

**STANDING COMMITTEE ON DEFENCE  
(2018-2019)**

**(SIXTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**[ACTION TAKEN BY THE GOVERNMENT ON THE  
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE FORTY-FIRST REPORT  
OF STANDING COMMITTEE ON DEFENCE (SIXTEENTH LOK SABHA) ON  
'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2018-19  
ON ARMY, NAVY AND AIR FORCE (DEMAND NO. 20)']**

**FORTY-SEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**January, 2019/ Pausa, 1940 (Saka)**

**FORTY-SEVENTH REPORT**

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(2018-2019)**

**(SIXTEENTH LOK SABHA)**

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*Presented to Lok Sabha on 7.1.2019*

*Laid in Rajya Sabha on 7.1.2019*



**LOK SABHA SECRETARIAT  
NEW DELHI  
January, 2019/ Pausa, 1940 (Saka)**

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## **COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2018-19)**

**SHRI KALRAJ MISHRA**

-

**CHAIRPERSON**

### **Lok Sabha**

2. Shri Deepak Adhikari (Dev)
3. Shri Suresh Chanabasappa Angadi
4. Shri Shrirang Appa Barne
5. Col Sona Ram Chaudhary VSM (Retd)
6. Shri H D Devegowda
7. Shri Jayadev Galla
8. Shri Sher Singh Ghubaya
9. Shri Gaurav Gogoi
10. Dr Murli Manohar Joshi
11. Km Shobha Karandlaje
12. Dr Mriganka Mahato
13. Shri Rodmal Nagar
14. Shri Partha Pratim Ray
15. Shri A P Jithender Reddy
16. Shri B Senguttuvan
17. Smt Mala Rajya Laxmi Shah
18. Shri Dharambir Singh
19. Smt Pratyusha Rajeshwari Singh
20. Shri Rakesh Singh

### **Rajya Sabha**

21. Shri K R Arjunan
22. Dr Ashok Bajpai
23. Shri Joginipally Santosh Kumar
24. Shri Madhusudan Mistry
25. Shri Soumya R Patnaik
26. Shri G V L Narasimha Rao
27. Shri Sanjay Raut
28. Smt Ambika Soni
29. Shri Ram Nath Thakur
30. Lt. Gen. Dr D P Vats

\* Shri Thupstan Chhewang resigned w.e.f. 13.12.2018

**SECRETARIAT**

- |    |                         |   |                            |
|----|-------------------------|---|----------------------------|
| 1. | Smt. Kalpana Sharma     | - | Joint Secretary            |
| 2. | Shri Srinivasulu Gunda  | - | Director                   |
| 3. | Smt. Jyochanamayi Sinha | - | Additional Director        |
| 4. | Smt. Rekha Sinha        | - | Senior Executive Assistant |

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Defence (2018-19), having been authorised by the Committee, present this Forty-seventh Report on 'Action Taken by the Government on the recommendations/observations contained in the Forty-first Report of Standing Committee on Defence (Sixteenth Lok Sabha) on Demands for Grants 2018-19 of the Ministry of Defence on Army, Navy and Air Force (Demand no. 20)'.

2. The Forty-first Report was presented to Lok Sabha and laid in Rajya Sabha on 13.03.2018. It contained 71 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in November 2018.

3. The Report was considered and adopted by the Committee at their Sitting held on 04.01.2019.

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

5. An analysis of Action Taken by the Government on the Observations/Recommendations contained in the Forty-first Report of Standing Committee on Defence (16th Lok Sabha) is given in Appendix II.

**New Delhi;  
4 January, 2019  
14 Pausa, 1940 (Saka)**

**Kalraj Mishra,  
Chairperson,  
Standing Committee on Defence**

## **REPORT**

### **CHAPTER – I**

This report of the Standing Committee on Defence deals with action taken by the Government on the observations/ recommendations contained in the Forty-first Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2018-19 on Army, Navy and Air Force (Demand No. 20)', which was presented to Lok Sabha and laid in Rajya Sabha on 13.03.2018.

2. The Committee's Forty-first Report (16th Lok Sabha) contained 71 observations/ recommendations on the following aspects:-

<b>Para No./Nos.</b>	<b>Subject</b>
<b>ARMY</b>	
1-5	Security of Defence Personnel and Establishments
6-9	Army Budget 2018-19
10&11	Modernization
12	Indigenization
13	Budget Allocation over the years
14-20	Bullet Proof Jackets
21-26	Arms and Ammunition
27&28	Manpower and Training
<b>NAVY</b>	
29&30	Budget Estimate 2018-19
31	Share of Naval Budget
32-35	Modernization
36-38	Delay in Projects
39&40	Force Level
41	Naval Base
42&43	Coastal Security
44	Islands Security
45	Accidents
46	Manpower
47&48	Joint Staff-Budgetary Provisions 2017-18
<b>AIR FORCE</b>	
49-52	Budget 2018-19
53	Budget Review
54	Modernization
55-57	Force Level
58-62	Trainer Aircraft
63&64	Transport Planes and Helicopters
65&66	Accidents
67	Modernisation of Air Fields
68&69	Manpower and Training
70&71	Pilot-Cockpit Ratio

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

(i) (a) Recommendations/Observations which have been accepted by the Government (please see Chapter II A) :

Para Nos. 4, 5, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 28, 36, 37, 38, 41, 42, 44, 45, 46, 47, 48, 55, 56, 57, 65, 66, 67, 69, 70 & 71

**(34 Recommendations)**

(b) Recommendations/Observations which have been accepted by the Government and commented upon (please see Chapter II B):

Para Nos. 6, 7, 8 & 9

**(04 recommendations)**

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

Para Nos. 12, 13, 19, 39, 40 & 68

**(06 Recommendations)**

(iii) 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. 1, 2, 3, 10, 11, 27, 32-35, 58-62, 63 & 64

**(17 Recommendations)**

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

Para No. 29, 30, 31, 43, 49-52, 53 & 54

**(10 Recommendation)**

**4. The Committee desire that the Ministry's response to their comments made in Chapter I of this Report and final replies to the recommendations/ Observations for which only interim replies have been given by the Government to be furnished to them at the earliest and in any case not later than six months of the presentation of this Report.**

## **A. SECURITY OF DEFENCE PERSONNEL AND ESTABLISHMENTS**

### **Recommendation (Para Nos. 1, 2 & 3)**

**5. The Committee had, in their Forty-first Report recommended as under:-**

"The Committee, in their Twenty-ninth Report (16th Lok Sabha), had expressed concern on the frequent terror attacks taking place on military bases, Defence establishments, critical facilities and even family quarters of soldiers. The Committee have been unanimous in condemning such acts of cowardice and desired that safety of our soldiers along with that of their families must be of prime concern, without any compromise. The Committee are, however, perturbed to find that such incidences have become a recurring affair. The recent terror attack on Sunjuwan Army Camp, Kashmir on 10<sup>th</sup> February 2018 wherein families of soldiers were targeted is a fresh reminder that substantial efforts need to be made on the part of the Government. This is the latest in a series of attacks on military installations witnessed



over the last few years. What is particularly worrisome in this regard is the repeated success of terrorists in infiltrating high-security military complexes. The Sunjuwan attack exposes the vulnerabilities in 'perimeter security' and the scant progress made in improving the security protocols since the attack on the Pathankot Air Force station in January 2016. Following the Pathankot incident, there have been major attacks in Uri, Handwara, Nagrota and Panzgam, all of which involved a substantial number of casualties.

On the issue of terrorist attack on Defence establishments, the Committee would like to point out that after the attack on the Pathankot air base, the Defence Ministry had appointed a Committee headed by Lieutenant General Phillip Campose, the then Vice Chief of Army Staff for reviewing the security set-up at the military bases and to suggest ways of improvement. The Committee, which submitted its Report to the then Defence Minister (in May 2016), had found gaping holes in the security set up at many installations. These should have been given top priority for being addressed. However, it took a series of attacks and numerous casualties for raising the brows and delegation of power to the Vice Chief (VCOAS) to spend Rs.14,097 crore for strengthening 'perimeter security'. But for the attack, it's quite possible that funds for strengthening "perimeter security" may not have been sanctioned for quite some time to come.

The Committee cannot help expressing unhappiness with the state of affairs in the Ministry with regard to existing scenario of 'perimeter security' of defence establishments and installations, including offshore establishments. The Sunjuwan attack underscores the need for speedy measures, which go beyond 'inquiries' and 'policy announcements', so as to overhaul the security system. The implementation needs to be broad-based, and go beyond 'ad-hoc measures'. It must be borne in mind that a successful attack does not necessarily mean that the soldier on the ground is lax in performing his duties. Many bases along the border are located in tough terrain, and are in close proximity to civilian dwellings. This demands care from the soldier for avoiding civilian casualties in the event of a cross fire. For a country that takes pride in its modern, technologically advanced military, India continues to rely heavily on putting more 'soldiers on the ground'.

In this backdrop, the Committee observe that Defence mechanisms have to be modified in accordance with the changing dynamics of threat perception. Equipping our soldiers with state-of-the-art weapons for retaliating any attack is a necessity. Over and above this, it is inevitable to equip our Defence establishments with latest global technologies of surveillance and tracking systems. Promptness in monitoring and precision in detection of potential threat elements using software-based intelligence inputs will help in tracking the insurgent elements well in advance. In this manner, the trouble can be identified and nipped in the bud before it actually causes any damage. For this purpose, the Ministry of Defence needs to take measures for introducing the latest and best available surveillance technologies. In the current scenario, mere dependence on manual surveillance will definitely not suffice. Therefore, along with the installation of the requisite equipments, commensurate emphasis should be laid upon intellectual inputs and technology driven software based detection practices. Preventing terrorists from scoring a strike being the best line of Defence, it is time the Defence Ministry adopts a holistic approach, by making sure that the soldier is fully backed by technology and calibrated security drills."

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

"Government has issued broad guidelines for Security of Defence Installations on 28/11/2016 to the Defence Services. In compliance to the said Guidelines, the Defence Services have taken a number of actions including risk categorisation of military bases; appraisal and up gradation of intelligence gathering capabilities; strengthening and streamlining of the response mechanism; Unmanned Aerial Vehicles (UAVs); periodic security audit of all military installations etc.

Government has sanctioned Rs. 1487.27 crore for upgradation of security infrastructure of locations identified as initial priority. Government has also sanctioned additional Rs. 100 crore for execution of projects under operational works in vulnerable stations."

Indian Army has constructed an Anti Infiltration Obstacle System (AIOS) along the Line of Control (LC) and International Border (IB) in Jammu & Kashmir, under its operational control. Radars, Sensors, Thermal Imagers etc. along with surveillance have been incorporated on this fence to detect and intercept infiltration by terrorists. AIOS is further strengthened by deployment of troops and construction of defence works based on threat perception for an effective multi-tiered counter infiltration grid. Government is taking measures to ensure modernization of Indian Defence Forces to keep them in a state of readiness to meet operational and security challenges. This is being achieved by inducting new equipment, technologically upgrading existing equipment and systems, training etc."

**7. In view of the frequent terror attacks that took place on military bases, Defence establishments, critical facilities and even family quarters of soldiers, the Committee, in their report had emphasized the need for substantial efforts on the part of the Government to prevent the recurrence of such attacks. The Ministry in its action taken reply stated that Government had issued broad guidelines for Security of Defence Installations and in compliance of the said Guidelines, the Defence Services have taken a number of actions including risk categorization of military bases; appraisal and up gradation of intelligence gathering capabilities; strengthening and streamlining of the response mechanism; Unmanned Aerial Vehicles (UAVs); periodic security audit of all military installations, etc. The Government has also stated that Rs. 1487 crore was allocated for upgrading of security infrastructure at identified stations and Rs. 100 crore for operational works in vulnerable stations.**

**While taking note of the reply of the Government, the Committee observe that even after issuance of the afore mentioned guidelines for security of Defence Installations terror attacks took place in Nagrota, Handwara, Sunjuwan ( Army bases / installations), Panzygam ( CRPF base/camp), etc which in turn shows the need for effective implementation of the guidelines. Further, the funds allocated for strengthening the security at military installations should be utilized at the earliest to prevent recurrence of such attacks.**

**The Committee had also desired to equip our Defence establishments with latest global technologies of surveillance and tracking system for preventing the terrorists along with equipping the soldiers with state-of-the-art weapons for retaliating the attack. The MoD in its action taken reply informed that an Anti Infiltration Obstacle System (AIOS) has been constructed by Indian Army along the Line of Control and International Border in Jammu and Kashmir under its operational control. The Committee feel that such a system has to be developed at all sensitive locations including those which are not in direct control of**

**Army where Army can play the role of nodal agency. A coordinated system has to be put in place because a terrorist entering from any area is a potential threat of equivalent intensity. The Committee, therefore, while reiterating their recommendation suggest that such systems be put in place in all the military installations.**

## **B. ARMY BUDGET 2018-19**

### **Recommendation (Para Nos. 6-9)**

8. The Committee had, in their forty first Report recommended as under:

"The Budgetary Grant to Army for the Financial Year (FY) 2017-18 is a part of the Grant No. 20 (Defence Services - Revenue). In the Budget Estimates (BE) 2018-19, the total projection made by Army (including Revenue and Capital Budget) is Rs.1,96,387.36 crore. The allocation made against this projection is Rs.1,53,875.22 crore. This amounts to a shortfall of Rs. 42,512.14 crore or a 'budget deficit' of nearly 23 per cent vis-à-vis the projection. Keeping in view the increasing threat perception, which includes various occurrences of external strife and internal dissidence such as Doklam, increased external activities in Tibet over a year, rampant cross border firing, militant activities etc. the current budget is not supportive to the inevitable needs of the Army. Considering the facts of the matter, the Committee are of the view that providing adequate budgetary support is unavoidable.

Further, on this count, a representative of the Army submitted while deposing before the Committee that taking into consideration, the possibility of a 'two front war', it is of utmost importance to remain conscious and pay due attention to modernization and bridging the deficiencies. Much to the distress of the Committee, however, they have been briefed that, over the years, the Indian Army has accumulated a substantial deficiency of weapons, stores and ammunition. This is because adequate attention has been lacking both in terms of policy and budget for modernizing the aging armory.

However, what has been added as some sort of relief to the Committee, is the deposition of the representatives of the Army stating that a new Defence procurement policy for streamlining the procedures, delegation of emergency procurement powers to the Vice Chief, as also for purchasing ammunition, armaments, and spares, which enable for '10 days of intensive war' {10 (I)} are some of the steps that have been taken recently. Besides this, a series of systems and structural reforms undertaken in consultation with the Ministry of Defence have also empowered the Army in utilizing the allocation fully. These positives apart, the Committee cannot help noting the candid submission made by the representative of the Army, that the increase in the BE, 2018 barely accounts for the inflation and does not even cater for the increased tax burden.

With regard to the Revenue part of the Budget, Army had made a projection of Rs.1,40,515 crore while the allocation made is merely to the tune of Rs. 1,28,164 crore. In RE 2017-18, Army was allocated a fund of Rs.1,22,628 crore. Hence, the increase in budget is to the extent that of Rs.5,536 crore or 4.51%.The Committee have been given to understand that bulk of this 4.5% increase in the revenue allocation would go towards the hike in pay on account of the 7th Pay Commission. There has been an increase of Rs. 4,427 crore (4.76%) in salary expenditure on account of the Pay Commission. The balance amounts to an increase of just over three per cent, which is not even on par with the trend of inflation.

The Committee view that the allocation under Operations and Maintenance is needed to meet basic sustenance requirements. While examining the Demands for Grants of the Ministry of Defence, the Committee found that there has been significant shortfall in budget allocation

for operations and maintenance. Under this head, against a projection of Rs. 40,073 crore, an allocation of Rs. 30,791 crore has been made. Hence, Shortfall is to the extent of Rs. 9,282 crore. The increase in allocation for operations and maintenance over RE 2017-18 is Rs. 1,109 crore (3.73%) which does even match the general level of inflation. The various components of significance under this head of account include, Transportation, Works, Supplies, Ordnance Stores and the Rashtriya Rifles. There is a noticeable budget deficit under all these heads of accounts. In transportation, against a projection of Rs. 4,156 crore, the allocation is Rs. 3,267 crore, thus resulting into a shortfall of Rs. 889 crore For Works, against a projection of Rs. 7,877 crore, allocation is Rs. 6,464 crore, which amounts to a shortfall of Rs. 1,413 crore. Similarly, for Stores, there is a budget shortfall of Rs. 6,844 crore as the projection is Rs. 25,181 crore and allocation is Rs.18,337 crore. Under the head, Supplies, the allocation in BE 2018-19 is Rs. 6,324 crore against a projection of Rs.7,743 crore, which has resulted in a shortfall of Rs. 1,419 crore.

Additionally, the Committee found that due to introduction of GST and the closure of Military Farms, an amount of Rs. 545 crore for rations and Rs.874 crore for FOL, would be required. Also, there is a shortfall of Rs.136 crore in the allocation of funds for Rashtriya Rifles. Therefore, an additional requirement of Rs. 9,282 crore is needed to meet the mandatory sustenance requirements under Transportation (Rs. 889 crore), Works (Rs. 1,413 crore), Supplies (Rs. 1,419 crore), Ordnance Stores (Rs. 5,425 crore) and Rashtriya Rifles (Rs. 136 crore).

In the view of the Committee, the budget for operations and maintenance is a critical component for ensuring operational preparedness at any given point of time. Problems on this count will not only affect the serviceability of the equipment that the Army is holding, but may lead to legal issues that may arise on account of not making payments in time. Therefore, the Committee desire that the essential budgetary support to Army be provided for making up the shortfall of Rs.9,282 crore under Revenue Head, by way of providing additional grants during the financial year, 2018-19.

The Committee are also given to understand that additional burden of Rs. 5,000 crore will be levied upon Army because of the new taxation laws, in the form of GST. This has not been accounted for in the current year's Budget. The Committee, therefore, desire that reasonability be shown in the budget for the Army, by way of providing for the additional burden to the extent of Rs. 5000 crore due to the changes in the taxation laws. The Committee desire to be apprised of the measures taken in this direction."

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

"This Ministry had forwarded the projected requirements made by the Services for FY 2018-19 to M/o Finance amounting to Rs. 2,23,648.04 crore under Revenue head (Rs. 1,43,488.02 crore under Salary and Rs. 80,160.02 crore under Non-Salary). Out of these projections, Army had projected an amount of Rs. 1,49,942.81 crore under Revenue head (which included Salary component of Rs. 1,01,578.90 crore and Non-salary component of Rs. 48,363.91 crore). In response, M/o Finance conveyed ceiling of Rs. 1,85,323.91 crore (Rs. 1,38,983.57 crore - Salary and Rs. 46,339.62 crore - Non-Salary) under Revenue head of Defence Services for 2018-19, which was Rs. 38,324.85 crore lesser than projected amount. Since Ministry of Finance conveyed reduced allocation than projected amount, accordingly an amount of Rs. 1,25,497.70 crore was allocated under Revenue Head to Army (Rs. 97,372.21 crore under Salary and Rs. 28,125.49 crore under Non-Salary).

It may be relevant to point out that this Ministry is bound by the budgetary ceilings conveyed by M/o Finance. The reduced allocations were passed on uniformly among all the Services. The issue of additional burden of tax was highlighted during discussion on RE/BE with MoF. All efforts will also be made to ensure that critical requirements of Defence Services are met within allocated budget. The Committee may be assured that projections /

requirements of Army will be forwarded to Ministry of Finance for favourable consideration at Supplementary/RE stage."

**10. Referring to the budgetary allocations for the Services, the Committee had observed that during the year 2018-19, against the projection of RS. 1,96,387,36 crore the allocation was Rs. 1,53,875.22 crore and the allocation was not commensurate with the requirements of funds for facing increasing threat perception and the need for modernization programme of the Army to face 'two front war'. With regard to Revenue Budget of Army, the Committee had noted that against a projection of Rs. 1,40,515 crore the allocation was only Rs. 1,28,164 crore which represents an increase of Rs. 5536 crore *vis-a-vis* RE for 2017-18 at Rs.1,22,628 crore. This meager hike in allocation, after accounting for increase in salary expenditure at Rs.4427 crore, does not even offset the increase in rate of inflation. Further additional burden of Rs.5000 crore due to GST is also not factored into while allocating funds for 2018-19. The Ministry in their Action Taken Replies has submitted that it is bound by the budgetary ceiling imposed by the Ministry of Finance. Such meager allocations, the Committee believe, may deprive the Army of the much needed funds for other important plans which are funded from revenue expenditure. The Committee, therefore, reiterating their earlier recommendation, desire that allocation of funds may be increased for the said purpose.**

### **C. MODERNIZATION OF ARMY Recommendation (Para Nos. 10-11)**

**11. The Committee had, in their forty first report recommended as under:**

"During the course of the deliberations on Demands-for-Grants, the Committee learnt that any modern Armed Forces should have one-third of its equipment in the vintage category, one-third in the current category and one-third in the state of the art category. However, the current position in the Indian Army reveals that 68 per cent of equipment is of vintage category, just about 24 per cent of the current category, and only eight per cent of the state-of-the-art category. To be prepared for the scenario of a two front war, the huge deficiencies and obsolescence of weapons, stores and ammunition existing in Indian Army, does not auger well. It is, therefore, important to channelize sufficient budget towards modernising the aging armoury and filling up the gaps. However, the allocation for modernization in this year's budget has a different story to tell.

