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**STANDING COMMITTEE ON DEFENCE
(2020-21)**

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action taken by the Government on the Observations / Recommendations contained in the Sixth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2020-21 on 'Army, Navy, Air Force and Joint Staff (Demand Nos. 19 and 20)'].

FIFTEENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

February, 2021 /Magha, 1942 (Saka)

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Presented to Lok Sabha on 12.02.2021

Laid in Rajya Sabha on 12.02.2021



LOK SABHA SECRETARIAT

NEW DELHI

February, 2021 /Magha, 1942 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2020-21)

SHRI JUAL ORAM

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CHAIRPERSON

Lok Sabha

2. Shri Deepak (Dev) Adhikari
3. Kunwar Danish Ali
4. Shri Ajay Bhatt
5. Shri Devusinh Jesingbhai Chauhan
6. Shri Nitesh Ganga Deb
7. Shri Rahul Gandhi
8. Shri Annasaheb Shankar Jolle
9. Choudhary Mehboob Ali Kaiser
10. Prof. (Dr.) Ram Shankar Katheria
11. Smt. (Dr.) Rajashree Mallick
12. Dr. T.R. Paarivendhar
13. Shri Kapil Moreshwar Patil
14. Shri Anumula Revanth Reddy
15. Shri Jugal Kishore Sharma
16. Dr. Shrikant Eknath Shinde
17. Shri Prathap Simha
18. Shri Brijendra Singh
19. Shri Mahabali Singh
20. Shri Kotagiri Sridhar
21. Shri Durga Das Uikey

Rajya Sabha

22. Dr. Ashok Bajpai
23. Shri Prem Chand Gupta
24. Shri Sharad Pawar
25. Shri V. Lakshmikantha Rao
26. Shri Sanjay Raut
27. Shri Rajeev Satav
28. Dr. Abhishek Manu Singhvi
29. Shri Kamakhya Prasad Tasa
30. Dr. Sudhanshu Trivedi
31. Lt. Gen. Dr. D. P. Vats (Retd.)

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Smt Kalpana Sharma | - | Additional Secretary |
| 2. Dr. Sanjeev Sharma | - | Director |
| 3. Shri Rahul Singh | - | Deputy Secretary |
| 4. Smt Rekha Sinha | - | Assistant Executive Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2020-21), having been authorized by the Committee, present this Fifteenth Report of the Committee on 'Action Taken by the Government on the Observations/Recommendations contained in the Sixth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2020-21 on 'Army, Navy, Air Force and Joint Staff (Demand Nos. 19 and 20)'.
2.

The Sixth Report was presented to Lok Sabha and laid in Rajya Sabha on 13.03.2020. The Report contained 42 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in July, 2020.

3. The Report was considered and adopted by the Committee at their sitting held on 9 February 2021.

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 Sixth Report (17th Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

New Delhi;
9 February, 2021
20 Magha, 1942 (Saka)

Jual Oram,
Chairperson,
Standing Committee on Defence

REPORT
CHAPTER – I

This report of the Standing Committee on Defence deals with action taken by the Government on the observations/ recommendations contained in the Sixth Report (17th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2020-21 on Army, Navy, Air Force and Joint Staff (Demand Nos. 19 & 20)', which was presented to Lok Sabha and laid in Rajya Sabha on 13.03.2020.

1.2 The Committee's Sixth Report (17th Lok Sabha) contained 42 observations/ recommendations on the following aspects:-

Para No./Nos.	Subject
ARMY	
1-5	Budgetary Allocations
6	Ratio between Revenue and Capital allocation
7	Budget for modernization
8-10	Indigenization
11	Planning
12	Clothing
13-14	Manpower
15	Protection from corona virus
16	Exhibitions in various constituencies
AIR FORCE	
17-19	Budgetary Provisions
20	Revenue to Capital ratio
21	Budget for Modernization
NAVY	
22-25	Budgetary Provisions
26-28	Budget for Modernization
29-30	Revenue to Capital Ratio
31-32	Force Level
33	Modernisation Plan of Naval Base Karwar – Under Project Seabird
34	Safety
35-36	Manpower

JOINT STAFF	
37	Budgetary Provisions
38-40	Revenue Allocation
41-42	Capital Budget

1.3. Action Taken Replies have been received from the Government in respect of all the recommendations/observations contained in the Report. However, 5 number of replies stated as “classified” have been forwarded to Hon’ble Chairpersons office in sealed cover which include para Nos. 32 to 36. These replies have been placed under ‘accepted’ category. However, categorization of these paras would be done again after receipt of the replies/direction from Hon'ble Chairperson. The remaining replies have been examined and categorised as follows:-

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

Para Nos. 1,2,3,4,5,6,10,11,12,14,15,16,17,18,19,20,22,23,24,25,26,27,28,
32,33,34,35,36,37,38,39,40,41,42

(34 Recommendations)

