

Provisioning, Procurement and Issue of High Altitude, Clothing, Equipment, Ration and Housing.

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 55th Report (17th Lok Sabha)]

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

EIGHTY-SECOND REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

EIGHTY-SECOND REPORT

PUBLIC ACCOUNTS COMMITTEE **(2023-24)**

(SEVENTEENTH LOK SABHA)

**Provisioning, Procurement and Issue of High
Altitude, Clothing, Equipment, Ration and
Housing**

MINISTRY OF DEFENCE

[Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 55th Report (17th Lok Sabha)]



Presented to Lok Sabha on: 18.12.2023
Laid in Rajya Sabha on: 18.12.2023

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2023 /Agrahayana, 1945 (Saka)

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**Not appended to the Report*

Composition of the Public Accounts Committee (2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Shri Pratap Chandra Sarangi
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohli
17. Dr. K. Laxman
18. Shri Sukhendu Sekhar Ray
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

Secretariat

1. Smt. Bharti S. Tuteja - Director
2. Ms. Malvika Mehta - Under Secretary

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorised by the Committee, do present this 82nd Report (Seventeenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their 55th Report (Seventeenth Lok Sabha) on “Provisioning, Procurement and Issue of High Altitude, Clothing, Equipment, Ration and Housing” relating to Ministry of Defence (Department of Military Affairs).

2. The Fifty-fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 14th December, 2022. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the draft Report at their Sitting held on 14th December, 2023. Minutes of the Sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifty-fifth Report (Seventeenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI:
14 December, 2023
23 Agrahayana 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

CHAPTER – I REPORT

This Report of the Public Accounts Committee deals with action taken by the Government on the Observations/Recommendations of the Committee contained in their Fifty-fifth Report (Seventeenth Lok Sabha) on 'Provisioning, procurement and issue of High Altitude Clothing, Equipment, Ration and Housing' relating to Ministry of Defence, Department of Military Affairs.

2. The Fifty-fifth Report (Seventeenth Lok Sabha) was presented to the Parliament on 14.12.2022. It contained 22 Observations/Recommendations. Action Taken Notes have been received from the Ministry of Defence, Department of Military Affairs in respect of all the Observations/Recommendations and are broadly categorised as follows:-

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|-------|--|---------------------------|
| (i) | Observations/Recommendations which have been accepted by the Government
Para Nos. 2-8, 10-22. | Total: 20
Chapter II |
| (ii) | Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government
NIL | Total: Nil
Chapter III |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration
Para Nos. 1 and 9. | Total: 02
Chapter IV |
| (iv) | Observations/Recommendations in respect of which the Government have furnished interim replies
NIL | Total: Nil
Chapter V |

3. The detailed examination of the subject by the Committee had revealed that there were instances of delays stretching upto four years in procurement of clothing items from the time of 'Acceptance of Necessity' (AoN); there were inordinate delays in receipt of contracted items from Ordnance Factories; delayed procurement action and delayed receipt of contracted items that led to acute shortage of essential clothing and

equipment items and adversely affected timely issue of the same to the troops; health and hygiene of troops stationed at high altitude areas was reportedly affected as a result of procedural delays, non-supply or supply of recycled or alternate items at the time of need; lack of Research and Development by defence laboratories and failure in indigenization resulted in prolonged and continued dependence on import; substitutes in lieu of scaled items were authorized in a given percentage on cost-to-cost basis which affected the quantity of calorie intake of troops in high altitude areas; the project for improving housing conditions of the troops in high altitude areas was executed in an ad-hoc manner; despite incurring an expenditure of Rs.274 crore, the pilot project was not successful; execution of works and subsequent handing over of assets for use to the units in the most formidable climatic conditions was inordinately delayed and, the Numerical Assets Register(s) (NAR) were not being maintained leading to gaping discrepancies between the assets shown in NAR and those on the ground etc.