The Committee note that allocation of Rs. 21,338 crore for modernisation is insufficient even to cater to committed payments to the extent of Rs.29,033 crore, earmarked for 125 on-going schemes, emergency procurement of armaments and weaponry for 10 days of intense war {10(I)} and other Director General Ordnance Factories requirements.

Further, the Committee have been made to realize that committed liabilities of 2017 will also get passed on to 2018, thereby accentuating the situation further. Therefore, liquidation of the committed liabilities will hardly leave any funds for new schemes in 2018-19. The Committee feel agonised by the current state of affairs with regard to financial provisions made towards

the requirement of modernization of Army and desire that requisite budgetary support be given in this regard.

Furthermore, on this count, the Committee learnt that from the total Budget, 63 per cent goes towards paying salaries of Army personnel. The normal maintenance and operational requirements works out to 20 per cent and infrastructure takes around three per cent. Hence, the resources available for modernization amount to a mere 14 per cent of the allocation, which is grossly inadequate. According to the submission made by a representative of the Army, the budget for modernization has to be anything between 22 to 25 per cent of the overall budget, lest the Army is found to be wanting. With a view to equipping the Army to meet any eventuality, the Committee wish that the requisite budgetary provision is made for the specific purpose of modernization."

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

"This Ministry had forwarded the projected requirements made by the Services amounting to Rs. 1,72,203.30 Crore under Capital Budget for FY 2018-19 to M/o Finance for favourable consideration. The said projected amount included amount of Rs. 1,41,387.66 crore for Capital Acquisition (Modernization) of which Army had projected an amount of Rs. 37,121.54 crore. In response, M/o Finance conveyed ceiling of Rs. 93,982.13 crore under Capital Budget which was Rs. 78,221.17 crore less than projected requirement. The reduced allocations were passed on uniformly among all the Services including Army. Against the projected requirement, Army was allocated Rs. 21,338.21 cr. under Capital Acquisition budget.

The requirement of further allocation of funds will be taken up at the time of Supplementary/ RE stage with Ministry of Finance."

**13. The Committee referring to the funds allocated for modernization at Rs. 21,338 crore felt that the amount is insufficient even to cater to Committed payments to the extent of Rs.29,033 crore, earmarked for 125 on-going schemes, emergency procurement of armaments and weaponry for 10 days of intense war {10(I)} and other Director General Ordnance Factories' requirements. The Committee had further observed that the Committed liabilities of 2017 will also get passed on to 2018, thereby accentuating the situation further. The Ministry in its action taken reply merely stated that the reduced allocations *vis-a-vis* its projections were passed uniformly among all the services including army. The Committee are of opinion that the allocation may be may be increased at least to cover Committed Liabilities as any default in payment of contractual obligations will not send right signal to the future vendors. The Committee, therefore reiterate their recommendation made in this regard.**

#### **D.MANPOWER AND TRAINING Recommendation (Para No. 27)**

14. The Committee had, in their forty first report recommended as under:

"The Committee, while deliberating on the Demands for Grants 2018-19, have noted that the Army is facing shortage of manpower. In case of officers, the sanctioned strength is 49,932 whereas the held strength is 42,253. With regard to JCOs/ORs the existing strength is

11,94,864 against an authorised strength of 12,15,049. Further, the Committee have found that the recruitment in the Armed Forces is a continuous process and the Government has taken a number of measures to reduce the shortages. These include, sustained image projection, participation in career fairs and exhibitions and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career. Further, Government has taken various steps to make jobs in armed forces attractive, including by way of improvement in promotion prospects. Recruitment of Personnel Below Officers Ranks (PBORs) in Army is carried out through Open Rally System being conducted regularly throughout the country. Efforts are made to cover the entire country including remote and tribal areas. The Committee wish to be apprised of the outcome achieved on account of implementation of various measures as mentioned above.

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

"Shortage of Officers: The shortage of Officers and Junior Commissioned Officer/Other Ranks in the Indian Army is as under:-

Sl.No.	Category	Authorised Strength	Held Strength	Deficiency/Surplus
1	Officers (excluding AMC, ADC & MNS)	49,933	42,253	(-) 7,680 (15.38%)
2	Officers (AMC & ADC)	5,972	5,855	(-) 117 (1.96%)
3	MNS	4,389	3,743	(-) 646 (14.72%)
	Total Officers (including AMC/ADC & MNS)	60,294	51,851	(-) 8,443 (14%)
4	JCOs/ORs	12,16,247	11,94,864*	(-) 21,383 (1.76%)

\* Excluding 2198 APS Non Regular Junior Commissioned Officers/Other Ranks

Certain measures to make up the shortage of officers is as under:-

Present deficiency in officer cadre of Indian Army stands at approximate 14% and is planned to be reduced at the rate of 1% per year.

Moreover, shortage of officers in Indian Army is mainly due to deficiency in intake of support cadre. The intake of support cadre has been lower than allocated vacancies. In order to ensure enhanced induction of Support Cadre, the proposal of making Service Selection Commission attractive is being considered.

In addition, the following steps have been taken to make Army as an attractive option:-

Image Projection Campaign. A number of Recruiting Campaigns and advertisement / hoardings have been launched by the Recruiting Directorate to attract youth to join the Army. Process has been initiated to further improve and modify the Image Projection Campaign to attract the youth of today in the changing socio-economic environment.

Enhanced Physical Interaction with Target Audience. Enhanced physical interaction with target audience has been undertaken in which officers from Recruiting Directorate and teams from Command Headquarters visit various Universities and Colleges. Video films on 'Army as a Career' and publicity material have been prepared and circulated to various schools and colleges through these teams. In addition, NCC units and Recruiting Organisations have been incorporated to deliver motivation talks in educational institutions.

Interactive Web Site of Recruiting Directorate. The new website of Recruiting Directorate ([www.joinindianarmy.nic.in](http://www.joinindianarmy.nic.in)) has been launched. It gives all the information required by a candidate to become an officer. It enables candidate to know his/her eligibility based on the age and educational qualifications.

Shortage of Junior Commissioned Officers/Other Ranks. The existing deficiency is nominal and will be met by passing out of recruits undergoing training as trained soldiers."

**16. While taking note of the numerous measures being taken towards mitigation of manpower shortage, the Committee cannot help pointing out that reduction at the rate of 1% per year to mitigate the shortage of 14% takes 14 years to do away with the shortage. This, the Committee are of the view appears to be a tardy process and hence requires a review. The concrete measures initiated may be brought to the knowledge of the Committee.**

#### **E. SHARE OF NAVAL BUDGET Recommendation ( Para nos.32-35)**

**17. The Committee in their forty- first report observed and recommended as follows:**

"The Committee also note that the major part of the modernisation budget of the Service comes from the Capital component. For BE 2018-19, while the Navy made a projection of Rs. 33458.38 crore for the capital segment, the allocation made has been Rs. 20003.71 crore. Furthermore, in the case of committed Liabilities, the projection was Rs. 25106.74 crore whereas the allocation is to the extent of Rs. 15083.00 crore. This amounts to a huge shortfall of almost 40 per cent of the budget projected as required.

In this regard, the representative of the Navy, while deposing, confided to the Committee that this has been the case for the last three financial years. There has always been disparity over the last three financial years in the modernization Budget vis-à-vis committed liabilities. The Committee have also learnt that the budget is managed through the financial year by deferring certain committed liability payments so that a certain amount can be earmarked for the purpose of modernization and implementation of new schemes.

While going through the information submitted by the Ministry, the Committee have also noted that the percentage share of capital segment of Naval Budget to the total defence budget has declined from 12.81 per cent in the year 2012-13 to 7.46 per cent in the year 2017-18. This data, by itself is reflective of the unsympathetic attitude towards the modernization drive of the Naval Forces.

The Committee, while taking note of the grossly dismal scenario, cannot also help pointing out that this may lead to delay in induction of 'critical capabilities' and resultant cost overruns. A 'budget deficit' by nearly 40% will indeed have a cascading impact on the operational preparedness and technological upgradation of the Navy. This will also possibly impact the progress of infrastructure projects and efforts to mitigate shortage of accommodation for the naval personnel. Therefore, it is expected that necessary funds for modernization of the Indian Navy are channelized and the Committee informed of the details thereof.

In this connection, a representative of the Navy also intimated the Committee of the possibility of the budgetary hampering the modernization work by confiding that the Naval ship building programmes do not run on time, and the stage wise payments get deferred at times. Therefore, on occasions, the committed liabilities get deferred and are carried over to the next financial year.



The Committee feel aghast to note that there appears to be an element of complacency with regard to 'acquisition projects', and shortfall, and delays in meeting the payment obligations are responsible for the same. All the Departments from the Headquarters to the Shipyards appear to be habituated to delays. Also, this has become a regular feature of the manufacturing and induction plan. The system, therefore, merits a revisit, and improvisation. Thus, a concrete plan of budgeting and expenditure needs to be put in place. In case, the Navy has certain commitments of payments for procurement, these should be abided with stringently. Similarly, if companies delay deliveries, these should be taken up with due concern so that the Force does not suffer."

18. The Committee in its action taken reply submitted as under:

"Indian Navy has optimally utilised the allocation under the Capital Budget. The budgetary outgo under Modernisation Heads is closely monitored at IHQ MoD(N). Outgo under committed Liabilities is linked to delivery/ achievement of milestone/ stage payment, etc. Due to the complex and dynamic nature of shipbuilding, slippages are common. However, the slippages under committed liabilities are more than offset by progress of New Schemes. Indian Navy, thus, has a mitigation strategy to cater for any slippage and the Capital Budget is being fully utilised so as to ensure that the modernisation plans are on track."

**19. Referring to the lower allocations at Rs.15083 Crore for Committed liabilities vis-a- vis projections of Rs. 25106.74 crore, for the year 2018-19 (BE) for Indian Navy (IN) the Committee observed that allocation amounts to a shortfall of 40% of the projection . Further, the representatives of M/o Defence also confided to the Committee that the shortfall in allocations *vis-a-vis* the projections in respect of Committed liabilities has been there for the last three financial years. While expressing concern at the steep cuts in allocations for Committed liabilities, which may have an adverse impact on the modernisation and acquisition plans of IN resulting in consequent cost escalation, the Committee had recommended for suitable measures to address the issue. The Ministry in its action taken reply *inter- alia* stated that outgo under committed liabilities is linked to delivery/ achievement of milestone/ stage payment, etc and due to the complex and dynamic nature of shipbuilding, slippages are common. However, it has stated that the slippages under committed liabilities are more than offset by progress of New Schemes.**

The Committee are of the view that shortfall in allocations in respect of committed liabilities may have led to either default or postponement of payment of committed liabilities during the past few years. This Committee believe, as mentioned elsewhere in the report, such default/ postponement do not send the right signal to the future vendors. The Committee also would like to be apprised of the penalties, if any paid/ liable to be paid, to the contractors/ suppliers of goods and services for defaulting or deferring contractual payment/Committed liabilities. In view of the foregoing, while reiterating their recommendation, the Committee suggest that the sufficient allocations may be made to ensure payment of contractual payment obligations.

**F. TRAINER AIRCRAFT**  
**Recommendation (Para No. 58-62)**

20. The Committee had, in their forty first Report, recommended as under:

“With regard to the number of authorised trainer aircraft/simulators and their existing strength, the Committee have been informed that the Trainer Aircraft held by IAF currently include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) and Advanced Jet Trainer (AJT). The existing strength of trainer aircraft is 310 as against the sanctioned strength of 432. Simulators have also been provided for each type of aircraft. The procurement of simulators is built into the contracts of all aircraft and the IAF is now undertaking the procurement accordingly.

As regards the basic trainer, the Committee have been informed by Ministry of Defence that IAF has a requirement of 183 Basic Trainer Aircraft (BTA). At present, IAF has 75 PC-7 Mk-II BTA. Case for procurement of additional 38 PC-7 Mk-II aircraft is being progressed. The remaining 70 Basic Training Aircraft are to be manufactured by HAL under 'Make in India' Project. The Committee desire that HAL delivers these basic trainers within the stipulated time frame.

With regard to the Intermediate Jet Trainer, the Committee have been apprised that the Kiran (IJT) aircraft have already started retiring and are planned to be replaced by the HAL built IJT. However, in view of the imminent retirement of existing trainer aircraft (Kiran) and delay in progress of IJT Design & Developmental (D&D) activities, Air HQ has studied the feasibility of conducting 'Two Aircraft Type Flying Training pattern' instead of the normally followed 'Three Aircraft Type Flying Training pattern'. As per the information furnished the 'Two Aircraft Type Flying Training pattern' is being implemented successfully.

The Committee are perturbed to note that due to non-availability of IJT and failure on the part of HAL to deliver the same, despite being in the process since 1999, the Indian Air Force has had to modify their training programme from a 'three level approach' to two levels. This is indicative of an unsavory state of affairs. Training is a very critical component from the point of view of capacity building of Air Force. It involves lives of our valuable personnel and any lacuna, on this front can possibly result into fatalities. Therefore, any delinquencies in this regard cannot be acceptable. Modification of the training pattern appears to be an effort to conceal the factual position of non-availability of IJTs.

Even in case of two aircraft type flying pattern, only 75 basic trainers are available as against the sanctioned strength of 183 aircraft. On this front, the Committee fail to understand as to how, the IAF will manage to continue with the two level training pattern with the scarcity of first level trainer aircraft being to the extent of 60 per cent. While taking note of the dismal scenario, the Committee desire that the Ministry of Defence undertake earnest efforts towards bridging the gaps in availability of trainer aircraft with the IAF. The Committee desire to be kept informed of the progress made in this regard.”

21. The Ministry in its action taken reply submitted as follows:

“Simulators are being supplied as per requirement along with the various Trainer Aircraft. Against the recent contract for manufacture and supply of 40 Hawk aircraft to IAF and 17 to Navy, one each simulator/training aid comprising of Computer Aided Learning system (CALs), Cockpit Procedure Training (CPT), Avionics Part Task Trainer (APTT) and Flight Training Device (FTD) have been supplied to IAF and Navy.

- HAL has undertaken the Design and Development of HTT 40 Basic Trainer Aircraft, with internal funds to meet the requirement of ab initio trainer for IAF.
- The prototype aircraft, PT-1 had its first flight on 31<sup>st</sup> May 2016. Presently there are two prototypes undergoing flight testing and have together completed around 125 flights.
- The aircraft has demonstrated compliance to all major PSQR requirements and is gearing up for the critical stall and spin trials to commence shortly.
- The certification of the aircraft is planned in Dec 2018.
- DAC has approved acquisition of 70 HTT-40 aircraft and series production will commence post signing of contract with MoD/IAF and is planned to complete over a period of 5 years.

Feasibility of conducting 'Two Aircraft type flying training pattern' instead of 'Three Aircraft type flying training pattern' was a pilot project started by IAF to study its feasibility. The project was planned for three years. Presently, this has been stopped and the 'Three Aircraft type flying training pattern' is being followed. As of now Stage-II (F) training is being conducted on Kiran Mk I/IA to ensure maximum utilization of the available Kiran aircraft.

The D&D project for the IJT aircraft was sanctioned by Government of India in 1999. Contract was signed with HAL to supply 12 Limited Series Production (LSP) aircraft (in 2005) and 73 Series Production (SP) aircraft (in 2010). However, D&D is yet to be completed due to HAL's inability to resolve the critical design issues related to Spin/ Stall characteristics of IJT. A case is being taken up for foreclosure of the program.

Additionally, HAL is undertaking Design & Development of Basic Trainer Aircraft HTT-40, wherein HAL has manufactured two prototypes which have flown a total of 123 development sorties. The spin test is yet to begin. The execution of First Flight has been delayed by 3 years from the stipulated PDC (February 2013 to May 2016).

Further, to meet the trainer requirement, procurement of 38 x PC-7 Mk II Basic Trainer Aircraft and 20 x Hawk aircraft are under progress.

The pilot project for modification of training pattern to two ac training was undertaken to study feasibility of this pattern of training in case such a requirement becomes unavoidable due to reduced availability of IJT. The method was not undertaken to conceal non-availability of IJT ac as stated in Para 61, instead it was a step taken to ensure adequacy of training within the available resources."

**22. The Committee observe that the Trainer Aircraft held by IAF currently include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) and Advanced Jet Trainer (AJT) and the existing strength of trainer aircraft is 310 as against the sanctioned strength of 432.**

**As against the requirement of 183 BTAs IAF has about 75 PC -& MK -II BTA and the case for procurement of additional 38 PC-& Mk-II BTAs is stated to be under process. The remaining 70 Basic Training Aircraft are stated to be to be manufactured by Hindustan Aeronautics Limited(HAL) under 'Make in India' Project. The MoD stated that HAL would be**

undertaking Design and Development (D&D) of 40 HTT BTA and the prototype, PT-I had its first flight on 31<sup>st</sup> May, 2016 and the certification of BTA is planned for Dec.2018. The delivery of contracted volume of 70 BTA with HAL is planned to be completed over a period of five years post signing of the contract. As the trainer aircraft HTT 40 is yet to obtain certification even two years after first flight of prototype-I and the contract is yet to be signed and the Ministry's reply is conspicuously silent as to when the trainer aircraft is finally pressed into service, the Committee feel that IAF may have to persist with the shortages of trainer aircraft in the foreseeable future.

Despite Design & Development (D&D) project for Intermediate Jet trainer(IJT) was sanctioned way back in 1999 and a contract was signed with HAL for 12 Limited Series Production (LSP) aircraft in 2005 and 73 Series Production (SP) aircraft in 2010, HAL is yet to complete Design & Development (D&D) of IJT. In view of the inordinate delay, and there does not appear to be any prospects of its development and delivery in the next couple of years, the Committee apprehend that IAF has to depend on imports or has to put up with its existing aircraft for training purposes. Further, due to inordinate delay on the part of HAL, which could not even finalize D&D of IJT even after 18 years of the sanctioning of the project, the cost might have escalated manifold and the IAF have been forced to face the shortages and the consequent compromises made in the intensity of the training of their personnel. The Committee therefore want the MOD to fix responsibility. The Committee, therefore, reiterate their recommendation made in this regard.

#### **G. TRANSPORT PLANES AND HELICOPTERS**

##### **Recommendation (Para Nos.63 & 64)**

23. The forty first Report, recommended as under:

"On the issue of procurement Committee had, in their of light utility helicopters, the Committee have been intimated that the case for procurement of 197 Reconnaissance & Surveillance Helicopters had been withdrawn in the recent past. The case for procurement has reportedly been withdrawn on three different occasions at different stages of owing to various reasons. Acceptance of Necessity was accorded by Defence Acquisition Committee on 13 May, 2015 for procurement of 200 kamov 226T helicopters (60 flyways and 140 to be manufactured in India) from Russia through the Inter- government Agreement (IGA) route in accordance with the provisions of Para 71 of DPP 2013. An IGA has been signed with Russian government in Dec 2015. JV has been registered on 2.5.2017 as M/s Indo Russian Helicopters Limited. The case is presently at Request for Proposal(RFP) Stage. Cheetah/ Chetak fleet is proposed to be replaced by these 200xKamov 226T Helicopters from Russia. The Committee desire that the above mentioned procurements progress in a time-bound manner and they be informed of the developments.

The Committee have come to know that presently IAF has 27 Units of Transport aircraft and 36 Units of Helicopters as against the sanctioned strength of 29 Units of Transport aircraft and 39 Units of Helicopters. As regards phasing out, the Committee have been given to understand that phasing out of all the transport planes and helicopters is undertaken as per their stipulated life span. In some cases, depending on the condition and utilisation of the fleet, intensive life extension studies are conducted and the lifespan of the aircraft extended."

