

Table 1.5

Position as on 31ST October 2017 of Total amount received and payment made

Amount in US\$ Million							
Status of Mission	POSITION UPTO (MONTH)	TOTAL REIMBURSEMENTS RECEIVED	TOTAL INTEREST EARNED	TOTAL AMOUNT TRANSFERRED TO CFI	TOTAL OSA PAYMENTS MADE	BANK BALANCE AS PER OUR RECORDS	TOTAL OUTSTANDING LIABILITIES AGAINST UN (Troop Cost +CoE)
1	2	3	4	5	6	7	8
Ongoing	Oct 2017	1521.58	16.44	754.68	1422.81	76.13	41.93
Closed	Oct 2017	710.91				0.53	23.72
Grand Total		2232.49	16.44	754.68	1422.81	76.66	65.65

Source: UN Cell (PCDA)

1.3. Statement of Problem

There is no previous study on the presentation of accounting procedure of payments of Overseas Allowance to troops which is made directly out of reimbursements from UN and with no separate budget allocation is made for this, is impacting government exchequer and whether the procedures followed are in sync with the government accounting and financial rules.

1.4. Objectives

1.4.1 To study deficiencies in the present Accounting system of UN Peacekeeping Missions in Indian context.

1.4.2 To examine in the context of India, the theory of Kudesia and Rubenstein (2009) who argued that " peace operations and the opportunity to participate in one are regarded as income generators and incredibly beneficial to participate".

1.4.3 To examine the procedure of payment of death & disability claim, its various operational difficulties & suggest improvement in the procedure.

1.5. Research Questions

(a) What is current Accounting procedure for payment to troops, purchase of COE equipment and reimbursement received from UN on account of troop cost and COE cost?

(b) What are the Deficiencies / loopholes in the present system of accounting procedure?

(c) To study the present status of reimbursement outstanding from UN – The extent of reimbursement pending and role of different agencies and departments

(d) What could be possible remedies so as to minimize the drawbacks present in current Accounting procedures?

(e) To examine the procedure of payment of death & disability claim, its various operational difficulties & suggest improvement in the procedure.

(f) Is participating in UN peace keeping operations beneficial to India? What are the estimated benefits to govt. exchequer due to participation?

1.6. Methodology

The methodology for the present study is historical, descriptive and analytical. The present study is based on secondary information sources and Quantitative data will be used. Various public documents like books, journals & websites will be consulted. For the research Contingent owned equipment Manual of UN and related UN Resolutions passed will be scrutinized. All the orders issued by Ministry of Defence, CGDA Office and related correspondence of SD directorate of Army HQ will be consulted.

1.7. Literature Review:

Negi Dinesh Chandra Singh, 32nd APPPA dissertation 2006-2007 "Indian Peacekeeping Missions under UN -Financial Issues." The said work is close to my subject of Thesis. The Issues that have been elaborated upon are given below:

- i. To ensure timely claim/credit of reimbursement by improving system of responsibility of various agencies.
- ii. Identifying Coordinating agency on behalf of GOI.
- iii. Enhanced role of DAD Cell in respective Mission.
- iv. Issue of Accounting Procedure
- v. Audit responsibilities of Defence Accounts Department

Kudesia Suprita and Rubenstein Robert A. (2009) in "Transnational Transfers and Peace Operations: The Empirically Elusive Quality of the Analytic Categories" in Chapter 9 from Transnational Transfers and Global Development by Stuart. S. Brown has stated that "active participation of Non-Western and Developing Countries in

UN Peacekeeping Operations are regarded as income generators”. Members of the peace operations get paid extra for their service in peacekeeping missions, and thus get a much higher salary than they would in their home country. The opportunity to make this extra money and to send it home is one factor that motivates some individuals to serve in peace operations (Rubinstein 2003). For some poorer countries, participation in peacekeeping is a recognized way of bolstering the national economy. However, the paper failed to furnish relevant financial data to support the findings. They also quoted “In many cases such as traditional remittances (where workers abroad return funds to their home country) may be so large that the home country's economy becomes dependent upon their receipt (Ratha and Xu 2008), making the exercise of sovereign action dependent on externalities.”

Ray Arjun in “India’s glorious contribution to UN Peacekeeping” (2014) has commented on critics holding view that India & South Asian Countries participate in Peacekeeping due to financial rewards. Author finds the above charges galling and is of the view that from the Indian perspective, whatever financial gain soldier receive, it accrues to a negligible number. However, the author has not furnished relevant data to support the findings/ claim.

Sreenivasan, T.P. in “India at the United Nations: More Give than Take” (June 2010), argues that India gives much to the UN, but gains very little from it. India is not small and undeveloped enough to benefit from the UN’s altruism nor large or powerful enough to manipulate it to its advantage. India’s commitment to multilateralism

and the UN is firm and absolute, yet India has very little to show in terms of reciprocal advantages. However, the author has not furnished relevant data to support the findings.