4. Based on the examination of the subject, summarized account of some of the important Observations/Recommendations made by the Committee in their Fifty-fifth Report are shown as under:-

- Separate budget heads for clothing, equipment, ration and housing for high altitude areas would help the troops in being provided with commensurate clothing, equipment, housing facility and ration.
- Economies of scale may be built into the procurement process to lower costs and the task of building reserves may be completed within a specific timeframe.
- A distinction may be drawn in clear terms between 'shelf life' and 'serviceability' which would better indicate the usability of a product after due inspection. Regular reviews of the stock in hand may be carried out and the same may be rationalized as per current/ projected requirements. All efforts may be made to fully implement phase III of CIG.
- Revision of the DPM-2009 may be done in view of the changes in requirements of the Army, changes in the sources of procurement, indigenisation of products and the fact that the erstwhile Ordnance Factories have been converted into new defence PSUs etc.
- Accurate data may be provided to Audit. Steps may be taken to ensure that boots and other such items of similar category are retained by the troops at high altitudes.
- Ministry may consider overhauling the contracting process between the Ministry and vendors where there are more built-in contractual responses and contractual liabilities on the vendors and the contracts are not open to subjective interference or interpretation. Ministry/ Army may sign contracts for longer periods with appropriate performance/ product guarantees as constituent provisions of the

contract. A mechanism may be evolved to ensure outcome oriented monitoring of expenditure and revenue and capital procurement.

- With higher delegation of powers and more freedom in decision making, the new DPSUs may expedite their procurement processes so that the lacunae ailing the erstwhile ordnance factories do not continue to persist. The Ministry may handhold the new DPSUs for the same.
- Ministry/ Army may take necessary steps towards increasing staff strength, improving testing facilities, ensuring adequate number of samples and computerizing the process of trials and formulation of technical specifications. Ministry may collaborate with friendly countries with similar terrain/ geographical conditions and learn from their experiences.
- While noting the various steps taken by the Ministry viz. acceptance of vendor certification for non-critical parameters and use of simulation techniques; conduct of concurrent trials, where feasible; provisioning of maximum advance information about trial methodology during Request for Proposal stage; and hand holding of vendors to enable 'in-situ' rectification of equipment, the Committee desired to be apprised of the resultant effect of the measures so taken.
- Directorate General of Quality Assurance may be brought under the Services to make it more responsive and accountable.
- Comprehensive review of requirements may be made for all high altitude areas and the products be procured accordingly to meet the needs.
- Testing procedures/ standards may be streamlined.
- Indigenization should be coupled with in-house surge capacity in the country while maintaining quality of indigenised products at par with international standards and adhering to the specifications suggested by troops serving in such geographically difficult and hostile conditions.
- Ministry may devise ways and means to reduce the timelines of contracting processes. The Committee recommended that periodic reviews/ feedback from troops deployed at high altitude areas should be taken to comprehend the issues in entirety i.e. taste, quality and hygienic condition of the rations being provided to them and recommend carrying out improvements, as may be found to be necessary.
- The Committee wished to be apprised of the status construction of habitats for troops in Eastern Ladakh. The Committee desired that the Ministry be pro-active in using expertise available in various Indian institutions including IITs to the fullest extent.
- Mechanism to hand over assets immediately following the completion of the work may be followed scrupulously and measures be taken to carry out inspection of the completed assets/ work expeditiously.
- Setting up of digitalized e-NAR and the process may be completed in a time bound manner.
- Medical facilities being provided to the troops at forward locations may be made more comprehensive so that the soldiers do not have to risk hazards of health.

- Oil PSUs may construct more underground storage tanks as part of their CSR activities. Ministry to explore the possibility of other energy sources based on solar, wind and other hybrid based technologies with the help of PSUs under the Ministry of New & Renewable Energy to minimize dependence on Kerosene based Bukharies.

5. The Action Taken Notes submitted by the Ministry on the Observations/Recommendations of the Committee contained in their Fifty-fifth Report (Seventeenth Lok Sabha) have been reproduced in the relevant Chapters of this Report in the succeeding paragraphs. The Committee will now deal with the Action Taken by the Government on some of their Observations/Recommendations made in the original Report which require reiteration/merit comments.

6. The Committee desire the Ministry of Defence, Department of Military Affairs to furnish Action Taken Notes in respect of Observations/Recommendations contained in Chapter I within six months of the presentation of the Report to the House.

Recommendation No. 1- Budget for clothing, equipment, ration and housing in High Altitude Areas

7. The Committee note that there is no separate allotment for expenditure on clothing, equipment, ration or housing for high altitude areas. The expenditure on High Altitude Clothing and Equipment (HACE) is met from allotment of 'General stores and clothing' which also caters to requirements of the Army as a whole. For housing, the Committee note that the Operational Works procedure is a special provision which primarily caters for creation of infrastructure along the borders and includes high altitude areas. The Committee note that Operational Works has a separate budget head and is allotted on an average Rs. 800 Crore out of which Rs. 400 Crore is spent for troop formations deployed along the Northern Borders. The Committee note the Ministry's contention that with regard to rations, budget allocated is sufficient and no separate allotment in the budget for high altitude rations is required. The Committee also note that funds are allocated as part of the Army budget in various Minor Heads, Sub Heads and Code Heads and that the bifurcation of existing Code Heads are need based and not terrain/region based.