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

"Request for proposal (FGP) for capital procurement of 200 Kamov 226T Helicopters has been issued to Indo Russian Helicopters Ltd [Joint Venture (JV) between Hindustan Aeronautics Ltd (HAL) and Russia Helicopters) on 09 May, 2018. Bids are to be submitted by 01.08.2018."

**25. In the context of shortage of Transport Aircrafts and Helicopters against the sanctioned strength, the Committee were informed that procurement action had been initiated and is under process. Accordingly, the Committee had desired that the procurement should be progressed in a time bound manner. The Committee are surprised to note that, the replies of the Ministry of Defence were received on 27 November 2018. However, it is stated in the reply that bids are to be submitted by 01.08.2018. It is not clear as to why updated information could not be given by MoD. They therefore want MoD to furnish the latest/ updated information on the issue at the earliest.**

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## **CHAPTER II**

### **(A) OBSERVATIONS/RECOMMENDATIONS, WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **SECURITY OF DEFENCE PERSONNEL AND ESTABLISHMENTS**

##### **Recommendation (Para No. 4)**

The representative of the Army, while deposing before the Committee on the issue stated that the overall situation is very disturbing and the Defence Forces should get their due, with more attention paid to them. While the Ministry of Defence has delegated powers to the VCOAS to spend a little over Rs.14,000 crore towards security related issues, there is no separate allocation made in this regard. The money has to be located from within the Army's Budget, thereby leaving no choice but to re-prioritize expending the budgetary resources by way of going slow on some planned acquisitions, reducing the spending etc. Therefore, the need for creation of a separate Head of account for installation/hiring of security related equipment/technology has to be taken into account. This, the Committee feel to be essential so as to ensure that there is no laxity or incorrect spending of the budget allocations.

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

The Ministry does not subscribe to the view that the overall situation is very disturbing. The Armed Forces are accorded the highest possible consideration. It is not correct to say that perimeter security would cost Rs. 14,000 Crore. In fact, it is less than 1,500 Crore. These funds have already been budgeted for and allocated. If required, additional funds would be sought at the Supplementary/ RE stage.

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

The Committee opine that the security of the Nation is paramount and safety of those defending the country cannot be left in a state of abandonment. The Forces must be capacitated in maintaining a robust and effective response mechanism to counter emerging threats. However, the budgetary provisions made under the Demands For Grants (DFG) 2018-19 do not reciprocate the seriousness required towards meeting 'perimeter security'. Therefore, the Committee urge upon the Ministry of Defence to implement the afore-mentioned measures in order to strengthen the security of various military establishments across the country. The establishments include, cantonment areas, institutions, living quarters etc. belonging to the three Services viz. Army, Navy and Air Force.

The Committee also desire that Para-military Forces like Border Security Force (BSF) etc. also need to be taken into confidence for introducing appropriate surveillance technologies in the areas under their jurisdiction so that terrorist/insurgent elements do not make use of porous borders for infiltration. Implementation of the aforesaid measures would require induction of more funds during the year, 2018-19. The Committee desire and hope that the concerns and opinions expressed are taken with due seriousness and progressively implemented. The Committee wish to be kept apprised of the developments in this regard. More specifically, they wish to be informed of the budgetary provisions made exclusively for installation/hiring of security related equipments/software in the upcoming financial year,

without waiting for more crises that may involve irreparable loss of lives of our soldiers and their families.

### **Reply of the Government**

Defence Services have taken a number of actions including risk categorisation of military bases; appraisal and upgradation of intelligence gathering capabilities; strengthening and streamlining of the response mechanism; Unmanned Aerial Vehicles (UAVs); periodic security audit of all military installations etc. The Army also carries out indepth analysis of the terrorist incidents and security breaches that are identified with various incidents. Perimeter security projects of all the three Armed Forces have been sanctioned by the Government. Mutual Aid Schemes have been formalised with other Services. Necessary Coordination and liaison with these establishments are being carried out periodically. Response mechanisms to include 'Second Tier' and 'Subsequent Tiers' of response for all Defence Establishment have been streamlined. These are being rehearsed periodically. Necessary coordination is being carried out with Civil Administration, State Police and Central Armed Police Forces (CAPFs).

### **ARMY**

#### **BULLET PROOF JACKETS**

##### **Recommendation (Para Nos. 14-17)**

The issue of non-availability of Bullet Proof Jackets (BPJs) has been consistently taken up by the Committee in the last five years. Unfortunately, however, tangible results are yet to be seen. In this regard, the Committee were assured that as a part of drive towards modernization of infantry, improvement in individual protective gear has been given the highest priority with a view to ensuring better 'survivability' of the soldier against the enemy and terrorists. An immediate requirement of 50,000 BPJs based on earlier GSQR has been met through Revenue route. The process of procuring a quantity of 1,86,138 BPJs as per revised GSQR No. 1438 is presently at Trial stage.

The Committee have been given to understand that information pertaining to details of the total authorization of Bullet Proof Jackets (BPJs) in the Indian Army is of sensitive nature. The Committee, nevertheless, feel that while authorizing the total quantity of BPJs, the ever increasing threat need to be adequately taken care of.

Furthermore, with regard to the quality of BPJs, the Committee have been apprised that the new GSQR 1438 prepared for the BPJs is at par with the extant standards being followed by the Armies of the development countries. The Committee, while taking note of the assurances given by the Ministry regarding BPJs, wish to reiterate the need for ensuring that there shall be no compromise with regard to availability of BPJs both in terms of quantity to our soldiers, especially those stationed in high risk or combat areas. Any casualty in Indian Army due to lack of BPJs either in terms of quality or quantity does not deserve to be pardoned.

To the concern expressed by the Committee on the issue of 'full body jackets', the Ministry informed that as per available information, there are no full body proof suits in the international market. This is due to the restriction such suits impose on the body movement as also the weight such suits would have. However, Bullet proof jackets being procured for the

Indian Army afford protection all around the body, above waist line, in order to protect all vital organs. The Committee opine that along with jackets, ample emphasis has to be paid for providing bullet proof helmets as well to the troops. The committee wish to be intimated of the details of progress made in regard of procurement of Bullet Proof Jackets and helmets.

### **Reply of the Government**

#### **Combined Action taken/replies on the recommendation No. 14, 15, 16 & 17**

Procurement of qty 50,000 BPJ through revenue route (GSQR 878) was contracted in March 2016 and delivery of the entire quantity has been completed.

The contract for capital procurement of 186,138 Bullet Proof Jackets (BPJs) has been signed on 09.04.2018. As per delivery schedule in the contract, the delivery of BPJs is to commence at the earliest and is to be completed within three years. The differences between old GSQR(878) and new GSQR (1438) primarily relate to area of protection, Size, weight, modular, flexibility etc. it is endeavor of the Government that the BPJs being procured match upto the international standards in terms of protection afforded.

As for helmets, the contract for capital procurement of Qty 1,58,279 ballistic helmets was signed on 16 December, 2016. Qty, 28,250 Ballistic helmets have been delivered so far.

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

With regard to the present position on manufacturing of Bullet Proof Jackets, the Committee found that Industrial licenses for manufacturing of Bullet Proof Jackets and Vests have been issued to 10 companies by DDP. Four companies have reportedly commenced production. Nevertheless, the Committee recommend that the Ministry remain vigilant and cautious in regard to the quality of BPJs being supplied by these companies.

### **Reply of the Government**

The contract for procurement of 1,86,138 Bullet Proof Jackets (BPJs) as per GSQR 1438 has been concluded with M/s SMPP Pvt. Ltd., New Delhi on 09.04.2018. Delivery of the BPJs will start within 12 months from the date of signing of contract and will be completed within 36 months from the date of signing of contract.

Further, in order to ensure that production of items by Defence Industrial Licensees is of desired quality, the following condition has been included in the license issued to Defence Industrial Licensee companies: -

The standards and testing procedures for equipment to be produced under License from foreign collaborators or from indigenous R&D will have to be provided by the Licensee to the Government nominated quality assurance agency. The nominated quality assurance agency would inspect the finished products and would conduct surveillance and audit of the quality assurance procedures of the Licensee. Self certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the Licensee. Such permission would be for a fixed period and subject to renewals.



For ascertaining the quality of BPJ as per GSQR parameters, Acceptance Test Procedure (ATP) has been included as part of contract. ATP has been designed based on Ballistic Tests conducted during Field Evaluation Trials and will be monitored by the testing agencies. All Quality Assurance aspects, other than Ballistic Testing will be checked by testing, agencies before delivery of any lot being offered by vendor.

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

'Going by the detailed description of the issue pertaining to the matter, as made in the foregoing paragraphs, the Committee cannot help expressing deep anguish over the fact that even after the approval by the DAC in 2009; and the matter having been taken up by the Committee time and again, our soldiers continue to suffer due to the 'insufficiency/ inadequacy' of BPJs. What is particularly worrisome to note in this regard is that presently there is a huge deficiency of Bullet Proof Jackets vis-a-vis the authorization level in all the Commands, units etc. of the Indian Army.

Further, the Committee observe that when the trial is rejected, all the expenditure incurred from the stage of sanction of the procurement, up to the trial stage goes in vain. Therefore, the Committee sternly wish and hope that the procurement of 1,86,138 BPJs of GSQR No. 1438 is made within the stipulated time frame. This is notwithstanding the fact that even following the procurement, a huge deficiency of BPJs would continue to remain in the Army vis-à-vis the requirement. The Committee, therefore, recommend that necessary efforts are made towards timely procurement of the balance BPJs also, as safeguarding the lives of our soldiers is a prime responsibility in regard to which compromises of any kind cannot be made. The Committee would like to be apprised of the developments made in this direction.

### **Reply of the Government**

Bullet Proof Jackets (BPJs) are provided to soldiers as per laid down specifications and authorisation.

The Acceptance of Necessity (AoN) for the procurement of quantity 3,53,765 (quantity 1,86,138 in 11<sup>th</sup> Army Plan) Bullet Proof Jackets through the Capital procurement route, was accorded by the Defence Acquisition Council (DAC), based on GSQR 1318 on 19<sup>th</sup> Oct 2009 and categorised as 'BUY (INDIAN)'. The Request for Proposal (RFP) was issued on 03<sup>rd</sup> March 2011. After two amendments, fresh RFP for procurement of Qty 1,86,138 BPJs, as per GSQR 1438, through Capital route was issued on 07<sup>th</sup> December 2012 to 39 vendors. Six vendors responded to the RFP. Ballistic evaluation of samples provided by the vendors was conducted at TBRL, Chandigarh from 12<sup>th</sup> March to 16<sup>th</sup> June 2015. The RFP was later retracted on 05<sup>th</sup> October 2015 due to rejection of all samples in the trials conducted by the Indian Army. Analysis revealed lack of technology and manufacturing expertise as the reasons behind sample failure on evaluation. Post retraction of RFP, DRDO achieved success in developing a BPJ meeting all QRs of GSQR 1438 and cleared all ballistics trials on 20<sup>th</sup> January 2016. In view of the same, fresh RFP, without any change in qualitative requirements was issued on 04<sup>th</sup> April 2016. Five Indian vendors responded to the RFP. The trials were conducted with effect from 03<sup>rd</sup> April 2017 to 12<sup>th</sup> December 2017. GS Evaluation report was approved on 20<sup>th</sup> December 2017. Approval of competent authority for the procurement of qty 1,86,138 was accorded on 03<sup>rd</sup> April 2018. Contract has been concluded on 09<sup>th</sup> April 2018.

Making up of stock of Bullet Proof Jackets to desired level, as per laid down policy, is a continuous process for which necessary steps are taken from time to time.

## **ARMS AND AMMUNITION**

### **Recommendation (Para Nos. 21-24)**

#### **Recommendation No. 21**

With regard to the authorization of arms and ammunition held with the Indian Army, the Committee have been given to understand that the details of authorized and held strength of equipment i.e. guns, missiles, aircraft, tanks, ammunition etc. with the Indian Army is sensitive in nature. However, during the course of the deposition by the representatives, it has been learnt that the Army endures with a huge deficiency of arms and ammunition. This is possibly the outcome of continued negligence over the years. Furthermore, on this aspect, the Committee learnt that the deficiencies of in-service weapons and equipment are identified every year through Annual Provision Review and procurements are carried out accordingly. To the knowledge of the Committee, some of the steps that have been taken in the recent past to build up the ammunition stock levels in the Indian Army, include Five-Year Roll-on-Indent for ammunition which has been placed on OFB for the period 2014-19 and according approval for procurement of 35 ammunition items which were not being produced by OFB through import. Moreover, in order to ensure that the Armed Forces are always well-equipped for meeting emergent operational requirements, the powers for procurement to maintain minimum levels of critical ammunition and critical spares, have been delegated to the Service Headquarters vide MoD Order dated 30<sup>th</sup> December, 2016.

#### **Recommendation No. 22**

The power and responsibility is, therefore, given to the Armed Forces to ensure that the minimum critical levels for ammunition and spares are maintained at all times. Financial powers have been delegated to Vice Chief of Army Staff for undertaking procurement of some critical armaments & mines vide Order dated 16.08.2017. To facilitate development of indigenous capacity and reduce dependence on import with the long-term objective of building capacity within the industry as a robust alternative source of ammunition, the Government have approved manufacturing of selected ammunition for the Indian Army by Indian Industry.

#### **Recommendation No. 23**

With regard to the issue of shortage of ammunition, the Committee understand that a Five Year Roll on Indent for ammunition has been placed on the OFB for the period 2014-19. Further, MoD had accorded Emergency Procurement Powers to VCOAS under Schedule 23 of DFPDS 2016. This will enable in fast-tracking the procurement. However, the build-up of stocks will depend on the vendors capacity to supply the ammunition being procured. Eight types of ammunition have been identified for manufacture by Indian Industry. RFI has been uploaded and responded to by 23 vendors. Preparation of RFP is under progress. MoD has delegated the powers for procurement to SHQ in order to maintain minimum levels of critical ammunition (10(i) levels of WWR) and critical spares. Here, the Committee are concerned to note that although measures like increasing vendor base within the country and delegation of powers are good, insufficiency of budget continues to be a major roadblock. The Committee wish that the concern expressed in this regard is addressed and appropriate allocation is made available. This would be essential as insufficiency of quantity as well as the quality of ammunition can be detrimental to the overall capabilities of the Army.

#### Recommendation No. 24

The Committee found that DRDO has been associated in bringing about improvement in INSAS Rifle. The current in service version of the 5.56 mm INSAS Rifle INSAS MK 1B1 was introduced after carrying out minor improvements based upon the feedback of Operation Vijay in 1999. DAC, vide decision dated 20.11.2009 had accorded AoN for procurement of Assault Rifles under “Buy & Make” category with ToT to OFB. Request for Proposal (RFP) was issued for procurement of dual calibre Assault Rifle in November, 2011. However, as the equipment fielded for trials did not fulfil General Staff Qualitative Requirement (GSQRs), the RFP was retracted in June, 2015. Meanwhile, AHQ has decided to change the calibre of the Assault Rifles to 7.62x51mm, based on their adoption of a different operational philosophy. Accordingly, the case for capital procurement of 7.62x51mm Assault Rifle to meet the desired operational requirement is reportedly being progressed with as per the extant Defence Procurement Procedure (DPP).

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

The authorisation and holding of arms and ammunition is as per operational requirement of the Armed Forces. Adequate reserves have been authorised to cater for contingencies. There are adequate stocks of arms and ammunition with the Armed Forces and these are well equipped for meeting any operational requirements.

Making up of stock of arms and ammunition to desired level is a continuous process, the requirements for which are identified every year and procurements undertaken accordingly after following due procedure in Defence Procurement Procedure (DPP) and Defence Procurement Manual (DPM) and adequate budgetary provisions are made, accordingly.

During the last three years and current year (upto June, 2018), 106 contracts have been signed with Indian vendors and 62 with foreign vendors including those from Russia, Israel, USA and France and for procurement of defence equipment for armed forces, such as Tanks, Rifles, Ships, Frigate, Aircraft, Helicopters, Radar, Ballistic Helmet, Artillery Guns, Simulators, Missiles, Bullet Proof Jackets, Electronic Fuzes and ammunition.

The capital Budget and expenditure for the Armed Forces for the last three years are given below:-

(Rs. in crore)

Year	Revised Estimates	Expenditure
2015-16	65400.00	62235.54
2016-17	62619.36	69280.17
2017-18	68965.24	72732.28

#### **Recommendation (Para Nos. 25 & 26)**

##### Recommendation No. 25:

The committee are aghast to note the repeated failure of trials, which also involve substantial costs. It is disheartening that OFB has not been able to develop the guns as per the requirement/specifications of the Army and a diluted QR cannot be used on the frontline. In this context, the Committee have learnt that the Army is importing a certain quantity and for the rest, the work is in progress. The Committee desire that the guns be procured after

following the successful completion of trials. Any compromise in this regard would not be acceptable.

Recommendation No. 26:

The Committee have been informed that Air Defence Guns, L70 and shilka which are vintage equipment and are becoming obsolete , are being upgraded. 100 L70 guns and 48 Shilka guns have been given for refurbishment. In the absence of a viable replacement the Army has gone for a comprehensive upgrade whose main element is electro optics, under which the sighting system gives enhanced range and visibility in the battlefield scenario. The committee appreciate the above mentioned efforts and desire that such innovative initiatives are encouraged. However, at the same time, they emphasize that these measures shall not be taken as a permanent alternative to the requirement of modernization. Therefore, a positive and multi-faceted approach is needed for procuring and upgrading the weaponry available with the Army.

### **Reply of the Government**

#### **Combined Action taken/replies to recommendation No. 25&26**

Modernisation of Army is a continuous process based on the threat perception, operational challenges, technological changes and available sources to keep the Army in state of readiness and remaining equipped with modern weapons system. Government is taking measures for modernisation of Army, through procurement of new equipment and upgrading of existing equipment and system. Hence, two pronged strategy is followed for achieving modernization through induction of new weapon system and qualitatively improving the existing weapons system through upgrades.

The modernisation projects are being progressed on the basis of *Service Qualitative Requirement (SQRs)* as per the extant Defence Procurement Procedure (DPP-2016) which incorporates provisions of trials and evaluation of the equipment. The government regularly monitors progress of on-going procurement projects so as to ensure that the Army is equipped to meet the entire spectrum of security challenges.

During the last three years and current year (June, 2018) 65 contracts worth about Rs. 54,203.57 crore have been signed for capital procurement of defence equipment such as radars, helicopters, missile s, tank, bullet proof jackets, ballistic helmets, artillery guns, ammunition and simulator.

The cases for procurement of defence equipment including Towed Gun System, Upgunning of guns, Surface to Air Missile System, Air Defence Gun Missile System are at advance stage of procurement.

#### **Recommendation (Para Nos. 28)**

Along with recruitment, the Committee feel that necessary training also needs to be imparted to the manpower so that the Army is well equipped with handling newer technologies. The advancement made with regard to development of training facilities in consonance with technological up gradations may be brought to the know of the Committee.

## **Reply of the Government**

The Army has devised a Training Programme that has modules to cover the technology domain. Revamping of Training for Defence Personnel in the light of latest technological advancements is being regularly undertaken in Indian Army. The training establishments are evolving with the infusion of technology for not only enhancing and facilitating quality training but also to increase transparency in assessment and digitisation. Emphasis is also being laid on exploiting technology for evaluation of training effectiveness of an Institute and to mitigate the problem of plagiarism. Notable initiatives in various spheres of training are as follows:

1. **Connectivity:** In order to improve connectivity in the Institutes as well as among the Institutes, Campus Wide Network (CWN) and Computer Labs have been established in Category 'A' training establishment to access training material, knowledge repository, etc., so that research papers, project reports, technological updates are available to both faculty and the trainees. Further, National Knowledge Network (NKN), an initiative of Government of India providing pan-India networking is being utilised by the Training Institutes for country-wide virtual classroom, collaborative research, grid computing, virtual library and sharing of computing resources.
2. **Conduct of Training:** The initiatives undertaken by the Indian Army are as follows:
  - a) **Distance Learning Package (DLP) and Entrance Test (ET):** DLP assist preparing the trainees for the courses in advance. ETs are also planned to be conducted online within the campus in future. DL & ET for officers implemented with effect from Training Year 2017-18 and the same has been implemented for Junior Commissioned Officers (JCOs) & Other Ranks (OR) courses with effect from 01 Jan 2018.
  - b) **E-learning:** The entire course content of courses of instructions conducted in the training institutes is planned to be available online through Army Intranet. A pilot project is being processed on the basis of freeware 'Modular Object Oriented Dynamic Learning Environment'.
  - c) **Smart & Integrated Classrooms.** Smart classrooms with latest audio visual display and link to CWN to access Training material are being established in all Category 'A' establishments to enable easier assimilation by the trainees. Theory portion are conducted in classrooms which have been integrated with cut models of various assemblies, CCT diagrams, textbooks and complete equipment.
  - d) **Training Films and Computer Based Training (CBT):** Training Films and CBTs are extensively used at Category 'A' establishments for training all ranks. A total of 324 training films and 739 CBTs are being utilised. Training films are developed by Armed Forces Film and Photo Division, MoD.
  - e) **Sports Medicine Centre:** Sports Medicine Centres (SMCs) have been established at Pre-Commission Training Academies wherein various fitness training equipment have been procured for different medical rehab programs. This has resulted in drastic reduction of training related injuries.
  - f) **Firing Practice:** Baffle ranges being utilised for firing practice have been augmented through digitised system for indicating fall of shots on target, forming one of the most modern marksmanship facilities available. Auto Scoring System is employed for accurately calculating the score which is otherwise required to be

carried out physically. Also, Infra-red sensors and remote controlled targets have been incorporated to facilitate firing practice.

