provider has re-submitted its proposal which is being examined in the Ministry.”

4.50 In context of the passport services, the Committee enquired about the status /outcome of the efforts made/being made by the Government to ensure the reach of application collection/submission services to each and every corner of the country through other agencies including private agencies and the story of success and failure in this regard. The Ministry in a written reply submitted as under:

“In order to take the services closer to the Passport services seekers, the Ministry has been organizing Passport Seva Camps in the remote and far-flung areas. Passport Melas are also organized at week-end at the Passport Offices from time to time. Ministry had organized 123 Passport Camps where 47,040 applications were processed in 2015. Ministry had also organized 397 Passport Melas during 2015 where 2,56,454 were processed and services rendered. This facilitation is continuing and in January-February 2016, 9 Passport Seva Camps and 16 Passport Melas have been organized with the processing of 9,245 and 3,328 applications. Apart from these, the Common Service Centres working under DeitY, numbering more than one lakh including village hinterland have also been authorized by the Ministry to help passport seeks in filling in online passport application, making online payment and scheduling appointment for them at a nominal charge of Rs.100/- per application. CSCs have provided their services to 1,84,868 passport applicants till February, 2016.”

4.51 As per the Annual Report (2015-16), 10 more Passport Seva Kendras (PSKs) are being set up during 2016. When asked, the Ministry furnished a status note of the 10 PSKs as under:-

“With the view to secure greater outreach and providing speedier Passport services to applicants, in addition to the 77 PSKs in operation, the Ministry is committed to setting up 19 more Passport Seva Kendras (PSKs) across



the country including North Eastern States. Focused attempts were made to start PSK(s) in North Eastern States in this year. The PSLK(s) in Aizwal (Mizoram), Shillong (Meghalaya), Imphal (Manipur), Gangtok (Sikkim) were operationalised in 2014-15. PSLKs in Agartala (Tripura), Dimapur (Nagaland), Itanagar (Arunachal Pradesh) Karimnagar (Andhra Pradesh) and Kalaburgi (Karnataka) and Puducherry have also been made functional in 2015-16 bringing the total PSLK to ten by the end of the current financial year.”

4.52 The Committee sought further information about the sanctioned strength and actual working strength in the Central Passport Organisation (CPO) along with the progress made so far to fill up the vacant non-gazetted posts in CPO. The Ministry in a written reply submitted as under:-

“As on 1<sup>st</sup> March 2016, the sanctioned cadre strength of the Central Passport Organization is 2697. In addition 21 posts including 15 Technical and 6 supporting staff were created by the Union Cabinet decision in 2007 to man the Project Management Unit (PMU) of the Passport Seva Project. The working strength of CPO as on today is 2230 (inclusive of all cadres).

As regards filling up of vacant non-Gazetted posts in CPO, 447 Assistants and Lower Division Clerks have recently joined through Staff Selection Commission. Out of total vacancy between sanctioned and working strength of 467, 346 are at non-Gazetted level. These vacancies are planned to be filled by further tentative joining of balance 180 Assistants and LDCs, some of whom have sought extension for joining/not replied to our communication. As an interim measure, Data Entry Operators have been deployed against the vacant non-Gazetted post for smooth functioning of the Passport Offices.”

4.53 In the Tenth Report, the Committee expressed their dissatisfaction with the process of leaving the Security clearance checking of credentials of Data Entry Operators with the Service Provider. In this context, the Committee wanted to know the efforts made by the Ministry to conduct security clearances and checking of credentials of the Data Entry Operators by itself. The Ministry in a written reply submitted as under:-

“The Ministry would like to inform that at the time of signing of the new Agreement with the Service Provider, the security clearance process of the Data Entry Operators would be made an integral part of the agreement with the stipulation that the process of security clearance and checking of

credentials of DEOs is done under the supervision of Ministry.”

4.54 On Committee’s query regarding the revision/changes incorporated in transfer policy of the personnel of CPO since 2015, the Ministry informed the Committee as under:

“Since the Transfer Board meeting is conducted once in a year, with the last one held in June 2015, at the time of conducting the new Transfer Board meeting (to be held shortly), the changes as appropriate would be incorporated, if necessary.”

4.55 The Committee sought clarifications with regard to the budget head under which expenses pertaining to emigration will be covered and also the reason for not having a separate head for the same. The Ministry in a post evidence reply submitted as under:

“After the merger of erstwhile Ministry of Overseas Indian Affairs with MEA, a new sub head named Protector General of Emigrants with an allocation of Rs. 15.76 cr for the year 2016-17 has been created for dealing with Emigration under the major head 2052: Secretariat General services.”

**4.56 In view of the fact that India is the third largest passport issuing country in the world, the Committee are pleased to note that various steps have been taken for simplification and facilitation of passport applications/submission procedure and more than 1.2 crores passports were issued to citizens in India and abroad. The Committee, however, are worried to note that the deadline for phasing out of non-Machine Readable Passport has expired on 24<sup>th</sup> November, 2015 and there are still more than 2.5 lakh of handwritten passports. The Committee in their earlier recommendation had asked the Ministry to engage in a vibrant media campaign as well as highlight the issue on social media to generate awareness among the citizens of India in that regard. However, the Committee are concerned to note that the need for new passports has not even been flashed on the Passport Seva Portal till date. Therefore, the Committee desire that the Ministry should convert all the non-Machine Readable Passports by making the people aware through the media as well as social media campaign and also to flash this information on the Passport Seva Portal as well as on the website of the Ministry Missions/Posts abroad at the earliest.**

*(Recommendation No 12)*

**4.57** The Committee observe that now the MOIA has been merged with the Ministry of External Affairs 'Passport and Emigration' are being covered under one head. It seems to be very clear that passports are one issue and emigration is another issue. Passports have been an ongoing scheme with the Ministry of External Affairs for decades. Emigration is now a new responsibility. The Committee are shocked by the negligence accorded to the emigration section in the budget despite the fact that India has the second highest number of emigrants moving abroad for work and study. Therefore, the Committee strongly desire that in order to have clarity in the merger's functioning, these two issues should be covered under two different heads to impart greater coherence and significance. In light of the merger of the erstwhile MOIA with MEA, this head calls for adequate attention as it deals with migrant workers, students and professionals abroad who are vulnerable to a series of tribulations and whose only resort during times of distress is their nationality. During deliberations, the Committee were informed that there is a separate budget head for the Protector of Emigrants. The Committee note that this head only covers allocations for the administrative costs of the PGE while the other costs are being covered under Passport and Emigrations head. The Committee, therefore, desire that there should be clarity about the elements of emigration to be dealt with by the Ministry under these two heads.

*(Recommendation No.13)*

**V. Entertainment Charges**

**4.58** The budgetary head 'Entertainment Charges' caters to the expenditure incurred on extending hospitality to foreign dignitaries including VVIP visitors, cost of chartering aircraft for visiting VVIP delegations, maintenance of Hyderabad House etc. The budgetary allocation for BE 2015-16 was Rs. 40.00 crores which remained unchanged during the RE 2015-16 stage. The budgetary allocation for BE 2016-17 has been increased to Rs. 45.39 crores.

4.59 On Committee’s query, the Ministry in a written reply furnished the details of the expenditure under the head for the last three Financial Years as below:-

<b>Year</b>	<b>Total Expenditure</b>
2013-14	31.49 crores
2014-15	38.88 crores
2015-16	32.80 crores (February 2016)

4.60 When asked about the reasons for increased allocated under this Head despite overall reduction in Ministry’s budgetary allocation, the Ministry furnished details of visits coordinated by Protocol Division in the last three years as follows:-

<b>Year</b>	<b>HOS/HOG/VP level visits</b>	<b>FM level visits</b>	<b>Official Lunches/ dinners organised for Foreign Dignitaries (Other than VVIP visits)</b>
2013-14	12	21	312
2014-15	16	29	327
2015-16	27	49	355 (till date)

“As evidenced from the figures above, the numbers of HoS/HoG/VP visits as well as FM-level visits have doubled since 2013-14. There has also been an increase in high-level interactions over the last 3 Financial Years.”

4.61 The Committee further enquired that in the face of series of high-level visits in the last year, how did the Ministry manage such expenditure with limited funds at its disposal? The Ministry in a written reply stated as follows:

“A number of bills are raised by different vendors (like hotels, transporters, air india, printers etc) usually 3-4 months after the visit. The bills for visits conducted after November every year are usually received in April of the next financial year. Even if the bills are received in Feb/March, by the time bills are processed and sent for payments, the budget gets exhausted. As a result, the bills are transferred to the next financial year thereby building liability in the fresh budget allocation. Thus, the expenditure incurred in a financial year is not necessarily settled in that financial year itself, but rolled over.”

4.62 In view of the practice of keeping the bills pending under the budgetary head 'Entertainment Charges' and building liabilities for the next financial year, the Committee in their earlier Reports had desired that the Ministry should take adequate steps for an early settlement of pending bills and to pursue with the Ministry of Finance the suitable enhancement of allocations at Revised Estimates stage for the year 2015-16 for timely settlement of pending bills. The Committee wanted to know whether the Ministry has been able to overcome this problem during 2015-16. In a written reply, the Ministry stated as under:

“...The observations of the Committee have been carefully noted. All the vendors have been intimated to submit their bills within three weeks of completion of the visit...Time-bound processes of submission and settlement of bills are being devised in consultation with various vendors.”

**4.63 The Committee note that notwithstanding an overall cut in the budget allocations at BE stage, there is 13.4% increase under the head 'Entertainment Charges' in view of the increase in Head of State//Head of Government/Vice President visits as well as FS level visits. In their earlier report, the Committee had recommended that the Ministry take adequate steps for an early settlement of pending bills and to pursue with the Ministry of Finance the issue of enhanced allocations at RE stage for the year 2015-16 for timely settlement of pending bills. The Committee are unhappy to learn that the expenditure incurred during 2015-16 has not been settled but rolled over to the next year. The Committee, therefore, reiterate their earlier recommendation that the Ministry should take all necessary steps to ensure time bound process of submission/settlement of bills relating to visits, to maintain financial discipline and prudence.**

*(Recommendation No. 14)*

## **VI. International Cooperation**

4.64 During the examination of budget documents, the Committee noted that the expenditure under this 'Minor Head' is for obligatory contribution to UN and other International Organizations of which India is a member. This head also caters to the contribution for establishment of South Asian University on the Non-Plan side. The budgetary allocation under 'Plan' and Non-Plan' for this head is as under:

(Rs. in Crores)

<b>Revenue</b>	<b>BE 2015-16</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Non-Plan</b>	286.03	360.09	327.78
<b>Plan</b>	100.00	100.00	200.00
<b>Total</b>	<b>386.03</b>	<b>460.09</b>	<b>527.78</b>

4.65 On the basis of this table, it is apparent that under the Non-Plan section, the budgetary allocation for BE 2015-16 was Rs. 286.03 crores which was increased to Rs. 360.09 crores at the RE stage. Allocation during BE 2016-17 has been assessed at Rs. 327.78 crores.

4.66 On Committee's query regarding the reasons for increase in budgetary allocation during RE 2015-16 stage and BE 2016-17 in comparison to BE 2015-16, the Ministry submitted in a written reply as under:

“An amount of Rs. 25 crores was allocated in BE 2015-16. As the amount was insufficient to pay the rent for the present rented premises of the university, increased allocation in RE 2015-16 was sought. An amount of Rs. 32 crores was allocated in RE 2015-16, out of which Rs.26.89 has been spent as on date.”

4.67 On being asked to state the contribution made by India to UN and its percentage to the overall budget, the Ministry submitted in a written reply as under:

“Under the Budget head “United Nations Organization”, the mandatory Annual contribution is around Rs. 205 Crores. It also includes committed contribution to several smaller organs of UN. As a percentage to the overall budget it is approximately 1.4%.”

(i) South Asian University

4.68 When the Committee sought detailed information pertaining to the expenditure incurred, budgetary allocation, time frame and progress made in the construction work of the South Asian University. The Ministry in a written reply submitted as under:

“With regard to construction work of the South Asian University, work on boundary wall and site office has been completed. Tender for construction of five buildings under Construcsstion Package II was floated. Technical bids have been evaluated and financial bids opened on 14<sup>th</sup> March, 2016. Contract for construction work would be awarded on the basis of

evaluation of tenders received once due scrutiny of the bids is completed. Tender for Construction Package III is being finalized and expected to be floated in May, 2016. The SAU construction project has suffered a setback due to various litigations with regard to the land allotted by DDA. There are also issues relating to permission of municipal and environmental authorities for the construction work which are being sorted out.

In BE 2016-17 Rs.79 cr has been allocated under for SAU. This includes Rs. 45 cr as contribution, Rs. 5 cr for creation of capital assets and Rs. 29 cr for rents and taxes.”

4.69 On Committee’s query, the Ministry supplied details about India’s contribution to South Asian University (SAU) under its operational and capital budget during the last three years as follows:

<b>Financial Year</b>	<b>Operational Contribution (Rs.)</b>	<b>Capital Contribution (Rs.)</b>
2015-16	52,76,50,000	45,11,81,725
2014-15	36,86,40,000	Nil
2013-14	19,95,00,000	8,91,00,000

4.70 When the Committee asked about the breakup of contribution made by various SAARC countries for this project, the Ministry in a written reply submitted as under:

“The entire capital cost of the SAU Construction Project will be borne by India. There is no contribution from other SAARC Member States on this account. The Cabinet has approved on 2<sup>nd</sup> July, 2009, an amount of US \$ 198 million for the construction project. Against this, an amount of Rs 88.39 crores has already been disbursed by MEA to SAU. An amount of Rs 61 crores approximately has been utilized by SAU so far.”

**4.71 The Committee have been informed that in BE 2016-17, Rs. 79 crores has been allocated for the South Asian University, which include Rs. 45 crores as contribution, Rs. 5 crores for creation of capital assets and Rs. 29 crores for rents and taxes. The Committee are deeply concerned about the slow and tardy progress of the construction work of SAU. The Committee would strongly recommend a speedy solution to this intricate problem with a meticulous and exhaustive consultation with the concerned stakeholders and authorities. The Committee also desire to be apprised about the progress made in this regard on a regular basis.**

**The Committee have been apprised that Pakistan has not made any contribution towards SAU. However, this has not really impeded the working to SAU. However, as a matter of principle, the Ministry should remind Pakistan to provide their contribution and the Committee may be apprised of the outcome thereof.**

*(Recommendation No. 15)*

(ii) Nalanda University

4.72 Apart from voluntary contributions from some participatory countries of the East Asia Summit, Government of India has committed financial assistance of Rs. 2727.1 crores for establishment of Nalanda University in Rajgir from MEA's plan outlay from 2010-11 to 2012-13. The Committee noted that the State Government of Bihar has made 446 crores of land for University's permanent campus and construction boundary for wall has been completed.

4.73 During the examination of the budget documents, the Committee observed that the allocation for University has doubled in BE 2016-17 vis-à-vis BE as well as RE 2015-16. On being asked the Ministry in a written reply submitted the reasons for enhanced allocations as under:

“The increased allocation sought for Nalanda University is based on the expectation that the campus construction project will start in FY 2016-17. In addition, the University plans to start teaching in the third school of studies – School of Buddhist Studies, Religion and Comparative Philosophy – from the forthcoming academic session 2016-17 and also proposes to increase the total student strength to 300. The proposed enhancement in the allocation is required to meet these expenses.”

4.74 When the Committee asked about the details of the voluntary contributions from the participating countries of East Asia Summit, the Ministry in post evidence reply submitted as under:

“The following voluntary contributions have been received from the East Asia Summit (EAS) participating countries:

<b>Country</b>	<b>Amount &amp; date of contribution</b>	<b>Equivalent Rupees</b>
Australia	AU Dollars 1 Million on 26.6.2014	Rs 6,36,97,850
China	US Dollars 1 Million on 2.12.2011	Rs 5,12,17,500
Thailand	US Dollars 100,000 on 22.3.2012	Rs 50,70,250
Laos	US Dollars 50,000 on 21.3.2013	Rs 27,03,178
Indonesia	US Dollars 30,000 on 27.12.2013	Rs 18,54,525



Donors from Singapore have pledged to contribute up to Sing Dollars 10 Million for the purpose of designing and building the University's Library in the main campus. The Nalanda University has already signed a tripartite agreement with M/s RSP Architects & Engineers, Singapore and M.s Vastushilpa Consultants, Gujarat for the design and construction of the University's Library.

In addition, Japan has committed two official Development Assistance (ODA) loans of 21,426 million Yen each for the development of National Highways No. NH -82 and NH-83 which pass through the proposed campus of Nalanda University in Rajgir, Bihar.”

4.75 On the Committee's further query, the Ministry provided a status note on the construction of the permanent campus of Nalanda's University's in Rajgir, Bihar as under:

“A composite tender for the construction of Nalanda University's permanent campus (Phase I) in Rajgir, Bihar was floated by the University on 6<sup>th</sup> July 2015 for the construction of entire campus of Nalanda University comprising academic & administrative buildings, residential building for faculty, staff and students, amenities buildings, International centre, service buildings, development of internal roads and landscape and water bodies and lakes. The estimated cost of the works (ECPT) was Rs 614 Crores. Subsequent to the floating of tender, the University held meeting with the bidders and based on this meeting and queries from prospective bidders, a corrigendum was issued by the University in September 2015. Later, the technical bids were opened and the University formed a Tender Evaluation Committee (TEC) for the purpose of evaluating the technical bids. The TEC held several meetings and also visited a few places in India for the purpose of onsite inspection of completed works of the bidders. After completion of this process, the TEC submitted its report to the Building & Works Committee (BWC) of the University recommending acceptance of two bids while rejecting three other bids on the grounds of failure to meet the eligibility criteria as set out in the tender. The financial bids from these two bidders were opened by the University authorities and it was seen that the price quoted by the L1 bidder was substantially higher than the estimated cost put to tender (ECPT). Hence, the University decided to constitute a 'Negotiation Committee (NC)' in order to negotiate with the L1 bidder and bring down the cost. This Committee held negotiations with the L1 bidder and submitted its report to the University recommending acceptance of reduced final price as quoted by the L1 bidder on grounds of reasonability of rates with reference to the justified cost as per provisions of the CPWD works manual 2014. The Negotiation Committee, in its report, also sought the post-facto approval of the Building & Works Committee (BWC) of the University for conducting negotiations with the L1 bidder as this was not obtained before conducting negotiations.

The Finance division of the Ministry has pointed out certain shortcomings in the procedure adopted by the University in deciding the award of contract to the L1 bidder and in the absence of necessary documentary evidence with regard to finalization of justified cost and express prior approval of competent authority to conduct the negotiations with the L1 bidder, Finance division is of the view that the process has been vitiated. These shortcomings were conveyed to the University who have provided a reply. The University's reply is being examined in consultation with the concerned divisions in the Ministry. In a construction project of this magnitude involving public monies, it is essential to comply with the extant Government rules and regulations.”

**4.76 The Committee note that the budgetary allocation made for construction of the Nalanda University has been doubled to Rs. 2 crores during BE 2016-17 *vis-à-vis* BE 2015-16 due to expected commencement of the campus construction project and also initiation of teaching in the third school of studies. The Committee observe that over the year there has been a vast mismatch in the budgetary allocation, the amount released and the amount utilized under this head. The Committee are distressed to note the unwarranted postponement in commencement of construction work of a project that draws international contributions and attention and concerned this could potentially negatively impact India's image. The Committee would, therefore, urge the Ministry to expedite the tender process in compliance with extant Government rules and regulations and within a fixed time frame. The Committee are also desirous of being regularly informed about the status of the construction project along with timelines.**

*(Recommendation No. 16)*

## CHAPTER-V

### POLICY PLANNING & FORMULATION

During the examination of budget documents, the Committee observed that since Financial Year 2014-15, significant momentum has been gained in the conduct of our foreign policy through high-level strategic initiatives in key areas, such as the:

- Neighbourhood First policy
- Act East
- ‘Link West’ policy
- Indian Ocean outreach,
- setting up of the Forum for India-Pacific Islands Cooperation (FIPIC)
- substantial strengthening of the India-Africa Forum Summit (IAFS)

India has also deepened and consolidated its partnerships with major global, regional and emerging powers, such as the US, Japan, China, Russia, UK, France, Germany, Brazil, and the EU, leading to a greater role and influence for India in the world community.

5.2 In this context, the Committee desired to know the Key principles shaping and guiding Indian Foreign Policy making since 2014. The Ministry in a written reply submitted as under:-

“The following principles and priorities have guided India’s international outreach since 2014:

1. Changing the international narrative about India to project it as a rising and responsible power and a rightful contributor to the management of world affairs.
2. Imparting greater energy, planning, rigour to India’s external outreach, to simultaneously strengthen traditional friendships while expanding India’s diplomatic canvas to include new geographic and thematic areas.
3. A greater focus on implementation of India’s international commitments, to correct the notion that Indian diplomacy is slow in delivering on its promises and potential.
4. Significantly revitalising India’s engagement with its immediate neighbourhood - at the bilateral level as well as within the framework of SAARC.
5. Simultaneously deepening India’s ties with all the major powers of the world, by focusing on areas of greatest promise in each relationship.

6. Developing the confidence to engage all such partners in an open, transparent and mutually reinforcing manner.
7. Developing a comprehensive security strategy for India, encompassing both traditional and non-traditional threats (including terrorism and its enabling eco-system across its borders) that can threaten or retard India's developmental aspirations.
8. Giving pride of place to economic diplomacy in our international outreach, thus strengthening links between diplomacy and domestic development. Our foreign policy and diplomatic outreach must seek engagement from our key partners to advance our domestic flagship programmes.
9. Giving greater energy, pragmatism and outcome-orientation to the Look East policy, which has accordingly been relabelled as an Act East policy. Leveraging the full potential of this policy to accelerate the developmental path of our Northeastern States.
10. Defining and operationalising a well thought-out Indian approach towards the Indian Ocean, which would address issues of maritime security as well as fuller leveraging of the economic and cultural complementarities between the littoral states.
10. Making a special outreach towards India's talented diaspora, to leverage their skills, political influence and financial capital, and to offer them an opportunity to contribute to the rise of their ancestral land.
11. Leveraging the riches of India's civilisational ethos, such as Yoga, Ayurveda, Buddhist thought, or the holistic lifestyle prescribed in our ancient scriptures, to offer solutions to some of the global problems and also to deepen relations at people-to-people level."

5.3 The Committee further enquired whether such a momentum indicates a change or continuity in the conduct of India's foreign policy. The Ministry in a written reply submitted as under: -

"While the fundamental anchors of India's foreign policy – its mandate to ensure the security of the country or to contribute to India's development, its broad stance of supporting peace and shared prosperity in a rules-based and equitable world – remain constant, there have been significant changes in nuance, energy, focus, and follow-up in the last two years, which have contributed to a more robust, action-oriented, pragmatic and confident foreign policy. "...Many of these changes are brought out in the answer to the previous part of this question."

5.4 On the Committee's query, the Ministry in a written reply elucidated the factors shaping India's foreign policy in the short, medium and long term:-

"India's short-term diplomatic actions are governed by the fundamental aims and objectives that shape our broader foreign policy orientations, as

well as by the developments that occur in our strategic horizon. In the longer term, Indian diplomacy adheres to the fundamental principles spelt out earlier, i.e. a desire to project India as a rising and responsible power in an increasingly connected world, the desire to integrate our immediate neighbourhood in a virtuous cycle of shared growth and peaceful prosperity, the desire to secure the resources, technologies, skills and best practices that can power India's domestic development, the desire to pre-empt security concerns that can divert India's attention from its developmental aspirations, the desire to share our own developmental achievements with other developing countries in keeping with our civilisational ethos of sharing and giving, and the desire to showcase India's civilisational values as models of sustainable living in harmony with nature as well as with fellow humans.''

5.5 During the examination of budget documents, the Committee discerned that the Ministry regularly consults and coordinates with other arms of the Government in order to ensure that the factors shaping India's Foreign Policy are in tune with the country's national priorities. In this connection, the Committee desired to be provided with the details of consultation and coordination held during the last financial year. In a written reply, the Ministry submitted as under:-

“...MEA recognises the value of evolving an ‘all of Government’ approach to the vital issues of diplomatic posture, and conducts regular consultations with concerned Ministries and agencies of GOI for formulating and implementing foreign policies. Over the course of the last financial year, these consultations took the form of inter-ministerial meetings, circulation of Cabinet Notes for wider consultation, seeking of written opinion on important files, and informal discussions and conversations between the dealing officers. The areas on which such consultations were useful are too numerous to list, but some of the most important ones included issues like border management and related issues concerning our neighbours (such as the implementation of the Land Boundary Agreement with Bangladesh), India's stance in the Climate Change Summit in Paris, issues surrounding defence cooperation and supplies (eg. grant of military helicopters to the Afghan National Army), implementation of important assistance projects in our neighbouring countries as well as in Africa, implementation of passport and visa policies, contributing to UN peacekeeping issues by the Indian armed forces, securing sources of strategic energy and mineral resources abroad, carrying out emergency relief operations in conflict situations like Yemen & Iraq or

in the wake of natural disasters such as the earthquake in Nepal, implementing Indian scholarships meant for foreign students to study in Indian universities, projecting India's strengths as an investment destination in order to attract more FDI for the Make in India programme or other flagship programmes, and projection of India's soft power strengths like Yoga and Ayurveda to foreign countries.

Some of the important Ministries in GOI with which consultations on these issues took place were the Ministry of Defence, Ministry of Home Affairs, Ministry of Commerce & Industry, Ministry of Environment & Forests, Ministry of Water Resources, Ministry of Power, Department of Atomic Energy, Ministry of Human Resource Development, Department of Science & Technology, Ministry of Agriculture, Ministry of Petroleum & Natural Gas, and Ministry of Shipping. MEA also collaborated closely with the three arms of the Armed Forces for several operational issues. The newly set up States Division within MEA helped to expand and deepen these consultations with State Governments in a more systematic manner, particularly in the areas of economic, cultural, tourism and educational outreach.”

5.6 As per the Outcome Budget, ‘the Ministry has been adapting to the challenge of effectively administering India’s expanding international engagement within available resources through its Fast-Track Diplomacy initiatives’. In this context, the Committee asked whether in the opinion of the Ministry such initiatives have yielded tangible outcomes. In response the Ministry submitted as under:-

“The enhanced speed and efficiency of Indian diplomatic activities have been noticed and appreciated by all our interlocutors and partners. It has enhanced India’s prestige in the world, and more particularly in our neighbourhood. India’s traditional image as being slow in implementing its commitment is getting corrected in the process. By projecting our capacity to be the first responder in crises in our neighbourhood, India is beginning to be acknowledged as a net security provider by countries around us, and as a source of regional stability. The faster implementation of bilateral assistance projects has not only won us goodwill and influence in the region, but has also helped limit the cost over-runs that inevitably accompany delayed projects. In the process, the country has been able to better address diplomatic priorities within available resources.”