While acknowledging the fact that the Government has authorized clothing, equipment and ration at enhanced/ enriched scales for the troops operating at high altitudes, the Committee, nevertheless feel that it may be preferable to have special provisioning for soldiers safeguarding our country in the inhospitable and icy climatic conditions of high altitude areas where the temperature falls to as low as minus 50

degree Celsius. This becomes even more crucial in view of the threat to India's borders, owing to which our troops are constantly in a state of alert for protecting the country's borders. The Committee, therefore, express the view that it may be ideal to have separate budget heads for clothing, equipment, ration and housing for high altitude areas. Having separate heads of budget amounts, the Committee feel, would help the troops in being provided with commensurate clothing, equipment, housing facility and ration. This will go a long way in enabling our soldiers to effectively withstand the harsh and inclement weather of high altitude areas.

8. The Ministry of Defence, Department of Military Affairs furnished the following action taken replies to the recommendation of the Committee:-

"Funds are allocated as part of the Army budget in various Minor Heads, Sub Heads and Code Heads. The bifurcation of existing Code heads are need based and not terrain/ region based.

There has not been a single instance wherein limitation of budget has affected the procurement of special clothing and equipment or its availability with the troops deployed in high altitude areas facing harsh and inclement weather. Extreme Cold Clothing & Equipment (ECC&E) and Special Clothing Mountaineering Equipment(SCME) provisioning and procurement is not constrained by budgetary allocations. Therefore creation of separate budget head for ECC&C and SCME would not affect their provisioning and procurement in any manner."

9. Audit made the following observations:-

"Ministry's statement that provisioning and procurement of high altitude clothing and equipment are not constrained by budgetary allocations is not consistent with their earlier reply (March 2019) regarding shortage in AHQ reserve of ECC & E wherein they had stated that budgetary constraints led to cuts in quantity being procured. (Paragraph 2.2.1 (i) of the CAG report No. 16 of 2019 refers)."

10. The Ministry gave the following response to audit remarks:-

"It is confirmed that presently all efforts are being put in for procurement of SCME items for building up stocks as per yearly authorization of troops deployed in Super High Altitude Areas and also 100% reserves as authorized. There are presently no constraints of budget whatsoever and creation of separate budget head for ECC & C and SCME is not required for ensuring procurement of ECC & C and SCME as per authorized quantities."

11. The Committee had noted that funds are allocated as part of the Army budget under various Minor Heads, Sub Heads and Code Heads and that the bifurcation of existing Code Heads are need based with terrain/region not having any separate or distinct categorisation or recognition. While acknowledging that the Government had authorized clothing, equipment and ration at enhanced/enriched scales for the troops operating at high altitudes, the Committee, had felt

that it may be preferable to have special provisioning for soldiers safeguarding our country in the inhospitable and icy climatic conditions of high altitude areas. The Committee had recommended that it may be ideal to have separate budget heads for clothing, equipment, ration and housing for high altitude areas. In response, the Ministry has reiterated its reply that bifurcation of existing Code heads are need based and not terrain/ region based. The Ministry has further submitted that there has not been a single instance wherein limitation of budget has affected the procurement of special clothing and equipment or its availability with the troops deployed in high altitude areas and that creation of separate budget head for ECC&C and SCME would not affect their provisioning and procurement in any manner. The Committee, however, wish to point out that various instances of procedural delays, non-supply or supply of recycled or alternate items at the time of need were highlighted during Audit. Further, as per Audit Ministry's statement that provisioning and procurement of high altitude clothing and equipment are not constrained by budgetary allocations is not consistent with their earlier reply (March 2019) regarding shortage in AHQ reserve of ECC & E wherein they had stated categorically that budgetary constraints led to cuts in quantity being procured. The Committee while noting from the Ministry's reply that there are presently no constraints of budget and creation of separate budget head for ECC & C and SCME is not required for ensuring procurement of ECC & C and SCME as per authorized quantities are of the considered view that having separate budget heads/ sub heads will not only help the Ministry in maintaining funds commensurate with the requirements in respect of clothing, equipment, housing facility and ration in high altitude areas but also enable the senior officers in monitoring the expenditure incurred against the funds allocated, making proper estimations and timely revisions. The Committee, therefore, reiterate their recommendation for creating and maintaining separate budget heads/ sub heads for clothing, equipment, ration and housing for high altitude areas.