Priscila Cabuyao (2014) in “UN Peacekeeping: Bangladesh, India and Pakistan’s troop contribution” mentioned that Active participation of Non-Western and Developing Countries in UN Peacekeeping Operations are regarded as income generators. For Pakistan: Income generated through active participation is a huge motivator for them. In respect of Bangladesh: Troops also economically help their country’s financial position. For India: Though financial gain is not major motivator, however Economic benefits to country are not denied. The author has not furnished relevant data to support the findings.

1.8 Research Gap:

The above dissertation is silent on crediting reimbursement received from UN to Consolidated Fund of India. Payment to troops from this reserve fund violates provisions of constitution of India.

This reserve fund is kept by PMI in New York at much lesser rate of Interest thereby resulting in loss of revenue to Government Exchequer. The rate of interest for the Mission accounts SBI New York as intimated is 0.40% per annum for amount 25K and above, 0.25% per annum for amount upto25K.

The above work does not talk about death and disability payment cases to be initially paid through Consolidated Fund of India and then claiming reimbursement from UN in all cases. At present it is seen that death and disability payment is denied by UN on the

ground that an individual deployed as troop died due to pre-mission sickness and not due to mission factor. Whereas the fact is that troops go through thorough medical checkup before they are decided by Govt to send them on mission.

At present no dedicated code head is there for compiling reimbursement received from UN. The same is credited to head which pertain to "Receipts on account of aid to civil authorities" There are chances of error and manipulation as this is all manually maintained in PCDA office. Hence information furnished to Parliamentary/Cabinet committees cannot be authenticated with the supporting documents by showing the figures compiled in dedicated code head. Moreover, all the reimbursement received is not credited directly. After keeping amount in reserve for disbursements to troops, the balance amount is credited to 00/430/30 "Receipts on account of aid to civil authorities" In the last ten years, when the subject was researched in the year 2007, since then a number of changes have taken place in Accounting Procedure. One being, delegation of powers to Head of the contingent to purchase equipment in Mission rather than waiting for equipment to come from India after its purchase which is time consuming process particularly when requirement is urgent.

An amount of 23.70 Million US Dollars (MUSD) is outstanding from UN in respect of those missions which got closed long back in 1993-94. Out of 23.70 MUSD, liability of only 12.65 Million USD against UNOSOM and UNTAC missions has been accepted by UN, whereas liability of USD 11.05 million, against the MONUC Air force mission is not yet accepted, in their letter of 6th March 2012. Hence there is now little chance of getting back the amount due from UN. In view of the above, a mechanism

needs to be devised, so that the responsibility of any one of the government agency need to be fixed. This amount, which is now loss to the government, need regularization.

In accordance with General Assembly Resolution A/RES/67/261, dt 6th June 2013, from 31 October 2013 onwards there will be deduction on account of non-functional major equipments. A sum of Rs 8.18 Million USD (USD 4.98 Million from MONUSCO Mission and USD 3.20 Million from UNMISS Mission) was deducted as reported by PCDA New Delhi in April 2015.

The above work is silent on doing the comparison of COE cost with the reimbursement received to falsify/check/test the theory propounded by Kudesia and Rubenstein (2009). This comparison is essential to test my hypothesis "To examine the theories of Kudesia and Rubenstein (2009) who argued that" peace operations and the opportunity to participate in one are regarded as income generators and incredibly beneficial to participate in."

1.9. Limitations of the study

Different member countries send their troops as well as equipment to UN Peacekeeping missions. UN reimburses the member countries at the uniform rate per troop for the troop cost and the equipment cost as per MOU signed by them. These member countries in turn pay to their troops. So (a) whether the full reimbursement as received from UN is paid to troops or a certain percentage of the amount is paid beside their regular salary (b) whether any income tax is deducted on the amount paid for their foreign posting or is it exempted (c) How is it accounted for (d) whether the gross amount

received from UN is reflected in the receipt of their defense budget(e) and also whether amount actually disbursed to their troops on account of overseas allowance is accounted for as expenditure in their defense budget(f)In the absence of data regarding the reimbursement received vis-a-vis expenditure incurred by other developing member countries, it is difficult to compare and verify across the borders Particularly the South Asian countries that whether the reimbursement received from UN is more than what is spent by them and that sending troops to Peacekeeping mission turns out to be economically beneficial for the economy of the country.

All the above aspects cannot be compared and evaluated by me in the absence of facts and figures. Due to non-availability of exact data regarding expenditure incurred from India's Defense Budget on contingent owned equipment, comparison is not made possible between reimbursement received on account of COE from UN vis a vis expenditure by Indian Government. Had this data been available more fruitful comparison could have been made. This is the major drawback of our present accounting system. That's why it has been recommended in the present work for opening of dedicated heads for booking of such expenses on equipment purchased exclusively for UN for better financial Management.

1.10. Preview of Chapters

1. Introduction.
2. United Nations and Peacekeeping Mission; an Overview.
3. India's Participation in UN Peacekeeping Mission.
4. Present Accounting Procedure for UN Peacekeeping Mission.
5. Draft Revised Accounting Procedure
6. Bottleneck/Drawback in the present Accounting Procedure.
7. Is Participations in Peacekeeping Missions Really Beneficial/ Profitable?
8. Conclusion.