

14

**STANDING COMMITTEE ON DEFENCE
(2015-2016)**

(SIXTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Defence(16th Lok Sabha) on 'Demands for Grants (2014-15) of the Ministry on Defence on General Defence Budget (Demand No. 20, 21 and 27)]

FOURTEENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

February, 2016/ Phalguna, 1937 (Saka)

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Presented to Hon'ble Speaker, Lok Sabha on 27.01.2016

Presented to Lok Sabha on 26.02.2016

Laid in Rajya Sabha on 26.02.2016



LOK SABHA SECRETARIAT

NEW DELHI

February, 2016/ Phalguna, 1937 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2015-16)

Maj Gen B C Khanduri, AVSM (Retd)

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Chairperson

Members

Lok Sabha

2. Shri Suresh C. Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col Sonaram Choudhary(Retd)
7. Shri H.D. Devegowda
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20. Shri A.P. Jithender Reddy
21. Smt. Pratyusha Rajeshwari Singh

Rajya Sabha

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2. Shri Anand Sharma
3. Shri Rajeev Chandrasekhar
4. Shri A.U. Singh Deo
5. Shri Harivansh
6. Shri Vinay Katiyar
7. Shri Hishey Lachungpa
8. Shri Madhusudan Mistry
9. Smt. Ambika Soni
10. Shri Tarun Vijay

SECRETARIAT

- | | | | |
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| 1. | Smt. Kalpana Sharma | - | Joint Secretary |
| 2. | T.G. Chandrasekhar | - | Director |
| 3. | Smt. Jyochanmayi Sinha | - | Additional Director |
| 4. | Shri Rahul Singh | - | Under Secretary |

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2015-16), having been authorised by the Committee to submit the report on their behalf, present this Fourteenth report on Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants (2014-15) of the Ministry on Defence on General Defence Budget (Demands No. 20, 21 and 27).

2. The Second Report was presented to Lok Sabha / laid on the Table of Rajya Sabha on 22 December, 2014. The Action Taken Notes on the Observations/Recommendations were received from the Ministry of Defence in August 2015.

3. The Committee considered and adopted this Report at their Sitting held on 08 January, 2016.

4. An analysis of action taken by the Government on the Observations/Recommendations contained in the Second Report of the Committee is given in Appendix II.

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

**New Delhi;
8 January, 2016
18 Pausa, 1937 (Saka)**

**Maj Gen B C Khanduri, AVSM (Retd),
Chairperson,
Standing Committee on Defence**

REPORT

CHAPTER – I

This report of the Standing Committee on Defence deals with Action Taken by the Government on observations/recommendations contained in the Second Report of Standing Committee on Defence (16th Lok Sabha) on 'Demands for Grants of Ministry of Defence for the year 2014 -15 on General Defence Budget (Demand No. 20, 21 & 27)' which was presented to Lok Sabha and laid in Rajya Sabha on 22 December, 2014.

2. The Committee's Second Report (16th Lok Sabha) contained 74 observations/recommendations on the following aspects:-

Para No./Nos.	Subject
1	Growth of Defence Budget
2,3	Growth of Defence budget-other parameters
4,5,6	Reduced Budgetary allocation- compromises made by the Services
7,8,9 &10	Defence Preparedness
11, 12, 13, 14, 15 &16	Procurement Procedure
17, 18, 19 & 20	Private Sector Partnership
21 & 22	Offset Clause
23,24 & 25	Self -reliance in Defence production
26	Welfare of Servicemen
27,28,29,30,31,32,33,34 & 35	Construction of Border roads and roads in difficult areas
36 & 37	Requirement of funds in maintenance and dual control of BRO
38	National War Memorial
39,40,41,42,43 & 44	Welfare of Ex-servicemen - Resettlement of Retired Officers and Person Below Officers Rank
45, 46 & 47	Lateral induction of Ex-servicemen in Central Para Military Forces and State Police Forces
48, 49 & 50	Uniform Financial assistance to World War Veterans and awardees of war medals
51	Veteran Commission
52	Raising of Eco-Task Force
53,54 & 55	One Rank One Pension
56, 57 & 58	Marriage Grant to daughters of ESM and their widow
59, 60 & 61	Military Engineer Services
62 & 63	Married Accommodation Project
64 & 65	Canteen Stores Department
66,67 & 68	Coast Guard Organisation
69	Defence Public Sector Undertakings (DPSUs) - Product quality and delay
70	Research and Development
71	Export
72, 73 & 74	Capital Budget

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

(a) Observations/Recommendations which have been accepted by the Government:

Para Nos. 7, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 24, 27, 29, 30, 32, 37, 38, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 69, 70, 71, 72, 73 & 74

(48 Recommendations)

These may be included in Chapter II of the Draft Report.

(b) Observations/Recommendations which have been accepted by the Government and commented upon:

Para Nos. 1, 2, 3, 4, 5, 6, 9, 21, 22, 23, 25, 26, 28, 33, 36, 39, 40, 41, 42 & 43

(20 Recommendations)

These may be included in Chapter II of the Draft Report.

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

Para No. Nil

(00 Recommendation)

These may be included in Chapter III of the Draft Report.

(iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee which require reiteration and commented upon:

Para Nos. 8, 15, 31, 34, 35 & 68

(06 Recommendations)

This may be included in Chapter IV of the Draft Report.

(iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para No. Nil

(00 Recommendation)

This may be mentioned in Chapter V of the Draft Report.

4. The Committee desire that the Ministry's response to the comments made in Chapter 1 of this Report be furnished at the earliest, and in any case not later than six months of the presentation of this Report.

A. Growth of Defence Budget

Recommendations/Observations of the Committee (Para Nos. 1 to 6)

5. The Committee had recommended as under:-

'The Committee note that Budget Estimates (Net) for the year 2014-15 are for Rs. 2,29,000 crore, comprises Revenue Outlay of Rs. 1,34,412.05 crore and Capital Outlay of Rs. 94,587.95 crore. Although Defence expenditure has been increasing over the years, the percentage increase in Defence expenditure since 2000-2001 has not been consistent. The Defence expenditure in percentage terms increased by a healthy 26.29% in the year 2004-2005 in comparison to the preceding year. Such an increase was only witnessed in the years 2008-09 and 2009-10, when the percentage growth was 24.59% and 24.13%, respectively. However, during the year 2010-11, the percentage growth declined to 8.70%. In the subsequent years, although slight increase was seen but it never touched the level of growth achieved in the years 2004-05, 2008-09 and 2009-10. During the years 2011-12 and 2012-13, the percentage increase was 10.90% and 6.36%, respectively. The Committee are satisfied to some extent to find that in the year 2013-14, the growth was 12.05% and this year the growth in the budget is 12.44%. However, as stated by the Ministry during oral evidence, this growth in the budget is not sufficient for the projects and modernization of the Services. The Committee have also noted a revealing fact that revenue expenditure of Army is on rise since 2009-10 when it was 76% and touched 82% in 2013-14 leaving a little for capital expenditure. Therefore, the Committee desire that at least the growth in the budget should be such that would ensure sufficient funds with the Services in both the heads i.e. Revenue and Capital.'

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

'Higher rate of growth in Defence expenditure during 2008-09 and 2009-10 is mainly attributable to payment of arrears pursuant to implementation of recommendations of the VIth Pay Commission. The exceptionally low growth during 2010-11 is because no arrear payments were made in that year, and as such the year-to-year comparison incorrectly suggests a dip during the year.

The years of high growth cited are unusual years and cannot form a basis for generalisation. Growth rates since 2011 have been generally healthier than in the

pre-2007 period and every effort is made to ensure that sufficient funds are available to meet the most critical requirements of the Services.

Further, the higher growth in the revenue expenditure of the Army is mainly attributable to the fact that it is manpower intensive with a large portion of its expenditure being devoted to Salaries. This skews the revenue-capital ratio in favour of revenue expenditure, especially when compared to the other Services.

While capital allocations usually witness a high growth from year to year, the stress on the non-Salary revenue budget is being highlighted to the Ministry of Finance and other agencies in Government.'

7. The Committee had recommended as under:-

'From the data supplied on the growth of Defence budget, the Committee note that although the Defence budget is increasing every year in numerical terms but in comparison to central budget, it has consistently been declining. In 2009-10, with the Defence expenditure of Rs. 1,41,781 crore, it was just 13.84% of total Central Government Expenditure (CGE), while in 2010-11; the budget rose to Rs.12,336 crore but in percentage terms it came down to 12.87%. In 2011-12, Defence expenditure rose to Rs. 1,70,913 crore but in percentage terms it was merely 13.10% to total CGE. Since then it is sliding continuously in percentage terms to the CGE. In 2012-13, Defence expenditure was pegged at Rs. 1,81,776 which was 12.89% to CGE but the Committee was surprised to find that at the time of revised estimates it came down to 12.81%. In the current year also, it is just 12.76% of total Central Government Expenditure. The Committee are unhappy with the continuous fall of Defence expenditure in comparison to CGE. The Committee desire that this declining ratio should be arrested in the next financial year itself, so that the Services are provided adequate funds and hence they are not deprived of essential equipment and ammunition. Therefore, the Committee want that the Government should consider fixing a minimum benchmark for this percentage, which should be adhered to, in every case.'

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

'This Ministry has been bringing these concerns to the attention of the Ministry of Finance. In this regard last reference (D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015) was sent to Ministry of Finance on 14.01.15. Ministry of Finance was informed about the Committee's emphasis on the need for increase in Defence expenditure in proportion to total central government spending and fixing a minimum benchmark percentage in this regard. Response from Ministry of Finance is awaited.'

9. The Committee had recommended as under:-

'The Committee are given to understand that Defence expenditure as a percentage share of Gross Domestic Product (GDP) in some of the developed and neighbouring countries is in the range of 2% to 4% and it is growing every year. On the other hand, our Defence expenditure as a percentage to GDP is in reverse mode and

declining every year. In 1999-2000; the Defence expenditure was 2.41% of the GDP and it had a continuous slide and since then this financial year, it came down to 1.78% of the GDP. The Committee perceive it to be a grim and unacceptable situation which is affecting all the Services of Defence forces considerably. The Committee desire that the Ministry should raise the bar and gradually increase Defence expenditure at the level of 3% of GDP so that modernization of Armed Forces can become a reality and not remain a mirage.'

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

'This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/Def Secy/2015 dated 14.01.15. Response from Ministry of Finance is awaited.'

11. The Committee had recommended as under:-

'The Committee note that due to reduced budgetary allocation against the projections made by the Services and other organizations/ departments, many compromises have been made or are likely to be made. The Committee understand that under the Revenue Segment, provision is first made for salary and other obligatory expenses and only after that balance available allocation is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. Under the Capital Segment, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year and only then the remaining allocation is distributed to meet the projected requirement for other items. Consequently, only little amount remains available for making acquisitions and compromises are made. Therefore, the Committee want the Ministry to review the modernization schemes/plans and reprioritized so that operationally essential plans are not shelved of due to starvation of funds.'

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

'There is a continuous monitoring of the progress of acquisition of projects and prioritisation of the most urgent requirements. This helps to ensure that limited resources are devoted to the most critical projects. The Committee may be assured that no operational requirement will be shelved for want of funds.'

This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/Def Secy/2015 dated 14.01.15.'

13. The Committee had recommended as under:-

'The Committee also note that budget for high value acquisitions like Medium Multi Role Combat Aircraft (MMRCA) is not available under the current allocation and for these additional funds will be sought. The Committee also note the Revenue to Capital ratio all these years is increasing in favour of Capital, which is a good sign because this needed for modernization of the Services. However, the Committee want to caution the Ministry that acquiring the large capital assets also entail high value maintenance, therefore, they recommend that non-salary revenue expenditure must be increased to ensure the maintenance of the capital assets so acquired.'

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

'The Ministry fully concurs with the views of the Committee on the need to enhance availability of funds for maintenance of capital assets and has been regularly sensitising the Ministry of Finance and other agencies to this imperative.

This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/Def Secy/2015 dated 14.01.15.'

15. The Committee had recommended as under:-

'The Committee have consistently been noting that the phenomenon of providing lower allocation to the Services is becoming a trend. The Committee are unable to understand the reason, therefore, the Ministry should make all out efforts to persuade the Ministry of Finance for not making any cut in their projections because that will result in compromising the Defence preparedness of the country. The Committee want that allocation to any Defence programme should not be cut on account of overall economic situation of the country.'

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

'The Ministry fully concurs with the views of the Committee. It may, however, be noted that the Ministry of Defence is bound by the overall budgetary ceiling provided by the Ministry of Finance, which in turn must balance multiple requirements and priorities of the government against available resources. Also Ministry of Finance is being regularly sensitized about the requirements of the Ministry. In this regard last reference (D.O. No. 3(4)/Bud-I/2013/06/Def Secy/2015) was sent to Ministry of Finance on 14.01.15'

17. In the reports on the Demands for Grants of the previous years and Action Taken Reports thereon, the Committee have repeatedly expressed the need for providing adequate allocations to the Ministry of Defence, and more particularly, for the Modernization programme of the Services. The Committee note in this regard, that in response to Recommendation No. 4 (on possible compromises made on account of reduced Budget allocation), the Ministry has, *inter alia* stated that there was 'continuous monitoring of the progress of acquisition of projects and prioritization of the most urgent requirements'. This is for helping in ensuring that the resources, which are limited, are 'devoted to the most critical projects'. The Ministry has also assured the Committee that '*no operational requirement will be shelved for want of funds*'.

Contrary to these submissions, the Committee had, while examining the Demands for Grants (2014-15) *inter alia* observed that the Budget for high value acquisitions such as Medium Multi Role Combat Aircraft (MMRCA) was not available under the allocations. Further, in reply to Recommendation No. 6 (on the growing trend of making lesser allocations) the Ministry has stated that it was bound by the overall budgetary ceilings imposed by the Ministry of Finance, which also has to balance multiple requirements and priorities of the Government against available resources.

From the facts as narrated above, it can be averred that the Budget cuts leave the possibility of having adverse implications on the country's security. The Committee, therefore, reiterate their earlier recommendation and desire that the Ministry of Defence take up the issue of providing adequate budgetary resources at the highest level, so that the modernization programme as well as other priorities are not hampered.

Further, the Committee also feel dismayed to note that although the Ministry of Defence has reportedly conveyed the concern expressed by them to the Ministry of Finance on 14 January 2015, the response of the Ministry of Finance is still awaited. The Committee, in this regard desire to be apprised of the details of the communications made with the Ministry of Finance, secure the response of the Ministry, and apprise the Committee of the same.

B. Defence Preparedness

Recommendations/Observations of the Committee (Para No. 8)

18. The Committee had recommended as under:-

'During oral evidence, the Defence Secretary also apprised the Committee about the problems experienced by the Ministry e.g. spending the budget on the highest priority item, non-adherence to timelines in procurement of the Defence items, streamlining of issuing of Request for Proposals. The Committee also note that Ministry of Defence is not always buying highest priority item for the Services.'

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

'Government is taking steps to address the issues mentioned above. However, it would not be appropriate to say that Ministry of Defence is not always buying highest priority item for the services. It may be possible that certain higher priority items may reach the contract signing stage late because of the procedural delays in the procurement process, whereas a lower priority item which has cleared the process may have been contracted earlier.'

20. The Committee are not convinced with the action taken reply of the Ministry of Defence which is contradictory to the statement made by the Defence Secretary while tendering evidence. As per the submission made, the Ministry was not always buying the highest priority items for the Services. The Committee understand that a few items which are locally produced may be procured in a shorter time span as compared to the items that are procured from foreign sources. Nevertheless, the Committee desire that all necessary equipment be secured in a fixed time frame, so that the Forces can be assured of having the requisite equipment and plan their long as well as short term goals accordingly. The Committee desire that procedural delays in buying highest priority items be minimised. Action taken in this regard may be intimated to the Committee.

C. Defence Preparedness

Recommendations/Observations of the Committee (Para No. 9)

21. The Committee had recommended as under:-

'The Committee appreciate that some of the grey areas have been identified by the Ministry but what action it has taken to improve the situation, has not been known to them. The Committee are of the view that if the present perspective planning process is flawless then the Ministry can always know the number and kind of equipment needed after a certain period of time and it can always buy top priority equipment. This is not true in the instant case. The Committee are of the view that if the 15-years long plan are not yielding results, then it should make planning for at least 20 or 25 years. Therefore, the Committee desire that a thorough review must be taken first for all the available Defence plans, so that long-term perception of the Ministry and Services can be corrected.'

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

'Improvement is an ongoing process. Being a large organisation, the Army has a wide range of equipment and therefore has more number of ongoing procurement cases as well as proposals for future acquisitions.

The prioritisation of equipment to be procured from LTIPP to SCAP to AAP is carried out based on operational requirements/ technological developments / needs of accretional forces making up of existing deficiencies / replacement of obsolete equipments etc. Present system of LTIPP / SCAP / AAP gives adequate opportunities to carry out mid-course reviews based on emerging operational scenarios, evolving technologies and / or financial availability.

Notwithstanding the above, delays in procurement projects do take place and these happen mainly due to procedural issues that are being addressed at various levels. Steps have been instituted in the Army to hasten the acquisition process.

A holistic review and prioritisation of all the schemes has been carried out with a view to remove shortages and for fast track capability building. Twenty important schemes have been identified as Chief of Army Staff (COAS) priority schemes considering the operational capability requirements and are being progressed on priority.

Furthermore, a Higher Forum has been constituted under the aegis of the Vice Chief of Army Staff which meets on monthly basis to monitor the progress of the operational preparedness.

Also, an internal study to speed up the equipment trial / validation process is currently underway, which will further streamline the procedures and cut down avoidable delays.

An institutionalised mechanism in the form of a Working Group to review critical items of ammunitions and issues of spares, barrels, overhaul programme of infantry and mechanised forces has been set up. A system of long term five year Roll-on-indents on OFB is a curative measure to buy top priority items/equipment through indigenous sources. Ammunition Road Map has also been approved which envisages procurement to build up adequate targeted stocks with three years training requirement.'

23. The Committee note that the Ministry has taken several steps to review and prioritize certain schemes with a view to overcoming shortages and for fast tracking capacity building. Twenty important schemes are said to have been identified as Chief of Army Staff (CoAS) priority schemes on the basis of the operational capability requirements which are being progressed on priority. Also, a Higher Forum is said to have been constituted under the aegis of the Vice Chief of Army Staff which meets on monthly basis to monitor the progress of the operational preparedness.

The Committee also note that an institutionalized mechanism in the form of a Working Group to review critical items of ammunitions and issues of spares, barrels, overhaul program of infantry and mechanized forces has been set up. An "Ammunition Road Map" has also been approved which envisages procurement to build up adequate targeted stocks with three years training requirement.

The Committee desire to be apprised of the progress in regard to each of the twenty prioritized schemes. The Committee desire to be informed of the details pertaining to the members of the Working Group along with the parameters set by the group and achievements made in the form of identifying the shortages in procurement. The Committee wish to be provided with details in regard to whether the Ordnance Factory Board has enough orders from the Forces for sustaining operations. The Committee also desire that delays that may have occurred owing to procedural issues be identified and be informed of the steps taken for hastening the acquisition process at the earliest.

D. Procurement Procedure

Recommendations/Observations of the Committee (Para No. 15)

24. The Committee had recommended as under:-

'The Committee also desires that pre-audit of procurements should be done by Comptroller and Auditor General, Central Bureau of Investigation and Central Vigilance Commission simultaneously in a fixed timeframe so that there would be no anxiety while placing the orders to vendors for procurement of equipments so that delays can be minimised.'

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

'The Capital procurement process can be broadly divided into three phases, i.e., approval stages up to AoN, technical evaluation/trials and commercial/contract negotiation. The approval stages involve policy as well as technical and operational issues and is not appropriate for pre-audit. The technical evaluation/trials and commercial negotiations are carried out as per DPP with specific responsibilities assigned to different authorities and any assessment by any other authority before conclusion and final decision may dilute and delay the process. Thus, these stages are also not appropriate for pre-audit. In this background, pre-audit of all procurements would not be appropriate.'

26. The Committee are not happy with the reply of the Ministry that pre-audit of procurement would delay the procurement process. The intention of the Committee while recommending for pre-audit were not only to avoid possible anxiety while placing the orders on vendors so as to avoid delays but also to enable in making the Ministry doubly sure that there would be no criticism of any kind from any quarter following the procurement. Therefore, the Committee re-iterate their recommendation and desire that pre-audit of procurement be done so as to avoid the possibility of any anxiety in the Ministry of Defence while placing the orders and also minimize delays.