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

Para Nos. 8,9,13,21,31

(05 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. 29,30,

(02 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 No .7

(01 Recommendation)

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

Para No. Nil

(00 Recommendation)

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

ARMY

A. Budget for modernization

Observation/Recommendation Para No. 7

1.5. The Committee had recommended as under:-

'The Committee, while examining Demands for Grants 2020-21 found that in the FY 2018-19, under Modernisation (Capital Acquisition) Head, Army had sought additional allocation of Rs. 16,293.19 crore in first and Rs. 13,400.08 crore in second and third supplementary stages for meeting expenditure on account of Committed Liabilities for HAL projects; cash outgo for Apache; vehicles being procured ex-trade by Master General Ordnance; emergency power procurement and critical 10(i) and Committed Liabilities of existing contractual terms and liabilities. However, the Ministry did not receive any additional allocations at the supplementary stages. In FY 2019-20, Army had sought additional allocation of Rs. 13,978.42 crore in first supplementary stage and Rs. 8,118.00 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on account of payments to HAL; Foreign Committed Liabilities, DPSUs; Brahmos; private vendors, critical vehicles, etc. However, the Ministry did not receive any additional allocations in the first supplementary and second supplementary stage as it is yet to be approved by the Parliament. The Committee also find that in financial year 2019-20, Rs. 15,798.70 crore had already been spent as on 31.12.2019 for Capital acquisition. In this connection, the Committee recommend that the allocation of Rs. 8,118.00 crore under modernization shall be considered for approval, otherwise, some of the important

projects would be derailed consequently augmenting carry over liabilities to 2020-21 summing up to the financial constraints of Army. Moreover, deferred payments may invite legal implications. To obviate such a situation of truncated finances, the Committee recommend that Army may be given additional funds at the supplementary grants stage so that the capital acquisitions are not hampered. With regard to modernization, the Committee further recommend that due emphasis shall be given to induction of robotics and laser technologies in Army and requisite funds be channelized towards this.'

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

'The recommendation of the Committee has been noted and action will be taken that requirements under Capital Acquisition of the Army do not suffer due to want to funds. Based on progress of expenditure, additional funds will be sought from Ministry of Finance at appropriate stage. It may also be added that in BE 2020-21, an amount of Rs. 26,068.61 crore (i.e. an increase of Rs. 3067.98 crore over BE 2019-20) has been allocated in Capital Acquisition (Modernization) Head of Army.'

Comments of the Committee

1.7 In the original report, the Committee had recommended considering approval of an additional allocation of Rs. 8,118.00 crore, the amount sought by Army in second supplementary stage under modernization head, which, otherwise could lead to derailment of some of the important projects and augmentation of carry over liabilities to 2020-21. However, the reply of the Ministry of Defence is silent on the status of the demand except an increase of Rs. 3067.98 crore in BE 2020-21 over BE 2019-20. The Committee, while taking note of the increase of funds reiterate their recommendation that necessary funds shall be given to Army for modernization procurements and to avoid any delay or postponement of the payment.

The recommendation of the Committee had also stated that due emphasis shall be given to induction of robotics and laser technologies in Army and requisite funds be channelized towards this. However, the reply of the Ministry is silent on this aspect. The Committee desire that in further action taken statements, detailed reply on this aspect shall also be furnished to them.

B. Indigenisation

Observation/Recommendation Para Nos. 8&9

1.8. The Committee had recommended as under:-

'The Ministry of Defence informed the Committee that during the year 2018-19 and current year 2019-20 (upto 31.12.2019), out of the total 22 contracts signed, 12 contracts were signed with the Indian vendors for capital procurement of defence equipment such as bullet proof jackets, electronic fuses, Light Strike Vehicles, FAT, EW System, TI Sights, Bridges for Indian Army. The expenditure on Capital acquisitions for Army during 2018-19 and 2019-20, on indigenous contracts was Rs. 16,896.59 crore and Rs. 8,366.63 crore (upto December,2019) respectively. The Committee note that after completion of three quarters of 2019-20, only Rs. 8,366.63 crore had been spent on indigenous procurement which is only about half of the FY 2018-19.

Further, with regard to indigenization, the Committee wished to be updated on whether any funds are dedicated exclusively for acquisition from indigenous sources. The Ministry of Defence apprised the Committee that no separate funds have been dedicated for acquisition from indigenous or foreign sources. The Committee, recommend that the Ministry of Defence shall explore possibilities of earmarking some percentage of funds while allocating annual funds for acquisition from Indian sources. This would complement the indigenization efforts. Obviously, while doing so national security should be held paramount as such efforts would lead to self-sufficiency in the long run.'

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

'The expenditure on capital acquisition for the Army on indigenous procurement was Rs.8366.63 crore till 31.12.2019. The total expenditure for capital acquisitions through indigenous sources for the financial year 2019-20 was Rs. 18956 crore.The recommendation of the Committee has been noted. It is further added that a proposal is under consideration of this Ministry for earmarking certain amount for procurement through Indian / Domestic sources.'