Recommendation No. 3 - Issue and holding of shelf-life expired items-Serviceability

12. *The Committee are concerned to note that a huge amount of life saving and essential items under SCME Category-II worth Rs.43.60 lakh with expired shelf life were issued after receiving release orders by AHQ. Further, stores amounting to Rs. 30.31 lakh were lying in stock after completion of shelf life/expiry date. As another example,*

against the expired 6025 numbers of Fire Star Refill Tubes kept since 2012, 551 numbers were issued to the units and balance 5474 were in stock as of July 2018. The Committee note that the only reason given for issue of such a huge quantity of items with expired shelf life was that the depot was only a stocking echelon and all receipts/issues from the depot were based on release orders from higher formations. The Committee fail to understand why such a huge quantity of stocks were procured/held when they were not issued/required for long.

The Committee also observe that Advance Base Ordnance Depot (ABOD 'B') was holding 19 items (one Mattress Kapok-MK-II and 18 different sizes of Boot Combat RW HA) of shelf life expired condition valuing Rs. 4.59 crore. The Committee note from the Ministry's reply that shelf life is only a guideline and items were stocked properly in proper storage accommodation and were held in serviceable condition. Expiry of an item is declared when it has not been found fit for operational use after due inspection by qualified board of officers. In view of the explanation of the Ministry, the Committee recommend that a distinction may be drawn in clear terms between 'shelf life' and 'serviceability' which would better indicate the usability of a product after due inspection. The Committee also desire that regular reviews of the stock in hand may be carried out and the same may be rationalized as per current/ projected requirements.

In this regard, the Committee note that Central Inventory Control Group (CICG), an automated centralized database for effective inventory management and procurement has been created to mitigate such issues of holding excess and expired/non-serviceable stock. The Committee observe that first phase of CICG has been completed and second phase has been rolled out and is under 'operations and maintenance stage' up to July 2025. On completion of Phase III, computerization of all India inventory visibility will be achieved and Phase III is at grant of Acceptance of Necessity (AoN) stage and its roll out is expected to commence 17 months after AoN is accorded and is to be deployed fully in the subsequent 24 months thereafter. The Committee desire that all efforts may be made to fully implement phase III of the project as planned and trust that following the roll out, instances of shortage/wastage of stock will be obviated and there would be gainful utilization of all inventory. The Committee may be apprised of the stage-wise status of implementation of the project.

13. The Ministry of Defence, Department of Military Affairs in their Action Taken Notes have submitted as under:

"The procurement of items is undertaken based on past wastages experience as the future wastage cannot be accurately predicted. In the instant case, subsequent usages were less than that estimated. However, restricting procurement for fear of shelf life expiry may result in denial of stores to troops deployed under critical conditions, which can adversely affect operational preparedness and is therefore not acceptable.

The shelf life is only a guideline for usage of equipment and does not explicitly imply immediate down-gradation of equipment post expiry of shelf life. The principle is followed for all warlike stores including sensitive items like ammunition, where shelf life is extended repeatedly post its serviceability state evaluation, for gainful utilization. It is reiterated that there is a clear distinction

between 'shelf life' and 'serviceability' of an item. Following the extant principle in letter and spirit ensures that no unserviceable item is ever issued to the troops.

It is once again clarified that the concern raised is not about 19 items, rather two items (a) Boot Combat RI (18 different sizes) and (b) Mattress Kapok Mk-II, which were transferred to Northern Command for their gainful utilization. Moreover, regular reviews of the stock, as desired by the Committee, are being carried out, which form the basis for projecting requirements.

As highlighted by the Committee, Computerized Inventory Control Project (CICP), an automated centralized database, has been created for effective inventory management and procurement. Its first phase has been completed and second phase has been rolled out and is under stabilization till year 2025. On completion of third phase, all India visibility will be achieved which would significantly contribute to efficient management and gainful utilization of stocks.

”

14. Observing that a huge quantity of stocks were procured/held when they were not issued/required for long, the Committee had recommended that a distinction may be drawn in clear terms between 'shelf life' and 'serviceability' which would clearly indicate the usability of a product after due inspection. The Committee had also recommended that regular reviews of the stock in hand may be carried out and the same may be rationalized as per current/ projected requirements. It is observed that Ministry is carrying out regular reviews of the stock, as desired by the Committee, which form the basis for projecting requirements. The Committee, while opining that to ensure usability of a product post expiry of shelf life, regular and timely reviews of such items are essential desire that comprehensive guidelines may be formulated for prescribing periodicity of review and storage conditions to ensure that only serviceable items are lying in the stock for further issuance.