5.7 The Committee are aware that over the past few years, there has been a deepening of India's engagements at the bilateral, regional as well as multilateral level. The Ministry has informed the Committee that India's international outreach since 2014 has been guided by principles and priorities which *inter-alia* includes greater focus on implementation of international commitments, revitalizing India's engagement with its immediate neighbourhood, developing a comprehensive security strategy, giving greater energy to the "Look East" Policy, defining a well thought out approach towards the Indian Ocean and special outreach towards Indian Diaspora. The Committee further observe a pragmatic mix of continuity and change in the conduct of India's foreign policy. The Committee also note the existence of mechanisms of consultation and coordination between MEA and other arms of Government to ensure that factors shaping India's foreign policy are in tune with the country's national priorities. The Committee have been further informed that the Ministry has been adapting to the challenge of administering India's expanding engagement within available resources through its Fast Track Diplomacy initiatives.

The Committee, therefore, suggest that the Government take a serious look into the twin problems of budgetary constraints and the lack of a coherent foreign policy on global issues that are undermining the potential of India's international outreach. In this direction, the Committee recommend the Government of India that expanding international engagement should be supplemented by adequate budgetary allocations. Further, the Committee also recommend that the Ministry of External Affairs take all requisite institutional as well intellectual steps to spell out a coherent and balanced grand strategy for India in the world.

*(Recommendation No. 17)*

**A. Social and Gender Empowerment**

5.8 During a detailed scrutiny of the budget documents, the Committee discerned that the Ministry continues to support projects that focus on gender empowerment and social upliftment of vulnerable sections of society. In this context, the Committee

wanted to be apprised about the steps taken by the Ministry to provide a gendered perspective to various policies/programmes of the Ministry. The Ministry in a written reply provided a detailed illustration of the same:-

“The Gender Budget Cell (GBC) was established in Ministry of External Affairs in 2006. The GBC works as a focal point for considering all gender related issues and measures for women’s empowerment and welfare, including use of gender budgeting as a tool for gender mainstreaming through allocation of resources for women-oriented schemes and programmes. The GBC comprises 5 officers across different levels of seniority, including a Joint Secretary as its head. In 2015-16, the cell held regular meetings and developed an annual Action Plan.

5.9 Some of the Ministry’s initiatives in respect of providing a gender perspective to various schemes/programmes/policies are as follows:

“The Ministry provides scholarships to foreign nationals from other developing countries to attend training programmes in different institutes in India under its ITEC (Indian Technical and Economic Cooperation) programme and SCAAP (Special Commonwealth African Assistance Programme). In 2015-16, 2400 foreign nationals underwent training under ITEC and SCAAP, of which 883 were women (36.79%), and six courses were exclusively about women empowerment,

**a.** In terms of welfare measures, life time CGHS Cards were given to 10 widows of Group C staff members; scholarships were provided to four girl children of Group C staff members for pursuing undergraduate studies by the External Affairs Spouses Charitable Association (EASCA).; and scholarships were provided to two girl children of Multi-Tasking Staff (MTS) members on completion of their Class XII exams by senior retired officer, Shri Ranjit Gupta, in the name of his wife Late Smt. Shashi Gupta.

**b.** The Ministry’s schemes with 100% provision for women are: establishment of 5 India-Africa vocational training centres to train rural women in Africa and convert them into solar engineers; training on craft to empower women of Ethiopia and Ghana; implementation of 5 projects related to microfinance, enterprise, health and capacity building for local African organizations; and, building maternity ward, girls hostels and equipping maternity centers in Nepal.

**c.** The Ministry’s schemes with at least 30% provision for gendered perspective are: Training of foreign nationals under ITEC, TCS (of Colombo Plan) and SCAAP; building multiple campuses, community academies, primary/secondary schools/hostels at various places in Nepal;



setting up of regional Barefoot Vocational Centre in Guatemala to train 24 women from 8 countries to electrify about 1200 villages with solar system.

**d.** The Ministry's External Publicity and Public Diplomacy Division (XPD) has been commissioning women-oriented documentaries and films made by women producers/directors. Under the XPD's familiarization programmes for foreign journalists, 7 women journalists out of 22 (31.8%) have participated.

**e.** The Foreign Service Institute (FSI) has been making efforts to engage more women guest faculty speakers for training sessions. Importantly, a session on gender issues has been introduced in FSI's training programmes for Ministry's officers.

**f.** Financial assistance is granted to think-tanks for organizing conferences and workshops on international issues, in which a number of women historians and academicians are involved.

**g.** In terms of funds, Rs. 308.37 crores was incurred by the Ministry in 2015-16 on various schemes directed towards women empowerment.''

**5.10 The Committee are glad to note that the Ministry continues to support projects focusing on gender empowerment and social upliftment of vulnerable sections of society. The Committee also note that various steps have been taken by the Ministry to incorporate a gendered perspective to various policies/programmes of the Ministry. The Committee further observe that a Gender Budget Cell (GBC) was established by the Ministry in 2006 to work as a focal point for considering all gender related issues and measures. Further, the Committee note that 308.37 crores was incurred by the Ministry on various schemes directed towards women empowerment. The Committee are appreciative of the Ministry's attention towards rendering a gender perspective to various policies and programmes of the Ministry. The Committee are hopeful that under the able leadership of a woman External Affairs Minister, adequate measures will be taken to ensure a gendered perspective not only with regard to policies and programmes but also decision-making and policy formulation.**

*(Recommendation No. 18)*

## **B. Policy Planning Division**

5.11 On Committee's query, the Ministry spelt out the exact role of Policy Planning Division as follows:

“(a) To undertake a continuous and forward looking analysis of our principal foreign policy objectives and to provide research based perspective on ongoing issues/policies to the Ministry. This involves doing in-house work or utilizing the services of research organizations and think tanks outside the Government.

(b) Proactive outreach to Indian think tanks to gain ideas and perspectives for foreign policy formulation, to provide support to their research activities, and also to guide them on the kind of research that would be useful to the Ministry.

(c) Organize conferences in partnership with major think tanks and academic institutions with the aim to develop platforms in India where discussions on contemporary foreign policy issues can take place among leading strategic experts and policy makers around the world.

(d) Develop institutionalized dialogues on policy planning with our important diplomatic partners for exchange of views on long term strategic planning and priorities.

(e) Ensure India's participation in important diplomatic conferences in India and abroad to present India's perspective as well as to benefit from exchanges between experts and policy makers at such conferences.”

5.12 The Committee further desired to know whether the Division has been able to spell out the long term strategic doctrine for India as well as a road map for India's foreign policy apparatus.

“During the year, the Division produced a number of research papers and policy briefs on specific aspects of India's foreign policy. These papers focus specifically on long-term trends and developments in the world and India's evolving role and interests over this longer strategic horizon. On the basis of this forward looking analysis, these papers draw out policy recommendations for reorienting the energies of India's foreign policy apparatus. All these analyses collectively help shape the roadmap of India's international engagement on issues of importance.”

5.13 As per the Annual Report (2015-16) in order to address the increasingly complex nature of diplomatic challenges, the Ministry has ‘significantly strengthened its own internal planning and strategizing abilities by enlarging the size and mandate of its Policy Planning & Research Division’. Elaborating upon the manner and mechanism through which the size and mandate of the Policy Planning and Research Division has

been enlarged, the Ministry in a written reply submitted as under:

“The Ministry has taken the following steps to strengthen the human resource allocation for the Division. These include:

- (a) Deploying additional human resources from within the resource pool of the Ministry.
- (b) Initiating steps to induct specialists from other Ministries. So far an officer with economic background has been inducted. More such placements are undergoing approval process.
- (c) Recruiting specialists on international relations from the academic and think tank community to serve as consultants in the Division. Four such specialists have joined the Ministry.”

5.14 On Committee’s query, the Ministry elucidated the manner in which external expertise has been inducted into the Ministry as under:

“The recruitment of specialists on international relations from the academic and think tank community to serve as consultants in the Division was done by inviting applications through a public advertisement, followed by shortlisting on educational and work-experience criteria. The shortlisted candidates further underwent personal interviews, and the final selection after the interview also took into account the financial remuneration requested by them. This way the best mix of expertise and cost was found, using procedures prescribed in Government financial rules.

The four recruited consultants who have joined the Division are contributing by way of policy papers, issue-briefs and topical analyses of subjects of interest as determined by the Ministry. They have also expanded the out-reach of the Division to think-tanks by way of more participation in seminars/conferences of interest for the Ministry.”

5.15 One of the important elements of the redefined mandate of the Division is ‘to undertake a continuous and forward-looking analysis of our principal foreign policy objectives and to provide research based perspective on ongoing issues/policies to the Ministry. This involves doing in-house work or utilizing the services of research organizations and think tanks outside the Government’. In this context, the Committee enquired about the mechanism for incorporating academic expertise into policy formation. The Ministry in a written reply submitted as under:

“The officers and consultants working in PP&R Divisions do a daily scan of the scholarly and academic articles appearing in reputed publications and journals dealing with international relations. Important ideas appearing in the academic literature are circulated to other relevant Divisions of the Ministry also. The PP&R officers also attend

conferences/seminars/workshops organised by think-tanks and universities, and absorb ideas and expertise disseminated in these fora. The recent recruitment of four area specialists from external think-tanks has also helped the Ministry in incorporating suitable academic expertise in its policy formulation. PP Division also regularly consults subject matter specialists in various areas while preparing policy papers for the Ministry.”

5.16 On being asked, the Ministry furnished details of the research organizations/ think tanks which are collaborating with the Division as under:

“The Division works closely with the think-tanks and research organisations which receive annual funding support from the Ministry. These include the Indian Council of World Affairs, the Institute of Chinese Studies, the Research & Information System for Developing Countries, the Indian Council for International Economic Research, and the Institute of Foreign

Policy Studies in Kolkata. In addition, it also works regularly with other reputed think-tanks like the Institute of Defence Studies & Analysis, the Observer Research Foundation, the Brooking Institution (India), Centre for Policy Research, The Energy Research Institute, United Services Institute, Centre for Air Power Studies, Asia Centre (Bangalore), Vivekananda Foundation, Institute of Peace & Conflict Studies, etc. Research papers produced by these organisations, especially those which are prepared on the request of MEA, are further analysed and appraised by officers to find relevant inputs for policy formulation.”

5.17 The Committee further asked whether there exists any research collaboration with other countries on issues pertaining to Foreign Policy. The Ministry in a written reply submitted as under:

“The Ministry does interact with think-tanks based in foreign countries to disseminate the thinking of Government of India on important strategic issues and to learn about the thinking of other countries. Similarly, PP&R Division has held ‘Policy Planning Dialogues’ with its counterpart Divisions in the foreign ministries of several other countries including USA, UK, France, Germany, China, Japan, Republic of Korea, Australia, Israel, etc. All of these exchanges allow the exchange of important ideas relevant for the research work of the Division. However, as yet, there is no policy to actually conduct research in collaboration with a foreign Government or foreign private institution.”

**5.18 The Committee note that in order to address the increasingly complex nature of diplomatic engagements, the Ministry has significantly strengthened its own internal planning and strategizing abilities by enlarging the size and mandate of its Policy Planning and Research Division. The Committee are glad to note that in pursuance of the Committee’s recommendation, external expertise has been formally brought into the Ministry through the contractual engagement of specialists on international relations. The Committee note that the existing mechanisms for incorporating academic expertise into policy formulation are inadequate, with the recruitment of only four area specialists into the policy planning & Research Division. There has been a noticeable strengthening of India’s foreign policy thinking with the expansion of the IFS, of the growing number of think tanks and the increasing salience of the Indian Diaspora. The Committee recommend that the Ministry harness the growing number of think-tanks on international affairs by channelizing their intellectual inputs and subject expertise into the formulation of India’s short, medium as well as long-term foreign policy objectives and goals.**

**(Recommendation No. 19)**

## **CHAPTER - VI**

### **INDIA'S DEVELOPMENTAL ENGAGEMENT**

India's external developmental assistance, an important constituent of her foreign policy, includes Lines of Credit, grant assistance, technical consultancy, disaster relief humanitarian aid, educational scholarships and a wide range of capacity building programmes including short-term civilian and military training courses.

6.2 As India has progressed economically, its commitment to provide support for the equitable growth and prosperity of fellow developing countries has also strengthened. India is increasingly recognized for its leadership in providing financial aid and technical assistance to other developing countries through its bilateral, sub-regional, regional and multilateral development cooperation programmes. The Ministry has expanded India's sphere of interest and influence globally with its enhanced outreach through developmental projects and capacity-building initiatives benefiting friendly foreign countries across the world.

6.3 The footprint of India's technical and economic cooperation which serves to create goodwill and deepen our relations with developing countries, touches its immediate and extended neighbourhood as well as countries in South East Asia, Central Asia, Africa, the Pacific Islands and Latin America.

#### **A. Budgetary Provisions**

6.4 In the Ministry's budget, the Major Head - '3605'- Technical and Economic Cooperation with Other Countries' caters to India's multilateral and bilateral aid and assistance programmes to neighbouring and other developing countries. It also caters for Aid for Disaster Relief and contributions to various regional funds.

6.5 In the brief for examination of DFG 2016-17, the Ministry has stated that 'aid programmes are influenced by the dynamics of diplomatic engagements and political relations and as a result it is difficult to anticipate all the requirements accurately at the BE stage. In this context, the Committee enquired about the manner in which the Ministry measured such dynamics given that these are subjective in nature. The Ministry in a written reply stated as under:-

“The political, economic and security environment of foreign countries, especially those in which India is engaged in development cooperation and technical assistance work, are closely monitored by the Ministry of External Affairs through its Missions and Posts abroad, whose regular reports and analyses of the same enable the Ministry’s concerned Divisions in providing policy advice to the political leadership for formulating India’s policies with respect to these countries. Deeper engagement through an increase in the number and nature of bilateral visits, dialogue mechanisms, agreements and understandings, leading to well-implemented projects, improved trade, enhanced cultural ties, and overall strengthening of the bilateral relationship, are some of the parameters that help the Ministry in calibrating and evaluating the success of our diplomatic engagement with foreign countries.”

6.6 When the Committee enquired about the parameters for proposing budget under the head ‘aid programmes’; the Ministry in a written reply submitted as under:-

“For ongoing projects under the aid programs, the budgetary requirements are gauged based on inputs from the primary Divisions/spending units who are closely involved with the Implementing Agencies in monitoring the progress of work. The inputs thus received are collated and compared with the past utilization, work progress and pace of expenditure of the project. With this information, deliberations are conducted by IFD with the Divisions to get realistic estimates of their demands. Similarly, for new projects, budgetary provisions are made as per estimates determined by Detailed Project Reports. Allocations are then made to the extent of funds available as provided by Ministry of Finance. The selection of the projects to be undertaken under the Aid heads is an administrative decision which is taken by the territorial divisions /DPA in view of the political relations with the respective countries.”

6.7 In light of the above mentioned reply by the Ministry, the Committee wondered whether the reduction in aids and loans to countries like Afghanistan, Nepal, Sri Lanka, Maldives etc is a reflection of India’s political relations with these countries. The Ministry in their reply clarified as under:-

“A simple linear correlation that quantum of aid determines political relations cannot be presumed given the wide-ranging and multi-faceted bilateral partnership that India shares with its neighbours. With regard to budgetary allocations to countries mentioned above, it may be mentioned that under Aid to Afghanistan, additional allocation of Rs. 87.45 Cr was provided at RE stage and an amount of Rs. 190 Cr was provided at FE stage. Therefore the total allocation under the head at the end of the FY

was Rs. 827.45 Cr. This was almost 82% of the demand of 2015-16. Keeping in view the budgetary constraints, the focus is on successfully completing and commissioning ongoing projects before taking on new commitments. In Sri Lanka, the housing Project is drawing to a close and there are no other major projects in the pipeline presently. It is expected that the allocation should be sufficient. In Nepal, most of the projects and their payments are linked to construction linked. Due to the political situation, the pace of expenditure slowed down in 2015-16 and hence the BE was reduced. But 2016-17 it will require additional funds which will have to be provided by seeking additional allocation from MoF. In Maldives, allocation was substantially enhanced at the RE stage and the provision at BE 2016-17 is more than BE 2015-16 based on the pace of expenditure. In case of requirement, additional allocation will be sought from MoF. The Ministry is trying its best through careful prioritization and improved project delivery to ensure that overall reduction in TEC budget does not reflect on our bilateral partnership.”

6.8 The Committee has observed that in keeping with India’s increased development-oriented engagement with the world, the proportion of funds allocated for Technical and Economic Cooperation (TEC) has ranged between 55-60 % of MEA’s total budget annually. In FY 2014-15, MEA’s TEC outlay was Rs.9276.82 crores, which was 63% of MEA’s total budget of Rs.14730.39crores. In FY 2015-16, MEA’s TEC outlay was Rs.8949.02 crores, which was 60 %of MEA’s total budget of Rs.14966.83crores. In FY 2016-17, the proposed TEC outlay is Rs.7907.82 crores which would be54%of MEA’s total proposed budget ofRs.14662.66 crores. The details of budgetary allocations made under this head are provided below:-

**(Rs. in crores)**

<b>Aid and Loan to Countries</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Bhutan</b>	5612.69	5490.00
<b>Afghanistan</b>	682.94	520.00
<b>Nepal</b>	300.00	300.00
<b>African Countries</b>	200.00	290.00
<b>Mongolia</b>	7.50	5.00
<b>Sri Lanka</b>	500.00	230.00
<b>Myanmar</b>	154.00	400.00
<b>Eurasian Countries</b>	20.00	20.00
<b>Bangladesh</b>	213.79	150.00
<b>Maldives</b>	213.00	40.00
<b>Latin American Countries</b>	15.00	15.00
<b>Others</b>	524.57	447.82
<b>Total</b>	<b>8443.49</b>	<b>7907.82</b>



6.9 During the examination of Budget documents, the Committee noted that there has been a reduction of 6% in the proportion of funds allocated for Technical and Economic Cooperation (TEC) *vis-a-vis* BE 2015-16. The Ministry submitted in a written reply as under:-

“The overall allocation for MEA in 2016-17 is 2% less as compared to 2015-16 despite the inclusion of erstwhile MOIA. This reduction had to be absorbed across the board. Since expenditure related to establishment, grants in aid and contributions are more or less mandatory in nature and have to be provided for taking into account inflationary trends, other heads had to be proportionately reduced to conform to ceilings indicated by Ministry of Finance. The budgetary allocation in various aid heads under Technical and Economic cooperation also had to be made on this basis. However, it may also be pointed out that with several projects facing completion the demands under certain heads have also come down. It may be pertinent to point out that certain large projects are in the pipeline for approvals or are undergoing tendering processes and thus more funds may be required towards the end of the financial year 2016-17. This would be projected at the RE stage to the Ministry of Finance.”

6.10 On the Committee’s query that whether reduction under this head would adversely affect India’s international credentials. The Ministry in a written reply submitted as under:-

“The reduction in technical and economic cooperation (TEC) has the potential of slowing down the pace of projects. This may lead to loss of face for India in some cases where commitments may not be met.”

6.11 The Committee further desired to know about the steps taken by the Ministry to meet these commitments in order to avoid loss of India’s image internationally, the Ministry in post evidence reply submitted as under:-

“MEA is attempting to prioritise proposals, improve on project delivery and step up pace of expenditure with a view that realistic demands backed by robust expenditure is presented to the Ministry of Finance at the Supplementary stages and at RE stage. It is expected that Ministry of Finance will take a considered view of these realistic demands and provide necessary funds.”

6.12 The Foreign Secretary during the course of evidence suggested that the ‘Ministry of External Affairs is also exploring tapping other resources of funds as our development partnership work integrates the portfolios of several other Ministries’. In this regard, the Committee desired to be informed of the steps taken for tapping other resources of funds with other Ministries. The Ministry in written reply submitted as under:-

“The Ministry has already initiated steps in this direction. For some defence related projects relating to training of defence personnel, procurement and gifting of equipment as well as development of facilities under implementation or planned in the current financial year, Ministry has approached Ministry of Defence to seek funds support in part or full.”

6.13 The Committee further asked whether the Ministry has charted out a model for effective coordination with other Ministries with regard to work execution and spending. The Ministry in a post evidence reply submitted as under:-

“As mentioned, the development partnership work of the Ministry integrates the portfolios of several other Ministries; therefore, the Ministry regularly coordinates with them during all stages of project implementation, viz., planning, conceptualization, proposal formulation, selection of executing agencies, implementation, monitoring and review. In this context, vital role is played by line Ministries like Ministry of Railways, Ministry of Road Transport and Highways, Ministry of Health, etc. The Ministry holds regular inter-Ministerial meetings at all stages of the project. In many instances, personnel are deployed from other Ministries for actual implementation of the projects. To augment its limited resources and bridge the gap, the Ministry is now actively pursuing seeking budgetary support from other Ministries for these activities.”

6.14 During the examination of Demands for Grants 2015-16, the Committee noted that due to lack of resources available with the Ministry of External Affairs, expenditure under several Heads relating to aid to various countries had been reduced and the payments were curtailed/deferred to the next Financial Year i.e. 2015-16. The Committee were concerned to take note of the lack of additional allocation during BE 2015-16 to the Ministry of External Affairs to accommodate for last year's payment as well as any provision for new announcements/commitments to be made at international

fora. In this context the Committee desire to know the actions taken by the Ministry to secure additional funds from the Ministry of Finance and their response for the same.

“The issue of reduced allocation and the requirement of funds has been flagged to Ministry of Finance on several occasions. However, Ministry of Finance has never provided a formal response on the reasons for reduction. It has been conveyed to the Ministry that it has to restrict its expenditure within the available resources and for all its additional requirements it can identify savings within its own budget.”

6.15 The Foreign Secretary, during the deposition for oral evidence provided the following information about TEC:-

“In the proposed BE 2016-17, this allocation accounts for about 54 per cent of the Ministry’s budget. I must mention here that the corresponding figure was 61 per cent in BE 2015-16. This decline is in view of the decrease in Ministry’s overall allocation. Around 34 per cent of our Non-Plan outlay in BE 2016-17 has been allocated towards supporting our developmental projects. Since year on year augmentation in the Non-Plan budget allocation required to strengthen these activities has not been received, we will try to address the situation through careful prioritization within available resources, seeking additional funds through Supplementary Demands for Grants and an enhanced Revised Estimates ceiling.”

6.16 Looking at the details of budgetary allocations under this head, it can be discerned that there has been a considerable reduction in aid and loans to countries in our immediate neighbourhood such as to Maldives, Bhutan, Sri Lanka, Afghanistan and Bangladesh. On being asked whether such a move would be contrary to India’s ‘Neighbourhood First’ diplomatic posture, the Ministry in a written reply submitted as under:-

“There has been no deliberate move to reduce aid to the neighborhood. The reduction in Aid to these countries are based on individual requirements and evolving political situations. The Ministry has made efforts to ensure that the Aid heads of neighbouring countries have been provided maximum possible budgetary allocation under the existing ceiling. In case of additional requirement, Ministry of Finance will be requested to allocate the additional funds at the supplementary and the RE 2016-17 stage.”

6.17 The Committee in their earlier reports had recommended that the Ministry should refrain from reducing the funds under the Head 'Technical and Economic Cooperation' and if all the budgetary cuts are to be effected than the impact of such reductions should be spread out evenly, across all the heads. In this regard the Committee desired to know the action taken by the Ministry to implement this recommendation. The Ministry furnished the following in a written reply:

“The Ministry has taken due note of the recommendations of the Hon’ble Committee and tried to adhere to them while making allocations in BE 2016-17. As indicated earlier, the overall allocation for MEA in 2016-17 is 2% less as compared to 2015-16 despite the inclusion of erstwhile MOIA. This reduction had to be absorbed across the board. Since expenditure related to establishment, grants in aid and contributions are more or less mandatory in nature and have to be provided for taking into account inflationary trends, other heads had to be proportionately reduced to conform to ceilings indicated by Ministry of Finance. The budgetary allocation in various aid heads under Technical and Economic cooperation also had to be made on this basis. However, it may also be pointed out that with several projects facing completion the demands under certain heads have also come down. It may be pertinent to point out that certain large projects are in the pipeline for approvals or are undergoing tendering processes and thus more funds may be required towards the end of the financial year 2016-17. This would be projected at the RE stage to the Ministry of Finance.”

6.18 Regarding projects funded under India's developmental engagement, the Committee enquired whether there is any method for monthly appraisal of the projects as well as monitoring of quality, cost and performance of the projects. The Ministry in a written reply submitted as under:

“In addition to regular internal reviews on weekly basis, progress in projects is monitored through different monitoring mechanisms, including bilateral committees comprising representatives of India and host government. Major projects are monitored by multiple mechanisms in the form of Joint Project Monitoring Committees, Task Force, Project Review Committees, Joint Working Groups, etc. Project Management Consultants are appointed to check the quality, cost and performance of the project. Depending upon the requirement and nature of the project, views of the concerned line ministries are also obtained on need basis. Indian Missions/Posts are actively involved in project coordination and monitoring.”

6.19 The Committee further desired to know about the measures undertaken to ensure fair and transparent tendering process and identification of firms/contractors for implementation of various projects in foreign countries including big infrastructure projects as well as small projects particularly relating to Information Technology. The Ministry in a written reply submitted as under:

“Open tendering procedure as prescribed by Government of India is adopted for identification of firms/contractors for implementation of various projects in foreign countries. The relevant guidelines, norms, criteria issued by Central Vigilance Commission (CVC) and other designated GoI bodies from time to time are followed. Based on requirement, tender documents get vetted by line Ministries before their publication. Wide publicity is given to the call for bids as per GoI norms.”

6.20 The Committee also wondered whether any reports have come to light regarding unfair practice in tendering process/grant of tenders or excess payments made or lacklustre implementation or any other kind of malpractice at any stage of the project/aid implementation, The ministry in a written reply submitted as under:

“No reports of unfair practice in tendering process/grant of tenders or any malpractice related to implementation have come to light regarding projects funded under India's developmental engagement.”

**6.21 The Committee observe that the major portion of the Ministry's budget is earmarked for developmental assistance to various countries in the form of aids/assistance and loans. The Committee note that for the Financial Year 2016-17 an outlay of Rs. 7907.82 crores have been provided under the head TEC, which is 54% of the Ministry of External Affairs total budget. The Committee, however, are concerned to note that there has been a reduction of 6% in the proportion of funds allocated under this head *vis-a-vis* BE 2015-16 on account of decrease in Ministry's overall budget and the completion of several projects. The Ministry has further pointed out that certain large projects are in the pipeline for approvals or are undergoing tendering processes necessitating requirements of more funds that will be projected to the Ministry of Finance at the RE stage. The Committee express serious concerns over the Ministry's approach of slashing funds on international commitments that have the potential of jeopardizing bilateral partnership as well as tarnishing India's international image. The Committee strongly reiterate its earlier recommendation that the Government as well as the Ministry should**

refrain from reducing budgetary allocation/resources under the head 'Technical and Economic Cooperation' which is an important constituent of India's Foreign Policy. The Committee further direct the Ministry to review all pending projects, considering their economic viability as well as importance and accordingly prepare an action plan to implement them within a time frame. Requisite funds on the basis of such action plan must be communicated to the Ministry of Finance at RE as well as supplementary grants stage.

