

**32**

**STANDING COMMITTEE ON DEFENCE  
(2022-23)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**[Action Taken by the Government on the Observations/Recommendations contained in the Twenty-seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2022-23 on Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)']**

**THIRTY-SECOND REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2023 / Phalguna 1944 (Saka)**

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(2022-23)**

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**[Action Taken by the Government on the Observations/Recommendations contained in the Twenty-seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2022-23 on Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)']**

*Presented to Lok Sabha on 21.03.2023*

*Laid in Rajya Sabha on 21.03.2023*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2023 / Phalguna 1944 (Saka)**

## CONTENTS

|  | <b>Page No.</b> |
|--|-----------------|
| COMPOSITION OF THE COMMITTEE (2022-23) .....   | 4               |
| INTRODUCTION.....  | 6               |
| CHAPTER I Report.....  | 7               |
| CHAPTER II Observations/Recommendations which have been accepted<br>by the Government  | 21              |
| CHAPTER III Observations/Recommendations which the Committee do not<br>desire to pursue in view of the replies received from the<br>Government | 62              |
| CHAPTER IV Observations/Recommendations in respect of which replies<br>of Government have not been accepted by the Committee                   | 66              |
| CHAPTER V Observations/recommendations in respect of which final<br>replies of the Government are still awaited                                | 67              |

## APPENDIX

|   |    |
|---|----|
| I. Minutes of the Third Sitting of the Standing Committee on Defence<br>(2022-23) held on 20.12.2022  | 70 |
| II. Analysis of Action Taken by the Government on the Observations/<br>Recommendations contained in the Twenty-seventh Report of Standing<br>Committee on Defence (17 <sup>th</sup> Lok Sabha) on 'Demands for Grants of the<br>Ministry of Defence for the year 2022-23 on Army, Navy, Air Force, Joint<br>Staff, Military Engineer Services, Ex-Servicemen Contributory Health<br>Scheme and Sainik Schools (Demand Nos. 20 and 21).' | 70 |

## COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2022-23)

SHRI JUAL ORAM

-

CHAIRPERSON

| <b>Lok Sabha</b>   |   |
|--------------------|---|
| 2.                 | Shri Nitesh Ganga Deb                     |
| 3.                 | Shri Rahul Gandhi                         |
| 4.                 | Shri Devaragunda Venkappa Sadananda Gowda |
| 5.                 | Shri Annasaheb Shankar Jolle              |
| 6.                 | Choudhary Mehboob Ali Kaiser              |
| 7.                 | Shri Suresh Kumar Kashyap                 |
| 8.                 | Shri Rattan Lal Kataria                   |
| 9.                 | Prof. (Dr.) Ram Shankar Katheria          |
| 10.@               | Shri Durai Murugan Kathir Anand           |
| 11.                | Kunwar Danish Ali                         |
| 12.                | Dr. Rajashree Mallick                     |
| 13.★               | Shri Reddeppa Nallakonda Gari             |
| 14.                | Shri Uttam Kumar Nalamada Reddy           |
| 15.                | Shri Anumula Revanth Reddy                |
| 16.                | Shri Jugal Kishore Sharma                 |
| 17.                | Dr. Shrikant Eknath Shinde                |
| 18.                | Shri Prathap Simha                        |
| 19.                | Shri Brijendra Singh                      |
| 20.                | Shri Mahabali Singh                       |
| 21.                | Shri Durga Das Uikey                      |
| <b>Rajya Sabha</b> |   |
| 22.                | Dr. Ashok Bajpai                          |
| 23.                | Shri Prem Chand Gupta                     |
| 24.                | Shri Sushil Kumar Gupta                   |
| 25.                | Shri Venkataramana Rao Mopidevi           |
| 26.                | Shri Kamakhya Prasad Tasa                 |
| 27.                | Dr. Sudhanshu Trivedi                     |
| 28.                | Smt. P.T. Usha                            |
| 29.                | Shri G.K. Vasani                          |
| 30.                | Lt. Gen. (Dr.) D. P. Vats (Retd.)         |
| 31.                | Shri K.C. Venugopal                       |

@ Nominated w.e.f 08.12.2022.

★ Nominated w.e.f 16.11.2022.

**Dr. T.R. Paarivendhar and Shri Kotagiri Sridhar, MPs, Lok Sabha ceased to be Members of the Standing Committee on Defence w.e.f 16.11.2022**

**SECRETARIAT**

- |    |                    |   |                  |
|----|--------------------|---|------------------|
| 1. | Smt. Suman Arora   | - | Joint Secretary  |
| 2. | Dr. Sanjeev Sharma | - | Director         |
| 3. | Shri Rahul Singh   | - | Deputy Secretary |

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Defence (2022-23), having been authorized by the Committee, present this Thirty-second Report of the Committee on 'Action Taken by the Government on the observations/recommendations contained in the Twenty-Seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2022-23 on Army, Navy, Air Force, Joint Staff, MES, ECHS and Sainik Schools (Demand Nos. 20 and 21)'.

2. The Twenty-Seventh Report (17<sup>th</sup> Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 16 March 2022. The Report contained 48 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in July 2022.

3. The Report was adopted at the Sitting held on 20 December 2022.

4. For facility of reference and convenience, Observations/Recommendations of the Committee have been printed in bold letters in the Report.

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Twenty-Seventh Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;  
17 March, 2023  
26 Phalguna, 1944 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**

# **REPORT**

## **CHAPTER – I**

This Report of the Standing Committee on Defence deals with Action Taken by the Government on the observations/recommendations contained in the Twenty-Seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2022-23 on Army, Navy, Air Force, Joint Staff, MES, ECHS and Sainik Schools (Demand Nos. 20 and 21)', which was presented to Lok Sabha and laid in Rajya Sabha on 16 March, 2022.

2. The Twenty-Seventh Report (17<sup>th</sup> Lok Sabha) of the Committee contained 48 observations/ recommendations on the following aspects:-

| <b>Para No.</b>       | <b>Subject</b>                |
|-----------------------|-------------------------------|
| <b>Army</b>           |                               |
| 1-2                   | Budget                        |
| 3-4                   | <b>Indigenization</b>         |
| 5                     | <b>Modernization Budget</b>   |
| 6                     | Bullet Proof Jackets (BPJs)   |
| 7                     | Manpower                      |
| <b>Air Force</b>      |                               |
| 8-10                  | Air Force                     |
| 11-13                 | Force Level                   |
| 14                    | Manpower                      |
| 15                    | Trainer Aircraft              |
| 16                    | Air Fields infrastructure     |
| <b>Indian Navy</b>    |                               |
| 17-19                 | Budget                        |
| 20                    | Indigenisation                |
| 21-22                 | Modernisation Budget          |
| 23                    | Force Level                   |
| 24                    | Manpower                      |
| <b>Joint Staff</b>    |                               |
| 25-28                 | Budget                        |
| <b>MES</b>            |                               |
| 29-30                 | Budget                        |
| 31-32                 | Financial Liabilities         |
| <b>ECHS</b>           |                               |
| 33-36                 | Budget                        |
| <b>Sainik Schools</b> |                               |
| 37-39                 | Budget                        |
| 40-43                 | Infrastructure                |
| 44-46                 | Intake of Girl Candidates     |
| 47-48                 | Opening of New Sainik Schools |

3. Action Taken Replies have been received from the Government in respect of 48 observations/recommendations contained in the Report. The replies have been examined and categorized as follows:-

**(i) Observations/Recommendations which have been accepted by the Government (Chapter II):**

**Para Nos. 1,2,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,23,24,  
25,26,27,28,29,30,31,32,34,35,36,37,38,39,40,41,42,43,  
44,45,46,47,48**

**(Total - 44)**

**(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government (Chapter III):**

**Para Nos. -NIL-**

**(Total -0)**

**(iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee (Chapter IV):**

**Para Nos. 3,4,22,33**

**(Total - 4)**

**(iv) Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V):**

**Para Nos. -NIL-**

**(Total - 0)**

4. The Committee desire that the Action Taken Notes in respect of comments contained in Chapter I should be furnished to them at the earliest and as any case not later than six months of the presentation of this report.

5. The Committee will now deal with the action taken by the Government on some of the recommendation /observations made in the Twenty-seventh Report in the succeeding Paragraphs.



## **Report**

### **Army**

#### **A. Budgetary provisions of Army**

##### **Recommendation (Para Nos. 1 & 2)**

6. The Committee had recommended as under:

“Army is the land component of Armed Forces and Indian Army strengthens the idea of India and lives by the national values. Dedicated to preserve national interests, safeguard sovereignty, territorial integrity and unity of our Nation, the challenges before Army include thwarting proxy wars, defeating internal threats, assist Government and the people of India during all needs and crisis. The Committee note that in BE 2022-23, the projection of Army under Revenue head was Rs. 1,74,038.35 Crore, and the allocation approved is Rs. 1,63,713.69 Crore, with a shortfall of Rs.10,225.66 Crore. Scrutinizing the Revenue budget further, the Committee found that in RE of financial year 2021-22, Army’s projection under Revenue Head was Rs. 1,68,657.23 Crore and allocation made was Rs. 1,57,619.06 Crore, which was also short by Rs. 8,891.01 Crore. However, the Army would not be able to fully utilize the amount, as expenditure incurred till December, 2021 is just Rs. 1,24,608.42 Crore. The Committee note that during the previous year also, Army had not been able to spend its fund allocation completely. It is a well-known fact that major portion of Revenue budget primarily goes for salaries & allowances which is a fixed expenditure and the non-salary expenses constitute ration, stores, transportation, fuel, etc. These are also essential for regular training and operational preparedness of Army. In the light of these facts, the Committee observe that although the gap in BE allocation vis-à-vis projection has reduced compared to previous years the deficit of Rs. 10,000 Crore should not be allowed to exert any compromises in the operational preparedness of Army. Therefore, the Committee recommend that adequate budget may be provided to Army at supplementary, RE and modified appropriation stages of the financial year 2022-23 based on its operational and other requirements.”

7. The Ministry in its Action Taken Reply has stated as under:

“In BE 2022-23, Army has been allocated an amount of Rs. 1,63,713.69 Crore (i.e. an increase of Rs. 16,069.56 Crore over BE 2021-22) under Revenue Head. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Army at Supplementary/ RE/MA stage under Revenue Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.”

##### **Recommendation (Para No. 2)**

8. The Committee had recommended as under:

“The Committee note that the Capital Budget cardinally provides for expenditure on modernisation, enhancement of force level, infrastructure

development, etc. Under Capital Head, in BE for FY 2022-23, Army's projection was Rs. 46,844.37Crore and allocation to be made is Rs. 32,115.26Crore. There is a deduction of Rs. 14,729.11 Crore in allocation vis-a-vis demand. In RE 2021-22, the projection of Army was Rs. 38,344.90Crore against which an allocation of Rs.25,377.09 Crore was made, which is Rs. 12967.81 Crore short of demand. However, the expenditure in three quarters of FY 2021-22 i.e. upto December 2021 was only Rs. 14,569.08 Crore. The Committee are of the view that with such a large border areas and with not so friendly nations around, boot on ground are essential for Army, nevertheless to equip them with modern day state of the art weapons is also vital as both machine and men behind the machine, together can win a war. The Committee opine that alongwith morally boosted troops, Army also need latest weapon systems. Therefore, they recommend that Army should be given allocation as per the projection made under the Capital Head from the next budget cycle and adequate budget for capital expenditure shall be earmarked to Army as and when the need arises during later stages of financial year 2022-23 i.e. at Supplementary, RE and modified appropriation stage. They also express hope that Army would utilize its remaining resources of approximately Rs. 11,000 Crore allocated at RE 2021-22 by the end of current financial year."

9. The Ministry in its action taken reply has stated as under:

"This Ministry submits the requirements projected by the Services, including Army, to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, including Army, taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc.

The Committee may be assured that all efforts will be made to obtain additional funds projected by Army at Supplementary/RE/MA stage under Capital Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness. In RE 2021-22, against allocation of Rs. 25,377.09 Crore, Army has incurred expenditure to the tune of Rs. 25,130.63 Crore under Capital Head as per March(Pre), 2022 i.e. the allocated funds have been fully utilized by the Army under Capital Head.

Productivity and supply chains were affected due to COVID pandemic, during the FY 2021-22, because of which scheduled deliveries got staggered resulting in slow pace of expenditure in the first three quarters of the FY 2021-22. However, by 31<sup>st</sup> March, 2022, for the financial year 2021-22, total Capital Acquisition Expenditure as on 31.03.2022 (FY 2021-22) is Rs. 20,857 Crore against the Modified Appropriation (MA) allocation of Rs. 20,305 Crore for Army."

**10. The Committee note from the action taken replies, about the assurance given by the Ministry in regard to the efforts it intends to undertake to seek additional funds projected by Army at Supplementary/Revised**

**Estimate (RE)/Modified Appropriation (MA) stage and optimal utilization of allocated amount towards operational activities. The Ministry has reassured that if required, the schemes would be re prioritized to ensure that urgent and critical capabilities are acquired without any compromise having been made to meet operational preparedness. From the data supplied in the replies, the Committee find that in RE 2021-22, against allocation of Rs. 25,377.09 Crore, Army has incurred expenditure to the tune of Rs. 25,130.63 Crore under Capital Head. They also note that by the end of March, 2022, the allocated funds have been fully utilized by the Army under Capital Head. The trend evidently depicts that the Army has the capacity to utilise the allocated funds, if provided to them as per the projection made.**

**The Committee, therefore, recommend that budget as per the projections made by the Army may be provided at supplementary, RE and modified appropriation stages of the financial year 2022-23 based on its functional and other requirements, so operational preparedness of the Army is not hampered.**

## **B. Indigenisation**

### **Recommendation (Para Nos. 3 & 4)**

11. The Committee had recommended as under:

“During the discussion on DFG, the Committee were given to understand that in past few years, Indian Army has taken a conscious & deliberate Decision to focus on indigenization. A significant number of acquisition cases which were progressed as global cases are now being realigned as domestic and it takes a little protracted time as it involves production by the Industry of new equipment, its trial, subsequent acceptance and fielding the product for exploitation in forward areas. The representatives of Army further added that in this perspective, the issue of reduction or re-appropriation in capital budget should be seen. The Committee appreciate, the journey of Army towards self reliance and desire that taking a cue from the extant global conflict scenario, the Ministry should take requisite steps to make the Armed Forces optimally self-reliant and it should be given utmost priority.