E. Offset Policy and Self Reliance in Defence Production

Recommendations/Observations of the Committee (Para Nos. 21, 22, 23 & 25)

27. The Committee had recommended as under:-

'The Committee note that the offset policy mandates foreign Original Equipment Manufacturers (OEMs) to discharge offset obligations through combination of permissible avenues w.r.t. eligible product and services in all procurements cases where cost of the capital acquisition is Rs. 300 crore or more. As on date, a total of 24 Defence Offset contracts have been signed in the Ministry of Defence out of which 16 cases pertain to Indian Air Force and 05 and 03 cases relate to Indian Navy, Indian Army respectively. The total offset obligations are estimated at approximately Rs. 28, 770 crore over a period from 2008 to 2022. The Committee also note that the problems being faced by the Ministry of Defence in implementation of the offset policy. They, therefore, suggests improvement by way of revision of the offset provisions.'

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

'The revision of Offset guidelines is under progress to ensure smooth implementation of Offset obligations. As regard to offset guidelines it is clarified that the same is part of DPP and available in the public domain. It is further, informed that a 'Facilitation Cell' has been established for regular interactions with all stake holders including private sector.'

29. The Committee had recommended as under:-

'During the oral evidence, the Committee came to know that the potential of the Defence offset policy has not been fully realized. Therefore, at many places, work relating to offset obligations could not start and benefits of offset policy reaped. The Committee desire that guidelines regarding offset policies should be given to private sector also so that they may be well versed of the provisions contained in the offset policy. The Committee desire that regular interactions should be held with the private sector to encourage investment in the Defence sector. The Committee are also of the opinion that while selecting the Industry, the Ministry should look for new technology areas so that the country can have the benefit of the same.

The Committee note that in the year 2010-11, the value of Capital acquisition made from indigenous sources was Rs 35589.77 crore; in 201-12, it went down to Rs 28152.72 crore; in 2012-13, it rose to Rs 32045.36 crore; and in 2013-14, it slipped again to Rs 31503.58 crore. Capital procurement from outside sources (import)

during the corresponding period was 9917.47 crore, Rs 22218.77 crore, Rs 26181.42 crore and Rs 35006.35 crore respectively.

While the value of imports was enormous, the value of exports have been meagre at Rs 290.35 crore, Rs 512.04 crore, Rs 444.45 crore and Rs 686.21 crore respectively during the same period.

The Committee appreciate the initiatives taken by the Ministry but in addition to these initiatives, they desires that the Ministry should take steps to curtail the direct imports which are on incremental path. On the other hand, acquisition from indigenous sources show an uneven pattern, which is not good or making the self-reliant. The committee desire that early finalization of 'Make' procedure should be given priority and implemented early, so that the country can have the benefit of developing new and critical technologies with the collaboration of public sector, private sector and research & academic institutions to make the country self-reliant in Defence production and should not depend on imports only.'

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

'The Make procedure is being simplified and is in the final stages of approval. The revised procedure caters for development in collaboration between Public Sector, private sector and research & academic institutions.

In addition, in order to curtail direct imports and to move towards self-reliance the Ministry has taken a series of measures towards creating level playing field for the Indian Private sector, so as to enable them to make investment in the Defence sector.

- (a) Technology Perspective and Capability Roadmap (TPCR), which gives out the details of the equipment and technologies required by our Armed Forces, has been put in public domain to provide the industry an overview of the direction in which the Armed Forces intend to head in terms of capability in future.
- (b) Preference to 'Buy (Indian)', 'Buy & Make (Indian)' & 'Make' categories of Acquisition over 'Buy (Global)' or 'Buy & Make' categories thereby giving preference to Indian industry in procurement.
- (c) The procedure for 'Buy and Make (Indian)' category, has been simplified in order to make the category more attractive for Indian Defence industry.
- (d) A clear definition of indigenous content has been provided which would not only bring more clarity on the indigenous content required for different categorization, but also enhance the indigenization of Defence products in India.
- (e) Raksha Mantri Production Committee (RMPC) has been re-constituted for monitoring and review of indigenisation and interaction with various stakeholders like DDP, DRDO, Armed forces and DPSUs / OFB.
- (f) The Make procedure is being simplified and is in the final stages of approval. The revised procedure caters for development in collaboration between Public Sector, private sector and research & academic institutions.

- (g) FDI Policy has been reviewed in Defence sector and as per the new policy, composite foreign investment up to 49% has been allowed through FIPB route and beyond 49 % with the approval of Cabinet committee on security (CCS).
- (h) Defence products list for the purpose of industrial licensing has been revised and in the revised list most of the components/parts/raw materials have been taken out from the purview of industrial licensing.'

31. The Committee note that the process of revising the Offset guidelines is underway with a view to enabling smooth implementation of the " Offset obligations" and a 'Facilitation Cell' has been established for regular interactions with all stake holders including the private sector. The Committee desire that the policy regarding Offsets be finalised at the earliest. It also needs to be ensured that the Facilitation Cell is composed of experienced persons who are well versed with the various obligations of Offset Policy so as to properly guide the stakeholders of the various provisions of the Policy. The Committee may be apprised of the steps so taken in this direction at the earliest.

The Committee also note that the simplified "Make procedure' is likely to be finalised soon. The revised procedure is aimed towards development and collaboration between public sector, private sector and research and academic institutions. In addition, in order to curtail direct imports and to move towards self-reliance, the Ministry has taken a series of measures towards creating level playing field for the Indian private sector so as to enable them to make investment in the Defence sector i.e. placing Technology Perspective and Capability Roadmap (TPCR) which gives out the details of the equipment and Technology required by our Armed Forces in public domain; preference to 'Buy (Indian)', 'Buy & Make (Indian)' and 'Make' categories of Acquisition over 'Buy (Global) or 'Buy & Make' categories thereby giving preference to Indian industry in procurement etc.,.

The Committee further note that the Raksha Mantri Production Committee (RMPC) have been reconstituted for monitoring and reviewing the indigenisation programme and interacting with various stakeholders like DDP, DRDO, Armed Forces and DPSUs/OFB. The Foreign Direct Investment (FDI) policy pertaining to the Defence sector has been reviewed to provide for allowing composite foreign investment up to 49% through Foreign Investment Promotion Board (FIPB) route and

FDI in excess of 49% with the approval of Cabinet Committee on Security (CCS). This is besides the other measures taken by the Ministry.

The Committee desire to be apprised of details of the recently approved 'Make' Procedure as well as the impact of other initiatives taken by the Ministry . The Committee also desire to be kept apprised of the initiatives taken and progress made by the Raksha Mantri Production Committee as well as the impact of raising the FDI limit in the Defence sector.

F. Welfare of Servicemen

Recommendations/Observations of the Committee (Para No. 26)

32. The Committee had recommended as under:-

'The Committee understand that personnel of Armed Forces have very limited leave and most of the time they are away from their homes guarding the Nation. But they have to face many problems at their homes during their absence. Generally, trivial matters pertaining to district administration also take unnecessary long time and some time they have to waste all their leave on just meeting officials in district administration. Therefore, the Committee recommend that strict instructions should be passed on to the District Magistrate/ Collectors to give utmost priority to the works of personnel/ their family members belonging to the Services (Army, Navy and Air Force), a dedicated district nodal officer should always be in place to cater to their difficulties. The nodal officer should be given all requisite administrative or legal powers to implement his decisions. The Chief Secretary should invariably submit quarterly report on the issues pertaining to their matters.'

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

'Armed Forces personnel serve in far flung areas and inhospitable terrain in Defence of the borders of the Country and in counter-insurgency operations where they are subjected to considerable physical and mental stress. Therefore, it has been endeavour of the Government to make all efforts to boost the morale of Defence personnel and redress the genuine problems of Armed Forces personnel for their hassle free duty.

2. The Government has already taken steps for setting up an institutional mechanism for redressal of grievances of service personnel and their families through District Collectors, Superintendents of Police and other officials at District and State level. In response to letters issued earlier to Chief Ministers of State Government/UTs, State Government of Maharashtra, Uttarakhand, Karnataka, Gujarat, Tripura, Meghalaya, Nagaland, UP, Punjab, Haryana, J&K, Assam, Chhattisgarh, Sikkim,

Rajasthan, Kerala, Bihar, Madhya Pradesh, West Bengal and UTs of Andaman & Nicobar Islands, Delhi and Chandigarh have already constituted such mechanism at the State and District levels or already initiated action for setting up of a formal grievance redressal mechanism.

3. Raksha Mantri has written letters to the Chief Ministers of all States and Chief Administrators of all Union Territories of the Country on 12.2.2015 for according top priority in strengthening the mechanism for addressing grievances of Armed Forces personnel in a time bound manner so that they feel secure about the problems being faced at their homes.'

34. The Committee are happy to note that the Government has already taken steps for setting up an institutional mechanism for redressing the grievances of Service personnel and their families through District Collectors, Superintendents of Police and other officials at District and State level. In response to letters issued in this regard, the State Governments of Maharashtra, Uttarakhand, Karnataka, Gujarat, Meghalaya, Nagaland, Uttar Pradesh, Punjab, Haryana, Jammu & Kashmir, Assam, Chhattisgarh, Sikkim, Rajasthan, Kerala, Bihar, Madhya Pradesh, West Bengal and Delhi and the Union Territory Administrations of Andaman and Nicobar Islands and Chandigarh are said to have either instituted such a mechanism at the State and district level or have initiated action for setting up of formal grievance redressal mechanism.

The Committee desire that regular online/offline feedbacks from Service personnel should also be taken to know whether the initiatives taken by the Ministry of Defence have had the desired effect in resolving their grievances; and also to assess the working of the institutional mechanism as has been proposed.

G. Construction of Border and other roads in difficult areas- Roads under BRDB and LTROWP

Recommendations/Observations of the Committee (Para No. 28)

35. The Committee had recommended as under:-

The Committee desire that in order to make BRO more focused, the roads which are of strategic importance from rail head to forward areas in existence or planned to be maintained and constructed by the BRO in Uttarakhand, J&K and North East should be prioritized and MoRTH should make alternative arrangements for remaining roads. The Committee are of the view that besides focusing on Northern border, BRO should also concentrate on Eastern border

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

'BRO is concentrating on both the Northern and North-Eastern borders simultaneously and special effort is being given for completion of Indo-China Border Roads (ICBRs). In order to streamline the procedure the following steps have been taken:

- (a) **BORDER ROADS DEVELOPMENT BOARD (BRDB) PROGRAMME:** In addition to constructing /developing/improving roads, BRO maintains a road network of 20642 km in border areas to ensure smooth movement of troops. Further roads constructed/ completed by BRO are required to be maintained continuously so that these are in traffic worthy condition. In order to stream line the need for maintenance of these roads, it has been decided that once a road is included in BRDB programme, no separate sanction would be required for carrying out maintenance. A list of 760 roads has been prepared as BRDB Programme to enable BRO to focus on identified roads and develop/maintain them in a planned manner.
- (b) **LONG TERM ROLL ON WORKS PLAN (LTROWP):** BRO has been assigned the task of construction /maintenance of roads of strategic importance. Over a period of time the work load of BRO has increased considerably compared to its capability. Army has also finalized two list of roads under its Long term perspective Plan-I and II for expeditious development. Besides BRO has been entrusted works of Indo Tibet Border police (ITBP) roads by Ministry of Home Affairs (MHA), Special Accelerated Road Development Programme (SARDP) and Arunachal Pradesh package works by Ministry of Road Transport and Highways. Thus there was a need to draw a Long Term Plan for BRO in order to utilize the capacity of BRO in a judicious and time-bound manner to complete priority roads for Army so that the estimates for such works may be prepared by BRO without waiting for specific approval from Govt. For holistic development of roads in border areas, a LTROWP has been drawn up for 461 roads including the ICBRs for Rs 21333 cr.

Agency	No of Roads	Works Planned(Rs Cr)				Total
		2014-15	2015-16	2016-17	2017-18	
GS/Strategic	434	4249.68	4599.7	4564.3	4066.03	17479.70
NH	27	1228	1004	761	861	3854.0
Total	461 roads	5477.68	5603.70	5325.30	4927.03	21333.70

In addition to above, a new company National Highways and Infrastructure Development Corporation Limited (NHIDCL) has been created under MoRT&H for exclusively dealing with the task of constructing/widening of National Highways in parts of the country sharing international boundaries with neighbouring countries.'

37. The Committee note that under the Border Roads Development Board Programme, a list of 760 roads has been prepared so as to enable BRO to focus on identified roads and develop/maintain them in a planned manner. Also, under the Long Term Roll on Works Plan (LTROWP), BRO has been assigned the task of construction /maintenance of roads of strategic importance. The Committee also note that for enabling holistic development of roads in border areas a sum of Rs 21333 crore under LTROWP has been drawn up for 461 roads including the Indo-China Border Roads. The Committee desire that continuous monitoring of the work relating to roads under BRDB and LTROWP be done and they be kept appraised at regular intervals of the progress of construction of the roads and hindrances faced, if any, in ensuring timely completion of the works.

H. Construction of Border and other roads in difficult areas- setting up stone crushers and Hot Mix Plants in the requisite areas

Recommendations/Observations of the Committee (Para No. 31)

38. The Committee had recommended as under:-

'The Committee desire that keeping in view the importance of construction of roads in strategic areas, Ministry of Environment & Forest should look into the request of BRO earnestly and grant it permission to set up stone crushers and Hot Mix Plants in the requisite areas.'

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

'The following measures have been taken to expedite the forest clearances and other issues with the State Governments:

- (a) Empowered committees have been constituted and some States are holding regular meetings under the Chairmanship of Chief Secretaries to resolve critical issues.

- (b) Regular review meeting with forest authorities has expedited Forest Clearance cases.
- (c) A large number of steps have been initiated by Government for timely disposal of forest clearance cases:
 - (i) Setting up of single window system at State level for speedy clearance.
 - (ii) Exemption of Compliance of Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim has been accorded vide MoEF order dated 27 Apr 2011.
 - (iii) Exemption for transfer and mutation of alternate Revenue Land for raising compensatory Afforestation for border roads within the State of Uttarakhand State accorded vide Ministry of Environment & Forest (MoEF) order dated 09 Dec 2013.
 - (iv) Requirement of certificate regarding non availability of alternate alignment has been dispensed with for BRO projects by MoEF vide their order dated 09 Dec 2013.
 - (v) Permission for processing division wise cases of BRO projects have been accorded by MoEF vide their order dated 09 Dec 2013.
 - (vi) A working group was constituted under the chairmanship of Secretary MoEF for expediting the forest clearance cases and its recommendations are under consideration.
- (d) Ministry of Environment and Forests (MoEF) vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim for following :-
 - (i) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100km kilometers aerial distance from the LAC and
 - (ii) widening of road by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (e) MoEF vide their letter dated 8th Aug 2014 has accorded approval for working permission for tree cutting and commencement of work, if the required compensatory levies as per conditions stipulated in the principle approval are realized from the user agency and where necessary, for compensatory afforestation, transfer and mutation of non-forest/revenue forest land in favour of state Forest Department is affected.

- (f) Chief Secretaries of State Governments of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues. States of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Uttarakhand have constituted the Empowered Committee.
- (g) A Standard Operating Procedure (SOP) with simplified procedure to ensure expeditious payment of Forest Clearance/Net present value/compensatory afforestation/cost of trees and other related payment to Forest authorities after getting Stage-I clearance for obtaining forest clearance has been issued on 18th Dec 2014.'

40. The Committee note that Chief Secretaries of State Governments of Arunachal Pradesh, Assam, Jammu and Kashmir, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute Empowered Committees under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the Principal Chief Conservator of Forests and Chief Engineer of BRO as members to resolve issues. The Committee also note that States of Sikkim, Arunachal Pradesh, Jammu and Kashmir, Himachal Pradesh and Uttarakhand have already constituted such Committees. The Committee may be apprised of details of meetings held by the Chief Secretaries of the States where Empowered Committees are functioning and the outcome or results thereof. The Committee also desire to be apprised of the bottlenecks in constituting the Empowered Committees in other States so that the information could be analysed for working out a trajectory for enabling constitution of the Empowered Committees at the earliest. The Committee would like to extend all desired help to the Ministry in achieving these objectives.

The reply is silent on the recommendation on setting up of stone crushers and Hot Mix Plants in the requisite areas. The Committee desire that the recommendation of the Committee be brought to the know of the Ministry of Environment and Forests also so as to enable in considering the request of BRO and granting permission to setup stone crushers and hot mix plants in the requisite areas. The Committee may be apprised of the action taken by both the Ministries in this regard at the earliest.

I. **Construction of Border and other roads in difficult areas-need to introduce new technology**

Recommendations/Observations of the Committee (Para No. 33)

41. The Committee had recommended as under:-

'The Committee further note the problems being faced by BRO on the roads in which works are in progress in difficult and border areas e.g delay in forest and wild life clearances, high altitude areas, limited working period due to snow bound conditions, hard rock stretches, adverse ground conditions, non availability of quarries and difficulty in getting construction materials, permission for installation of stone crushers, etc. The Committee contemplated over the difficulties being faced by BRO. They are of the view that some of the complications like difficulty in getting constructions material and permission for installing stone crushers can easily be resolved with proper coordination with concerned State Governments. However, to cope with the natural phenomena like limited working period due to snow bound conditions and hard rock stretches, assistance from the construction agencies of international repute may be taken.'

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

'In order to introduce the latest art of technology being used by the various developed Countries, officers of BRO are being sent on training to various foreign countries. One group of two Officers visited Russia in the last week of February 2015.

As far as road construction in high altitude areas is concerned, a decision has been taken to adopt internationally proven best practices and try new technology, material and equipment and towards this 10% of GS funds are being earmarked.

Furthermore, a collaborative measure has been initiated to establish a multi-discipline-expert group with experts from Ministry of Science and Technology (CIRI, CSIR, GSI etc) to assist BRO in technical matters.

In addition a National Workshop on Border Roads, by BRO and Confederation of Indian Industry (CII) on 'Private sector's participation in construction of Roads, bridges, and tunnel in border area ' was held on 17 Feb 2015. Based on the deliberations in the National workshop three working group has been constituted to recommend measures for enhancing the private sector's participation in construction of roads , bridges, and tunnels in border areas.

Three roads have been identified by Army for construction through international consortium in the Border areas so that the latest technology may be used.'

43. The Committee note that a group composed of two Officers visited Russia in the last week of February 2015 for being acquainted with the latest technologies being used in construction of Border roads. The Committee desire to be apprised of the measures taken towards adoption of new technologies, material and equipment, internationally proven best practices as well as utilization of 10% of GS funds earmarked for construction of Border roads.

The Committee also desire that improvements made by the multi-discipline-expert group which consists of experts from Ministry of Science and Technology (CRRl, CSIR, GSI etc) to assist BRO in technical matters; as well as experience gained through international consortia in the Border areas may also be communicated to them at the earliest, and in any case not later than three months following the presentation of this report to Parliament.

J. Construction of Border and other roads in difficult areas- problems in getting land for construction of roads

Recommendations/Observations of the Committee (Para No. 34)

44. The Committee had recommended as under:-

'The Committee also note the difficulties being faced in getting the land for construction of roads in the States which have tribal laws in place, as the land is owned by the local population. The Committee desire that amendment in the existing laws may be made so that difficulties in getting the land for construction of roads are removed.'

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

'Issues related to land acquisition, environmental clearance, lack of quarries etc. are impediments to the smooth progress of work. Chief Secretaries of various State Governments have been requested to constitute Empowered Committees under their chairmanship with secretaries of concerned departments as members to resolve issues that affect progress of works by BRO.

Exemption from Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim has been accorded vide Ministry of Environment & Forest (MoEF) order dated 27 April 2011.

The following measures have been adopted for quick and time bound disposal of forest clearance cases by MoEF:

- (i) Single window system established at District, State & Ministry of Environment & Forest (MoEF) levels to fast track processing of forest clearance cases on 28th Jan 2010.
- (ii) Simplified and unified Proforma adopted for processing both forest and wild life clearance simultaneously.
- (iii) Regular review meeting is being held at Ministry of Defence to review progress of pending cases with representatives of State Govt, MoEF and BRO.
- (iv) A Working Group has been constituted on 03.06.2013 by Ministry of Environment & Forest (MoEF) under the Chairmanship of Secretary MoEF to review the forest clearance cases.'