*(Recommendation No. 20)*

6.22 The Committee are perturbed to note that there has been a sizeable reduction in aid and loans to countries in our immediate neighbourhood such as Maldives, Bhutan, Sri Lanka, Afghanistan and Bangladesh. The main reason for reduced allocation in aid to these countries is based on individual requirements evolving political situations. The Committee are of the opinion that the justification provided by the Ministry is far from reassuring. Further, owing to the poor Supplementary Grant record of the Ministry, the Committee are apprehensive of the feeble assurance given by the Ministry that additional fund requirements will be flagged to the Ministry of Finance at a later stage. The Committee contend that the quantum of aid to a country under this head is viewed as a reflection of India's diplomatic engagements with its immediate and extended neighbourhood. Therefore, the Committee would specifically recommend that the Ministry of Finance should be convinced to have a considered view of the demands made by the Ministry at RE stage to ensure that the budgetary allocation under this head is enhanced in consonance with India's "Neighbourhood First" Diplomatic posture.

*(Recommendation No. 21)*

6.23 The Committee note that the development partnership work of the Ministry integrates the portfolios of several other Ministries, necessitating the need of regular coordination with them at all the stages of project implementation. Further, the Committee are aware that there are areas where the expenditure is incurred from the Ministry budget but the credit is given to other Ministries. The

**construction of the Police Academy in Maldives is a case in the point. The Committee, therefore, suggest the Ministry to chart out a model for effective coordination with related Ministries pertaining to project execution and spending. Further, as the Ministry has aptly pointed out, this could be a potential area for tapping additional resources which could be extremely helpful to overcome the budgetary challenge it faces.**

*(Recommendation No. 22)*

**B. Aid to Bangladesh**

6.24 Under 'Aid to Bangladesh' the budgetary allocation for BE 2015-16 was Rs. 250 crores which was reduced to Rs. 213.79 crores in RE 2015-16. Further, there has been a 40% reduction in allocation (Rs. 150.00 crores) under this Head in BE 2016-17. When asked about the reasons justifying inadequate allocation under this head and the consequent impact of this on the ongoing projects the Ministry submitted in a written reply submitted as under:

“The balance of grant assistance amounting to USD 25 million was fully disbursed in 2015-16. The requirements of funds in BE 2016-17 are therefore lesser. The reduction at the RE stage in 2015-16 was made in view of lack of progress in certain projects. In coordination with agencies/departments of Bangladesh, our Mission in Dhaka undertakes several small development projects (SDPs) in Bangladesh aim at socio economic development, particularly creation of infrastructure in education, health or community development sectors etc. This amount allocated for SDPS could not be fully utilized during the current FY due to non-agreement between our Mission in Dhaka and counterpart agencies in Bangladesh over Implementation modalities. Also progress on the Akhaura-Agartala rail link project.”

6.25 On Committee’s further query, the Ministry furnished the details of announcement made during the recent High level visits to Bangladesh as follows:-

“These announcements were made during the different High level visits to Bangladesh

1. Development of Indian Special Economic Zone in Bangladesh
2. Constructions of bridge over river Feni at Ramgarh-Sabroom
3. Providing solar based home appliances to villages in Bangladesh
4. Small development projects (SDPs) for city improvement in Rajshahi, Sylhet, Khulna & Narsingdi.

5. Introduction of new bus services on Khulna-Kolkata and Jessore-Kolkata.
6. Opening of AHC in Khulna and Sylhet
7. Construction of state of art India-Bangladesh cultural complex in Dhaka
8. Different training programmers for Bangladeshi professionals
9. Introduction of 2<sup>nd</sup> Maitree Express between Khulna and Kolkata
10. Declaration of 2<sup>nd</sup> LOC of US\$ 2 billion by Govt. of India to Govt. of Bangladesh
11. Construction of Rabindra Bhavan at Kuthibari
12. Construction of a Modern International Passenger Terminal (IPT)

The existing allocation would cover ongoing projects and proposals in the pipeline. Further allocations would be sought at RE stage based on progress in implementation of these announcements.”

6.26 The project Akhaura-Agartala Rail Link was initiated to create a rail link between Agartala (India) and Akhaura (Bangladesh) to provide better connectivity between India and Bangladesh. On being asked to provide a status of this project, the Ministry in a written submitted as under:

“Following a high level meeting held to review the progress of the Akhaura- Agartala Rail Link, it was agreed that Ministry of DoNER would provide funds for the Indian side of the project, including land costs, as a special case. A confirmation to this effect was received by MEA from Ministry of DoNER on February 17, 2016. Govt. of Tripura has been requested by M/o DONER to share 50% of the land acquisition cost in Tripura for the project. MEA is in the process of initiating a note to Ministry of Finance for sanction of funds with M/o DoNER bearing the cost of the Indian side of the project (Rs.580 Crores) and MEA funding the Bangladesh portion (Rs.400.71 Crores) of the project. The project is ready for implementation on both sides; the work can begin as soon as the allocation of funds by Govt. of Tripura is confirmed. ”

**6.27 The Committee note that the budgetary allocation for BE 2016-17 under the head ‘Aid to Bangladesh’ has been kept at Rs. 150 crores which is lesser to the tune of 40% *vis-à-vis* BE 2015-16. Further, the Committee have also taken note of the Ministry reply for reduction in RE 2015-16 stage on account of lack of progress in certain projects. The Committee specifically note that the progress in construction of the Akhaura-Agartala Link is satisfactory and also the modalities for financing the Indian portion of the project has been worked out. The Committee, however,**



are unhappy to learn that the amount allocated for Small Development Projects (SDPs) could not be utilized fully due to non-agreement over implementation modalities between our Mission in Dhaka and counterpart agencies in Bangladesh. In the light of fresh announcements made during the recent high level visits to Bangladesh, the Committee recommend that the Ministry secure additional funds from the Ministry of Finance at the RE as well as supplementary grants stage. The Committee also suggest that the disagreement over the implementation modalities of SDPs should be immediately sorted out through constructive dialogue with the concerned stake holder. The Committee, further, hope that the Agartala-Akhaura link project will be expedited with a time bound action plan.

*(Recommendation No. 23)*

**C. Aid to Bhutan/Loan Advances to Bhutan**

6.28 The Committee are aware that the Government of India’s aid and assistance programmes in Bhutan are provided from both Plan and Non-Plan budget allocations of the Ministry.

(in crores)

	<b>BE 2015-16</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Plan (Revenue)</b>	1719.40	1771.89	1614.50
<b>Non plan (Revenue)</b>	1200.00	1200.00	1200.00
<b>Plan (Capital)</b>	3240.80	3240.80	2675.50
<b>Total</b>	<b>6160.20</b>	<b>5612.69</b>	<b>5490.20</b>

6.29 When the Committee asked about the reasons for reduced allocation under Plan (Revenue section) during RE 2015-16 and BE 2016-17, the Ministry in a written reply submitted as under:

“Three ongoing Hydroelectric Projects (HEPs) in Bhutan- Punatsangchhu-I, Punatsangchhu-II and Mangdechhu HEPs- which are being funded by GOI are already past their peak construction period. All these projects are expected to be commissioned by 2018-19. Thus, reduced budgetary allocations reflect lesser financial requirement and meet requirements projected by respective Project Authorities.”

6.30 The Committee sought specific explanation from the Ministry for underutilization of funds under this head. Against an allocated amount of Rs. 6160.20, the Ministry has spent only Rs. 3117.21 crores. The Ministry in a written reply submitted as under:

“Reduced Revised Estimates for HEPs are due to lesser fund requirements as these projects are already past their peak construction period. Also, Rs.300 crores was allocated out of HEPs to disaster relief operations in Nepal without affecting funds flow to HEPs. Revised budgetary allocation under Aid to Bhutan for CFY is Rs. 5202.21 Crores [Rs.4002.21 Crores under Plan budget and Rs.1200 crores under Non-Plan]. Cumulative expenditure under Aid to Bhutan budget, as on 14 March 2016, is Rs. 4137.549 crores.”

6.31 On Committee’s query, the Ministry furnished details of various ongoing projects in Bhutan along with the allocated amount, funds disbursed, time frame for completion and current status for each project. The details are as follows:

“Various ongoing Hydro Electric Projects in Bhutan, under Plan head of Aid to Bhutan budget, are as follows:

<b>Project</b>	<b>Construction schedule</b>	<b>Status</b>	<b>Allocation in RE 2015-16 (in Rs. Crores)</b>	<b>Funds disbursed in CFY (in Rs. Crores)</b>
Punatsangchhu-I (1200 MW)	2019; from earlier schedule of 2016, went up by 2-3 years due to geological surprise <i>i.e.</i> sliding of the right bank of the river leading to delays in dam works	Physical progress-76.4% (as on 31 January 2016)	1294	1010 (Demand of Rs. 247 crores under submission; likely to be released before closing of FY)
Punatsangchhu-II (1020 MW)	2018	Physical progress-68.5% (as on 31 January 2016)	1560.35	1120 (Demand of Rs. 231.8 crores under submission to DOE)
Mangdechhu (720 MW)	2018	Physical progress-70% (as on 31	1110	814.089 (Demand of Rs. 286 crores

		January 2016)		under submission to DOE)
Kholongchhu (600 MW)	2021	Pre construction activities commenced in September 2015	37.86	20.46

Under Non-plan head of Aid to Bhutan budget, GOI provides assistance to Bhutan's Five year Plans. Under the Bhutan's XI FYP 2013-18, GOI has committed to extend Rs.5000 crores of Assistance Package to the Royal Government of Bhutan (RGOB). This includes Rs.2800 cr for Project Tied Assistance in important sectors such as Urban Development, Health, Industry, Education, Roads, Energy, Sports, etc., Rs.850 cr for Programme Grant and Rs. 850 cr for Small Development Projects. In addition, GOI will provide assistance of Rs.500 cr towards the Economic Stimulus Package for injection of liquidity into the Bhutanese banking system. GOI will also be extending Rs.2150 cr of assistance in the form of subsidies and refunds during the XIth 5YP period of RGoB.”

6.32 Briefing the Committee about the progress of HEPs in Bhutan, Foreign Secretary during the course of evidence submitted as under:-

“...the construction of hydroelectric projects in Bhutan, the allocation for which in BE 2016-17, has been proposed at Rs. 4290 crores. These power projects serve the dual purpose of furthering Bhutan's economic development as well as contributing to our energy requirements. The construction work of four on-going hydropower projects in Bhutan is making good progress. The 1200 MW Punatsangchhu-I is scheduled for completion in 2019 while the 1020 MW Punatsangchhu-II and the 720 MW Mangdechhu are scheduled for completion in 2018. The first of the Joint Venture model projects, the 600 MW Kholongchhu is scheduled to be completed by 2022. I am glad to convey that despite geological challenges, our HEPs in Bhutan are being implemented at a cost lower than anywhere else either in India or South Asia. The cost to completion ranges between 6.11 crores per MW for Mangdechhu HEP to 7.83 crores per MW for the Punatsangchhu-I HEP, compared to well above 10 cr per MW which is the average in India.”

6.33 When the Committee asked about the new commitments made during the high level visits in 2015 and the funds provided for these new projects, the Ministry in a post evidence written reply submitted as that:

“There were no new commitments made during the high-level visits in 2015-16.”

6.34 The Committee had observed that in the previous years, projects in Bhutan have faced tremendous shortage of funds. In this context, the Committee enquired whether the Projects in Bhutan continue to be in progress as per schedule during financial year 2015-16 or there are any cost and time overruns due to shortage of funds. The Ministry in a written reply submitted as under:

“Hydroelectric Projects in Bhutan are not suffering from shortage of funds. Every effort is made to release funds as and when requested by respective Project Authorities, subject to necessary approvals. Projects for which GOI assistance is provided under Non-plan head are executed by RGOB. Timely releases are made by the Ministry to RGOB based on their demands and absorption capacity. About Rs.900 crores are released every year to Bhutan’s XI Five Year Plan since FY 2013-14. In addition, releases are made every year towards excise duty refunds, subsidies on account of supply of SKO/LPG & power from Chukha HEP and scholarships to Bhutanese students. Continuous and timely flow of funds has been acknowledged and appreciated by the Royal Government of Bhutan at the highest levels. His Majesty, the King of Bhutan, and Prime Minister HE Tshering Tobgay have conveyed their appreciation and gratitude to India in all high level interactions for timely releases.”

6.35 During the examination of budget documents, the Committee observed that the Cabinet has approved a higher package to Bhutan as Government of India assistance including Project Tied Assistance (PTA) and for Small Development Project (SDP) to the country for its 10<sup>th</sup> five year plan (2008-13). On being asked by the Committee, the Ministry in a written reply elucidated on the amount disbursed so far as under:-

“Under Bhutan’s XI FYP, which is the ongoing Plan, Rs. 5000 crores have been committed by GOI for the period July 2013-June 2018. So far, Rs. 2197.672 crores have been released under various heads as per demands raised by RGOB. More releases are expected before the closing of FY. Releases have been made in a timely and uninterrupted manner and this has been appreciated by Bhutan at all levels. Going by the present

pace, we are confident of meeting all our commitments to Bhutan. The flow of funds would be managed as per the projected requirement of Bhutan in a mutually agreed manner.”

6.36 The Committee further enquired about the nature and kind of assistance India would be providing under this Project:-

“Under Small Development Projects, assistance is provided to RGOB for important small socio economic projects, costing less than Rs. 5 crores each, in sectors such as health, rural roads, drinking water, community centers etc. During the XI FYP, Bhutan has proposed to spend Rs. 850 crores on 591 projects throughout the country. These projects are chosen by local village representatives and executed by Bhutanese agencies. Over the years, these projects have brought positive impact to the lives of Bhutanese people, especially in rural areas, and has contributed to considerable goodwill towards India.”

**6.37 The Committee are aware that a large portion of India' developmental assistance is embarked for ' Aid/Loans to Bhutan' and budgetary allocations for them are provided from both Plan and Non-Plan Head. The Committee, however, are dismayed to note that budgetary allocations for BE 2016-17 under this Head have been reduced to Rs. 5490.20 crores *vis-à-vis* Rs. 6160.20 crores during BE 2015-16. The main reason for the drop in the assistance, as stated by the Ministry, is lesser financial requirements as most projects have completed their construction phase. The Committee are pleased to note that the HEPs in Bhutan are not facing a shortage of funds and the timely flow of funds has been appreciated by the Royal Government of Bhutan at the highest levels. The Committee, however, are surprised by the underutilization of funds under the plan head. The Committee are unmoved by the Ministry's justification that these projects required reduced fund requirements as they have already passed their peak construction periods. The Committee, therefore, strongly recommend that the Ministry present a realistic demand backed by robust expenditure/utilization, so that the Ministry of Finance does not cite underutilization of funds as a justification for reduction in the Ministry's budgetary demands at the RE stage.**

*(Recommendation No. 24)*

#### **D. Aid to Nepal**

6.38 Under the 'Aid to Nepal', the budgetary allocation for BE 2015-16 was Rs. 420 crores which was reduced to Rs. 300 crores at RE stage and only 212.36 crores has been spent upto December, 2015. The allocation under BE 2016-17 is pegged at Rs. 300 crores. When the Committee desired to know the reasons for reduced allocation under this Head during BE 2016-17 and its impact on the ongoing projects, the Ministry submitted in a written reply as under:

“The reduced allocation has not affected any ongoing project. Fund disbursements are in line with project requirements. However, to the extent that internal political developments in Nepal affect project implementation such as ICP in Birgunj, fund allocations for these are optimised as per requirements.

6.39 In context of the drop in aid to Nepal, the Committee asked whether this was a reflection of strain in ties between India and Nepal following the border blockade. The Ministry submitted in a written reply as under:

“There is no reduction in our bilateral aid to Nepal due to internal developments in Nepal. Requested assistance in line with allocation for the projects has been timely disbursed. However, to the extent that internal political developments in Nepal affect project implementation such as ICP in Birgunj, fund allocations for these are optimised as per requirements.”

6.40 During the examination of the Budget documents, the Committee noted that during Nepal's International donors conference for post-earthquake reconstruction in June 2015, Hon'ble External Affairs Minister announced India's assistance of US \$ 1 billion, one fourth of which is in grants-in-aid. Given the fact that India's assistance of US \$ 1 billion to Nepal is over and above our existing commitment to Nepal of US \$ 1 billion over the next five years, the Committee wondered how does the Ministry seek to adhere to such a massive assistance and also whether budgetary allocation has been done incorporating this assistance. The Ministry in a written reply stated as under:-

“There are a total of four existing LoCs totalling US \$ 1.65 billion that have been extended to Nepal. On an average, our yearly “Aid-to-Nepal” budget is around INR 400 crores. This works out to around INR 2000 crores over a period of five years (about US\$400 million in a year). The

existing LoCs totalling 1.65 billion and another 400 million over a period of next five years would add up to 2.125 billion of which only US\$150 million has been utilized so far. Thus, Ministry has provided adequately for the US\$ 2 billion assistance, which is a combination of loan and grant.”

6.41 The India-Nepal historic bilateral relations have been characterized by open borders, extensive people-to-people ties and multi-faceted socio-economic interaction. India was in the forefront of providing relief and rehabilitation assistance to Nepal after the April 2015 earthquake, being the first country to respond with its largest ever disaster relief operation abroad ‘*Operation Maitri*’ (Operation Friendship), which lasted over two months and cost an estimated Rs. 400 crores, generating tremendous goodwill.

6.42 Despite all this, anti-India propaganda has always found currency in Nepalese political discourse. In this connection, the Committee wanted to know about the reasons for existence of such a narrative. The Ministry in a post evidence reply submitted as under:-

“India has always stood for peace, stability and prosperity in Nepal and has continued to extend all assistance in accordance with the aspirations of the people of Nepal for socio-economic development of the country. Narrow political, vested interests sometimes grossly misrepresent India’s support for an inclusive Nepal as our interference to support only one section (Madhesis) of the Nepalese population; and also deliberately use anti-Indianism to promote their extreme nationalist plank.”

6.43 In view of increasing Chinese strategic inroads into Nepal, the Committee desired to know the remedial measures taken by India to counter China. The Ministry in a written reply submitted as under:-

“The most effective policy instrument that we can and have adopted is to further strengthen our own bilateral relations with Nepal. Our high level exchanges, bilateral institutional mechanisms, think tank/civil society dialogue and developmental assistance programs continue unabated. Our trade, transit and connectivity remains unrestricted, and our ongoing projects for two Integrated Check Posts, two cross-border rail links, Terai Roads Phase-1, cross-border Transmission lines are progressing, within the constraints of the local situation in Nepal. India also does not view its

relationship with Nepal through the prism of Nepal's relations with third countries.”

6.44 In this context, the Committee desired to be apprised about the steps taken/being taken to subdue such anti-India sentiments. The Ministry in a post-evidence reply submitted as under:-

“India and Nepal have maintained regular contacts, including at high political level as well as between think tanks and civil society. Our developmental assistance program continues without any interruption within Nepal's absorptive capacity. Deputy Prime Minister and Minister of Foreign Affairs, Kamal Thapa visited India four times (October 2015; November–December 2015; as part of PM Oli's delegation in February 2016 and in March 2016); Nepalese Finance Minister Bishnu Paudel visited India in February, 2016, during which he met with EAM and Finance Minister.

Prime Minister K.P. Sharma Oli paid a State Visit to India from 19–24 February 2016. Nine documents were signed during the visit: MoU on utilization of US\$ 250 million Grant component of GOI's Assistance package for Post-earthquake reconstruction assistance in four sectors i.e., housing, health, education and cultural heritage; MoU on strengthening of road infrastructure in the Terai area of Nepal; MoU between Nepal Academy of Music and Drama and Sangeet Natak Academy; Letters of Exchange on Transit Routes: (i) Transit between Nepal and Bangladesh through Kakarbitta-Banglabandh corridor (ii) Operationalization of Vishakhapatnam Port; Letters of Exchange on Rail Transport: (i) Rail transport to/from Vishakhapatnam (ii) Rail transit facility through Singhabad for Nepal's Trade with and through Bangladesh. The Muzaffarpur-Dhalkebar power transmission line was also inaugurated by the two Prime Ministers, with an immediate Initial supply of 80 MW, to be augmented to 200 MW by October 2016 and 600 MW by December 2017. The establishment of an Eminent Persons Group (EPG) on Nepal-India Relations was also announced during the visit. PM Oli later visited the Tehri Hydropower Project (21 February), post-earthquake reconstruction sites at Bhuj, Gujarat (23 February), as well as Mumbai for business meetings (24 February).

Our other institutional bilateral meetings continue uninterrupted, including the BPKF, the Joint Project Monitoring Committee of National Police Academy of Nepal; and the Joint Working Group on Power. Nepal Army General Rajendra Chhetri visited India from 2-5 February, 2016



and Hon'ble Rashtrapatiji conferred the Honorary rank of 'General of Indian Army' on him.

EAM led a multi-party delegation to Kathmandu on 9 February, 2016 to attend the funeral of former Prime Minister of Nepal and President of the Nepali Congress Sushil Koirala.”

**6.45 The Committee observe that the internal political developments in Nepal have affected the implementation of the projects. But the Committee are pleased to note that not only our ongoing projects for integral check posts, two cross border rail links, Terai roads phase-I, cross border, transitional lines are progressing well despite the constraints of the local situation, but also that India has stood for peace, stability and prosperity of Nepal. India was at the forefront of providing relief and assistance to Nepal following the 2015 earthquake. On an average India's yearly aid to Nepal budget is Rs. 400 crores. The Committee, however, expresses their deep concern over the prevalence of anti-India sentiments in certain parts of Nepal and the efforts of the Ministry to continue providing developmental assistance despite the challenging potential situation is praiseworthy. The Committee urge the Ministry to continue extending assistance in good faith and friendly terms and expedite the project implementation with the improvement in the situation there. The Ministry should also obtain enhanced allocation under this Head at the RE stage to fulfill the commitments including the recent announcement for aid/ assistance.**

*(Recommendation No.25)*

**E. Aid/Loan and Advances to Maldives**

6.46 Aid/Loan Advances to Maldives under Non-Plan (Capital and Revenue Section) head is as under:-

**(Rupees in crores)**

	<b>BE 2015-16</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Aid</b>	25.00	55.00	40.00
<b>Loan and Advances</b>	158.00	158.00	00.00
<b>Total</b>	183.00	213.00	40.00

6.47 The Committee observed that there has been a sharp drop in Aid/Loan and Assistance to Maldives. On being asked to specify the reasons for this massive slashing to the tune of 78.1% as compared to last year, the Ministry in a written reply submitted as under:-

“On the Non-plan side there is an increase in allocation between BE 2015-16 and BE 2016-17. On the Stand by Credit facility, due to the deferment of the VVIP visit because of the fluid political situation in Maldives and lack of clarity on the specific investment opportunities in Maldives this amount has not been disbursed in 2015-16. It has also not been projected and allocated in BE 2016-17 in view of the above. In case of a requirement, necessary requests to Ministry of Finance will be made at the Supplementary/RE 2016-17 stage.”

6.48 While examining the budget documents, the Committee observed that in RE 2011-12, a Standby Credit Facility of US\$ 100 million (Rs 500 crores) to Government of Maldives was extended, half of which (Rs 250 crores) was paid in 2011-12 and the remaining amount of Rs 250 crores was to be paid in 2012-13. This was a one-time facility, and as per the decision of the Cabinet, a provision for the remaining US\$ 50 million (Rs 250 crores) was made in BE 2012-13. However, in view of political developments in Maldives, disbursement was not made in 2012-13. Further, no provision for the same was made in BE 2013-14. However, in RE 2013-14, a provision equivalent to US\$ 25 million was made for disbursement. The remaining US\$ 25 million was provided for in BE 2014-15, but could not be disbursed. This has again been provided for in BE 2015-16 and kept same at RE stage which has so far not been disbursed.

6.49 On being asked to furnish the reasons for non-disbursement of remaining US\$25 million of Standby Credit Facility to Maldives, the Ministry in a written submitted as under:

“The last tranche of USD 25 million remains undisbursed. This was to be announced during a VVIP visit which was expected to take place in March 2015. However owing to the deferment of the VVIP visit due to the fluid political situation in Maldives and lack of clarity on the specific investment opportunities in Maldives, the amount was not disbursed.”

6.50 The Committee observed that the constitution of Police Academy has been a long standing project. On the Committee's query, the Ministry submitted a status note in a written reply as under:

“India is committed to setting up of a National Police Academy in Maldives. At the instance of Maldives side, the project was subsequently renamed as the Institute for Security and Law Enforcement Studies (ISLES). The National Building Construction Corporation Limited (NBCC) is the executing agency. In November 2011, the competent authority had approved Rs. 98.75 crores as the project cost.

While a Memorandum of Understanding between India and Maldives was signed in September 2012, the project implementation could not commence immediately as the Government of Maldives had changed the location of project twice and finalized the new location at Addu City as also land acquisition by end-February 2015. Changes in the location from Dhiffuhsimaadhoo Island to Addu City and the name of project from “National Police Academy” to “Institute for Security & Law Enforcement Studies (ISLES)” have been incorporated in the bilateral MoU.

Based on fresh layout and updated project cost prepared by NBCC, the Committee on Non-plan Expenditure (CNE)/Competent Authority approved the revised project cost of Rs. 188.18 crores in February 2016. The project implementation has commenced with the issue of tender for selection of contractor on March 2, 2016. From the date of award of work, it is scheduled to take 2 years for completion of the project.

The programmes and schemes of GOI assistance to the Government of Maldives include training of Maldivian personnel in India, construction of a Police Academy, supply of equipment and construction material, assistance in the digital mapping of the Maldives Islands, Defence/Police/Civil training etc.”

**6.51 The Committee notice that the budgetary allocation for Financial Year 2016-17 under the Head 'Aid to Maldives' is Rs. 40 crores which is 78.1% less than BE 2015-16. This massive reduction, according to the Ministry, is on account of fluid political situation in Maldives, along with lack of clarity of specific investment opportunities. The Committee have also noted that the last tranche of USD 25 million of standby credit to Maldives has not been disbursed so far. The Committee would, therefore, recommend that the Ministry engage with the competent**

authorities to channelize the last tranche of credit facility and ensure that the National Police Academy (with changed name and location) is completed as per schedule.

*(Recommendation No. 26)*

**F. Aid to Myanmar**

6.52 The aid under this Head provides for expenditure on Government of India assistance programmes for the Government of Myanmar including training of personnel.

Aid to Myanmar under Plan and Non-Plan head is as under:

**(Rupees in crores)**

	<b>BE 2015-16</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Non Plan</b>	1200.00	54.00	200.00
<b>Plan</b>	150.00	100.00	200.00
<b>Total</b>	270.00	154.00	400.00

6.53 The Committee noted that there has been a massive 48% increase in aid to Myanmar under both ‘Plan’ and ‘Non-plan’ head, while there has been a sharp drop in aid to other neighbours. On Committee’s query about the reason for enhanced allocation under this head, the Ministry in a written reply submitted as under:-

“The increase of 48% in Aid to Myanmar under both Plan and Non-Plan heads is mainly on account of the fact that the major infrastructure projects such as Kaladan Road, Construction of 69 Bridges and Construction of the Kalewa-Yargi Road of Trilateral Highway have reached the implementation stage on the ground. While work is scheduled to commence on the Kaladan Road in the second quarter and the Bridges Project by the 3rd quarter of FY 2016-17, work on the Kalewa-Yargi Road project is expected to begin in the last quarter of FY 2016-17 subsequent to its approval by the competent authority. Indeed, the funds allocated are less than half of the requirements projected. Further, the elections held in Myanmar in November 2015 and the definite mandate given to National League for Democracy (NLD) led by Daw Aung San Suu Kyi, has provided us an unparalleled opportunity to actively collaborate with the government of Myanmar to undertake several development projects. It is important to note that with democratization of Myanmar and opening up of its economy, several countries are vying to cooperate with the Government of Myanmar in the development process. In this spirit, adequate funds are essential for us to

undertake multidimensional development initiatives in all spheres including agriculture, education, strengthening of banking institutions, supply of military hardware, infrastructure and human resource development.”