The Committee were Informed that during the year 2020-21 and 2021-22 (upto 31.12.2021), out of 29 contracts, 19 contracts were signed with Indian vendors for capital procurement of defence equipment such as Tanks, Missiles, Vehicle, Mine ploughs for Tanks, Pinaka System, Secure communication systems, Multimode Hand Grenade (MHHG), weapon locating radars and assault Rifles for Indian Army. The expenditure under capital acquisitions budget for Army during 2020-21 and 2021-22(upto Dec. 2021), on indigenous contracts was Rs. 17,446.83 Crore and Rs. 9946 Crore respectively. The Committee are pleased to find that nearly 80% of current

year allocated amount has been assigned for domestic procurements and Army is aligning for encouraging domestic industry. The Committee earnestly desire that the outlay is prudently utilized for force augmentation and-modernisation of the Army in coming times.”

12. The Ministry in its action taken reply has stated as under:

“In line with Government of India’s initiative of Atmanirbhar Bharat, MoD vide order dated 10 March 2021 earmarked funds amounting to Rs. 71,438 crore (64.09 % of the total capital budget) for domestic Capital procurement in 2021-22, which has been increased to Rs. 84,597.89 Cr (68% of the total Capital Acquisition Budget) for the domestic capital procurement in 2022-23. For the Army, total of Rs 25,908.85 Crore has been allotted towards the Capital Acquisition Budget for the year 2022-23 out of which Rs 19,690.73 Crore (76.00%) have been allotted for domestic procurement.

Further, during the last two financial years 2020-21 & 2021-22, out of total 33 army capital acquisition contracts, 23 contracts have been signed with Indian Vendors for procurement of defence equipment.”

**13. The Committee find from the action taken reply that 76% of Capital Acquisition Budget for the year 2022-23 has been assigned to Army for domestic procurement. The Committee appreciate the efforts of the Ministry for maintaining continuity in achieving the targets every year and hope that this trend would continue in the future also to make our domestic defence industry more innovative as well as the Army less dependent on foreign supplies at the time of war like situation. In this regard, the Committee would like to be informed in detail about the items procured for the Army from domestic industry and clearly categorizing those which are import substituted products during the last three financial years.**

### **C. Modernization Budget**

#### **Recommendation (Para No. 5)**

14. The Committee had recommended as under:

“The Committee were apprised that in financial year 2021-22, an amount of Rs. 30,636.90 Crore was allocated to Army at BE Stage under Capital Acquisition (Modernisation) Head. Against these allocations, an expenditure of Rs. 11,760.68 Crore (upto December, 2021) has been incurred. It was further apprised that keeping in view the pace of expenditure, additional funds were not allocated to Army in RE 2021-22 under modernization and surrender, if any, will be known at the time of finalization of Modified appropriation of FY 2021-22. After appropriation at RE Stage, the allocation was Rs. 19485.09 Crore. Army had sought no additional allocation in first and second supplementary stages in FY 2021-22. The Committee observe that there is relatively lesser spending for modernization activities of Army. Taking into account the reason for indigenization thrust as mentioned earlier, the Committee reiterate that utmost care should be taken and as far as possible modern weapon systems should be procured which are manufactured by Indian Companies. Such decisions should be based on a current threat perceptions and any compromises are not desirable. The Committee express

hope that the money left to be spent in current FY 2021-22 under modernization would be optimally and judiciously utilized in full. Due care should be taken to ensure that no wasteful expenditure is incurred in the rush to spend in the last hour.”

15. The Ministry in its action taken reply has stated as under:

“In BE 2022-23, 76% of the total Capital Procurement of Army i.e. Rs. 19,690.73 Crore, up from 72% in BE 2021-22, has been earmarked for the Domestic Capital Procurement in line with Atmanirbhar Bharat Policy. If required, through reprioritization, it is ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Against allocation of Rs. 20,304.93 Crore in MA 2021-22 to Army under Capital Acquisition (Modernisation) Head, an amount of Rs. 20,231.11 Crore has been booked as per March(Pre), 2022.

Further, the progress of expenditure is reviewed from time to time at the highest level to ensure that the budgetary allocations are utilized. Necessary instructions are issued from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of funds. The Committee may be assured that all efforts will be made to ensure optimum utilization of available resources.”

**16. The Committee comprehend from the reply that the Ministry is undoubtedly making efforts to enhance procurement from domestic suppliers. As evident, procurements are continuously rising and have now reached 76% of the total Capital Procurement of the Army i.e. Rs. 19,690.73 crore during BE 2022-23. However, as no specific information about the systems purchased from the indigenous sources was given, the Committee would like to reiterate that modern weapon systems should be procured which are manufactured by Indian Companies and with indigenous content. It goes without saying that while submitting action taken notes, information on the indigenous content of the systems manufactured by the Indian companies should also be provided.**

**D. Bullet Proof Jackets (BPJs)**

#### **Recommendation (Para No. 6)**

17. The Committee had recommended as under:

“From the written replies submitted by the Ministry the Committee note that Government is issuing licenses to private companies for manufacturing of Bullet Proof Jackets / *Body Armour* / *Body Protector* to have indigenous capabilities of said defence stores. The Committee further noted that presently, in private sector, 21 companies have been issued licences for manufacturing of Bullet Proof Jackets and 07 companies namely M/s Anjani Technoplast

Noida, M/s SMPP Pvt. Ltd. Delhi, M/s Indian Armour Systems Pvt. Ltd. Haryana, M/s Star Wire India Ltd. Haryana, M/s Bharij Fabricators Pvt. Ltd. Punjab, M/s A&T Medical Equipment Co. Pvt. Ltd., Ghaziabad and M/s Tata Advanced Material limited, Bengaluru have commenced production. Further, M/s SMPP Pvt. Ltd. has successfully executed a contract of MoD to supply 1,86,138 quantity of Bullet Proof Jackets (BPJs). The Committee also note that in Government sector, Troops Comfort Ltd. has developed Bullet Resistance Jackets (BRJ) and successfully supplied a small order quantity of 172 nos. to Tamil Nadu Police. Another DPSU, MIDHANI has also started manufacturing different variants of BRJs as per user requirements and supplied to security and defence forces. Further, MIDHANI has set up a captive production unit at Industrial Modern Township (IMT), Rohtak to produce BRJs Including Bhabha Kavach. During oral evidence, a representative apprised the Committee that bulletproof jackets consist of two/three critical parts and out of various layers, one is the essential plates of polymer design. The certain layers of the polymers were not being made in our country and the industries were doing some imports but all of them are 100 percent designed, made and manufactured in our country now. The Committee are happy to note that after years of perennial wait our soldiers will get protection through the indigenously made BPJs to save their precious lives. The Committee express the hope that 1,86,138 quantity of BPJs would be procured urgently and by the year end, rest of the authorised quantity should also be ordered.”

18. The Ministry in its action taken reply has stated as under:

“The contract for procurement of 1,86,138 BPJs was signed in 2018 and complete quantities of BPJs have been delivered.”

**19. The Committee are happy to note that procurement of a total number of 1,86,138 BPJs have been completed after four years of signing of the contract. However, while submitting the reply, the Ministry has left an important aspect regarding ordering rest of the authorised quantity. Therefore, the Committee desire that rest of the authorized quantity should also be supplied to the Army at the earliest. They would also like to be apprised of the present requirement of Bullet Proof Jackets (BPJs) and as well as their delivery schedule.**

#### **E. Budgetary provision of Air Force**

##### **Recommendation (Para No. 9)**

20. The Committee had recommended as under:

“In the case of Capital segment also, the Committee found a considerable gap in projection and allocations. In BE 2022-23, the projection was Rs. 85,322.60 Crore, whereas the allocation made is Rs. 56,851.55 Crore only and evident by a gap of approximately Rs. 30,000 Crore is witnessed. Since Capital budget primarily cater to expenses on modernization and augmentation of Force level, a deficit in allocation vis-à-vis projection made to the tune of Rs.

30,000 Crore merits attention. In course of discussions of DFG, the representatives of Air Force candidly admitted that the existing fighter squadron strength needs to be augmented. The Committee are of the view that procurement of long-range weapons are also need of the hour in order to ensure utilization of present platforms. Keeping in mind, two-front threat perception, enhancement of Air Power is of paramount importance. The procurements of Air Force being largely capital intensive, therefore, the Committee recommend for additional allocation to Air Force under Capital Head at RE or supplementary grant's stage."

21. The Ministry in its action taken reply has stated as under:

"In BE 2022-23, Air Force has been allocated an amount of Rs. 56,851.55 Crore (i.e. an increase of Rs. 10,830.01Crore over RE 2021-22) under Capital Head. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Air Force at Supplementary/RE stage under Capital Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness."

**22. The Committee find from the reply furnished by the Ministry that it is satisfied with the fact that in BE 2022-23, Air Force has been allocated an amount of Rs. 56,851.55 crore, with an increase of Rs. 10,830.01 crore over RE 2021-22. In the opinion of the Committee, the comparison should have been made between BE 2022-23 and BE 2021-22 or RE 2022-23 and RE 2021-22. In the original report, the Committee had highlighted that in BE 2022-23, the projection was Rs. 85,322.60 crores, in contrast, the allocation made stood at Rs. 56,851.55 crore only, with a wide gap of approximately Rs. 30,000 crore. When it is evident that two-front threat perception is already looming large and enhancement of Air Power is of paramount importance, the reply of the Ministry that the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness is not convincing to the Committee. Considering the very fact that the procurements of the Air Force are largely capital intensive, therefore, the Committee in no uncertain words reiterate that additional allocation to Air Force under Capital Head at RE or supplementary grant's stage should be given as desired by Air Force.**

## **F. Budgetary provision of Indian Navy**

### **Recommendation (Para No. 18)**

23. The Committee had recommended as under:

“The Committee note that under Revenue Sector, Navy projected Rs. 34701.66 Crore in BE 2022-23, however, it was allocated only Rs. 25406.42 Crore, resulting a huge gap of Rs. 9295.24 Crore vis-à-vis projection made. During evidence, the representative of the Navy stated that shortfall is mitigated through rationalization and prioritization. The Committee observe that Revenue Budget is used for operation, training, maintenance, repairs and day-to-day functioning of Navy, which are extremely crucial for the ‘Preparedness’ of the Service and any inadequacies on this front may lead to accidents and casualties besides, growth in Revenue Budget also needs to factor for inflationary trends. The Committee are of the view that a shortfall to the tune of Rs. 9295.24 Crore may affect day to day functioning and hence anytime operation ability of Navy. Therefore the Committee are of the view that there is a need to review Navy’s requirements for essential funds under Revenue Head so that operational preparedness is not affected.”

24. The Ministry in its action taken reply has stated as under:

“The need for adequate budgetary allocations to Navy under Revenue Segment is being highlighted at periodic review stages so as to ensure that operational preparedness of the Navy is not affected. Based on the projections and expenditure incurred by Indian Navy, additional funds were allocated at RE and MA stages in FY 2021-22.”

**25 Consequent to gleaning through the replies furnished by the Ministry the Committee at this stage expect and desire that as assured by the Ministry, if required, additional funds will be provided to the Navy for both Revenue as well as Capital requirements so that urgent and critical capabilities are acquired and operational preparedness of Navy does not suffer.**

## **G. Modernisation Budget of Indian Navy**

### **Recommendation (Para Nos. 21)**

26. The Committee had recommended as under:

“The Committee note with concern that there is considerable under spending in the modernization budget. In the regard, the representative of Ministry submitted that certain contracts are pending and the remaining amount will be utilized for the same. It was added that such contracts were delayed due to Covid impact. The Committee recommend judicious and optimum utilisation of remaining resources by Navy for modernization purposes during the current financial year, so that no balance are left at the end of the financial year. The Committee understand that several modernization and capability building projects of Navy are in the pipeline in consonance with LTIPP 2021-27. They



expect that with the newer scientific roadmap based on the latest unmanned systems and technologies, Navy shall constantly keep this modernization drive on move. They express the hope that adequate budgetary provisions shall be continued to support Naval projects/ Programmes.”

27. The Ministry in its action taken reply has stated as under:

“Indian Navy (IN) has completely utilised allocated funds under Modernisation Segment in the last two FYs i.e. FY 20-21 and FY 21-22 including additional allocations at the RE/ MA stages. Further, the enhanced allocation to IN under Modernisation Segment commencing FY 20-21 have reduced the high Committed Liabilities of IN to a large extent, thereby creating adequate Fiscal Space for concluding New Schemes in consonance with LTIPP 2012-27.”

**28. The Committee appreciate the efforts of the Ministry that the Indian Navy has thoroughly utilised allocated funds under the Modernisation Segment in the last two financial years and also utilised additional allocations received at the RE/ MA stages. In the light of the fact that funds utilization capacity of the Navy is optimal, the Committee would like here to recommend that more allocation should be made to the Navy to develop/acquire/modernise latest unmanned systems and technologies.**

#### **H. Modernisation Budget of Indian Navy**

##### **Recommendation (Para No. 22)**

29. The Committee had recommended as under:

“With regard to budget allocation specifically for modernization, the Committee were apprised that Navy has been allocated Rs. 45,250 Crore under BE (Modernisation) in financial year 2022-23. Further, it was stated that the present total committed liabilities stood at Rs. 1,20,890 Crore. Modernization schemes for Rs. 1,99,252 Crore and Rs. 2,50,571 Crore are being progressed for contract conclusion over the next five years. The Committee note with concern that the current outstanding committed liabilities are far more than allocation, therefore, the government has to take care of existing liabilities while making allocations and ensure that uncleared liabilities may not create hindrances in future contract negotiations.”