3. Modernisation of Labs and Training Infrastructure (MOLTI): Modernisation of labs and training infrastructure of all the training institutes and is in vogue. Each of the training institutes plan modernisation projects based on their specific requirement. The various aspects are modernisation of laboratories, modernisation of training infrastructure, development of necessary combat techniques, development of various skills such as survival skills, firing techniques, casualty evacuation technique, combat trauma and medical care skills, fighting in counter-insurgency environment and built-up area, etc.
4. Besides, Language Training, Library Management, Music Training and Gymnasium facilities have been established to ensure delivery of proper and adequate training in all aspects to the personnel.

### **INDIAN NAVY**

#### **Recommendation (Para Nos. 36-38)**

The Committee have also noted that repeated delays in procurement projects have become a part and parcel of the procedure. More seriously, there appears to be a level of complacency in the system in regard to addressing the deviations that occur in meeting the stipulated targets. From the details furnished, it is observed that considerable delays have been taken place in case of a number of projects of the Navy. These include, P15A, P 28, Indian Aircraft Carrier, Naval Offshore Patrol Vessels, P-75, P-17A, Fast Interceptor Crafts, Landing Craft Utility Mk-IV, Water Jet Fast Attack Crafts etc. The delays have also adversely impacted the exchequer. As for the reasons for the delays, the Committee note that delivery of steel from Russia is a cause for the delay in P 15A and IAC. In this regard, the Committee would like to know of the details of the action on the supplier for the delays. The other reasons attributed include, unrealistic assessment of the cost of weapons and sensors, and increase in equipment cost and yard material. The Committee are distressed to note that factors relating to costing are not assessed and calculated well in advance. The revision of cost from Rs. 3580 crore to Rs. 11662 crore, in the case of P 15A Project is immense and hard to be believed.

In the case of cadet training ships which was contracted out to ABG shipyard in June 2011 at a cost of Rs. 1453.14 crore, the ships were to be delivered in 2014. In all, it included three vessels, but by 2014, the project was completed to a level of 20, 12 and 6 percent respectively in case of each of the three ships. The shipyard was subsequently shutdown in June 2015. As no progress was made on the CTS Project since June 2015, a letter terminating the contract, was issued in Sept 2017. To the dismay of the Committee, apart from the required capability not being handed over to the Navy, the cost incurred on the project turned to a complete waste. The Committee, in this regard, would like to be informed of the action that was taken against the ABG shipyard and the holders of the Company.

The Committee would like to recommend that due care be taken in concluding contracts. Also, regular follow ups are an inescapable necessity. Otherwise, the precious funds of the exchequer will continue to keep going in vain. The remedial measures taken on these aspects may be brought to the know of the Committee.

## **Reply of the Government**

### **1. Action Taken on Steel Supplier for Delays in Delivery.**

- (i) Project 15A. The special steel (D40S grade) required for construction of P15A ships was ordered on M/s Prometey, Russia as it could not be sourced indigenously. The steel was negotiated to be delivered in three phases and the cost of steel was fixed accordingly. After supplying the first lot steel, according to negotiated price, in May 2004, the firm stopped supplies demanding higher prices on account of the sharp increase of steel prices in international market. The shipyard was left with no other option but to negotiate with the firm. It took several rounds of discussion to settle the issue and supplies only recommenced in September 2005 after a break of 18 months. No other action was taken on the firm.
- (ii) In order to obviate such recurrences in future, the indigenization of this special grade steel was expedited. Accordingly, DMR 249A steel was developed indigenously by Defence Metallurgical Research Laboratory (DMRL) and M/s SAIL for manufacture of steel. P15B ships, the follow-on project of P15A, are being manufactured using DMR 249A steel.
- (i) Project 71 (IAC-1). The construction of IAC-1 was planned to start in 2004. The ship's construction, however, could commence only by 2006 due to non-availability of imported steel for hull construction, as was initially planned. The order for the first batch of about 5000 tons steel was placed on Rosoboron export (ROE), Russia in 2003 and as per the contract, M/s Cochin Shipyard Limited (CSL) was required to pay a percentage of the contract value as advance against a corporate guarantee furnished by ROE. The corporate guarantee was recommended by Navy and accepted by M/s CSL based on a letter of comfort signed between MoD and the Russian Government. In 2003, by a government order, all advance payments exceeding a certain value were restricted without a Bank Guarantee from the supplier. Despite best efforts by the Navy to either get M/s ROE to submit a Bank Guarantee or get for a one-time waiver on the restriction placed by the Government, the issue could not be resolved. In the meanwhile, ROE sought revision in steel price due to the delay in ordering that had ensued.
- (ii) At this juncture, a conscious decision was taken to construct the ship with indigenous high tensile warship quality steel, developed by the DMRL, Hyderabad and produced by the Steel Authority of India Ltd (SAIL). SAIL had to grapple with several issues associated with a first-time development in terms of technology, process, financial viability etc. These challenges were however overcome successfully with dedicated efforts of Navy, DMRL and SAIL.
- (iii) Progress Thereafter. The construction of entire hull of IAC has been undertaken using indigenous DMR 249A steel produced by SAIL. The greatest spin-off from this has been that now Indian industry indigenously manufactures all grades of steel for warships in India thus eliminating Navy's dependence on foreign sources of supply

for this most basic but 'critical' input material. In the wake of indigenous development of special steel under the nomenclature DMR 249A & B grades, extensive training was imparted to the welders of the yard. This is because special care is required to be taken to prevent distortion during cutting and welding operations. This new type of steel also required compatible weld consumables. These were developed by the Naval Materials Research Laboratory (NMRL). Weld processes were defined for various types of welding needs, based on the steel thickness and type of joints. Over a period of time, CSL has managed to train more than 500 welders including in-house and contracted labour, so as to keep adequate number of qualified workers at hand all the time.

- (iv) Action Taken. Consequent to non-availability of steel from Russia, the ship has been constructed with indigenous steel developed by DMRL and produced by SAIL, and steel is not being procured from ROE/ Russia for any indigenous warship building project.

2. Reasons for Revision of Cost from Rs. 3580 crore to Rs. 11662 crore - P15A.

- (a) CCS approval was accorded in March 2001 for the construction of three ships under Project 15A at an *estimated* cost of Rs. 3580 Crore (including Rs. 465 crore towards cost of B&D spares). The cost estimates of P15A ships were at 1999 price levels and based on the cost of the third ship of Project 15 that was nearing completion at the time. This estimated cost also *did not include escalations* that would occur during the build period of the ships, which was scheduled from 2003 to 2010.
- (b) Further, during CCS sanction for revision of cost of the project, it was observed that there was a delay in production schedule (which caused additional escalation) view the following:-
- (i) Infrastructural constraints at MDL to simultaneously construct hulls and undertake outfitting work of P17 and P15A (to obviate such problems in future, Rs. 217 crore was catered within P17 for modernization of infrastructure at MDL).
- (ii) Availability of special grade steel from Russia (to obviate recurrence, the steel has been indigenized and is being used in current projects).
- (c) Fixed Component. As against the estimated cost of Rs. 2405 crore for fixed cost components (in initial CCS sanction), the shipyard had quoted Rs. 5840.55 crore catering for inflation/ price increase over the build period. A CNC was constituted in September 2004 to negotiate the cost of the components of this category. The CNC fixed Rs. 4652 crore as the cost of the fixed cost elements of the project in January 2005, majorly attributing the increase in cost to the following:-
- (i) Increase in Equipment Cost & Yard Material. The estimated cost of equipment and yard material was made at 1999 price levels during initial sanction. Annual escalation of 7% for indigenous equipment, 5% for Russian equipment and 3% for western equipment was applied to cover build period of the three ships. The rate of



annual escalation was accepted by CNC in which Advisor (Cost) was also a member. This caused an increase of Rs. 567.08 crore.

(ii) Increase in Yard Effort. Cost of labour & LOH witnessed a sharp escalation in prices view provision that had to be made to accommodate the impact of wage revision from October 2003 and another that was then scheduled to take effect from January 2007. This registered an increase of Rs. 1126.63 crore. The expenditure towards securing services of Russian specialists was also revised from those based on Soviet era rates to current rates. This marked an increase of Rs. 511.95 crore.

(d) Variable Component. The approval of weapon and sensor package was obtained from CCS in May 2001 on estimated cost basis. The approval was obtained on estimated cost as many of the systems were in developmental stages. Further, the decision to equip the ship with LRSAM/ MFSTAR in place of conventional SAM to provide Long Range attack and defence capability against air targets was taken post submission of the initial proposal to CCS. Special emphasis was also placed on indigenization wherein the developmental cost of the indigenous weapons and sensors is to be primarily financed by this project, although its spin off effects would include the reduction in cost of future projects. Post identification of the weapon and sensor package, enabling realistic assessment of their costs, revised CCS sanction was obtained to increase Variable Component cost from Rs. 700 crore to Rs. 5592 crore.

(e) MOH and Profit. Corresponding to increase in equipment cost (both fixed and variable), there was a *pro rata* increase in MOH from Rs. 66 crore to Rs. 267.01 crore and in profit from Rs. 186 crore to Rs. 686 crore. This resulted in an increase of Rs. 701.01 crore to the project cost.

### 3. Cadet Training Ship - Actions Taken Against ABG Shipyard.

(a) Encashment of Bank Guarantees (BG). Out of the total project cost of Rs. 1453.14 crore, a total of Rs. 711.045 crore was paid to the shipyard as part of stage payments. As part of the contract, the stage payments were covered by BGs of equivalent value in addition to the Performance BGs. Post termination of the contracts, all BGs i.e Stage and Performance BGs are being en-cashed. A total of 20 Bank Guarantees (BGs) amounting to a sum of Rs. 782.874 crore would be recovered from the shipyard as against the payment of Rs. 711.045 crore. 11 BGs to a total of Rs. 458.14 crore have already been encashed till date and encashment of nine BGs amounting to Rs. 324.734 crore [Rs. 82.8 crore of Andhra Bank (two BGs) and Rs. 241.934 crore of IDBI Bank (Seven BGs)] are still pending view stay order passed by the Hon'ble High Court of Gujarat based on a writ petition filed by the Interim Resolution Professional appointed by the National companies Law Tribunal on behalf of ABG Shipyard. The case is being pursued by Asst Solicitor General, High Court of Gujarat. The BGs would be encashed post vacation of the stay order.

(b) Tender Holiday for ABG shipyard. An independent Capacity Assessment by MoD/ Financial Advisor (Defence Secy) of the ABG Shipyard was presented to Defence Acquisition Council (DAC) chaired by Hon'ble RM, on 23 February 2016. On the basis

of the presentation by FA(DS), DAC of August 2016 concluded that the financial health of the shipyard is weak and barred the shipyard from participating in any new Defence projects. DAC further directed, not to consider the bids of the shipyard for projects which have been submitted by the shipyard and are yet to be opened. It is therefore submitted that ABG shipyard is not been considered for any of the MoD projects since August 2016.

4. Remedial Measures against Delays. The following steps have been taken to reduce 'Time and Cost Overruns' for various projects:-

- (a) Continuous monitoring by Apex meeting and CPRM, in addition to regular CWP&A review meetings.
- (b) Provisions of Liquidated Damages exist in the contracts. Liquidated Damages would be levied on the shipyard in accordance with contractual provisions, as and when applicable.

## **NAVAL BASE**

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

Upgradation and modernisation of the Naval Base need to be advanced progressively. In this connection, the Committee have been told that all the major works envisaged as part of Phase I of the **Project Sea Bird** have been completed. The Naval Base is being further augmented and upgraded as part of Phase IIA. While applauding the efforts being made, the Committee express the opinion the aid Naval base is very crucial from the strategic point of view. The landmarks achieved in this area may be furnished to the Committee in the Action Taken Notes.

### **Reply of the Government**

- 1. Accord of CCS Sanction. Phase IIA of Project Seabird was sanctioned by the Government on 06 Dec 12 for augmentation of infrastructure and other facilities over a ten year period from 2011 to 2021.
- 2. Appointment of Project Management Consultant. M/s AECOM India Pvt Ltd was appointed as the Project Management Consultant for Phase IIA in Nov 2014.
- 3. Award of Contract for MWC 01 Package. The first contract for Marine Works Package (MWC 01) has been awarded to the JV of M/s L&T, International Seaport Dredging Pvt Ltd and Dredging International at a cost of Rs 899 crore on 20 March, 2017 and the work has commenced on ground. The scope of work includes 11.5 million CuM of dredging, 57 hectares of reclamation, 4.5 km of revetment, 11 MMT of quarrying and installation of Nav Aids.
- 4. Award of Contract for DB 01 Package. The contract for Construction of 2770 dwelling units and amenities has been awarded to M/s Shapoorji Pallonji in December, 2017 for Rs 1342 crore.

5. Design Consultancy-Dockyard and Fleet Base Buildings. The contract has been awarded to a JV of M/s MECON and M/s Royal Haskoning DHV on 18 July 2017 at a cost of Rs. 231.09 crore. The work package envisages master planning for Dockyard, design of workshops, tendering action for selection of works contractor and supervision during construction of Dockyard and other Fleet Support complexes.

6. Design and Supervision Consultancy for Armament Storage Facilities. The contract has been awarded to M/s SS Infrastructure Development Consultants Pvt Ltd on 06 December, 2017 at a cost of Rs 19.25 crore. The scope of this consultancy is for augmentation of Armament Storage Facilities at Karwar and involves master planning, design of magazines, tendering action for selection of works contractor and supervision during construction phase.

## **COASTAL SECURITY**

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

There are many agencies/stakeholders working in the maritime domain. Nevertheless, it is incumbent upon Indian Navy, being the lead agency responsible for coastal security to take all possible measures towards ensuring coastal security. One of the essentialities is ample coordination among all the agencies. These agencies include the Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Coastal State Governments, IB, R&AW, Ministry of Agriculture/ Fisheries, DG/Ministry of Shipping, Port and Customs Authorities, Ministry of P&NG, Private operators, CISF etc. The Committee wish to be informed of the measures taken towards enhancing co-ordination and building collective response mechanism by various agencies.

### **Reply of the Government**

1. The various measures taken towards enhancing coordination and collective response mechanisms by various agencies are as follows:-

- (a) National Committee on Strengthening Maritime and Coastal Security (NCSMCS), under the Chairmanship of Cabinet Secretary monitors the progress in respect of maritime and coastal security initiatives. Ministerial level review of coastal security is also periodically undertaken along with similar reviews at State and District level Coastal Security Committees.
- (b) In addition to the above, coordination of security issues is also undertaken at a number of sectoral forums such as the Offshore Security Coordination Committee (OSSC) and Joint Venture Offshore Protection Advisory Committee (JVOPAC) for the offshore sector; National Shipping Board (NSB) and Maritime States Development Council (MSDC).
- (c) Four Joint Operations Centres (JOCs) have been set-up in Mumbai, Visakhapatnam, Kochi and Port Blair. The four JOCs, are linked to Operations Centres of the *IN* and ICG through the National Command Control Communication and Intelligence (NC3I) Network for seamless real-time communication and development of common operational plot.
- (d) To facilitate working level coordination, *IN-ICG SOPs on Coastal Security* was formulated in Aug 09. The SOPs also cater for joint operations, and are currently under

revision. The ICG is the designated agency for coordination with Central and State Agencies, and works with the State Marine Police under the 'hub and spoke' model. The ICG has also promulgated SOPs for coastal States.

(e) Operational issues are also coordinated under the aegis of the *IN*-ICG Op and Communication Working Group at the level of IHQ MoD (N), and CGHQ and COMNAVGUARD at the Command levels.

(f) Periodic coastal security exercises are being conducted by ICG and monitored from JOCs.

## **ISLAND SECURITY**

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

Along with long coastline, India boasts of a large number of island territories which consist of 1382 islands. These islands are very sensitive areas from the point of view of their geographical location, demography and vicinity. The Committee wish that Navy takes up the security aspects of these island territories with all sincerity and sensitivity.

### **Reply of the Government**

1. As per the *Island Security Scheme* prepared by MHA in August 2017, the jurisdictional Marine Police Stations (MPSs), Marine Check Posts (MCPs) and Marine Outposts (MOPs) opened under Coastal Security Scheme (CSS) and the Police of the concerned districts of the State/ UT is tasked with patrolling of the islands located under their jurisdiction. However, the overall responsibility of patrolling in the areas near the islands continues to remain with Coast Guard.

#### **Island Surveillance**

2. Enhanced patrolling and surveillance is being undertaken by *IN* and ICG surface assets.

3. Enhanced aerial surveillance with air effort focused towards poaching/ illegal activities is being progressed.

4. Regular patrols are undertaken at various unmanned islands (in A&N). During inclement weather and rough conditions, these patrols are aerially inserted on remote islands.

5. Surveillance off uninhabited island also enhanced by conducting Coastal Security Exercises in their vicinity and using electronic means like Coastal Security Network (CSN) radars/ National Automatic Identification System (NAIS) chain for surveillance.

6. The islands are also being kept under vigil by sensitising the coastal community through Community Interaction Programmes. The local populace proactively participates in coastal security exercises and report any suspicious crafts operating off the Islands.

7. For electronic surveillance of islands, the CSN chain already has 10 radars in the island chains and 8 more are being set-up as part of CSN phase II.

8. The National Automatic Identification System (NAIS) chain also has 13 stations on the island chains.

9. In order to enhance the Maritime Domain Awareness (MDA), a National MDA Project is being steered by *IN* to integrate all maritime data bases.

10. A National Coastal Vessel Traffic System (VTS) is also being set-up under the aegis of Directorate General of Light Houses and Light Ships for integrating coastal VTS chain and linking the same with NC<sup>3</sup>I Network.

11. An Island Information System Software developed by ISRO and hosted on *Bhuwan*, is provided to all stakeholders to facilitate better monitoring of islands.
12. In sum, Indian Navy along with ICG are maintaining surveillance of the islands using active and remote means. The States/ UTs are being provided the requisite support, wherever sought.

## **ACCIDENTS**

### Recommendation (Para No. 45)

The Committee have been concerned about the occurrence of accidents in the Navy. Further, the Committee have been informed that certain measures have been taken to mitigate recurrence of accidents. The Committee hope that these measures are implemented in letter and spirit and turn fruitful in mitigating accidents. This has to be ensured by way of putting in place all matters of relevance right from procurement, maintenance, training etc. to execution. In the event of an accident taking place, appropriate remedial action by way of imposing penalty/ punishment needs to be meted out.

### Reply of the Government

1. Safety aspects have always been accorded utmost importance by the Indian Navy. Adherence to safe working practices is a pre-requisite for operational effectiveness for the *IN*, wherein personnel operate in an equipment intensive and potentially hazardous environment. To ensure safe conduct of all operations within their respective domains, Class Authorities, namely Flag Officer Sea Training (for surface), Flag Officer Naval Aviation (for aviation) and Flag Officer Submarines (for sub-surface) have been existing for a long time. The measures taken to enhance safety awareness and mitigate accidents are as follows: -

- (a) Establishment of Indian Navy Safety Organisation in October 12.
- (b) Promulgation of policies w.r.t. Safety for various disciplines.
- (c) Conduct of Safety Stand Downs in units.
- (d) Safety awareness campaign in industrial units for the civilian workers and employees about safe working practices.
- (e) Impetus on safe working practices during Operational Sea Training (OST) by Flag Officer Sea Training (FOST) and during inspection of aviation and submarine units by Flag Officer Naval Aviation (FONA) and Flag Officer Submarines (FOSM) respectively.
- (f) Installation of Safety Oversight boxes and recording of safety infringements at all units of Indian Navy.
- (g) Concerted efforts are being put in at all levels towards ensuring that a 'safety culture' is created and nurtured onboard all units.
- (h) Maintenance of high standards of proficiency of equipment operators.