46. The Committee note from the action taken replies that the Ministry of Environment and Forests (MoEF) vide their order dated 27 April, 2011, has exempted the application of Scheduled Tribes and other Forest Dwellers (Recognition of Forest Rights) Act, 2006 with a view to avoiding delays in clearance of road projects within the States of Arunachal Pradesh, Himachal Pradesh, J&K, Uttarakhand and Sikkim. Besides, the MoEF has adopted certain measures for enabling in quick and time bound disposal of cases of forest clearances. The Committee are distressed to note that despite adopting the measures, the Ministry of Defence is facing problems of securing the requisite land. The Ministry has not detailed the outcomes of the existing measures. Further, the Ministry has also not submitted any information on the progress made by the Working Group for reviewing cases of forest clearances. The Committee desire that the Ministry of Defence apprise them of the outcome of the measures initiated, as have been mentioned in the action taken replies and the difficulties that continue to persist.

J. Construction of Border and other roads in difficult areas- concept of GREF

Recommendations/Observations of the Committee (Para No. 35)

47. The Committee had recommended as under:-

'The committee rely on the candid admission of the Defence Secretary that the performance of BRO is not satisfactory and needs substantive improvement for which large number of steps are being taken. The Committee desire that this organization should be revamped and revitalized by infusing new equipment, machinery and workforce so that all time dependable roads may be made to reach our borders. The Committee also desire that concept of GREF (General Reserve Engineer Force), which was formed post 1962 debacle should be brought back and BRO should be manned by a "Force" not like any normal department.'

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

'In order to induct latest Construction Equipments in Border Roads Organisation a five year Long Term Equipment Procurement Plan (LTEP) 2014-15 to 2018-19 has been approved amounting to Rs 3913 crs.

Following specific measures have been taken to expedite progress of works:-

- (i) Government of India (Allocation of Business rules 1961) has been amended vide notification dated 9th January 2015 to include 'all matters relating to Border Roads Development Board and Border Roads Organisation (BRO)' in the list of business allocated to Ministry of Defence. This will improve the operational efficiency of BRO and achieve clarity and unity of command.

Budget Estimate (BE) 2015-16 funds will be made available under Ministry of Defence instead on Ministry of Road Transport and Highways. The allocations of Budget for BRO for (BE) 2015-16 is Non Plan (NP) Rs 3030.57 crores and for Plan is Rs 450.00 crores.

- (ii) With a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance, snow clearance grants and outsourcing of Maintenance .
- (iii) Enhancement of delegated powers of DGBR in respect of 26 items have been approved. The enhanced powers include power to sanction Estimates for works upto Rs 10 Cr by Project Chief Engineers, enhanced powers of hiring of vehicle/equipment/plant, enhanced powers for outsourcing of consultancy services for preparation of DPRs, powers for DGBR to include works on emergent basis, enhanced powers for procurement of construction stores.

Further, special delegation of powers has been approved for works related to roads of Char Dham Yatra in Uttarakhand. Also special dispensation in select items involving higher delegation to expedite ICBRs and operationally critical roads has also been approved.

- (iv) More units (5 projects – Vijayak, Hirak, Shivalik, Arunank, Brahman & 8 Task Forces) were additionally deployed to expedite completion of ICBRs.
- (v) MoEF vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim as per details given below :-
 - (a) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100 km kilometer aerial distance from the LAC and
 - (b) Widening of road (by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (vi) In addition to above, MOEF vide their letter No.11-246/2014-FC dated 4th July 2014 has accorded Relaxation for diversion of forest land for non forest purpose- special provision for creation of compensatory afforestation in lieu of forest land diverted for creation of strategic Defence projects being taken up within 100 km aerial distance from the Line of Actual Control by any user agency identified by the Ministry of Defence.
- (vii) MoEF has been requested that BRO may be exempted from clause 19 & 21 of the Air (Prevention and Control of Pollution) Act 1981 for installation of stone crusher and setting up of Hot Mix Plant on the above areas.
- (viii) Chief Secretaries of State Govts of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues.'

49. The Committee appreciate the fact that with a view to inducting the latest Construction Equipments in Border Roads Organisation, a five year Long Term Equipment Procurement Plan (LTEPP) 2014 -15 to 2018 -19 with an allocation of Rs. 3913 crore has been approved. With a view to improving the operational efficiency

of BRO and achieving clarity and unity of command, the Government of India (Allocation and Business Rules 1961) have been amended *vide* Notification dated the 9th January 2015 to transfer all matters relating to Border Roads Development Board and Border Roads Organisation under the purview of Ministry of Defence. Further, with a view to improving the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance, snow clearance grants and outsourcing of maintenance of more units which were destroyed and expediting completion of ICBRS.

Ministry of Environment and Forests(MoEF) vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the States of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim.

In addition to the above, MoEF vide their letter No.11-246/2014-FC dated 4th July 2014 has accorded relaxation for diversion of forest land for non forest purposes- special provision for creation of compensatory afforestation in lieu of forest land diverted for creation of strategic Defence projects being taken up within 100 km aerial distance from the Line of Actual Control by any user agency identified by the Ministry of Defence. MoEF has also been requested that BRO may be exempted from clause 19 & 21 of the Air (Prevention and Control of Pollution) Act 1981 for installing stone crushers and setting up of Hot Mix Plants in the above areas. The Committee desire to be apprised of the response of the MOEF in this regard.

Besides, the Chief Secretaries of State Governments of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute Empowered Committees. The committee may be informed of the progress made in this direction.

The Committee also note that the Ministry's reply is silent with regard to the recommendation that the concept of GREF (General Reserve Engineer Force) which was formed post - 1962 war be revived and BRO manned by a 'Force' and not like any normal department. Therefore, the Committee desire that the required steps be taken for implementing the recommendation.

The Committee may be apprised of the action taken within three months of the presentation of this report.

K. Construction of Border and other roads in difficult areas-performance of BRO

Recommendations/Observations of the Committee (Para No. 36)

50. The Committee had recommended as under:-

'The Committee note that the maintenance of existing roads is carried out with the maintenance grants allocated based on approved rates. With a view to improving the quality of maintenance, the Director General Border Roads (DGBR) has been delegated powers to fix rates of maintenance and snow clearance grant and carry out revision whenever required. The Committee also note that formation kilometers which were 1960 kms in 2011-12 came down to 1669 in 2012-13. It declined further to 1588 kms in 2013-14. So is the case with surfacing, which came down from 2389 km in 2011-12 to 2173 km in 2013-14. The construction of bridges has also come down from 3149 metres in 2011-12 to 2246 metres in 2013-14. '

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

'With a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance and snow clearance grants. The revision of maintenance grant, snow clearance grant are under process and same will be revised shortly by DGBR. Other efforts like enhancement of financial powers to executing staff, outsourcing, mechanization, reorganization etc has been made to enhance BRO output.

In order to expedite the execution of works approval in principle was accorded for outsourcing certain works in BRO to Central Public Sector Undertakings, strictly in conformity with GFRs, CVC guidelines and any other rules and procedures prescribed in this regard in the BRDB meeting held on 4th Feb 2013. Accordingly outsourcing of 4 roads to 4 CPSUs has been approved as mentioned under:

Sl. No.	Name of Firm	Name of Road	Length in Km
(a)	M/S IRCON International Ltd, New Delhi	Leh – Loma	103.00
(b)	M/S Bridge and Roof Co (India) Ltd, Kolkata	Along-Kaying	35.00
(c)	M/S Engineering Projects (I) Ltd, New Delhi (EPIL)	Sansari- Killar- Thiro-Tandi	59.00
(d)	M/S National Building Construction Corporation Ltd, New Delhi (NBCC)	Miao-Vijaynagar	185.00

52. The Committee note that with a view to improving the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance and snow clearance grants; and in order to enable the execution of the works, expeditiously, in principle approval has been accorded for outsourcing certain works in BRO to the Central Public Sector Undertakings. The Committee appreciate the fact that the Ministry is taking concrete steps for expediting the work undertaken by BRO. However, the Committee are keen to know of the details of the effectiveness of these measures. Therefore, they may be apprised of the progress of work made by Central Public Sector Undertakings.

L. Resettlement of Retired Officers and Person Below Officers Rank

Recommendations/Observations of the Committee (Para Nos. 39, 40 & 41)

53. The Committee had recommended as under:-

'The Committee note that various avenues are available for resettlement of retired officers and Person Below Officers Rank (PBORs) e.g. reservations in various Central and State Government jobs including banks, Public Sector Undertakings, employment/self-employment schemes, etc.

The Committee also note that out of 21615 Ex- Servicemen (ESM) registered with Directorate General Resettlement (DGR)/Rajya Sainik Board (RSB)/Zila Sainik Board (ZSB), only 12018 were employed in 2011 which is 55.6% of the total. In the year 2012, out of 26518 ESM registered, only 14447 which is 54.58% of total registered got employment. In 2013, 34364 ESW were registered, however, only 14320 got employment which is 41.67% of the total. From the data supplied by the Ministry it may be inferred that every year out of the registered ESM, less than 50% are getting employment/resettlement and the employment figure is decreasing every year. The Committee desire that DGR should be cautious in its planning and try to provide resettlement to all the ESM registered with it and it should commensurate with the qualification and aptitude of the retired soldiers so he should not feel out of place.

The committee also note that some new avenues are being explored by the Ministry for resettlement of Ex-Servicemen and utilizing their competence for nation building and Directorate General Resettlement has made inroads in coordination with Confederation of Indian Industry (CII) for creating jobs for ESM. To achieve better results, the Directorate General Resettlement is in the process of creating National ESM data base compilation and creation of job portal for ESM. A twitter account has also been opened for making information available to ESM. The Committee appreciate that Directorate General Resettlement is now approaching CII for providing employment opportunities but they find that till date DGR has not made concerted efforts for resettlement of ESM in private Sector. The Committee desire that besides CII, the Directorate General Resettlement should have interactions with the other private sector associations like the

Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI) etc to encourage them to hire and let disciplined ex-soldiers prove their mantle in the progress of private sector. It is the responsibility of DGR to look after its veterans so that they can have decent livelihood after spending their prime time in the service of the nation.'

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

'The concerns highlighted by the Standing Committee are appreciated and DGR has taken a number of initiatives to ensure that maximum ESM are given resettlement. Some of the key initiatives are as under:-

- (i) Organisation of Job Fair every two months at various places in the country to ensure maximum jobs for ESM.
- (ii) DGR has organised a conclave with CII to engage the corporate sector to provide jobs for ESM.
- (iii) One of the major reasons for the falling numbers is the lack of opportunities in Government jobs reserved for ESM. The following has come to light:-
 - (a) There are approximately 55 lakhs Central Government Employees including in Banks, PSUs & Para Military Forces.
 - (b) Out of above, based on reservation policy for ESM, at least 12-15 lakh jobs should have been reserved for ESM.
 - (c) However, based on approximately 14% reports received for 2013, only about 2 lakhs ESM are employed in Government jobs reserved for them.
 - (d) In 2013 alone, based on above 14% reports, while 15908 ESM should have been employed on reserved jobs, however only 3231 were actually employed.
 - (e) If the Central Government and States reservation policies are implemented, ESM will not have to look for jobs outside.
- (iv) To rectify the above major anomaly, DGR has taken the following initiatives:-
 - (aa) Establishment of Reservation Monitoring Cell(RMC) to monitor such vacancies.
 - (ab) Request has been made to Government agencies to implement reservations policy in true spirit.
 - (ac) The issue of change in the reservation policy for ESM to include 10% vacancies in Group "B" and 20% vacancies in Group "C" against the

existing reservation of 10% vacancies in Group “C” and 20% vacancies in Group “D” had been taken up with DOP&T. As intimated by DOP&T certain Ministries including MHA are reluctant to the said enhancement. The matter was taken up with MHA by D/o ESW however MHA has not agreed to the same, as even the 10% Vacancies in Group C, reserved for ESM are not being filled up for want of willing/ eligible ESM and large number of vacancies are still unfilled as informed by MHA.

- (ad) The matter has been taken up by D/o ESW with MHA about the pay and seniority protection for ESM getting employed in Government jobs specially in CAPFs. However, the same has not been agreed to by MHA as on date.
- (ae) Preparation of Ready Reckoner for all soldiers to provide them first-hand information on how to prepare for selection for jobs reserved for ESM, which is likely to be published in the first week of April 2015.
- (v) The Concept Paper incorporates a large number of new avenues for employment for the ESM. One of the issues viz. Skill Development is under the active consideration. A series of high level meetings have already been held at the level of the RM, Defence Secretary with Ministry of skill Development and all stakeholders. NSDC in consultation with DGR is preparing a draft MoU to translate into action.'

55. The Committee note that DGR has initiated a number of measures for enabling resettlement of Ex-Servicemen (ESM) to the maximum extent; and a Concept Paper incorporating a large number of new avenues for enabling employment for the ESM viz. by means of Skill Development is said to be under active consideration. The Committee appreciate the fact that for the purpose, a series of high level meetings have already been held at the level of the Raksha Mantri, Defence Secretary with Ministry of Skill Development and other stakeholders. NSDC, in consultation with DGR is preparing a draft MoU to translate the initiates into action. The Committee desire to be apprised of the details of the measures and the outcomes thereof.

L. Fixed Tenure of Ex-Servicemen Secretary

Recommendations/Observations of the Committee (Para No. 42)

56. The Committee had recommended as under:-

'The Committee note that the Department of Ex. Servicemen Welfare was created some time in 2003, but the first full-time Secretary was posted in

December, 2007. The Committee are dismayed to learn that approximately six years, eight Secretaries have moved in and out of the Department, which obviously not only affected the long-term planning and strategy but conveyed the lack of seriousness of Government with which it takes the welfare of Ex-servicemen. The Committee are of the view that the Ministry is not sensitive towards the welfare of Ex-servicemen. Therefore, the Committee recommend that tenure of Secretary of Department of ESM should become a fixed one to have accountability and better implementation of policies for redressal of grievances of Ex-servicemen.'

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

'There is no fixed tenure for Secretaries of Government of India, except for a few Secretaries viz Cabinet Secretary, Defence Secretary and Home Secretary. However, the recommendations of the Committee have been conveyed to Department of Personnel & Training.'

58. The Committee had noted that the Department of Ex-Servicemen Welfare was created in 2003, but a full-time Secretary was made in-charge of the Department only in December, 2007. The Committee were also dismayed to learn that in approximately six years, eight Secretaries have moved in and out of the Department which, apart from affecting the Long Term Planning and strategy was indicative of lack of seriousness on matters pertaining to the welfare of Ex-Servicemen. Therefore, the Committee had recommended that the tenure of Secretary of Department of ESM should become a fixed one which would ensure accountability and better implementation of policies to address the grievances of Ex-servicemen. The Committee note that the recommendation has been conveyed to DOPT. The Committee are of the view that to mitigate the problems of ESM, a fixed tenure should be given to the Secretary, ESM and this matter should be sincerely pursued with the Department of Personnel & Training (DOPT).

M. Need to have clear database of trained Ex-servicemen.

Recommendations/Observations of the Committee (Para No. 43)

59. The Committee had recommended as under:-

'During the oral evidence, the Committee note that there is a need for automation of functions of Department of Ex-Servicemen Welfare. The Committee also note from the evidence tendered before them that the Department does not have clear database of trained Ex-servicemen. Therefore, the Committee desire that DGR should generate national data base of skilled and unskilled Ex-Servicemen and a real time software may be created which can be accessed by ESM for uploading information relating to them. The employment opportunities available in the private sector may also be made available on the website so that Ex. servicemen can make use of it.'

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

'Action is already in hand for developing all India software to ensure a central database for ESM. Simultaneously automation of the DGR itself is in progress. A job portal to link ESM with the corporate industries and to provide suitable jobs based on their skills is also planned.'

61. From the action taken reply, the Committee note that the Ministry is in the process of developing a software for preparing a central database of ESM among other things. The Committee desire that details of the time lines drawn for creating the database and tentative schedule of automation of the Directorate General, Resettlement be shared with the Committee.

N. Lesser allocations to Coast Guard

Recommendations/Observations of the Committee (Para No. 68)

62. The Committee had recommended as under:-

'The Committee also note from the submission of Coast Guard that their strength has gone up by 33 per cent in the last five years, however, their revenue budget has moved only at six per cent. The Committee desire that to maintain acquired equipment, there is a need for increase in revenue budget. The Ministry should, while making capital budget purchases, perceive and have provision for revenue budget also to run and maintain these assets.'

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

- '1. The severe financial crunch faced by the Indian Coast Guard is largely due to budget allocation not keeping pace with rapid growth of the Services in the past five years. The Indian Coast Guard, which had 61 Ships/Boats, 45 Aircrafts, 20 Stations, 05 Air Establishments, 11 District HQs and 03 Regional HQs in 2008, today stands at 108 Ships/Boats, 64 Aircrafts, 42 Stations, 09 Air Establishments, 14 District HQs and 05 Regional HQs achieving almost 40% growth since 2009. The growth is a result of CCS directives in 2009 on Maritime Security including Coastal Security.
2. Against this background and in order to meet matching financial requirement including carry over liabilities of last fiscal, a consolidated case was taken up with MoD (Fin/MO) on 17 June, 2014 seeking additional revenue amount of Rs. 264.342 crore against four revenue object heads. The said case was returned by MoD with an assurance that it will be considered at Supplementary/RE stage and advised to submit the additional requirement at those stages only.
3. At First batch of Supplementary Grant stage, ICG had proposed re-appropriation of Rs. 140 crore from Capital head allocation to Revenue head as Technical Supplementary in consultation with MoD (Fin/MO) and Ministry of Finance. The proposal was submitted to MoD (Fin/MO) on 13 October, 2014. The said proposal was worked out as additional funds were urgently needed against revenue heads during current fiscal.
4. Indian Coast Guard had submitted RE 2014-15 proposal to MoD (Fin/MO) on 21 October, 2014, wherein additional Rs. 300 crore had been sought against Revenue Head non-salary components. Since shortage of budget allocation under Revenue heads has a direct bearing on operations and maintenance of Indian Coast Guard fleet, a letter was forwarded by DGICG to the Defence Secretary on 08 December, 2014 bringing out the critical budget requirements of Indian Coast Guard at RE 2014-15 stage and for BE 2015-16.
5. Expenditure ceiling in respect of Coast Guard Organization (CGO) is being fixed by Ministry of Finance. The expenditure ceiling in respect of CGO for RE 2014-15 was fixed by Ministry of Finance at Rs.1265.00 crore in Revenue section and Rs.1140.00 crore in Capital Section. Further, the proposal of CGO for re-appropriation of Rs.140.00 crore from Capital section to Revenue section in technical supplementary was recommended/forwarded to Ministry of Finance for inclusion of the same in the statement of first batch of supplementary for the approval of Parliament vide this Ministry OM No. 1(9)/Fin(MO)/2014/740 dated 17-10-2014. However, Ministry of Finance did not include the aforesaid proposed in respect of CGO into the statement of first batch supplementary Demands for FY 2014-15 for the approval of Parliament. No reasons were stated by Ministry of Finance in this regard.
6. Further, it is stated that Indian Coast Guard (ICG) proposal for RE 2014-15 for Rs.1465.21 crore in Revenue Section and Rs.1491.73 crore in Capital section were forwarded to Ministry of Finance in Statement of Budgets Estimates for their consideration. The Budget matters in respect of CGO were also discussed in

details in the pre-budget meeting held in Ministry of Finance under the Chairmanship of Secretary (E) before allocating the RE 2014-15 & BE 2015-16 by them.

7. Subsequently, the matter of critical budget requirement of ICG was also taken up with the Ministry of Finance vide this Division ID dated 18 -12-2014 for their consideration to provide the appropriate funds in Revenue and Capital section while finalizing the RE 2014 -15 & BE 2015 -16 to sustain its day to day operation for surveillance in maritime domain, mandatory repairs/refits and procurement of spares for sea going assets/aircraft. However, Ministry of Finance provided the expenditure ceiling of RE 2014-15 of Rs.1265.00 crore in Revenue section and Rs. 1140.00 crore in Capital section against our projections of Rs.1456.21 crore in Revenue Section and Rs.1491.73 crore in Capital section for RE 2014-15.'

64. The Committee note from the action taken reply that severe financial crunch faced by the Indian Coast Guard is largely due to budget allocation not keeping pace with rapid growth of the Services in the past five years. The Indian Coast Guard, which had 61 Ships/Boats, 45 Aircrafts, 20 Stations, 05 Air Establishments, 11 District HQs and 03 Regional HQs in 2008, today has 108 Ships/Boats, 64 Aircrafts, 42 Stations, 09 Air Establishments, 14 District HQs and 05 Regional HQs achieving almost 40% growth since 2009. This growth is a result of CCS directives in 2009 on Maritime Security including Coastal Security. Further, the Committee are concerned to note that expenditure ceiling in respect of CGO for RE 2014 -15 was fixed by Ministry of Finance at Rs.1265 crore in Revenue Section and Rs.1140 crore in Capital Section against the proposal for Rs. 1465.21 crore and Rs. 1491.73 crore in Revenue and Capital Sections respectively. Further, the Ministry of Finance did not heed to the proposal of ICG for granting an additional amount of Rs.300 crore against Revenue Head for non-salary components. All these had negatively affected the operations and maintenance of ICG fleet. Therefore, keeping in view the importance of Maritime Security, the Ministry of Finance needs to be impressed upon for providing adequate allocation to the Coast Guard in the future budgets.