30. The Ministry in its action taken reply has stated as under:

“In BE 2022-23, an amount of Rs. 45,250 Crore (i.e. an increase of Rs. 14,218.98 Crore over BE 2021-22) was allocated to Indian Navy under Capital Acquisition (Modernization) Head.

However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Indian Navy at Supplementary/RE stage under Capital Acquisition (Modernisation) Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness and future contract negotiations.”

**31. The Committee find that allocations made under the modernisation scheme are invariably the allocations made under the Capital Head. The Committee had highlighted in their original Report that allocations have been made without realising the burden of committed liabilities, leaving no allocation for catering to New Schemes. Therefore, the Committee reiterate that adequate allocations should be made at revised estimate or supplementary grants stage considering the capital intensive nature of the force and in any case allocations should be not less than committed liabilities.**

**I. Budgetary provision of MES**

**Recommendation (Para No. 29)**

32. The Committee had recommended as under:

“The committee note that under Military Engineer Service (MES), Engineer-in-Chief’s Branch is responsible for monitoring of budget allocated for Carry Over Capital and certain Heads of Revenue and Maintenance Services for Army only. The allocations for the balance Code Heads of Army and all Code Heads of other Services is carried out to lower MES formations by Service Headquarters through staff channel. The Committee find that under capital head in 2020-21, the budgetary requirement for MES was projected at Rs. 10,462.71 Crore, whereas the actual allocations made was Rs 8833.13 Crore and the utilized amount was only Rs 6604.51 Crore. The reason for low utilization was stated to be due to the delays on account of Covid-19 pandemic. In 2021-22, MES got Rs 9137 Crore out of which only Rs 5876 Crore could be utilized till 31<sup>st</sup> January 2022. During evidence the Committee were informed that the entire budgetary allocations would be utilized by the end of this Financial Year i.e. 2021-22. The Committee are not oblivious of the fact that previous year, the allocated amount was not optimally utilized due to prevailing pandemic situation and this year also funds to the tune of Rs 3261 Crore are yet to be utilized. The Committee recommend that concerted efforts should be made by the Ministry in order to utilize the entire allocated funds in the current FY without fail. The Committee also take note of the fact that six works worth Rs 484.42 Crore and 25 CCS works of 11<sup>th</sup> Plan, amounting to Rs 2397.14 Crore were reprioritized for Army and 57 works worth Rs 2263.71 Crore were reprioritized for Air Force this year also. The Committee note with concern that on one hand, works worth Crores of rupees are getting reprioritized and on the other, funds are left un-utilized and eventually surrendered. The Committee recommend that the Ministry should devise a suitable expenditure management mechanism so as to arrest this trend and improve the utilization of capital budget in a scrupulous manner and also strictly adhere to the prescribed timelines and limits of expenditure, within the three quarters and the last quarter of Financial Year, so that the unutilized funds are not surrendered at the end of Financial Year and that the sanctioned works pertaining to the three forces worth Crores of rupees do not get reprioritized.”

33. The Ministry in its action taken reply has stated as under:

“In order to reduce the surrender of funds, a large number of measures have been instituted. Standard Operating Procedure (SOP) on planning, execution and monitoring of works was approved on 18 October, 2021. The SOP gives out clear perspectives, defines responsibilities of users and accountability of MES from conceptualization to completion of works. The SOP also lays down the expected quality of work, time of completion, guidelines for functioning of Station Commander and Project Management Groups (PMG). These include measures to improve monitoring of progress of works and improvement in methodology of execution. In addition to improving the monitoring mechanisms for works through the implementation of Web Based Project Management (WBPMP), MES is gradually adopting the Engineering Procurement and Construction (EPC) mode of execution which is expected to improve overall speed of execution of works and also ensure in complete utilisation of Capital budget.”

**34. The Committee had recommended in their original report that the Ministry should devise a suitable expenditure management mechanism to improve the utilization of the capital budget in a scrupulous manner. The Committee are happy that the Ministry has devised and approved a Standard Operating Procedure (SOP) on planning, execution and monitoring of works on 18 October, 2021. The SOP also lays down the expected quality of work, time of completion, guidelines for functioning of Station Commander and Project Management Groups (PMG) besides this, MES is gradually adopting the Engineering Procurement and Construction (EPC) expected to improve overall speed of execution of works and also ensure in complete utilization of Capital budget. The Committee have every reason to believe that subsequent to the coming into place the new SOP, the orders given to MES will be executed within the stipulated time frame, and optimum utilization of fund will not be a problem for MES.**

**J. Budgetary provision of Ex-Servicemen Contributory Health Scheme (ECHS)**

**Recommendation (Para No. 33)**

35. The Committee had recommended as under:

“The Committee note that in 2020-21, ECHS was allocated Rs. 5321.28 Crore at Modified Appropriation stage, but the actual utilization was only Rs. 4579.63 Crore. The Committee are dismayed to find that despite rise in the number of patients due to the COVID pandemic and pendency of bills, the allocated funds could not be fully utilized and had to be surrendered at the end of the financial year 2020-21. The Committee further note that in 2021-22 after RE allocation of Rs. 4412.51 Crore, the Ministry had put forth demand for additional funds to the tune of Rs. 550 Crore taking the total projected demand

to Rs. 4962.51 Crore. However, the total utilization of funds up to 31<sup>st</sup> January,2022 stood at Rs. 3882.20 Crore. Taking into account the huge pendency of bills with ECHs pertaining to ECHS empanelled hospitals as well as ECHS beneficiaries, the Committee urge the Ministry that the additional allocated funds in 2021-22 should be judiciously and fully utilized to clear all the pending bills. The Committee are very perturbed to note that huge pendency of bills is stated to be the reason for big and multispecialty hospitals for opting out from providing services under ECHS Scheme thereby depriving the ECHS beneficiaries of the super specialist medical facilities. The Committee recommend that the Ministry should streamline and simplify their procedures so as to ensure full utilization of funds in 2021-22 as the scheme is related with the Welfare of Ex-Servicemen of our country and it should unflinchingly serve this purpose. The Committee would like to be apprised of the total outstanding dues towards empanelled and ECHS private hospital and beneficiaries and the steps taken to liquidate the arrears.

36. The Ministry in its action taken reply has stated as under:

“Against the total budgetary allotment of Rs. 4870.75 Crore during the last Financial Year 2021-22, an amount of Rs 4860.54 Crore has been fully utilized by 31.03.2022.” The details of pending bills of ECHS beneficiaries and private empanelled hospitals as on 6.4.2022 are as under:

| <b>S. No.</b> | <b>Bill Type</b>          | <b>Number of Bills</b> | <b>Amount (in Cr)</b> |
|---------------|---------------------------|------------------------|-----------------------|
| (a)           | Individual Bills          | 75,595                 | 212.33                |
| (b)           | Empanelled Hospital Bills | 7,24,943               | <b>1856.58</b>        |

37. The Committee are not happy to find that as many as 75,595 Bills amounting to Rs. 212.33 crore pertaining to Individuals and 7,24,943 bills pertaining to Empanelled Hospitals amounting to Rs. 1856.58 crore are pending for payment with ECHS. As stated earlier, huge pendency of bills is the reason for big and multispecialty hospitals for opting out from providing services under ECHS Scheme thereby depriving the ECHS beneficiaries of the super specialist medical facilities. The Committee desire that for the comfort of soldiers who have given their youth to serve the nation, the Government should take concrete and effective measures with alacrity of time to resolve the issue of pendency of bills at the earliest.

## **CHAPTER – II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **ARMY**

##### **Budgetary provisions of Army**

##### **Recommendation (Para Nos. 1 & 2)**

Army is the land component of Armed Forces and Indian Army strengthens the idea of India and lives by the national values. Dedicated to preserve national interests, safeguard sovereignty, territorial integrity and unity of our Nation, the challenges before Army include thwarting proxy wars, defeating internal threats, assist Government and the people of India during all needs and crisis. The Committee note that in BE 2022-23, the projection of Army under Revenue head was Rs. 1,74,038.35 Crore, and the allocation approved is Rs. 1,63,713.69 Crore, with a shortfall of Rs.10,225.66 Crore. Scrutinizing the Revenue budget further, the Committee found that in RE of financial year 2021-22, Army's projection under Revenue Head was Rs. 1,68,657.23 Crore and allocation made was Rs. 1,57,619.06 Crore, which was also short by Rs. 8,891.01 Crore. However, the Army would not be able to fully utilize the amount, as expenditure incurred till December, 2021 is just Rs. 1,24,608.42 Crore. The Committee note that during the previous year also, Army had not been able to spend its fund allocation completely. It is a well-known fact that major portion of Revenue budget primarily goes for salaries & allowances which is a fixed expenditure and the non-salary expenses constitute ration, stores, transportation, fuel, etc. These are also essential for regular training and operational preparedness of Army. In the light of these facts, the Committee observe that although the gap in BE allocation vis-à-vis projection has reduced compared to previous years the deficit of Rs. 10,000 Crore should not be allowed to exert any compromises in the operational preparedness of Army. Therefore, the Committee recommend that adequate budget may be provided to Army at supplementary, RE and modified appropriation stages of the financial year 2022-23 based on its operational and other requirements.

## **Reply of the Government**

In BE 2022-23, Army has been allocated an amount of Rs. 1,63,713.69 Crore (i.e. an increase of Rs. 16,069.56 Crore over BE 2021-22) under Revenue Head. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Army at Supplementary/RE/MA stage under Revenue Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Recommendation (Para No. 2)**

The Committee note that the Capital Budget cardinally provides for expenditure on modernisation, enhancement of force level, infrastructure development, etc. Under Capital Head, in BE for FY 2022-23, Army's projection was Rs. 46,844.37Crore and allocation to be made is Rs. 32,115.26Crore. There is a deduction of Rs. 14,729.11 Crore in allocation vis-a-vis demand. In RE 2021-22, the projection of Army was Rs. 38,344.90Crore against which an allocation of Rs.25,377.09 Crore was made, which is Rs. 12967.81 Crore short of demand. However, the expenditure in three quarters of FY 2021-22 i.e. upto December 2021 was only Rs. 14,569.08 Crore. The Committee are of the view that with such a large border areas and with not so friendly nations around, boot on ground are essential for Army, nevertheless to equip them with modern day state of the art weapons is also vital as both machine and men behind the machine, together can win a war. The Committee opine that alongwith morally boosted troops, Army also need latest weapon systems. Therefore, they recommend that Army should be given allocation as per the projection made under the Capital Head from the next budget cycle and adequate budget for capital expenditure shall be earmarked to Army as and when the need arises during later stages of financial year 2022-23 i.e. at Supplementary, RE and modified appropriation stage. They also express hope that Army would utilize its remaining resources of approximately Rs. 11,000 Crore allocated at RE 2021-22 by the end of current financial year.

## **Reply of the Government**

This Ministry submits the requirements projected by the Services, including Army, to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, including Army, taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc.

The Committee may be assured that all efforts will be made to obtain additional funds projected by Army at Supplementary/RE/MA stage under Capital Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness. In RE 2021-22, against allocation of Rs. 25,377.09 Crore, Army has incurred expenditure to the tune of Rs. 25,130.63 Crore under Capital Head as per March(Pre), 2022 i.e. the allocated funds have been fully utilized by the Army under Capital Head.

Productivity and supply chains were affected due to COVID pandemic, during the FY 2021-22, because of which scheduled deliveries got staggered resulting in slow pace of expenditure in the first three quarters of the FY 2021-22. However, by 31<sup>st</sup> March, 2022, for the financial year 2021-22, total Capital Acquisition Expenditure as on 31.03.2022 (FY 2021-22) is Rs. 20,857 Crore against the Modified Appropriation (MA) allocation of Rs. 20,305 Crore for Army.

### **Modernization Budget**

#### **Recommendation (Para No. 5)**

The Committee were apprised that in financial year 2021-22, an amount of Rs. 30,636.90 Crore was allocated to Army at BE Stage under Capital Acquisition (Modernisation) Head. Against these allocations, an expenditure of Rs. 11,760.68 Crore (upto December, 2021) has been incurred. It was further apprised that keeping in view the pace of expenditure, additional funds were not allocated to Army in RE

2021-22 under modernization and surrender, if any, will be known at the time of finalization of Modified appropriation of FY 2021-22. After appropriation at RE Stage, the allocation was Rs. 19485.09 Crore. Army had sought no additional allocation in first and second supplementary stages in FY 2021-22. The Committee observe that there is relatively lesser spending for modernization activities of Army. Taking into account the reason for indigenization thrust as mentioned earlier, the Committee reiterate that utmost care should be taken and as far as possible modern weapon systems should be procured which are manufactured by Indian Companies. Such decisions should be based on a current threat perceptions and any compromises are not desirable. The Committee express hope that the money left to be spent in current FY 2021-22 under modernization would be optimally and judiciously utilized in full. Due care should be taken to ensure that no wasteful expenditure is incurred in the rush to spend in the last hour.

### **Reply of the Government**

In BE 2022-23, 76% of the total Capital Procurement of Army i.e. Rs. 19,690.73 Crore, up from 72% in BE 2021-22, has been earmarked for the Domestic Capital Procurement in line with Atmanirbhar Bharat Policy. If required, through reprioritization, it is ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Against allocation of Rs. 20,304.93 Crore in MA 2021-22 to Army under Capital Acquisition (Modernisation) Head, an amount of Rs. 20,231.11 Crore has been booked as per March(Pre), 2022.

Further, the progress of expenditure is reviewed from time to time at the highest level to ensure that the budgetary allocations are utilized. Necessary instructions are issued from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of funds. The Committee may be assured that all efforts will be made to ensure optimum utilization of available resources.