Comments of the Committee

1.10 The Committee had noted that a sum of Rs. 8,366.63 crore was spent for procurement from indigenous sources till 31.12.2019. In the Action Taken Replies, the Ministry of Defence has informed that total expenditure for capital acquisitions through indigenous sources for the financial year 2019-20 was Rs. 18,956 crore. The Committee observe that more than 50 percent of

expenditure on indigenous procurement was made in last quarter of FY 2019-20. In this regard, the Committee recommend that instead of last moment decisions regarding indigenous procurements, it may be planned and executed more methodically and proactively.

The other recommendation of the Committee was to explore possibilities of earmarking some percentage of funds for acquisition from Indian sources, indisputably keeping national security in forefront. The Ministry of Defence has apprised that a proposal is under consideration of this Ministry for earmarking certain amount for procurement through Indian / domestic sources. The Committee opine that such an effort would certainly buttress the idea of indigenization and self reliance. Ministry of Defence may accordingly apprise the Committee about further developments made in this regard while furnishing the Action Taken Statements.

C. Manpower

Observation/Recommendation Para No. 13:

1.11. The Committee had recommended as under:-

'With regard to the status of manpower, the Committee found that as against authorised strength of 50,312 officers and 12,23,381 JCOs/OR of Indian Army there is held strength of 42,913 officers and 11,85,146 JCOs/ORs as on 01 January, 2019. Further, it was brought to the knowledge of the Committee that in order to meet this deficiency, a proposal to enhance the intake through Short Service Commission by making it more attractive is at an advanced stage of consideration at the Tri Service level. Besides, a total of 88,207 vacancies of JCOs and ORs have been released for recruitment during the recruiting year 2019-20. The recruitment is currently under progress. As on date, a total of 58,836 recruits are under training. Hence the existing deficiency in Junior Commissioned Officers/Other Ranks will automatically get made up on passing out of the recruits, post completion of training. The Committee believe that the cumulative effect of the above stated measures would expedite the process so that the gap is bridged at a faster rate.'

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

'The Manpower in the Army is as follows:

Army	Officers	Junior Officers/Other Ranks (as on 1.10.2019)	Commissioned Ranks (as on 1.10.2019)
Authorized Strength	50312 (as on 1.1.2019)	1208028	
Held Strength	42928 (as on 1.1.2020)	1173404	
Deficiency (approx. in %)	14	2.87	

The shortage in Officers cadre is due to reduced intake in the Short Service and in-Service Cadre. Efforts are being made to mitigate this deficiency. A proposal to make Short Service Commission entries attractive is under consideration at the Tri-service level. With regard to In-Service entries, a proposal for restructuring of the Permanent Commission(Special List) Cadre is also under consideration. Further, Young Leaders Training Wing has been established at Officers Training Academy, Chennai with effect from September, 2019 to groom prospective service candidates for selection through service entries viz. Army Cadet College (ACC) Special Commission Officers (SCO) and Permanent Commission (Special List). It is expected to bridge the gap at a faster rate based on the collective efforts mentioned above.

As far as the deficiency in JCOs/OR are concerned, it is nominal and the same will be mitigated by passing out of recruits under training and through the ongoing recruitment process.'

Comments of the Committee

13. Taking into account the reply of Ministry of Defence, the Committee at this stage can only express their concern over reduced intake in Short Service Commission. A deficiency of 14 per cent in the sanctioned strength of Officers rank is not a figure to be overlooked. However, at the same time, the Committee also take note of the numerous efforts such as making SSC entries attractive, restricting of Permanent Commission (Special List), etc. being put in place by the Ministry of Defence to alleviate the shortfall. They are hopeful that these measures will be fruitful in attracting young talent and fulfilling the requirement

of Army. Progress made, in this connection, may be brought to the knowledge of the Committee in further Action Taken statements.

D. Budget for Modernization

Observation/Recommendation Para No. 21:

1.14. The Committee had recommended as under:-

'The Committee found in FY 2019-20, an amount of Rs.36,409.89 crore at BE stage and Rs. 41,799.89 crore at RE stage were allocated to Air Force under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes) and against these allocations, an expenditure of Rs. 35,027.06 crore has been incurred in FY 2019-20 upto December, 2019. The funds have been expended on the projects for procurement of Five firing units of S-400 Long Range Surface to Air Missile (LRSAM) system, Supply of 70mm Rockets for ALH(WSI), Procurement of Two Explosive Decompression Chamber and Rapid Recompression Chamber, Seven Sqns of Akash Missile Systems, Precision Approach Radar (PAR), and CBRP Schemes (22+49=71 Schemes). Air Force had sought additional allocation of Rs. 40,002.87 crore in first supplementary and Rs. 27,580.63 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on Committed Liabilities, outstanding dues against DPSUs/ PSUs, etc. However, the Ministry did not receive any additional allocations in the first supplementary and second supplementary is yet to be approved by the Parliament. The Committee were informed that there are planned acquisitions for the year which include various critical assets and platforms.'