CHAPTER II

A. RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 7)

The Committee are given to understand that the primary function of the Armed Forces is to defend the country in the event of conventional armed conflict and for this purpose, the goals for the Armed Forces are clearly laid out by the Government. The committee further note that the Headquarters of the Integrated Defence Staff (IDS) has prepared the Long Term Integrated Perspective Plan (LTIPP) for 15 years (2012-27) as well as Service Capital Acquisition Plan (SCAP) (2012-17) (12th Five Year Plan) which has been approved by the Defence Acquisition Council (DAC) and there has been considerable improvement in operation preparedness of Armed Forces as a result a sustained efforts in Defence Acquisition and Defence Production.

Reply of the Government

No comments. These are observations of the Standing Committee.

Recommendation (Para No. 10)

The Committee also do not find any reason behind non approval of the Twelfth Defence Plan and desire that approval of Defence Plan should be given importance so as to avoid ad-hoc planning so that our forces are able to anticipate the number of equipment and infrastructure after a certain period of time and prepare themselves accordingly. The Committee recommend that all efforts should be done to ensure that Armed Forces are capable to take on any kind of threats.

Reply of the Government

Budget Estimates 2015-16 are already being finalized and allocations for four years of 12th Defence Plan Period will be thus be completed after these figures are approved. At this stage it serves little practical purpose to seek approval of the Plan. Therefore a decision has been taken not to further pursue the matter with Ministry of Finance for approval of 12th Defence Plan.

It may, however, be added that there is no adverse impact on planning due to want of approval of Ministry of Finance for 12th Defence Plan. The annual projections are being made as per the 12th Plan and capital acquisitions progressed in tune with requirements set out in the Plan.

Recommendation (Para No. 11)

The Committee notes that the Capital Procurement is undertaken in accordance with the Defence Procurement Procedure. The proposal for acquisition of capital assets flows from the Defence Procurement Planning Process and this planning process covers long-term, medium-term and short-term perspectives including 15-year long-term perspective plan. The five year service capital acquisition plan, which includes the list of equipment to be acquired keeping in view the operational exigencies and the overall requirement of funds. The sub sect of this is a two year roll-on plan, which is also approved by the Defence Procurement Board every year.

Recommendation (Para No. 12)

The Committee also notes that preferred order of categorisation for capital acquisition is, 'Buy Indian', 'Buy and Make (Indian)', 'Make Indian', Buy and Make' and lastly 'Buy Global'. The emphasis is to give a boost to the Indian defence industry by according highest preference to 'Buy Indian'.

Recommendation (Para No. 13)

The Committee further note that capital acquisition for schemes, as per defence procurement procedure involves formulation of Services' qualitative requirement, acceptance of necessity by the defence acquisition council and the preparation of issue of Request for Proposal. Solicitation of offers is followed and after the offers are received, there is evaluation of technical offers by the Technical Evaluation Committee.

Reply of the Government on Para No. 11, 12 & 13

Submissions of the Government have been noted by the Committee. No further action on part of the Government.

Recommendation (Para No. 14)

The Committee appreciates that the prevailing procurement procedure seems to be a flawless on one hand, but at the same time, they feel that something is missing therein because this procedure is not yielding the desired results and procurements have not fully materialised. The Committee also notes that one of the reasons for not making procurements is non-adherence of timelines because GSQR are being changed frequently. Therefore, the Committee is of the view that early finalisation of GSQR for procurement of specific equipment should be the order of the day and GSQR should be frozen before giving an order. For the next order of the same equipment, revised GSQR may be used. The Committee desires that instead of making the best product, Mark I, II, III and IV of the equipment may be made so that at least the Services get something and improvements can be made at the later stages with

the experience gained and with the advancement in technology. This will not only save time and wasteful expenditure but also avoid depriving the Armed Forces of any equipment which lowers not fighting efficiency but also its morale. The Committee desires that to curtail the delays in procurement from vendor's side, it is essential to choose only capable and reputed vendors.

Reply of the Government

The current processes are in line with the recommendation.

As per Defence Procurement Procedure-2013 (DPP-2013), the GSQR has to be finalised prior to seeking of Acceptance of Necessity (AoN) for the scheme. GSQR is being formulated with due deliberation and with complete coordination between the agencies concerned. It is also being ensured that GSQR do not aim for the best available product in the market but represent only the actual operational requirements of the user.

Request for Proposal (RFP) is issued to vendors as per provisions contained in the DPP-2013. Only those vendors that clear the trials and Staff Evaluation continue to the commercial stage, where the lowest bidder is determined and contract signed after negotiation by the Contract Negotiation Committee (CNC) and the approval of CFA. For delays in supply, penal provisions, as available in the DPP, are imposed on the vendor.

Recommendation (Para No. 16)

The Committee also desires that while procuring an equipment, where there is long gestation period in the supply, say 10 years, large orders of a particular make should not be given. Instead order should be given in parts so that technological improvements can be inculcated in the next order. The Committee also recommends that penal provisions should be included in the procurement policy so that if equipment is not supplied according to the prototype or there is delay in supply, those provisions could be invoked.

Reply of the Government

Quantity to be procured in one order is based on the operational requirements of the Services as also the economy of scales. However, delivery schedule is based on the Services schedule of raising new units / phasing out of existing equipment/ capacity of the vendor to deliver, etc. Technological improvements are incorporated in subsequent inductions, where applicable.

Penal provisions are already existing in the Defence Procurement Procedure for delayed supplies and are being invoked where applicable.

Recommendation (Para No. 17)

The Committee note that the Ministry of Defence along with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry has taken various steps to encourage private sector participation and has issued so far 222 letters of

intents(LOIs)/Industrial Licences(ILs) to 131 companies till August 2014 for manufacturing of a wide range of licensable defence items.

Reply of the Government

As per the latest figure, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry have issued so far 251 letters of intents (LOIs)/Industrial Licences (ILs) to 150 companies till January, 2015 for manufacturing of a wide range of licensable defence items.

Recommendation (Para No. 18)

The Committee note that so far FDI inflow has been very low in the defence sector and as stated by a representative of Ministry of Defence that raising the cap from 26% to 49%, there will be promotion of joint ventures and manufacturing in domestic sector.

Reply of the Government

The Government has notified revised Foreign Direct Investment (FDI) policy in defence sector vide Press Note No. 7(2014 Series)[available on Department of Industrial Policy & Promotion (DIPP) website] according to which FDI upto 49% is allowed through FIPB route and above 49% with the approval of Cabinet Committee on Security (CCS) on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country. The FDI limit is also subject to obtaining Industrial License for licensable defence items under the Industries (Development & Regulation) Act, 1951. The FDI in defence sector is allowed to encourage Indian Private Sector Participation in defence production to achieve the objective of self-reliance.

Recommendation (Para No. 19)

For the betterment of the system, the Committee suggest that feasibility and desirability increasing the FDI limit should be examined critically.

Reply of the Government

The FDI policy in defence sector has been revised in August, 2014 only. The assessment/feasibility of increase in FDI may be assessed only after the policy gets matured.

Recommendation (Para No. 20)

The Committee note that the Ministry of Defence, at present, does not give any grant to private sector for encouraging manufacturing or Research & Development. The Committee are of the opinion that generally private sector does not invest in the defence R&D till it is sure of getting orders. In the opinion of the Committee this is one of the reasons for non-participation

of private players in the defence sector, thus making the country dependent on imports. Therefore, the Committee desire that private sector should also be given grant for R&D in defence sector so that 'Make in India' concept comes true.

Reply of the Government

The Government provides assistance to private industry in Research and Development of defence equipment. Under the 'Make' Category of Defence Procurement Procedure, there is a provision for collaboration between Government and private Indian Industry where 80% of the expenditure on Research and Development of prototype is shared by Government and 20% by the private Indian Industry. Such developments are backed by assured orders also. 'Make' procedure is under review for simplification and removal of ambiguities as mandated by the Defence Production Policy of the Government promulgated in 2011. Additionally, a Technology Development Fund (TDF) was announced in Union Budget 2014-15 to provide necessary resources to public and private sector companies, including SMEs as well as academic and scientific institutions to support Research and Development of defence systems that enhance cutting edge technology capability in the country. The process of formulation of the scheme for implementation of TDF is under progress.

Recommendation (Para No. 24)

The Committee also notes that the Ministry of Defence has taken series of measures in the form of some major policy initiatives like amendments to Defence Procurement Procedure (DPP), Technology Perspective and Capability Roadmap (TPCR), Preference to 'Buy (Indian)', 'Buy and Make (Indian)', 'Make (Indian)', 'Buy and Make' categories over 'Buy (Global)' category of Capital Acquisition. The Committee also notes that Make procedure is under final stages of streamlining after being cleared by the Defence Procurement Board. The revised procedure would cater to the development in collaborations between Public Sector, Private Sector and Research and Academic Institutions.

Reply of the Government

Submissions of the Government have been noted by the Committee. No further action on part of the Government.

Recommendation (Para No. 27)

From the reply furnished by the representative of BRO, the Committee note that now onwards the Border Roads Organisation would focus on core strategic functions on the Northern Border. The Ministry of Defence & the Ministry of Road Transport and Highways (MoRT&H) will work out modalities of separating Border Roads Organizations strategic road building functions from infrastructural development in Left Wing Extremism affected areas and internal roads. The Committee also note that in order to reduce BRO's work load, MoRTH and BRO will jointly examine and priorities the roads which are necessarily to be constructed by the BRO in Uttarakhand, J&K and North East. MoRTH will make alternative arrangements for

remaining roads. Accordingly, 28 roads of 2904 Kms lengths have been identified for transfer to various agencies.

Reply of the Government

In the meeting of National Security Council (NSC) held on 1.11.2013, it was decided that Border Roads Organisation(BRO) would focus on core strategic functions on the Northern Border and Ministry of Defence (MoD) & Ministry of Road Transport and Highways(MoRT&H) will work out modalities of separating BRO's strategic road building functions from infrastructure development in Left Wing Extremism affected areas and internal roads. Further, it was decided in a meeting held with National Security Advisor (NSA) on 23.8.2013 that in order to reduce BRO's work load, MoRTH and BRO will jointly examine and prioritise the roads which are necessarily to be constructed by the BRO in Uttarakhand, J&K and North East. MoRT&H will make alternate arrangements for remaining roads. Accordingly, 28 roads of 2904 Kms length were identified for transfer to various agencies. Roads are being handed over to other agencies by BRO in a phased manner to utilize its resources optimally for construction of roads which are of strategic importance. Till 12 February 2015, BRO has handed over a total of 772.89 km of 9 roads to other agencies.

Recommendation (Para No. 29)

The Committee note that various other measures e.g inclusion of 747 roads in the Border Roads Development Boards (BRDB) programme, Long Term Roll On Works Plan (LTROWP) for Rs.21,133 Cr for the period 2014-2018, delegation of powers to BRO for deciding Standard Schedule of Rates (SSR), restoration of powers to DGBR to sanction Revised/work done estimates, Delinking of Bhutan Compensatory Allowance from works in Bhutan, approval of procurement of 39 state-of-the-art medium Crawler Rock drills, outsourcing of critical category employee i.e Junior Engineers (JEs) till the candidates are made available by the Staff Selection Commission (SSC), faster clearances of pending forest clearance (FC) cases, land acquisition (LA) cases, etc. have been taken to expedite the construction of roads.

Reply of the Government

MEASURES TAKEN TO FACILITATE PROGRESS: Following specific measures have been taken overcome the impediments and to facilitate smooth progress:

- (i) **Role of BRO:** In the meeting of National Security Council (NSC) held on 1.11.2013, it was decided that BRO would focus on core strategic functions on the Northern Border and Ministry of Defence (MoD) & Ministry of Road Transport and Highways (MoRT&H) will work out modalities of separating BRO's strategic road building functions from infrastructure development in Left Wing Extremism affected areas and internal roads. Further, it was decided in a meeting held with NSA on 23.8.2013 that in order to reduce BRO's work load, MoRT&H and BRO will jointly examine and prioritize the roads which are

necessarily to be constructed by the BRO in Uttarakhand, J&K and North East. MoRT&H will make alternate arrangements for remaining roads. Accordingly, 28 roads of 2904 Kmslength were identified for transfer to various agencies. Roads are being handed over by BRO to other agencies.

(ii) Outsourcing of 4 roads to CPSUs: Four roads have been approved for outsourcing to 4 Central public Sector Units (CPSUs) on nomination basis in order to expedite progress of road construction in border areas.

(iii) BRO has been empowered with delegated powers/policy simplifications in following area so that works can be expedited and can progress smoothly:

(a) Enhanced delegation of power: Enhancement of delegated powers of DGBR in respect of 26 items have been approved. The enhanced powers include power to sanction Estimates for works upto Rs 10 Cr by Project Chief Engineers, enhanced powers of hiring of vehicle/equipment/plant, enhanced powers for outsourcing of consultancy services for preparation of DPRs, powers for DGBR to include works on emergent basis, enhanced powers for procurement of construction stores. Further, special delegation of powers has been approved for works related to roads of Char Dham Yatra in Uttarakhand. Also special dispensation in select items involving higher delegation to expedite ICBRs and operationally critical roads has also been approved.

(b) BRDB Programme: 760 roads have been included in the BRDB programme. This will facilitate DGBR to approve maintenance grant for roads which are part of BRDB Programme without any further approval.

(c) Long term Roll On Works Plan (LTROWP): Long term Roll On Works Plan (LTROWP) for Rs.21,133 Cr has been finalized to help BRO to get clearances and complete the preparatory works /estimates in advance and so that works can be taken up in time without having to wait for approval of Annual Works Plan (AWP).

(d) Standard Schedule of Rates (SSR): DGBR has been delegated powers to issue new/revised Standard Schedule of Rates (SSR). This will ensure timely assessment of correct cost of projects and avoid frequent review of estimates.

- (e) Change in Maintenance Grant and Snow Clearance Grant: With a view to improve quality of maintenance DGBR has been delegated powers to fix rates of maintenance and snow clearance grant and carry out revision whenever required.
- (f) Work done/Revised AEs : Powers of DGBR to sanction Revised/work done estimates have been restored to expedite completion of works held up for revision of estimates.
- (g) Delinking of BCA from works in Bhutan: Bhutan Compensatory Allowance(BCA) has been delinked from the estimates to reduce burden on works.
- (h) Increased out-lay for vehicle/equipment/plant procurement: The size of annual procurement plan for procurement of vehicle/equipment/plant has been increased to Rs 459 Crores in 2014-15. Besides to complete preparatory action for timely procurement of a road map has been drawn in the form of a long term equipment plan (LTEP) from 2014-15 to 2018-19 for Rs. 3913.47Cr.
- (i) Outsourcing of DPR preparation: Delegated powers of DGBR for outsourcing consultancy services for preparation of DPRs has been enhanced to Rs 200 lacs from present Rs 10 lacs to enable DGBR to take up preparation of DPR for whole length of road in one go through outsourcing.
- (j) Amendment of Border Roads Regulations: A proposal to allow BRO to outsource maintenance activities as well as works has been considered (Para 611 and 614) and approved. The proposal to empower Chief Engineer to sanction preparation of Detailed Project report (DPR) once a road is included in BRDB Programme without linking it to Annual work Plan (AWP) has been considered (Para 545 of BR Regulations) and approved.
- (k) MoEF vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim for following :-
- (i) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100km kilometers aerial distance from the LAC and
- (ii) widening of road (by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (l) MoEF vide their letter dated 8th Aug 2014 has accorded approval for working permission for tree cutting and commencement of work, if the required compensatory levies as per conditions stipulated in the in-principle approval are realized from the user agency and

where necessary, for compensatory afforestation, transfer and mutation of non-forest/revenue forest land in favour of state Forest Department is affected.

(m) Chief Secretaries of State Govts of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues. States of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Uttarakhand have constituted the Empowered Committee.

(n) A Standard Operating Procedure (SOP) with simplified procedure to ensure expeditious payment of Forest Clearance/Net present value/compensatory afforestation/cost of trees and other related payment to Forest authorities after getting Stage-I clearance for obtaining forest clearance has been issued on 18th Dec 2014.

Recommendation (Para No. 30)

The Committee further note that the Chief Secretaries of State Governments of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, Public Works Department (PWD) and Power Departments along with the Principal Chief Conservators of Forests (PCCF) and Chief Engineers of BRO as members to resolve issues. The Ministry of Environment & Forests has been requested that BRO may be exempted from clause 19 & 21 of the Air (Prevention and Control of Pollution) Act 1981 for installation of stone crusher and setting up of Hot Mix Plant on the above areas.

Reply of the Government

The following measures have been taken to expedite the forest clearances and other issues with the State Governments:

- (a) Empowered committees have been constituted and some States are holding regular meetings under the Chairmanship of Chief Secretaries to resolve critical issues.
- (b) Regular review meeting with forest authorities has expedited Forest Clearance cases.
- (c) A large number of steps have been initiated by Government for timely disposal of forest clearance cases:
 - (i) Setting up of single window system at State level for speedy clearance.

- (ii) Exemption of Compliance of Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim accorded vide MoEF order dated 27 Apr 2011.
- (iii) Exemption for transfer and mutation of alternate Revenue Land for raising compensatory Afforestation for border roads within the State of Uttarakhand State accorded vide MoEF order dated 09 Dec 2013.
- (iv) Requirement of certificate regarding non availability of alternate alignment has been dispensed with for BRO projects by MoEF vide their order dated 09 Dec 2013.
- (v) Permission for processing division wise cases of BRO projects have been accorded by MoEF vide their order dated 09 Dec 2013.
- (vi) A working group was constituted under the chairmanship of Secretary MoEF for expediting the forest clearance cases and its recommendations are under consideration.
- (d) MoEF vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim for following :-
 - (i) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100km kilometers aerial distance from the LAC and
 - (ii) widening of road (by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (e) MoEF vide their letter dated 8th Aug 2014 has accorded approval for working permission for tree cutting and commencement of work, if the required compensatory levies as per conditions stipulated in the in-principle approval are realized from the user agency and where necessary, for compensatory afforestation, transfer and mutation of non-forest/revenue forest land in favour of state Forest Department is affected.
- (f) Chief Secretaries of State Governments of Arunachal Pradesh, Assam ,J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, Public Work Department(PWD) and Power Departments along with the Principal Chief Conservator of Forest (PCCF) and Chief Engineers of BRO as members to

resolve issues. States of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Uttarakhand have constituted the Empowered Committee.

(g) A Standard Operating Procedure (SOP) with simplified procedure to ensure expeditious payment of Forest Clearance/Net present value/compensatory afforestation/cost of trees and other related payment to Forest authorities after getting Stage-I clearance for obtaining forest clearance has been issued on 18th Dec 2014.

Recommendation (Para No. 32)

The committee are of the view that measures taken by BRO and the Border Road Development Board (BRDB) may ease the construction of road work in border areas but it all depends upon the efficiency of the personnel working in various capacities. The Committee desire that Crawler Rock Drills for which the approval has been given for procurement, should be acquired at the earliest as it will ease lots of hardships which BRO is facing. The Committee desire that timelines of every project should be drawn and adhered to meticulously so that the delays in achieving the results are avoided.

Reply of the Government

A Long term Equipment Plan 2014-15 to 2018-19 for induction in BRO has been approved for Rs 3913 crores. 39 Nos Crawler Rock Drills has been received and deployed by BRO on various roads works. In addition to this an additional 15 Nos are sanctioned for procurement during 2014-15.

Long term Roll on works Plan (LTROWP) has been prepared where in the probable date of completion of all projects has been fixed. In case of the any change the approval is required from the Ministry in consultation with Army.

Recommendation (Para No. 37)

The Committee note that BRO has projected a demand of Rs.698.14 crore against maintenance during Revised Expenditure 2013-14, however, the funds allotted was only Rs.566.49 crore. Similarly, against a Budget Expenditure a demand of Rs.749.64 crore for 2014-15 has been made but the fund allotted is Rs.637.00 crore only. It seems that the Ministry of Road Transport and Highways, which provides the budget to BRO is not aware of the ground realities and importance of maintaining the roads in all weather conditions. The Committee feel that the difficulty regarding non-availability of funds being faced by BRO is due to the dual control of BRO. Therefore, the Committee desire that the Border Roads Organisation should be devoid of dual control and its budget should rests with the Ministry of Defence only.