## **Bullet Proof Jackets (BPJs)**

### **Recommendation (Para No. 6)**

From the written replies submitted by the Ministry the Committee note that Government is issuing licenses to private companies for manufacturing of Bullet Proof Jackets / *Body Armour* / *Body Protector* to have indigenous capabilities of said defence stores. The Committee further noted that presently, in private sector, 21 companies have been issued licences for manufacturing of Bullet Proof Jackets and 07 companies namely M/s Anjani Technoplast Noida, M/s SMPP Pvt. Ltd. Delhi, M/s Indian Armour Systems Pvt. Ltd. Haryana, M/s Star Wire India Ltd. Haryana, M/s Bharij Fabricators Pvt. Ltd. Punjab, M/s A&T Medical Equipment Co. Pvt. Ltd., Ghaziabad and M/s Tata Advanced Material limited, Bengaluru have commenced production. Further, M/s SMPP Pvt. Ltd. has successfully executed a contract of MoD to supply 1, 86,138 quantity of Bullet Proof Jackets (BPJs). The Committee also note that in Government sector, Troops Comfort Ltd. has developed Bullet Resistance Jackets (BRJ) and successfully supplied a small order quantity of 172 nos. to Tamil Nadu Police. Another DPSU, MIDHANI has also started manufacturing different variants of BRJs as per user requirements and supplied to security and defence forces. Further, MIDHANI has set up a captive production unit at Industrial Modern Township (IMT), Rohtak to produce BRJs Including Bhabha Kavach. During oral evidence, a representative apprised the Committee that bulletproof jackets consist of two/three critical parts and out of various layers, one is the essential plates of polymer design. The certain layers of the polymers were not being made in our country and the industries were doing some imports but all of them are 100 percent designed, made and manufactured in our country now. The Committee are happy to note that after years of perennial wait our soldiers will get protection through the indigenously made BPJs to save their precious lives. The Committee express the hope that 1,86,138 quantity of BPJs would be procured urgently and by the year end, rest of the authorised quantity should also be ordered.

### **Reply of the Government**

The contract for procurement of 1,86,138 BPJs was signed in 2018 and complete quantities of BPJs have been delivered.

## **Indigenisation**

## **Manpower**

### **Recommendation (Para No. 7)**

The Committee note that in Officer's cadre, there is a shortfall in strength by approximately 15 percent and the deficiency has been there for over a period of time. The Ministry has informed that the Ajay Vikram Singh Committee (AVSC) had decided for maintaining a ratio of **1.1:1** between the permanent cadre and support cadre which is largely Short Service Commission. The representative of the Ministry of Defence also submitted before the Committee that measures are being taken for optimisation of manpower in accordance with recommendation of Shekatkar Committee Report. The Committee suggested that a comprehensive Cadre Review exercise could be undertaken at higher level, in order to augment the sanctioned strength of Army otherwise, the deficiencies in manpower will affect the combat capabilities of the Army on ground. The Committee would like to be apprised of the measures taken in this regard at the time of furnishing their Action Taken Replies.

### **Reply of the Government**

There is a shortage of approximately 15 percent in the Officer's cadre of the Indian Army. Shortage of Officers in the Indian Army is mainly due to low subscription of Support Cadre consisting of Short Service Commission (SSC) and In-Service entries. In this regard the following proposals are under consideration:-

- (a) A proposal to make 'Short Service Entry more attractive' is at advance stage of consideration at the Tri-Service level.
- (b) The proposal on 'Restructuring of Permanent Commission (Special List) {PC(SL)} Cadre' is under examination with Ministry of Finance.

Once the above proposals are approved and implemented, the shortage of Officers in the Indian Army is likely to reduce substantially.

## **Air Force**

### **Recommendation (Para No. 8)**

While examining the Demand Nos. 20 & 21 in respect of Air Force for the year 2022-23, the Committee found that in Revenue Section, Air Force had made a projection of Rs. 50,692.44 Crore against which an allocation of Rs. 32,873.46 Crore has been made. From the difference of Rs. 17,818.98 Crore, it can be evidently seen that the allocations are significantly lower than the projections which is merely two-third of the projection. Going through the data furnished by Ministry of Defence, the Committee find that in 2021-22, the final allocations made to Air Force at RE Stage was Rs. 34,283.02 Crore whilst the expenditure incurred till Dec, 2021, was Rs. 27,307.22 Crore. The Committee observe that last year's spending by Air Force has been very optimum as more than three fourth of the funds was spent in the three quarters of the financial year. Based on the past trend, the Committee recommend for adequate resource allocation to the organization of Air Force at RE Stage. Since revenue expenses in general indicates any time operational preparedness of the Force, therefore inadequacies therein is not desirable.

### **Reply of the Government**

In BE 2022-23, Air Force has been allocated an amount of Rs. 32,873.46 Crore (i.e. an increase of Rs. 2,220.93 Crore over BE 2021-22) under Revenue Head. The Committee may be assured that all efforts will be made to obtain additional funds projected by Air Force at Supplementary/RE stage under Revenue Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Budgetary provision of Air Force**

### **Recommendation (Para No. 9)**

In the case of Capital segment also, the Committee found a considerable gap in projection and allocations. In BE 2022-23, the projection was Rs. 85,322.60 Crore, whereas the allocation made is Rs. 56,851.55 Crore only and evident by a gap of

approximately Rs. 30,000 Crore is witnessed. Since Capital budget primarily cater to expenses on modernization and augmentation of Force level, a deficit in allocation vis-à-vis projection made to the tune of Rs. 30,000 Crore merits attention. In course of discussions of DFG, the representatives of Air Force candidly admitted that the existing fighter squadron strength needs to be augmented. The Committee are of the view that procurement of long-range weapons are also need of the hour in order to ensure utilization of present platforms. Keeping in mind, two-front threat perception, enhancement of Air Power is of paramount importance. The procurements of Air Force being largely capital intensive, therefore, the Committee recommend for additional allocation to Air Force under Capital Head at RE or supplementary grant's stage. **★The Committee further note that the BE projection during 2021-22 was Rs. 77,140.56 crore, whereas projection at RE stage was pegged at was Rs. 71,176.39 crore. However, the final allocations made at RE stage was Rs. 53,214.77 crore. Against this an expenditure of Rs. 36,820.15 crore have been incurred till Dec, 2021. The Committee observe that more than 25% of amount remains to be spent in the last quarter of the financial year 2021-22. They urge upon the Department that all steps be taken so that the allocated resources are fruitfully & judiciously utilized in full by Air Force so that modernization trajectory of Air Force is not adversely affected.**

### **Reply of the Government**

In BE 2022-23, Air Force has been allocated an amount of Rs. 56,851.55 Crore (i.e. an increase of Rs. 10,830.01Crore over RE 2021-22) under Capital Head. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Air Force at Supplementary/RE stage under Capital Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

**- ★Part of the reply is classified –**

### **Recommendation (Para No. 10)**

As regards the capital acquisition through indigenised sources, the Committee notes that during financial year 2021-22, the total allocation for domestic acquisition was Rs.29,684 Crore, out of which, Rs 21,631 Crore was spent i.e. 72.87 per cent. Nearly 27% amount remains to be spent till March, 2022. The Committee desire that the balance funds should be optimally and fully utilised for indigenous procurements. Further, the Committee was intimated that for the year 2022-23, domestic & foreign procurements allocation stand at 62.34% and 37.66% respectively. The Committee appreciate that major thrust is given towards indigenous procurements by Air Force. They desire that Air Force should make constant endeavours for indigenous procurement so that self-reliance shall continue to be the motive of Air Force.

### **Reply of the Government**

Expenditure under Domestic segment of Capital Acquisition Budget as on 31 March, 22 was Rs 29,941.37 Cr (100.60%) against the earmarked allocation of Rs. 29,762.50 Cr. Further, for FY 2022-23, allocation under Domestic acquisition head is Rs.32,882.30 Cr which is 62.34% of the allocated Statement of Budget Estimate (SBE).

### **Force Level**

### **Recommendation (Para No. 11)**

The Committee are of the considered opinion that Air Force should have two front deterrence capabilities which is of utmost priority, as the threat on both sides of Indian neighbourhood is a reality which cannot be ignored. Accordingly, equipping our Armed Forces with all possible combat capabilities is the need of the hour. The firepower of Air Force is proportionate to the fighter squadrons in its kitty. During evidence, the representatives of Air Force submitted that the present authorised strength of squadron is 42. It was further stated that the total technical life of most of the existing squadron is expiring and consequently the squadron strength is progressively depleting. The Committee were apprised that LCA Mark-1 and MRFA will be helpful in assisting the draw down. The Committee emphasizes for a time bound procurement of these aircraft, so as to replenish the Air Force squadron. The Committee also urge that Air Force should ensure that the new aircraft are procured in the near future so as to

enhance the combat capabilities of the Force. The Committee are of the view that Fighter squadron strength cannot be counted merely on the number of aircraft but also their weapon carrying ability, lethality and range to fly and strike. Therefore, no compromises in terms of fire power and technology should be made while inducting fighter jets in Air Force.

### **Reply of the Government**

It has been the constant endeavour of the Government to maintain the authorised squadron strength by procuring the aircraft keeping in view the combat capabilities of the force. In this regard, a contract for 83 Light Combat Aircraft (LCA) Mk-1A was signed with Hindustan Aeronautical Limited (HAL) on 25 Jan, 2021, with delivery envisaged from year 2024. Recently on 30.3.2022, a contract for 15 Light Combat Helicopters (Limited Series Production) (10 for Indian Air Force and 05 for Indian Army) has been signed with HAL, with delivery commencing from March 2023. Rafale aircrafts have been inducted in Indian Air Force enhancing the combat capabilities of Air Force. Further, LCA MK-2 & Advanced Medium Combat Aircraft (AMCA) are being designed and developed indigenously of which LCA MK-2 is expected to be inducted in near future.

### **Recommendation (Para No. 12)**

In respect of transport aircraft also, the Committee note that the number of aircraft is depleting. The Committee were informed that AN-32, is the main transport Aircraft presently available with Air Force and by 2032, AVRO aircraft will be almost completing its technical lifespan. It has been informed by the Ministry that Air Force has contracted C-295 planes in September, 2021 as a substitute for AVRO aircraft. The Committee recommend that the requirement of transport aircraft and air-to-air refuelling aircraft be assessed and a comprehensive plan be chalked out for their procurement. The Committee would like to be apprised about the measures taken in this regard.

### **Reply of the Government**

**– Classified –**

### **Recommendation (Para No. 13)**

As far as helicopters are concerned, the Committee were given to understand that medium lift main helicopters Mi-17 will be completely depleted by 2032. Cheeta, Cheetal and Chetak helicopters are currently being utilized in forward areas including Siachin and Northeast, which will be lessened by 2032. These shortfalls are planned to be replenished by induction of Light Utility Helicopter (LUH). It was further informed that delivery of LUH will commence soon and 12 of them will be delivered this year. The Committee recommend that the Ministry keeping in view the depleting strength should ensure that the pace of induction shall be commensurate to de-induction, so that there is no gap in our existing capabilities.

### **Reply of the Government**

**– Classified –**

### **Manpower**

### **Recommendation (Para No. 14)**

The Committee found that the established and existing strength of officers in Air Force is 12714 and 12142 respectively. As regards airmen, the sanctioned and existing strength is 1,43,964 and 1,37,740 respectively, with a shortage of 6,224 airmen. The Committee were apprised that 8422 airmen trainees are under going training at various institutions. In case of officers, the Committee are given to understand that shortage of 574 is a variable figure depending upon commissioning cycle etc. The Ministry has assured that with proper cadre management planning and implementation, the shortfall is likely to be bridged in due course. The Committee while taking note of the assurance

by the Ministry urge upon the Department to make concerted efforts to fill up all the vacancies in a time bound manner so that operational requirements of Air Force are fully met.

**Reply of the Government**

**– Classified –**

**Trainer Aircraft**

**Recommendation (Para No. 15)**

The Committee note that there is a shortage of trainer aircraft in the Air Force, thereby affecting the training requirements of Air Force personnel. During evidence, a representative of the Ministry while candidly admitting that there is shortage of trainer aircraft, however, he was hopeful that till the such time HTT-40 are inducted in the force, the Kirans will cater to the training requirements. The Committee understand that training at every stage is very crucial for pilots as any lacunae could result into fatalities. Therefore, they recommend that the Ministry of Defence should explore the alternate Mid-level trainer aircraft for Pilots in Air Force till such time, if HTT-40 are not reaching the Indian Air Force (IAF).

**Reply of the Government**

**– Classified –**



## **Air Fields infrastructure**

### **Recommendation (Para No. 16)**

The Committee note that modernization of airfields is taking place in a phased manner. They were informed by the Ministry that currently implementation MAFI, Phase-II is going on and the stipulated time of its completion is October 2024, that besides airfields are being developed at an unprecedented pace. The Committee cannot but emphasize the importance of airfields in military operations as it is now publically known that our adversaries are developing airfields all over the borderline. In such a scenario, it becomes imperative that our airfields are modernized and maintained efficiently. The Committee recommend that essential budget and technological capabilities requirements should be made available to Air Force for developing state-of-art airfields suiting modern warfare.

### **Reply of the Government**

**– Classified –**

## **Indian Navy**

### **Recommendation (Para No. 17)**

Indian Navy carries the herculean task of national defence as Indian Ocean Region have multiple security challenges and nearly 1,70,000 ships transit through various choke points and almost 13000 Ships are in IOR at any given point of time. The Committee on examination of the Demands for Grants of Navy for the year 2022-23, found that in BE under capital head, Navy projected Rs. 67,622.96 Crore as its annual expenditure. Against this projection, Ministry of Defence (MoD) actually allocated Rs. 47,590.99 Crore, leading to a considerable gap of Rs. 20,031.97 Crore. The Committee are of the considered view that continued endeavour for modernization is the quintessence of modern warfare and it goes without saying that newer technologies are substituting conventional war exercises. Therefore, Capital funding should be adequate enough to ensure that Navy embarks on an unhindered modernization drive.