- (i) Professional capsules in training establishments to further reinforce the basic skills of individuals in watch-keeping, bridge work and navigation on regular basis.
- (j) Examination of crew knowledge and drill relating to safety aspects in equipment/ machinery operations along with materiel preparedness.
- (k) Promulgation of Safety equipment allowance for *IN* ships and submarines.
- (l) Training of officers in modern accident investigation procedures such as Human Factor Analysis and Classification system (HFACS) and AcciMap to ascertain organisation vulnerabilities impinging on accident causation.
- (m) Enhancement of safety training as part of all courses commencing from ab-initio for both officers and sailors.

2. The implementation of Safety Consciousness is a process in continuation. The above mentioned measures facilitate improvement in the working environment from the safety point of view, without curbing the traditional naval ethos of initiative and boldness. *IN* continues to keep 'safety' at work and in operations in prime focus and constantly endeavours to minimise accidents/ incidents through the established process of sensitisation of personnel, adherence to safety check lists/ procedures and proper briefings/ debriefings.

## **MANPOWER**

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

32. The Committee had recommended as under:

"As against a sanctioned strength of 11827 officers in Indian Navy, the borne strength is 10384. Thus, there is a shortfall of 1443 officers. In case of sailors, the borne strength is 57310 personnel against a sanctioned strength of 71,656 personnel. The shortage is thus to the extent of 14346 personnel. The Committee observe that along with the desired force levels, trained manpower is equally significant for an efficient and powerful Navy. They wish that the Ministry of Defence take necessary steps towards mitigating the deficiency of manpower. Along with induction of the requisite manpower, necessary emphasis needs to be laid on up-gradation of training programmes inter-alia taking into account the latest technological developments. The developments made in this direction may be brought to the know of the Committee."

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

"1. Visits to Schools/ Colleges. *IN* officers visit a large number of schools and colleges across the country, especially their alma-mater to spread awareness. University Entry Scheme (UES) is specifically designed to pick up candidates who are still in colleges.

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

3. Induction of NCC Cadets. In order to make the naval career attractive to the country's youth, Indian Navy offers incentives to NCC Cadets opting to join the Navy as Officers and Sailors.
  - (a) Officers' Entry. A total of 12 vacancies out of the 90 annual vacancies of the Graduate Cadet Special Entry Scheme (GSES) are reserved for NCC 'C' certificate candidates. These candidates are exempted from appearing the Combined Defence Services Examination.
  - (b) Sailors' Entry. The NCC candidates are given additional credit points which are added to the marks obtained in the written examination for preparation of merit. Additional credit of 6, 4 and 2 points are given to NCC 'C', NCC 'B' and NCC 'A' Certificate holders respectively.
4. Candidate Friendly Recruitment Process. In order to connect with the young tech-savvy generation, Indian Navy's recruitment website has been provided with the facility for filing online applications and forwarding of call up letters on email. Further, online access to admit cards, results and merit list has also been introduced. The facility has reduced timelines and enhanced candidate satisfaction, while projecting the Naval recruitment process as transparent and candidate friendly.
5. Introduction of New Entry Schemes for Specific Induction of Officers. Today the youth aspires to join the specialisation of their choice. To facilitate this, the Navy has introduced dedicated and specific entries in the specialised fields of Naval Architecture, Aviation, Information Technology and Submarines.
6. Re-employment of SSC Officers in Indian Navy. Provision for grant of re-employment to SSC officers up to a period of four years on completion of 14 years of service, has been included in the draft Navy Instructions on Re-employment, currently under revision at IHQ MoD (N).
7. Re-employment in ICG. Indian Navy has finalised modalities and has facilitated employment of SSC officers into the Coast Guard, on completion of 12/14 years of service in the Navy.
8. Enhancing the Infrastructure Capabilities of the Indian Naval Academy for Officers. The current capacity of Indian Naval Academy (INA) is 750 trainees. The interim expansion of the capacity to accommodate 1200 officer trainees is likely to be completed by 2020. The enhanced training capacity would enable larger inductions, thereby reducing shortages at a faster rate. It is intended to enhance training capacity further to address the Navy's growing manpower requirements.
9. Augmentation of INS Chilka Capacity for Sailors. The training capacity of Chilka has been enhanced from 1633 to 2800 trainees per six months. The inductions of larger numbers in synchronisation with the augmented training capacity are being undertaken to mitigate the shortages and thereafter maintain the borne strength at the optimal levels.
10. Additional Services Selection Board (SSB). To augment the interviewing capacity provided by existing SSBs, the MoD has approved setting up of one SSB at Diamond Harbour, Kolkata. The infrastructure development at SSB at Diamond Harbour is being progressed. In addition, CCS approval has been accorded for setting up of one more Selection Centre comprising three SSBs for the Navy. Against this approval, one SSB has already been operational at a temporary location at Visakhapatnam since 28 Jul 14. The complete Selection Centre is likely to be ready by 2019. Once operational, more number of candidates could be sent for SSB interviews thereby further facilitating larger inductions.

11. B Tech Degree at Naval Academy and National Defence Academy. Over the years Indian Navy has evolved into a very technically sophisticated service. To operate in a highly technical environment a need was felt to upgrade the technical knowledge and skills of naval personnel. Therefore, B Tech curriculum was introduced for officers at Indian Naval Academy (INA) in 2009. B Tech curriculum has also been introduced for cadets at NDA with effect from Jul 16. Award of B Tech degree to 10+2 cadets on completion of four years training at the INA has also helped to attract the youth.

12. Introduction of Indian Navy Entrance Test. The Indian Navy Entrance Test (INET) has been started with first test conducted on 25<sup>th</sup> February, 2018 for Artificer Apprentice entry. With the introduction of the INET more number of eligible youth would be able to apply for appearing in the exam at enhanced number of locations. The scheme is planned to be extended to all sailor entries and most officer entries in the future.

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

Ships and establishments are thrown open to general public to give them an insight of the life on Naval ships and units.

Visits of school/college students are organised onboard Naval ships to educate them on career opportunities.

Visits by Naval ships are organised to small and medium ports of the country to facilitate visit by the local population who would otherwise not get this opportunity.

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

Navy Melas are organised to increase popularity of the service.

Publicity material like calendar, diaries, pamphlets, posters blowups etc, are being distributed to approximately 11,000 Schools/Colleges, Sainik Schools, local institutions by respective Commands and NCC units.

A movie on Navy titled 'Mission Navy' has been hosted on 'You Tube' and has also been screened on National Geographic and Rajya Sabha Channel for popularising the service amongst youth.

14. Image Projection Campaign (IPC). In order to restructure the publicity measures, a new publicity strategy was envisaged keeping in mind the changing aspirations and career requirement by the youth of the country. Consequently, Image Projection Campaigns, for attracting better quality youth in the Navy, are being conducted since 2007. IPCs, which are reviewed and refined every alternate year, are being carried out by the Navy involving campaigns on Electronic Media (TV Advertisements on News Channels), Advertisements in popular Magazines and publicity through Hoardings/Bus Panels.

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

Advertisements in print and electronic media.

Special stalls/helpdesks are set up at various *Exhibitions* and *Job Fairs*.



Hoardings are placed at key locations in cities.

Advertisements are also being placed in popular magazines/papers with Quick Response (QR) codes.

Advertisements on job portals on the internet."

## **JOINT STAFF - BUDGETARY PROVISIONS**

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

For the year 2018-19, Joint Staff has made a projection of Rs.5796.53 crore while the allocation is Rs.3796.94 crore. The Committee note that the Head Quarters - Integrated Defence Staff is a growing organisation. The Committee note that the allocation is grossly inadequate for executing the critical role of the organisation, particularly from the point of view of intelligence gathering and dissemination. Major requirement of funds is for the purpose of building infrastructure for 'new raisings' and to maintain the existing operational assets.

### **Reply of the Government**

This Ministry is bound by ceilings conveyed by Ministry of Finance. This Ministry conveys the projections made by the Services, including Joint Staff, to Ministry of Finance for their consideration. In case Ministry of Finance does not accede to request made for additional funds and imposes cut on Budget Estimates, the approved allocations are passed on to the Services based on their prioritized requirements.

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

The Committee wish that the allocated funds are optimally and fully utilized towards operational activities and the schemes reprioritized as per necessity/importance so as to ensure that urgent and critical capabilities are acquired without any compromise to the operational preparedness.

### **Reply of the Government**

Directions have been issued and regular monitoring is being done to ensure requisite capabilities for maintaining operational preparedness.

## **FORCE LEVEL**

### **Recommendation (Para No. 55)**

At present, the Indian Air Force has 31 active fighter squadrons. With regard to the sanctioned requirement of the Force level, the Committee have been apprised that the related information is of sensitive nature. The Committee, however, are given to understand that there is a gap in the force level since 'induction' is not commensurate with 'de-induction'. As regards the existing capabilities, the representatives of Air Force, stated that, undoubtedly it is challenging to fight a two-front war with the current resources that the Air Force holds though they are in a position to take any challenge head on. As per the submission, the cost of victory could be a little more. Further, the representative also added that Air Force is a Service where innovativeness is essential and there is an inherent ability to do more with less; and this is being carried on with for a very long time. The Committee further note that presently, there are four types of aircraft in the possession of the Air Force. These are, Mig-21 that is upgraded to

'Bison', Mig-27 that is upgraded to 'Mig-27 upgrade', upgraded 'Mirage-2000' and upgraded 'Mig-29'. There is likely to be a substantial increment in the performance following the exercise of upgradation.

### **Reply of the Government**

The fighter aircraft currently operating in IAF are MiG-21, MiG-27, MiG-29, Mirage-2000, Jaguar, Su-30 MKI and LCA. IAF upgrades its existing aircraft so that they remain relevant, contemporary and cater to obsolescence management. The upgrade of MiG-29 aircraft is being carried out by IAF's Base Repair Depot while Jaguar and Mirage 2000 aircraft are being upgraded by HAL.

### **Recommendation (Para Nos. 56 & 57)**

#### **Recommendation No. 56**

The Committee are appreciative of the innovative efforts being taken and accomplished by the Air Force. However, at the same time, the Committee wish that endeavor shall be made to move the trajectory of squadron strength from the present downward level to an upward one with a view to enabling Air Force to take up and seize the task at their hands. The representatives of Air Force also confided to the Committee that so far as priorities are concerned, which is already available with the Ministry of Defence, requirement of fighter aircraft is the first.

#### **Recommendation No. 57**

As regards the induction plan of Air Force, the Committee found that the production of balance Su-30 MKI at HAL out of the contracted number is under process and will be completed by 2020. Induction of LCA into the IAF has commenced. Induction of 36 x Rafale aircraft will commence by 2019. Recently, the RFP has been issued for procurement of LCA MK 1A. Meanwhile, the Government is also examining other suitable options. The shortfall in fighter aircraft is a matter that the Committee have been concerned about since long. The 'Rafale deal' is under process and LCA programme is under the aegis of HAL for decades, and has involved huge costs and repeated time overruns. The Committee expect that the apparent sluggishness and insincerity is overcome with dedication and action. This is a necessity, as otherwise, the existing strength will be further depleted as older platforms will retire after a stipulated time. Induction and de-induction schedules do not occur unexpectedly but can be well anticipated and calculated in advance and planned for appropriately.

### **Reply of the Government**

The issue of drawdown in the strength of the fighter squadron in the IAF is being given due emphasis. Till date eight LCA aircraft have been inducted and the ninth aircraft is under delivery. To boost the production capacity of the indigenously developed Tejas (LCA) fighter by HAL, the Government has sanctioned enhancement of production rate of LCA from existing eight aircraft per year to sixteen aircraft per year. Recent issue of RFI by Indian Air Force for 110 Fighter aircrafts is another step to improve the squadron strength.

## **ACCIDENTS**

### **Recommendation (Para No. 65)**

Accidents in Air Force aircraft is a cause of concern as they not only involve material loss but also the irreparable loss of human lives. To the concern expressed by the Committee in this regard, the representative of Air Force, while tendering evidence stated that earlier, the

Air Force used to loose almost 30 to 40 aircrafts in a year. This has now come down to close to 10. The committee, in this regard, expressed the need for ensuring that this number is brought down further by way of adhering to the standard operational procedures and imposing penalty on those found guilty by the Board of Inquiries.

### **Reply of the Government**

1. The number of accidents has reduced from an average of 13 accidents per year in 11<sup>th</sup> plan (01 April, 2007 to 31 March, 2012) to an average of 7.6 accidents per year in 12<sup>th</sup> plan (01 April, 2012 to 31 March, 2017). In 2017-18, a total of six Cat-I accidents have taken place and in addition two accidents of ALH and Microlite categorised as NFS (Not For Statistics).

2. In the last two decades, IAF had flown approximately 2.5 lakh hours per year, with the available inventory of aircraft. During this period, IAF has put in dedicated effort to reduce the number of accidents. Comparing safety records in a block of five years, it is evident from the data given below that accident rate has decreased considerably in the last two decades. Comparison of accident rate in block of five years (financial years) for the last 25 years is as given below:-

<b>Block of Five Financial Years</b>	<b>Average No of Accidents per Year</b>	<b>Accident Rate</b>
1990-95	27	1.07
1995-00	25	0.95
2000-05	22	0.93
2005-10	12	0.49
2010-15	10	0.41
2015-18 (From 01 Apr 15 to 18 Mar 18)	7.33 (as on 18 Mar 18)	0.28

Accident rate = (No. of Accidents x 10,000)/ Flying Hours

3. Implementation of Expert Committee on Aircraft Accidents (EXCOM) Recommendations. An expert committee was constituted by MoD in Dec 2004 to identify the root cause of aircraft accidents and to prepare a comprehensive action plan so as to reduce the losses to a minimum. The committee finalized its report in May 2005 and the recommendations of EXCOM have been implemented by IAF.

4. The areas where significant improvements have been made are attached as **Annexure I**.

5. All aircraft accidents are investigated by a Court of Inquiry. Whenever the Courts of Inquiry have attributed the cause of the accident to human error on the part of aircrew/servicing, administrative/disciplinary action has been taken by Air HQ/Command level against the erring individuals.

**Annexure I**  
**(Refer para 4 of reply)**

### **AREA OF SIGNIFICANT IMPROVEMENT**

1. Invigoration of Aerospace Safety Organization. The flight safety organisation has been revamped and executive independence of the flight safety branch has been ensured at all levels by placing the functionaries directly under the Commanders. The safety functionaries in

a station are specially chosen and posted to ensure effectiveness of accident prevention strategy. A pool of officers with specialist training on accident investigation is being maintained at Air HQ and all Cat-I accidents are investigated by them.

2. Database of Accidents & Incidents. A data base of all accidents and incidents in IAF has been created and maintained in Directorate of Aerospace Safety that can be accessed by safety functionaries of all Air Force Stations, Command HQs and Air HQ. This helps in real time monitoring and reporting of incidents and accidents. Accident Prevention Strategy at each base is being worked out by studying the trend of accidents/incidents specific to the fleet and place.

3. Revised Training Methodology. The training methodology of aircrew and technicians has been reviewed. Stage wise training of pilots has been implemented for enhancing the quality of training. New Basic Trainer (Pilatus) and Advanced Jet Trainer (Hawk 132) have been inducted for enhancing the quality of training. Emphasis has been laid on effective training of technicians in TETTRA (Technical Type Training) Schools to enhance their skill and knowledge.

4. Simulators. Simulators have been inducted to impart training of aircrew in realistic environment without increasing the risk involved in actual flying. Simulators are mandatorily procured for all new aircraft inductions. HPHC (High Performance Human Centrifuge) and DISO (Disorientation) Simulators have been procured for the conduct of OPTRAM (Operational Training in Aerospace Medicine) courses for all operational aircrew and flight cadets. Such training has resulted in a marked reduction in the incidents / accidents of disorientation and 'G-Loc' (G Induced Loss of Consciousness) in aircrew.

5. Air Force System on Error Management (AFSEM) & Other Measures. AFSEM is an online tool which helps IAF in recognizing errors with potential to cause accidents and institute timely remedial measures. Concepts like Operational Risk Management (ORM) and Crew Resource Management (CRM) are being followed to integrate safety aspects into operations. Accident Probability Factor (APF) calculator, a software based tool, is utilized to identify risks and hazards specific to the aircraft fleets and operational environment at IAF bases with a view to formulate effective accident prevention programme.

6. Courts of Inquiry. Every aircraft accident in the IAF is followed by an investigation by a Court of Inquiry and institution of remedial measures based on the recommendations. The accident/incident reporting procedure has been further streamlined. Enhanced interactions with DI (Defect Investigation) agencies like NAL (National Aerospace Laboratory), DMRL (Defence Metallurgical Research Laboratory) and HAL have resulted in qualitative improvement in defect investigation of aircraft components involved in accidents.

7. Visits by Senior Functionaries. Regular visits to various flying stations in each command are regularly undertaken by senior aerospace safety functionaries of IAF to promote safety awareness amongst operators and support service providers at the field level as well as to obtain grass root level inputs that need to be addressed to strengthen aerospace safety environment.

8. Operating Environment. Improvements in operating infrastructure have been catered for in new inductions as well as upgradation of facilities of existing fleet.

9. Human Factors Analysis and Classification System (HFACS). HFACS has been introduced during accident investigation to identify root cause of human error and use it in prevention of similar accidents.

10. Aviation Psychology. Aviation Psychology courses are being conducted for aircrew as one of the means to curb 'Human Error' accidents.
11. Bird Hazard Management Measures. Bird Hazard Management Measures have been revamped to suit the local conditions. The other measures instituted are studies undertaken by the Ornithology cell, close monitoring of bird activities. A case for procurement of Avian radars (Bird Detection and Monitoring radars) has been taken up to strengthen bird hazard control measures. IAF has inducted new Microlite aircraft for survey of birds and to enhance bird hazard management measures. Of the 72 aircraft contracted for, 46 have already been delivered and operationalised.
12. Enhancement of Aerospace Safety Awareness. Impetus has been given to enhancement of awareness on human factors and error-prone situations amongst aircrew through dissemination of information on past accidents, voluntary error reporting by personnel and improving the standard and content of the aerospace safety magazine. Command Aerospace Safety Inspections Officers' Conferences/Workshops are conducted regularly that provide a forum for exchange of ideas on accident/incident prevention. Representatives from sister services, OEM and National Laboratories are also invited in these conferences to discuss aerospace safety issues.
13. Aerospace Safety Courses. Institute of Aerospace Safety conducts dedicated classes on aerospace safety to inculcate safety culture and to strengthen the aerospace safety organisation in terms of prevention strategies and investigations. Further the intake for aerospace safety courses has been increased to spread more awareness about aerospace safety.
14. Analytical Studies/Quality Audits. Analytical studies are carried out to identify critical vulnerabilities of aircraft and equipment. Regular theme based studies and joint quality audits of aircraft fleets are being carried out to identify vulnerable areas and institute effective remedial measures. Quality Audits of aircraft production/overhaul at HAL divisions/BRDs (Base Repair Depot) are conducted, as and when necessary.
15. Sharing of Aerospace Safety Information. Sharing of Aerospace Safety information between IAF /Army / IN /Coast Guard / HAL / CEMILAC / DGAQA has been introduced for better / faster trend analysis of failures and speedy implementation of remedial measures.
16. MOU with Foreign Countries. Memorandum of Understanding (MoU) has been signed for sharing of aerospace safety information with Russia. An 'Out-Visit' to UK by a composite IAF Inspection and Safety delegation is planned during Feb/Mar 2018. Efforts are being made to have MoU with Australia, Malaysia, Oman and SAARC countries for enhanced sharing of information on common operating fleets.
17. Interaction Visits/FOD Audits. The aerospace safety branch carries out interaction visits to various flying bases to assist the station in identifying hazards and resolving the issues. IAF has also initiated FOD audits of its bases to reduce cases of FOD damage. It has undertaken FOD audit of IN (Indian Navy) base at Goa and INS Vikramaditya also in this FY.
18. Action in case of HE Accidents. All cases of Human Error are dealt with suitable action against the erring individuals.