The Committee had further desired that all efforts may be made to fully implement phase III of the Central Inventory Control Group (CICG) project and that they may be apprised of the stage-wise status of implementation of the project. The Ministry has apprised that first phase of CICG has been completed and second phase has been rolled out and is under stabilization till year 2025. On completion of third phase, all India visibility will be achieved which would significantly contribute to efficient management and gainful utilization of stocks. The Committee desire to be apprised of the timelines of completion of phase- III of the project and the results of phase –II of the project.

Recommendation No. 9 Quality Control

15. *The Committee had noted that absence of well-defined Qualitative Requirements/ General Staff Qualitative Requirements (QR/GSQR) for special clothing had for long been identified as a handicap/ disincentive in quality issues in procurement. Broad technical specifications were being used in place of QRs and GSQRs for special clothing items which were not formulated due to peculiar nature of these items. It was admitted by the Ministry that the existing system had led to narrow vendor base for most of the special clothing items. It was stated that efforts were underway to formulate GSQRs as well as important qualifying specifications of all items of special clothing. The Committee had noted that based on the GSQR and other important qualifying technical specifications prepared by Army HQ, detailed technical specifications of SCME would be formulated by DGQA. However, only provisional technical specifications were formulated by the DGQA for 11 items viz. Avalung-II, Boot Multipurpose, Ice Axe, Boot Crampons, Gloves Outer, Gloves Inner, Modular Gloves, Rucksack, Jacket Down, Trouser Down (JDTD) and Snow Goggles.*

The Committee had observed one such instance where 'Face Mask for Extreme Cold Weather' was not found acceptable to troops but was continued to be provided to the soldiers. Troops were constrained to use a Face Mask which they did not find to be suitable. The Committee had noted from the information furnished by the Ministry that the face mask that was sought to be changed was designed by DRDO/ DMSRDE, and tried and approved before it was procured and supplied. The same was accepted by way of 'quality assurance' by DGQA. Since, the identification and approval of an alternative was delayed, continued supply of existing product till an improved product was made available to the soldiers after trials was essential with a view to avoid break in supplies. The Committee had also noted that subsequently an improved product had been introduced and supplied to the troops. This issue raised concerns relating to the nature of quality assurance offered by DGQA as also the research undertaken by DMSRDE. With regard to formulation of technical specifications, as had been brought out in the various interactions with the Ministry, the Committee had desired that the Directorate General of Quality Assurance be brought under the Services so as to make it more responsive and accountable.

16. The Ministry submitted the following in their action taken replies:-

"The process for switching over to common/ generic specifications based procurement has already been initiated. Presently all Extreme Cold Clothing & Equipment (ECC&E) items and 36 out of 57 Special Clothing Mountaineering Equipment (SCME) items are being procured based on detailed common/ generic specifications.

It is reiterated that Product Improvement (PI) is a continuous process which is undertaken to improve the quality of an item. Undertaking PI for an item neither makes the in-service item sub-standard nor its procurement is discontinued straightaway on receipt of request for its PI. Instead the item remains current and

part of inventory to avoid disruption in supply till regular supply of improved item commences. Thus PI is not connected to quality assurance activity by DGQA.”

17. Audit made the following observations:-

"Ministry may please state whether these 57 (SCME) and all (ECC&E) items were found satisfactory by the users."

18. The Ministry gave the following response to audit remarks:-

"It is submitted that bulk supplies to the troops are made only after the troops have approved the sample of an item during user trials/ wider user trials. No supplies are made of those items which are found unsatisfactory by the troops during trials. The troops have the liberty to raise defect report for an item during exploitation stage also. However no such reports have been received from the user."

19. Observing that limited technical specifications were formulated by the DGQA for 11 items and products whose quality was not accepted by the troops were accepted in terms of quality assurance by the Directorate General of Quality Assurance as well as on the basis of various interactions with the Ministry, the Committee had desired that the Directorate General of Quality Assurance be brought under the Services so as to make it more responsive and accountable. The Committee note from the reply of the Ministry that Product Improvement is a continuous process and it is not connected to quality assurance activity by DGQA. However, the Committee note from the Charter of DGQA that DGQA is to adopt a proactive approach in all interactions with the customer, and meet the customers' requirements in a professional manner and that all technical advice and inputs are to be rendered keeping in view the overall perspective and in the time frame as per users expectations. The Committee are, therefore, of the considered opinion that DGQA cannot be absolved of its responsibilities as it was the duty of DGQA to interact with the users and meet their requirements keeping in view the overall aspects. Noting the Ministry's submission that presently all Extreme Cold Clothing & Equipment (ECC&E) items and 36 out of 57 Special Clothing Mountaineering Equipment (SCME) items are being procured based on detailed common/ generic specifications, the Committee are of the considered view that the DGQA has to play a more proactive role to meet the users' requirements in a professional manner and hence, the Committee reiterate that Directorate General of Quality Assurance be brought under the Services in order to make it more responsive and accountable.