### **Reply of the Government**

In BE 2022-23, Navy has been allocated an amount of Rs. 47,590.99 Crore (i.e. an increase of Rs. 14,337.44 Crore over BE 2021-22) under Capital Head. Incidentally, Navy has got the highest jump in absolute as well as %age terms, in BE 2022-23 over BE 2021-22 allocations under Capital Head. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Navy at Supplementary/RE stage under Capital Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to modernization drive.

### **Budgetary provision of Indian Navy**

### **Recommendation (Para No. 18)**

The Committee note that under Revenue Sector, Navy projected Rs. 34701.66 Crore in BE 2022-23, however, it was allocated only Rs. 25406.42 Crore, resulting a huge gap of Rs. 9295.24 Crore vis-à-vis projection made. During evidence, the representative of the Navy stated that shortfall is mitigated through rationalization and prioritization. The Committee observe that Revenue Budget is used for operation,

training, maintenance, repairs and day-to-day functioning of Navy, which are extremely crucial for the 'Preparedness' of the Service and any inadequacies on this front may lead to accidents and casualties besides, growth in Revenue Budget also needs to factor for inflationary trends. The Committee are of the view that a shortfall to the tune of Rs. 9295.24 Crore may affect day to day functioning and hence anytime operation ability of Navy. Therefore the Committee are of the view that there is a need to review Navy's requirements for essential funds under Revenue Head so that operational preparedness is not affected."

### **Reply of the Government**

The need for adequate budgetary allocations to Navy under Revenue Segment is being highlighted at periodic review stages so as to ensure that operational preparedness of the Navy is not affected. Based on the projections and expenditure incurred by Indian Navy, additional funds were allocated at RE and MA stages in FY 2021-22."

### **Recommendation (Para No. 19)**

In addition to projection and allocation, there is another dimension of budget i.e. spending. On this aspect, the Committee took a serious note of the fact that in case of Capital Head, in 2021-22, the projection made by Navy in B.E. was Rs. 70,920.78 Crore, the final allocation at RE Stage was Rs. 46,021.54 Crore and the expenditure incurred till the end of three quarters i.e. Dec 2021 was Rs. 29,616.00 Crore. The Committee failed to understand when the actual expenditure incurred had been very low, why Navy would make a huge projection of Rs. 70,920.78 Crore at BE stage. The Committee are of the view that Revenue expenditure can largely be estimated properly and realistic calling well in advance and there is not much scope for wide difference between projection made and actual utilization. The Committee urge that Navy shall judiciously make its projections and optimally utilize its resources allocation. The representative of Ministry of Defence during evidence stated that Navy had managed lesser allocations by rationalizing their expenditure and the projects were prioritized so as to reduce avoidable expenses. It was further added that the balance amount left with Navy should be utilized in the next one and a half months. The Committee while taking into consideration the facts mentioned above, comment that Navy shall present a more

rational projection at the time of making budget, otherwise it would lead to irrelevant phenomena of making huge projections and making up with far less amount in hand.

### **Reply of the Government**

The projections made in consultation with each Contract Operating Authority of Indian Navy under Capital Budget are a result of meticulous planning, with due cognisance of outgo towards Committed Liabilities and New Schemes at advanced stages of contract conclusion. The BE 21-22 projections were made in September, 2020 based on then Committed Liabilities and envisaged New Schemes. Subsequently, additional allocation of Rs 15,359.12 Crs was made to IN at RE/ MA 20-21 stages in Jan/ Mar 21, and the budgetary requirements reduced to Rs 62,689.89 Crs for BE 22-23. Notwithstanding, IN incurred expenditure of Rs. 29,616.00 Crs by end Dec 21, which was 95.50% of the BE 21-22 allocation of Rs 31031.02 Crs under Modernisation Segment, resulting in exhaustion of funds under certain Minor Heads. Additional allocation of Rs 12,705.00 Crs was made in Jan 22 (overall allocation of Rs 43,736.02 Crs) and all funds have been utilised by end of FY 21-22.

### **Indigenisation**

#### **Recommendation (Para No. 20)**

In the course of the examination of DFG, the Committee came to know about efforts made by the Navy towards Indigenization. The representatives of Navy deposed that out of 39 ships & submarines presently under construction, 37 are being constructed at various shipyards within the country, and 41 more vessels are planned to be constructed within country. The Committee are pleased to note that naval vessels are largely being manufactured in the country. However, they would like to stress that the combat capabilities of Ships including weapon systems and sensors shall be given more emphasis while constructing the ships. The Committee are happy to note that Navy had shared its weapon and sensor systems requirements with private India Industries, including FICCI & CII, thus instead of import, the indigenization through our own industry is getting priority. The Committee express the hope that with the help of private sector, Navy would be able to obtain various modern state of the art systems, which were available to only few developed nations to protect country's waters. The Committee earnestly recommend that utmost care shall be exercised while sharing

Navy's defence capabilities and scientific roadmap so that adversaries do not use the same in any manner to the detriment of national maritime interests.

### **Reply of the Government**

As recommended by the Committee, utmost care is being exercised while sharing Navy's Defence capabilities and scientific roadmap, to avoid adversaries gaining access to them in any manner to the detriment of National Maritime Interests.

### **Modernisation Budget of Indian Navy**

#### **Recommendation (Para Nos. 21)**

The Committee note with concern that there is considerable under spending in the modernization budget. In the regard, the representative of Ministry submitted that certain contracts are pending and the remaining amount will be utilized for the same. It was added that such contracts were delayed due to Covid impact. The Committee recommend judicious and optimum utilisation of remaining resources by Navy for modernization purposes during the current financial year, so that no balance are left at the end of the financial year. The Committee understand that several modernization and capability building projects of Navy are in the pipeline in consonance with LTIPP 2021-27. They expect that with the newer scientific roadmap based on the latest unmanned systems and technologies, Navy shall constantly keep this modernization drive on move. They express the hope that adequate budgetary provisions shall be continued to support Naval projects/ Programmes.

### **Reply of the Government**

Indian Navy (IN) has completely utilised allocated funds under Modernisation Segment in the last two FYs i.e. FY 20-21 and FY 21-22 including additional allocations at the RE/ MA stages. Further, the enhanced allocation to IN under Modernisation Segment commencing FY 20-21 have reduced the high Committed Liabilities of IN to a large extent, thereby creating adequate Fiscal Space for concluding New Schemes in consonance with LTIPP 2012-27.

## **Force Level**

### **Recommendation (Para No. 23)**

The Committee learnt that many ships, submarines, aircraft etc. are in the process of manufacturing/acquisition by the Navy. Acceptance of Necessity (AoN) has been accorded for 43 ships and 111 Naval utility helicopters to be built indigenously and RFP for the construction of six conventional submarines has also been issued. Contract for delivery of 36 aircraft, including Dornier & Chetak have also been concluded by Navy and 24 MRH are scheduled for delivery from 2022. Case for procurement of 10 Naval Ship borne unmanned Aerial systems is also under contract conclusion stage and 10 HALE RPAs is being progressed for Acceptance of Necessity (AoN). The Committee desire that all the procurement should progress well within the contractual timelines, and it shall be ensured that unnecessary delays do not occur, resulting in loss of national resources.

### **Reply of the Government**

The Committee's recommendations are noted for compliance.

## **Manpower**

### **Recommendation (Para No. 24)**

The Committee found that the sanctioned strength of officers in the Navy (excluding Medical & Dental officers) is 11726 whilst the actual strength is 10169 leading to a shortage of 1557 personnel in this regard, the representatives of Navy submitted to this Committee that Navy is continuously recruiting and making inductions so that the shortfall is being reduced progressively. The Committee further noted that in the case of sailors, the sanctioned strength was 75409, while the borne strength was 63700, leading to a shortage of 15.53%. The Committee were apprised that ample publicity is being made through publications such as 'Joint Indian Navy' & 'Ocean of opportunities' and the response has been remarkably good and as the newer platforms get commissioned, vacancies shall also be fulfilled. Considering the importance of technically trained manpower in the Navy, the Committee recommend that the Ministry of Defence should take all necessary steps towards up-gradation of training programme

based on latest technological developments and extenuating the deficiencies of manpower.

### **Reply of the Government**

1. **Training based on Technological Developments.** Indian Navy (IN) training is aimed at achieving and retaining the skill sets to meet the desired combat standards for operating modern platforms in Service. Periodic review of training, based on induction of new weapon/ sensor systems is being undertaken regularly to keep pace with technology upgradation. In order to meet the requirements, *IN* has adopted certain measures towards maintaining a balance between technological developments and manpower requirement for training. The key measures are highlighted below:-

(a) **Revision of Training Curriculum.** Indian Navy has a robust mechanism for upgradation of training curriculum to meet requirements of modern warfare. The system is based on 360<sup>0</sup> feedback from trainees, trainers and the ships/ units. With advancement in technology and modern techniques, manpower in Indian Navy is trained at par with the best Navies in the world.

(b) **Technicalisation of Navy.** Indian Navy has pursued the objective of 'Every officer a B Tech' over the last decade. This is to enable technicalisation of Indian Navy to meet the requirements of modern technology. B Tech as basic educational qualification for all officers in the Indian Navy was a major initiative and was started at the Indian Naval Academy in 2009 and at NDA in 2016.

(c) **Use of Simulators/ Computer Based Training.** In keeping with advancements in technology, modern and sophisticated training aids, which are miniaturised working models of the equipment, are being inducted into the Navy. Modern simulators for ships, submarine and aviation systems have also been installed at various training establishments.

(d) **Training on Niche Technologies.** In consonance with the Govt of India focus on capacity enhancement in the field of Artificial Intelligence (AI), *IN* has taken steps towards increase use of AI in various fields. Other technologies like Big Data Analytics (BDA), Machine Learning (ML), Operational Research (OR) etc are also being given due impetus. Personnel are being trained on the subject in collaboration with industry

and academia. IITs and other reputed institutes are being engaged for specialised training to equip *IN* personnel with skills and expertise in military decision making with respect to allocation of scarce resources, selection of new equipment and processes, optimal deployment of given resources to achieve required missions.

2. **Extenuating the Deficiencies in Manpower.** Induction of new platforms/ support infrastructure has increased the demand for training progressively over the years, which has not matched with increase in manpower. Numerous measures have been undertaken by the Indian Navy to fill the vacancies and encourage youth to join the Indian Navy viz. enhanced emphasis on improved Image Projection/ Publicity in audio, visual, print, internet, social media, holding of career fairs, exhibitions, motivational lectures in schools and colleges, computer-based online application filling examination. The details are as follows:-

(a) **Indian Navy Website.** The website [www.joinindiannavy.gov.in](http://www.joinindiannavy.gov.in) was revamped with enhanced functionalities, look & feel as well as increased capacity to make it more user friendly and attractive. This has facilitated implementation of recruitment management system and online (paperless) processing of applications for all officer and sailors entries.

(b) **Visit to Schools/ Colleges.** Indian Navy officers visit a large number of schools and colleges across the country, especially their alma-mater to spread awareness.

(c) **MoU with CSC.** As a part of Digital India initiative, GoI has set up Common Services Centres (CSC) in all Panchayats across the country. The CSCs across the country are providing high quality and cost effective video, voice and data services. These also offer web enabled e-governance services, including submission of application forms, in the rural areas. Indian Navy has concluded a MoU with CSC on 27 Nov 17. By doing so, the Navy has extended its recruitment reach to all corners of the country through CSCs. Applicants can take the assistance of any CSC to fill up and submit their online applications against payment of a nominal service fee. This facility is highly beneficial for applicants in rural areas as also those without access to computers or internet.

(d) **Permanent Commission to SSC Officers.** The Government has approved grant of Permanent Commission prospectively to the Short Service Commission officers, for



both men and women. As per the extant policy, SSC officers are being considered for the grant of Permanent Commission subject to the vacancies, merit and willingness in all the applicable branches/ cadres/ specialisations.

(e) **Sainik Schools/ Rashtriya Indian Military College (RIMC)**. Naval officers are appointed to various Sainik Schools and RIMC to motivate the young students to choose Navy as a preferred career option.

(f) **Induction of NCC Cadets**. In order to make naval career more attractive to the country's youth, the *IN* offers incentives to NCC Cadets opting to join the Navy as Officers and Sailors as follows:-

(i) **Officers' Entry**. A total of 12 vacancies out of the 90 annual vacancies of the Graduate Cadet Special Entry Scheme (GSES) are reserved for NCC 'C' certificate candidates. These candidates are exempt from appearing the Combined Defence Services Examination.

(ii) **Sailors' Entry**. The NCC candidates are given additional credit points which are added to the marks obtained in the written examination for preparation of merit. Additional credit of 6, 4 and 2 points are given to NCC 'C', NCC 'B' and NCC 'A' Certificate holders respectively.

(g) **Enhancing Scope of NCC Special Entry Scheme**. In order to encourage larger numbers of NCC cadets to join the Indian Navy, the additional provisions for NCC 'C' certificate holders have been introduced w.e.f. May, 2021. The details are:-

(i) **For Only Men Candidates**. NCC 'C' certificate holders may apply for Direct Entry SSC in X (GS), Hydro, E (GS), E (AE), L (GS), L (AE) Branches.

(ii) **For Men and Women Candidates**. NCC 'C' certificate holder men and women candidates may apply for Direct Entry SSC in ATC, Observers, Logistics, IT, NAIC, Pilots, Sports, NA, Law, Musician and Education Branch.

(iii) Senior Division Army and Air Wing NCC 'C' certificate holders can also apply and avail the relaxations while applying for Direct Entry SSC schemes, in addition to the existing Naval Wing 'C' certificate holders.

(h) **Candidate Friendly Recruitment Process**. In order to connect with the young tech-savvy generation, the Indian Navy's recruitment website has been provided with the facility for filing online applications and forwarding of call letters on email. Further, online access to admit cards, results and merit list has also been introduced. The facility has reduced timelines and enhanced candidate satisfaction, while projecting the Naval recruitment process as transparent and candidate friendly.