Reply of the Government

In order to improve the operational efficiency of BRO and achieve clarity and unity of command, Government of India (Allocation of Business rules 1961) has been amended vide

notification dated 9th January 2015 to include 'all matters relating to Border Roads Development Board and Border Roads Organisation (BRO)' in the list of business allocated to Ministry of Defence. The budget allocation from BE 2015-16 onwards for BRO has been done Ministry of Defence (Demand No 21). The allocations of Budget for BRO for (BE) 2015-16 under Non Plan (NP) is Rs 3030.57 crores and under Plan is Rs 450.00 crores.

Recommendation (Para No. 38)

National War Memorial

The Committee note that there has been a demand for construction of National War Memorial by various ex-servicemen organizations. The Committee are happy to note that Rs. 200 crores have been allocated in the Defence Services Estimates for the Year 2014-15 for this purpose. The Committee desire that all out efforts may be made so that National War Memorial may become a reality soon.

Reply of the Government

The proposal for the construction of National War Memorial and National War Museum is under consideration of the Government. The proposal is being processed for obtaining Government approval for the project.

Recommendation (Para No. 44)

The Committee also feel that coordination between ex-servicemen and the Department has been lacking and this fact that has also been admitted by the Secretary, Ex-Servicemen Welfare. The Committee are of the view that a forum should be created within the Department which can deal directly with the recognised ESM associations, so that the two ways communication between them may be formed to understand each other better and to have more ideas to take effective steps to mitigate the grievances of ESM.

Reply of the Government

A committee has been constituted under the Chairmanship Hon'ble Raksha Mantri for interaction with the recognized ESM Associations at regular intervals.

Recommendation (Para No. 45)

The Committee have been recommending in their various reports for lateral induction of Ex. Servicemen in Central Para Military Forces and State Police Force. The Committee note that so far no scheme for lateral induction of ESM into Central Para Military Forces (CPMF) and State Police Force has been introduced. As per the existing guidelines, the retired Armed Forces personnel are recruited against the quota earmarked for ESM and they do not get any seniority or pay protection, therefore, very few ESM have opted for these jobs.

Recommendation (Para No. 46)

As the lateral induction of ESM into Central Armed Police Forces (CAPFs) and State Police Forces has still not been implemented, the Committee, therefore, recommend that Ministry of Defence should have high level regular meeting with Ministry of Home Affairs so that guidelines regarding recruitment could suitably be amended to give seniority to ESM while providing employment in CAPFs. The Committee desire that the quota in respect of ESM should be increased in Central Armed Police Forces and they should be given seniority and pay protection so that Ministry of Home Affairs can have disciplined and trained manpower. However, lateral induction of ESM into CAPFs must be given serious thought.

Recommendation (Para No. 47)

The Committee also desire that State Governments should also be requested to make amendment in the recruitment rules for lateral transfer of ESM into the State Police Forces.

Reply of the Government on Para No. 45, 46 & 47

- (a) ESM are recruited in the Central Armed Police Forces (CAPF) as per the reservation policy in force. Ministry of Home Affairs (Police II Division) vide letter dated 10th April 2012 communicated broad guidelines regarding recruitment of ESM against vacancies in CAPFs. As per the existing provisions ESM recruited in the CAPFs do not get any protection of seniority or last pay drawn. The pay fixation for ESM who are re-employed is governed by the DoP&T order 3/19/2009/Est (Pay II) dated 05 Apr 2010.
- (b) The issue of Lateral Induction in CAPFs was taken up with MHA. In response MHA has intimated that the CAPFs have not agreed to induction of Defence personnel (other Ranks) to the CAPFs/creation of a separate cadre in CAPFs for Army men. However, Assam Rifles (AR) has concurred with the proposal of induction of 1000 Army personnel as a separate cadre and has requested MHA to issue suitable guidelines for preparation of Recruitment Rules for said cadre. The main reasons put forth by CAPFs for not agreeing to the said proposal are as under:-
 - (i) The Army personnel are maintaining one rank above CAPFs personnel with respect to pay thus; pay fixation will create disparity within similar ranks. Pay fixation under Scheme is also different in Army (8, 16& 24 years) and CAPFs (10, 20& 30 years).
 - (ii) Difficulty in maintaining younger age profile of CAPFs due to older age profile of lateral inductees.
 - (iii) Difficulty in fixing seniority of lateral inductees vis-à-vis CAPFs personnel.

- (iv) The role of Defence Forces (safeguarding the Country against external aggression) is different from that of the CAPFs (internal security, Anti Naxal Operations, Law & Order duties etc).
- (v) It will affect the promotional prospects of CAPFs personnel who are already facing stagnation, as the Army personnel will always be senior to CAPFs personnel by virtue of younger age at entry level and better promotional prospects in the Army. Thus, it will lead to large scale disgruntlement and demoralization amongst CAPFs personnel.
- (vi) Creation of new cadre/sub cadre may bring discontent in CAPF troops and will also create complication viz. Charter of duties, deployment, identification of post including promotional post, inter-se-seniority and difficulty in maintaining command & control.

In view of the above, it appears that MHA is not in favour of lateral induction of Armed Forces Personnel in the CAPFs moreover, they are not also in favour of increasing the reservation quota for Ex-Servicemen beyond 10% of the vacancies.

In respect of Recommendation No.47, it is submitted that all the State Governments/UTs have already been requested to intimate the reservation quota, if any, and the number of ESM recruited in the State/UTs Police Force during the last three years. Information has been received from a few States/UTs. On receipt of complete information from the States/UTs all the State Government/UTs will be requested to make amendment in the recruitment rules for lateral transfer of ESM into the State Police Forces.

Recommendation (Para No. 48)

The Committee note that the primary responsibility for providing assistance to World War Veterans and their widows is that of the respective State Governments. As the financial assistance provided was inadequate, therefore, the Department of Ex-Servicemen Welfare took up the matter with the State Governments/Union Territory Administrations in 2009 for enhancing the assistant to a minimum of Rs. 3000/- p.m. The states of A&N Islands, Andhra Pradesh, Bihar, Chandigarh, Chhattisgarh, Delhi, Goa, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Puducherry, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh and Uttrakhand which are paying in the range of Rs. 3000/- to Rs. 6000/- per month. The States like Assam, Haryana, Himanchal Pradesh, J&K, Kerala, Mizoram, Orissa, Punjab and West Bengal are paying a meagre amount of Rs. 500 to 1500 per month. The Committee are surprised to find that the States of Arunachal Pradesh and Manipur are not paying anything at all.

Reply of the Government

Arunchal Pradesh has reported nil World War II Veterans/Widows population. Manipur has started paying Rs. 1200/-pm w.e.f. from 5 Jan 2015.

Recommendation (Para No. 49)

The World War I was fought between 1914 to 1918 and The World War II from 1939 to 1945, therefore, the veterans of World War I might not be alive except very few and veterans of World War II might be in the ripe old age. The Committee understand that there are very few world war veterans in the country and for a small number of veterans; the State can bear financial assistance of Rs. 6000/- to Rs. 10,000/- per month. The Committee want that the country should not forget the sacrifices made by these veterans and provide assistance in their old age. Therefore, the Committee desire that a decent amount between Rs. 6000 to Rs. 10,000 may be provided to each veteran.

Reply of the Government

Chief Secretaries and Directors/Secretaries of RSBs of all States/UTs have been requested to enhance the rate of monthly financial assistance for World War veterans and their widows, to Rs. 6000/- to Rs. 10,000/- per month per veteran.

Recommendation (Para No. 50)

During the oral evidence the Committee came to know that gallantry award winners are also not getting uniform financial benefits as different States have different policy in awarding these benefits to the winners. The Committee are of the opinion that the soldiers who have fought for the Nation without caring for their lives, a uniform financial benefits should be given to all gallantry award winners across the country and if need be, the Government should back it up with legislative bindings.

Reply of the Government

It is stated that the financial / cash rewards for Gallantry awardees varies from State to State as it is prerogative of the State Governments. Central Government has fixed uniform monetary allowances to the recipients of Gallantry Awards as per the following details:

Name of Awards	Monetary allowance (Rupees per month)
ParamVir Chakra (PVC)	10,000
Ashok Chakra (AC)	6,000
MahaVir Chakra (MVC)	5,000
Kirti Chakra (KC)	4,500
Vir Chakra (Vr C)	3,500
Shaurya Chakra (SC)	3,000
Sena Medal / NavoSena Medal / Vayu Medal (SM/NM/VM) - Gallantry	1,000

Recommendation (Para No. 51)

The Committee note that the appointment of a Veteran Commission to address their grievances, was announced long back but the appointment is still pending. The Committee desire that the Veteran Commission should be appointed at the earliest with wide judicial powers.

Reply of the Government

In pursuance of Hon'ble President's statement made in the joint session of parliament on 9th June, 2014, regarding Government's decision to appoint a Veteran Commission, the National Commission for Ex-Servicemen Bill'2015 has been drafted in order to set up the National Commission for Ex-Servicemen. The comments of Department of Legislative affairs have been obtained on the Bill and follow-up action is being taken in accordance with the guidelines/procedure laid down for legislative proposals to set up such Bodies

Recommendation (Para No. 52)

The Committee appreciate the good work done by the Eco Task Force of Territorial Army at various places in maintaining the ecological balance, afforestation, grassland development, restoration of habitat for indigenous wildlife and other faunal species, improvement of ground water regime, improvement of soil quality and fertility in the area and improvement in bio-diversity. The work of task force was much praised in Uttarakhand, which is totally funded by the State Government. Therefore, the Committee desire that more Eco Task Battalions should be raised by central funding, where on the one hand ESM get re-employment and on the other the country will have dedicated work force to turn the area green even in difficult terrains.

Reply of the Government

Eco Task Force (ETF) have been created to execute specific ecology related projects with military like work culture and commitment. ETF use technical expertise of the respective State Forest Department to prevent ecological degradation and promote environment. As on date there are eight such ETF Battalions having 21 operational companies under their ambit. Of these six ETF Battalion Headquarter and 14 companies are funded by Ministry of Environment, Forests and Climate Change (MoEF& CC) and two Battalion Headquarters and seven companies are funded by State Governments.

2. ETF Battalions are funded by MoEF& CC / State Governments who bear the cost of raising, maintenance, pay and allowances of the units. The State Forest Department provides technical supervision and guidance including land, provision of saplings, budget for accommodation at the project site, telephones, electrification, fencing materials and related ancillaries and equipment for afforestation.

3. The comments of Ministry of Environment, Forests and Climate Change (MoEF& CC) on the recommendations of the Standing Committee of Defence have also been obtained. MOEF

&CC have indicated that Eco Task Force (ETF) Scheme was initiated in 1982 with the twin-objective of Ex-servicemen's welfare/rehabilitation and eco-restoration of degraded ecosystems through afforestation, soil conservation & water resource management techniques. At present six Battalions of Ex-servicemen/Territorial Army located in Uttarakhand, Rajasthan, J&K and Assam are funded by Ministry of Environment & Forest & Climate Change. Establishment cost of ETF is reimbursed by Ministry of Environment & Forest & Climate Change to Ministry of Defence.

4. Considering the commendable works done by the ETF battalions some states have requested Ministry of Environment & Forest & Climate Change to financially support them in raising the Eco Battalions. In this context, Ministry of Environment & Forest & Climate Change has intimated that at present budget allocation is not enough to meet the expenditure on existing six battalions and around Rs. 81 crores of pending bills are yet to be reimbursed to MoD by Ministry of Environment & Forest & Climate Change. Therefore, it may not be possible for the Ministry of Environment & Forest & Climate Change to support additional battalions. However, the State Governments may consider raising Eco Task Force battalions from their own resources as is being done by States like Delhi and Himachal Pradesh. Technical support and advice can be provided by the State Forest Departments & Ministry of Environment & Forest & Climate Change.

Recommendation (Para No. 53)

The Committee note that One Rank One Pension (OROP) implies that uniform pension be paid to the Armed Forces Personnel retiring in the same rank with the same length of service irrespective of their date of retirement and any future enhancement in the rates of pension to be automatically passed on to the past pensioners. This will bridge the gap between the rate of pension of the current pensioners, the past pensioners, and also future enhancement.

Recommendation (Para No. 54)

The Committee also note that a Working Group under the Chairpersonship of Controller General of Defence Accounts (CGDA) has been constituted for examining the proposal submitted by the Services and preparing Government orders for implementation of OROP w.e.f. 01.04.2014, however, the Working Group could not arrive at any consensus and the modalities for implementation of OROP are still under consideration. An allocation of Rs. 500 crore was announced in the interim budget and in the current years, an allocation of Rs. 1000 crore has been made for implementation of OROP.

Recommendation (Para No. 55)

Since the Hon'ble Prime Minister has already made a commitment and the Finance Minister has provided Rs. 1000 crore in the current budget, the OROP must be implemented at the earliest.

Reply of the Government on Para No. 53, 54 & 55

The modalities for implementation of One Rank One Pension are still under consideration of the Government.

Recommendation (Para No. 56)

The Committee note that financial assistance of Rs. 16000/- for marriage of daughter (maximum two) is provided to ESM and their widows, up to the rank of Hav/equivalent, from the Armed Forces Flag Day (AFFDF). A financial assistance is also provided to ESM/dependents out of AFFDF for their identified personal needs such as Penury Grant and Child Education Grant, etc. The amount available is not sufficient to meet the annual requirement. Additional funds to the tune of Rs. 79 crore are required to clear the backlog of 50,000 applications during the current financial year 2014-15. The Committee also note that in order to implement the enhanced rate of Rs. 50,000 as Marriage Grant, another additional amount of Rs. 10.30 crore (approx.) per annum will be required.

Recommendation (Para No. 57)

The Committee further note that the Ministry are making efforts to strengthen the AFFDF corpus through some options such as enhancing the Services' Contribution to AFFDF, exploring the other sources of income such as contribution from CSR budget of PSUs and sharing of CSD canteen profit, etc. Presently, the upward revision of marriage grant may not be possible in view of the limited funds available for financial assistance. The proposal will be considered once the available funds are sufficient to meet the requirement.

Recommendation (Para No. 58)

The Committee desire that an additional allocation of Rs. 79 crore to clear the backlog of 50000 applications and Rs. 10.30 crore for enhanced rate of Rs. 50,000 per application should be given to Department of Ex.servicemen at the Revised Estimates stage to clear all the pending applications at enhanced rate.

Reply of the Government on Para No. 56, 57 & 58

The matter has been taken up with Financial Planning Division of Ministry of Defence for allocation of additional Rs.79 Crore to clear the backlog of 50000 application, and Rs.10.30 Crore for enhanced rate of marriage Grant @ Rs.50,000/- per application.

Recommendation (Para No. 59)

The Committee note that the Military Engineer Services (MES) are having Rs. One lakh crore worth of works coming up in the next decade and also it is trying to enhance its capacity. As informed by Engineer-in-Chief, MES is also plagued with deficiencies in manpower to carry out the requisite work.

Recommendation (Para No. 60)

The Committee also note that a number of proposals have been sent by MES to the Ministry of Defence. During the oral evidence, the Committee were not assured whether the proposals would be cleared by the Ministry or not. The Defence Secretary gave a reply on the set patterns stating that there is hard budgetary constraint implying the proposals may not be cleared till more budget is infused.

Recommendation (Para No. 61)

The Committee therefore, recommend that the Ministry of Defence should have high level meeting with the Ministry of Finance to get projected and envisaged requirements of MES so that there would be no delay in the projects. The committee also desire that problems of human resource in MES also be resolved by the Ministry because quality manpower is essential to carry out the proposed mammoth tasks of the MES. The Committee are of the view that MES should involved private sector in non-Military works such as making office and residential buildings, etc. and focus itself on core areas of work in strategic places.

Reply of the Government on Para No. 59, 60 & 61

1. Approximately Rs. 1.59 lakh crore worth of works are under various stages of planning/sanction. Assurance has been given by the Ministry of Defence that budgetary support for all the proposals would be given as and when the work is sanctioned. The details are as given below :-

- | | | |
|-----|--|--------------------|
| (a) | Works sanctioned | - Rs. 12474 crore. |
| (b) | Works under process for sanction | - Rs. 55102 crore. |
| (c) | Proposals under preparation
at Service Headquarters | - Rs. 91490 crore. |

2. To plan and execute works in a time bound manner and to avoid over burdening the existing MES formations, following cases have been taken up with the Ministry :-

(a) MES Accretions.

Ser No	Project	Officers	Subordinates
(i)	11 th Plan and 12 th Plan	142	877
(ii)	Dedicated establishments for Coast Guard	135	4329
(iii)	Chief Engineer for Southern Air Command and Special Projects	61	305
Total		338	5511

(b) Making up existing deficiencies of MES Manpower by restoration of deemed abolitions through recruitment of 24,196 personnel and balance of 31,712 by outsourcing.

(c) Raising of Chief Engineer Zone for Leh- Ladakh region.

3. In order to improve the efficiency and make the existing procedures contemporary, a number of initiatives as under have also been taken up with the Ministry; for which a presentation was made to the Defence Secretary on 03 Dec 14 and Hon'ble Raksha Mantri on 22 Dec 14 :-

(a) Delegation of listing of wks services and go ahead based on rough cost.

(b) Revision of Scales of Accommodation 2009.

(c) Maintenance norms at par with CPWD.

(d) Integrating all MES establishments for automation and enterprise resource planning solution through MES NET.

(e) Revision of Regulations of MES.

(f) Revision of Contract Conditions.

(g) Revision of Defence Works Procedure 2007.

(h) Amendment to SRO 92 of 1957 on Field Service Liability in respect of MES civilian officers and subordinates.

(j) Resolution of equivalence between Military and Civilian officers.

4. All the above cases are under active consideration of the Ministry. Recently the Ministry has revised the maintenance norms and financial powers of MES executives, which will enhance the productivity of the organisation and improve user satisfaction.

5. MES works are planned and designed in house and executed by civil contractors. However, where required, consultancy through private parties is resorted to exploit their domain expertise. Public Private Participation model is not in consonance with present policy on execution of works in Military Engineer Services, which is bound by General Financial Rule (GFR) 2005 and Defence Work Procedure (DWP) 2007. Since there is no scope for revenue generation, Public Private Participation model is not suitable for construction of defence infrastructure. Notwithstanding, the Ministry is actively considering pilot Public Private Participation in the field of power generation with renewable energy, which is a very specialised field.

Recommendation (Para No. 62)

The Committee note that the Married Accommodation Project has been created to provide married accommodation for the three Services, with the aim of eradicating the deficiency of married accommodation for service personnel.

Recommendation (Para No. 63)

The Committee note that MAP phase I is almost over but in Phase II only 13% work is completed and as admitted by Engineer-in-Chief, the MAP project is running 2 to 3 years behind schedule. The Committee are perturbed over the fact that although MAP has been created solely to provide married accommodation to service personnel but the results have not been encouraging since projects are running behind schedule. The Committee desire that engineers working on MAP should acquire technology of quick construction of houses from the private sector in India and from developed nations, so that our service personnel who are generally away from their families can have peaceful life with their families in the married accommodation.

Reply of the Government on Para No. 62 & 63

The progress of MAP Phase II project has been slow due to overall liquidity crunch faced by construction companies, slow performance by contractors, environmental issues (treecutting, costal zone clearance), demolition of old buildings, disputed land title etc, shortage / increase in cost of material like cement, steel, aggregate, sand etc.

Slow moving projects were identified by DG(MAP). DG (MAP) has thereafter cancelled a number of contracts and retendered them at the risk and cost of the original contractors as one of the measures to speed up the progress of the projects. As a result the progress of the projects has improved. A Board of Officers (BOO) was constituted to study the lessons learnt from Phase-I and Phase -II projects and suggest remedial actions. The recommendations of the BOO are being considered for implementation in Phase-III. The BOO has also studied

latest technologies and methodologies prevalent in construction industry for faster construction for incorporating in future MAP projects. A pilot project at Mumbai using the latest technology namely “Shear Wall Technology” for faster construction has already been sanctioned. The tender action for this project is in progress. A number of projects of Phase III have been identified for incorporation of such latest technologies for faster and better quality construction.