6.54 When the Committee enquired whether the enhanced allocation to the non-SAARC country alludes to a geostrategic shift in India’s Foreign Policy, the Ministry in a written reply submitted as under:-

“The enhanced allocation to Myanmar, a non-SAARC country, cannot be construed as a geo-strategic shift in India’s neighbourhood policy. It is but a logical continuation of India’s long standing policy of deepening integration with Myanmar, which shares a border with four of our North Eastern States. Such integration will not only help us meet the needs of our North-eastern States but also further our Act East policy. Indeed, Myanmar is India’s gateway to South-East Asia and thus holds the key to our Act East Policy. The enhanced allocation is on account of our need to finance implementation of key projects that have been conceptualized and are now at implementation stage. These include work on construction of the road component of the Kaladan project, construction of 69 Bridges and the Kalewa-Yargi Road of the Trilateral Highway project, the Advance Center for Agriculture Research and Education, to name a few”.

6.55 During the examination of Budget documents, the Committee observed that out of the budget outlay for 2015-16 of Rs. 270 crores, the Ministry were able to utilize only Rs. 59.12 crores. On Committee’s query, the Ministry in a written reply justified the reasons for underutilization of budget outlay as under:-

“While firming up the BE figures for 2015-16, it was envisaged that major infrastructure projects in Myanmar like Kaladan Road, Construction of 69 Bridges, Construction of Kalewa-Yargi Road and construction of Rih-Tedim Road would commence in FY 2015-16. However, significant time elapsed in obtaining financial approvals for the Kaladan Multi Modal Project and Bridges Project, which are now likely to commence by the second and third quarters of FY 2016-17 respectively. The proposal for seeking financial approval for the Kalewa-Yargi Road Project is currently under submission. Once approved, work is expected to commence by the fourth quarter of 2016-17. The Detailed Project Report (DPR) for the Rih-Tedim Road project which was earlier expected to be ready by the first quarter of FY 2015-16 got delayed due

to change in alignment and is now scheduled to be ready by mid of 2016 after which, approval of the competent authority will be sought for implementing the project. The afore-mentioned factors lead to the under utilization of budget outlay in 2015-16 but the expenditure would pick up in FY 2016-17.”

6.56 In context of the discrepancy in the date of completion of Multinodal Transit Transport Project, the Committee desired to know the factual position and enquired whether the project would be completed as per schedule. The Ministry submitted in a written reply as under: -

“The Kaladan Multi Modal Transit Transport Project (KMMTTP) includes a Waterway component of 158 km on the Kaladan river from Sittwe to Paletwa in Myanmar and a Road component of 109 km from Paletwa to Zorinpui on the India-Myanmar border in Mizoram State. The project was approved by the Cabinet at the cost of Rs. 535.91 crores on March 27, 2008. MEA appointed M/s Inland Waterways Authority of

India (IWAI), a PSU under Ministry of Shipping, as the Project Development Consultant for the waterways component of the project in March 2009. The work for the waterways component was awarded to M/s Essar Projects India Ltd. (EPIL) in April 2010.

The original plan of the project involved a 225 km long waterway from Sittwe Port till Kaletwa (transshipment point) and a road component of 62 km from there upto Zorinpui. Due to actual geographical conditions, this was subsequently changed to 158 km of waterways and 109 km of surface route after shifting the transshipment point on the Kaladan River from Kaletwa to Paletwa. This resulted in doubling of the length of the road component.

The changes in the length and specifications of the road and inclusion of various additional items under waterways including Container Handling Facility, Operation & Maintenance of waterways, Wreck Removal, etc., necessitated a revision in the project cost. The Cabinet approved the Revised Project Cost of Rs.2904.04 crores (Rs 982.99 crores for waterways and Rs 1921.05 crores for road component) on 14 October 2015. The revised date of completion approved by the Cabinet is April 2019. ”

**6.57 The Committee note that the Budgetary allocation under the head ‘Aid to Myanmar’ is Rs. 400 crores. The Committee welcome that under the head ‘Aid to**

Myanmar’ there has been a massive 48% increase in budgetary allocation. The Committee also note that enhanced allocation is on account of our need to finance implementation of key projects. The Committee also observe that in the last financial year, the Ministry was unable to utilize even half the provided budget outlay under this head. The Committee, therefore, direct the Ministry to take adequate steps to ensure that the allocated amount is utilized optimally for the purpose it has been provided for. The Committee, further, desire that the Ministry should draw up an action plan for the timely completion of all these projects including the delayed Kaladan Multi Modal Transit Transport Project and if required, the Ministry should also obtain enhanced allocation at RE stage.

*(Recommendation No.27)*

**G. Indian Technical and Economic Cooperation (ITEC)**

6.58 This head provides for expenditure on defence and civilian training programmes for candidates from various countries, deputation of experts from India to other countries and financial and technical assistance to developing countries for setting up of projects. The budgetary allocation for BE 2015-16 as well as RE 2015-16 was Rs. 180.00 crores while the BE 2016-17 is pegged at Rs. 200.00 crores.

6.59 On Committee’s query about about the allocation at BE stage and RE stage as well as the Actuals for the last three years. The Ministry submitted in a written reply provided the following information:-

**(Rs. in crores)**

<b>Year</b>	<b>BE</b>	<b>RE</b>	<b>Actuals</b>
2012-13	120.00	120.00	141.0805
2013-14	140.00	150.00	169.6631
2014-15	155.00	155.00	162.2704

6.60 On being asked by the committee on the actual utilization quarter-wise during 2014-15 and utilization as on 28.2.2015, the Ministry submitted in a written reply as under:

(In Rs. crores)

Quarter	Actual Utilisation
I	43.23
II	50.45
III	54.84
IV (upto 29 <sup>th</sup> Feb, 2016)	34.21

6.61 The Committee further enquired about the details of total allocation under ITEC Programme, the SCAAP (Special Commonwealth Assistance for Africa Programme and the Technical Cooperation (TCS) and Colombo Plan, the Ministry submitted in a written reply as under:-

**ITEC**

Financial Year	BE	RE
2013-14	140.00	150.00
2014-15	155.00	155.00
2015-16	180.00	180.00

**SCAAP**

Financial Year	BE	RE
2013-14	25.00	25.00
2014-15	30.00	30.00
2015-16	35.00	35.00

**TCS of COLOMBO PLAN**

Financial Year	BE	RE
2013-14	4.6	6.6
2014-15	6.1	8.6
2015-16	8.6	8.6

6.62 When the Committee specifically desired to know whether the Government of India/Ministry has carried out any assessment of impact of these programmes, the Ministry submitted the following details in a written reply as under:

“Assessment of ITEC Programme is regularly done by the DPA-II Division of MEA. Since the programme is demand-driven, feedback from participants and requests from friendly partner countries are analyzed and reviewed from time to time. Special courses are also organized at the specific request of partner countries.



The popularity of ITEC Programme can also be assessed during the discussions at mechanisms such as Foreign Office Consultations, Joint Commission Meetings, HOMs Conferences and during the incoming and outgoing visits of VVIPs, when Government of India receives requests for capacity building, upgradation of skills and human resource development from the partner countries.”

6.63 When the Committee enquired about the time when the overall structural review of the programme was carried out the last time and whether those findings were incorporated in the programme, the Ministry submitted in a written reply as under:-

“Since ITEC programme comprises capacity building courses conducted on the basis of demands of partner countries, it is subject to regular and continuous review. No overall structural review has been carried out so far as the requirement for this was not felt. Besides ITEC already covers training in diverse areas such as Accounts, Audit, Banking and Finance courses, IT, Telecommunication and English Courses, Management Courses, SME/Rural Development Courses, Specialized Courses, Technical Courses and Environment and Renewable Energy Courses are already being covered. In addition to above, special courses are also conducted at specific request of ITEC partner countries.”

6.64 On the feedback mechanism in existence from the participant countries regarding the quality and relevance of the programmes, the Ministry submitted in a written reply as under:-

“Yes. A feedback mechanism is in place to assess the quality, relevance and impact of the programme. After completion of each course, feedback is obtained from the participants on the course content, teaching methodology, infrastructure, facilities, etc. Feedback is also given by the Institutes about the participants attending the courses. Besides, feedback is received from the Indian Missions, who stay in touch with the participants upon their return from India.

Based on the above, training programmes/courses are assessed at the end of each training year. It has been the constant endeavour of the Ministry to align the programmes with the requirements of partner developing countries.”

6.65 The Committee further desired to know whether the Government has taken any initiative to evaluate the training programmes under ITEC/SCAAP/TCS Colombo Plan and sought clarification regarding timely review of content and quality of such projects. The Ministry submitted in a written reply as under:-

“Yes, the Ministry regularly evaluates the training programmes under ITEC/SCAAP/TCS Colombo Plan. Feedback from participants is carefully analyzed to evaluate training courses. Inputs are examined to assess the course contents, duration and requirement of practical exercises/ course project. The courses are evaluated on a yearly basis based on the popularity of the course, i.e., number of participants received during that training period, feedback of the participants who attended the course, etc. Depending on the response received, the popular courses are continued and courses not in demand or not receiving good feedback are discontinued in the next academic year”

6.66 The Committee further enquired about involvement of private institutes in providing Training under these programmes, the process of selection of such Institution/Agency and mechanism for quality control of the services rendered by them. The Ministry submitted the following details in a written reply:-

“Yes, there are a few private institutes which are involved in training under ITEC/SCAAP/TCS Colombo Plan. These institutes were selected prior to 2008 taking into consideration their standing in the respective fields of training as well as the requests received from partner countries.

Since ITEC/SCAAP/TCS training programme is demand-driven, the criteria for selection of Institutes are primarily based on requests received from partner countries either through our Missions or at the time of high-level visits, or by different multilateral organizations. After the concurrence for training in a particular area is received from the political perspective, suitable training institutions are identified with the assistance of concerned Ministries. The procedure as well as terms and conditions are similar for both government and private institutes. Monitoring of the Institutes is done on a regular basis and corrective measures are taken, if any shortcomings are found.”

6.67 The Committee in their Tenth Report had desired that a comprehensive review of the ITEC programme should be carried out. Further, the list of the participating institutions should also be reviewed. In the light of the dynamism which has been today imparted to each and every walk of life, it would be futile if the training programme is not reviewed at regular intervals. In this connection the Committee desired to know the action taken by the Ministry to comprehensively review the ITEC programme and the list of participating institutions. The Ministry in a written reply submitted as under:-

“The courses under ITEC programme are offered on the basis of requests from partner countries and hence the ITEC programme is subject to a comprehensive regular and continuous review. Feedback from participants is carefully analyzed to evaluate the courses, including their contents and durations. Popular courses are continued and those seeing less participation or not receiving good feedback are discontinued. Fresh courses are also introduced based on the current and evolving needs of participant developing countries. At present, courses being offered under ITEC, including special courses, cover most of the areas that are in demand by our partner countries. With the increased demand for additional slots due to recent commitments, Ministry has initiated the process of reviewing and augmenting the list of partner institutions where the programme offers courses.”

**6.68 The Committee note that the training of foreign nationals in various civil and defence training programmes from 142 developing countries is an integral part of India’s developmental cooperation. The Committee welcome the enhanced allocation of Rs. 200 crores under this head for BE 2016-17 against the BE and RE of 180 crores during 2015-16. The Committee observe that there exists regular and continuous review of training programmes under ITEC, SCAAP and TCS under the Colombo Plan. The Committee also note that the last review regarding inclusion of institutions providing training was done in 2008. The Committee, therefore, reiterate their earlier recommendation that the Ministry should conduct a comprehensive review of the ITEC Programme along with a review of the list of participating institutions on the basis of their specific experience performance and impact.**

*(Recommendation No. 28)*

#### H. SAARC Programmes

6.69 This head caters to the assistance Programmes executed by India under the SAARC framework. Some of the major activities funded from the allocation under this head include Student Exchange Programme among members of the SAARC countries, establishment of the SAARC Museum of Textiles and Handicrafts and grants to NGOs

for organizing SAARC-related activities. The budgetary allocation under this head during BE 2015-16 was Rs. 10.00 crores and the same was retained in the RE stage. During the examination of the budget documents the Committee noted that keeping in view the past trend of expenditure, allocation of Rs. 10.00 crores has been made at BE 2016-17.

6.70 On the Committee's query, the Ministry in a written reply furnished the following details about the projects for which allocations were made during financial year 2015-16:

“The projection for the year 2015-16 under Budget Head ‘SAARC Programmes’ was made for the following events:-

<b>S. No.</b>	<b>Particulates</b>	<b>Expected Expenditure</b>
1	SAARC Band Festival	1,50,00,000
2	Silver Jubilee Scholarships by SAU	1,60,00,000
3	ICCR Scholarships	1,20,00,000
4	Surajkund Crafts Mela	10,00,000
5	FRI Scholarships	28,00,000
6	India Endowment to Climate Change	5,00,00,000
7	SAARC Museum at Dilli Haat	1,00,00,000
8	SAARC Chair	28,00,000
9	SAARC Fellowship	20,00,000
10	SAARC Tele Medicine	1,00,00,000
11	Up gradation of SAARC Supranational Lab	6,75,00,000
12	Misc Activities	1,00,00,000
<b>Total Amount</b>		<b>19,91,00,000</b>

The actuals as incurred under this Budget Head till date as per division are as follows:-

<b>S.No.</b>	<b>Particulars</b>	<b>Expenditure incurred till February, 2016</b>
		Rs.
01	Release of balance payment to FRI for scholarships (pending from 2013-14)	19,84,420
02	Payment to the Book Review Literary Trust (balance 2014-15 & advance 2015-16)	2,00,000 (1,00,000+1,00,000)
03	Contribution to the SAARC Supranational Laboratory (Payment to EoI Kathmandu) (one time)	6,73,66 ,880
04	Release of balance payment to SAU on account of SSJS (balance of 2014-15)	28,01,913

05	Release to TCIL on account of SAARC Telemedicine Project (balance of 2014-15)	25,49,891
06	Scholarship by Forest Research Institute, Dehradun (FRI) (balance of 2014-15)	12,22,125
07	Release of balance payment to FOSWAL for SAARC Festival of Literature (balance of 2014-15)	25,00,000
08	Release of balance payment to M/s SEHER for organizing SAARC Band Festival (balance of 2014-15)	31,50,000
09	Release to the Election Commission of India for organizing training programme (CFY)	18,77,040
10	Release of payment to HCI Dhaka on account of cook stoves in Bangladesh (CFY)	1,50,00,000
Total Payment made under SAARC Programmes till February, 2016		<b>9,86,52,269</b>

6.71 The Committee further desired to be apprised about initiatives taken by India to enhance physical and financial integration with SAARC countries. The Ministry in a written reply submitted as under:-

“India has ratified in July 2015 the SAARC Energy Framework (Electricity) Agreement which is expected to enhance grid connectivity among SAARC countries and promote trade in Electricity in the region. Efforts are on to arrive at a SAARC Regional Railway agreement and SAARC Motor Vehicle agreement that will facilitate movement of motor vehicles and trains within SAARC promoting transport connectivity and physical integration in the region. India has also fulfilled its commitment under SAFTA which would pave the way for economic integration of South Asia.”

6.72 The Committee observed that the major activities funded from the allocation under this Head include Student Exchange Programme among members of SAARC countries, establishment of the SAARC Museum of Textile and Handicrafts and grants to NGOs for organising SAARC related activities. In this regard, the Committee desired to be provided with a detailed status on all the above stated activities. The Ministry in a written reply submitted as under:-

“Under Students exchange programme SAARC Division has already been providing budgetary support to following Scholarship Schemes:-

- (i) FRI Deemed University Scholarships for 10 SAARC Students in Dehradun being administered by FRI.

(ii) SAARC Scholarship Scheme for 14 SAARC Students (2 from each Member States) at graduate and post graduate level being administered by ICCR.

(iii) SAARC Silver Jubilee Scholarship Scheme for LDC students from SAARC Member States in South Asian University where 75 scholarships at Post Graduate level and 25 scholarships for Doctoral level students being administered by SAU.

(iv) India is hosting the SAARC Museum for Textiles and Handicrafts in New Delhi. Civil and electrical construction work of the Museum is almost complete. Interior work of the Museum is to begin.

(v) The division has been extending support to various NGOs for organizing various cultural activities in SAARC Region. Various events like Band Festival, Literature festival, Printing of SAARC Journals etc by various NGOs have been taking place for which funds are being provided by this division. In the current financial year however, no major funds have been disbursed to these NGOs.”

6.73 While scrutinizing the budget documents, the Committee noticed in the current Financial Year no major funds have been disbursed to various NGOs for organizing cultural activities in SAARC region. In this context, the Committee sought justification for the same. In a written reply, the Ministry submitted as under:-

“The amount of Rs. 10 crores allocated under Budget Head ‘SAARC Programmes’ during the year 2015-16 was primarily utilized for upgradation of SAARC Laboratory in Kathmandu (Rs. 6.75 crores) and the Cook Stove Project under the India Endowment for Climate Change( Rs. 1.5 crores). The balance amount was spent on funding of scholarship programmes, settlement of outstanding bills, publication of journals by Book Review Literary Trust, training programme conducted by Election Commission of India etc. leaving not much scope for any grant-in-aid to NGOs. For 2016-17, SAARC Division has received proposals from NGOs for organizing SAARC-related cultural activities which are being examined.”

6.74 The Committee further desired to be apprised about the details of the cultural activities initiated by India in SAARC region in Financial Year 2015-16:-

“SAARC Division has not initiated any cultural activity in 2015-16 due to paucity of funds. However, Ministry of Culture is the nodal Ministry for

organizing any cultural activity in India in coordination with the SAARC Cultural Centre, Colombo.”

**6.75 The Committee observe that the major activities funded from the allocation under the Head SAARC Programme include student exchange programmes among members of SAARC countries, establishment of SAARC Museum of Textiles & Handicrafts and grants to NGOs for organizing SAARC related activities. For all these activities, Rs. 10 crores were allocated during 2015-16 and full allocation was spent without providing any grant in-aid to any NGOs for organizing cultural activities due to paucity of funds. For 2016-17 the same allocation of Rs. 10 crores have been retained despite several proposals from NGOs having been received in the SAARC Division. The Committee, therefore, desire that the Ministry should ensure that a sufficient number of cultural activities are undertaken in SAARC countries during the current financial year by providing grant-in-aid to NGOs under this head in coordination with the Ministry of Culture and ICCR, as appropriate.**

*(Recommendation No.29)*

**I. Aid to African Countries**

6.76 The Head ‘Aid to African Countries’ caters to the contributions made for various programmes and projects undertaken by India in the African countries. Under this head, the BE 2015-16 was Rs. 200 crores which was retained at same level during RE 2015-16 stage. During BE 2016-17, the budgetary allocation has been pegged at Rs. 290 crores.

6.77 On Committee’s query regarding the reasons for enhanced allocation in BE 2016-17, the Ministry submitted that it can be attributed to the following:-

- a) “To take forward implementation of decisions under IAFS-III.
- b) spur in bilateral ties with Mauritius and Seychelles following the Hon’ble Prime Minister’s recent visit to these two strategic maritime neighbours
- c) Execution of some ongoing projects have reached an advanced stage and expenditures anticipated with respect to these projects.”

6.78 The Committee further wanted to be enlightened about the projects schemes/programmes on which the allocated amount is intended to be spent. The Ministry in a written reply submitted that:-

“The allocated amount during 2016-17 is mainly intended to be spent on:

- Pan Africa e-Network Project.
- Cotton Technical Assistance Programme (TAP) through Department of Commerce
- Implementation of scholarships under ICCR and ITEC, C.V Raman and DARE agricultural scholarships, projects of strategic importance and proposals under IAFS-III.
- Requirements anticipated for Mauritius and Seychelles.”

6.79 While analyzing the budget documents, the Committee ascertained that there has been significant intensification of our economic engagement and capacity building through development partnership with various African countries. On Committee’s query, the Ministry in a written reply illustrated the various projects that have been initiated or completed during 2015-16 as follows:-

“Over US\$ 300 million worth of concessional credit approved since November 2015 for projects in Kenya, Malawi, Mauritius, Niger, Sierra Leone and Tanzania. Other proposals received by African countries for concessional credit are under process for approval.”

6.80 In view of Ministry's response regarding lack of enthusiasm in the host countries regarding projects under IAFS I & II, the Committee desired to know whether the Government of India intends to modify its strategy during the forthcoming IAFS III. The Ministry submitted in a written reply as under:

“Considerable challenges are being faced in the implementation of the proposals to set up over 100 institutions in Africa. These include : long delays in decision making on choice of locations to host institutions (by the African Union, the Regional Economic Communities or the countries selected); wrong choice of locations in several cases; lack of interest for the designated project from the host countries; lack of funds/resources with the host countries (mostly LDCs) to provide land/building/running costs as per the terms and conditions of the partnership model; lack of adequate funds and manpower on the Indian side to implement the projects offered under IAFS mechanism.



In consultations with the line Ministries, implementing agencies, our Missions in Africa and African countries through their resident Missions and AU, it has been decided to drop projects where work has not started. The Division is also looking at relocating certain projects in other countries which evince interest to host the project.”

6.81 The Committee further asked whether there is any mechanism in the Ministry or the African Union to oversee the quality and pace of implementation of Projects. The Ministry in a written reply submitted as under:-

“PMO is monitoring the progress of implementation of decisions & proposals of IAFS. A Status Report is being submitted to the PMO on a regular basis.

Joint Secretary, East & Southern Africa (E&SA) Division in the Ministry of External Affairs, who deals with the IAFS process, regularly follows up including by convening coordination meetings with concerned Departments/Ministries/Agencies involved in the implementation of IAFS projects/programmes. Some of the inter-ministerial meetings have also been chaired at Secretary level (the two most recent being on 9 December and 28 August 2015).

A draft Joint Plan of Action was drafted in this Division and forwarded to the African Union Commission on 23 December 2015 for their comments and feedback. The same is awaited from the AU Commission. The Joint Plan of Action was also circulated to resident African Missions in New Delhi to be shared with their host governments.

It was proposed in the Joint Plan of Action to have a Joint Monitoring Mechanism in place. Further, an Implementation Committee Chaired by Secretary (ER), MEA and involving all the partner Ministries and implementing agencies will be constituted which will continue to monitor the implementation of decisions taken under IAFS upon the completion of the Joint Action Plan. The recommendations of the Implementation Committee will feed into the Review Mechanisms that would be established in order to monitor progress on IAFS-related issues.”

6.82 With regard to the Pan African e-Network Project (PAENP), when asked the Ministry provided the allocations and Actuals for the last 5 years as under:-

- Expenditure incurred till date is around Rs. 466.00 Crores.
- Actual Expenditure for last year's (from 2011-12 to 2015-16)  
2011-12 : Rs. 15.56 Crores  
2012-13 : Rs. 33.52 Crores  
2013-14 : Rs. 86.55 Crores  
2014-15 : Rs. 19.28 Crores

2015-16 : Rs. 70.80 Crores (as on Date)

6.83 The Committee's further desired to know about the beneficiary countries and time and cost over run in the Projects. the Ministry in a written reply submitted as under:-

“Forty eight countries are using services provided through this project ..... As per the agreement M/s TCIL was to hand over the project to the African Union in July, 2014. The Cabinet had approved the project with an approved cost of about Rs. 542.90 crores in July, 2007 and expenditure incurred was Rs. 340.41 Crores till February, 2014, when at the request of the African Union, approval of EAM was obtained for extension of the project for further two years till July 13, 2016 utilizing the savings in the project. There has not been any cost or time overrun in this project.”

6.84 Regarding complaints received about the functioning of the pan Africa e-network project, the Ministry submitted that there have been minor complaints from some of the beneficiary countries, which are being addressed.

6.85 During a detailed scrutiny of the budget documents, the Committee noted that there are many object heads under IAFS-II such as India Africa Women Solar Engineer Vocational Training Centre, Food Processing Incubation Centres, Africa Scholarship Scheme by ICCR, Entrepreneurship Development Centres (EDCs), India-Africa Institute of Foreign Trade etc where nil expenditure was made upto December 2015. In this context, the Committee desired to know reasons for no expenditure on these projects under IAFS-II. The Ministry in a written reply submitted as under:-

“Lack of interest or paucity of funds with the host governments in meeting their commitments, non-readiness of sites at many locations, delay on the part of implementing agencies/nodal Ministries to place demand with MEA for placement of funds in the last financial year, prolonged tendering/retendering process in many projects and involvement of multiple agencies slowing down the speed of execution and resource and manpower constraints.”

6.86 On Committee's query, the Ministry elaborated on the remedial measures undertaken as under:-

“In consultations with the line Ministries, implementing agencies, our Missions in Africa and African countries through their resident Missions and AU it has been decided to drop projects where work has not started.

The Ministry is also looking at relocating certain projects in other countries which evince interest to host the project.’

6.87 As a follow up to the Ministry’s reply, the Committee enquired about the complaints received from the beneficiary countries and states the measures taken to address them. The Ministry in post evidence written reply submitted as under:-

“There has been a complaint received from Open University of Mauritius about the delay in issue of Certificates/ Mark Sheets to the successful candidates. Open University of Mauritius has taken up with University of Madras (UNOM), the issue of discrepancy in “dates of issue” of Mark sheet and Certificates (Certificate date is prior to the mark sheet date). The matter is being resolved by UNOM. Implementing agency viz. Telecommunications Consultants India Limited (TCIL) is following up the case for resolution.’

**6.88 The Committee are cognizant of the fact that India’s partnership with African countries is based on a consultative model of cooperation which is responsive to the needs of African countries. The Committee note that under the head ‘Aid to African Countries’, BE 2015-16 was Rs. 200 crores which remained unchanged at the RE stage. While the BE 2016-17 has been pegged at Rs. 290 crores is on account of announcements made during PM’s recent visit to Seychelles, the anticipated expenditure on some ongoing projects and implementation of decision under IAFS-III. The Committee are concerned to note that over the years there has been slow progress in implementation of projects under India Africa Forum Summits I and II. The Committee are glad to know that the third IAFS held in New Delhi in October 2015 was one of India’s largest diplomatic outreach initiatives and PMO has been monitoring the progress of implementation of decisions and proposals of IAFS.**

**The Committee hope that the Ministry should engage with the African Union as well as the host countries for the expeditious implementation of projects so that the entire purpose of these projects are not defeated. Moreover, learning from the past projects under IAFS I and II, the Committee suggest that the Ministry conduct a feasibility study at the stage of identification of projects itself.**

**The Committee, further, hope that the Ministry takes adequate measures to ensure the timely handover of the Pan African e-Network Project.**

*(Recommendation No. 30)*

**J. Aid to Latin American Countries**

6.89 In view of the growing importance and significant increase in interest shown by the Latin American and Caribbean countries, a separate budget head was opened in FY 2007-08. The budgetary allocation during BE 2015-16 under the head 'Aid to Latin American Countries' has been kept constant at Rs. 15 crores during BE 2015-16, RE 2015-16 as well as BE 2016-17.