(j) **Women Officers**. Women are being inducted into the Navy, as Short Service Commission (SSC) officer in the Executive {Observer, Pilot, IT, Naval Armament Inspectorate Cadre, Air Traffic Controllers (ATC), Law, Logistics, Sports, Musician and Provost (In-Service), Education Branch and the Naval Architecture specialisation of the Engineering Branch}. In addition, induction of women through NDA after 12<sup>th</sup> as cadets has commenced w.e.f. June, 2022 NDA Batch.

(k) **B Tech Degree at INA and NDA**. Over the years Indian Navy has evolved into a technically sophisticated service. To operate in a highly technical environment a need was felt to upgrade the technical knowledge and skills of Naval personnel. Therefore, B Tech curriculum was introduced for officers at Indian Naval Academy (INA) in 2009. B Tech curriculum has also been introduced for cadets at NDA with effect from July, 2016. Award of B Tech degree to 10+2 cadets on completion of four years training at the INA has also helped to attract the youth.

(l) **Miscellaneous Actions**. The Navy celebrates the first week of December every year as the Navy Week. This opportunity is taken to connect with the population of our country. As part of this, the following activities are undertaken:-

- (i) Ships and establishments are kept open to general public to give them an insight of the life on Naval ships and units.
- (ii) Visits of school/college students are organised on board naval ships to educate them on career opportunities.
- (iii) Visits by Naval ships are organised to small and medium ports of the country to facilitate visit by the local population who would otherwise not get this opportunity.

(iv) Medical Camps are organised at remote locations to make the Navy conspicuous and also render social service.

(m) **Image Projection Campaign (IPC)**. The Indian Navy has been undertaking IPCs which are reviewed and refined every alternate year. To reach out and connect to the youth and thereby inspire them to consider the Navy as a career option, various communication mediums such as print, TV, radio, digital cinema, social media platforms, mobile games etc. are being utilised effectively. This has resulted in increased awareness about the Navy which is evident from the upward trend in the number of candidates responding to employment options as officers/ sailors.

(n) **Recruitment Publicity**. Following publicity actions are being undertaken to increase awareness about various entries and jobs in the Indian Navy:-

- (i) Advertisements in print and electronic media.
- (ii) Advertisements on job portals on the internet
- (iii) Advertisements are also being placed in popular magazines/papers with Quick Response (QR) codes.

### **Joint Staff**

#### **Budget**

#### **Recommendation (Para No. 25)**

The Committee note that in the Budget Estimates for 2022-23, Joint Staff has made a projection of Rs. 5473.28 Crore against which an allocation of Rs.4462.35 Crore has been provided leading to a shortfall of Rs. 1010.93 Crore. Considering the ever expanding role and responsibilities of Joint Staff which has a tacit aim of modernization of our Defence Forces, the Committee urge upon the Ministry that adequate budgetary support should be provided to Joint Staff so that operational needs of the organization are satisfactorily met. As the deficit to the tune of almost 20% is likely to hamper the well-conceived goals, the Committee, therefore, recommend that the Ministry may ensure that requisite budgetary allocation to Joint Staff is secured during the year at RE or supplementary budget stage.

## **Reply of the Government**

In BE 2022-23, Jt. Staff has been allocated an amount of Rs. 4,462.35 Crore (i.e. an increase of Rs. 316.09 Crore over RE 2021-22) including both Revenue and Capital Heads. However, the Committee is assured that all efforts will be made to obtain additional funds projected by Jt. Staff at Supplementary/RE stage. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Recommendation (Para No. 26)**

The Committee are of the firm opinion that the allocation of Rs. 4462.35 Crore at Budgetary Estimates stage during 2022-23 is less than BE allocation for 2021-22 which was Rs. 4543.04 Crore. During evidence, the representative of Ministry of Defence, while responding to the concerns of the Committee, stated that there had been marginally lesser expenditure during the previous year. However, as the spending progresses during the financial year 2022-23, any kind of budgetary need would be fulfilled through additional grants at Revise Estimate stage/supplementary stage. The Committee at this stage can only recommend that the Ministry should take up the issue in the right earnest with the Ministry of Finance so that all requisite functional requirements/activities of Joint Staff are fully met and not compromised due to lack of financial support.

## **Reply of the Government**

This Ministry submits the requirements projected by the Services, including Jt. Staff, to Ministry of Finance for favourable consideration. In the pre-budget meeting discussions with M/o Finance, broad reasons for requirements projected by the Services are justified/ elaborated. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc.

2. However, the Committee is assured that all efforts will be made to obtain additional funds projected by Jt. Staff at Supplementary/RE stage. Further, the allocated funds will be optimally utilized towards functional requirements/activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Recommendation (Para No. 27)**

The Committee further note that during the financial year 2021-22, Joint Staff was allocated an amount of Rs. 4543.04 Crore at BE Stage against a projected amount of Rs. 6251.11 Crore. Later, in RE Stage, allocation of Rs. 4146.26 Crore was made. It can be seen that the allocation in RE is Rs. 396.78 Crore less than BE allocation of that year. The Committee have every reason to believe that once the annual expenditure is planned and firmed up, it would become difficult for the organization to run its expenses with reduced allocation of funds. Therefore, they recommend that the Ministry must impress upon concerned Ministry that an allocation committed during BE exercise is not reduced at RE Stage. Otherwise, this would lead to ad-hocism in budgetary exercise of the organization thereby affecting the overall preparedness of the Forces.

### **Reply of the Government**

In RE 2021-22, Jt. Staff was allocated an amount of Rs. 4,146.26 Crore based on the ceilings received from M/o Finance and pace of expenditure during the year. However, in BE 2022-23, an amount of Rs. 4,462.35 Crore has been allocated to Jt. Staff (i.e. an increase of Rs. 316.09 Crore over RE 2021-22).

2. This Ministry submits the requirements projected by the Services, including Jt. Staff, to Ministry of Finance for favourable consideration. In the pre-budget meeting discussions with M/o Finance, broad reasons for requirements projected by the Services are justified/ elaborated. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, including Jt Staff,

taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc.

3. Further, the Committee is assured that all efforts are made to obtain additional funds projected by Jt. Staff at Supplementary/RE stage. The additional requirements projected by the Services are also discussed in detail with Ministry of Finance during pre-budget meeting discussions. Further, the allocated funds are optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Recommendation (Para No. 28)**

Another aspect which has come to the knowledge of the Committee relates to under spending. In the last financial year i.e. 2021-22, it is evident that the organization of Joint Staff had been able to utilize only Rs. 2,504.49 Crore till December 2021, as a result nearly Rs. 1700 Crore still remained to be spent in the fourth quarter of the financial year. The spending slated for last quarter stands at approximately 40% of the allocation at RE stage of Rs. 4146.26 Crore. The Committee are constrained to state that this pattern of bulk spending in the last quarter is not a healthy sign and is against the canon of Financial Expenditure Management Principles. Therefore, the Committee recommend that proper expenditure planning should be devised and implemented during entire financial year, so that funds are utilized within the stipulated time and in the prescribed limits, so that huge unspent balances do not lie in the last quarter of the financial year.

### **Reply of the Government**

As per directions received from Ministry of Finance vide letter No 12(13)-B(W&M)/2020 dated 19.01.2022, Services were to achieve 67% of expenditure till completion of the IIIrd Qtr of FY 2021-22 (i.e. till 31 December, 2021). Joint Staff had achieved the overall target of 61% with 69% expenditure under Revenue. The expenditure under Capital was, however, behind the target, mainly due to restrictions imposed during pandemic.

The Joint Staff has utilized 100% funds allotted for FY 2021-22.

## **Budgetary provision of MES**

### **Recommendation (Para No. 29)**

The Committee note that under Military Engineer Service (MES), Engineer-in-Chief's Branch is responsible for monitoring of budget allocated for Carry Over Capital and certain Heads of Revenue and Maintenance Services for Army only. The allocations for the balance Code Heads of Army and all Code Heads of other Services is carried out to lower MES formations by Service Headquarters through staff channel. The Committee find that under capital head in 2020-21, the budgetary requirement for MES was projected at Rs. 10,462.71 Crore, whereas the actual allocations made was Rs 8833.13 Crore and the utilized amount was only Rs 6604.51 Crore. The reason for low utilization was stated to be due to the delays on account of Covid-19 pandemic. In 2021-22, MES got Rs 9137 Crore out of which only Rs 5876 Crore could be utilized till 31<sup>st</sup> January 2022. During evidence the Committee were informed that the entire budgetary allocations would be utilized by the end of this Financial Year i.e. 2021-22. The Committee are not oblivious of the fact that previous year, the allocated amount was not optimally utilized due to prevailing pandemic situation and this year also funds to the tune of Rs 3261 Crore are yet to be utilized. The Committee recommend that concerted efforts should be made by the Ministry in order to utilize the entire allocated funds in the current FY without fail. The Committee also take note of the fact that six works worth Rs 484.42 Crore and 25 CCS works of 11<sup>th</sup> Plan, amounting to Rs 2397.14 Crore were reprioritized for Army and 57 works worth Rs 2263.71 Crore were reprioritized for Air Force this year also. The Committee note with concern that on one hand, works worth Crores of rupees are getting reprioritized and on the other, funds are left unutilized and eventually surrendered. The Committee recommend that the Ministry should devise a suitable expenditure management mechanism so as to arrest this trend and improve the utilization of capital budget in a scrupulous manner and also strictly adhere to the prescribed timelines and limits of expenditure, within the three quarters and the last quarter of Financial Year, so that the unutilized funds are not surrendered at the end of Financial Year and that the sanctioned works pertaining to the three forces worth Crores of rupees do not get reprioritized.

## **Reply of the Government**

In order to reduce the surrender of funds, a large number of measures have been instituted. Standard Operating Procedure (SOP) on planning, execution and monitoring of works was approved on 18 October, 2021. The SOP gives out clear perspectives, defines responsibilities of users and accountability of MES from conceptualization to completion of works. The SOP also lays down the expected quality of work, time of completion, guidelines for functioning of Station Commander and Project Management Groups (PMG). These include measures to improve monitoring of progress of works and improvement in methodology of execution. In addition to improving the monitoring mechanisms for works through the implementation of Web Based Project Management (WBPMP), MES is gradually adopting the Engineering Procurement and Construction (EPC) mode of execution which is expected to improve overall speed of execution of works and also ensure in complete utilisation of Capital budget.

### **MILITARY ENGINEER SERVICES (MES)**

#### **Budget**

#### **Recommendation (Para No. 30)**

The Committee are dismayed to find that after gleaning through all the material and information provided to them by the Ministry, the figures of Projection and Allocation made for the year 2022-23 under Capital and Revenue Heads (separately and combined) in respect of MES were not provided to them. Needless to say the reasons for the non-submission of this crucial figure be intimated to them, along with the figures relating to the projection made and budget allocation made for MES for financial year 2022-23, at the earliest.

## **Reply of the Government**

The BE projections (Capital and Revenue combined) in respect of all Services for Financial Year 2022-23 were provided as reply to the Supplementary list of points on Demand of Grants in March, 2022. The Service wise works allocations for FY 2022-23 could not be informed as the allocations are made only in the beginning of the Financial Year i.e. in April, 2022. The details of projections made and the budget allocation made for MES for financial year 2022-23 are as under :-



(Rs in Crore)

| Service      | C/o Capital     |                | Revenue        |                |
|--------------|-----------------|----------------|----------------|----------------|
|              | BE Projection   | Allotment      | BE Projection  | Allotment      |
| Army         | 3732.85         | 3855.13        | 2983.99        | 2857.17        |
| Navy         | 1731.00         | 1400.00        | 1979.64        | 1617.80        |
| Air Force    | 5416.79         | 2290.08        | 3267.25        | 2023.93        |
| <b>Total</b> | <b>10880.64</b> | <b>7545.21</b> | <b>8230.88</b> | <b>6498.90</b> |

### **Financial Liabilities**

#### **Recommendation (Para No. 31)**

The Committee note with concern that financial liabilities of MES in respect of works undertaken by them during the last three years are increasing. Till 1<sup>st</sup> April 2021, it was to the tune of Rs 30244 Crore and are pending with Military Engineer Service. The Committee can apparently see that serious efforts were not made by MES for clearance of the financial liabilities in the last few years. The Committee note that the MES has introduced Engineering, Procurement and Construction (EPC) Methodology this year for carrying out the projects in an expeditious manner. They express the hope that the MES will streamline their procedures and functions in a well-organized manner so as to bring down the liabilities this year with the adoption of EPC methodology. The Committee would like to be apprised of the figures of financial liabilities as on 1 April 2022 at the time of furnishing action taken replies to the Committee by the Ministry.

#### **Reply of the Government**

While the total liabilities for the Services remain generally the same as before, there is a qualitative reduction of 12.42% in the execution liabilities for FY 2021-22, which is indicative of the efforts taken in completing the execution of ongoing works. It is also anticipated that change in the mode of execution to EPC Methodology will further speed up the execution of works in FY 2022-23 and will ensure the reduction of liabilities. The financial liabilities as on 01 Apr 2022 are as under :-

(Rs in Cr)

| S. No.  | Service      | Execution Liability | Tender Liability |
|---|--------------|---------------------|------------------|
| (a)   | Army         | 7125.36             | 7579.35          |
| (b)   | Navy         | 1924.28             | 3999.27          |
| (c)   | Air Force    | 5657.69             | 5271.92          |
| (d)   | IDS          | 456.67              | 1493.65          |
|   | <b>Total</b> | <b>15164.00</b>     | <b>18344.19</b>  |
| <b>Financial Liabilities as on 01 Apr 2022 : Rs 33,508.19 Crore</b> |              |                     |                  |

### Recommendation (Para No. 32)

The Committee learn that recently Military Engineer Services has introduced several initiatives for improvement in the execution of works and functioning of the Services. The Committee also note that several initiatives have been taken by MES for cutting down the electricity costs and tariffs for the Defence Personnel in all State/ UTs. In this regard, it was stated that a drive was taken by the Ministry with the Ministry of Power to get a special electricity slab for the Armed Forces. However, the Committee are skeptical owing to the fact that electricity being a State subject arriving at any fruitful or logical conclusion in this regard would be tardy and onerous. Pursuing the matter with all the States and UTs to implement low tariff rates for the Defence Personnel may also have several legal implications as well. The Committee, therefore, recommend that the Solar Photovoltaic (SPV) Projects which are already under implementation by the Ministry of Defence should be introduced on large scale in every State/ UTs which would be very cost effective and eventually fulfill the desired purpose. These SPV projects should be installed at remote locations also so that maximum benefit is passed on to Defence Personal. The Committee would like to be apprised of the action taken by the Ministry in this regard, within three months of presentation of this Report.