Recommendation (Para No. 64)

The Committee are unhappy to note the instances of supply of inferior quality of CSD products as well as their pilferage and reaching these in open market. Therefore, the Committee are of the opinion that there should be a marking on the product of CSD after they are purchased from the manufacturers to avoid any pilferage. The Committee also desire that CSD must keep on improving its procedure relating to sampling and quality check so that only best quality items are delivered to the consumers.

Reply of the Government

CSD purchases items directly from the manufacturers, brand owners or sole distributors/importers of the product in the country. All the items approved for introduction in CSD inventory are cleared by various Committees such as Preliminary Screening Committee (PSC), Price Negotiation Committee (PNC) etc and finally approved by the Board of Administration (BOA) comprising of independent senior officers of the Department and Chaired by the General Manager (GM), CSD. All edible items prior to placement of initial order undergo testing by Army Medical Corps and Composite Food Laboratory (CFL) to ensure quality. In addition to this quality control tests are also done at regular intervals as per departmental policy to insure quality of products.

Introduction of Canteen Smart Card and use of Canteen Inventory Management Systems (CIMS) ver 5.06 has helped genuine consumers and curbed pilferage/sale of goods to unauthorized consumers. This has curbed the sale of goods in the civil market and such complaints are no longer being reported from the environment.

Regarding marking on products after purchase from manufacturer to avoid pilferage, it is stated that the firms are not supplying items to CSD with ‘CSD only’ marking. The manufacturers are supplying goods directly to all depots and small suppliers are supplying goods through Base Depot. These items/goods are supplied in sealed case packs to CSD Depots. Many suppliers deliver stores to CSD Area Depots through local clearing and forwarding (C & F) agents from the local warehouse. It will not be possible for them to arrange fresh stock from local C & F in case CSD insists for special marking on the product. Besides unsold goods, non moving items can be returned to the firms who can then sell them in the civil market but with ‘CSD Only’ marking unsold goods returned to the firms are of no use as these would not be sold in the civil market and become a dead loss.

Supply of identical goods to CSD and civil market without any difference in marking/logo by Firm/Suppliers has helped in changing the perception of the consumers who in the past felt that goods marked “For CSD only” were inferior to the similar products available in the civil market. Further, it will also help CSD in carrying out quality checks & cost comparison in a more efficient way.

Recommendation (Para No. 65)

The Committee also note the difficulties being faced by the Ex-servicemen, who are residing in far-flung areas in getting CSD items. The Committee are of the view that along with mobile canteens, concept of online purchases should also be encouraged because extension counters or mobile canteens may not have all the items in required quantity. These online purchases may be made through smart phone applications or using internet and Ex-servicemen and their family members can order exact number and type of items required. These items could be delivered at their door step without bothering them to come to city just to buy them. For the purpose, CSD can have private sector participation in sending the items to the ESM.

Reply of the Government

CSD cannot be compared with the private models of online sale of stores. The CSD stores are procured by CSD/CSD depots from dealers and then supplied to URCs. CSD pays its dealers from the budget allotted by the Government. URC makes payment from their non-public funds to CSD Depot in advance for supply of stores.

Online purchases require interlinking of all URCs on the cloud server/Internet with access to bank gateways. However, URCs are private ventures of units/formations and many of them are located in far-flung, remote field areas where internet access is not available. The online purchase and delivery of stores will require carriage/transportation cost which would be borne by customers which may lead to increase in price for consumer and would defeat the main objective of CSD of providing good to the troops and their dependent at a price cheaper than the market price. Linking of URCs to internet may be a security risk as this may give out the location and strength of serving and veterans in a particular location.

Notwithstanding a pilot project for Online Sale of URC stores is being taken up by Golden Star URC of HQ Southern Command (Sigs) for veterans. Based on the response and success of pilot project same will be replicated in other cities for ESM/Veterans.

Recommendation (Para No. 66)

The Committee note that like other Services, Coast Guard Organisation is also deficient in manpower. Out of 13839 manpower sanctioned for Coast Guard, only 10646 number of employees are in position. One of the reasons cited by the Coast Guard is that, intake has been restricted due to limited allocation of vacancies for training by the Indian Navy due to availability of limited infrastructure at INA Ezhimala, INS Chilka and various other Naval training establishments. The Committee are unhappy over the prevailing situation that even after many years of formation of this Force, exclusive training academy for the Coast Guard has not been established resulting in lower intake of manpower.

Reply of the Government

1. The Approval-in-Principle was accorded for establishing of ICG Academy at Azhikkal by Cabinet Committee on Security (CCS) on 03 October, 2012. A 'Go-Ahead sanction' amounting to Rs.30.50 crore was accorded by Ministry of Defence on 16th October, 2012.
2. M/s MEACON Ltd. a PSU under Ministry of Steel has been engaged as Consultant for the project from Concept to Commissioning.
3. On 12th December, 2013, Ministry of Defence had accorded approval for an amount of Rs. 53.22 crore for the following deposit works which are in progress:-

Sl. No.	Item of Work		Cost (Rs. in crore)
(a)	33 KV power supply to site by KSEB		08.96
(b)	Water supply line to site by KWA		06.28
(c)	Construction of retaining wall by Kerala State Irrigation Department	(i) River front area	27.77
		(ii) Stream/thodu sides	10.21
Total			53.22

4. Administrative approval to the revised estimated cost of Rs.990.19 crore for infrastructure development of the ICG Academy has been accorded by the Hon'ble Raksha Mantri with a direction to seek the approval of CCS for the increased cost of the proposal, as the original approval has been granted by CCS. Accordingly, the case is being processed for approval of CCS. The revised infrastructure cost of the ICG Academy project is as under:-

Sl. No.	Item	Amount (Rs. in crore)
(a)	The cost of land for leasing of 164.22 acres of land for 90 years including service tax and other charges	23.26
(b)	Amount sanctioned for Deposit Works	53.22
(c)	AEs concurred-in by MoD(Fin/CG)	913.71
Total		990.19

5. Zonal Layout Plan and Master Plan of ICG Academy have been finalised. Concept Drawings (CDs) of all buildings have been completed and Preliminary Drawings and Detailed

Project Report (DPR) are under preparation by M/s MEACON Ltd. Soil survey and soil investigation is also in progress.

Recommendation (Para No. 67)

The Committee are of the opinion that for efficient working and keeping vigil on sea, trained and required manpower is must for Coast Guard. Therefore, the Committee desire that the Ministry should take necessary steps for filling of the vacant posts at the earliest and establishment of a Coast Guard Academy.

Reply of the Government

The steps taken for filling up of the vacant posts in Indian Coast Guard are as follows:

1. Officers

- (a) Recruitment of officers has been increased from 35 to 130 officers (approx) per annum from 2009.
- (b) Manpower of Coast Guard Selection Board has been augmented for screening of more number of candidates.
- (c) Short Service appointment of CPL holders and Women officers have been introduced.
- (d) Increased promotion of outstanding subordinate officers to Assistant Commandant as departmental promotee.
- (e) Wider electronic / print media publicity to enhance awareness about Indian Coast Guard and to encourage youth to join Coast Guard.
- (f) Application for officer candidates are being received 'Online'.
- (g) Special Recruitment Drive are being carried out to fill up the backlog SC/ST vacancies.

2. Enrolled Personnel (EP)

- (a) Recruitment of enrolled personnel have been increased from 350 to 700EP (approx) per annum from 2009.
- (b) The number of recruitment zones have been increased to cover the entire length & breadth of the country.
- (c) Wider electronic / print media publicity to enhance awareness about Indian Coast Guard.
- (d) Applications for Naviks are being received 'Online'.

3. Civilian Personnel

- (a) Coast Guard is having constant liaison with the Staff Selection Commission for sponsoring of the candidates.

- (b) Case has been initiated for filling up of vacancies on deputation basis as per Recruitment Rules.
- (c) DPCs are being conducted regularly for filling up of promotional posts.
- (d) The unfilled vacancies earmarked for deputation/promotion have already been notified in Employment News for filling up the vacancies through deputation.

Recommendation (Para No. 69)

The Committee note from the data supplied that to improve and maintain the product quality, the DPSUs are taking various measures. However, there are problems of delay in supplying products and quality of products. The Committee desire that a proper time frame should be maintained by the DPSUs and there should not be any delay in supplying critical items required by the forces as in the case of submarine and LCA projects.

Recommendation (Para No. 70)

The Committee find from the data furnished by the Ministry that some of the DPSUs are investing huge sums of money on research and development in their respective organisations. The Bharat Electronics Limited (BEL) is investing 50% of its profit after tax and the Hindustan Aeronautics Limited (HAL) is investing 40.2% but some organisations are investing less than 1% of profit after tax on research and development. Therefore, the Committee desire that for improvement in products and for innovation, the DPSUs should fix definite percentage of their profits on R&D, so that the country could have the benefit of new and quality products.

Recommendation (Para No. 71)

The Committee note from the data supplied the value of exports of DPSUs is not encouraging and some of them like Goa Shipyard Limited, MDL and MIDHANI have not acquired any export orders during the last year. The Committee desire that while supplying to the forces, DPSUs should strive for exporting of quality equipment to generate profit and use it in further development of their respective organisations.

Reply of the Government on Para No. 69, 70 & 71

The recommendations of the Committee on Product Quality and timely Supplies to the Forces, fixing definite percentage of the product on R&D and promotion of exports are very pertinent. In the MOU to be signed with DPSUs for the year 2015-16, all these points have been factored in by giving adequate weightage in the following manner:-

- (i) Important projects have been identified and delivery dates have been fixed;
- (ii) Quality parameters with verifiable indicators have been laid down;
- (iii) Emphasis has been given on increasing expenditure on R&D;
- (iv) Enhanced targets have been fixed for exports.

The performance of the DPSUs on these parameters is being monitored periodically by DDP during various review meetings.

Recommendation (Para No. 72)

The Committee note that this year a sum of Rs. 94,587.95 crore has been allocated in the form of capital grant. The Committee also note that during 2013-14, there was underspending of Rs. 720.41 crore. The Committee desire that the Ministry should take necessary steps like adhering to time lines etc. so that underspending could be avoided.

Reply of the Government

The figure of under spending of Rs. 720.41 cr. cited above is based upon information given in response to Question No. 32(ii) of Examination of Demands for Grants of the Ministry of Defence for the year 2014-15 in respect of Demand No. 27. This only gives details of heads where there was under spending. There has also been over spending under other heads and the net position is of Rs. 252.82 cr. as over expenditure. The overall position is tabulated below:

(Rs. in crores)

Service/ Department	Final Grant (Net)	Expenditure	Under-spending (+) / Over Spending (-)
Army	15,038.63	14,433.29	605.34 (+)
Navy	19,385.62	20,358.85	973.23 (-)
Air Force	38,708.42	38,614.93	93.49 (+)
DGOF	465.96	465.34	0.62(+)
DRDO	5,261.60	5,241.52	20.08(+)
DGQA	12.00	11.12	0.88(+)
Total	78,872.23	79,125.05	252.82(-)

Recommendation (Para No. 73)

The Committee note that for capital acquisition this year Army projected Rs. 9,455.53 crore but only Rs. 2,084.15 crore has been allocated; in the case of Navy the projection was Rs. 3,012.15 crore but only Rs. 663.92 crore allocated; joint staff projected Rs. 41.61 crore and only Rs. 9.17 crore has been allocated. The worst case is with Air Force where it projected for Rs. 12000 crore but given only Rs. 2644.99 crore. It is surprising to note that out of Rs. 24509.29 crore projection, the Ministry of Finance could only give Rs. 5402.23 crore. It is beyond imagination of the Committee that in the absence of budget for new schemes, how the forces would get equipment in future, therefore, the Committee desire that as the upcoming

contracts are based on the budget allocation of the new schemes only, full allocation should be made under this head.

Reply of the Government

The allocation of Rs. 5,402.23 cr., against a projected requirement of Rs. 24,509.29 cr., pertains to New Schemes only and not to Capital Acquisition, as a whole. The allocation for Capital Acquisition includes amount of Rs. 69,745.80 cr. for Committed Liabilities, as per requirements projected by the Services. This expenditure also contributes to the acquisition of defence equipment.

The projection for New Schemes is based upon expectations of approvals of new projects. However, it has been seen that only a small number of cases projected are finally approved given the various approvals required. As such, allocation of the full amount projected for New Schemes may not be necessary.

However, the observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015 dated 14.01.15.

Recommendation (Para No. 74)

The Committee also note that as compared to the committed liabilities, every year capital budget for new schemes is going down. They are unhappy to learn that total capital expenditure which was Rs. 15,852.95 crore in the year 2010-11 has been decreasing every year and in the year 2013-14 it has come down to Rs. 14433.29 crore. The Committee are of the opinion that the Ministry of Finance is not able to understand the requirement of capital modernization budget or Ministry of Defence has not projected its case well, otherwise such a situation has not arisen. Considering the situation of low allocation to the capital budget every year, the Committee recommend that capital budget of the Ministry of Defence should be enhanced so that modernization of forces could take place and new equipment, platforms, vessels, aircraft, etc. could be inducted and infrastructure created.

Reply of the Government

The slight decrease in capital expenditure of the Army is not solely due to lower allocation as would be evident from the data tabulated below:

(Rs. in crores)

Year	Budget Estimates	Revised Estimates	Expenditure
2010-11	17250.84	15641.16	15852.95
2011-12	19210.69	16005.69	14947.82
2012-13	19237.80	15749.30	14760.69
2013-14	17883.83	14967.25	14433.29

However, the observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015 dated 14.01.15.

B. RECOMMENDATIONS/OBSERVATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT AND COMMENTED UPON

Recommendation (Para No.1)

The Committee note that Budget Estimates (Net) for the year 2014-15 are for Rs. 2,29,000 crore, which comprises Revenue Outlay of Rs. 1,34,412.05 crore and Capital Outlay of Rs. 94,587.95 crore. Although Defence expenditure has been increasing over the years, the percentage increase in Defence expenditure since 2000-2001 has not been consistent. The Defence expenditure in percentage terms increased by a healthy 26.29% in the year 2004-2005 in comparison to the preceding year. Such an increase was only witnessed in the years 2008-09 and 2009-10, when the percentage growth was 24.59% and 24.13%, respectively. However, during the year 2010-11, the percentage growth declined to 8.70%. In the subsequent years, although slight increase was seen but it never touched the level of growth achieved in the years 2004-05, 2008-09 and 2009-10. During the years 2011-12 and 2012-13, the percentage increase was 10.90% and 6.36%, respectively. The Committee are satisfied to some extent to find that in the year 2013-14, the growth was 12.05% and this year the growth in the budget is 12.44%. However, as stated by the Ministry during oral evidence, this growth in the budget is not sufficient for the projects and modernization of the Services. The Committee have also noted a revealing fact that revenue expenditure of Army is on rise since 2009-10 when it was 76% and touched 82% in 2013-14 leaving a little for capital expenditure. Therefore, the Committee desire that at least the growth in the budget should be such that would ensure sufficient funds with the Services in both the heads i.e. Revenue and Capital.

Reply of the Government

Higher rate of growth in defence expenditure during 2008-09 and 2009-10 is mainly attributable to payment of arrears pursuant to implementation of recommendations of the VIth Pay Commission. The exceptionally low growth during 2010-11 is because no arrear payments were made in that year, and as such the year-to-year comparison incorrectly suggests a dip during the year.

The years of high growth cited are unusual years and cannot form a basis for generalisation. Growth rates since 2011 have been generally healthier than in the pre-2007 period and every effort is made to ensure that sufficient funds are available to meet the most critical requirements of the Services.

Further, the higher growth in the revenue expenditure of the Army is mainly attributable to the fact that it is manpower intensive with a large portion of its expenditure being devoted to Salaries. This skews the revenue-capital ratio in favour of revenue expenditure, especially when compared to the other Services.

While capital allocations usually witness a high growth from year to year, the stress on the non-Salary revenue budget is being highlighted to the Ministry of Finance and other agencies in Government.

Recommendation (Para No.2)

From the data supplied on the growth of defence budget, the Committee note that although the defence budget is increasing every year in numerical terms but in comparison to central budget, it has consistently been declining. In 2009-10, with the defence expenditure of Rs. 1,41,781 crore, it was just 13.84% of total Central Government Expenditure (CGE), while in 2010-11; the budget rose to Rs.12,336 crore but in percentage terms it came down to 12.87%. In 2011-12, defence expenditure rose to Rs. 1,70,913 crore but in percentage terms it was merely 13.10% to total CGE. Since then it is sliding continuously in percentage terms to the CGE. In 2012-13, defence expenditure was pegged at Rs. 1,81,776 which was 12.89% to CGE but the Committee was surprised to find that at the time of revised estimates it came down to 12.81%. In the current year also, it is just 12.76% of total Central Government Expenditure. The Committee are unhappy with the continuous fall of defence expenditure in comparison to CGE. The Committee desire that this declining ratio should be arrested in the next financial year itself, so that the Services are provided adequate funds and hence they are not deprived of essential equipment and ammunition. Therefore, the Committee want that the Government should consider fixing a minimum benchmark for this percentage, which should be adhered to, in every case.

Reply of the Government

This Ministry has been bringing these concerns to the attention of the Ministry of Finance. In this regard last reference (D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015) was sent to Ministry of Finance on 14.01.15. Ministry of Finance was informed about the Committee's emphasis on the need for increase in defence expenditure in proportion to total central government spending and fixing a minimum benchmark percentage in this regard. Response from Ministry of Finance is awaited.

Recommendation (Para No. 3)

The Committee are given to understand that defence expenditure as a percentage share of Gross Domestic Product (GDP) in some of the developed and neighbouring countries is in the range of 2% to 4% and it is growing every year. On the other hand, our defence expenditure as a percentage to GDP is in reverse mode and declining every year. In 1999-2000; the defence expenditure was 2.41% of the GDP and it had a continuous slide and since then this financial year, it came down to 1.78% of the GDP. The Committee perceive it to be a grim and unacceptable situation which is affecting all the Services of defence forces considerably. The Committee desire that the Ministry should raise the bar and gradually increase defence expenditure at the level of 3% of GDP so that modernization of Armed Forces can become a reality and not remain a mirage.

Reply of the Government

This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015 dated 14.01.15. Response from Ministry of Finance is awaited.

Recommendation (Para No. 4)

The Committee note that due to reduced budgetary allocation against the projections made by the Services and other organizations/ departments, many compromises have been made or are likely to be made. The Committee understand that under the Revenue Segment, provision is first made for salary and other obligatory expenses and only after that balance available allocation is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. Under the Capital Segment, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year and only then the remaining allocation is distributed to meet the projected requirement for other items. Consequently, only little amount remains available for making acquisitions and compromises are made. Therefore, the Committee want the Ministry to review the modernization schemes/plans and reprioritized so that operationally essential plans are not shelved of due to starvation of funds.

Reply of the Government

There is a continuous monitoring of the progress of acquisition projects and prioritisation of the most urgent requirements. This helps to ensure that limited resources are devoted to the most critical projects. The Committee may be assured that no operational requirement will be shelved for want of funds.

This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015 dated 14.01.15.

Recommendation (Para No. 5)

The Committee also note that budget for high value acquisitions like Medium Multi Role Combat Aircraft (MMRCA) is not available under the current allocation and for these additional funds will be sought. The Committee also note the Revenue to Capital ratio all these years is increasing in favour of Capital, which is a good sign because this needed for modernization of the Services. However, the Committee want to caution the Ministry that acquiring the large capital assets also entail high value maintenance, therefore, they recommend that non-salary revenue expenditure must be increased to ensure the maintenance of the capital assets so acquired.

Reply of the Government

The Ministry fully concurs with the views of the Committee on the need to enhance availability of funds for maintenance of capital assets and has been regularly sensitising the Ministry of Finance and other agencies to this imperative.

This observation of the Committee was conveyed to the Ministry of Finance vide D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015 dated 14.01.15.

Recommendation (Para No. 6)

The Committee have consistently been noting that the phenomenon of providing lower allocation to the Services is becoming a trend. The Committee are unable to understand the reason, therefore, the Ministry should make all out efforts to persuade the Ministry of Finance for not making any cut in their projections because that will result in compromising the defence preparedness of the country. The Committee want that allocation to any defence programme should not be cut on account of overall economic situation of the country.

Reply of the Government

The Ministry fully concurs with the views of the Committee. It may, however, be noted that the Ministry of Defence is bound by the overall budgetary ceiling provided by the Ministry of Finance, which in turn must balance multiple requirements and priorities of the government against available resources. Also Ministry of Finance is being regularly sensitized about the requirements of the Ministry. In this regard last reference (D.O. No. 3(4)/Bud-I/2013/06/DefSecy/2015) was sent to Ministry of Finance on 14.01.15

For comments of the Committee on replies to recommendations nos. 1 to 6 please see Para No. 17 of Chapter- I.