Recommendation No. 11 Acceptance of rejected rucksacks

20. *The Committee had noted that MGO EM Dte concluded a contract for supply of 67,066 rucksacks for which Pre Despatch Inspection (PDI) of the consignment was to be done at seller's premise to check compliance of the specifications. Further, on receipt of the consignment at buyer's premise Joint Receipt Inspection (JRI) was to be done for quantitative and functional parameters of the stores as well as testing of material and dimensions as per specification. Only in case the store was found acceptable during PDI jointly by DGQA and seller's representative, the JRI would be restricted to visual examination.*

The Committee had observed that the first consignment was found acceptable in PDI and PDI was not carried out for the subsequent consignments. The DGQA had sent samples of the second and third consignments to two laboratories who reported that there was percolation of water drops through the fabric. The Committee had noted that based on the lab reports, DGQA had rejected both the consignments in JRI. The Committee had noted that on the objection raised by the seller firm, the Empowered Committee (EC) had decided to retest the samples from a different laboratory, which passed the samples. The EC had decided to conduct re-JRI based on the retesting reports and in the re-JRI, the consignments had been accepted. The Committee had noted with consternation that in all three consignments, the samples had been first rejected when DGQA adopted the test procedure (ISO 811 standard) as per the contract, but were accepted after retesting (AATCC 127) in a different laboratory which apparently is a deviation from the 'contract provisions'. This led to "acceptance" of the rucksacks. The Committee had failed to understand why a test method, which was not stipulated in the contract, was adopted. If, as the DGQA had certified, the alternate testing method i.e. AATCC (American) test was identical to the testing methods mentioned in the contract, then the issue of why this was not included in the contract would arise.

The Committee had also been aghast at the conflicting replies the Ministry had provided on different occasions. While, at first, it had been informed that the store items were accepted to overcome the possibility of anomaly and to avoid litigation; subsequently, it was stated that the actual test results formed the basis for deciding on acceptance of the store item.

While noting the reply of the Ministry that Empowered Committee now closely monitors testing in PDI and JRI and all discretions exercised by DGQA have been curtailed, the fact remained that it was the EC that decided on retesting of the samples from a different laboratory. The Committee had desired that the matter be looked into in detail and they be apprised of the factual details of the matter. The Committee had further desired that the testing procedures/ standards be streamlined and specific efforts made to obviate such instances in future.

21. In response, the Ministry submitted the following written replies:-

“The, Empowered Committee for SCME has been dissolved w.e.f. 08th July 2022. All SCME procurement now is being undertaken in accordance with the Financial Powers, delegated, as per DFPDS-2021.

Since ex-import procurement has been ceased w.e.f. December 2021, PDI and such like activities have been completely ceased which obviates occurrence of such incidents in future.

The audit conclusion that inferior stores, which were rejected initially and accepted subsequently after retesting, has not been proven after usage.

The minutes of EC meetings indicate that decision of retesting was not uni-dimensional to avoid litigation, but was a holistic decision based on essential need for continuity of supplies, efficacy & similarity of both standards, as also the probability of legal disputes.

As per contract, testing was to be carried out as per ISO standard. However, during PDI, DGQA carried out testing as per AATC (American) standard because as per DGQA, the AATC (American) standard was identical to ISO standard and there was no impact on quality. The same was accepted by the EC. The proof of quality of stores is their effective utilization by the troops and no complaints received about their quality.”

22. Audit made the following observations:-

"(i) The Ministry in their Action Taken stated that the audit conclusion that inferior stores, which were rejected initially and accepted subsequently after retesting have not been proven after use.

(ii) In this connection, please state:

(aa) Why the stores failed in the test procedure (ISO 1811 standard), as per the contract, when the test procedures ISO 1811 standard and AATCC 127 are identical?

(ab) Whether any analysis was carried out to ascertain the reasons for failure of stores in testing procedure ISO 1811 Standard?"