## **ACCIDENTS**

### **Recommendation No. 66:**

The Committee found that as per priority list of Air Force, long range SAM S-400 System is a high priority requirement. The Air Force has also placed its bet on the same. This

is expected to substantially change our posture, both towards the adversary in the Northern front as well as the one on the Western front. The Committee, therefore, recommend that fund outgo towards procurement of S-400 system be made during the year as per the upcoming demand.

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

The allocation of fund is sought as per the timelines mentioned in the contract and the funds are earmarked for the scheme. Presently, the S-400 Long Range Surface to Air Missile (LRSAM) proposal is at procurement stage.

### **MODERNISATION OF AIR FIELDS**

#### **Recommendation (Para No. 67)**

The Committee found that there are 53 IAF airfields which are presently being used. The airfields are being modernised through Modernisation Air Field Infrastructure (MAFI) Project. MAFI Phase-I Works in all Stations of Batch I, II, III & IV are complete except for Pathankot in Batch-IV. The works are in progress in all Batch-V stations. The phase-II work has commenced at various stations. However, the Committee have been apprised that inadequate budgetary support for works is adversely affecting the time schedule for modernisation of airfields. Budget inadequacies will lead to delays as well as cost overruns which will ultimately put more pressure on the exchequer. Therefore, the Committee desire that the requisite budget be provided for the same in accordance with the work requirements.

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

The Committee may be assured that projections / requirements of the Air Force will be forwarded to Ministry of Finance for favourable consideration. Further, the available resources will be optimally utilized based on prioritized requirements of the Air Force to ensure that critical requirements of Air Force are catered for.

#### **Recommendation (Para No.69)**

In the case of Airmen, the present sanctioned strength is 1,42,529 while the held strength is 1,27,510. Thus, the shortage is to the extent of 15019 personnel. Last year, while examining the Demands (2017-18), the shortage was found to be to the extent of 13,001. The Committee take serious note of the increasing shortfall as compared to the last year and wish that henceforth, concrete measures be taken for making up the shortage of officers & Airmen in a time bound manner.

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

1. The shortages are caused due to accretion of establishment, which was approved for 5435 posts in airmen cadre to cater for induction of new aircrafts/systems. To reduce the deficiency, improvements in training infrastructure were carried out and resultantly the available resources (infrastructure and manpower) are being judiciously utilized and efforts are being taken to ensure maximum induction.

2. Induction in airmen cadre was 5000 per annum till the year 2015 and has been gradually increased. From January, 2018, it has been enhanced to 6800, because of which IAF will be able to bring the strength at par with the authorised establishment. Further, the shortages are being addressed in a staggered manner to ensure a favourable HR environment in the long run to streamline wastages due to discharge/superannuation.

## **PILOT-COCKPIT RATIO**

### **Recommendation (Para Nos. 70)**

During examination of Demands for Grants (2015-16), the Committee were informed that the sanctioned Pilot to Cockpit ratio in Indian Air Force was 1:25 for fighter planes, 1:5 for transport planes and just 1 for helicopter. The Committee had opined that this could be one of the reasons for high accident rates. With regard the present pilot to cockpit ratio, the Committee have been informed that this information is said of sensitive nature. However, it has been informed that currently there is no problem in terms of recruitment. But the capacity is limited by the number of people that can be trained because the training period of a fighter pilot is quite long. By the time they mature, enormous amount of investment is already made on the fighter pilots. The Committee wish that concerted efforts are put in place to achieve the desired levels of pilot to cockpit ratio and training infrastructure be augmented as per the requirement.

### **Reply of the Government**

Presently Pilot to Seat ratio is considered adequate to meet the existing requirements of the IAF. However, to meet the future requirements of the IAF, especially so with inductions of twin seat fighters, norms may be revised. Actual pilot availability is dependent on rate of accretion of aircraft and corresponding increase in aircrew to achieve the desired pilot to seat ratio. Both accretion of aircraft and aircrew have long gestation periods. Induction of aircrew is dependent on availability of suitable candidates and training capacity including availability of adequate trainer aircraft. As and when these resources are enhanced (aircraft & pilot trainees), the pilot to seat ratio would further improve in future.

### **Recommendation (Para No. 71)**

The Committee have observed that on the lines of other modern Air Forces, Indian Air Force is also resorting to pharmaceutical interventions to ensure that our pilots are not fatigued. The same pilots with pharmaceutical intervention are able to fly more. While noting the innovativeness of the approach, the Committee cannot also refrain from expressing the need for ensuring that such pharmaceutical interventions are well researched and tested, and do not have any other implications.

### **Reply of the Government**

IAF has introduced pharmaceutical interventions towards fatigue mitigation in aircrew after due diligence and years of study on the subject. Aviation Medicine specialists from IAM Bengaluru have carried out long term phase wise studies and have carried out in-depth analysis of all phases. These interventions have in-built safeguards to ensure complete safety of personnel, including aircrew, assigned various operational tasks. These interventions were already in clinical use, had minimal side effects and had minimal abuse potential. Their use is purely voluntary and is done only after a special notification permitting the use, in each case.

**(B) OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT AND COMMENTED UPON:**

**ARMY**

**ARMY BUDGET 2018-19**

**Recommendation (Para Nos. 6-9)**

**Recommendation No. 6**

The Budgetary Grant to Army for the Financial Year (FY) 2017-18 is a part of the Grant No. 20 (Defence Services - Revenue). In the Budget Estimates (BE) 2018-19, the total projection made by Army (including Revenue and Capital Budget) is Rs.1,96,387.36 crore. The allocation made against this projection is Rs.1,53,875.22 crore. This amounts to a shortfall of Rs. 42,512.14 crore or a 'budget deficit' of nearly 23 per cent vis-à-vis the projection. Keeping in view the increasing threat perception, which includes various occurrences of external strife and internal dissidence such as Doklam, increased external activities in Tibet over a year, rampant cross border firing, militant activities etc. the current budget is not supportive to the inevitable needs of the Army. Considering the facts of the matter, the Committee are of the view that providing adequate budgetary support is unavoidable.

**Recommendation No. 7**

Further, on this count, a representative of the Army submitted while deposing before the Committee that taking into consideration, the possibility of a 'two front war', it is of utmost importance to remain conscious and pay due attention to modernization and bridging the deficiencies. Much to the distress of the Committee, however, they have been briefed that, over the years, the Indian Army has accumulated a substantial deficiency of weapons, stores and ammunition. This is because adequate attention has been lacking both in terms of policy and budget for modernizing the aging armoury.

However, what has been added as some sort of relief to the Committee, is the deposition of the representatives of the Army stating that a new Defence procurement policy for streamlining the procedures, delegation of emergency procurement powers to the Vice Chief, as also for purchasing ammunition, armaments, and spares, which enable for '10 days of intensive war' {10 (I)} are some of the steps that have been taken recently. Besides this, a series of systems and structural reforms undertaken in consultation with the Ministry of Defence have also empowered the Army in utilizing the allocation fully. These positives apart, the Committee cannot help noting the candid submission made by the representative of the Army, that the increase in the BE, 2018 barely accounts for the inflation and does not even cater for the increased tax burden.

**Recommendation No. 8**

With regard to the Revenue part of the Budget, Army had made a projection of Rs.1,40,515 crore while the allocation made is merely to the tune of Rs. 1,28,164 crore. In RE 2017-18, Army was allocated a fund of Rs.1,22,628 crore. Hence, the increase in budget is to the extent that of Rs.5,536 crore or 4.51%.The Committee have been given to understand that bulk of this 4.5% increase in the revenue allocation would go towards the hike in pay on account of the 7th Pay Commission. There has been an increase of Rs. 4,427 crore (4.76%) in



salary expenditure on account of the Pay Commission. The balance amounts to an increase of just over three per cent, which is not even on par with the trend of inflation.

#### Recommendation No. 9

The Committee view that the allocation under Operations and Maintenance is needed to meet basic sustenance requirements. While examining the Demands for Grants of the Ministry of Defence, the Committee found that there has been significant shortfall in budget allocation for operations and maintenance. Under this head, against a projection of Rs. 40,073 crore, an allocation of Rs. 30,791 crore has been made. Hence, Shortfall is to the extent of Rs. 9,282 crore. The increase in allocation for operations and maintenance over RE 2017-18 is Rs. 1,109 crore (3.73%) which does even match the general level of inflation. The various components of significance under this head of account include, Transportation, Works, Supplies, Ordnance Stores and the Rashtriya Rifles. There is a noticeable budget deficit under all these heads of accounts. In transportation, against a projection of Rs. 4,156 crore, the allocation is Rs. 3,267 crore, thus resulting into a shortfall of Rs. 889 crore For Works, against a projection of Rs. 7,877 crore, allocation is Rs. 6,464 crore, which amounts to a shortfall of Rs. 1,413 crore. Similarly, for Stores, there is a budget shortfall of Rs. 6,844 crore as the projection is Rs. 25,181 crore and allocation is Rs.18,337 crore. Under the head, Supplies, the allocation in BE 2018-19 is Rs. 6,324 crore against a projection of Rs.7,743 crore, which has resulted in a shortfall of Rs. 1,419 crore.

Additionally, the Committee found that due to introduction of GST and the closure of Military Farms, an amount of Rs. 545 crore for rations and Rs.874 crore for FOL, would be required. Also, there is a shortfall of Rs.136 crore in the allocation of funds for Rashtriya Rifles. Therefore, an additional requirement of Rs. 9,282 crore is needed to meet the mandatory sustenance requirements under Transportation (Rs. 889 crore), Works (Rs. 1,413 crore), Supplies (Rs. 1,419 crore), Ordnance Stores (Rs. 5,425 crore) and Rashtriya Rifles (Rs. 136 crore).

In the view of the Committee, the budget for operations and maintenance is a critical component for ensuring operational preparedness at any given point of time. Problems on this count will not only affect the serviceability of the equipment that the Army is holding, but may lead to legal issues that may arise on account of not making payments in time. Therefore, the Committee desire that the essential budgetary support to Army be provided for making up the shortfall of Rs.9,282 crore under Revenue Head, by way of providing additional grants during the financial year, 2018-19.

The Committee are also given to understand that additional burden of Rs. 5,000 crore will be levied upon Army because of the new taxation laws, in the form of GST. This has not been accounted for in the current year's Budget. The Committee, therefore, desire that reasonability be shown in the budget for the Army, by way of providing for the additional burden to the extent of Rs. 5000 crore due to the changes in the taxation laws. The Committee desire to be apprised of the measures taken in this direction.

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

This Ministry had forwarded the projected requirements made by the Services for FY 2018-19 to M/o Finance amounting to Rs. 2,23,648.04 crore under Revenue head (Rs. 1,43,488.02 crore under Salary and Rs. 80,160.02 crore under Non-Salary). Out of these

projections, Army had projected an amount of Rs. 1,49,942.81 crore under Revenue head (which included Salary component of Rs. 1,01,578.90 crore and Non-salary component of Rs. 48,363.91 crore). In response, M/o Finance conveyed ceiling of Rs. 1,85,323.91 crore (Rs. 1,38,983.57 crore - Salary and Rs. 46,339.62 crore - Non-Salary) under Revenue head of Defence Services for 2018-19, which was Rs. 38,324.85 crore lesser than projected amount. Since Ministry of Finance conveyed reduced allocation than projected amount, accordingly an amount of Rs. 1,25,497.70 crore was allocated under Revenue Head to Army (Rs. 97,372.21 crore under Salary and Rs. 28,125.49 crore under Non-Salary).

It may be relevant to point out that this Ministry is bound by the budgetary ceilings conveyed by M/o Finance. The reduced allocations were passed on uniformly among all the Services. The issue of additional burden of tax was highlighted during discussion on RE/BE with MoF. All efforts will also be made to ensure that critical requirements of Defence Services are met within allocated budget. The Committee may be assured that projections / requirements of Army will be forwarded to Ministry of Finance for favourable consideration at Supplementary/RE stage.

**(For comments of the Committee on paras 6-9 please see para 10 of the Chapter I of this Report)**

## **CHAPTER III**

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

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

The Committee feel that 'Make in India' is a great step taken towards development and self-reliance in Defence capabilities. A large number of systemic changes outlined in the Defence Procurement Procedure of 2016 are aimed at achieving greater indigenization. With regard to the projects earmarked for indigenized production, Army had identified as many as 25 projects for 'Make in India'. Nevertheless, the Committee find it disheartening to note that there is no adequate Budget made to support this. As a consequence, there appears to be a possibility of many of these projects getting foreclosed.

Yet another significant step which has been taken up by the Government relates to the strategic partnership of allowing a foreign company to partner with an Indian concern for making larger platforms including aircraft, submarines, ships and tanks etc. The representatives of the Army informed that they were looking forward to manufacturing the future ready combat vehicles (FRCVs) and Future Infantry Combat Vehicles (FICVs), through these schemes. However, with the kind of Budget that has been allocated, this process may get unduly delayed. Thus, there appears to be no certainty of their future. The Committee note in this regard that while on one hand, indigenization in the Defence Sector is being emphasized, on the other, budget support for the same is denied. The proposals for augmenting and indigenization and self-reliance by identifying dedicated projects for the purpose is appreciable. The Committee, nevertheless, are distressed to note that no substantial progress is being made in this direction. The Committee desire to be intimated of the extent to which the Army has proceeded on the Make in India initiatives with regards to the projects mentioned above. Also, the Committee wish that the Ministry take appropriate steps to financially support the indigenization efforts of Army. The Committee wish to be informed about the steps taken in this regard.

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

Strategic Partnership model has been promulgated as Chapter VII of DPP-2016 in four selected segments viz submarines, Fighter a/c, Helicopter & Armoured Fighting vehicles/Tanks, RFIs have been issued by the Services for all the four identified segments viz. Indian Navy for Submarines under project P75 (I) and Naval Utility Helicopters (NUH), Indian Army for Future Ready Combat Vehicles (FRCVs) and Indian Air Force for Fighter Aircrafts. The responses received against RFIs for Naval Helicopters and Submarines are under evaluation. The discussions with foreign OEM to ascertain the technologies being offered, methodology to incentivize advanced and higher percentage of technologies and higher indigenization have been held. EOI is being formulated.

In the Defence Procurement Procedure for capital acquisition, the 'Make' category of capital acquisition is the most important category from the perspective of fostering indigenous capabilities through design and development of required defence equipment/product/systems or upgrades/ sub-systems/components/ parts by both public and private sector industry/ organization in a faster time frame. In order to streamline the 'Make' procedure, it was revised and promulgated in March 2016. Two sub-categories were introduced:

- Make-I (Government Funded): 90% of the development cost will be borne by the MoD, and 10% of the development cost will be borne by the selected Development Agencies (DAs). Projects with prototype development cost <Rs 10 Crore, earmarked for MSMEs.
- Make-II (Industry Funded): No funding by the MoD for prototype development. However, there is an assurance of orders after successful prototype development. Projects with prototype development cost <Rs 3 Crore, earmarked for MSMEs.

After the promulgation of DPP-2016, a need for separate 'Make-II' procedure was realised due to the following aspects:

- Since Make-II sub-category does not envisage any funding by the Government for development of prototype, role of the Government should be limited to facilitation & handholding of Development agencies during prototype development.
- There should be minimal documentation requirement and shorter timelines for various process.
- Eligibility criteria for vendors may be further relaxed.

In accordance with the above, MoD revised the Make-II Procedure in January 2018, and has since promulgated the Revised Make-II Procedure. The salient features of revised Make-II Procedure include, prototype development by industry at no cost from Government; easier engagement with industry; and reduction of time taken for finalization of contract.

Till date, 26 Projects have been granted 'Approval in Principle' (AIP) by the collegiate under Secretary (Defence Production) which are also uploaded on the Make in India Website. Out of the above, 5 Projects have been accorded AoN (Acceptance of Necessity).

As per the timelines of the new Make II Procedure, after the grant of AoN, the placement of order i.e. initiation of financial implication takes about 45-79 weeks. Therefore, no immediate outgo from the budget is expected.

## **BUDGET ALLOCATION OVER THE YEARS**

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

In the course of examination of the Demands for Grants of the Ministry of Defence for the year 2018-19, the Committee noted that during the first seven years (i.e. 2012 till 2018) of Long Term Integrated Plan Period (LTIPP) 2012-2027, the total amount sought by Army was Rs.1064336 crore (approx.) whereas the allocation made was Rs.878001 crore (approx). This accounts to a shortfall of Rs.1,86,335 crore (approx.). These seven years constitute the first part of the LTIPP which was outlined to alleviate the huge shortages that cropped up in the Army. The Committee cannot help noting in this regard that the trend of budgetary allocation with a decline in capital share is indicative of inadequate emphasis being given to modernization and technological up-gradation. The Army faces critical shortage of good quality Bullet Proof Jackets (BPJs), Arms and Ammunition, Assault Rifles, Battle Tanks and surveillance and monitoring networks etc.

The Committee are of the view that funding merits serious attention and provision of adequate funds is an inevitable need that has to be met. As pointed out earlier too, the Indian

Army has, over the years, accumulated a huge deficiency of weapons, stores and ammunition. It has also been highlighted that the Government has not awarded adequate attention both in terms of policies and budget for modernizing the aging armoury of the Army. The Committee desire that the Government introduce and Implement appropriate positive measures categorically to address the shortcomings and channelize adequate funds, which would have the effect of generating some optimistic results during the current FY 2018-19 and the years to follow. The measures taken in this direction may be brought to the information of the Committee.

### **Reply of the Government**

The reply contains information classified as Secret and, therefore, the same is being sent directly to the Hon'ble Chairperson Standing Committee on Defence with request that the contents of this may not be incorporated in the Report of the Committee.

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

The Committee have also been given to understand that OFB, on its own initiative, in association with MIDHANI, has taken up the task of development of Bullet Resistant Jackets. After development, the same can be offered to the Army as per their requirement. In this connection, the Committee express the hope that the Bullet Resistant Jackets are not a diluted alternative to Bullet Proof Jackets. Relevant information, inclusive of the progress made in this direction, needs to be furnished to the Committee.

### **Reply of the Government**

Bullet Resistance Jackets (BRJs) have been developed by OFB in collaboration with MIDHANI which conforms to the Qualitative Requirements (QR) & trial directives issued by MHA. However, no BRJs have been developed by the OFB for Indian Army.

### **FORCE LEVEL**

### **Recommendation (Para Nos. 39 & 40)**

#### **Recommendation No. 39**

Information regarding currently approved Force Level of Navy is of sensitive nature. The existing strength of the Naval force is 136 ships and submarines and 219 aircraft. The Committee, in this regard, have been informed that the capability voids are reviewed by MoD on regular basis. In order to mitigate the shortages, the Service life of ships/submarines is extended through Service Life Extension (SLE) Programme, based on the operational necessity, material state and anticipated delays in induction of replacement platforms. While examining the Demands for Grants, 2017-18, the Committee observed that the force level of the Indian Navy was 138 ships and submarines and 235 aircraft. Thus, there has been a decline in the Force Level held by the Indian Navy as compared to the previous year. The Committee are of the view that this information would suffice in highlighting the apathetic and unfortunate state of affairs prevalent towards capability building of Naval Forces. In light of the above, the Committee are hard pressed to opine that the Long Term Integrated Plan 2012-27 is of little relevance as no substantive efforts are being made at the 'ground level' to turn this into a realistic development programme.

## Recommendation No. 40

Further on the issue, the Committee understand that some major Projects, which are aimed at alleviating the capability gaps are in the pipeline. The procurement/acquisition programmes include, Ships and Submarines under construction in India. The Committee, in this regard, express the hope that the projects are progressed in a time-bound manner. They would like to be apprised in detail of the progress of these projects in the Action Taken Notes.

### **Reply of the Government**

The reply contains information classified as 'Secret' and therefore the same has directly been sent to the Hon'ble Chairperson Standing Committee on Defence with a request that the contents of this may not be incorporated in the Report of the Committee.

## **MANPOWER AND TRAINING**

### **Recommendation (Para No. 68)**

During the deliberations on the Demands for Grants, 2018-19, the Committee have learnt that in the case of officers, the sanctioned strength is 12549 while held strength is 12340. Hence there is a shortage of 209 officers.

### **Reply of the Government**

1. The Government sanctioned Establishment and Strength of officers (except Medical and Dental branch) in IAF, as on 01 April 2018, is as follows:-

<b>Establishment</b>	<b>Strength</b>
12581	12354

2. The difference of 227 (as on 01 April 18) is a variable figure which keeps fluctuating depending on commissioning cycle, premature separation of officers etc. and is considered negligible. The induction plans are revamped so as to gradually bring the strength at par with the sanctioned establishment. In addition, due to robust cadre management planning and implementation, there is likely to be no shortage of officers in the IAF in due course.