Recommendation (Para No. 9)

The Committee appreciate that some of the grey areas have been identified by the Ministry but what action it has taken to improve the situation, has not been known to them. The committee are of the view that if the present perspective planning process is flawless then the Ministry can always know the number and kind of equipment needed after a certain period of time and it can always buy top priority equipment. This is not true in the instant case. The Committee are of the view that if the 15-years long plan are not yielding results, then it should make planning for at least 20 or 25 years. Therefore, the Committee desire that a thorough review must be taken first for all the available defence plans, so that long-term perception of the Ministry and Services can be corrected.

Reply of the Government

Improvement is an ongoing process. Being a large organisation, the Army has a wide range of equipment and therefore has more number of ongoing procurement cases as well as proposals for future acquisitions. The prioritisation of equipment to be procured from LTIPP to SCAP to AAP is carried out based on operational requirements/ technological developments / needs of accretional forces / making up of existing deficiencies / replacement of obsolete equipments etc. Present system of LTIPP / SCAP / AAP gives adequate opportunities to carry out mid-course reviews based on emerging operational scenarios, evolving technologies and / or financial availability.

Notwithstanding the above, delays in procurement projects do take place and these happen mainly due to procedural issues that are being addressed at various levels. Steps have been instituted in the Army to hasten the acquisition process.

A holistic review and prioritisation of all the schemes has been carried out with a view to remove shortages and for fast track capability building. Twenty important schemes have been identified as Chief of Army Staff (COAS) priority schemes considering the operational capability requirements and are being progressed on priority.

Furthermore, a Higher Forum has been constituted under the aegis of the Vice Chief of Army Staff which meets on monthly basis to monitor the progress of the operational preparedness.

Also, an internal study to speed up the equipment trial / validation process is currently underway, which will further streamline the procedures and cut down avoidable delays.

An institutionalised mechanism in the form of a Working Group to review critical items of ammunitions and issues of spares, barrels, overhaul programme of infantry and mechanised forces has been set up. A system of long term five year Roll-on-indent on OFB is a curative measure to buy top priority items/equipment through indigenous sources. Ammunition Road Map has also been approved which envisages procurement to build up adequate targeted stocks with three years training requirement.

For comments of the Committee please see Para No. 23 of Chapter- I.

Recommendation (Para No. 21)

The Committee note that the offset policy mandates foreign Original Equipment Manufacturers (OEMs) to discharge offset obligations through combination of permissible avenues w.r.t. eligible product and services in all procurements cases where cost of the capital acquisition is Rs. 300 crore or more. As on date, a total of 24 Defence Offset contracts have been signed in the Ministry of Defence out of which 16 cases pertain to Indian Air Force and 05 and 03 cases relate to Indian Navy, Indian Army respectively. The total offset obligations are estimated at approximately Rs. 28, 770 crore over a period from 2008 to 2022. The Committee also note that the problems being faced by the Ministry of Defence in implementation of the offset policy. They, therefore, suggests improvement by way of revision of the offset provisions.

Reply of the Government

The revision of Offset guidelines is under progress to ensure smooth implementation of Offset obligations. As regard to offset guidelines it is clarified that the same is part of DPP and available in the public domain. It is further, informed that a 'Facilitation Cell' has been established for regular interactions with all stake holders including private sector.

Recommendation (Para No. 22)

During the oral evidence, the Committee came to know that the potential of the Defence offset policy has not been fully realized. Therefore, at many places, work relating to offset obligations could not start and benefits of offset policy reaped. The Committee desire that guidelines regarding offset policies should be given to private sector also so that they may be well versed of the provisions contained in the offset policy. The Committee desire that regular interactions should be held with the private sector to encourage investment in the defence sector. The Committee are also of the opinion that while selecting the Industry, the Ministry should look for new technology areas so that the country can have the benefit of the same.

Recommendation (Para No. 23)

The Committee note that in the year 2010-11, the value of Capital acquisition made from indigenous sources was Rs 35589.77 crore; in 201-12, it went down to Rs 28152.72 crore; in 2012-13, it rose to Rs 32045.36 crore; and in 2013-14, it slipped again to Rs 31503.58 crore. Capital procurement from outside sources (import) during the corresponding period was 9917.47 crore, Rs 22218.77 crore, Rs 26181.42 crore and Rs 35006.35 crore respectively.

While the value of imports was enormous, the value of exports have been meagre at Rs 290.35 crore, Rs 512.04 crore, Rs 444.45 crore and Rs 686.21 crore respectively during the same period.

Recommendation (Para No. 25)

The Committee appreciate the initiatives taken by the Ministry but in addition to these initiatives, they desires that the Ministry should take steps to curtail the direct imports which are on incremental path. On the other hand, acquisition from indigenous sources show an uneven pattern, which is not good or making the self-reliant. The committee desire that early finalization of 'Make' procedure should be given priority and implemented early, so that the country can have the benefit of developing new and critical technologies with the collaboration of public sector, private sector and research & academic institutions to make the country self-reliant in defence production and should not depend on imports only.

Reply of the Government on Para No. 22, 23 & 25

The Make procedure is being simplified and is in the final stages of approval. The revised procedure caters for development in collaboration between Public Sector, private sector and research & academic institutions.

In addition, in order to curtail direct imports and to move towards self-reliance the Ministry has taken a series of measures towards creating level playing field for the Indian Private sector, so as to enable them to make investment in the defence sector.

(a) Technology Perspective and Capability Roadmap (TPCR), which gives out the details of the equipment and technologies required by our Armed Forces, has been put in public domain to provide the industry an overview of the direction in which the Armed Forces intend to head in terms of capability in future.

- (b) Preference to 'Buy (Indian)', 'Buy & Make (Indian)' & 'Make' categories of Acquisition over 'Buy (Global)' or 'Buy & Make' categories thereby giving preference to Indian industry in procurement.
- (c) The procedure for 'Buy and Make (Indian)' category, has been simplified in order to make the category more attractive for Indian Defence industry.
- (d) A clear definition of indigenous content has been provided which would not only bring more clarity on the indigenous content required for different categorization, but also enhance the indigenization of defence products in India.
- (e) Raksha Mantri Production Committee (RMPC) has been re-constituted for monitoring and review of indigenisation and interaction with various stakeholders like DDP, DRDO, Armed forces and DPSUs / OFB.
- (f) The Make procedure is being simplified and is in the final stages of approval. The revised procedure caters for development in collaboration between Public Sector, private sector and research & academic institutions.
- (g) FDI Policy has been reviewed in defence sector and as per the new policy, composite foreign investment up to 49% has been allowed through FIPB route and beyond 49 % with the approval of Cabinet committee on security (CCS).
- (h) Defence products list for the purpose of industrial licensing has been revised and in the revised list most of the components/parts/raw materials have been taken out from the purview of industrial licensing.

For comments of the Committee replies to recommendations nos. Para No. 21, 22, 23, & 25 please see Para No. 31 of Chapter- I.

Recommendation (Para No. 26)

The Committee understand that personnel of Armed Forces have very limited leave and most of the time they are away from their homes guarding the Nation. But they have to face many problems at their homes during their absence. Generally, trivial matters pertaining to district administration also take unnecessary long time and some time they have to waste all their leave on just meeting officials in district administration. Therefore, the Committee – recommend that strict instructions should be passed on to the District Magistrate/ Collectors to give utmost priority to the works of personnel/ their family members belonging to the Services (Army, Navy and Air Force), a dedicated district nodal officer should always be in place to cater to their difficulties. The nodal officer should be given all requisite administrative or legal powers to implement his decisions. The Chief Secretary should invariably submit quarterly report on the issues pertaining to their matters.

Reply of the Government

Armed Forces personnel serve in far flung areas and inhospitable terrain in defence of the borders of the Country and in counter-insurgency operations where they are subjected to considerable physical and mental stress. Therefore, it has been endeavour of the Government to make all efforts to boost the morale of defence personnel and redress the genuine problems of Armed Forces personnel for their hassle free duty.

2. The Government has already taken steps for setting up an institutional mechanism for redressal of grievances of service personnel and their families through District Collectors, Superintendents of Police and other officials at District and State level. In response to letters issued earlier to Chief Ministers of State Government/UTs, State Government of Maharashtra, Uttarakhand, Karnataka, Gujarat, Tripura, Meghalaya, Nagaland, UP, Punjab, Haryana, J&K, Assam, Chhattisgarh, Sikkim, Rajasthan, Kerala, Bihar, Madhya Pradesh, West Bengal and UTs of Andaman & Nicobar Islands, Delhi and Chandigarh have already constituted such mechanism at the State and District levels or already initiated action for setting up of a formal grievance redressal mechanism.

3. Raksha Mantri has written letters to the Chief Ministers of all States and Chief Administrators of all Union Territories of the Country on 12.2.2015 for according top priority in strengthening the mechanism for addressing grievances of Armed Forces personnel in a time bound manner so that they feel secure about the problems being faced at their homes.

For comments of the Committee please see Para No. 34 of Chapter- I.

Recommendation (Para No. 28)

The Committee desire that in order to make BRO more focused, the roads which are of strategic importance from rail head to forward areas in existence or planned to be maintained and constructed by the BRO in Uttarakhand, J&K and North East should be prioritized and MoRTH should make alternative arrangements for remaining roads. The Committee are of the view that besides focusing on Northern border, BRO should also concentrate on Eastern border.

Reply of the Government

BRO is concentrating on both the Northern and North-Eastern borders simultaneously and special effort is being given for completion of Indo-China Border Roads (ICBRs). In order to streamline the procedure the following steps have been taken:

(a) **BORDER ROADS DEVELOPMENT BOARD (BRDB) PROGRAMME:** In addition to constructing /developing/improving roads, BRO maintains a road network of 20642 km in border areas to ensure smooth movement of troops. Further roads constructed/ completed by BRO are required to be maintained continuously so that these are in traffic worthy condition. In order to stream line the need for maintenance of these roads, it has been decided that once a road is included in BRDB programme, no separate sanction would be required for carrying out maintenance. A list of 760 roads has been prepared as BRDB Programme to enable BRO to focus on identified roads and develop/maintain them in a planned manner.

(b) **LONG TERM ROLL ON WORKS PLAN (LTROWP):** BRO has been assigned the task of construction /maintenance of roads of strategic importance. Over a period of time the work load of BRO has increased considerably compared to its capability. Army has also finalized two list of roads under its Long term perspective Plan-I and II for expeditious development. Besides BRO has been entrusted works of Indo Tibet Border police (ITBP) roads by Ministry of Home Affairs (MHA), Special Accelerated Road Development Programme (SARDP) and Arunachal Pradesh package works by Ministry of Road Transport and Highways. Thus there was a need to draw a Long Term Plan for BRO in order to utilize the capacity of BRO in a judicious and time-bound manner to complete priority roads for Army so that the estimates for such works may be prepared by BRO without waiting for specific approval from Govt. For holistic development of roads in border areas, a LTROWP has been drawn up for 461 roads including the ICBRs for Rs 21333 cr.

Agency	No of Roads	Works Planned(Rs Cr)				Total
		2014-15	2015-16	2016-17	2017-18	
GS/Strategic	434	4249.68	4599.7	4564.3	4066.03	17479.70
NH	27	1228	1004	761	861	3854.0
Total	461 roads	5477.68	5603.70	5325.30	4927.03	21333.70

In addition to above, a new company National Highways and Infrastructure Development Corporation Limited (NHIDCL) has been created under MoRT&H for exclusively dealing with the task of constructing/widening of National Highways in parts of the country sharing international boundaries with neighbouring countries.

Recommendation (Para No. 33)

The Committee further note the problems being faced by BRO on the roads in which works are in progress in difficult and border areas e.g delay in forest and wild life clearances, high altitude areas, limited working period due to snow bound conditions, hard rock stretches, adverse ground conditions, non availability of quarries and difficulty in getting construction materials, permission for installation of stone crushers, etc. The Committee contemplated over the difficulties being faced by BRO. They are of the view that some of the complications like difficulty in getting constructions material and permission for installing stone crushers can easily be resolved with proper coordination with concerned State Governments. However, to cope with the natural phenomena like limited working period due to snow bound conditions and hard rock stretches, assistance from the construction agencies of international repute may be taken.

Reply of the Government

In order to introduce the latest art of technology being used by the various developed Countries, officers of BRO are being sent on training to various foreign countries. One group of two Officers visited Russia in the last week of February 2015.

As far as road construction in high altitude areas is concerned, a decision has been taken to adopt internationally proven best practices and try new technology, material and equipment and towards this 10% of GS funds are being earmarked.

Furthermore, a collaborative measure has been initiated to establish a multi-discipline-expert group with experts from Ministry of Science and Technology (CIRI, CSIR, GSI etc) to assist BRO in technical matters.

In addition a National Workshop on Border Roads, by BRO and Confederation of Indian Industry (CII) on 'Private sector's participation in construction of Roads, bridges, and tunnel in border area ' was held on 17 Feb 2015. Based on the deliberations in the National workshop three working group has been constituted to recommend measures for enhancing the private sector's participation in construction of roads , bridges, and tunnels in border areas.

Three roads have been identified by Army for construction through international consortium in the Border areas so that the latest technology may be used.

For comments of the Committee please see Para No. 43 of Chapter- I.

Recommendation (Para No. 36)

The Committee note that the maintenance of existing roads is carried out with the maintenance grants allocated based on approved rates. With a view to improving the quality of maintenance, the Director General Border Roads (DGBR) has been delegated powers to fix rates of maintenance and snow clearance grant and carry out revision whenever required. The Committee also note that formation kilometers which were 1960 kms in 2011-12 came down to 1669 in 2012-13. It declined further to 1588 kms in 2013-14. So is the case with surfacing, which came down from 2389 km in 2011-12 to 2173 km in 2013-14. The construction of bridges has also come down from 3149 metres in 2011-12 to 2246 metres in 2013-14.

Reply of the Government

With a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance and snow clearance grants. The revision of maintenance grant, snow clearance grant are under process and same will be revised shortly by DGBR. Other efforts like enhancement of financial powers to executing staff, outsourcing, mechanization, reorganization etc has been made to enhance BRO output.

In order to expedite the execution of works approval in principle was accorded for outsourcing certain works in BRO to Central Public Sector Undertakings, strictly in conformity with GFRs, CVC guidelines and any other rules and procedures prescribed in this regard in the BRDB meeting held on 4th Feb 2013. Accordingly outsourcing of 4 roads to 4 CPSUs has been approved as mentioned under:

Sl. No.	Name of Firm	Name of Road	Length in Km
(a)	M/S IRCON International Ltd, New Delhi	Leh – Loma	103.00
(b)	M/S Bridge and Roof Co (India) Ltd, Kolkata	Along-Kaying	35.00
(c)	M/S Engineering Projects (I) Ltd, New Delhi (EPIL)	Sansari- Killar- Thiro-Tandi	59.00
(d)	M/S National Building Construction Corporation Ltd, New Delhi (NBCC)	Miao-Vijaynagar	185.00

For comments of the Committee please see Para No. 52 of Chapter- I.

Recommendation (Para No. 39)

The Committee note that various avenues are available for resettlement of retired officers and Person Below Officers Rank (PBORs) e.g. reservations in various Central and State Government jobs including banks, Public Sector Undertakings, employment/self-employment schemes, etc.

Recommendation (Para No. 40)

The Committee also note that out of 21615 Ex- Servicemen (ESM) registered with Directorate General Resettlement (DGR)/Rajya Sainik Board (RSB)/Zila Sainik Board (ZSB), only 12018 were employed in 2011 which is 55.6% of the total. In the year 2012, out of 26518 ESM registered, only 14447 which is 54.58% of total registered got employment. In 2013, 34364 ESW were registered, however, only 14320 got employment which is 41.67% of the total. From the data supplied by the Ministry it may be inferred that every year out of the registered ESM, less than 50% are getting employment/resettlement and the employment figure is decreasing every year. The Committee desire that DGR should be cautious in its planning and try to provide re-settlement to all the ESM registered with it and it should commensurate with the qualification and aptitude of the retired soldiers so he should not feel out of place.

Recommendation (Para No. 41)

The committee also note that some new avenues are being explored by the Ministry for resettlement of Ex-Servicemen and utilizing their competence for nation building and Directorate General Resettlement has made inroads in coordination with Confederation of Indian Industry (CII) for creating jobs for ESM. To achieve better results, the Directorate General Resettlement is in the process of creating National ESM data base compilation and creation of job portal for ESM. A twitter account has also been opened for making information available to ESM. The Committee appreciate that Directorate General Resettlement is now approaching CII for providing employment opportunities but they find that till date DGR has not made concerted efforts for resettlement of ESM in private Sector. The Committee desire that besides CII, the Directorate General Resettlement should have interactions with the other private sector associations like the Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI) etc to encourage them to hire and let disciplined ex-soldiers prove their mantle in the progress of private sector. It is the responsibility of DGR to look after its veterans so that they can have decent livelihood after spending their prime time in the service of the nation.

Reply of the Government on Para No. 39, 40 & 41

The concerns highlighted by the Standing Committee are appreciated and DGR has taken a number of initiatives to ensure that maximum ESM are given resettlement. Some of the key initiatives are as under:-

- (vi) Organisation of Job Fair every two months at various places in the country to ensure maximum jobs for ESM.
- (vii) DGR has organised a conclave with CII to engage the corporate sector to provide jobs for ESM.
- (viii) One of the major reasons for the falling numbers is the lack of opportunities in Government jobs reserved for ESM. The following has come to light:-
 - (f) There are approximately 55 lakhs Central Government Employees including in Banks, PSUs & Para Military Forces.
 - (g) Out of above, based on reservation policy for ESM, at least 12-15 lakh jobs should have been reserved for ESM.
 - (h) However, based on approximately 14% reports received for 2013, only about 2 lakhs ESM are employed in Government jobs reserved for them.
 - (i) In 2013 alone, based on above 14% reports, while 15908 ESM should have been employed on reserved jobs, however only 3231 were actually employed.
 - (j) If the Central Government and States reservation policies are implemented, ESM will not have to look for jobs outside.
- (ix) To rectify the above major anomaly, DGR has taken the following initiatives:-
 - (aa) Establishment of Reservation Monitoring Cell(RMC) to monitor such vacancies.

(ab) Request has been made to Government agencies to implement reservations policy in true spirit.

(ac) The issue of change in the reservation policy for ESM to include 10% vacancies in Group “B” and 20% vacancies in Group “C” against the existing reservation of 10% vacancies in Group “C” and 20% vacancies in Group “D” had been taken up with DOP&T. As intimated by DOP&T certain Ministries including MHA are reluctant to the said enhancement. The matter was taken up with MHA by D/o ESW however MHA has not agreed to the same, as even the 10% Vacancies in Group C, reserved for ESM are not being filled up for want of willing/ eligible ESM and large number of vacancies are still unfilled as informed by MHA.

(ad) The matter has been taken up by D/o ESW with MHA about the pay and seniority protection for ESM getting employed in Government jobs specially in CAPFs. However, the same has not been agreed to by MHA as on date.

(ae) Preparation of Ready Reckoner for all soldiers to provide them first-hand information on how to prepare for selection for jobs reserved for ESM, which is likely to be published in the first week of April 2015.

- (x) The Concept Paper incorporates a large number of new avenues for employment for the ESM. One of the issues viz. Skill Development is under the active consideration. A series of high level meetings have already been held at the level of the RM, Defence Secretary with Ministry of skill Development and all stakeholders. NSDC in consultation with DGR is preparing a draft MoU to translate into action.

For comments of the Committee replies to recommendations nos. Para No. 39, 40 & 41 please see Para No.55 of Chapter- I.

Recommendation (Para No. 42)

The Committee note that the Department of Ex. Servicemen Welfare was created some time in 2003, but the first full-time Secretary was posted in December, 2007. The Committee are dismayed to learn that approximately six years, eight Secretaries have moved in and out of the Department, which obviously not only affected the long-term planning and strategy but conveyed the lack of seriousness of Government with which it takes the welfare of Ex. servicemen. The Committee are of the view that the Ministry is not sensitive towards the welfare of Ex- servicemen. Therefore, the Committee recommend that tenure of Secretary of Department of ESM should become a fixed one to have accountability and better implementation of policies for redressal of grievances of Ex-servicemen.

Reply of the Government

There is no fixed tenure for Secretaries of Government of India, except for a few Secretaries viz Cabinet Secretary, Defence Secretary and Home Secretary. However, the recommendations of the Committee have been conveyed to Department of Personnel & Training.