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

'Allocation of Air Force under Capital Acquisition (Modernization) was increased by Rs. 5,390 crore in RE 2019-20 (Rs. 41,799.89 crore) from BE 2019-20 allocation of Rs. 36,409.89 crore. It is further added that Air Force's allocation for modernization was highest (46.53 %) among all the Services under Capital Acquisition allocation in RE 2019-20. Based on allocations received from Ministry of Finance in BE 2020-21 under Capital Head, an amount of Rs. 39,030.91 crore (an increase of Rs. 2,261.02 crore over BE 2019-20) has been allocated under Capital Acquisition Head to Air Force. Depending upon progress of activities/projects during the course of the year additional fund will be sought at appropriate stage(s) from Ministry of Finance. All out efforts will be made to ensure that critical requirements of the Air Force are fully met. Based on fund availability activities are prioritized without affecting operational preparedness of the Air Force.'

Comments of the Committee

1.16 In the Financial Year 2019-20, Air Force had sought an additional allocation of Rs. 40,002.87 crore in first supplementary and Rs. 27,580.63 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on Committed Liabilities, outstanding dues against DPSUs/ PSUs, etc. The Ministry of Defence vide Action Taken Replies has informed that allocation to Air Force under Capital Acquisition (Modernization) was increased by Rs. 5,390 Crore in RE 2019-20 (Rs. 41,799.89 Crore) from BE 2019-20 allocation of Rs. 36,409.89 Crore. The Committee observe that Rs. 5,390 Crore is even less than 20 per cent of Rs. 27,580.63 crore which was solicited at second supplementary stage. In view of the facts stated here, the Committee reiterate their earlier position that many critical assets and platforms planned for acquisition by Air Force require adequate budgetary support to be provided in future allocations to avoid any embarrassment/unease in time of war.

E. Force Level

Observation/Recommendation Para No. 31

1.17. The Committee had recommended as under:-

‘During course of examination on Demands for Grants, the Committee find that Induction and de-induction of air assets and vessels in Navy are a continuous process. A large number of platforms of Navy is under construction at various shipyards. The Committee desire that various acquisitions/procurements are processed within stipulated timeframe and persistent cost and time overruns are prevented. Steps taken in this direction are brought to the knowledge of the Committee.’

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

‘Steps taken to prevent cost and time overruns in respect of shipbuilding cases are as follows:

- (a) All projects are now “fixed cost” projects. Variable cost option is available only where cost of equipment is uncertain.
- (b) Construction of follow on ship is now based on same design to reduce build time.
- (c) Provision for nomination of equipment for follow-on Ships incorporated to reduce procurement time.
- (d) Timely reviews of project by way of Working Level Meetings (WLMs), PDND & DGND reviews, Pre-CPRMs & CPRMs are being carried out.
- (e) In addition, reviews by an Apex Steering Committee under the chairmanship of Secretary (DP) as notified by MoD are also being carried out.
- (f) Integrated Modular Construction for new projects and shift from Telescopic Design to Frozen Design.
- (g) Capacity Building through Modernization of Yards.
Enterprise Resource Planning through Information Technology management tools.
Liquidated Damages (LD) are levied on shipyard for delay attributable to them.’

Comments of the Committee

19. Gleaning through the reply of Ministry of Defence, the Committee have learnt about various measures being undertaken to streamline Naval procurements and eliminate repeated delays which had become a regular element of all projects. Such delays verily lead to time and cost overruns which adversely impact not only public funds but also lead to compromised national security scenario. The Committee desire that the measures enumerated in replies of Ministry would be productive in curbing delays and ensuring efficiency in manufacturing processes and delivering quality products to Navy.

CHAPTER II

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

Recommendation (Para Nos. 1-2)

The Committee find that the total budgetary projection of Army in BE 2020-21 including both Capital and Revenue parts, was Rs. 2,15,601.88crore against which an allocation of Rs. 1,78,248.26 crore has been made. This amounts to a shortfall of Rs. 37,353.62 crore. The allocation to Army in RE 2019-20 was Rs. 1,72,440.73crore. So, there is an increase of Rs. 5,807.53 crore in BE 2020-21 when compared to RE 2019-20. With regard to the gap between projection and allocation, the representatives of Ministry of Defence candidly admitted that gap between projections and allocations had been a common feature across all Departments. Nevertheless, the Ministry of Defence has undertaken a number of measures to bridge the gap. There are certain domains where money is not spent, so some of the schemes roll over to the next financial year and accordingly, Army prioritizes their scheme and expenditure. However, the Committee were assured that Army maintain an all-time operational efficiency to undertake any mission or challenge coming their way. An analysis of Revenue and Capital budget is specified in succeeding paras.