## **CHAPTER IV**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE WHICH REQUIRE REITERATION AND COMMENTED UPON:**

#### **SECURITY OF DEFENCE PERSONNEL AND ESTABLISHMENTS**

##### **Recommendation (Para No 1)**

The Committee, in their Twenty-ninth Report (16th Lok Sabha), have expressed concern on the frequent terror attacks taking place on military bases, Defence establishments, critical facilities and even family quarters of soldiers. The Committee have been unanimous in condemning such acts of cowardice and desired that safety of our soldiers along with that of their families must be of prime concern, without any compromise. The Committee are, however, perturbed to find that such incidences have become a recurring affair. The recent terror attack on Sunjuwan Army Camp, Kashmir on 10th February 2018 wherein families of soldiers were targeted is a fresh reminder that substantial efforts need to be made on the part of the Government. This is the latest in a series of attacks on military installations witnessed over the last few years. What is particularly worrisome in this regard is the repeated success of terrorists in infiltrating high-security military complexes. The Sunjuwan attack exposes the vulnerabilities in 'perimeter security' and the scant progress made in improving the security protocols since the attack on the Pathankot Air Force station in January 2016. Following the Pathankot incident, there have been major attacks in Uri, Handwara, Nagrota and Panzgam, all of which involved a substantial number of casualties.

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

Government has issued broad guidelines for Security of Defence Installations on 28/11/2016 to the Defence Services. In compliance to the said Guidelines, the Defence Services have taken a number of actions including risk categorisation of military bases; appraisal and up gradation of intelligence gathering capabilities; strengthening and streamlining of the response mechanism; Unmanned Aerial Vehicles (UAVs); periodic security audit of all military installations etc.

##### **Recommendation No. 2:**

On the issue of terrorist attack on Defence establishments, the Committee would like to point out that after the attack on the Pathankot air base, the Defence Ministry had appointed a Committee headed by Lieutenant General Phillip Campose, the then Vice Chief of Army Staff for reviewing the security set-up at the military bases and to suggest ways of improvement. The Committee, which submitted its Report to the then Defence Minister (in May 2016), had found gaping holes in the security set up at many installations. These should have been given top priority for being addressed. However, it took a series of attacks and numerous casualties for raising the brows and delegation of power to the Vice Chief (VCOAS) to spend Rs.14,097 crore for strengthening 'perimeter security'. But for the attack, it's quite possible that funds for strengthening "perimeter security" may not have been sanctioned for quite some time to come.

### **Reply of the Government**

Government has sanctioned Rs. 1487.27 crore for upgradation of security infrastructure of locations identified as initial priority. Government has also sanctioned additional Rs. 100 crore for execution of projects under operational works in vulnerable stations.

### **Recommendation (Para No. 3)**

The Committee cannot help expressing unhappiness with the state of affairs in the Ministry with regard to existing scenario of 'perimeter security' of defence establishments and installations, including offshore establishments. The Sunjuwan attack underscores the need for speedy measures, which go beyond 'inquiries' and 'policy announcements', so as to overhaul the security system. The implementation needs to be broad-based, and go beyond 'ad-hoc measures'. It must be borne in mind that a successful attack does not necessarily mean that the soldier on the ground is lax in performing his duties. Many bases along the border are located in tough terrain, and are in close proximity to civilian dwellings. This demands care from the soldier for avoiding civilian casualties in the event of a cross fire. For a country that takes pride in its modern, technologically advanced military, India continues to rely heavily on putting more 'soldiers on the ground'.

In this backdrop, the Committee observe that Defence mechanisms have to be modified in accordance with the changing dynamics of threat perception. Equipping our soldiers with state-of-the-art weapons for retaliating any attack is a necessity. Over and above this, it is inevitable to equip our Defence establishments with latest global technologies of surveillance and tracking systems. Promptness in monitoring and precision in detection of potential threat elements using software-based intelligence inputs will help in tracking the insurgent elements well in advance. In this manner, the trouble can be identified and nipped in the bud before it actually causes any damage. For this purpose, the Ministry of Defence needs to take measures for introducing the latest and best available surveillance technologies. In the current scenario, mere dependence on manual surveillance will definitely not suffice. Therefore, along with the installation of the requisite equipments, commensurate emphasis should be laid upon intellectual inputs and technology driven software based detection practices. Preventing terrorists from scoring a strike being the best line of Defence, it is time the Defence Ministry adopts a holistic approach, by making sure that the soldier is fully backed by technology and calibrated security drills.

### **Reply of the Government**

Indian Army has constructed an Anti Infiltration Obstacle System (AIOS) along the Line of Control (LC) and International Border (IB) in Jammu & Kashmir, under its operational control. Radars, Sensors, Thermal Imagers etc. along with surveillance have been incorporated on this fence to detect and intercept infiltration by terrorists. AIOS is further strengthened by deployment of troops and construction of defence works based on threat perception for an effective multi-tiered counter infiltration grid. Government is taking measures to ensure modernization of Indian Defence Forces to keep them in a state of readiness to meet operational and security challenges. This is being achieved by inducting new equipment, technologically upgrading existing equipment and systems, training etc.

*(For comments of the Committee on paras 1, 2 & 3 please see para 7 of Chapter I of the Report)*

### **MODERNIZATION**



## **Recommendation (Para Nos. 10 & 11)**

### **Recommendation No. 10**

During the course of the deliberations on Demands-for-Grants, the Committee learnt that any modern Armed Forces should have one-third of its equipment in the vintage category, one-third in the current category and one-third in the state of the art category. However, the current position in the Indian Army reveals that 68 per cent of equipment is of vintage category, just about 24 per cent of the current category, and only eight per cent of the state-of-the-art category. To be prepared for the scenario of a two front war, the huge deficiencies and obsolescence of weapons, stores and ammunition existing in Indian Army, does not auger well. It is, therefore, important to channelize sufficient budget towards modernising the aging armoury and filling up the gaps. However, the allocation for modernization in this year's budget has a different story to tell.

The Committee note that allocation of Rs. 21,338 crore for modernisation is insufficient even to cater to committed payments to the extent of Rs.29,033 crore, earmarked for 125 on-going schemes, emergency procurement of armaments and weaponry for 10 days of intense war {10(I)} and other Director General Ordnance Factories requirements.

Further, the Committee have been made to realize that committed liabilities of 2017 will also get passed on to 2018, thereby accentuating the situation further. Therefore, liquidation of the committed liabilities will hardly leave any funds for new schemes in 2018-19. The Committee feel agonised by the current state of affairs with regard to financial provisions made towards the requirement of modernization of Army and desire that requisite budgetary support be given in this regard.

### **Recommendation No. 11**

Furthermore, on this count, the Committee learnt that from the total Budget, 63 per cent goes towards paying salaries of Army personnel. The normal maintenance and operational requirements works out to 20 per cent and infrastructure takes around three per cent. Hence, the resources available for modernization amount to a mere 14 per cent of the allocation, which is grossly inadequate. According to the submission made by a representative of the Army, the budget for modernization has to be anything between 22 to 25 per cent of the overall budget, lest the Army is found to be wanting. With a view to equipping the Army to meet any eventuality, the Committee wish that the requisite budgetary provision is made for the specific purpose of modernization.

## **Reply of the Government**

This Ministry had forwarded the projected requirements made by the Services amounting to Rs. 1,72,203.30 Crore under Capital Budget for FY 2018-19 to M/o Finance for favourable consideration. The said projected amount included amount of Rs. 1,41,387.66 crore for Capital Acquisition (Modernization) of which Army had projected an amount of Rs. 37,121.54 crore. In response, M/o Finance conveyed ceiling of Rs. 93,982.13 crore under Capital Budget which was Rs. 78,221.17 crore less than projected requirement. The reduced allocations were passed on uniformly among all the Services including Army. Against the projected requirement, Army was allocated Rs. 21,338.21 cr. under Capital Acquisition budget.

The requirement of further allocation of funds will be taken up at the time of Supplementary/ RE stage with Ministry of Finance.

(For comments of the Committee on paras 10 & 11 please see para 13 of Chapter I of the Report)

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

The Committee, while deliberating on the Demands for Grants 2018-19, have noted that the Army is facing shortage of manpower. In case of officers, the sanctioned strength is 49,932 whereas the held strength is 42,253. With regard to JCOs/ORs the existing strength is 11,94,864 against an authorised strength of 12,15,049. Further, the Committee have found that the recruitment in the Armed Forces is a continuous process and the Government has taken a number of measures to reduce the shortages. These include, sustained image projection, participation in career fairs and exhibitions and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career. Further, Government has taken various steps to make jobs in armed forces attractive, including by way of improvement in promotion prospects. Recruitment of Personnel Below Officers Ranks (PBORs) in Army is carried out through Open Rally System being conducted regularly throughout the country. Efforts are made to cover the entire country including remote and tribal areas. The Committee wish to be apprised of the outcome achieved on account of implementation of various measures as mentioned above.

### **Reply to the Government**

**Shortage of Officers:** The shortage of Officers and Junior Commissioned Officer/Other Ranks in the Indian Army is as under:-

Sl. No.	Category	Authorised Strength	Held Strength	Deficiency/Surplus
1	Officers (excluding AMC, ADC & MNS)	49,933	42,253	(-) 7,680 (15.38%)
2	Officers (AMC & ADC)	5,972	5,855	(-) 117 (1.96%)
3	MNS	4,389	3,743	(-) 646 (14.72%)
Total Officers (including AMC/ADC & MNS)		60,294	51,851	(-) 8,443 (14%)
4	JCOs/ORs	12,16,247	11,94,864 *	(-) 21,383 (1.76%)

\* Excluding 2198 APS Non Regular Junior Commissioned Officers/Other Ranks

Certain measures to make up the shortage of officers is as under:-

- Present deficiency in officer cadre of Indian Army stands at approximate 14% and is planned to be reduced at the rate of 1% per year.
- Moreover, shortage of officers in Indian Army is mainly due to deficiency in intake of support cadre. The intake of support cadre has been lower than allocated vacancies. In order to ensure enhanced induction of Support Cadre, the proposal of making Service Selection Commission attractive is being considered.
- In addition, the following steps have been taken to make Army as an attractive option:-

- (i) Image Projection Campaign. A number of Recruiting Campaigns and advertisement / hoardings have been launched by the Recruiting Directorate to attract youth to join the Army. Process has been initiated to further improve and modify the Image Projection Campaign to attract the youth of today in the changing socio-economic environment.
- (ii) Enhanced Physical Interaction with Target Audience. Enhanced physical interaction with target audience has been undertaken in which officers from Recruiting Directorate and teams from Command Headquarters visit various Universities and Colleges. Video films on 'Army as a Career' and publicity material have been prepared and circulated to various schools and colleges through these teams. In addition, NCC units and Recruiting Organisations have been incorporated to deliver motivation talks in educational institutions.
- (iii) Interactive Web Site of Recruiting Directorate. The new website of Recruiting Directorate ([www.joinindianarmy.nic.in](http://www.joinindianarmy.nic.in)) has been launched. It gives all the information required by a candidate to become an officer. It enables candidate to know his/her eligibility based on the age and educational qualifications.

Shortage of Junior Commissioned Officers/Other Ranks. The existing deficiency is nominal and will be met by passing out of recruits undergoing training as trained soldiers.

*(For comments of the Committee please see para 16 of Chapter I of the Report)*

### **Recommendation (Para Nos. 32-35)**

The Committee also note that the major part of the modernisation budget of the Service comes from the Capital component. For BE 2018-19, while the Navy made a projection of Rs. 33458.38 crore for the capital segment, the allocation made has been Rs. 20003.71 crore. Furthermore, in the case of committed Liabilities, the projection was Rs. 25106.74 crore whereas the allocation is to the extent of Rs. 15083.00 crore. This amounts to a huge shortfall of almost 40 per cent of the budget projected as required.

In this regard, the representative of the Navy, while deposing, confided to the Committee that this has been the case for the last three financial years. There has always been disparity over the last three financial years in the modernization Budget vis-à-vis committed liabilities. The Committee have also learnt that the budget is managed through the financial year by deferring certain committed liability payments so that a certain amount can be earmarked for the purpose of modernization and implementation of new schemes.

While going through the information submitted by the Ministry, the Committee have also noted that the percentage share of capital segment of Naval Budget to the total defence budget has declined from 12.81 per cent in the year 2012-13 to 7.46 per cent in the year 2017-18. This data, by itself is reflective of the unsympathetic attitude towards the modernization drive of the Naval Forces.

The Committee, while taking note of the grossly dismal scenario, cannot also help pointing out that this may lead to delay in induction of 'critical capabilities' and resultant cost overruns. A 'budget deficit' by nearly 40% will indeed have a cascading impact on the operational preparedness and technological upgradation of the Navy. This will also possibly impact the progress of infrastructure projects and efforts to mitigate shortage of

accommodation for the naval personnel. Therefore, it is expected that necessary funds for modernization of the Indian Navy are channelized and the Committee informed of the details thereof.

In this connection, a representative of the Navy also intimated the Committee of the possibility of the budgetary hampering the modernization work by confiding that the Naval ship building programmes do not run on time, and the stage wise payments get deferred at times. Therefore, on occasions, the committed liabilities get deferred and are carried over to the next financial year.

The Committee feel aghast to note that there appears to be an element of complacency with regard to 'acquisition projects', and shortfall, and delays in meeting the payment obligations are responsible for the same. All the Departments from the Headquarters to the Shipyards appear to be habituated to delays. Also, this has become a regular feature of the manufacturing and induction plan. The system, therefore, merits a revisit, and improvisation. Thus, a concrete plan of budgeting and expenditure needs to be put in place. In case, the Navy has certain commitments of payments for procurement, these should be abided with stringently. Similarly, if companies delay deliveries, these should be taken up with due concern so that the Force does not suffer.

### **Reply of the Government**

Indian Navy has optimally utilised the allocation under the Capital Budget. The budgetary outgo under Modernisation Heads is closely monitored at IHQ MoD(N). Outgo under committed Liabilities is linked to delivery/ achievement of milestone/ stage payment, etc. Due to the complex and dynamic nature of shipbuilding, slippages are common. However, the slippages under committed liabilities are more than offset by progress of New Schemes. Indian Navy, thus, has a mitigation strategy to cater for any slippage and the Capital Budget is being fully utilised so as to ensure that the modernisation plans are on track.

*(For comments of the Committee on paras 32-35 please see para 19 of Chapter I of the Report)*

## **TRAINER AIRCRAFT**

### **Recommendation No. 58:**

With regard to the number of authorised trainer aircraft/simulators and their existing strength, the Committee have been informed that the Trainer Aircraft held by IAF currently include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) and Advanced Jet Trainer (AJT). The existing strength of trainer aircraft is 310 as against the sanctioned strength of 432. Simulators have also been provided for each type of aircraft. The procurement of simulators is built into the contracts of all aircraft and the IAF is now undertaking the procurement accordingly.

### **Reply of the Government**

Simulators are being supplied as per requirement along with the various Trainer Aircraft. Against the recent contract for manufacture and supply of 40 Hawk aircraft to IAF and 17 to Navy, one each simulator/training aid comprising of Computer Aided Learning system (CALS), Cockpit Procedure Training (CPT), Avionics Part Task Trainer (APTT) and Flight Training Device (FTD) have been supplied to IAF and Navy.

### **Recommendation (Para No. 59)**

As regards the basic trainer, the Committee have been informed by Ministry of Defence that IAF has a requirement of 183 Basic Trainer Aircraft (BTA). At present, IAF has 75 PC-7 Mk-II BTA. Case for procurement of additional 38 PC-7 Mk-II aircraft is being progressed. The remaining 70 Basic Training Aircraft are to be manufactured by HAL under 'Make in India' Project. The Committee desire that HAL delivers these basic trainers within the stipulated time frame.

### **Reply of the Government**

- HAL has undertaken the Design and Development of HTT 40 Basic Trainer Aircraft, with internal funds to meet the requirement of ab initio trainer for IAF.
- The prototype aircraft, PT-1 had its first flight on 31<sup>st</sup> May 2016. Presently there are two prototypes undergoing flight testing and have together completed around 125 flights.
- The aircraft has demonstrated compliance to all major PSQR requirements and is gearing up for the critical stall and spin trials to commence shortly.
- The certification of the aircraft is planned in Dec 2018.
- DAC has approved acquisition of 70 HTT-40 aircraft and series production will commence post signing of contract with MoD/IAF and is planned to complete over a period of 5 years.

### **TRAINER AIRCRAFT**

#### **Recommendation (Para No. 60)**

With regard to the Intermediate Jet Trainer, the Committee have been apprised that the Kiran (IJT) aircraft have already started retiring and are planned to be replaced by the HAL built IJT. However, in view of the imminent retirement of existing trainer aircraft (Kiran) and delay in progress of IJT Design & Developmental (D&D) activities, Air HQ has studied the feasibility of conducting 'Two Aircraft Type Flying Training pattern' instead of the normally followed 'Three Aircraft Type Flying Training pattern'. As per the information furnished the 'Two Aircraft Type Flying Training pattern' is being implemented successfully.

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

Feasibility of conducting 'Two Aircraft type flying training pattern' instead of 'Three Aircraft type flying training pattern' was a pilot project started by IAF to study its feasibility. The project was planned for three years. Presently, this has been stopped and the 'Three Aircraft type flying training pattern' is being followed. As of now Stage-II (F) training is being conducted on Kiran Mk I/IA to ensure maximum utilization of the available Kiran aircraft.

#### **Recommendation (Para No. 61 & 62)**

##### **Recommendation No. 61**

The Committee are perturbed to note that due to non-availability of IJT and failure on the part of HAL to deliver the same, despite being in the process since 1999, the Indian Air Force has had to modify their training programme from a 'three level approach' to two levels. This is indicative of an unsavory state of affairs. Training is a very critical component from the point of view of capacity building of Air Force. It involves lives of our valuable personnel and any lacuna, on this front can possibly result into fatalities. Therefore, any delinquencies in this

regard cannot be acceptable. Modification of the training pattern appears to be an effort to conceal the factual position of non-availability of IJTs.

**Recommendation No. 62**

Even in case of two aircraft type flying pattern, only 75 basic trainers are available as against the sanctioned strength of 183 aircraft. On this front, the Committee fail to understand as to how, the IAF will manage to continue with the two level training pattern with the scarcity of first level trainer aircraft being to the extent of 60 per cent. While taking note of the dismal scenario, the Committee desire that the Ministry of Defence undertake earnest efforts towards bridging the gaps in availability of trainer aircraft with the IAF. The Committee desire to be kept informed of the progress made in this regard.

**Reply of the Government**

1. The D&D project for the IJT aircraft was sanctioned by Government of India in 1999. Contract was signed with HAL to supply 12 Limited Series Production (LSP) aircraft (in 2005) and 73 Series Production (SP) aircraft (in 2010). However, D&D is yet to be completed due to HAL's inability to resolve the critical design issues related to Spin/ Stall characteristics of IJT. A case is being taken up for foreclosure of the program.

2. Additionally, HAL is undertaking Design & Development of Basic Trainer Aircraft HTT-40, wherein HAL has manufactured two prototypes which have flown a total of 123 development sorties. The spin test is yet to begin. The execution of First Flight has been delayed by 3 years from the stipulated PDC (February 2013 to May 2016).

3. Further, to meet the trainer requirement, procurement of 38 x PC-7 Mk II Basic Trainer Aircraft and 20 x Hawk aircraft are under progress.

4. The pilot project for modification of training pattern to two ac training was undertaken to study feasibility of this pattern of training in case such a requirement becomes unavoidable due to reduced availability of IJT. The method was not undertaken to conceal non-availability of IJT ac as stated in Para 61, instead it was a step taken to ensure adequacy of training within the available resources.

*(For comments of the Committee on paras 58-62 please see para 22 of Chapter I of the Report)*

**TRANSPORT PLANES AND HELICOPTERS**

**Recommendation (Para No. 63)**

The Committee have come to know that presently IAF has 27 Units of Transport aircraft and 36 Units of Helicopters as against the sanctioned strength of 29 Units of Transport aircraft and 39 Units of Helicopters. As regards phasing out, the Committee have been given to understand that phasing out of all the transport planes and helicopters is undertaken as per their stipulated life span. In some cases, depending on the condition and utilisation of the fleet, intensive life extension studies are conducted and the lifespan of the aircraft extended.

