

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4708
ANSWERED ON:18.12.2009
NON PRODUCTIVE EXPENDITURE
Singh Shri Radha Mohan

Will the Minister of FINANCE be pleased to state:

- (a) whether World Bank has expressed strong objection to the manner in which funds given by it has been utilised in India;
- (b) if so, the details thereof alongwith particular references, if any;
- (c) the reaction of the Government of India thereto;
- (d) whether strong comments on such utilisation have also been given by various constitutional bodies in India too;
- (e) if so, the details thereto and response of the Government thereon; and
- (f) the measures taken or proposed to be taken in this direction?

Answer

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

(a) & (b): No strong objection has been expressed by the World Bank to India regarding general utilization of funds.

(c): Does not arise.

(d) to (f): In the report of the Comptroller and Auditor General of India for the year ending March, 2008, it has been mentioned in the Chapter 6 (Paragraph-6.22) that as on March 31, 2008, unutilized committed external assistance was of the order of Rs. 78037 Crore.

It has also been mentioned in the same report that "Since the external assistance is precious and commitment charges are paid by the Government, initiatives need to be taken to address the issues faced by these sectors for not utilizing the available funds."

The funds committed by the World Bank are not released in a single installment. They are released over a period of 3-5 years depending upon the implementation cycle of the projects.

However, in order to ensure timely and effective utilization, the Government of India is following a detailed monitoring mechanism for World Bank aided projects. The projects are checked against readiness indicators before they are launched. From 2009, all projects are monitored through bi-annual reviews as opposed to annual reviews done earlier. Besides, special quarterly reviews of problem projects have also been introduced from 2009.