The Committee also find that the Budgetary projection of Army under Revenue Head, for 2020-21 was Rs. 1,65,228.28crore and the allocation Rs. 1,45,785.88 crore, hence, a shortfall of Rs. 19,442.40 crore is registered. The allocation in 2020-21 is slightly higher than RE 2019-20 allocation of Rs. 1,42,773.83 crore. The Committee were given to understand that the allocation are made as per ceilings conveyed by Ministry of Finance and budgeting constraints. The Committee observe that the budget shall cater to the requirements of inflation, tariff payments and Goods and Services Tax which are consequential charges implied by Governmental decree. The Revenue Budget comprises of two segments, Pay and Allowances and Non-salary. Under the Pay and Allowances head projection was Rs. 1,15,976crore and allocation, Rs. 1,12,525 crore. The Committee express their concern over shortfall of Rs. 3, 451 crore in Pay and Allowances Head as it is a mandatory outgo. The representatives of Ministry of Defence submitted that Pay and Allowances being First Charge, the Shortfall will be met at RE stage. The Committee comprehend that Pay and Allowances is an unqualified estimation therefore, budget under this Head shall be unqualified. Although, the deficit in not of conspicuous magnitude, yet the implication could be on other expenses in RE stage. The Committee, therefore, recommend that the at RE stage budget for Pay and Allowances shall be exclusive and should not affect any other sub-Head of Revenue Budget.

Reply of the Government

Budget requirements of the Ministry for Revised Estimates of current financial year and .wise to Ministry of Finance Head-ial year are projected MinorBudget Estimates for next financ Salary -Ministry of Finance allocates funds separately for Salary and Non ,Under Revenue Head

funds are allocated among various ,Based on ceilings received from Ministry of Finance .heads Heads without breaching ceilings received from Ministry of Finance under Salary and Minor As recommended by the Committee efforts will be made to ensure that .Salary heads-onN .s requirement under Salary head are fully met'Army

Recommendation (Para Nos. 3-4)

The Non-salary Revenue projection of Army in BE 2020-21 was to the tune of Rs. 50,603 crore whereas the allocation, Rs. 35,189 crore, hence accounting to a shortfall of Rs. 15,414 crore. The Non-salary Revenue budget fosters requirement of store, maintaining war reserves, works, transportation, ex-servicemen contributory health scheme and miscellaneous grants. The Committee were apprised that the shortfall has been distributed based on prioritization and critical requirements under various Heads and additional funds will be required at RE stage. The Committee observe that the impact of shortfall under this Head would be on stores, training and routine sustenance and maintenance of equipment and infrastructure which are critical components of operational preparedness of Army.

In continuation of the observations made in above paras on Revenue Budget, the Committee find that during the previous years, Army had been able to completely exhaust their funds under Revenue Head. In 2017-18, Army had spent an amount of Rs. 1,27,507.48crore against the RE allocation of Rs. 1,21,451.80 crore. Again in 2018-19, the final expenditure of Rs. 1,34,241crore surpassed the RE allocation of Rs. 1,29,812.34 crore. While keeping in view the expenditure pattern of Army in respect of Revenue budget over the past financial years and the enormous mandate at the hands of Army, the Committee urge upon and recommend that Ministry of Defence shall consider providing adequate funds to them in Revised Estimates of 2020-21 at least.

Reply of the Government

The recommendation of the Committee has been noted and it may be stated that Based on progress .critical requirements of the Army do not suffer due to want of funds t appropriate additional funds will be sought from Ministry of Finance a ,of expenditure and suitable amount of funds will be provided to Army under Revenue head at (s)stage .RE stage based on allocation received from MoF

Recommendation (Para No. 5)

The projection in Capital budget of Army for 2020-21 was Rs. 50,279 crore while the allocation, Rs. 32,436 crore, leading to a deficit of Rs. 17,843 crore. The Capital budget comprises of two components, Capital acquisition and infrastructure. In case of Capital budget, there is an increase of 10 per cent over the BE of previous year. The budget for Capital acquisition includes modernization against which an amount of Rs. 15,959 crore have been earmarked. Also, Rs. 4,405 crore had been dedicated for emergent procurements and Rs.

5,705 crore for inservice replacements/upgrades by ordnance factories. The Committee are happy to note that capital acquisition and modernization needs of Army have been given the necessary allocation. However, the impact of shortfall of Capital budget, as revealed to the Committee would include deferment of committed liabilities of DPSUs, hampering new schemes for modernization, major repairs, and non- servicing of Committed liabilities for construction works. On gleaning through the documents submitted by Ministry, the Committee explored the spending pattern of Army during the past financial years and found it to be satisfactory. In 2017-18, RE allocation was Rs. 26,815.71 crore and expenditure, Rs. 27,438.66 crore. The RE allocation in the FY 2018-19 was Rs. 26,815.71 crore and expenditure, Rs. 27,438.66 crore. The Committee opine that the modernization thrust in Army shall not only be limited to equipment and arms and ammunition, but due impetus shall also be given to upgradation of basic amenities and infrastructure. Accordingly, they recommend that Ministry of Defence shall channelize necessary fund towards Capital expenditure and provide adequate funding at RE stage.