**Reply of the Government**

No further Comments

## **TRANSPORT PLANES AND HELICOPTERS**

### **Recommendation (Para No. 64)**

On the issue of procurement of light utility helicopters, the Committee have been intimated that the case for procurement of 197 Reconnaissance & Surveillance Helicopters had been withdrawn in the recent past. The case for procurement has reportedly been withdrawn on three different occasions at different stages of owing to various reasons. Acceptance of Necessity was accorded by Defence Acquisition Committee on 13 May, 2015 for procurement of 200 kamov 226T helicopters (60 flyways and 140 to be manufactured in India) from Russia through the Inter- government Agreement (IGA) route in accordance with the provisions of Para 71 of DPP 2013. An IGA has been signed with Russian government in Dec 2015. JV has been registered on 2.5.2017 as M/s Indo Russian Helicopters Limited. The case is presently at Request for Proposal(RFP) Stage. Cheetah/ Chetak fleet is proposed to be replaced by these 200xKamov 226T Helicopters from Russia. The Committee desire that the above mentioned procurements progress in a time-bound manner and they be informed of the developments.

### **Reply of the Government**

Request for proposal (FGP) for capital procurement of 200 Kamov 226T Helicopters has been issued to Indo Russian Helicopters Ltd [Joint Venture (JV) between Hindustan Aeronautics Ltd (HAL) and Russia Helicopters) on 09 May, 2018. Bids are to be submitted by 01.08.2018.

**5. Remedial Measures against Delays. The following steps have been taken to reduce 'Time and Cost Overruns' for various projects:-**

- (a) Continuous monitoring by Apex meeting and CPRM, in addition to regular CWP&A review meetings.
- (b) Provisions of Liquidated Damages exist in the contracts. Liquidated Damages would be levied on the shipyard in accordance with contractual provisions, as and when applicable.

**(For comments of the Committee on paras 63 & 64 please see para 25 of Chapter I of the Report)**

## **CHAPTER V**

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

#### **BUDGET ESTIMATE 2018-19**

##### **Recommendation (Para Nos. 29 & 30)**

###### **Recommendation No. 29**

The Revenue budget of the Navy consists of two components viz. salary and non-salary accounts. While the budgeting for the salary component is made in 'absolute terms' in case of the non-salary part, while the Navy had projected a requirement of Rs.11320.39 crore, the allocation has only been to the extent of Rs.7985.06 crore. This amounts to 70.54 percent of the projected requirement. The Committee in this regard also observe that this amounts to an increase of only Rs.220 crore over RE of 2017-18, which works out to a rise of only 2.84 per cent. This increase would not even cater to the inflationary pressure. Matters such as maintaining the requisite armament level as well as emergency procurements would indeed require more funds. The Committee also note in this regard that the Budget has also not factored in the impact that GST will have on the naval expenditure.

###### **Recommendation No. 30**

The Committee also found that the salary to non-salary ratio of the budget for the FY 2018-19 is 52:48, while it was 45:55 in the year 2015-16. The Committee are of opinion that this is not a healthy sign as lower allocation of budget would negatively affect the maintenance and upkeep of Naval Forces. This will also impact the progress of infrastructure projects and efforts to mitigate shortage of accommodation. Procurement of ammunition and spares, serviceability of ships, submarines and aircraft, upkeep of ageing infrastructure and even day-to-day running of the Navy are likely to be affected due to the inadequate allocation.

India's economic resurgence is intrinsically linked to the Seas as 95 per cent of the trade by volume and 68 per cent by value is transacted through the sea route. In addition to the economic implications, the Indian Ocean Region, which hosts over one-third of the world's population has multiple security challenges. Also, there is a coexistence of developing as well as backward economies in the region. Besides this, the area faces rampant threat of piracy and trans-national crimes. Furthermore, the area is also prone to natural disasters in the event of which, the Indian Navy plays a benevolent role. The challenges in maritime domain require a capable and modern Navy which would require induction of adequate funds. Therefore, the Committee desire that the funds that are essential are directed to the Navy at least at the later stage of the FY 2018-19 by way of providing additional grants. The Committee may be kept informed about the same.

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

The recommendations of the Committee are noted for compliance. The projections/requirements of the Navy for additional funds will be forwarded to Ministry of Finance for favourable consideration at supplementary/RE stage. Efforts will be made to ensure that all critical requirements are catered to and no project/scheme is shelved for want of funds.



## **SHARE OF NAVAL BUDGET**

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

The Committee note that the share of the Naval Budget to the total Defence Budget is witnessing a consistent decline. From 18.12 per cent in the year 2012-13, it has come down to 13.11 per cent in the year 2018-19. This is indeed a matter of concern for the Committee. The role and responsibilities of Navy are multi-faceted. There have also been capability voids, as brought out in the succeeding paragraphs, which need to be bridged. In the opinion of the Committee, such a dismal scenario would lead to a setback in morale and pace of modernization of Indian Navy. Therefore, the Committee feel that due impetus has to be given to budgetary provisions for Indian Navy so that modernization can be carried out as per approved long term plans.

### **Reply of the Government**

Under modernization (Capital Acquisition) budget, this Ministry had projected an amount of Rs. 1,41,386.66 crore whereas based on allocations received from Ministry of Finance, only an amount of Rs. 74,115.99 crore could be allocated for modernization. The Navy's share in allocated amount is Rs. 19,083.00 crore which is 25.75% of modernization budget. It may also be added that against RE 17-18 of 17,593.55 crore, Navy got increase of Rs. 1,489.45 crore in BE 2018-19 i.e. 8.47% increase which was %age-wise more than other two services.

Additional funds sought by Navy will be projected to Ministry of Finance for favourable consideration at supplementary/RE stage.

## **COASTAL SECURITY**

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

Along with co-ordination, it is equally important that the Navy should procure latest world-class surveillance equipments. Since there are multiple agencies/ stakeholders in the maritime domain, it is pertinent that identification of threat perception is accurate and verifiable. For this purpose, the most advanced technologies available in the world for monitoring and tracking devices/software need to be procured. This will help in tracking on the threat targets before any trouble is created.

### **Reply of the Government**

Indian Navy is conscious of the need to strengthen its surveillance framework for IOR and ensure a more comprehensive Maritime Domain Awareness (MDA) for the area. The successive paragraphs outline ongoing endeavors to strengthen our capabilities to consolidate Maritime Domain Awareness in IOR.

1. Satellite Based Surveillance (SBS) -3. In view of the vast area (7000 nm x 5000 nm) involved, space-based surveillance is the optimum method for maintaining surveillance over IOR. In addition to the ongoing SBS-2, Indian Navy requirements have also been incorporated in the SBS-3 Programme proposal prepared by ISRO and likely to be put up to CCS in May 2018. This proposal, apart from shared assets that would serve surveillance requirements over both land and seas, also includes maritime-specific applications with large coverage, which would be of pivotal significance in building MDA and triggering other assets for target tracking.

An Earth Station is also being constructed for SBS2/3 on Naval land at Palayamkottai that affords an expansive maritime field-of-view and would facilitate downloading of real-time data from IOR.

2. Indo-French Space Cooperation for Maritime Awareness. Under the aegis of the National Security Council Secretariat (NSCS)-led Maritime Security Dialogue and an existing MoU for Reinforced Cooperation in Space, 2015, with France, ISRO is steering co-development of a joint Indo-French satellite surveillance system with CNES, France. An Implementing Arrangement (IA) has been signed between the two agencies, which was also highlighted in the Joint Strategic Vision for Maritime Cooperation in IOR released on the same date. *IN* has been partnering ISRO as the principal end user and lead maritime security agency, for this project and is also represented in the ISRO-CNES committee to finalise the plans. This programme seeks sharing of data from existing resources in the short term (one year) and operationalization of a maritime-specific constellation (6-8 satellites) in the medium term (2021). Establishment of a maritime Earth Station is also envisaged under this project, for which Indian Navy is committed to provide land at Palayamkottai, in addition to operating this hub.

3. National Maritime Domain Awareness (NMDA). Indian Navy is pursuing establishment of a National MDA network in collaboration with all national maritime agencies. Indian Navy has already established Information Management and Analysis Centre at Gurugram, which collates a Common Operational Picture (COP) for IOR, over the NC3I Network, by correlating multiple feeds and inputs. This would be further enhanced under the NMDA project. Currently, the CCS Note for NMDA is pending with MoD.

4. P8I Maritime Reconnaissance Aircraft and Sea Guardian UAVs. Indian Navy is already operating eight P8I MR aircraft that have vastly enhanced our surveillance as well as maritime strike capability. With planned induction of four more aircraft, *IN* assets would be further augmented to maintain surveillance over targets detected by the SBS enhancements, as well as other intelligence inputs. Procurement of Sea-Guardian UAVs is also being progressed, which would further enhance the *IN* capability to maintain surveillance over choke points in the IOR, as well as track targets of interest for longer periods.

5. Indian Navy is also progressing cases for procurement of various kinds of helicopters/upgradation of existing helicopter, which are at different stages presently, which will enhance all round surveillance capability.

6. In addition to patrolling by surface and air assets, electronic surveillance of the maritime domain is undertaken using chain of coastal/ offshore radars, National Automatic Identification System (NAIS) Chain and Long Range Identification and Tracking (LRIT) System. This assists in developing MDA. National Command Control Communication and Intelligence Network linking 51 nodes of the *IN* and ICG has been set up and is functional. Vessel Traffic Management System (VTMS) radars in ports also facilitate surveillance of ports.

7. The following initiatives are also being undertaken to upgrade surveillance systems and strengthen maritime security:-

- (a) Implementation of Phase II of the Coastal Surveillance Network (CSN) comprising 38 radars for near gap-free radar surveillance of coastal areas.
- (b) Satellite based transponders for tracking of fishing vessels.
- (c) Setting up of Fisheries Monitoring Control and Surveillance Centres (FMCS) by DADF.
- (d) Setting up of National Coastal Vessel Traffic System (NCVTS) for coastal areas.

## **AIR FORCE**

### **BUDGET 2018-19**

#### **Recommendation (Para Nos. 49-52)**

##### **Recommendation No. 49**

The Committee have found that for the current year 2018-19, Air Force has made a projection of Rs.1,14,526 crore while the allocation is only to the tune of Rs. 65,891 crore. Out of this allocation, the Revenue budget allocation is Rs. 30,121 crore as against a projection of Rs. 36,561 crore. This amounts to a shortfall of Rs. 6,440 crore vis-à-vis the projection. In case of the Revenue Budget, the allocation is made under two heads of account, one being the salary account head, and the other, the non-salary head of account. The allocation for the salary part is provided for in entirety on the basis of the projection. The remaining part of the Revenue budget caters for non-salary expenditure viz. supporting mandatory sustenance and operational requirements of the Service. Hence, the deficit or shortfall of Rs. 6440 crore in the Revenue Budget is likely to impact the operational preparedness, ability to procure spares & fuel, apart from leaving gaps in training programs, serviceability of older systems and provision of basic amenities to the Air Force personnel.

##### **Recommendation No. 50**

In addition to the shortfall in budget allocation vis-à-vis the projections, the Committee note that there would be an additional burden of taxes due to the new taxation laws. On this count, the Committee have gathered that in 2016-17 the customs duty paid was to the tune of Rs. 943.62 crore, which has since hiked up to Rs. 1614.28 crore in 2017-18. This amount has not been reimbursed to the Air Force during the year. The estimated outgo of funds as part of custom duties for FY 2018-19 is Rs. 1726.98 crore. The Committee, therefore, suggest that appropriate allocation be made so as to address the issues of taxation in the budget 2018-19 and by way of keeping in mind, the additional burden that has been levied on the Air Force due to the increase in duties paid during the year, 2017-18.

##### **Recommendation No. 51**

The Committee also realize in this regard that the expenditure for meeting Emergency requirements and procurements for the purpose of 'war readiness' has also to be met from the same budgetary allocation. While tendering evidence, the Vice Chief of Air Staff apprised the Committee that deals worth Rs. 20,000 crore have already been entered into for the purpose of acquiring war reserve armaments for '10 days of intense conflict'. The Committee, note in this regard that the Budget Estimate allocation for the IAF is short of their requirements. Further, the Committee opine that the budget does not reflect the intent of achieving strategic objectives that are desired as part of the Long Term Integrated Plan Period 2012-27.

##### **Recommendation No. 52**

In order to achieve the strategic objectives of IAF, which include, deterrence on 'two fronts', along with an offensive Defence posture, enhanced Air Defence capability, enhanced combat force levels, increased surveillance and automation of Air Defence, the Ministry needs to be supportive of the budget projections as made by the Air Force. The Air Force also has a hard pressed need for continued induction of SU 30 Mki Aircraft, Akash-surface to Air missiles,

latest radar systems, Rafale and Tejas Aircraft, etc. in order to stand at the 'basic minimum'. In order to achieve the planned targets, the Committee are of the view that it is of utmost importance that the Air Force is assigned essential funding during the FY 2018-19.

### **Reply of the Government**

This Ministry is in agreement with the recommendations of the Committee. It is a fact that projected requirements of Air Force are not fully met. The reason behind this is the fact that though this Ministry projects the requirements projected by the Services, including Air Force, to Ministry of Finance for favourable consideration, Ministry of Finance provides lesser allocations than projected. Under the Capital head, Air Force projected an amount of Rs. 77,694.74 crore which includes Rs. 72,481.65 crore. for modernization, however due to lesser allocation received, an amount of Rs. 35,770.17 crore only could be allocated to Air Force under capital budget which included an amount of Rs. 33,099.90 crore for modernization. This amount is, however, Rs. 2,200 crore more than RE 17-18 of Rs. 30899.90 crore.

Additional funds sought by Air Force will be projected to Ministry of Finance for favourable consideration at supplementary/RE stage.

### **BUDGET REVIEW**

#### **Recommendation (Para No. 53)**

During the course of examination of the Demands for Grants (2018-19) of the Ministry of Defence, the Committee have learnt that the percentage share of Air Force budget has declined considerably during the last few years. In the year 2012-13, it was to the extent of 24.93 per cent, and has stooped down to 22.51 per cent in the year 2017-18. The Committee observe that such a downward trend would impinge upon the morale, operationability and modernization of Air Force. Moreover, such deficiencies would result in asymmetry in capabilities vis-à-vis envisaged threat perception. The Committee, therefore, desire that the Ministry of Defence take up the planned targets of Air Force with due seriousness. The same needs to be resonated by way of adequate allocation in the budgeting.

### **Reply of the Government**

The percentage share may not give a correct picture as gain of percentage in one Service's share may lead to lesser percentage share of other Service. It may however be added that in BE 2018-19, Air Force's %age share is 23.13% (Rs. 64,591.44 crore against total of Rs. 2,79,305.32 crore). In the Capital segment Air Force has the largest share of 38.06% whereas under modernization budget Air Force's share is even more at 44.66%.

Additional funds sought by Air Force will be projected to Ministry of Finance for favourable consideration at supplementary/ RE stage.

### **MODERNIZATION**

#### **Recommendation (Para No. 54)**

While going through the information submitted by the Ministry, the Committee found that over a period of time, the allocations made under the capital head for the Air Force, which is largely accountable for modernization budget of the Service, has consistently plummeted. In the year 2007-08, it was to the tune of 17.51 per cent of the total defence budget and has gone

down to 11.96 per cent in the year 2016-17. Air Force is a capital intensive service as acquisitions such as aircraft involve huge amounts/expenditure. In order to meet the challenges of a two front war, Air Force has to be equipped with essential combat capabilities and modern ground facilities. With the skinning of the budget under the capital segment, the Committee are compelled to point out the that there appears to be a lack of sufficient sincerity towards capacity enhancement and modernization of the Air Force. Flight safety also becomes a matter of concern due to issues of obsolescence. In this context, the Committee further believe that inadequacy of budget allocation would result in deferment of certain procurements, thereby, deepening the capability deficit further. Therefore, the Committee express the opinion that requisite stress needs to be laid on the modernization programme for which allocating sufficient funds would be a necessity.

### **Reply of the Government**

Comparison of Air Force's share in capital budget with entire budget under Defence Services may not give a correct picture. The entire budget of Defence Services includes Revenue and Capital budget of which share of Revenue budget is almost double of Capital budget. In Revenue budget, largest share is of Army as it being manpower intensive. If we calculate Capital budget separately, then Air Force's share is largest at 38.81 % in BE 2017-18 and 38.06% in BE 2018-19. It is however agreed that funds could not be allocated as per projected requirement of Air Force, due to receipt of lesser allocations from Ministry of Finance.

The Committee may be assured that projections / requirements of the Air Force will be forwarded to Ministry of Finance for favourable consideration at RE/ Supplementary Stage.

**New Delhi;  
4 January, 2019  
14 Pausa, 1940 (Saka)**

**Kalraj Mishra,  
Chairperson,  
Standing Committee on Defence**

**STANDING COMMITTEE ON DEFENCE****MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON DEFENCE (2018-19)**

The Committee sat on Friday, the 4<sup>th</sup> January, 2019 from 1500 hrs. to 1645 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

**PRESENT**

**Shri Kalraj Mishra      -      Chairperson**

**MEMBERS****LOK SABHA**

- 2      Km Shobha Karandlaje
- 3      Smt Mala Rajya Laxmi Shah
- 4      Shri Dharambir Singh
- 5      Smt Pratyusha Rajeshwari Singh

**RAJYA SABHA**

- 6      Dr Ashok Bajpai
- 7      Shri Madhusudan Mistry
- 8      Shri Soumya R Patnaik
- 9      Shri G V L Narasimha Rao
- 10      Shri Ram Nath Thakur
- 11      Lt. Gen. Dr D P Vats

**SECRETARIAT**

- 1. Smt. Kalpana Sharma      -      Joint Secretary
- 2. Shri Srinivasulu Gunda      -      Director
- 3. Shri Rahul Singh      -      Deputy Secretary

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the Sitting. The Committee then took up the following draft Reports for consideration and adoption:

- (i) Action Taken by the Government on the Observations/Recommendations contained in the Fortieth Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2018-19 on General Defence Budget, Border Roads Organisation, Indian Coast Guard, Military Engineer Services, Directorate General Defence Estates, Defence Public Sector Undertakings, Welfare of Ex-Servicemen, Defence Pensions, Ex-Servicemen Contributory Health Scheme (Demand Nos. 19 and 22);
- (ii) Action Taken by the Government on the Observations/Recommendations contained in the Forty-first Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2018-19 on Army, Navy and Air Force (Demand No. 20)';

- (iii) Action Taken by the Government on the Observations/ Recommendations contained in the Forty-second Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2018-19 on Capital Outlay on Defence Services, Procurement Policy and Defence Planning (Demand No. 21)'; and
- (iv) Action Taken by the Government on the Observations/ Recommendations contained in the Forty-third Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2018-19 pertaining to Revenue Budget of Ordnance Factories, Defence Research and Development Organisation, DGQA and NCC (Demand No. 20)'.

3. After deliberation, the Committee adopted the above Reports and authorized the Chairperson to finalize and present the Reports to Parliament on a convenient date alongwith the Reports on Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-second Report (16<sup>th</sup> Lok Sabha) on 'Creation of Non-Lapsable Capital Fund Account, instead of the present system' and Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-third Report (16<sup>th</sup> Lok Sabha) on 'Resettlement of Ex-Servicemen', which were already adopted by the Committee on 14.11.2018.

4.       \*\*\*\*\*

**The Committee then adjourned.**

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

\*\*\*\*Does not pertain to the Reports.

## APPENDIX II

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FORTY-FIRST REPORT OF STANDING COMMITTEE ON DEFENCE (SIXTEENTH LOK SABHA) ON 'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2018-19 ON ARMY, NAVY AND AIR FORCE (DEMAND NO. 20)'

1. Total number of recommendations 71
2. Recommendations/Observations which have been accepted by the Government (please see Chapter II):  
**Para Nos. 4 , 5, 6, 7, 8, 9, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 28, 36, 37, 38, 41, 42, 44, 45, 46, 47, 48, 55, 56, 57, 65, 66, 67, 69, 70 and 71**  

**Total : 38**  
**Percentage: 53.5%**
3. Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government (please see Chapter III):  
**Para Nos. 12, 13, 19, 39, 40 and 68**  

**Total : 06**  
**Percentage: 8.6%**
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. 1, 2, 3, 10, 11, 27, 32-35, 58-62, 63 and 64**  

**Total : 17**  
**Percentage: 23.9%**
5. Recommendations/Observations in respect of which Government have furnished interim replies (please see Chapter V):  
**Para Nos. 29, 30, 31, 43, 49-52, 53 and 54**  

**Total : 10**  
**Percentage: 14%**