For comments of the Committee please see Para No.58 of Chapter- I.

Recommendation (Para No. 43)

During the oral evidence, the Committee note that there is a need for automation of functions of Department of Ex-Servicemen Welfare. The Committee also note from the evidence tendered before them that the Department does not have clear database of trained Ex-servicemen. Therefore, the Committee desire that DGR should generate national data base of skilled and unskilled Ex-Servicemen and a real time software may be created which can be accessed by ESM for uploading information relating to them. The employment opportunities available in the private sector may also be made available on the website so Ex. servicemen can make use of it.

Reply of the Government

Action is already in hand for developing all India software to ensure a central database for ESM. Simultaneously automation of the DGR itself is in progress. A job portal to link ESM with the corporate industries and to provide suitable jobs based on their skills is also planned.

For comments of the Committee please see Para No.61 of Chapter- I.

CHAPTER III

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

- NIL -

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS, IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (Para No. 8)

During oral evidence, the Defence Secretary also apprised the Committee about the problems experienced by the Ministry e.g. spending the budget on the highest priority item, non-adherence to timelines in procurement of the defence items, streamlining of issuing of Request for Proposals. The committee also note that Ministry of Defence is not always buying highest priority item for the Services.

Reply of the Government

Government is taking steps to address the issues mentioned above. However, it would not be appropriate to say that Ministry of Defence is not always buying highest priority item for the services. It may be possible that certain higher priority items may reach the contract signing stage late because of the procedural delays in the procurement process, whereas a lower priority item which has cleared the process may have been contracted earlier.

For comments of the Committee please see Para No.20 of Chapter- I.

Recommendation (Para No. 15)

The Committee also desires that pre-audit of procurements should be done by Comptroller and Auditor General, Central Bureau of Investigation and Central Vigilance Commission simultaneously in a fixed timeframe so that there would be no anxiety while placing the orders to vendors for procurement of equipments so that delays can be minimised

Reply of the Government

The Capital procurement process can be broadly divided into three phases, i.e., approval stages up to AoN, technical evaluation/trials and commercial/contract negotiation. The approval stages involve policy as well as technical and operational issues and is not appropriate for pre-audit. The technical evaluation/trials and commercial negotiations are carried out as per DPP with specific responsibilities assigned to different authorities and any assessment by any other authority before conclusion and final decision may dilute and delay the process. Thus, these stages are also not appropriate for pre-audit. In this background, pre-audit of all procurements would not be appropriate.

(For comments of the Committee please see Para No.26 of Chapter- I)

Recommendation (Para No. 31)

The Committee desire that keeping in view the importance of construction of roads in strategic areas, Ministry of Environment & Forest should look into the request of BRO earnestly and grant it permission to set up stone crushers and Hot Mix Plants in the requisite areas.

Reply of the Government

The following measures have been taken to expedite the forest clearances and other issues with the State Governments:

- (a) Empowered committees have been constituted and some States are holding regular meetings under the Chairmanship of Chief Secretaries to resolve critical issues.
- (b) Regular review meeting with forest authorities has expedited Forest Clearance cases.
- (c) A large number of steps have been initiated by Government for timely disposal of forest clearance cases:
 - (i) Setting up of single window system at State level for speedy clearance.
 - (ii) Exemption of Compliance of Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim has been accorded vide MoEF order dated 27 Apr 2011.
 - (iii) Exemption for transfer and mutation of alternate Revenue Land for raising compensatory Afforestation for border roads within the State of Uttarakhand State accorded vide Ministry of Environment & Forest (MoEF) order dated 09 Dec 2013.
 - (iv) Requirement of certificate regarding non availability of alternate alignment has been dispensed with for BRO projects by MoEF vide their order dated 09 Dec 2013.
 - (v) Permission for processing division wise cases of BRO projects have been accorded by MoEF vide their order dated 09 Dec 2013.

- (vi) A working group was constituted under the chairmanship of Secretary MoEF for expediting the forest clearance cases and its recommendations are under consideration.
- (d) MoEF vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim for following :-
 - (i) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100km kilometers aerial distance from the LAC and
 - (ii) widening of road by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (e) MoEF vide their letter dated 8th Aug 2014 has accorded approval for working permission for tree cutting and commencement of work, if the required compensatory levies as per conditions stipulated in the principle approval are realized from the user agency and where necessary, for compensatory afforestation, transfer and mutation of non-forest/revenue forest land in favour of state Forest Department is affected.
- (f) Chief Secretaries of State Governments of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues. States of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Uttarakhand have constituted the Empowered Committee.
- (g) A Standard Operating Procedure (SOP) with simplified procedure to ensure expeditious payment of Forest Clearance/Net present value/compensatory afforestation/cost of trees and other related payment to Forest authorities after getting Stage-I clearance for obtaining forest clearance has been issued on 18th Dec 2014.

(For comments of the Committee please see Para No. 40 of Chapter- I)

Recommendation (Para No. 34)

The Committee also note the difficulties being faced in getting the land for construction of roads in the States which have tribal laws in place, as the land is owned by the local population. The Committee desire that amendment in the existing laws may be made so that difficulties in getting the land for construction of roads are removed.

Reply of the Government

Issues related to land acquisition, environmental clearance, lack of quarries etc. are impediments to the smooth progress of work. Chief Secretaries of various State Governments have been requested to constitute Empowered Committees under their chairmanship with secretaries of concerned departments as members to resolve issues that affect progress of works by BRO.

Exemption from Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim has been accorded vide Ministry of Environment & Forest (MoEF) order dated 27 Apr 2011.

The following measures have been adopted for quick and time bound disposal of forest clearance cases by MoEF :

- (i) Single window system established at District, State & Ministry of Environment & Forest (MoEF) levels to fast track processing of forest clearance cases on 28th Jan 2010.
- (ii) Simplified and unified Proforma adopted for processing both forest and wild life clearance simultaneously.
- (iii) Regular review meeting is being held at Ministry of Defence to review progress of pending cases with representatives of State Government, MoEF and BRO.
- (iv) A Working Group has been constituted on 03.06.2013 by Ministry of Environment & Forest (MoEF) under the Chairmanship of Secretary MoEF to review the forest clearance cases.

For comments of the Committee please see Para No.46 of Chapter- I.

Recommendation (Para No. 35)

The committee rely on the candid admission of the Defence Secretary that the performance of BRO is not satisfactory and needs substantive improvement for which large number of steps are being taken. The Committee desire that this organization should be revamped and revitalized by infusing new equipment, machinery and workforce so that all time dependable roads may be made to reach our borders. The Committee also desire that

concept of GREF (General Reserve Engineer Force), which was formed post 1962 debacle should be brought back and BRO should be manned by a “Force” not like any normal department.

Reply of the Government

In order to induct latest Construction Equipments in Border Roads Organisation a five year Long Term Equipment Procurement Plan (LTEP) 2014-15 to 2018-19 has been approved amounting to Rs 3913 crs.

Following specific measures have been taken to expedite progress of works:-

(i) Government of India (Allocation of Business rules 1961) has been amended vide notification dated 9th January 2015 to include ‘all matters relating to Border Roads Development Board and Border Roads Organisation (BRO)’ in the list of business allocated to Ministry of Defence. This will improve the operational efficiency of BRO and achieve clarity and unity of command.

Budget Estimate (BE) 2015-16 funds will be made available under Ministry of Defence instead on Ministry of Road Transport and Highways. The allocations of Budget for BRO for (BE) 2015-16 is Non Plan (NP) Rs 3030.57 crores and for Plan is Rs 450.00 crores.

(ii) With a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance, snow clearance grants and outsourcing of Maintenance .

(iii) Enhancement of delegated powers of DGBR in respect of 26 items have been approved. The enhanced powers include power to sanction Estimates for works upto Rs 10 Cr by Project Chief Engineers, enhanced powers of hiring of vehicle/equipment/plant, enhanced powers for outsourcing of consultancy services for preparation of DPRs, powers for DGBR to include works on emergent basis, enhanced powers for procurement of construction stores. Further, special delegation of powers has been approved for works related to roads of Char Dham Yatra in Uttarakhand. Also special dispensation in select items involving higher delegation to expedite ICBRs and operationally critical roads has also been approved.

(iv) More units (5 projects – Vijayak, Hirak, Shivalik, Arunank, Brahman & 8 Task Forces) were additionally deployed to expedite completion of ICBRs.

(v) MoEF vide their letter No 11-246/2014-FC dated 4th July 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act 1980 for diversion of forest land in the state of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim as per details given below :-

- (a) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100 km kilometer aerial distance from the LAC and
- (b) Widening of road (by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the LAC and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions.
- (vi) In addition to above, MOEF vide their letter No.11-246/2014-FC dated 4th July 2014 has accorded Relaxation for diversion of forest land for non forest purpose- special provision for creation of compensatory afforestation in lieu of forest land diverted for creation of strategic defence projects being taken up within 100 km aerial distance from the Line of Actual Control by any user agency identified by the Ministry of Defence.
- (vii) MoEF has been requested that BRO may be exempted from clause 19 & 21 of the Air (Prevention and Control of Pollution) Act 1981 for installation of stone crusher and setting up of Hot Mix Plant on the above areas.
- (viii) Chief Secretaries of State Govts of Arunachal Pradesh, Assam ,J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura and Uttarakhand have been requested to constitute an Empowered Committee under their Chairmanship with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues.

(For comments of the Committee please see Para No.49 of Chapter- I)

Recommendation (Para No. 68)

The Committee also note from the submission of Coast Guard that their strength has gone up by 33 per cent in the last five years, however, their revenue budget has moved only at six per cent. The Committee desire that to maintain acquired equipment, there is a need for increase in revenue budget. The Ministry should, while making capital budget purchases, perceive and have provision for revenue budget also to run and maintain these assets.

Reply of the Government

1. The severe financial crunch faced by the Indian Coast Guard is largely due to budget allocation not keeping pace with rapid growth of the Services in the past five years. The Indian Coast Guard, which had 61 Ships/Boats, 45 Aircrafts, 20 Stations, 05 Air Establishments, 11 District HQs and 03 Regional HQs in 2008, today stands at 108 Ships/Boats, 64 Aircrafts, 42 Stations, 09 Air Establishments, 14 District HQs and 05 Regional HQs achieving almost 40%

growth since 2009. The growth is a result of CCS directives in 2009 on Maritime Security including Coastal Security.

2. Against this background and in order to meet matching financial requirement including carry over liabilities of last fiscal, a consolidated case was taken up with MoD (Fin/MO) on 17 June,2014 seeking additional revenue amount of Rs. 264.342 crore against four revenue object heads. The said case was returned by MoD with an assurance that it will be considered at Supplementary/RE stage and advised to submit the additional requirement at those stages only.

3. At First batch of Supplementary Grant stage, ICG had proposed re-appropriation of Rs. 140 crore from Capital head allocation to Revenue head as Technical Supplementary in consultation with MoD(Fin/MO) and Ministry of Finance. The proposal was submitted to MoD (Fin/MO) on 13 October,2014. The said proposal was worked out as additional funds were urgently needed against revenue heads during current fiscal.

4. Indian Coast Guard had submitted RE 2014-15 proposal to MoD(Fin/MO) on 21 October,2014, wherein additional Rs. 300 crore had been sought against Revenue Head non-salary components. Since shortage of budget allocation under Revenue heads has a direct bearing on operations and maintenance of Indian Coast Guard fleet, a letter was forwarded by DGICG to the Defence Secretary on 08 December,2014 bringing out the critical budget requirements of Indian Coast Guard at RE 2014-15 stage and for BE 2015-16.

5. Expenditure ceiling in respect of Coast Guard Organization (CGO) is being fixed by Ministry of Finance. The expenditure ceiling in respect of CGO for RE 2014-15 was fixed by Ministry of Finance at Rs.1265.00 crore in Revenue section and Rs.1140.00 crore in Capital Section. Further, the proposal of CGO for re-appropriation of Rs.140.00 crore from Capital section to Revenue section in technical supplementary was recommended/forwarded to Ministry of Finance for inclusion of the same in the statement of first batch of supplementary for the approval of Parliament vide this Ministry OM No. 1(9)/Fin(MO)/2014/740 dated 17-10-2014. However, Ministry of Finance did not include the aforesaid proposed in respect of CGO into the statement of first batch supplementary Demands for FY 2014-15 for the approval of Parliament. No reasons were stated by Ministry of Finance in this regard.

6. Further, it is stated that Indian Coast Guard (ICG) proposal for RE 2014-15 for Rs.1465.21 crore in Revenue Section and Rs.1491.73 crore in Capital section were forwarded to Ministry of Finance in Statement of Budgets Estimates for their consideration. The Budget matters in respect of CGO were also discussed in details in the pre-budget meeting held in Ministry of Finance under the Chairmanship of Secretary (E) before allocating the RE 2014-15 & BE 2015-16 by them.

7. Subsequently, the matter of critical budget requirement of ICG was also taken up with the Ministry of Finance vide this Division ID dated 18-12-2014 for their consideration to provide the appropriate funds in Revenue and Capital section while finalizing the RE2014-15 & BE 2015-16 to sustain its day to day operation for surveillance in maritime domain, mandatory repairs/refits and procurement of spares for sea going assets/aircraft. However, Ministry of Finance provided the expenditure ceiling of RE 2014-15 of Rs.1265.00 crore in Revenue section and Rs. 1140.00 crore in Capital section against our projections of Rs.1456.21 crore in Revenue Section and Rs.1491.73 crore in Capital section for RE 2014-15.

(For comments of the Committee please see Para No. 64 of Chapter- I)

CHAPTER V

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

- NIL -

**NEW DELHI;
8 January, 2016
18 Pausa, 1937 (Saka)**

**MAJ GEN B C KHANDURI, AVSM (RETD),
Chairperson,
Standing Committee on Defence**

STANDING COMMITTEE ON DEFENCE (2015-16)

**MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE
ON DEFENCE (2015-16)**

The Committee sat on Friday, the 08th January, 2016 from 1430 hrs. to 1700 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri, AVSM (Retd) - **Chairperson**

LOK SABHA

2. Shri Dharambir
3. Shri Thupstan Chhewang
4. Col Sonaram Choudhary(Retd)
5. Shri Sher Singh Ghubaya
6. Shri G Hari
7. Shri Ramesh Jigajinagi
8. Shri Tapas Paul
9. Shri A P Jithender Reddy
10. Smt Pratyusha Rajeshwari Singh

RAJYA SABHA

11. Shri Anand Sharma
12. Shri Harivansh
13. Shri Vinay Katiyar
14. Shri Madhusudan Mistry
15. Smt Ambika Soni
16. Shri Tarun Vijay

SECRETARIAT

- | | | | |
|----|--------------------|---|---------------------|
| 1. | Smt Kalpana Sharma | - | Joint Secretary |
| 2. | Smt J M Sinha | - | Additional Director |
| 3. | Shri Rahul Singh | - | Under Secretary |

WITNESSES

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

S No	Name	Designation
1.	Shri Ashok Kumar Gupta	Secretary(DP)
2.	Smt Surina Rajan	AS(DP)
3.	Lt Gen MMS Rai	VCOAS
4.	Air Marshal B S Dhanoa	VCAS
5.	Lt Gen Ravi Thodge	MGO
6.	Lt Gen A K Ahuja	DCIDS (PP&FD)
7.	Dr S Christopher	Secretary (R&D)
8.	Smt Bharat Khera	JS(NS)
9.	Smt Kusum Singh	JS(P&C)
10.	Shri K K Pant	JS(Aero)
11.	Shri Sanjay Prasad	JS(LS)
12.	Shri V Udaya Bhaskar	CMD, BDL
13.	Dr T Suvarna Raju	CMD, HAL
14.	Shri S K Sharma	CMD, BEL
15.	RAdm LV Sarat Babu(Retd)	CMD, HSL
16.	Shri P Dwarakanath	CMD, BEML
17.	RAdm Shekhar Mital(Retd)	CMD, GSL
18.	RAdm A K Verma(Retd)	CMD; GRSE
19.	Dr. D K Likhi	CMD, MIDHANI
20.	RAdm R K Shrawat (Retd)	CMD, MDL
21.	AVM BR Krishna	ACAS (Proj)
22.	RAdm Dinesh K Tripathi	ACNS (P&P)
23.	Dr Sudershan Kumar	Chief Controller (PC and SI)
24.	Shri G S Mallik	Chief Controller (R&M and Imp)
25.	Dr G Athithan	Chief Controller (SAM)
26.	Dr C P Ramanarayanan	Director General (ACE)
27.	Dr J P Singh	Director, Parliamentary Affairs

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting.

3. The Committee then took up for consideration the following draft reports:-

- (i) Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Defence(16th Lok Sabha) on 'Demands for Grants (2014-15) of the Ministry on Defence on General Defence Budget (Demand Nos. 20, 21 and 27)';
- (ii) Action Taken by the Government on the Observations/Recommendations contained in the Sixth Report of the Standing Committee on Defence(16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on 'Civil Expenditure of the Ministry of Defence and Capital Outlay on Defence Services (Demand Nos. 21, 22 and 28)';

- (iii) Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Defence(16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on Navy and Air Force (Demand Nos. 24 and 25)'; and
- (iv) Action Taken by the Government on the Observations/Recommendations contained in the Ninth Report of the Standing Committee on Defence(16th Lok Sabha) on 'Demands for Grants (2015-16) of the Ministry of Defence on 'Defence on Ordnance Factories and Defence Research and Development Organisation (Demand Nos. 26 And 27)'.

4. After deliberations, the Committee adopted the above Reports without any modifications. The Committee, then, authorised the Chairperson to present the reports to Hon'ble Speaker under Direction 71(A) of directions by the Speaker and subsequently present the same to Parliament during the coming Budget Session.

5. The Committee then invited representatives of the Ministry of Defence, Defence Public Sector Undertakings and Defence Research and Development Organisation. After welcoming the representatives to the Sitting of the Committee, the Chairperson drew their attention to Directions 55(1) and 58 of the Directions by the Speaker, Lok Sabha regarding confidentiality of proceedings.

6. After the witness introduced themselves, the representatives of the Ministry of Defence made Power Point Presentation and briefed the Committee on the main issues viz. value of production of all the DPSUs from 2012-13 to 2014-15 and profit thereof, total expenditure on R&D, saving in foreign exchange because of inputs substitution, saving because of outsourcing, R&D set up and salient features, major R&D products, future plans and initiatives taken to promote import substitution by all the DPSUs.

The Chairperson and Members of the Committee raised several issues/points as briefly mentioned below:

- i. Steps taken to encourage DPSUs to come out with their R&D Policy;
- ii. Need to develop and construct/produce helicopters, Aircraft, Submarines and Ships to maintain supremacy of the Forces;
- iii. Quantum and category of items indigenized by DPSUs for the Forces;
- iv. Need to enhance production of defence equipments leading to import substitution by DPSUs;
- v. Progress of the 'Make in India' initiative and impact on the Defence Industry;
- vi. Time taken from conceptualization stage to actual production;
- vii. Fulfilling the requirement of the Forces by the Indian Defence Industry including DPSUs;
- viii. Non-availability of Bullet Proof Jackets (BPJs);
- ix. Cut in licensing list to the tune of 70 percent;
- x. Reasons for withdrawal of special dispensation given to the DPSUs like Nomination facility, excise duty, import duty, custom duty etc.;
- xi. Reasons for inexplicable delay in construction of Scorpene submarines;
- xii. Reasons for non-satisfaction by the Army of the product 'Arjun Tank' and 'Dhruv' Helicopters etc.

7. The representatives of the Ministry of the Defence then responded to the queries raised by the Members. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at an early date, which was assured by the representatives.

The witnesses then withdrew

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

The Committee then adjourned.

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE SECOND REPORT (FIFTEENTH LOK SABHA) ON `DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2014-15 ON DEMANDS FOR GRANTS(2014-15) OF THE MINISTRY ON DEFENCE ON GENERAL DEFENCE BUDGET(DEMAND NO. 20, 21 &27)'

1. Total number of recommendations 74
2. Recommendations/Observations which have been accepted by the Government (please see Chapter II):

Para Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 69, 70, 71, 72, 73 & 74

(68 Recommendations)

Percentage: 92%

3. Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government (please see Chapter III):

Nil

Total : 00
Percentage: Nil

4. Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee which require reiteration and commented upon (please see Chapter IV):

Para Nos. 8, 15, 31, 34, 35 & 68

Total : 06
Percentage: 8%

5. Recommendations/Observations in respect of which Government have furnished interim replies (please see Chapter V):

-Nil-

Total : Nil
Percentage: 0%