Reply of the Government

The recommendation of the Committee has been noted for compliance and it is based on the fact that the Army does not suffer due to want of funds assured that critical requirements of additional funds will be sought from Ministry of Finance at the RE stage, on progress of expenditure.

It is added that this Ministry proposes projections made by the Army under the Budget to Ministry of Finance for favourable consideration. Revenue and Capital Budget (Salary-Salary and Non) Ministry of Finance conveys ceilings separately for Revenue and Capital. The procedure followed is based on which funds are allocated to the Army, and Capital Committed, projections made by the Army, of expenditure for allocation involves trend. Liabilities to be fulfilled etc.

Recommendation (Para No. 6)

From the examination of Demands for Grants of Ministry of Defence, the Committee take note of the fact that the Revenue to Capital ratio Army has been inclining towards the Revenue side cumulatively. In the present FY it is 83:17. During deliberations on Demands for Grants, the Committee were apprised that the ideal ratio between Revenue and Capital budget is 60:40 which is also a guideline. However, further, it was added by the representatives of Army that owing to unsettled borders and constrained internal security environment in Jammu and Kashmir and also in the North-Eastern parts of India, boots on the ground are quintessence and therefore a large standing army is inevitable. This is one of the causes that the ratio at the moment is more biased towards Revenue expenditure than Capital acquisitions. Nevertheless, it was also brought to the knowledge of the Committee that Army is leveraging technology and also adopting other measures in respect to better efficiency in spending where revenue expenditure could be reduced. The Committee acknowledge the kind of tasks to be performed

by Army at this juncture. However, they desire that consistent efforts are made towards optimum utilization of budget for Capital acquisition and modernization of infrastructure in Army which shall be reflected in budget pattern during coming years.

Reply of the Government

The higher ratio in the revenue expenditure is mainly attributable to the fact that Army is manpower intensive with a large portion of its expenditure is devoted to Salaries. This skews the revenue-capital ratio in favour of revenue expenditure in overall sense for Army.

In RE 2019-20, Rs. 29,666.90 Crore has been allocated to Army under Capital Head (i.e. an increase of Rs. 155.65 Crore over BE 2019-20). Further, under Capital Acquisition (Modernization) Head, an amount of Rs.23,517.31 Crore (i.e. an increase of Rs. 516.68 Crore over BE 2019-20) has been allocated to Army in RE 2019-20. In the current financial year, an amount of Rs. 32,462.38 Crore has been allocated in BE to Army under Capital Head (i.e. an increase of Rs. 2,951.13 Crore over BE 2019-20). Whereas under Capital Acquisition (Modernization) Head, an amount of Rs.26,068.61 Crore (i.e. an increase of Rs. 3067.98 Crore over BE 2019-20) has been allocated to Army in BE 2020-21.

Necessary instructions are issued from time to time for adherence to financial it is ,Further .wasteful expenditure/erutilization of fundspropriety and avoidance of und added that all efforts will be made to ensure optimum utilization of the available .resources

Recommendation (Para No. 10)

The Committee wished to be apprised whether the Ministry of Defence had evaluated the cost of production, quality of products and technological advancement of products procured by Army through Ordnance Factories. The Committee came to know that Ordnance Factories are also involved in manufacturing of caps, socks, belts, badges, shoes etc. They learn that a major portion of Army's budget is consumed in procurement from Ordnance Factories Board. In this respect, the Committee were intimated that presently the Ministry have stated identifying and categorising the things to be procured from Ordnance Factories as core and non-core items. The services have to procure core items from OFB. For non-core items, the services do not have to mandatorily go to OFB. Regarding cost, the representatives of Ministry admitted to having costing issues and assured the Committee that the aspect is being looked into. For the purpose a committee under the Principal Advisor (Cost) have been set up to look for the best methodology of costing OFB products and trying to make them more competitive. The Committee duly acknowledge that OFB was set up with a particular mandate and created a lot of infrastructure to meet strategic requirements. Therefore, they need minimum orders to keep sustaining. However, the Committee, at the same time, urge upon the Government to assess the cost that Army has to bear due to excesses of products procured through OFB. The

Committee recommend that essential steps are taken in this direction so that Army is able to utilize its share of funds more efficiently in competitive milieu.

Reply of the Government

Ordnance Factories are dedicated for manufacture of a large variety of products, i.e. Arms, Ammunitions, Armoured Vehicles, Artillery Guns and various Equipment for Defence Forces as well as Ministry of Home Affairs. Defence production being highly specialized and complex, hence poses unique challenges. The defence products and equipment must be reliable, consistent and operational under varying and extreme conditions of terrain and climate. A very wide spectrum of engineering, metallurgy, chemical, textile, leather and optical technologies have been created in ordnance factories with the primary objective of self – reliance.