### Reply of the Government

The important initiatives undertaken by MES are as under:-

(a) **Solar Photo Voltaic (SPV) Projects by MES.** In the first phase, MES has been entrusted for provisioning of Solar Power Plants across 134 locations of Army, Navy and Air Force in the country on behalf of Ministry of Defence. Out of 145.60 MW of SPV works which are under implementation by the MES, projects upto 106.72 MW capacity

have already been completed while projects upto 38.88 MW capacity are at various stages of implementation.

(b) **Special Electric Slab for Armed Forces**. At most military stations, Armed Forces are placed in bulk mixed load HT Category or equivalent slabs for electric tariff. In addition, no Group Housing Scheme benefit is being accorded to married accommodation complexes. The issue was discussed in the 76<sup>th</sup> Forum of Regulators (FOR) meeting held at Central Electricity Regulatory Commission (CERC) on 01 Oct 2021 and it was concluded that appropriate decision will be taken by the respective State Electricity Regulatory Commission (SERC).

A DO letter has also been written by the Hon'ble Raksha Mantri to all State Chief Ministers and Administrators of UTs on 28.02.2022 requesting them to issue necessary instructions to the State Electricity Regulatory Commissions to consider the MES proposal for creation of a separate tariff slab for the Armed Forces at par or lower than that applicable to the domestic consumers to boost the morale of the Armed Forces Personnel. The Himachal Pradesh Electricity Regulatory Commission has recently issued orders for implementation of domestic rates against bulk supply rates being charged earlier (copy enclosed as Annexure).

### **Recommendation (Para No. 34)**

The Committee note that at present, ECHS Facilities are available in 353 out of 748 districts in the country, leaving out the rest of the districts from the ambit of scheme thereby depriving ECHS facilities to the Ex-Servicemen living in those districts. The Committee further note that at some places Armed Forces Service Hospitals which are well equipped with doctors, nurses, beds and other facilities, are not being utilized optimally. The Committee, therefore, recommend that the Ministry should consider relaxing procedures/rules so that the services of the Armed Forces Hospitals should also be opened to ECHS beneficiaries who are in need of urgent medical care, in the best possible way.

### **Reply of the Government**

(a) ECHS facilities are available in 353 out of 748 districts. The ECHS has 427 Polyclinics to cater to the Ex-Servicemen. Specialized treatment for serious cases

(beyond the facilities available at the Polyclinics) is provided at Military Hospitals and 2046 Empanelled Private Hospitals with valid MoA. Rates for treatment at private hospitals are as per CGHS rates. In case of emergency, members are permitted to avail medical treatment at non-empanelled hospital on payment. Their medical treatment bills are reimbursed at approved (CGHS) rates.

(b) The Scheme has been conceptualised in a manner that the ECHS beneficiaries dependent on the military polyclinics located in the proximity of Armed Forces Medical Services (AFMS) Hospitals are first referred to these hospitals. Only when the treatment at AFMS Hospitals is beyond its capacity due to non availability of beds or capability due to non availability of suitable specialist doctors or equipment that the beneficiaries are referred to empanelled hospitals. Therefore, capacities of the AFMS Hospitals are fully utilized for treatment of ECHS beneficiaries. Approximately 10% beds are utilized for treatment of Ex-Servicemen and their dependents.

### **Ex-Servicemen Contributory Health Scheme (ECHS)**

#### **Budget**

#### **Recommendation (Para No. 35)**

The Committee have come to know that the vacancies for the posts of Office-in-Charge (OIC) of the ECHS Polyclinics are essentially filled by Non-Medical Officers by the Ministry and that Retired Medical Officers are not being considered for the posts, which is paradoxical as professionally qualified Medical Officers are more suitable and qualified for the job. The Committee, therefore, recommend that the Ministry should take steps for filling the vacancies for the position of OIC, ECHS Polyclinics with the available Ex-Servicemen AMC/General Duty Medical Officer (GDMO), etc. The action taken in this regard should be apprised to the Committee within three months of presentation of this report.

#### **Reply of the Government**

Retired Army Medical Corps (AMC)/Army Dental Corps (AD) Officers are presently being employed as Medical Officers, Medical Specialists and Dental Officers in Polyclinics. Non-Medical Officers are appointed as OIC Polyclinics to ensure that qualified professionals are not engaged in routine administrative jobs and their expertise

is used optimally. However, where no non-med officers are available for appointing as OIC Polyclinic, Station Commanders are permitted to employ suitable medical officers if available as OIC Polyclinic provided that vacancies of medical officers of the Polyclinic have been fully utilized.

### **Recommendation (Para No. 36)**

The Committee have come to notice several instances where the ECHS beneficiaries have been denied services by the private empanelled hospitals on one pretext or other. The Committee would like the Ministry to enquire into such complaints and find out the reasons for this shortcoming and apprise the Committee of the same. The Committee would also like the Ministry to address this problem in the right earnest and mitigate the same in the near future. The Committee would like the Ministry to consider the feasibility of having dedicated and Non-lapsable budget exclusively for clearing all pending bills claims at the beginning of the financial year, which should strictly be used for this purpose. If need be, the Ministry should pursue the matter with the Ministry of Finance for additional budgetary allocation at the time of approving Supplementary Grants. The Committee further recommend that the Ministry should issue a stringent advisory to all the Private Empanelled Hospitals to serve the ECHS beneficiaries in all circumstances as per the guidelines and on their part they would settle the bills expeditiously.

### **Reply of the Government**

(a) The complaints regarding denial of services by the private empanelled hospitals to ECHS beneficiaries are examined by the Central Organisation ECHS on priority and necessary disciplinary action is taken according to the level of omission. In order to ensure that there are no instances of denial of service to the beneficiaries measures like timely processing of bills, timely payments and reducing the administrative cost to empanelled hospitals in dealing with ECHS are being implemented.

(b) A strong advisory to all private empanelled hospital has been issued in the past during the Second wave of COVID in May 2021 by the Central Org as well as MoD. Similar advisories and warnings are issued to the empanelled hospitals from time to time on receipt of complaints.

(c) Efforts are being made to ensure that the ECHS gets the desired budget instead of piecemeal allocation at various stages. The suggestion of the Committee regarding feasibility of having dedicated and non-lapsable budget exclusively for clearing all pending bills/claims at the beginning of the financial year will be considered in consultation with the budget authorities.

### **Sainik School**

#### **Budget**

#### **Recommendation (Para No. 37)**

Sainik School Organisation has been expanding since the announcement of the opening of 100 more schools by Finance Minister in her budget speech of 2021-22. Sainik Schools budget was revised to Rs. 300.00 Crore, which was Rs. 137.68 Crore at BE stage. Considering the expansion of Sainik School, the Committee are of the firm view that the organization of Sainik Schools should be provided with requisite funds in consonance with the envisaged development plan. However, to the surprise of the Committee in budget for the year 2022-23, the Committee found that the projection by the Sainik School itself is just Rs. 170.87 Crore while the allocation was yet to be made. The Committee observe that along with opening of new schools it is also equally important to maintain infrastructure and appropriate facilities. Therefore, adequate budgetary inflow should be ensured by the Ministry of Defence for the smooth running of Sainik Schools.

#### **Reply of the Government**

Sainik Schools Society is adequately fulfilling the needs of Sainik Schools. New Sainik Schools are being opened in Partnership mode with NGO/State Govt/Private Schools on approval basis, to be given by Sainik Schools Society. These schools will be run by concerned NGOs/Private/State Government Schools, wherein Govt of India will provide an annual fee support to the students under New School pattern, on Merit-cum-Means, of up to 50% fee (subject to an upper limit of Rs. 40,000/- per student per annum) for up to 50% of class strength (subject to an upper limit of 50 students per class per annum) for the approved school. Moreover, the budgetary inflow provided by MoD is adequate for Sainik Schools. For FY 2022-23, a budget of Rs. 200 Crore has been allocated to Sainik Schools Society.

### **Recommendation (Para No. 38)**

The Committee are given to understand that the budget for Sainik Schools are provided by both Central Government and State Governments. It was submitted by a representative of the Ministry of Defence that funding by State Governments have not only become irregular in the past few years, but their share also plummeted. In 2018-19, the share was Rs. 12620.83 \*~~Cr~~re Lakhs, in 2019-20 it was Rs. 11899.53 \*~~Cr~~re Lakhs, and in 2020-21, it further declined to Rs. 10270.99 \*~~Cr~~re Lakhs. The Committee can well understand the plight of Sainik Schools coming under state, where State Government does not provide timely and necessary funds. In light of this, the Committee would like to recommended that at the time of receiving a request from the state Government, the Ministry of Defence should strictly take up the matter of ensuring provision of predetermined financial share of the State Government and also that the State concerned shall be able to submit its long term funding plan.

### **Reply of the Government**

At the outset, **it is humbly submitted that above figures are in Lakhs not in Crores.** Sainik Schools are opened by MoD on request of concerned State Government. After following laid down procedures for opening of a new Sainik School, a Memorandum of Agreement is signed between MoD and State Government. The MoA defines the role and responsibilities of the MoD and State Govt. The MoA includes the predetermined financial responsibilities and long term funding plan of the State Govt for catering to the specific requirements of the school. Consistent follow up with the respective State Governments is carried out to get the due funds from the State Governments.

### **Recommendation (Para No. 39)**

In the course of examination of Demand for Grants (DFG), the Committee were apprised that post implementation of Sixth CPC and Seventh CPC pay scales, Sainik Schools faced certain financial constraints especially related to payment of additional funds due enhanced salary/allowances. However, with the support of the Ministry of Defence, the Sainik Schools Society was able to prevail over those limitations to a substantial extent. The Committee appreciate the financial support extended by Ministry

of Defence to the Sainik School Society and desire that the remaining budget for settlement of additional funds shall also be expeditiously channelized.

### **Reply of the Government**

The settlement of additional funds towards Pay & Pension has already been settled by MoD by providing grants of Rs. 75.49 Crore to Sainik Schools in the end of FY 2021-22. Sainik Schools Society would like to bring to the kind notice of the esteemed Committee that regular follow up and consistent efforts are underway to get the due funds from the State Governments as per their charter of responsibilities. Moreover, a budget of Rs. 200 Crore has been allocated to Sainik Schools Society in MoD.

2. The recommendation of the Committee has been noted for compliance. The Committee may be assured that additional requirements for Sainik Schools will be projected at Supplementary/ RE stages of the current financial year.

### **Infrastructure**

#### **Recommendation (Para No. 40)**

The Committee note with concern that one of the gross deficiencies noted relates to inadequate infrastructure arrangement in some of the Sainik Schools, specifically in respective cases of Sainik Schools at Rewari, Sainik School Gopalganj, Sainik School East Siang and Sainik School Sujapur Tira. It has been stated by the Ministry that the maintenance of the infrastructure is also the subject of the State Government, however Committee note that the allocation of grants for this purpose also does not meet the actual demand in some of the cases. The Committee while expressing their displeasure desire that a comprehensive plan should be chalked out in this respect. As the number of Sainik Schools would be rising in near future, provision of essential, modern and uniform infrastructure at level of each and every school should be the norm. therefore, the Committee recommend that the Ministry of Defence should vigorously come up with a suitable plan after through discussions with all stakeholders on the issue of maintenance and creation of adequate infrastructure at all Sainik Schools. The Committee would like to be informed about the developments in this regard.



### **Reply of the Government**

MoD is very keen to develop quality infrastructure in Sainik Schools. To overcome the deficiencies related to inadequate infrastructure, every year MoD provides infrastructure grant of **Rs. 1 Crore** to each Sainik School subject to acceptance of the proposal of Sainik Schools. With respect to uniformity in infrastructure of Sainik Schools, the fundamental structure of Sainik Schools is alike as Sainik Schools are established based on a specific Memorandum of Agreement (MoA) format which is signed by MoD and concerned State Govt. However, some differences due to their geographical locations and the level of funding support from concerned State Government might remain.

### **Recommendation (Para No. 41)**

The Committee came to know that as some Sainik Schools are located in far flung areas, therefore making it difficult to attract and retain the best talent of teachers. As the sufficient talent is available across the length and breadth of the country, Sainik Schools should introduce financial incentive to draw the talented people. Further, the Committee opine that Sainik Schools Society can also learn from experience of Kendriya Vidyalayas, where the staff/teachers are rotated on regular basis.

### **Reply of the Government**

Suggestion of the esteemed Committee have been noted.

### **Recommendation (Para No. 42)**

The Committee were apprised that as some Sainik Schools has steadily grown over the years because of their ever-increasing demand, but there has been no concomitant increase in Officers from the Army Education Corps who tenate the post of Principal, Vice Principal and Admin Officer. As a result, on some occasions, the three services face difficulty in sparing officers with the requisite QRs for filling up the post of Principal, Vice Principal and Administrative Officer, Considering the importance of high-quality educators in Sainik Schools, the Committee recommend for reviewing and suitable increasing the strength of officers from Army Education Corps and apprise them of the difficulties being faced in this regard.

### **Reply of the Government**

Recommendation of the esteemed Committee has been noted.