6.90 On Committee's query, the Ministry furnished the list of projects carried out in the financial year 2014-15 along with allocation and Actuals as on 28.2.2015

<b>Sl. No.</b>	<b>Project</b>	<b>Actuals 2015-16</b>
1.	Setting up of IT Centre in Peru	1,77,16,281
2.	Setting up of IT Centre in Costa Rica and Panama	3,75,92,630
3.	Setting up of IT Centre in Ecuador	1,33,39,288
4.	Setting up of IT Centre in Commonwealth of Dominica	2,71,26,351
5.	Supply of Solar powered traffic signalling system in Guatemala	43,69,729
7.	Reorganization of Mortuary at Suriname Hospital	1,02,75,678
8.	Installation of six Bronze Statues in Guyana (Part Payment)	75,00,000
9.	Seminar at the Delhi University	1,12,500
10.	Cash assistance to Election Commission of Guyana	58,35,500
11.	Humanitarian Assistance to Commonwealth of Dominica	1,31,10,000
12.	Supply of buses- Publishing of tener advertisement	37,422

6.91 The Committee had observed that lack of funds was a key factor in limiting India's outreach and bilateral engagement with countries of the Latin America and Caribbean Region. The Committee were dismayed to note that the sanction of Line of Credit of US \$ 8 million to Guyana had been kept in abeyance pending availability of funds. The Committee had disapproved of such a diffident approach of the Government

on the issue and had desired that due priority should be accorded to and projects announced at the highest level and the pledges should be observed scrupulously. In this context, the Ministry apprised the Committee about the action taken by the Ministry in this regard:-

“The Standing Finance Committee has approved a grant-in-aid of US\$ 8 million to the Government of Guyana as a part of the estimated cost of the Passenger Ocean Ferry. The Inter-Ministerial Finance Committee has approved the LOC of US\$ 10 million in its meeting held in end February, 2016. The Committee decided that the grant part of US\$ 8 million will be utilized first. The Ministry has made budget provision in BE 2016-17.”

6.92 On Committee’s further query, the Ministry elucidated on India’s relations with Latin American and Caribbean countries and also enlisted the initiatives taken for diverse and deep rooted engagement. Elaborating upon the importance of enhancing the outreach and bilateral engagement with the Latin American and Caribbean region, the Ministry in a written reply submitted as under:-

“It is indeed a paramount necessity for India to enhance relations with the countries of LAC region. India's multifaceted relations with LAC region have grown exponentially in recent times with enhanced exchange of visits and interaction at all levels. India has strategic and privileged partnership with some of the major countries in the region. India has also Preferential Trade Agreement with a trading block in the region as well as with an individual country and is also exploring to extend this scope with more countries.

The region has a total GDP of around US\$ 5.7 trillion (2014) which is almost three times that of India. This combined with population of about 600 million (2010) and trade turnover of US\$ 2.1 trillion makes the region extremely important from trade and investment perspective. Our bilateral trade has grown from US\$ 2 billion in 2000 to around US\$ 46 billion in 2014. Our investments in the region have grown to about US\$ 20 billion. The region is important for our energy security needs. Venezuela has the largest known reserves of oil surpassing Saudi Arabia. Venezuela is one of the leading suppliers of crude to India. A sizeable percentage of our energy requirement is met from the region. As LAC region grows cereals, pulses, oil seeds, soya and fresh fruit in large quantities, joining farming methods, commercial farming and joint agricultural research in agricultural and agro-

industrial products will form part of India's strategy keeping in view India's growing population and our need for food security.”

6.93 The Committee noted that despite being a region of paramount importance to India, the budgetary allocation for this region is inadequate. On the Committee's query about the reasons for allocation of inadequate funds for Latin American countries, the Ministry in a written reply submitted as under:

“The overall budget of the Ministry has been cut by 2% despite the merger of erstwhile Ministry of Overseas Indian affairs with MEA. In the proposed BE 2016-17, the allocation under Technical and economic cooperation accounts for about 54% of the Ministry's budget; the corresponding figure was 61 % in BE 2015-16. As a result of this most of the Aid budget heads have either been provided the same allocation as that of 2015-16 or reduced. Aid to LAC has been kept at the same level. Also, over the past 3 years pace of expenditure under the LAC head shows that it has been able to utilize the allocation that has been provided without any further demands during the year.”

6.94 The Committee further desired to know about the efforts made to intensify developmental engagement with Latin American and Caribbean Region countries. The Ministry in a written reply submitted as under:

“Our engagement with the region is very wide and covers a number of sectors. Capacity building is a major pillar of our relations. India has deputed experts, to countries in the Latin American and Caribbean region in the fields of Agriculture, Horticulture, Disaster Management, Communications and Law. Almost 250 students from the region have been taking courses in India under our International Technical and Economic Cooperation (ITEC) program.

In the year 2015 alone, we undertook the developmental activities like setting up Centres of Excellence in the Information Technology, grant-in-aid for developmental activities in health, education, sports, solar electrification, road construction, capacity building, humanitarian assistance etc. and soft loans for developmental activities to various countries of the LAC region. “

**6.95 The Committee note that India's relations with the Latin American and Caribbean region have significantly intensified both in terms of political as well as trade/commercial engagements. The Budgetary provision of Rs. 15 crores during BE 2016-17, in the opinion of the Committee, is highly incommensurate with the**

importance attached to this region. Further, nearly all the countries in this region have been supporting India at various international forums and are hopeful of India's increased developmental assistance. The Committee are pleased to note that the Line of Credit of US \$ 8 million to Guyana has been finally approved by the Inter Ministerial Finance Committee. The Committee are distressed to note that despite being a region of importance to India, the budgetary allocation under this head has remained meagre. The Committee, therefore, strongly recommend the Ministry that the Budget should be reflective of the importance India attaches to this region. Further, the Committee are hopeful that the grant part of US \$ 8 million will be utilized by the Ministry during the current financial year. Furthermore, the Committee desire that the politically momentous project of upgradation of ICT system of CARICOM Secretariat is completed by the scheduled time of December 2016.

*(Recommendation No. 31)*

**K. Aid to Afghanistan**

6.96 The table illustrates the budgetary allocation under the Head Aid to Afghanistan under both Plan and Non-Plan section.

	<b>BE 2015-16</b>	<b>RE 2015-16</b>	<b>BE 2016-17</b>
<b>Non-Plan</b>	550.00	637.45	500.00
<b>Plan</b>	126.00	45.49	20.00
<b>Total</b>	676.45	682.94	520.00

6.97 On Committee's query, the Ministry elaborated on the elaborate on the reasons for increased allocation during the RE 2015-16 stage in a written reply as under:-

“Since the major infrastructure projects in Afghanistan, including the new Afghan Parliament building, India-Afghanistan Friendship Dam (Salma Dam) and Doshi & Charikar Substations were entering the final phase of completion, the expenditure under “Aid to Afghanistan” was prioritised to ensure availability of funds based on continuity and increased pace of work on these projects. Further, the Cabinet approvals for revised costs in respect of Salma Dam and Afghan Parliament were received on 22 December 2015 and 27 January 2016 respectively. Therefore the expenditure remained at Rs 575.31 crores until December 2015 however,

as on date, more than 95% of Rs 637.45 crores allocated at RE stage has already been spent. Further, bills amounting to more than Rs. 200 crores towards work already executed remain still for payment. There is a strong need for additional funds in the current Financial Year and the request for suitable re-appropriation has already been made.”

6.98 While apprising the Committee on the overall budgetary allocation to the Ministry, the Foreign Secretary during oral evidence stated the following pertaining to developmental assistance to Afghanistan:

“We are particularly proud that despite daunting logistical and security challenges as well as financial constraints, several India funded infrastructure projects have been completed in Afghanistan. They included the 220 kv transmission line from Pul-elkhumri to Kabul with substations in Chimtala, Doshi and Charikar, which are under the plan budget; and the new parliament building in Kabul, which symbolises our common commitment to pluralism and democracy, which our Prime Minister inaugurated on 25<sup>th</sup> December. The construction of Salma dam is progressing well with water starting to fill in the reservoir in August 2015. This was celebrated by the local population who carried a 100 metre flag of the Indian tricolour and the Afghan national flag on the streets of Hera.”

6.99 The Committee observed that under Aid to Afghanistan, the outlay during 2015-16 for construction of 220 KV Transmission line from Pul-e-Khumri to Kabul including substations was Rs. 126 crores. However, expenditure upto December, 2015 was Rs. 15.70 crores only. In this regard, the Committee desired to know the reasons for low utilization as well as the hurdles, if any, faced by the implementing agency there. The Ministry in a written reply submitted as under:

“While the sub-station at Doshi was commissioned in July 2015, the two power transformers of the other Sub-station at Charikar could only be commissioned in November 2015 and March 2016 respectively. The Power Grid Corporation of India Limited (PGCIL), the PMC for the project, could not raise bills for the projected amount. Accordingly, allocation under this head was reduced to Rs. 45.49 crores at RE 2015-16 stage out of which, Rs.45.27 crores has been released in FY 2015-16. No particular hurdles except security issues were faced by the Implementing Agencies”



6.100 The Committee further noted that the outlay during 2015-16 for Reconstruction and Completion of Salma Dam Power Project was Rs. 11 crores and Rs. 186 crores for Parliament Building. However, the expenditure on these two projects upto December, 2015 was Rs. 150.47 crores and Rs. 252.25 crores , respectively. In this context, the Committee enquired about the reasons for higher utilization *vis-a-vis* allocation. The Ministry in a post evidence reply submitted as under:

“Many bills related to projects in Afghanistan, including Salma Dam remained outstanding at the end of FY 2014-15 due to non-availability of funds under ‘Aid to Afghanistan’ during that Financial Year. Settlement of these pending bills subsequently in FY 2015-16 increased the utilization of allocated funds during FY 2015-16. Increased pace of work during FY 2015-16 also contributed to higher utilization.

Increased pace of work under Parliament Building Project during FY 2015-16 resulted in higher expenditure in the project. The project was completed in December 2015 and handed over to the Afghan authorities in March 2016”

6.101 When asked whether allocation from other schemes/programmes has been reduced on its account, the Ministry stated as under:

“The funds for other schemes/programmes were re-adjusted with additional allocations at RE and FE stages. “

**6.102 The Committee have taken note of the reduced allocation under the head ‘Aid to Afghanistan’ during BE 2016-17 and the dismally low utilization of funds. The Committee are concerned to note the admission by the Foreign Secretary during oral evidence that Aid to Afghanistan would require additional funds to meet our existing commitments. The Committee take due note of the daunting logistic and security challenges faced during implementation of infrastructure projects in Afghanistan. The Committee are satisfied to note that some important projects including the construction of the Parliament building have been completed.**

**The Committee specifically desire that the Ministry should ensure that funds allocated under this head are optimally and fully utilized. The Committee**

**would further direct the Ministry to pursue the matter of additional fund requirements under this head for smooth implementation of critical projects.**

**(Recommendation No. 32)**

## **CHAPTER-VII**

### **ORGANIZATIONAL SET UP**

The Outcome Budget 2016-17 provides a detailed outline of the Ministry's organization set up. The Ministry of External Affairs is headed by the External Affairs Minister. She is assisted in the discharge of her functions by the Minister of State for External Affairs. The Foreign Secretary oversees the functioning of the Ministry at the official level. MEA HQs in New Delhi is organized into Territorial and Functional Divisions, with Territorial Divisions overseeing and managing bilateral relations with specific foreign countries, structured regionally. In this context, the Committee enquired about the criteria for structuring the countries on a regional basis by the Territorial Divisions. In a post evidence written reply, the Ministry submitted as under:-

“The structuring of countries regionally is based essentially on their geographical location.

The SM&IOR (Sri Lanka, Maldives, and Indian Ocean Region) Division was renamed as the IOR (Indian Ocean Region) Division in December 2015. Matters pertaining to Mauritius and Seychelles and matters pertaining to the Indian Ocean Rim Association (IORA) were shifted from the East & South Africa (E&SA) Division and from Multilateral Economic Relations (MER) Division respectively to the IOR Division.”

7.2 As per the Annual Report, the Functional Divisions includes the following:-

- Policy Planning and Research;
- Development Partnership Administration; Technical & Economic Cooperation;
- Investment, Trade & Technology Promotion;
- Multilateral Economic Relations;
- International Organizations;
- Regional Groupings;
- Press & Media Affairs and Public Diplomacy;
- Legal & Treaties;
- Disarmament & International Security;
- Consular, Passport & Visa matters; Protocol;
- Parliament Coordination; Liaison with State Governments; Cypher, NGO Vigilance; E-Governance & Information Technology;
- Global Estate Management (*earlier called Projects Division*); Administration; Establishment; and the Integrated Finance Division.

7.3 In addition to MEA HQs, the Ministry manages 187 Indian Missions and Posts abroad; Passport Offices and Branch Secretariats in India; oversees the work of the

Foreign Service Institute (FSI), the Central Passport Organisation, and MEA's two main autonomous bodies, the Indian Council of Cultural Affairs (ICCR), which is the Ministry's arm for promoting India's cultural links with the world; and the Indian Council of World Affairs (ICWA), which undertakes policy research.

A. **Secretariat General Services**

7.4 Under the budget head budgetary allocation during BE 2016-17 has been kept at Rs. 402.31 crores which is Rs. 104.33 crores more than BE 2015-16. The Committee noted that this includes an allocation of Rs. 33.47 crores for establishment and Secretariat functions and Rs. 15.76 crores for Protector General of Emigrants (PGoE).

7.5 In the aftermath of the merger of erstwhile MOIA with MEA, the Committee enquired about the specific steps taken by the Ministry for establishment and secretariat functions to erstwhile MOIA. The Ministry in a written reply submitted as under:-

“After the merger, three Divisions namely OIA I, OIA II and Overseas Employment & PGoE Division have been created headed by three Joint Secretary level officers. All Establishment and Secretariat functions of three Divisions are being handled by the Administration & Establishment Divisions of MEA.”

**7.6 The Committee note that the budgetary allocation under the head ‘General Secretarial Services’ has been kept at Rs. 402.31 crores, which is Rs. 104.33 crores higher than that of BE 2015-16. Further, the Committee observe that an allocation of Rs. 33.47 crores has been earmarked for establishment and secretariat functions of the erstwhile MoIA. The Committee would strongly recommend that the Ministry ensure that following the merger, the administrative and Secretariat functions and activities are accorded adequate space, priority and significance in the present organizational set-up.**

*(Recommendation No. 33)*

7.7 As per the Detailed Demands for Grants, the sanctioned strength of the Ministry (Officers) is 3844. However, the actual strength as on date is 2783. In this connection, the Committee desired to know reasons for the gap between the sanctioned strength and

actual strength for the officers in the Ministry. The Ministry in a written reply submitted as under:-

“The shortfall in the sanctioned strength and actual strength is due to non-availability of suitable/eligible candidates in the feeder cadre for promotion to higher grade. Certain vacancies are of temporary nature and some vacancies pertain to Passport Office Cadre. CPV Division has informed that recently 447 Assistants and LDCs have recently joined through Staff Selection Commission, which will fill the gap substantially. The Ministry has already indented vacancies for Direct Recruitment as well as promotion to SSC and UPSC respectively to fill the gap.”

7.8 The Committee sought a note on the current status of the lateral entry scheme in the Ministry. The Ministry submitted in a post evidence reply as under:

“Lateral Entry from Non-Government Sectors: The selection process for engagement of Consultants in various Divisions of the Ministry is currently underway. So far consultants from academia and private sector have joined the Policy Planning and Research Division and Multilateral Economic Relations Division.

Lateral Entry of Government Officers on Deputation: Deputation from other Ministries/ Departments as a mode of recruitment in the Ministry for stipulated period three to five years is being continued to strengthen in-house expertise. The focus is to take officers on deputation from complementary Services like Indian Economic Service, India Revenue Service (both Income Tax and Customs & Central Excise). In addition, senior officers from line Ministries with expertise in infrastructure development have joined the Development Partnership Administration Division.”

7.9 In this context, the Committee further desired to know whether the Ministry has fixed any time frame for completion of such a review. The Ministry submitted in a post evidence reply as under:

“The officers who are on deputation from other GoI departments report to concerned Heads of Divisions in MEA who also write their Annual Performance Appraisal Report (APAR). This system provides for continuous performance monitoring of officers on deputation. At present the Recruitment Rules of the Ministry do not provide for absorption of officers on deputation to the Ministry.”

7.10 The Committee also wanted to know whether the reduction in budgetary allocation will negatively affect the expansion plan of the Foreign Service. The Ministry in a written reply submitted as under:

“To minimize the negative impact of budgetary challenges on obligatory expenditure such as contributions to international organisations and on meeting our technical and economic cooperation commitments – which are an integral and important part of our foreign policy priorities and objectives – efforts are made to rationalize and prioritize expenditure on establishment costs. Some examples of such efforts are:

- a. Increasing the number of local staff in our Missions and Posts abroad instead of India-based personnel – there is a proposal under consideration for over 500 local staff positions to be approved;
- b. Positions that have lapsed due to not being filled for some time have not been revived – for instance, 44 posts in ICCR have lapsed and have not been revived.
- c. Conference and meetings are not being held in premier hotels. Instead, conference facilities available in MEA’s own premises, such as in Jawaharlal Nehru Bhawan (JNB), are utilized to the extent possible. For instance, the Heads of Mission Conference in 2015 was held in JNB.
- d. Consistent efforts are being made to reduce our overseas rental liability by purchase/construction of properties abroad to provide for Chanceries of Missions/Posts as well as residential accommodation for India-based personnel.”

**7.11 The Committee in their Sixth Report (16<sup>th</sup> Lok Sabha) had recommended that apart from the normal process of recruitment from other Governmental departments, lateral entry should be open to academia, think tanks, NGOs and the Private Sector. The Committee are happy to learn that in pursuance of the Committee’s recommendation, the Ministry has initiated the process of engaging consultants from the academia for its Policy Planning and Research Division. The Committee are of the opinion that instead of recruiting the consultants from academia on a contractual/temporary basis, the Ministry should try to integrate them into the Division wherein their specialization and expertise could be a valuable input for policy planning and formulation.**

*(Recommendation No. 34)*

(i) Protectorate General of Emigrants (PGoE)

7.12 The Committee desired to know about the break-up of sub-heads for expenditure of Rs. 15.76 crores of PGoE and also sought clarification on proposal for shifting of present PGoE offices/establishment to new offices. In a written reply, the Ministry submitted as under:-

“As regards budgetary allocation for erstwhile MOIA, an allocation of Rs. 33.47 Crores has been provided presently for the entire establishment and Secretariat of erstwhile MOIA. Ministry will ensure that no activity of three new Divisions OIA I, OIA II and Overseas Employment & PGoE get adversely affected due to paucity of funds and wherever required, additional funds could be made available at RE stage in consultation with IFD. The break up of sub heads for expenditure of Rs. 15.76 crores is as below:

(Figures in thousands)

<b>Protector General of Emigrant</b>	<b>Plan</b>	<b>Non-Plan</b>	<b>Total</b>
<b>Establishment</b>			
Salaries			
<i>Charged</i>			
Voted	0	37000	<b>37000</b>
Wages	0	500	<b>500</b>
Overtime Allowance	0	0	<b>0</b>
Medical Treatment	0	600	<b>600</b>
Domestic Travel Expenses	0	1000	<b>1000</b>
Foreign Travel Expenses	0	0	<b>0</b>
Office Expenses			
<i>Charged</i>			
Voted	0	10000	<b>10000</b>
Rents, Rates and Taxes	0	13000	<b>13000</b>
Publications	0	0	<b>0</b>
Advertising and Publicity	0	0	<b>0</b>
Minor Works	0	500	<b>500</b>
Professional Services	0	5000	<b>5000</b>
Information Technology			
Office Expenses	0	90000	<b>90000</b>
<b>Total-Protector General of Emigrant</b>	0	157600	<b>157600</b>
<i>Charged</i>	0	0	<b>0</b>
<b>Voted</b>	0	157600	<b>157600</b>

The matter of shifting of POE offices or establishment of new POE offices is currently under review of the Ministry.”

7.13 In continuation of the Ministry's reply, the Committee wanted to know the mechanism for reviewing the establishment/shifting of PoE offices. Further, The Committee observed that in the erstwhile MOIA efforts were being made for shifting of POE Offices in new buildings or for obtaining land for these offices. In this context, the Committee desired to be apprised about the fate of those efforts. The Ministry in a written reply submitted as under:

“As brought out earlier, the matter of shifting of PoE offices or establishment of new PoE offices is under review of the Ministry, for which a time frame has not been fixed. It is an ongoing process on which progress is being made based on assessment of the Ministry.”

7.14 On the Committee's query, the Foreign Secretary clarified the stance of the Ministry pertaining to shifting/establishment of PoE as under:

“On the shifting of POEs, I think after the merger of MOIA and MEA, we are reviewing bit by bit different facets of MOIA's working. We are fought of the way through. We have looked at some practices and some institutions of MOIA. But it is not the intention to embark on any new capital expenditure or establishment cost. The idea is to actually rationalize it. I think when we look at it, today we have Dance Secretariat; we have Regional Passport Offices; and We have Protector of Emigrants. So, the different facets of MEA have different offices. I think we need to look to see actually whether this can be rationalized rather than multiplied.

**7.15 The Committee note that out of Rs. 402.31 crores budgetary allocation for General Secretariat Services during 2016-17 Rs. 15.76 crores has been earmarked for Protector General of Emigrants (PGoE). The Committee is relieved to note that there has been a 40% increase in allocation for PGoE. The Committee have also taken a note that the different facets of the erstwhile MOIA, including PoE offices, are under review. The Committee are disturbed to note that given the budgetary constraints, the Ministry is hesitant to embark on any new capital expenditure on establishment cost and is thereby considering rationalizing rather than multiplying the MEA offices.**



**The Committee strongly recommend that the Ministry pay special attention to strengthening the office and establishment of the PGoE as it has now become the direct responsibility of the MEA. The Committee have been continuously asking the Ministry to improve the working conditions either by shifting them to another building or by creating new infrastructure. Therefore, the Committee desire that these efforts should continue in the changed situation and the Ministry should liaise with the Ministry of Finance for seeking additional funds for PGoE once the review process is completed.**

*(Recommendation No. 35)*

**B. Training**

7.16 Analyzing the budget documents, the Committee discerned that under the 'Major Head External Affairs' in the Minor Head 'Training', provision is made for anticipated expenditure on the activities of Foreign Service Institute (FSI), which includes Professional Courses for Foreign Diplomats (PCFD), basic training courses and in-service training programmes for Indian Foreign Service Officers etc. The budgetary allocation under this minor head during BE 2015-16 was Rs. 9.06 crores which was increased to Rs. 10.77 crores during RE 2015-16. The budgetary allocation during BE 2016-17 has been increased to Rs. 11.07 crores.

7.17 In this context, the Committee wanted to be apprised about the additional activities undertaken in response to enhanced allocation at the RE stage. The Ministry in a written reply submitted as under:-

“The budgetary allocation for BE 2015- 16 which was Rs 9.06 Crores was enhanced to Rs 10.77 Crores at the RE stage primarily to take into account the following expenses:

- Payment to the tune of Rs 69,25,000/- reflecting 70 % of the total due of Rs. 98,93,022/- was released in the month of August 2015 in favour of the previous facility management company, M/s Compass India Support Service Pvt Ltd, which was pending since June 2013 due to a complaint by the workers that the company was not depositing Employee State Insurance and Employee Provident Fund contribution with the concerned authorities. Though the payable amount was approved by AS ( FA) in November 2014, the amount could not be

released in FY 2014-15 due to insufficient funds. Since the service provider was pressing hard for release of the amount, it was released after re-validation by the IFD in the CFY 2015-16. Consequently FSI had to request for additional funds under the head Office Expenses.

- Mandatory payments to the service providers which were required to be paid from the Head “office expenses” which included Facility Management

- Services, Security Services, Electricity, water and Telephones , The initial allocation of funds to the tune of Rs 3.5 Crores under the Head OFFICE EXPENSES in the BE 2015-16 was totally exhausted in the month of November 2015 itself . Since mandatory payments to the service providers were required to be paid from the Head “ Office Expenses” viz Facility Management Services, Security Services, Electricity, Water , Telephone , Hiring of Transport, Salary to Outsourced staff etc augmentation of funds was requested under the Head office Expenses.

As mentioned above the primary reason for increase in the allocation of funds in the RE 2015-16 stage was to settle the mandatory payments of the service providers. The enhanced allocation of funds was **not** utilised for additional activities by FSI.”

7.18 On Committee’s query, the Ministry furnished the ‘Actuals’ for the last three financial years along with the reasons for increased or decreased expenditure. The Ministry submitted in a written reply as under:-

“Details are as below:

S. No	Financial Year	Budget allocated (Rs. In crores)	Expenditure (Rs. In Crores)
1.	2012-2013	8.53	6.42
2.	2013-2014	8.53	6.27
3.	2014-2015	8.53	6.82

The 59<sup>th</sup> Professional Course for Foreign Diplomats (PCFD) which was originally planned from March 19-April 17,2014 was postponed due to Assembly Elections in Delhi and Lok Sabha Elections and finally conducted from March 23 - April 17, 2015. The Expenditure was therefore debited in the financial year 15-16. Hence there was under utilization of the Budget allocated in 2014-15 under the Head Other Administrative Expenses (Training).”

7.19 The Committee further desired to know whether there have been instances of non conducting of any regular training/programme during the last three years. The ministry in a written reply submitted as under:

“FSI could not conduct the 59th Professional Course for Foreign Diplomats (PCFD) as scheduled on 19 March - 17 April, 2014 due to Assembly Elections in Delhi in April and Lok Sabha Elections in May 2014. It was conducted from March 23 - April 17, 2015.”

7.20 On being asked to state whether there is any proposal to introduce new training programmes or modify the framework of training programmes during the year 2016-17, the Ministry in a written reply stated as under:

“As per instructions received from Administration, it has been decided to organize the Integrated Mission Accounting System (IMAS) programme every three months. The training programmes now also include capsules on emergency evacuation, e-procurement, IT & Network Security. A separate module for the Section Officers is on the anvil. The Induction Program for the Direct Recruit NRG officials is also being held periodically.”

**7.21 The Committee note that the number of training programmes conducted by FSI as well as the number of training hours have also gone up significantly without a consequent increase in expenditure due to introduction of cost-effective and innovative methods of training delivery. However, the Committee are dismayed to note the Ministry’s continuous trend of non-utilization of allocated funds under the sub-head ‘training’, despite the Committee’s constant attention drawn to this matter over the years. The Committee, therefore, desire that the utilization under this head should improve along with an increase in the number of training programmes. The Committee, would further reiterate their earlier recommendation of imparting mid-career training to all officers of the rank of Joint Secretary and above in the Ministry.**

*(Recommendation No. 36)*

## CHAPTER-VIII

### OVERSEAS INDIAN AFFAIRS

The Overseas Indian community is estimated to be about 25 million and constitutes the second largest Diaspora in the world. Spread across the world, the community of global Indians comprises Non-Residents Indians (NRIs) and Persons of Indian Origin (PIOs). During the examination of budget documents, the Committee noted that the Ministry of Overseas Indian Affairs (MOIA), which was established in 2004, has been merged with the Ministry of External Affairs in February 2016.