23. The Ministry gave the following response to audit remarks:-

" (i) Inputs were sought on the ibid JRIs from DGQA(S)/ CQA(T&C). In their reply, it has been stated that while it is correct to mention that Test Procedure ISO 811 and AATCC-127 2008- Option-2 are identical in procedure but for Water Resistance Hydrostatic Pressure Test, the result can vary on account of precision and bias. The test results are tester dependent. Test result also depends on the conditioning of test specimen. It may also vary on account of deviation of test results between two different labs.

(ii) Further it has been stated that a limited study on the same was carried out by an International body which concluded that the verdict depending on the test results needs to be carried cautiously."

24. Taking note of the deviations from contract for supply of 67,066 rucksacks wherein the samples were first rejected when DGQA adopted the test procedure as per the contract, but were subsequently accepted after retesting in a different laboratory with a different test, the Committee had desired that the matter may be looked into in detail and they be apprised of the factual details of the same. The Committee had further desired that the testing procedures/ standards may be streamlined and specific efforts made to obviate such instances in future. The Committee note that according to the minutes of EC meetings, the decision to undertake retesting was not a uni-dimensional one to avoid litigation, but was taken by considering all factors holistically, particularly the need for ensuring continuity of supplies, efficacy & similarity of both standards, as also the probability of legal disputes. The Committee further note that while as per contract, testing was to be carried out as per ISO standard, DGQA carried out testing as per AATC (American) standard because as per DGQA, the AATC (American) standard was identical to ISO standard and there was no impact on quality. This fact was accepted by the EC. The Committee also note from the reply of the Ministry that the proof of quality of stores is their effective utilization by the troops and no complaints were received about their quality. In this regard, the Committee desire to be apprised of the system of feedback/ complaints that may have been received following the usage of the products. While noting from the reply of the Ministry that SCME procurement is now being undertaken in accordance with the Financial Powers, delegated, as per DFPDS-2021 and such like activities have been completely ceased, the Committee hope that henceforth, the interest of soldiers will be kept paramount and inferior stores will not be accepted.

Recommendation No. 16 Housing in High Altitude Areas

25. *The Committee had noted from the information furnished by the Ministry that creation of habitats in HAA is a specialist task and varies with terrain, user requirements and altitude factor and maximum efforts were being undertaken to improve habitat and living conditions of troops within available budgetary support and execution capabilities of Indian Army Engineers. The Committee had been of the opinion that there is sufficient technical expertise available in various Indian institutions including IITs which can be deployed for projects in harsh terrains. The Committee had desired that the Ministry be pro-active in using such expertise to the fullest extent.*

26. *The Ministry stated the following in their reply:-*

“Sustained efforts are being carried out to introduce new technology for construction of habitat buildings for troops in High Altitude Area by carrying out active interaction with industry and academia. Further, habitat for 18,000 troops which was under construction has now been completed.”

27. Noting that creation of habitats in High Altitude Areas is a specialist task and maximum efforts were being undertaken to improve habitat and living conditions of troops within available budgetary support and execution capabilities of Indian Army Engineers, the Committee had recommended that the Ministry be pro-active in using technical expertise available in various Indian institutions including IITs. The Committee note from the reply of the Ministry that sustained efforts are being carried out to introduce new technology for construction of habitat buildings for troops in High Altitude Area by carrying out active interaction with industry and academia. The Committee desire to be apprised of the specific steps taken in this regard.

Recommendation No. 19 Accounting Issues – NAR

28. *The Committee had noted that all assets created out of Operational Works were to be entered in the “Numerical Assets Register” (NAR). This document accounted for assets with record of detailed history including year of creation, utilization, location, cost and present use etc. It could also be used as the basic document for planning and working of annual maintenance grant. The NAR was to be maintained independently at 3 levels viz., Corps HQ, formation HQ and the Engineer Regiment (ER). However, it was found that mainly the ER was maintaining it, thus defeating the purpose of the NAR being a tool for internal control. The Committee had been disappointed to note that in*

most cases, updating had been done upto 2015-16 whereas in some cases entries beyond 2012-12 were not reflected. Needless to say, the NAR were not being maintained as per the laid down procedure. As a result, there were discrepancies between the assets shown in NAR and assets on the ground, viz. shortfall in number of assets on the ground, type and number of assets identified by the Board of Officers (BoO) on ground being different from those recorded in the NAR etc. which defeated the purpose of maintaining the records of housing assets. The Committee had noted that the digitalized e-NAR was being set up in Corps HQ and the units. The Committee had desired to be apprised of the progress in setting up of the same and had hoped that the process would be completed in a time bound manner.