### **Recommendation (Para No. 43)**

As regards, Sainik School, Bijapur, the representative of the Ministry of Defence, candidly admitted that the said school being relatively older, needs infrastructural improvements. However, it was assured that with a significant increase in budgetary support in the past few years, all sorts of infrastructural requirements shall be addressed. The Committee hope that an integrated approach towards holistic infrastructure maintenance and augmentation of all Sainik Schools, including older ones may be undertaken at the Central level. In respect of Sainik Schools, Goalpara, the Committee were informed by the representatives of the Ministry of Defence, that there had been some delay due to the non-provision of funds from the State of Assam. However, with the grant of Rs. 7 Crore and 68 lakh in 2020-21, the developmental work is progressing and the training facilities for NDA & SSB are being developed at the place. The Committee desire that wherever feasible such facilities may also be created in other Sainik Schools and work does not suffer due to lack of funds.

### **Reply of the Government**

MoD closely monitors the infrastructure requirements of all Sainik Schools including the training facilities for NDA & SSB. Effort is made to take prompt action by MoD to cater to the requirements of schools vis-a-vis the budget availability in this regard.

### **Intake of Girl Candidates**

### **Recommendation (Para No. 44)**

The committee, in their earlier Reports, recommended for intake of girl students in Sainik Schools. As per the data furnished by the Committee in academic session 2021-22, 312 girl students had been admitted in class VI in all 33 Sainik Schools. It was found that the government had provided Rs. 109 Crore for creating facilities like a separate hostel with barbed wire fencing, appointment of female employees, separate washrooms in the Hostel, sports fields, auditorium, mess and academic block, installation of CCTV cameras etc. The Committee while taking note of the numerous steps taken by the Ministry of Defence to create the required infrastructure for girl

students, desire that central level visits shall be conducted on a regular basis to monitor the augmentation and sustenance of infrastructural and other facilities incorporated at school levels.

### **Reply of the Government**

Central level visits by Inspecting Officers (Brigadier Level) of Sainik Schools Society are being performed on regular basis to monitor the functioning of Sainik Schools besides update on augmentation of facilities.

### **Recommendation (Para No. 45)**

The Committee also recommend devising a grievance redressal mechanism so that female students/staff can freely register their grievance so as to resolve them objectively. The Committee would like to be apprised about the steps taken in this regard.

### **Reply of the Government**

The grievance redressal mechanism for female students/staff is already in place in Sainik Schools. Female Students/Staff can file/register their complaint to Principal of the Sainik School and also to the Sainik Schools Society, Ministry of Defence.

### **Recommendation (Para No. 46)**

The Sainik School had been “only Boys school” for a very long time. Since induction of girl students had been started recently, therefore the Committee feel that regular orientation/ training programme should be conducted for the faculty/ officials and students so that they can be sensitized towards accommodating and respecting girls in the school. The Committee also desire that such exercise shall be conducted on a regular basis.

### **Reply of the Government**

- i) Orientation / training programme for the faculty / officials and students of all Sainik Schools is conducted on regular basis.

- ii) The Sainik Schools Society organised online Gender Sensitivity Workshop from 19<sup>th</sup> Aug 2021 to 21<sup>st</sup> Aug 2021 for the staff and cadet of Sainik Schools Society. The workshop was conducted by IJAAZAT Foundation. It was attended by 692 teachers from 33 Sainik Schools. Separate sessions were organised for cadets studying in Class IX to Class XII from all the 33 Sainik Schools. A total of 7915 Cadets attended the Workshop.

### **Opening of New Sainik Schools**

#### **Recommendation (Para No. 47)**

Subsequent to announcement of opening of 100 New Sainik Schools in budget speech of 2021-22, Cabinet approved the same on 12 October 2021. Further, it was informed that 379 interested schools spread over 23 States and UTs have registered with Sainik Schools Society so far. The Committee were also apprised by representatives of Ministry of Defence that the New Scheme involves role of State Governments also and the districts across States & UTs are being divided on a pro-rata basis. The Committee desire that more emphasis should be given to the States, especially in North-East States that have no Sainik Schools and also desire that all measures should be taken by the Ministry so that the scheme shall progress within the stipulated time frame. A detailed progress report in this regard may be furnished to the Committee within three months of the presentation of the report.

#### **Reply of the Government**

Observations of the Committee have been noted. Post completion of process, the detailed progress report will be furnished.

#### **Recommendation (Para No. 48)**

While glancing through the documents furnished by the Ministry, the Committee note that Society would provide annual fee support of 50% subject to upper limit of Rs. 40,000 per school. The Committee emphasise that the Ministry of Defence shall endeavour to bring uniformity in the fee structure of various Sainik Schools to the extent possible. Certainly though, allowances etc. cannot be the same, education fee should be similar amongst schools working under the aegis of Sainik Schools Society.

## **Reply of the Government**

New Sainik Schools are being opened in partnership mode and approval will be given by Sainik Schools Society. These schools will be run by concerned NGOs/Private/State Government Schools. Govt of India will provide an annual fee support to the students under New School pattern, on Merit-cum-Means, of up to 50% fee (subject to an upper limit of Rs. 40,000/- per student per annum) for up to 50% of class strength (subject to an upper limit of 50 students per class per annum) for the approved school. The approved schools are expected to devise and follow a transparent fee structure.

**CHAPTER – III**

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE  
GOVERNMENT**

**- NIL -**

## **CHAPTER – IV**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Para Nos. 3 & 4)**

During the discussion on DFG, the Committee were given to understand that in past few years, Indian Army has taken a conscious & deliberate Decision to focus on indigenization. A significant number of acquisition cases which were progressed as global cases are now being realigned as domestic and it takes a little protracted time as it involves production by the Industry of new equipment, its trial, subsequent acceptance and fielding the product for exploitation in forward areas. The representatives of Army further added that in this perspective, the issue of reduction or re-appropriation in capital budget should be seen. The Committee appreciate, the journey of Army towards self reliance and desire that taking a cue from the extant global conflict scenario, the Ministry should take requisite steps to make the Armed Forces optimally self-reliant and it should be given utmost priority.

The Committee were Informed that during the year 2020-21 and 2021-22 (upto 31.12.2021), out of 29 contracts, 19 contracts were signed with Indian vendors for capital procurement of defence equipment such as Tanks, Missiles, Vehicle, Mine ploughs for Tanks, Pinaka System, Secure communication systems, Multimode Hand Grenade (MHHG), weapon locating radars and assault Rifles for Indian Army. The expenditure under capital acquisitions budget for Army during 2020-21 and 2021-22(upto Dec. 2021), on indigenous contracts was Rs. 17,446.83 Crore and Rs. 9946 Crore respectively. The Committee are pleased to find that nearly 80% of current year allocated amount has been assigned for domestic procurements and Army is aligning for encouraging domestic industry. The Committee earnestly desire that the outlay is prudently utilized for force augmentation and-modernisation of the Army in coming times.

## **Reply of the Government**

In line with Government of India's initiative of Atmanirbhar Bharat, MoD vide order dated 10 March 2021 earmarked funds amounting to Rs. 71,438 Cr (64.09 % of the total capital budget) for domestic Capital procurement in 2021-22, which has been increased to Rs. 84,597.89 Cr (68% of the total Capital Acquisition Budget) for the domestic capital procurement in 2022-23. For the Army, total of Rs 25,908.85 Crore has been allotted towards the Capital Acquisition Budget for the year 2022-23 out of which Rs 19,690.73 Crore (76.00%) have been allotted for domestic procurement.

Further, during the last two financial years 2020-21 & 2021-22, out of total 33 army capital acquisition contracts, 23 contracts have been signed with Indian Vendors for procurement of defence equipment.

### **Recommendation (Para No. 22)**

With regard to budget allocation specifically for modernization, the Committee were apprised that Navy has been allocated Rs. 45,250 Crore under BE (Modernisation) in financial year 2022-23. Further, it was stated that the present total committed liabilities stood at Rs. 1,20,890 Crore. Modernization schemes for Rs. 1,99,252 Crore and Rs. 2,50,571 Crore are being progressed for contract conclusion over the next five years. The Committee note with concern that the current outstanding committed liabilities are far more than allocation, therefore, the government has to take care of existing liabilities while making allocations and ensure that uncleared liabilities may not create hindrances in future contract negotiations.

## **Reply of the Government**

In BE 2022-23, an amount of Rs. 45,250 Crore (i.e. an increase of Rs. 14,218.98 Crore over BE 2021-22) was allocated to Indian Navy under Capital Acquisition (Modernization) Head.

2. However, the Committee may be assured that all efforts will be made to obtain additional funds projected by Indian Navy at Supplementary/RE stage under Capital Acquisition (Modernisation) Head. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure



that urgent and critical capabilities are acquired without any compromise to operational preparedness and future contract negotiations.

### **Recommendation (Para No. 33)**

The Committee note that in 2020-21, ECHS was allocated Rs. 5321.28 Crore at Modified Appropriation stage, but the actual utilization was only Rs. 4579.63 Crore. The Committee are dismayed to find that despite rise in the number of patients due to the COVID pandemic and pendency of bills, the allocated funds could not be fully utilized and had to be surrendered at the end of the financial year 2020-21. The Committee further note that in 2021-22 after RE allocation of Rs. 4412.51 Crore, the Ministry had put forth demand for additional funds to the tune of Rs. 550 Crore taking the total projected demand to Rs. 4962.51 Crore. However, the total utilization of funds up to 31<sup>st</sup> January, 2022 stood at Rs. 3882.20 Crore. Taking into account the huge pendency of bills with ECHS pertaining to ECHS empanelled hospitals as well as ECHS beneficiaries, the Committee urge the Ministry that the additional allocated funds in 2021-22 should be judiciously and fully utilized to clear all the pending bills. The Committee are very perturbed to note that huge pendency of bills is stated to be the reason for big and multispecialty hospitals for opting out from providing services under ECHS Scheme thereby depriving the ECHS beneficiaries of the super specialist medical facilities. The Committee recommend that the Ministry should streamline and simplify their procedures so as to ensure full utilization of funds in 2021-22 as the scheme is related with the Welfare of Ex-Servicemen of our country and it should unfailingly serve this purpose. The Committee would like to be apprised of the total outstanding dues towards empanelled and ECHS private hospital and beneficiaries and the steps taken to liquidate the arrears.

### **Reply of the Government**

Against the total budgetary allotment of Rs. 4870.75 Crore during the last Financial Year 2021-22, an amount of Rs 4860.54 Crore has been fully utilized by 31.03.2022. The details of pending bills of ECHS beneficiaries and private empanelled hospitals as on 6.4.2022 are as under:

| <b>S. No.</b> | <b>Bill Type</b>          | <b>Number of Bills</b> | <b>Amount (in Cr)</b> |
|---------------|---------------------------|------------------------|-----------------------|
| (a)           | Individual Bills          | 75,595                 | 212.33                |
| (b)           | Empanelled Hospital Bills | 7,24,943               | <b><u>1856.58</u></b> |

**CHAPTER – V**

**OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT  
HAVE FURNISHED INTERIM REPLIES/REPLIES AWAITED**

**-NIL-**

**STANDING COMMITTEE ON DEFENCE (2022-23)**

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON DEFENCE**  
**(2022-23)**

The Committee sat on Tuesday, the 20<sup>th</sup> December, 2022 from 1500 hrs. to 1700 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI JUAL ORAM**

-

**CHAIRPERSON**

**MEMBERS**

**Lok Sabha**

2. Shri D.V. Sadananda Gowda
3. Shri Annasaheb Shankar Jolle
4. Shri Rattan Lal Kataria
5. Shri Durai Murugan Kathir Anand
6. Kunwar Danish Ali
7. Smt. (Dr.) Rajashree Mallick
8. Shri Reddeppa Nallakonda Gari
9. Shri Anumula Revanth Reddy
10. Shir Jugal Kishore Sharma
11. Dr. Shrikant Eknath Shinde
12. Shri Prathap Simha
13. Shri Brijendra Singh
14. Shri Durga Das Uikey

**Rajya Sabha**

15. Shri Sushil Kumar Gupta
16. Shri Kamakhya Prasad Tasa
17. Dr. Sudhanshu Trivedi
18. Smt. P.T. Usha
19. Shri G. K. Vasani
20. Lt. Gen. (Dr.) D.P. Vats (Retd.)

**SECRETARIAT**

1. Smt. Suman Arora - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee convened to have briefing by the representative of Ministry of Defence on the subject 'A review of functioning of Zila Sainik Boards in the country' and adoption of two draft Action Taken Reports. Thereafter, the Chairperson welcomed the representatives of the Ministry of Defence and drew their attention to Directions 55(1) and 58 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings of the Committee.

3. \*\*\*\*Does not pertain to the report\*\*\*\*\*

4. The Committee then took up the draft Reports on the following subjects for consideration:

- (i) Action Taken by the Government on the Observations/Recommendations contained in the Twenty-seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)'; and
- (ii) Action Taken by the Government on the Observations/Recommendations contained in the Twenty-seventh Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 21)'.

After some deliberations, the Committee adopted the Reports without any changes/modifications. The Committee authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.

6. A copy of verbatim record of the proceedings has been kept.

The Committee then adjourned.

## APPENDIX II

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE TWENTY-SEVENTH REPORT OF STANDING COMMITTEE ON DEFENCE (17<sup>TH</sup> LOK SABHA) ON 'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2022-23 ON ARMY, NAVY, AIR FORCE, JOINT STAFF, MES, ECHS AND SAINIK SCHOOLS (DEMAND NOS. 20 AND 21)'**

- 1. Total number of recommendations 48**
  
- 2. Observations/Recommendations which have been accepted by the Government (Chapter II):**  
  
**Para Nos. 1,2,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,23,24,25,26,27  
28,29,30,31,32,34,35,36,37,38,39,40,41,42,43,44, 45,46,47,48**  
  
**Total : 44  
Percentage: 92%**
  
- 3. Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government Chapter III):**  
  
**Para Nos. -Nil-**  
  
**(Total - Nil)  
Percentage: 00%**
  
- 4. Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee (Chapter IV):**  
  
**Para Nos. 3,4,22,33**  
  
**(Total - 04)  
Percentage: 8%**
  
- 5. Observations/ Recommendations in respect of which Government have furnished interim replies/replies awaited (V):**  
  
**Para Nos. -Nil-**  
  
**(Total - Nil)  
Percentage: 00%**