As per pricing policy, OFB only recovers of cost of manufacture from Indian Army. There is no charging of profit/ additional charges over the actual cost of production for supplies to Indian Armed Forces. The price increases in OFB’s products have been less than the prevailing inflation in the country.

OFB prices are competitive and high indigenous content is bringing down its prices further. An extract of comparison of products indigenized by OFB vis-à-vis imported prices (as gathered from various sources against past procurement) may be seen below for appreciation:

(Prices are in Rs.)

Product	Imported price	OFB’s Price
T-90 Tank Engine	160 Lakhs	105 Lakhs
84 mm HEAT 551	17500 SEK (1.5 Lakhs in Rs.)	92,000
Bi-modular Charge Systems (BMCS)	230 Euro (18,000 in Rs.)	12,000

As regard to items like caps, socks, shoes, etc, it is intimated that five factories in the Ordnance Equipment Factories (OEF) group are engaged in manufacture of uniforms, tents, parachutes and other general stores for Indian Armed Forces. Some of these items have now been declared Non-Core. Army is free to source these items from other sources through competitive bidding where OFB can also participate. Production lines for items like socks have been discontinued. Productions of the remaining items are undertaken based on orders/indents from Armed Forces as well as other customers. Productions of parachutes are continuing.

Further, as a part of the 'Atmanirbhar Bharat' economic package, on 16.05.2020, Hon'ble Finance Minister announced that Corporatisation of Ordnance Factory Board would be under taken to improve autonomy, accountability and efficiency in Ordnance Supplies.

Recommendation (Para No. 11)

The Committee found that the Ministry of Defence stated that the acquisition of Weapon Systems and equipment for the Army flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability desired to be achieved by the Army over the 15 years duration from 2012 to 2027. The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan, covering a five year period. From the Services Capital Acquisition Plan (SCAP), a list of equipment and weapon systems required to be procured immediately is approved in the form of the Annual Acquisition Plan (AAP). The AAP is a 2 year roll on plan. During the 12th Plan period 106 contracts with a total value of Rs. 53,273.51 crore have been signed for Capital Acquisition of the equipment critical for Indian Army. During the 13th plan (2017-18, 2018-19 & 2019-20 up to 31.12.2019), 47 contracts with an approximate total value of Rs. 62,280.12 crore have been signed for Capital Acquisition of the equipment critical for Indian Army not mentioned in the Report. The Committee recommend that a regular monitoring of the progress of procurement cases is done at the highest level so as to ensure that the Armed Forces are equipped to meet the entire spectrum of security challenges.

Reply of the Government

Capital Acquisition cases of the Armed Forces are regularly reviewed and monitored at the working level of the Services and Acquisition Wing of Ministry of Defence and at the highest level in the meetings of Defence Procurement Board (DPB) (Chaired by Defence Secretary) and Defence Acquisition Council (DAC) (Chaired by Raksha Mantri).

Recommendation (Para No. 12)

During the course of examination of Demands for Grants, the Committee expressed concern over availability of clothing, and snow goggles for troops of Army in Northern and Eastern sectors. The Ministry of Defence assured the Committee that the necessary items are adequately provided with. Contracts are annually signed for procurement of clothing etc. In this respect, the Committee recommend that a proper mechanism should be developed to publicize the accurate information so that any miscommunication in public domain is promptly rebutted.

Reply of the Government

Structured mechanism in the form of Additional Directorate General Public Information (ADG PI) exists at the Army Headquarters. Prompt rebuttals are put up through ADG PI as required.

Recommendation (Para No. 14)

On the issue of manpower, the Committee opine that optimization of manpower in Army shall be considered in Ministry of Defence. During, evidence, the Committee were apprised that proposal for induction of officers and JCOs for a fixed period (10-15) years and thereafter releasing them with a lump sum amount along with certification is well under consideration. The Committee endorse the proposal as this would also help keep Army young. However, the Ministry of Defence shall also contemplate upon endowing post-release avenues of employment so that the individual can take up a second round of career in accordance with the skill acquired during tenure in Army. Any efforts made in this direction may be brought to the knowledge of the Committee.

Reply of the Government

A proposal to make Short Service Commission attractive is under consideration. Presently, the Army Welfare Placement Organization (AWPO) facilitates job opportunities with Corporate/Industry for Ex-servicemen.

Recommendation (Para No 15)

The committee desired to be apprised about the measures being taken to protect out troops from spread of corona virus. In this regard, they were assured by the representatives of Ministry of Defence that all necessary precautions to safeguard our troops from the virus is being taken. Since, the virus can spread in animals also, all the meat products for supply to soldiers are properly examined. Army is also in regular contact with Ministry of Health and Family Welfare and all the instructions are being stringently followed. Further, the committee were informed that even for civilians, Army had arranged camps at some places including Manesar, Jaisalmer, Pune etc. For monitoring those who had come back from China. The Committee appreciate the efforts made by Army in this direction and desire that the same are continued as per developments. They would also like to be apprised of favourable and unfavourable developments that take place subsequently after augmenting all the measures as brought out in this paragraph.