29. The Ministry submitted the following action taken reply:-

“Field formations have confirmed that NARs have been updated and digitization is being carried out in phases to complete it in a time bound manner.”

30. Observing discrepancies between the assets shown in Numerical Assets Register and assets on the ground, the Committee had desired to be apprised of the progress in setting up of digitalized e-NAR in Corps HQ and the units. The Committee are disappointed with the one line information on the same stating that Field formations have confirmed that NARs have been updated and digitization is being carried out in phases to complete it in a time bound manner. The Committee desire to be apprised of details of progress in setting up of the e-NAR such as the units covered till date and the time frame in which the remaining units would be covered.

Recommendation No. 21 Fuel Storage Facilities in Forward Locations

31. *The Committee had noted from the reply of the Ministry that Kerosene was the main fuel being used for the purpose of warming and drying purposes. Kerosene based Bukharis are in use for warming/heating. The Committee had also noted that multiple means of fuel storage were employed to include underground storage tankers, barrels and jerricans. The Committee had been informed that some underground storage tanks were constructed by Oil PSUs at their own expense. The Ministry had also stated that other than usage of Oil Bukharis, generators were being provided where there was no civil supply, and solar and hybrid based technologies were also being introduced.*

Realising the importance and imperatives of the storage facility for the purpose of warming and drying by the troops in forward locations, the Committee had desired that the Oil PSUs should construct more underground storage tanks as part of their CSR activities so that the troops deployed at forward locations in the High Altitude areas do not face any inconvenience due to fuel shortage. They had also impressed upon the administrative Ministry to explore the possibility of other energy sources based on solar, wind and other hybrid based technologies with the help of PSUs under the Ministry of New & Renewable Energy so that dependence on the Kerosene based Bukharies could be minimised.

32. *The Ministry submitted the following reply:-*

“Infrastructure Development with respect to Fuel Storage

It is reiterated that the Indian Army is deployed in varying terrain conditions. Depending upon the peculiarities of terrain, as also ways of carrying the fuel to deployment locations, multiple means of fuel storage are employed to include underground storage tanks, barrels and jerricans. Quantity 624 Nos. of underground tanks have been constructed in Indian Army for storage of fuel. Payment for these storage facilities is made out of the budget allotted by Financial Planning Directorate. However, some underground storage tanks are constructed by Oil PSUs at their own expense.

Issue/Payment of Kerosene Oil for Bukharies

Superior Kerosene Oil (SKO) is issued to authorized units for use in Bukharies. The issues are free and not on payment by the unit/ personnel.

Development/Usage of Alternate Technology to Reduce Dependence on Kerosene Based Bukharies

Kerosene oil is the main fuel being used for the purpose of warming and drying. Presently Kerosene based bukharis are in use for warming/ heating purposes. LPG is being introduced wherever feasible. Also, the trials for use of propane are being planned. M/s IOCL is in the process of getting sanction for bottling of propane.”

33. The Committee had desired that Oil PSUs may construct more underground storage tanks as part of their CSR activities to help keep the troops warm and dry. Further, to minimise dependence on Kerosene based Bukharies, the Committee had impressed upon the administrative Ministry to explore the possibility of other energy sources based on solar, wind and other hybrid based technologies with the help of PSUs under the Ministry of New & Renewable

Energy. While observing the reply of the Ministry that LPG is being introduced wherever feasible; trials for use of propane are being planned and that IOCL is in the process of getting sanction for bottling of propane, the Committee reiterate their earlier recommendation to explore the possibility of other energy sources based on solar, wind and other hybrid technologies with the help of PSUs under the Ministry of New & Renewable Energy. The Committee are of the view that expanding on the resource base of energy would not only benefit the soldiers, but would also reduce costs of procuring kerosene at such heights. The Committee, accordingly, impress upon the Ministry of Defence to discuss and collaborate with the Ministry of New & Renewable Energy to explore options of other sources of energy for meeting the requirements of our troops. The Committee desire to be apprised of the progress of such collaborations.

**New Delhi;
14 December, 2023
23 Agrahayana , 1945 (Saka)**

**ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee**

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FIFTY-FIFTH REPORT (SEVENTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	22
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. – 2-8 and 10-22	Total : 20 Percentage: 90.90%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government: Para Nos. – NIL	Total : 00 Percentage: 00
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. - 1 and 9	Total : 02 Percentage: 09.09%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies: Para Nos. – NIL	Total : 00 Percentage: 00