8.2 The tasks allocated earlier to MOIA will now be taken forward by the newly created Overseas Indian Affairs Divisions in MEA. These Divisions will undertake the tasks of management of safe and legal emigration through appropriate domestic interventions, international cooperation and awareness campaigns; as well as fostering sustainable and symbiotic engagement with the overseas Indian community through targeted policy initiatives and collaboration with State governments and knowledge partners from the private sector.

8.3 The Minor Head 'Other Expenditures' includes schemes dealing with Overseas Indian Affairs. The budgetary allocation during BE 2016-17 has been Rs. 389.99 crores which is Rs. 100.10 crores more than BE 2015-16. With regard to the budgetary demand made and allocation given for activities related to erstwhile MOIA, the Foreign Secretary during the course of evidence informed as under:

“Erstwhile MOIA had separately made a demand of Rs. 290.18 crores (Rs. 40 crores for Plan and Rs. 250.18 crores for non-Plan.) Against these requests, the overall budget proposed to Parliament for BE 2016-17 is Rs. 14662.66 crores with a Plan component of Rs. 4720 crores and non-Plan component of Rs. 9942.66 crores. This includes the budgetary allocation of Rs. 81.44 crores for the erstwhile Ministry of Overseas Indian Affairs.”

8.4 The Committee were anxious to know for the blueprint of the inclusion of mandates/functions of erstwhile Ministry of Overseas Indian Affairs in the Ministry of External Affairs following the merger. The Ministry in its written reply submitted as under:-

“An Additional Secretary from MEA has been given charge of matters related to Overseas Indian Affairs and Consular matters. He is supervising three new Divisions which have been created in to handle work pertaining to erstwhile MOIA’s mandate. The three new Divisions are being headed by Joint Secretary level officers in MEA.

The new Divisions which have been created are:

(i) **Overseas Indian Affairs I** – will handle all matters pertaining to the Indian community in ECR countries, policies related to emigration; Labour MoUs and Dialogues with six GCC countries; welfare measures and schemes.

(ii) **Overseas Indian Affairs II** - will handle all matters pertaining to global engagement with the Indian community including schemes, initiatives, PBD and RPBD, Pravasi Bharatiya Kendra; etc

(iii) **Overseas Employment Division & Protectorate General of Emigrants** - will deal with implementation of Emigration Act 1983; ECR categories of workers in ECR countries, registration of recruitment agents and foreign employers, issue of ECR clearances, standard employment contracts for Indian workers in ECR countries, and complaints against registered and unregistered agents.

These three Divisions have started working in close coordination with the Consular, Passport and Visa Divisions in MEA. Other work pertaining to administration, finance, accounts, parliament matters in MoIA is being handled by existing MEA Divisions.

From 2016-17 the budget of erstwhile MOIA will be merged with MEA, while retaining all the budget heads and sub-heads under which the various schemes, programmes, events and policies relating to the Indian Diaspora were being implemented.”

#### **A. Engagement with Diaspora**

8.5 In light of the fact that in recent times government has been continuously emphasizing on increased engagement with the Diaspora, the Committee sought justification from the Ministry that such a move would not symbolize less significance attached to issues related to the Diaspora and Indian migrants and thereby present a incoherence in India’s policy towards its Diaspora.

“The merger of MOIA with MEA is expected to enhance the efficiency and synergy with which we address issues related to the Indian community abroad, especially our migrant workers. With increasing mobility of Indian

workers to different parts of the world, the welfare and prosperity of Indian workers abroad has acquired new foreign policy dimensions. The government is keen to enhance its engagement with the Indian Diaspora in the economic sphere, and in our social and development efforts, which can be achieved through the merger.

For ensuring smooth emigration, welfare and protection of Indian workers abroad, all matters related to Indian workers abroad, including resolving grievances should be under the overall supervision and control of one Ministry. MEA is best positioned to assess employment potential and requirements of skilled labour in different countries/regions globally and can help match needs on both sides.

The merger will improve the implementation of various policies, schemes and programmes for the Indian Diaspora, including those pertain to the welfare of Indian workers abroad. With MEA handling matters related to the Diaspora it would be easier to coordinate all policies, initiatives, programmes, and measures aimed at overseas Indians. Following the merger all flagship programmes being implemented by MOIA for the Indian community will continue. Schemes which are under performing will be reviewed in order to enhance their implementation and effectiveness.”

8.6 The Committee further enquired about the efforts that are being taken by the Ministry to engage the Indian Diaspora in its various new endeavours. In a written reply the Committee submitted as under:-

“The Government has been informing the Indian Diaspora regularly about all the recent initiatives, policies in socio, economic and development sectors, including flagship programme of the Government such as Smart Cities, Start up India, Swachh Bharat and National Mission for Clean Ganga. Through platform such as PBD and RPBD, and during visits of Hon’ble Prime Minister and EAM abroad, the Indian Diaspora is informed about these new initiatives and programmes, and invited to participate in them.”

**8.7 The Committee note that following the merger of erstwhile MOIA with MEA all budget heads and sub-heads pertaining to various schemes, programmes and events relating to the Indian Diaspora will be retained in their current forms. The Committee also note that all aspects related to merger will be reviewed in the course of this year in order to enhance their effectiveness and to ensure optimal utilization of and synergy in available resources and capacities. The Committee have, further, learnt that this is an administrative decision which would be a major**

step in the direction of Government's overall objective of minimizing government and maximizing governance. However, the Committee are concerned to note that against a demand of Rs. 290.18 crores by erstwhile MOIA only Rs. 81.44 crores has been allocated and additional requirement of funds that is certainly going to arise after the review exercise is completed. However, the Committee are hopeful that in the aftermath of this merger the activities of MOIA will gather more attention, focus as well as financial resources leading to strengthening of our engagement with the Diaspora. The Committee feel that the glaring mismatch between the budgetary demands made by erstwhile MOIA and actual budgetary allocation runs in contrast to the hope expressed by the Ministry. The Committee, therefore, strongly recommend that the Ministry should make all the requisite institutional, administrative as well as financial arrangements to make the merger smooth and effective.

*(Recommendation No. 37)*

**B. Schemes/Programmes Related to Overseas Indians**

8.8 During a thorough scrutiny of budget documents, the Committee observed that the Ministry has been organising several events, programmes and schemes through which it reaches out to the overseas Indian community spread across the world. Indian Diaspora based overseas has expressed interest in connecting back to their country of origin and to participate in the social and development programmes in this country

8.9 The Committee desired to be apprised about the authentic data about NRIs, PIOs that was being used by the Ministry for preparation of schemes to develop a better relationship with a country of their origin. Further, the Committee also enquired whether the Ministry has explored any new and innovative possibility to develop any mechanism or methodology or taken any initiative for collection/preparation of the data-base of Indian Diaspora. The Ministry in a written reply submitted as under:-

“The Ministry has been preparing an updated database of NRIs and PIOs on the basis of information provided by Indian Missions abroad. While some countries provide information about foreign nationals living in their

respective territories, in most countries such information / data is not available or maintained by the respective foreign governments.

Further the Indian Missions are unable to conduct a local census to obtain credible data about PIOs or NRIs due to sensitivities of the local government. Many Indian nationals living abroad do not register with the Indian Mission/Post on arrival.

Therefore Missions provide estimates about the number of NRIs and PIOs in their respective countries, on the basis of information provided by the Indian Associations or Mission's interactions with the PIOs / NRIs. On the basis of information provided by Missions, the database is updated by the Ministry.''

8.10 The Committee enquired whether the Ministry had sought any additional funds for any project scheme related to Overseas Indians. In a written reply the Ministry submitted as under:-

“All schemes are being reviewed and will be revamped with the objective of streamlining the schemes and rationalizing the expenditure, to avoid duplications with existing schemes of Ministry.’’

**8.11 The Committee note that the erstwhile MOIA has been organizing several events, programmes, and schemes to reach out to its 1.6 crores Overseas Indian population. The Committee have noted that the Ministry has been preparing an updated database of NRIs and PIOs on the basis of information provided by Indian Missions abroad and wish to be apprised of its progress. In view of the merger of MOIA with MEA, the Committee have duly noted that all schemes/programmes related to Overseas Indians are being reviewed and revamped with the objective of streamlining the schemes, rationalizing the expenditure and avoiding duplication with existing schemes. The Committee however, recommend that the Ministry should conduct a review of all the schemes and programmes in a comprehensive way, keeping in mind the problems faced by the Diaspora and their needs. The Committee further desire to be apprised of the outcomes and implications of this review exercise on the ongoing schemes and programmes of the Ministry.**

*(Recommendation No. 38)*



## **I. Overseas Citizenship of India (OCI) Schemes**

8.12 In order to engage PIOs with the land of their ancestors in a mutually beneficial relationship, the OCI scheme was launched in August 2005 by amending the Citizenship Act 1955, and has been operational since January 2006. The scheme is operated by the Ministry of Home Affairs and provides for registration by PIOs who are now citizens of other countries but were citizens of India on or after 26 January 1950 *or* were eligible to become citizens of India on 26 January 1950 (except Pakistan and Bangladesh). In the BE 2016-17 an outlay of Rs. 1.5 crores has been provided for OCI Scheme largely for printing of OCI Card.

8.13 On Committee's query regarding the exact role of the Ministry of External Affairs and the Ministry of Home Affairs in OCI schemes, the Ministry in a written reply stated as under:

“MHA is the nodal Ministry with respect to the OCI card policy. MEA, through the Indian Missions and Posts abroad implements OCI scheme by accepting and processing OCI applications and forwarding details/documents to MHA for their clearances. Once the clearance is processed by MHA, OCI cards are printed by MEA in India and dispatched to Indian Missions/Posts abroad for delivery to the applicants. MEA and MHA therefore works in tandem in implementation of the OCI scheme.”

8.14 In this context, the Committee enquired about the status and impact of merger of PIO and OCI card schemes. The Ministry in a written reply submitted as under:

“The merger of PIO scheme into OCI scheme has been very well received by the members of PIO community spread all over the world. Out of a total of 2 lakh (approx.) PIO cards issued in the past, more than 95,000 of them have been converted into OCI cards till date. To meet the heavy load of conversion applications at certain Missions, MEA is planning to deploy additional staff and position printers at those Missions. The work load has increased across all Indian Missions/Posts abroad in general with the announcement of the merger of the two schemes. In order to smoothly complete the conversion process to the maximum extent possible, the deadline for such conversion has already been extended to June 30, 2016 and may be further extended to September 30, 2016 if required.”

8.15 On being asked, the Ministry enumerated the steps taken to reduce the pendency under the OCI scheme, which were as follows:-

“OCI applications are received and processed at Indian Missions and Posts abroad and FRROs in India. Further, upon receipt of clearances from MHA/security agencies, the OCI cards are printed by MEA and sent to Indian Mission/Posts abroad to be delivered to the applicants. To reduce pendency under the OCI scheme MEA is constantly revising the documentation requirements, taking up the matter with MHA for reducing timelines for security clearances and reducing OCI printing and dispatch timelines. In order to put an end to the confusion regarding the documentation requirements for conversion of PIO cards to OCI cards MEA has sent out a circular to all Missions and Posts reiterating that the documents required for conversion of PIO cards to OCI cards would just be a copy of the PIO card and a copy of the current passport. The Ministry is examining the feasibility of deploying additional technical staff from Headquarters to Missions and Posts which have high OCI conversion load/high OCI applications load. MEA is also looking to install new printers at Missions to reduce the gap in OCI applications received and total OCI cards delivered. We are also reviewing procedures for streamlining the nationality renunciation process.”

8.16 The Committee further wanted to be enlightened about the number of OCI cards issued, applied and rejected under this scheme. The Ministry in a written reply submitted as under:

Total applications received	2167695
Total OCI cards issued	2075283
Total Misc. OCI services rendered	156503
PIO-OCI conversion cases (Approximately 2 lakh PIO cards have been issued in the past)	95987
Total spouse-based OCI applications received	7950
Total spouse-based OCI cards issued	5422

8.17 The Committee also desired to know the hurdles being faced in merger of OCI and PIO schemes. The Ministry in a written reply submitted as under:

“MHA is in favour of greater uniformity in the OCI scheme and thus wants that maximum possible PIO cards are converted into OCI cards before June 30, 2016. However, as per the previous announcements, PIO cards are deemed to be valid for lifelong and hence many PIO card holders are not readily forthcoming to get their PIO cards converted into OCI cards. Approximately 2 lakhs PIO cards have been issued in the past of which about 1 lakh have already been converted into OCI cards.”

**8.18 The Committee note that during BE 2016-17, an outlay of Rs. 1.50 crores has been provided for the Overseas Citizenship of India (OCI) Scheme. The Committee have also taken note of the fact that MEA and MHA works in tandem in implementation of the OCI scheme. The Committee are happy to note that the merger of the PIO scheme into the OCI scheme has been well received by the Members of the PIO community. Moreover, the Committee observe that the Ministry is planning to deploy additional staff and position printers at the Missions abroad to meet the heavy load of conversion applications. The deadline for such conversion has already been extended to June 30, 2016 and may be further extended to September, 30, 2016. The Committee, therefore, recommend that the merger of PIO and OCI applications after scheme should be processed smoothly in a time-bound manner. The Committee further desire that manpower paucity should not be a hurdle in the processing of conversion applications. The Ministry should expedite the process of deployment of additional staff and position printers at the requisite Missions/Posts so that the work is completed positively by the deadline of September 30, 2016.**

*(Recommendation No. 39)*

## **II. Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY)**

8.19 Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY) is a specially designed social security scheme for unskilled and semi-skilled Overseas Indian workers, with ECR passports working in ECR countries. The Committee sought a justification with regard to nil allocation made under this scheme during 2015-16 as well as 2016-17. The Ministry in a written reply submitted as under:-

“Being a voluntary scheme, the subscription under the Mahatma Gandhi Pravasi Suraksha Yojana (MGPSY) scheme remains very low. The scheme has not picked up for a variety of reasons including the following:-

- Stringent KYC criteria and excessive documentation. Difficulties in opening accounts in India for Indian emigrants abroad.
- Lack of clarity on the Pension component. Pension is not guaranteed.
- The life insurance benefits offered under MGPSY (Rs. 30,000/- for natural death and Rs. 75,000/- for accidental death) were very low.

- Compliance to regulatory regimes in foreign countries, especially in Gulf countries, due to stringent laws and other local norms. Central Banks in many Gulf countries do not permit any outside agency to have banking operations and transmit funds.
- Inadequate presence of service providers in overseas countries. There is no separate head under then Ministry of Overseas Indian Affairs (MOIA)'s budget since the inception of the scheme. However, this should not be interpreted as there has been 'nil' allocation for the scheme. Sufficient funds are available under the head 'Other Charges' for supporting the expenditure on new subscribers.

Then MOIA had made efforts towards simplification of the scheme including exemption from KYC norms from SEBI. As of now, the subscriber needs to fill only one common form and the further enrolment process is completed by the service provider. The Ministry also carried out a limited publicity campaign to attract ECR category workers to enrol themselves including release of a News Paper advertisement on 9th January 2014 during PBD 2014 and a two-week publicity campaign on television from 15th Aug-28 Aug, 2014. The advertisements were released on all major channels in Hindi, Malayalam, Tamil, Telugu, Bengali, and Punjabi languages and outreach efforts in Gulf countries. However, the scheme does not appear to be making headway and the Ministry intends to close the scheme while strengthening other measures for protection and welfare of overseas Indian workers.’’

**8.20 The Committee observe that no budgetary allocation has been made for the Mahatma Gandhi Pravasi Suraksha Yojna for BE 2016-17. The Ministry has informed the Committee that sufficient funds are available under the head 'other charges' for supporting the expenditure on new subscribers opting for this scheme. The Committee further observe that the subscription under this scheme has remained dismally low with only 1071 subscribers enrolled so far under this scheme.**

**The Committee are concerned to note the negligence shown by the Government in regard to this scheme and continuing it without any separate head. The Ministry has identified the reasons for its failure but has not made sincere efforts to remove those hurdles. The Committee therefore, recommend that the Ministry to take all adequate steps such as simplification of KYC norms, providing clarity on the pension component, carrying out media awareness campaign and making arrangements of sufficient service providers in overseas countries so that the scheme picks up and contributes to the welfare of Overseas Indian Workers,**

failing which the scheme needs to be revisited to ensure whether it is serving a useful purpose.

*(Recommendation No. 40)*

### **III. Know India Programme (KIP)**

8.21 The objective of the Ministry's Know India Programme is to help familiarize Indian Diaspora youth, in the age group of 18-26 years, with developments and achievements made by the country and bringing them closer to the land of their ancestors. On Committee's query, the Ministry provided the details of the allocation and utilization of funds allocated under the KIP during the last three years alongwith the number of programmes projected and organized and the number of participants that took part in each programme. The details submitted in a written reply are as follows:-

<b>Year</b>	<b>Budget Allocation (RE)</b>	<b>Funds Utilized (Rs. In crores)</b>	<b>No. of Programmes</b>	<b>No. of participants.</b>
2012-13	2.97 Crores	1.37 Crores	4	109
2013-14	2.10 Crores	2.05 Crores	04	132
2014-15	3.00 Crores	1.26 Crores	05	151
2015-16	1.94 Crores	1.63 Crores	02	70

The expenditure above is inclusive of payments carried over from previous years.”

8.22 The Committee further enquired about the reasons for reduction in the number of programmes and participants during 2015-16 along with details of the plans under anvil to improve the contents of KIP.

“During 2015-16 two Know India Programmes were organized with participation of 70 Overseas Indians. Thereafter the programme was reviewed by the Ministry. It was decided that the duration of the programme would henceforth be enhanced to 25 days instead of 21 days.

The State leg of the programme was increased from 7 to 10 days to give them an exposure to our regional diversity and to specific states. Recognizing that Indian Diaspora has an emotional connect with their place of origin in India, we have asked 17 States which have a large number of Indian Diaspora abroad to become partners in the KIP Programmes. For State leg of the programme the State government with maximum Diaspora

population, have been requested to indicate the convenient time frames for organizing the programme in their States.

The contract with the previous event manager of KIP expired in September 2015. Thereafter, Ministry undertook a review of KIP and floated a new tender for selection of event manager for the KIP. We have recently awarded the tender for KIPs and have started working towards organizing the next KIPs in 2016-17.”

8.23 The Committee also desired to know whether the Ministry is satisfied with the response generated from the KIP and also steps taken in response to the feedback from the participants? In a written reply, the Ministry submitted as under:-

“During 2014-15, for each KIP, a large number of applications were received from PIO youth. Last year 151 participants participated in four KIPs. Feedback from participants is obtained by officials of this Ministry at the end of the every KIP. Their suggestions are considered for inclusion made in the programme.

In future we intend to announce the complete schedule of KIP programme for a year. The advance notice and intimation would enable us to undertake greater publicity and to reach out to more Diaspora Youth. We are also considering the construction of a portal for online registration of Diaspora Youth for KIP programmes. Suitable amendments will be made in the content of KIP to give a glimpse of contemporary India, and to enable interaction of Diaspora Youth with people of their peer group in India.”

8.24 In view of the fact that Rs. 1.50 crores has been allocated for organizing programmes in 2016-17, whereas Rs. 8 crores was allocated for four such programmes in 2015-16, the Committee has specifically asked the Ministry to give justifications for the same. The Ministry in a post evidence reply submitted as under:-

“The Ministry has sought an allocation of Rs. 8.00 crores for organizing Know India Programmes during 2016-17. However, as the overall allocation was much less than the demand, a proportionate reduction has been made for KIP allocation also. Ministry proposes to seek additional allocation for KIP, as need be, at the RE Stage.”

8.25 When asked about the merger of Study India Programme (SIP) with KIP, the Ministry furnished the following in a written reply:-

“It has been decided to hold two Study India Programmes every year. A tender has been floated for selection of event manager. There is no proposal to merge KIP with SIP. There is no proposal to stop the Know India Programme.”

8.26 On being asked about the mechanism to ensure that participants of KIP remain in touch with future programmes of the Ministry, the Ministry in a written reply submitted as under:-

“We are considering the construction of a portal for KIP programmes through which we will build a network of KIP alumni and remain in contact with them. Indian Missions and Consulates abroad maintain regular contact with KIP alumni, and invite them to various events organized by the Embassy, including for the Indian Diaspora.”

**8.27 The Committee observe that Know India Programme (KIP) is an important way of engaging with the future generation of Indian Diaspora. The Ministry has conducted 34 editions of KIPs so far with Participation of 1053 Overseas Indian Youth. The Committee note that during 2015-16 the Ministry organized only two such programmes with 70 participants and no Programme was organized after the contract of previous event Manager of KIP expired in September, 2015. The Committee are concerned to note such casual approach adopted by the Ministry for such an important programme to bring Indian Diaspora youth close to the land of their ancestors. The Committee are disturbed to note that the budgetary allocation under this scheme has dwindled from Rs. 8 crores during BE 2015-16 to Rs. 1.5 crores during BE 2016-17, against a projected demand of Rs. 8 crores. The Ministry proposes to seek additional allocation of KIP at RE stage. The Committee, therefore, strongly recommend that the Ministry should conduct a thorough review of the scheme and report to the Committee on its continued utility.**

*(Recommendation No. 41)*

#### **IV. Scholarship Scheme Programme for Diaspora Children (SPDC)**

8.28 The Scholarship Programme for Diaspora Children (SPDC) was launched in the academic year 2006-07 to provide 100 scholarships upto US \$ 4000 per annum to PIO and NRI students for undergraduate courses in Engineering/ Technology, Humanities/ Liberal Arts, Commerce, Management, Journalism, Hotel Management, Agriculture/ Animal Husbandry etc. On analyzing the budget documents, the Committee learnt that the scheme is being implemented by Educational Consultants India Limited (EdCIL)

and is open to NRIs/PIOs/OCIs from 40 countries with substantial Indian Diaspora population. The Committee further noted that 770 candidates have availed the scholarships since inception of the scheme. As SPDC is being revised, there is a one year holiday for 2015-16. The revised scheme will be implemented after an impact assessment study. The budgetary allocation for BE 2016-17 for this scheme is Rs. 6.50 crores.

8.29 On Committee's query, the Ministry provided the details of the scholarships availed under this scheme during the last three years as follows:-

<b>Annual Year 2015-16</b>		<b>Annual Year 2014-15</b>		<b>Annual Year 2013-14</b>	
<b>Batch</b>	<b>Students</b>	<b>Batch</b>	<b>Students</b>	<b>Batch</b>	<b>Students</b>
2014-15	96	2014-15	100	2013-14	100
2013-14	90	2013-14	93	2012-13	98
2012-13	96	2012-13	97	2011-12	98
2011-12	05	2011-12	91	2010-11	94
		2010-11	04	2009-10	04
<b>Total</b>	<b>287</b>	<b>Total:-</b>	<b>385</b>	<b>Total</b>	<b>394</b>

2015-16 was considered as holiday as the scheme is being revamped.”

8.30 The Committee enquired whether there is any proposed for enhancement of scholarship under this scheme. The Ministry in a written reply submitted as under:

“As part of the forthcoming review of SPDC we will examine whether the scholarship amount is adequate, whether the number of scholarships needs to be enhanced. We will also consult Ministry of Human Resource Development (MHRD) and ICCR in the decision making process.”

8.31 The Committee further enquired about the steps taken to consult the Ministry of Human Resource Development (MHRD) and ICCR in the decision concerning enhancement of scholarship or revision of amount of scholarship. The Ministry in a written reply submitted as under:

“While approving the proposal for revision in scholarship rates in May 2015, ICCR's Finance Committee directed ICCR to submit the proposal for MEA's concurrence as a number of scholarships are funded by various MEA Divisions. While submitting the proposal to MEA, ICCR informed that they had last revised their scholarship rates in May 2012 and that other organisations such as MHRD, EdCIL, M/o Ayush, etc. are offering scholarships based on the overall rise in cost of living and corresponding



increase in DA from July 2012 to Dec 2014. The proposal is currently under consideration of the Ministry. Some further information has been sought from all stakeholders before a decision is taken in the matter.”

8.32 The Committee also desired to know whether the SPDC scheme has been revised in order to improve the number, quality and quantity of applicants under the scheme.

“It has been decided to revise the scheme to give scholarships to students who secure admissions in reputed colleges and institutions like IIT, IIIT, Regional Engineering college and grade A institutions accredited by National Assessment and Accreditations Council (NAAC).

We are considering a review of countries which have been included in this scheme. Since the Ministry has been merged with MEA, we are streamlining scholarship programmes for Diaspora Children with the objective of avoiding duplication with other scholarship programmes of this Ministry. As part of the review we will also examine if the number of scholarships needs to be enhanced, and if the scholarship amount has to be enhanced.”

8.33 On the Committee’s recommendation of setting up kiosks showcasing the main features of SPDC during PBD, the Ministry in a written reply has stated that this recommendation has been noted for further guidance. In this context, the Committee desired to know whether kiosks were set up for the same during PBD 2016. The Ministry in a written reply submitted as under:

“On 9 January 2016 the Pravasi Bharatiya Divas was held in New Delhi as per the revised and new format. EAM interacted with Indian Diaspora in five countries through a Video Conference and addressed them. Given this format of PBD, we did not set up any Kiosks regarding SPDC at the PBD this year.”

**8.34 The Committee observe that under the scholarship programme for Diaspora children (SPDC) 770 candidates have availed the scholarship since its inception in the year 2006-07. The scheme is being revised considering the issues like enhancement in number and amount of scholarship. This is being done in consultation with MHRD and ICCR. The Committee, therefore, recommend that the Ministry should conclude a comprehensive review of SPDC and take a final decision on its various aspects including scholarship amount, number of scholarships to be offered, inclusion of**

**countries so that there is an improvement in the quality and quantity of applicants under this scheme, should it be persisted with.**

*(Recommendation No. 42)*

**V. Overseas Indian Facilitation Centre (OIFC)**

8.35 Overseas Indian Facilitation Centre (OIFC) is a not-for profit Trust set-up by the Ministry of Overseas Indian Affairs (MOIA) in 2007, in partnership with Confederation of Indian Industry (CII), to promote economic & knowledge engagement of Indian Diaspora with India. An outlay of Rs. 1.50 crores has been made during BE 2016-17 which is slightly more than allocation of Rs. 1.30 crores made during BE 2015-16. The Committee found out that no expenditure has been incurred under this scheme till 15<sup>th</sup> March, 2016.

8.36 The Committee desired to know about specific plans/targets set by the Ministry to attract, encourage and promote investment in India by Overseas India. The Ministry in a written reply submitted as under:-

“Following the merger of MOIA with MEA, the amendment of Government of India Allocation of Business Rules, 1961, vide Gazette Notification dated 15 February 2016, states that the following activities will be under the Dept. of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry:

- Direct foreign and non-resident investment in industrial and service projects.
- Promotion of investment by Overseas Indians in India including innovative investments and policy initiatives consistent with the overall Government policies particularly in areas such as exclusive Special Economic Zones for Overseas Indians.

Therefore, activities of investment promotion and facilitation do not fall under the ambit of OIFC in future.”

8.37 During examination of budget documents, the Committee noted that OIFC had commissioned a survey to understand the expectations of the survey and the manner in which it has been incorporated into the OIFC programme. The Ministry in a written reply submitted as under: -

“OIFC appointed ICRA Management Consulting Services Limited (IMaCS) to conduct a survey-based study during Pravasi Bhartiya Divas 2015, and Vibrant Gujarat 2015, for understanding the expectations of the Diaspora in engaging with India and feedback to OIFC services. The Study found that

- About 95% of respondents have not availed any service so far from OIFC. Very few have availed information dissemination services or handholding services from OIFC.
- More people were willing to register with OIFC to avail their services.
- About 40% are satisfied with OIFC’s level of services. They are expecting additional services from OIFC.
- Many expect OIFC to play a larger role in business facilitation for NRIs.
- About 40% of respondents are involved in initiatives such as ‘Make in India’, ‘Clean India’, ‘Skill India’ and ‘Smart Cities’.
- Survey participants pointed out that potential overseas Investors are looking for greater Ease of doing Business.
- The Survey participants recommended that OIFC develop an active Investor Facilitation Service.

Based on findings of the survey, Indian Missions/Posts were informed about the services of OIFC for Overseas Indian Diaspora and our new initiatives. OIFC is active on Facebook and Twitter and regularly posts updates. Press releases about OIFC’s initiatives are issued. OIFC’s newsletters also highlight Policy updates and its initiatives. However in view of the new Allocation of Business Rules, OIFC will not incorporate investment facilitation related feedback inferred from the survey.’’

**8.38 The Committee are worried to note that no expenditure has been incurred under the Overseas Indian Facilitation Centre till 15<sup>th</sup> March, 2016. The Committee note that following the merger of MOIA with MEA the activities of investments promotion and facilitation in India by Overseas Indians would fall under the Department of Industrial Policy & Promotion (DIPP) Ministry of Commerce & Industry. The Committee would desire to be apprised about the implications of the new changes on the functioning of OIFC and also the new role of the Ministry of External Affairs *vis-à-vis* OIFC.**

*(Recommendation No.43)*

## **VI. Prime Minister's Global Advisory Council of Overseas Indians (PMGAC-OI)**

8.39 The Ministry has constituted the Prime Minister's Global Advisory Council of Overseas Indians (PMGAC-OI) to draw upon the experience and knowledge of eminent people of Indian origin in diverse field from across the world. This council serves as a valuable input for policy formulation and programme planning. In this regard, the Committee wanted to be apprised about the details of the policies and programmes to which it has provided valuable inputs. The Ministry in a written reply, submitted as under:-

“PMGAC was set up by the government in 2009 with a term of two years. PMGAC was reconstituted last time on 22nd June, 2011. The last PMGAC meeting was held on 08 January 2014. PMGAC has not been reconstituted thereafter.”

8.40 The Committee further noted that there is no mention about this Council in the entire budget documents pertaining to Financial Year 2016-17. The Committee thereby specifically asked the Ministry whether it is mulling the idea of discontinuing the scheme. In response, the Ministry stated as under:-

“PMGAC was set up by Government in 2009 with a term of two years. PMGAC was reconstituted last time on 22 June 2011. The last meeting was held on 08 January 2014. PMGAC was not reconstituted thereafter.

The Government has been engaging in regular consultation with eminent overseas Indians/Indian Diaspora under the revised format of Pravasi Bhartiya Divas 2016. Under the revised PBD format, ten panel discussions (one each month) are being held in New Delhi from February 2016 with eminent overseas Indians on subjects of concern to the Indian Diaspora and to strengthen our engagement with them. All panel discussions are chaired by the Hon'ble External Affairs Minister. The first two these panel discussions were held on 27 February 2016 and 29 March 2016 in New Delhi.”

**8.41 The Prime Minister's Global Advisory Council of Overseas Indian (PMGAC) was established in 2009 with a term of two years; and it was last reconstituted in 2011 and its last meeting was held in January, 2014. The Committee is aware of the significant role this Council was mandated to play by drawing upon the experience, knowledge and wisdom of eminent persons of Indian origin in diverse fields for a two-way engagement between India and Overseas Indians. The Committee, however, note that there is no mention about**

**this Council in the entire budget documents with regard to financial year 2016-17 and the Ministry is also not clear about the continuation and reconstitution of the Advisory Council. The Committee, therefore, desire to know whether the Government propose to reconstitute the PMGAC or whether they prefer to proceed with regular consultation with eminent Overseas Indians under a revised format.**

*(Recommendation No. 44)*

## **VII. Human Resource Mobility Partnership (HRMP)**

8.42 In the face of demographic asymmetry and globalization of economies, India's strength of young and skilled workforce can be used by destination countries to meet their labour shortages. A HRMP can lay down an effective framework for bilateral cooperation to maximize benefits from labour mobility and minimize its risks such as irregular migration and integration problems. During a detailed scrutiny of budget documents, the Committee observed that an HRMP has been signed with Denmark, negotiations with the Netherlands have been concluded, and negotiations initiated with Australia, France, Switzerland, Sweden, European Union and Italy.

8.43 In this context, the Committee desired to be informed about the status of these agreements in conjunction with the benefits that will be derived from these partnerships. In a written reply, the Ministry submitted as under:-

“A Human Resources Mobility Partnership or HRMP can lay down an effective framework for bilateral cooperation for maximising the benefits from labour mobility and minimising its risks. It can also effectively address the concerns of the countries of destination such as irregular migration and integration problems. It provides an opportunity to both partners to jointly develop and implement good practices in labour migration. It is important to position international labour mobility as a win-win situation for the countries of origin, the countries of destination and the migrant workers themselves. It was in this context that we were taking steps to build HRMPs with key countries of destination in the European Union. Such a mobility partnership has already been signed with Denmark. While a similar process is in the final stages with The Netherlands and France; it is under way with Australia, Germany, Italy, Mauritius and Switzerland. It is also proposed to enter into similar partnerships with

Belgium, Poland, Romania, Norway, Sweden, Romania and the Czech Republic. As India and EU countries have complementary needs, the proposed HRMPs will immensely help both sides and provide a model that could be replicated elsewhere. The Social Security Agreements that is being pursued with the EU countries provide excellent support to HRMPs by protecting workers against dual contributions to social security and loss of contributions. In fact, the two agreements together would pave the way for a lasting and mutually rewarding relationship between India and EU Member States in the area of international labour migration.

Negotiations with different countries are at various stages and it would not be possible to provide an estimate of the time that would be required to conclude it. However efforts are underway to conclude negotiations at the earliest. The next meeting between India and France on HRMP is likely to take place in April-May 2016. A mutually agreed text of the Joint Declaration on a Common Agenda on Migration and Mobility has been reached with the EU and it is proposed to be signed during the upcoming 13<sup>th</sup> India-EU Summit to be held in Brussels, Belgium towards end March 2016. Necessary approvals for its signing are being obtained.’’

**8.44 The Committee are aware the HRMP can lay down an effective framework for bilateral cooperation for maximizing the benefits from labour mobility and minimizing its risks such as irregular migration and integration problems. The Ministry has informed that an HRMP has been signed with Denmark, negotiations with the Netherlands have been concluded, and negotiations have been initiated with Australia, France, Switzerland, Sweden, European Union and Italy. The Committee are unconvinced by the Ministry’s justification that it would not be possible to provide a time frame for completion of ongoing negotiations have been with different countries. The Committee, therefore, recommend that the Ministry should take adequate steps to expedite conclusion of various HRMP agreements in progress and also apprise the Committee about the same.**

*(Recommendation No. 45)*

#### **VIII. Addressing Problems relating to Overseas Marriages**

8.45 The Committee are aware that the issues related with desertion of Indians women by their overseas spouses are complex and sensitive and fall within the purview of private international law. The scheme of providing legal/financial assistance to Indian women deserted by their overseas spouses was launched in 2007 and revised in 2011

with a widened scope to include marriages solemnized in India or overseas with an Indian or a foreigner.

8.46 On Committee's query, the Ministry furnished the details of the number, nature of women to whom assistance was provided under this scheme and also the expenditure made thereon as follows:-

“The Scheme for providing legal/ financial assistance to Indian women deserted by their overseas spouses is operational in since 2007 in countries USA, UK, Canada, Australia, New Zealand, Malaysia, and the Gulf countries (Kuwait, Bahrain, Qatar and UAE). The scheme was revised in 2011 and its scope widened to include Singapore. Under this Scheme funds are sanctioned to deserving Indian women, to enable them to get access to counseling and legal services. Assistance is provided through credible Indian Women's Organisations/Indian Community Associations and NGOs empanelled with the Indian Missions/ Posts abroad. As per information made available by Indian Missions in 13 countries in Feb 2016, 81 beneficiaries have received legal/financial assistance under the scheme during 2012 to Feb 2016 with allocation of Rs. 60.18 lakhs.”

8.47 In the light of the increasing cases of problems in Overseas Marriage, the Committee wondered whether a meager allocation of Rs. 0.25 crores during this Financial Year would do justice to the cause. The Ministry in a written reply submitted as under:-

“The scheme was being implemented as an initiative of Ministry with allocation of funds to Missions by Ministry. In future, Ministry is considering inclusion of this scheme under the scope of Indian Community Welfare Fund (ICWF), so that such assistance can be provided directly by Missions to the deserving beneficiaries. Until then we will continue to process applications that come to this Ministry and provide them legal and financial assistance to Indian women deserted by their overseas spouses.”

8.48 With regard to the problems faced by migrant female workers and female domestic sector/hospitality workers, the Committee urged the Ministry to state the gender-specific initiatives taken by it to cater to their different migration motivations, patterns and challenges and also whether any study has been undertaken in this regard. The Ministry in a written reply submitted as follows:-

“OIA-I inputs: The erstwhile Ministry of Overseas Indian Affairs had undertaken some initiatives through its think-tank India Centre for Migration

(ICM). In 2012-13, ICM and UNIFEM (presently UN Women) had developed a project document to understand various dimensions of women domestic workers. In November 2014, ICM conducted a National Consultation Workshop on Migration of Domestic Workers from India to the Gulf in Hyderabad which had participants from State and Central Government, NGOs from GCC countries and India, returnee DSWs who face lots of issues, police, etc. The Pravasi Bharatiya Kaushal Yojana would also interalia address some of these issues in terms of enhancing the skill-set of migrant female workers.”

**8.49 The Committee have noted that since 2007, the erstwhile MOIA had initiated a scheme for providing legal/financial assistance to Indian women deserted by their overseas spouses. As per the information provided by the Ministry during 2012-13 to February 2016, 81 beneficiaries have received legal/financial assistance with an allocation of Rs. 60.18 lakhs. The Committee are concerned with the continuation of this scheme at the present level. The Committee, therefore, strongly recommend that this scheme should be included under the scope of Indian Community Welfare Fund (ICWF) and funded adequately so that the deserving beneficiaries of this category may get sufficient assistance directly from the Missions. The Committee desire that the problems being faced by Indian women abroad should be studied and adequate provisions made for their assistance. The Committee wish to be apprised of the progress made in this regard.**

*(Recommendation No. 46)*

**IX. Awareness Campaign/Media Plan**

8.50 A total outlay of Rs. 5.54 crores has been made under the sub head ‘Awareness Campaign/Media during BE 2016-17. On being asked to justify the reduced allocation during BE 2016-17, the Ministry stated as under:

“Ministry was allotted a budget of nearly Rs. 9.5 Cores in Budget Estimates 2015-16 for Media Campaign. Since there was no media campaign in 2015-16, B.E. allocation was reduced to 1 crores at RE stage. In view of absence of media campaign in 2015-16, in 2016-17 a reduced budget allocation of Rs. 5.54 Crores has been made.”



8.51 The Committee enquired whether the Ministry's plan to start informing/educating people about legal migration and other related issues through the social media. The Ministry in a written reply submitted as under:

“A publicity campaign is proposed to be launched about Safe and legal Migration of the Indian Migrant worker (सुरक्षितजाओ, प्रशिक्षितजाओ). Campaign will be on TV, Radio and Digital Cinema theatres. Target Audience is the intending emigrant, i.e, an Indian national (male and female) in the age group of 20 to 40 years who intends to leave India to take up employment in a foreign country as unskilled /semiskilled worker, in sectors of construction, hospitality, as drivers, domestic /house hold workers etc. They are often illiterate/semi illiterate persons (below 10<sup>th</sup> standard in most cases) and are seeking employment as construction workers, drivers, cooks, waiters and other semi-skilled and skilled workers. Since our target group is more responsive to TV, Radio and Cinema-theatres, our campaign will be on these channels. We also propose to use social media platforms of the Ministry and our Missions/posts to release the advertisement to our target group.”

8.52 During examination of budget documents, the Committee noted that there was no media campaign in 2015-16. On Committee's query, the Ministry enumerated the reasons for absence of media campaign in 2015-16.

“Due to unforeseen circumstances, the Ministry was not able to undertake a media campaign about safe and legal migration in the year 2015-16, However in the last financial year, the theme for the campaign, the target states and channels of broadcast have been finalised, and the tender for production of audio, visual and radio spots for the media campaign has been awarded., The creatives are expected to be finalised shortly following which they would be released on TV, radio and digital cinema theatres.

The media campaign will be based on the theme Safe and legal Migration of the Indian Migrant worker.”

8.53 The Committee desired to know the way and means by which the Ministry create awareness about safe and legal migration to potential emigrants without any media campaign during the last financial year. The Ministry in a written reply submitted as under:

“Although there was no media campaign during 2015-16, Ministry updated their website to include detailed FAQs about safe and legal migration., Previous advertisements created on the same theme were also posted on the website. Two Migrant Resources Centres were also set up in Chennai and Lucknow in 2015-16 along with the concerned State Governments, which

provide walk-in counselling services to potential emigrants about safe and legal migration; and how to avoid illegal migration for overseas employment.”

8.54 The Committee further enquired about the proposed publicity campaign stated to be launched to spread awareness about safe and legal migration. The Ministry in a written reply submitted as under:

“Ministry proposes to undertake a media campaign about Safe and legal Migration of the Indian Migrant worker with the theme (सुरक्षित जाओ, प्रशिक्षित जाओ).

Tender has been awarded for production of audio, visual, and Radio spots on this theme. The creative spots are expected to be finalized shortly. Once the creatives are finalized, advertisements would be released on TV channels, FM radio channels and in digital cinema theatres.

Target states for the campaign are Uttar Pradesh, Bihar, Tamil Nadu, West Bengal, Punjab, Rajasthan, Kerala, Andhra Pradesh, Telangana, Maharashtra, Karnataka and Delhi.

We also propose to use social media platforms of the Ministry and our Missions/Posts abroad to have the advertisements reach our target group.”

**8.55 The Committee take a serious note of the fact that no expenditure was incurred for media campaign in the financial year 2015-16 as well as 2014-15 to spread awareness about safe and legal migration. Consequently, an allocation of only Rs. 5.54 crores has been made under the sub-head awareness Campaign Media’. The Committee disapproves such lackadaisical attitude of the Ministry over such an important issue, given the fact that India has nearly 28 million emigrants and they are facing migration related problems. The Committee have noted that the Ministry is in the process of finalizing blueprint for spreading awareness through media. The Committee, would, therefore, reiterate their earlier recommendation that the Ministry should embark upon a vibrant and rigorous media campaign on the basis of proposed blueprint without any further delay. The Committee would also suggest the Ministry to tap the social media platform for spreading awareness about various aspects related to safe and legal migration.**

*(Recommendation No. 47)*

### **C. Legislative Reforms**

8.56 The Emigration Act, 1983 provides a regulatory framework in respect of safe emigration of Indian workers for overseas employment and seeks to safeguard their interests and ensure their protection and welfare. There is need to modernize the legislative framework as in the Emigration Act, 1983 and the Emigration Rules that governs emigration of Indians for overseas employment.

8.57 In their action taken reply to recommendations/observations made in the Firth Report the Ministry has stated ‘the Draft Emigration Management Bill is at final stage and has been sent for consultations with other Ministries/Agencies.’ In this regard, the Committee wanted to know about a probable deadline for introduction of the Bill in the Parliament and also the reasons for the long delay in introducing such an important Bill in the Parliament. The Ministry in a written reply submitted as under:

“The Ministry is conscious of the need to modernize the legislative framework prescribed by the Emigration Act, 1983 and the Emigration Rules that governs emigration of Indians for overseas employment. The then Ministry of Overseas Indian Affairs had held consultations with other Ministries/Agencies concerning the Draft Emigration Management Bill. It was felt that more extensive consultations were needed. Meanwhile, several administrative and operative measures have already been put in place to enhance the protection of emigrant workers and avoid their exploitation by unscrupulous agents. These are specifically aimed at making a difference at the ground level.

The recently launched E-migrate platform is an important step in this direction and is well-placed at eliminating corrupt practices and streamlining the recruitment of Indian workers in an efficient manner. The Government has also started 24 × 7 Helpline “MADAD” for online lodging and redressal of grievances of the emigrants on a priority basis. In addition, five Migration Resource Centres are functional in different parts of the country and a 24 × 7 toll-free helpline of Overseas Workers Resource Centre is operational to disseminate information and provide counseling on issues related to overseas employment. The mandatory Pravasi Bharatiya Bima Yojna and the Indian Community Welfare Fund in Missions and Posts abroad are important schemes to assist emigrants in exigency.

Presently, the Ministry is in process of considering all aspects of international migration in its totality in consultation with various stakeholders and is working towards evolving a comprehensive emigration management framework.”

8.58 In continuation of the Ministry’s reply, the Committee desired to know the details of the administrative and operative measures taken to enhance the protection of

emigrant workers. The Committee further asked whether these measures will be enough to protect the emigrant workers without an enabling legislation.

“Several administrative and operative measures have been put in place to enhance the protection and welfare of emigrant workers and avoid their exploitation by unscrupulous agents.”

#### **Overseas Workers Resource Centre (OWRC)**

The Centre has been operational since 2008 and provides information to intending migrants and overseas workers on all aspects of overseas employment including requirements to obtain a legitimate work permit/visa for employment abroad. A multi-lingual 24 × 7 toll-free helpline is operational by the Centre to disseminate information and provide counseling on issues related to overseas employment...

#### **Migrant Resource Centres (MRCs)**

Five Migrant Resource Centres have been set up in Kochi, Hyderabad, Gurgaon, Chennai and Lucknow to provide information and counseling for intending migrants on all aspects related to overseas employment.

#### **Indian Workers Resource Centre (IWRC)**

An Indian Workers Resource Center (IWRC) has been operational in Dubai, UAE since 2010. It provides a 24X7 toll free multi-lingual help line, registration and monitoring of grievance petitions and facility to conduct awareness classes and counseling sessions to the needy Indians in the fields of legal, financial and medical needs in consultation with the Mission. Recently, proposals have also been approved for setting up of similar help lines in Jeddah and Riyadh in Saudi Arabia and a walk-in counseling centre in Sharjah, UAE...

#### **Pravasi Bharatiya Bima Yojana (PBBY)**

The PBBY is a mandatory scheme for all ECR category workers going to ECR countries. It covers personal accident covering death and permanent disability. The maximum sum insured under the Policy is Rs. 10 lakhs and also provide limited coverage towards hospitalization, transportation cost of mortal remains based on actuals, repatriation cover for medically unfit, family hospitalization in India, Maternity, attendants and Legal expenses.

All above measures for protection and welfare of emigrant workers are aimed at making a difference at the ground level. Presently, the Ministry is in process of considering all aspects of international migration in its totality in consultation with various stakeholders and is working towards evolving a comprehensive emigration management framework...”

**8.59** The Committee over the years in their reports have underscored the desirability of introducing a new Emigration Act that reflects the changed international as well as domestic situation. The Committee are disheartened to note that the Draft Emigration Bill stated to replace the Emigration Act, 1983 has been put in abeyance since 2011 and the Ministry has once again failed to adhere to the deadline for introducing the Bill during the Monsoon Session of parliament last year. The Committee are not satisfied with the Ministry's response that several administrative and operative measures such as MADAD, e-migrate etc. have been in place for the protection and welfare of emigrant workers. The Committee are of the considered opinion that administrative and operative measures can supplement but may not substitute legislation. Therefore, the Committee recommend that the Ministry should fix a time frame to complete the consultation process and introduce the Bill in Parliament without any further delay.

*(Recommendation No. 48)*

## CHAPTER – IX AUTONOMOUS BODIES

The Ministry of External Affairs provides Grant-in-Aid to three main autonomous bodies:

- (i) Indian Council for Cultural Relations (ICCR);
- (ii) Indian Council of World Affairs (ICWA)
- (iii) Research and Information System for Developing Countries (RIS).

9.2 As per the Outcome Budget, the budgetary allocation to these institutions for 2016-17 is as follows:-

<b>(In crores)</b>			
		BE 2014-15	RE 2013-14
ICCR	215.80	192.00	176.00
ICWA	12.97	-	-
RIS	6.90	8.24	8.13

### **A. Indian Council for Cultural Relations (ICCR)**

9.3 The ICCR is the pre-eminent organization of the Government of India to project India's soft power abroad. ICCR, which was founded in 1950, functions with the objective to establish, revive and strengthen cultural relations through promotion of exchanges between India and other countries and works towards strengthening people-to-people contact.

“The aims and objectives of ICCR's as enunciated in the Memorandum of Association, are as follows:-

- To participate in the formulation and implementation of policies and programmes relating to India's cultural relations with other countries;
- To foster and strengthen cultural relations and mutual understanding between India and other countries;
- To establish and develop relations with national and international organizations in the field of culture.”

9.4 One of the aims of ICCR is to foster and strengthen cultural relations and mutual understanding between India and other countries. A budget of Rs. 192 crores has been allocated in BE 2015-16 and it was retained at the same level in RE 2015-16. During

BE 2016-17 the budgetary allocation have been enhanced to Rs. 215.80 crores which is higher by 12.40%.

9.5 Elaborating upon the overall budgetary allocation made to the Ministry during BE 2016-17, the Foreign Secretary made the following reference to ICCR:-

“Last year I was as depressed as you were, Sir, in reporting to you the allocation we have made. I think, this year it is an improved allocation. I hope that it is the direction in which we go. Again, we have made some progress on Washington. I would be happy to share with you. Those two Washington and Paris, as I said, I look forward to the day when I can come and assure you that they are done.”

9.6 The Committee desired to know whether the current budgetary allocation is sufficient to meet the expanding activities of ICCR. The Ministry in written reply submitted as under:-

“In FY 2015-16, some activities approved in the Council’s Plan of Action were reduced to remain within the budgetary allocation. A sum of Rs. 255.23 crores was sought for FY 2016-17, with due approval by Council’s Statutory Bodies, against which Rs. 215.80 crores have been allocated. While ICCR’s activities to enhance its engagement with foreign countries are increasing every year, however as in previous years, all efforts will be made to implement the Council’s work within allocated budgetary resources.”

9.7 On Committee’s query, the Ministry furnished the details of budgetary allocation sought and allocated during the last three years along with the actuals.

“The budgetary allocations and actual spent by ICCR during the last three years is as under:

<b>Financial Year</b>	<b>Budget Allocated (in crores)</b>	<b>Actual Expenditure (in crores)</b>
2012-13	157.30	181.08
2013-14	160.00	165.45
2014-15	167.20	160.29

The Council has incurred an expenditure of Rs. 192.18 crores by the end of December 2015, which includes Rs.88 crores for various agency works undertaken by ICCR on behalf of MEA and other Ministries. The expenditure incurred on agency work has since started to be reimbursed to the Council from the concerned Ministries and ICCR can therefore manage its activities for the last quarter.”

9.8 During a briefing by the representatives of the Ministry on the subject “India’s Soft Power Diplomacy including the role of ICCR and Indian Diaspora”, the Committee noted that British Council, which does similar kind of work, has a budget of £ 800 million (about Rs. 8000 crores) of which it receives about £ 160 million (Rs. 1600 crores) from the UK government and the rest is raised through its activities like English language course etc. China started establishing Confucius Institutes in 2004 and has already established 300 such Institutes in various universities globally and plans to take these to about 1000 by 2014.

9.9 In this context, the Committee desired to know whether there are any additional resources available to the Ministry and the sources as well as the amount generated therein. The Ministry to raise additional resources. The Ministry in a written reply submitted as under:-

“About Rs. 3.40 crores is generated from fees charged from students attending various cultural classes run by Indian Cultural Centres abroad, renting of premises and miscellaneous receipts. Some programmes/ events are also organized in collaboration with other partners, including State Governments and under Public Private Partnership (PPP) mode.”

9.10. On efforts being made by ICCR to generate additional resources, the Ministry submitted in a written reply as under:

“ICCR is making the following efforts to enhance its resources:

- (a) Some State Governments are bearing the cost of local hospitality staging of performances for foreign cultural delegations sent by ICCR to performing these States.
- (b) ICCR is partnering with foreign cultural organizations in India to jointly hold cultural events and to host foreign troupes.
- (c) ICCR is establishing Indian Cultural Centres abroad in PPP mode.
- (d) Some ICCR chairs abroad are also being established in PPP mode with part of ICCR’s cost being met by foreign Universities/other organisations. ICCR is negotiating with Universities for cost-sharing to establish more such Chairs.”



9.11. As per the Ministry, there has been a spurt of activity in ICCR in the recent past and it has been done through ‘stretching resources’ of the organization.

9.12. On Committee’s query, the Ministry in a written reply furnished the following information about the budgetary constraints being faced by it over past several years:-

<b>S.No</b>	<b>Year</b>	<b>BE</b>	<b>RE projected By ICCR</b>	<b>RE allotted</b>	<b>Actual expenditure</b>
1	2010-11	150.00	176.41	150.00	148.36
2	2011-12	121.00	197.02	140.00	175.75
3	2012-13	150.00	253.50	157.30	181.08
4	2013-14	160.00	194.82	160.00	165.45
5	2014-15	176.00	193.19	167.20	160.29
6	2015-16	192.00	202.80	192.00	--

“As could be seen from the budget releases for last six years, not only there were cuts at the BE stage but also ICCR was asked to do realistic planning at the RE stage, perforce requiring ICCR to cut down on programme outreach. With adequate budget, ICCR will be better equipped to project and leverage India’s Soft Power.”

9.13. The Committee specifically enquired whether ICCR has adequate manpower resources to carry out its multifarious activities. The Ministry in a written reply submitted as under:-

“No, ICCR does not have sufficient manpower resources to carry out its multifarious activities. It has taken following steps to address the manpower shortage:

- i ICCR is currently seeking revival of ICCR’s 44 posts which could not be filled in 2009.
- ii It has employed retired officers as consultants and hired some personnel on limited contract basis.
- iii Has outsourced specialized functions.”

9.14. The Committee have observed that most of the ICCR’s activities which can be numerically quantifiable (such as number of outgoing cultural delegations, number of festivals etc.) have shown a decline over the last few years. In this regard, the

Committee desired to know the reasons and implications of such a decline and also the corrective steps that have been taken to arrest this trend:-

“Resource/Financial crunch is the sole reason responsible for decline in the number of ICCR’s activities over the last few years. Budget situation described above may please be referred to once again. Another important factor responsible for decline in ICCR’s activities is the growing Agency work (for administering various scholarship schemes) and untimely release of funds for implementing the same.

If the funds are not released in time to the foreign students studying in India, purpose of these schemes is defeated. Due to non-release of Agency funds in time, ICCR has been bona fide spending its own allocation for smooth implementation of Scholarship schemes.

In a situation when ICCR has to spend its allocation for Agency schemes, in the absence of liquidity, it is left with no choice but to cut down its own activities and outreach.”

9.15. On Committee’s query, the Ministry in a written reply elaborated upon the mechanism to ensure optimum utilization of funds as follows:

“In order to ensure optimum utilization of funds following mechanism is being adopted:

- a) Synergising its efforts with related line Ministries to converge funds.
- b) Partnering with the State Governments.
- c) Initiation of negotiations with its counterpart organisations in foreign countries to establish institutional partnerships. A Memorandum of Understanding is currently being negotiated with the China Federation of Literary and Art Circle (CFLAC).
- d) Running Indian Culture Centres abroad in a PPP model.
- e) Introducing cost-sharing model for establishing and sustaining Indian studies chairs in Universities abroad.
- f) Establishing a panel of multi-talented teachers to minimize costs incurred on sending several teachers to one centre/Mission.
- g) Sending cultural groups abroad, for performances and lecture demonstrations, to cover as many countries as possible in one visit.”

9.16. The Committee further wanted to know about the existence of any monitoring mechanism to oversee the adherence of terms of contract by outsourced agencies. The Ministry in a written reply submitted as under:

“The Council’s Administration Section continuously monitors the outsourced agencies and introduces corrective measures if any discrepancies are found. The senior management of the Council, including the Director General and the Deputy Director General also periodically

review the performance of outsourced agencies. Review is based both on performance of the agency and its personnel, ensuring welfare of the personnel engaged, for instance checking documentary evidence of whether the employees are getting their monthly wages and mandatory benefits as per extant government rules such as Employees' State Insurance (ESI) and Employees' Provident Fund (EPF). The renewal of contract is based on their performance review.”

**9.17 The Committee are concerned to note that the budgetary allocation of Rs. 192 crores was made during BE 2015-16 and the same was retained at the RE stage and some activities approved in the council's plan of Action were reduced in order to remain within the budgetary constraints. The Committee were further informed that in the absence of timely release of funds to the foreign students studying in India, ICCR has been spending its own allocation, at the expense of its own activities and outreach. The Committee, however, feel satisfied to note that despite an overall budgetary reduction, the allocation to ICCR has been enhanced by 12.40% i.e 215.80 crores at BE 2016-17 in keeping with the Committee's have been recommending in their previous reports. The Committee in their reports over the years have been recommending for providing enhanced budgetary allocations to ICCR in light of the pro-active foreign policy being pursued by the Government of India. The Committee hope that with enhanced allocations, ICCR would be better equipped to project and leverage India's soft power. The Ministry should also continue to explore the possibility of being provided with more funds at the RE stage as per the projections made by ICCR for its activities, including the opening of eight cultural centres which would require necessary approvals along with provision of requisite financial resources.**

*(Recommendation No. 49)*

**(i) Indian Cultural Centres**

9.18. ICCR's activities are serviced and supported through its Headquarters in New Delhi, 20 Regional offices located in various parts of India and 37 Indian Cultural Centres abroad. The Committee were disappointed to observe that in order to promote awareness of India's rich cultural heritage abroad ICCR has its presence in the form of

established cultural centre in just 37 countries, which is nowhere close to USA and UK who have established centres in more than 100 countries.

9.19. On Committee's query regarding ICCR's plan to open cultural Centres abroad, the Ministry in a written reply submitted as under:-

“ICCR is planning to open eight Cultural Centres in Hanoi, Sydney, Paris, Washington, Lagos, Buenos Aires, Toronto and Singapore. The Centre at Sydney has started functioning out of the current premises of the Consulate-General of India. A property for the Centre in Hanoi has been identified. Properties in Paris and Washington have been purchased and work related to their redevelopment is under way. To enable ICCR to expand and establish more Centres, necessary approvals would be required for the creation of new posts, along with provision of requisite financial resources.”

9.20. Elaborating upon the efforts made by ICCR to enhance India's soft power in countries with high proportion of PIOs, the Ministry in a written reply submitted as under:

“To elaborate upon the efforts made by the ICCR to enhance Indian's soft power in PIO countries, ICCR periodically sends books in Hindi, Sanskrit/English and Urdu, musical instruments, Indian traditional costumes etc. With a view to popularize traditional Indian festivals, the Centres also organizes programmes to observe important Indian festivals e.g. National Days, Diwali, Holi, Dussehra etc. Additionally, ICCs organizes presentation of Indian dance, music, yoga at local functions. Teachers to teach Indian languages Sanskrit/ Hindi, Tamil etc. are sent/deployed in Indian Missions and ICCs for Indians living abroad”

9.21. In the same context, when the Committee desired to know whether there is any objective criteria for setting up of new Cultural Centre and also sought details of the procedure for opening of new centres abroad. The Ministry in a written reply, submitted as under:-

“ICCR's Cultural Centres abroad are the principal instrument of India's institutional cultural outreach outside India. Cultural Centres are being opened in countries where India has significant economic, political, diaspora and cultural interests. This includes India's immediate neighbourhood, Southeast Asia, P-5 countries, BRICS as well as major countries in Central Asia, West Asia, Africa and Latin America, and in keeping with the evolving foreign policy priorities.”

9.22. The Committee enquired whether in the light of lack of desired resources the plan of ICCR for opening of new Cultural Centres abroad is sustainable. The Ministry in a written reply submitted as under:-

“In order to enhance India’s soft power, opening of new Cultural Centres abroad is desirable. However, making them sustainable has been a challenge. ICCR has explored several possibilities and initiated economy measures to bring down the costs to run these Centres, including rationalizing India-based and local posts and having MEA officers posted abroad officiate as Directors of the Centres.. Multi-talented teachers are also being deployed in some cases to bring down costs. Also, ICCR is encouraging the Centres to recruit teachers locally wherever such talent is available. Another initiative is to have ICCs on PPP mode, for which a start has been made in Spain. As directed by ICCR’s Statutory Bodies, new Cultural Centres will be opened only after additional resources are available.

In order to seek guidance on improving the capacity of ICCR’s Cultural Centres abroad and empowering them with appropriate tools to ensure greater outreach and more effective promotion of Indian culture abroad, ICCR has constituted a Performance Audit team, which is currently conducting a study on the functioning of the Centres and would be submitting its recommendation to ICCR.”

**9.23. The Committee note that ICCR’s Cultural Centres abroad are the principal instrument of India’s institutional Cultural outreach outside India. The Committee have also taken a note that ICCR has its presence in the form of established cultural centres in just 37 countries, which is nowhere close to China, the USA and the UK, who have established centres in more than 100 countries. The Committee have also taken serious note of the problem of under-staffing as well as under-resourcing of ICCR cultural centres. With regard to the construction of cultural centres at Washington and Paris, the Committee have been informed that properties in Paris and Washington have been purchased and work related to their re-development is under way and hope that it will be completed expeditiously. The Committee are dismayed to note that despite the broad consensus on desirability of opening of new cultural centres abroad, paucity of funds have severely impeded the implementation of such a policy.**

**The Committee, therefore, recommend the Ministry to improve the capacity building of Indian Cultural Centres abroad in order to ensure greater outreach and effective promotion of Indian culture abroad. The Committee further desire that the Ministry should provide necessary approvals along with financial resources for the planned opening of eight cultural centres in Hanoi, Sydney, Paris, Washington, Logos, Buenos, Aires, Toronto and Singapore. The Committee also desire to be apprised of the recommendations of the performance Audit Team which has been constituted by ICCR to study the function of the cultural centres.**

*(Recommendation No. 50)*

## CHAPTER-X

### MISCELLANEOUS

#### **A. STATES DIVISION**

During a detailed scrutiny of the budget document, the Committee observed realizing the role of the states as the driver of India's growth, the Ministry of External Affairs, under the policy Division in October, 2014. The Division fosters the principle of cooperative federalism and aims to facilitate and deepen the external linkages of the States/Union Territories.

10.2 In this regard, the Committee desired to know the response of State Governments to the creation of this Division. The Ministry in a written reply submitted as under:

“The response of the State Governments to creation of States Division (SD) has been overwhelmingly positive. They now find an effective way for extending their outreach to the external world as well as enhancing their profile abroad. At the same time, they find increasing opportunities to attract visits from high level delegations or business leaders and have commercial delegations to their States to attract investment and promote business opportunities. The facilitating role played by the SD enables various States to plan and programme their events abroad more efficiently. SD by linking these delegations to the counterpart Indian Missions enables the smooth transfer of knowledge and activities so that the programme becomes effective and useful.”

10.3 A separate budget head titled 'States Facilitation Abroad' has been created now, which will be operated by the States Division and a provision of Rs. 15.00 Crores have been made during 2016-17 for this Division (BE). In this context, the Committee wanted to know that prior to the creation of a new head, under which head the expenditure for the Division was being met.

“States Division was created in October 2014. All the expenditure pertaining to visits of officers in India were met under the Ministry's Demand No. 32, Major Head – 2052-02-01-11- “Domestic Travel Expenses” for the year 2015-16. Similarly, the expenditure on 'foreign travel' was debited to the sanctioned budget grant of the Ministry of External Affairs under Major Head 2052.02.01.12-FTE during financial year 2015-2016. As regards hosting of events with states, the expenditure on these was also debited to the Budget Grant of this Ministry for the year 2015-2016 under 2052-Secretariat General

Services (Major Head), 00.090 Secretariat (Major Head) 02 Ministry of External Affairs 02.01 Establishment 02.01.13 Office Expense.”

10.4 The Committee further inquired about the allocations and expenditure made under this head since its creation States Division was not allocated any specific fund for the financial years 2014-15 and 2015-16.

10.5 The Committee also asked the Ministry that in view of the huge mandate of the Division, whether an allocation of Rs. 15 Crores will be sufficient to carry out the activities of the Division. The Ministry in a written reply submitted as under:

“Initially, the activities of the States Division will be undertaken in a few potential countries and monitored carefully to see their results and as such an allocation of Rs. 15 Crores will suffice to carry out the activities of the Division.”

10.6 The Committee further specifically enquired about Please specify, the laudable steps taken by various State Governments in the last three years for facilitating India’s Cultural and commercial diplomacy abroad. The Ministry in a written reply submitted as under:

“SD promotes **cultural diplomacy** through the various **twinning arrangements** it organises between States and Regions of foreign countries with States and cities of India. The focus here is on encouraging people to people contact, promoting tourism that encourages affinity with the counterpart States or Regions. SD also plays the role in helping foreign countries and their Regions to send cultural troupes to different States and cities in India based on the twinning arrangements between them.

In terms of commercial diplomacy, SD organises and promotes commercial **delegations** from States to visit their counterparts and invest and promote various trade and economic opportunities. Visits by different specialised or regional economic bodies also forms parts of these initiatives.

State Governments, particularly Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, and West Bengal, over the last two years have become proactive and have closely worked with the MEA to reach out to the foreign business and investor community. In their endeavor to promote exports and attract foreign investments, States are engaging the services of leading consultancy firms and with the support of the apex business chambers are working with Indian Missions / Posts abroad to identify business opportunities. With the central government pushing for greater reforms and calling for ease of doing business, State governments are



increasingly becoming competitive and are making serious efforts to reduce red tape and procedures. The recently released report "Assessment of State Implementation of Business Reforms", commissioned by the World Bank in association with KPMG and FICCI and the support of DIPP brought out rankings of Indian states on "ease of doing business". The entire exercise witnessed enthusiastic partnership by the officials of all the state governments and their keenness to improve administrative processes to make it easier for businesses (foreign and domestic) to operate from their respective states.

States are also organizing investor summits which are witnessing participation in large numbers by foreign dignitaries and the investor community. Success of these events is also motivating States to open up "single-window" facilitation centers to cater to investors. Today, most States have investment facilitation centers and in the case of Gujarat, the iNDEXTB (the State of Gujarat's official investment facilitation agency) is even considering opening overseas branch offices in 6 countries. States today see great value in partnering with foreign cities and provinces in foreign countries not just for enhancing cultural linkages, but also for strengthening economic engagement and for sharing of best practices. The growth in the number of "Sister City" engagement testifies to this trend. Chief Ministers of a number of States are also traveling abroad to reach out to the business community overseas and are welcoming them to invest in their respective states. Such deepening of engagement by the States is a positive trend and is contributing to the efforts made by the central government in furthering commercial diplomacy.”

**10.7 The Committee are happy to note the overwhelming positive response of the State Governments to the creation of a States Division as it will help them effectively extending their outreach to the external world and also enhance their profile abroad. The Committee observe that the States Division is in the process of evolving new institutional structures and deepening the partnership between MEA and the States, thereby contributing to the implementation of the concept of ‘Diplomacy for Development’. The Committee have learnt that a separate budget head titled ‘States Facilitation Abroad’ has been created that will be operated by the States Division and a provision of Rs. 15 crores have been made to it for BE 2016-17. The Committee were puzzled to know that no specific allocation was made for this Division during the financial year 2014-15 and 2015-16. The**

**Committee, further note that in the opinion of the Ministry, an allocation of Rs. 15 crores would be sufficient to carry out the activities of the Division. The Committee observe that the expenditure incurred on activities pertaining to this Division has been scattered under various heads. The Committee, therefore, suggest that the Ministry keep all expenditures and allocations made with regard to the mandate of the Division under a single budgetary head for the purpose of uniformity and financial efficacy. The Committee are desirous of being informed about the institutional structures that will be carved out under this Division for deepening partnership with States.**

*(Recommendation No. 51)*

**B. Investment and Technology Promotion ( ITP)**

10.8 As per the brief provided by the Ministry, this budget head mainly caters to the line of Credit projects undertaken in foreign countries.

Elaborating upon the exact role of the Division in promoting India's economic interests and economic diplomacy, the Ministry in a written reply submitted as under:

“The Investment & Technology Promotion (ITP) Division in the past was responsible for MEA's developmental aid programme; as such, the word “Technology” in ITP meant project exports of Indian engineering goods and services. As per Government of India's “Lines of Credit” (LOC) policy, 75% of all equipment purchases had to be sourced in India. With the growth in GOIs development aid programme, MEA in year 2009-10 had set up a new Division called “Development Partnership Administration” or DPA. Since the creation of this Division, the entire LOC work component has shifted from ITP Division to DPA Division. However, the ITP Division continues to retain the word Technology. Beginning February 2016, the Energy Security Division has been merged with ITP and beginning March 2016, with the merger of the Overseas Indian Ministry with MEA, all work relating to Social Security Agreements or Totalization Agreements has also been moved to ITP Division.”

10.9 The Committee asked whether any assessment has been carried out regarding the role of ITP Division in enhancing/promoting the economic interest of the country and achieving the same. The Ministry in a written reply submitted as under:

“As per recommendation No. 37 of the Sixth Report of the Standing Committee of the Parliament on External Affairs on Demands for Grants of the Ministry of External Affairs for the year 2015-16, a complete assessment of ITP’s role was undertaken. As per the recommendations, the Division has been strengthened with additional man-power and greater funding support....”

10.10 The Committee further enquired about the role of Indian Missions in promoting India as an investment destination in host countries. The Ministry in a written reply submitted as under:

“Indian Missions / Posts abroad have been at the forefront of promoting India as investment destination. With economic diplomacy assuming primacy, the Commercial Wings of our Missions / Posts have enhanced their outreach work. In most cases the Ambassador or the Consul General closely oversees the work of the Commercial wings.

Missions / Posts are reaching out to the global investor community and making targeted interventions to convince them on the India opportunity.

Missions / Posts closely work with the local Commerce Ministries, Trade & Commerce Bureaus, business associations and enterprises and organize briefing sessions for them on the Indian economy. Missions / Posts also organize foreign business delegations to visit India. MEA on all such occasions provides ground support and other facilitation services.

Efforts have been made over the last two years to brief foreign businesses and investors on the efforts being made by Government of India to remove bottlenecks to doing business and the lowering of FDI caps in the defense, insurance, retail (e-commerce), and railway sectors.

Missions / Posts have also become active in supporting the efforts of the State Governments to reach out to the foreign investors. MEA has seen a progressive increase in the number of delegations led by Chief Ministers to foreign countries to promote their respective states and the opportunities that their states have to offer. Missions / Posts on all such occasions have been able to organize seminars and B2B meetings for the visiting delegations.

The MEA also closely worked with consultancy firm Ernst & Young and brought out the India Attractiveness Survey 2015, which ranked India as the No. 1 favored investment destination. This publication was also widely publicized by Indian Missions / Posts. In over 15 cities (in US, Europe, and China), Missions / Posts.....

Efforts made by our Missions / Posts in the area of investment promotion have seen a growth of 37% or US\$ 39.32 billion in FDI equity flows for the period Jan-Dec 2015, compared to US\$ 28.78 billion for the same period in 2014.

Indian Missions and Posts have also played a pro-active role in promoting the “Make-in-India Week” in Mumbai from Feb 13-18, 2016.....”

10.11 The Committee noted that one of the mandates of ITP is ‘to formulate strategies and programmes for Missions/Posts for carrying out investment promotion activities abroad’. In this context, the Committee desired to know the strategies and programmes formulated for carrying out investment promotion activities abroad in FY 2015-16. The Ministry in a written reply submitted as under:

“The 183 Indian Missions/Posts abroad draw up individual trade and investment strategies, but are guided by the Ministry in their formulation and implementation. For instance, when DIPP announced the “Make-in-India” initiative, Ministry guided all the Missions/Posts for the simultaneous global launch of the initiative, which took place on 25 September 2014. Ministry closely works with Missions/Posts in publicizing the various flagship programmes of the government including Clean Ganga, Swachh Bharat, Skill India, Smart Cities, Digital India, Start-Up India etc., by funding road shows, seminars and special investment focussed events. Missions/Posts are equipped with custom-made power point presentations, and policy-related updates. Ministry has also started to intensely engage with specific regions such as Central Europe, Africa, South America and the Caribbean to promote India’s business interests. Seminars and conferences targeted at these regions were organized. The Ministry commissioned a publication with Ernst&Young on “India as an attractive business destination”.

Efforts made by the Missions/Posts towards promoting India as an investment destination has created a positive image of India and generated interest among foreign investors in the India story. As a result of these efforts made by all government of India departments FDI inflows increased by 23% from US\$ 36 billion to US\$ 44 billion between April 2014 to March 2015. This momentum has continued in fiscal 2015-16. As per the latest data, India received FDI of US\$ 40.8 Billion from April 2015 to December 2015, a growth of 28% compared to the same period in 2014.”

10.12 The Committee were anxious to know about the major findings on the feedback collected from Missions/Posts on foreign investors’ perceptions of the business and investment climate in India and also follow up action taken in this regard. The Ministry in a written reply submitted as under:

The Ministry regularly obtains feedback from Indian Missions/Posts abroad on investors' perception of India as a business destination. In addition, in year 2015, Ministry conducted an in-house study of the experiences of India's top investing nations – USA, Singapore, Japan, UK, Germany, China, South Korea, and Netherlands. The study was conducted through interviews, presentations and written submissions sent by United States India Business Council (USIBC), American Chamber of Commerce (AMCHAM), Korea Trade – Investment Promotion Agency (KOTRA), Japanese Business Federation (KAIDANREN), Japan External Trade Organization (JETRO), and Economic & Commercial Officers of foreign Embassies/High Commissions located in New Delhi. Results of the study have since been circulated to various Ministries/Departments for necessary action.

10.13 As per the Outcome Budget, Indian Missions/Posts will need additional budget to undertake business promotion activities. In this regard, the Committee enquired about the manner in which the Ministry plans to make arrangement for the same. The Ministry in post-evidence reply submitted as under:

“Under the Market Expansion Activities budget head of the ITP Division, only Rs 4.5 crores had been allocated in BE 2015-16, while the demand for funds from Indian Missions/Posts was for Rs 10.3 crores. In December 2015, the Division requested an increase in the budget under Market Expansion to at least Rs.15 crores keeping in view the increasing importance of trade and investment promotional activities carried out by Indian Missions/Posts abroad and focus of the Government to attract greater investment into India to give a push to the Make in India campaign.

Subsequently, the budget under Market Expansion was increased to Rs 10 crores at the RE stage. Though the time was limited for planning further events by Missions/Posts in FY 2015-16, the Division was able to sensitize Indian Missions/Posts and was able to allocate more than Rs 2 crores, in addition to the original allocations of 4.5 crores. The Division has received Rs 2.5 crores in Vote on Account (compared to Rs. 75 lakh in last FY) with a projection of Rs. 15 crores as BE 2016-17. The Division plans to further increase its request for this budget to Rs. 30 crores in the next two years.”

**10.14 The Committee are pleased to note that in pursuance of the Committee's recommendation, the Ministry undertook a complete assessment of the role of Investment & Trade Promotion Division and also strengthened this Division with Additional manpower and greater funding support. The Committee observe that**

under the “Market Expansion Activities’ of ITP Division, an enhanced budgetary allocation of Rs. 15 crores has been provided in BE 2016-17 to Indian Missions to carry out investment promotion activities abroad. The Committee also note that professionals have been taken in the ITP Division as Interns, consultants and Technical Advisors. The Committee would recommend that the Ministry prepare a proposal for the long term hiring of professionals in the ITP Division and submit the same for the consideration of Department of Personnel and Training (DoPT). As the economic arm of the Ministry, the Committee would recommend that the Ministry seek additional resources for Market Expansion Activities by the Missions/Posts.

*(Recommendation No. 52)*

**NEW DELHI**  
**28<sup>th</sup> April, 2016**  

---

**8 Vaisakha,1938 (Saka)**

**DR.SHASHI THAROOR**  
**Chairperson**  
**Standing Committee on External Affairs**

**MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE  
ON EXTERNAL AFFAIRS (2015-16) HELD ON 28<sup>TH</sup> MARCH, 2016**

The Committee sat on Monday, 28<sup>th</sup> March, 2016 from 1115hrs. to 1305 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor – Chairperson**

**Members**

**Lok Sabha**

2. Shri Raghav Lakhnupal
3. Shri Mohammad Salim
4. Prof. (Dr.) Mamtaz Sanghamita
5. Shri Sharad Tripathi

**Rajya Sabha**

6. Shri Satyavrat Chaturvedi
7. Shri Chunibhai Kanjibhai Gohel
8. Dr. Karan Singh
9. Shri D.P. Tripathi
10. Shri Pavan Kumar Varma

**Secretariat**

- |    |                        |   |                     |
|----|------------------------|---|---------------------|
| 1. | Dr. Ram Raj Rai        | - | Director            |
| 2. | Smt. Jyochnamayi Sinha | - | Additional Director |
| 3. | Shri Janmesh Singh     | - | Under Secretary     |

**Representatives of the Ministry of External Affairs**

<b>S.No.</b>	<b>Name</b>	<b>Designation</b>
1.	Dr. S. Jaishankar	Foreign Secretary
2.	Shri Amar Sinha	Secretary (ER)
3.	Shri Dnyaneshwar M. Mulay	AS(CPV&OIA)
4.	Shri Mukta D. Tomar	AS (AD)
5.	Dr. Sumeet Jerath	AS&FA
6.	Shri U.S. Pant	Principal CCA
7.	Ms. Renu Pall	JS(IOR)
8.	Shri Sanjay Kumar Verma	JS(GEM & EG&IT)
9.	Shri C. Rajasekhar	DG (ICCR)
10.	Shri Ajit Vinayak Gupte	JS(DPA-I)
11.	Shri Muktesh K. Pardeshi	JS(PSP) & CPO
12.	Shri Abhay Thakur	JS(North)

13.	Shri P. Kumaran	JS(CPV)
14.	Shri Sibi George	JS(AD), Estt & Welfare
15.	Vani S. Rao	JS(OIA-II)
16.	Sripriya Ranganathan	JS(BM)
17.	Shri M Subbarayudu	JS(DPA-III)
18.	Smt Nutan Kapoor Mahawar	JS (Parliament)
19.	Shri Manish Gupta	JS(OIA-I)
20.	Shri Aseem R Mahajan	JS(Haj)
21.	Shri M. C. Luther	JS (PGoE)
22.	Shri Anurag Srivastava	Director (Finance)

2. At the outset, the Chairperson welcomed the Members of the Committee and the representatives of the Ministry of External Affairs to the sitting of the Committee to take oral evidence of the representatives of the Ministry of External Affairs on Demands for Grants of the Ministry for the year 2016-17. The Chairperson in his opening remarks highlighted the merger of Ministry of Overseas Indian Affairs with the Ministry of External Affairs and the fact that the Committee will henceforth be examining combined Demands for Grants. Then he drew the attention of the representatives of the Ministry to Direction 55 (1) of Directions by the Speaker, Lok Sabha.

3. Thereafter, the Foreign Secretary provided a succinct overview of the Ministry's budgetary allocation in BE 2016-17 and various constraints being faced by the Ministry. The key issues which came up for detailed discussion *inter-alia* included reduced allocation at Revised Estimates stage during Financial Year 2015-16 as well as for Budget Estimates during 2016-17; impact of reduced budgetary allocations on functioning of the Ministry and project implementation; objectives of the merger of the two Ministries; undermining of Foreign Policy objectives due to lesser budgetary allocations; rationalizing the number of Indian Missions/Posts; need for strengthening



the Office of PoE; rationalizing visa fee; the rationale for the Ministry of External Affairs taking the expertise of other Ministries for project implementation abroad; role and functions of the States Division; status of ongoing developmental assistance to neighbouring countries etc. The Foreign Secretary responded to the queries raised by the Committee and elaborated on the measures initiated to ensure prudent utilization of funds in the Ministry. The Committee desired the Ministry to furnish written replies to the various points raised by the Members during discussion.

*The Committee then adjourned.*

A verbatim record of the proceedings has been kept.

**MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON  
EXTERNAL AFFAIRS (2015-16) HELD ON 28<sup>TH</sup> APRIL, 2016**

The Committee sat on Thursday, 28<sup>th</sup> April, 2015 from 1530 hrs. to 1715 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

**Dr. Shashi Tharoor – Chairperson**

**Members**

**Lok Sabha**

2. Shri Arka Keshari Deo
3. Shri Feroze Varun Gandhi
4. Shri Rahul Gandhi
5. Prof. Richard Hay
6. Shri Raghav Lakhanpal
7. Smt. Supriya Sule
8. Shri Sharad Tripathi

**Rajya Sabha**

9. Shri Ram Kumar Kashyap
10. Dr. Karan Singh
11. Shri Pavan Kumar Varma

**Secretariat**

1. Dr. Ram Raj Rai - Director
2. Smt. Jyochnamayi Sinha - Additional Director
3. Shri Janmesh Singh - Under Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee.

4. Thereafter, the Committee took up for consideration the draft Report on Demands for Grants of the Ministry of External Affairs for the year 2016-17. The

Chairperson 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 these minor modifications.

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

*The Committee then adjourned.*