Reply to the Government

The Ministry of Defence, through the three Services, has been constantly carrying out activities for fight against COVID-19 pandemic. In addition to protection of own troops and personnel against the COVID-19, the Ministry is also providing assistance to civil authorities for treatment of patients and containment of spread of COVID-19. The details of various actions being undertaken by the Ministry of Defence in fight against COVID-19 pandemic are as under:

I. Measures taken to protect personnel of the Armed Forces from Corona

Virus:

- (a) Indian Army has strived to remain ahead of the curve in terms of enforcing precautions/ guidelines to prevent spread of COVID-19 amongst its ranks with an ultimate aim of 'Force Preservation'. Social distancing measures have been enforced at all levels. Major activities which required assembly of a large number of persons were cancelled/ suspended viz War-games, Conference, Seminars, Collective Training activities, Duties, Courses w.e.f. 25.03.2020.
- (b) Attendance in offices was restricted to only operationally implement sections and desks dealing with COVID with bare minimum strength both at the Head Quarters and also in various military establishments. However, the operation and security tasks along with personnel employed in provision of essential services were continued with requisite strength.
- (c) With regard to medical protocol, measures have been instituted for strict quarantine procedures and as well contact tracing. Use of masks, maintaining minimum 1-2 meter distance, provision of essential support at door steps etc in addition to other precautions were also implemented stringently.
- (d) A gradual opening up of activities cancelled/ suspended is now under implementation. However, all non-essential activities continue to remain suspended. Even the activities being permitted have been allowed to be carried out post implementation of COVID precautions.

II. Quarantine Camps/Treatment Facilities :

- (a) Quarantine facilities at 21 locations for 7000 evacuees was prepared. A total of approx 3000 Indian evacuees from China, Italy, Malaysia, deportees from Middle East countries have been quarantined at Maneasar (Gurgaon),

Jaisalmer, Jodhpur, Mumbai, Hindon (Ghaziabad), Chennai, Bhopal, Hyderabad and Kochi till date. On request of MEA to cater for deportees from Malaysia, the facilities at Bhatinda and Avadi have been kept earmarked for 108 and 47 deportees respectively. They are expected quarantine in the near future.

- (b) In addition to above, 19 COVID hospital and 31 mixed hospitals have been nominated as dedicated COVID hospitals for national COVID pool, catering to approx 10000 patients. So a, approx 500 patients including 40 civilian have been handled and approx 150 have been discharged post recovery.
- (c) Armed Forces have also activated COVID testing labs at 11 locations viz Udhampur, New Delhi (2 facilities), Lucknow, Kolkata, Pune (2 facilities), Bangalore, Mumbai, Chandimandir and Gorakhpur. Till date, approximately 1,28,300 tests have been carried out.

III. IAF has been assisting the civil administration, for transshipment of essential medical load. Till date, 560 sorties (728 flying hours) carrying 798 Tonnes of Load for COVID related items and personnel have been carried out by the IAF.

IV IN ships have assisted in evacuation of approx 3100 Indian nationals from Maldives, Sri Lanka & Iran, also provided assistance in ferrying of 660T food grains, medicines and medical teams to various nations in the IOR.

(V) International Outreach- As part of International outreach, following activities have been undertaken:

- a. 14 member medical team (5 doctors, 2 nursing officers, 7 paramedics) deployed at Maldives from 13-21 March 2020, 602 T medicines also provided.
- b. 12T of medicines to Wuhan, China.
- c. Medicine to Nepal worth Rs 11.4 Lakhs.
- d. 4T of medicines delivered to Bhutan.
- e. Medical team (8 doctors, 7 paramedics) for capacity building to Kuwait.
- f. 14-member IN medical team deployed at Mauritius for assistance in COVID-19 from 23.05.2020 to 11.06.2020.
- g. 12-member IN medical team deployed at Comoros from 31.05.2020 to 18.06.2020, 340 kgs of medical store also provided as part of Mission Sagar.

(VI) In addition to the above, the three services have carried out following activities for fight against COVID-19:

- (a) Medical team provided to MHA to run Quarantine Camp at Narela.
- (b) Naval Dockyard, Mumbai developed handheld infrared temperature sensor costing Rs 1000/-
- (c) Continuous Positive Pressure Airway (CPPA) ventilator proto type devised by INHS Sanjivini at Kochi.
- (d) Three Covid Care Centre on wheel are being established at Shakurbasti, Anand Vihar and Delhi Cantt (Ulan Batar Road). Presently 12 medical personnel are deployed at Shakurbasti facilities.

Recommendation (Para No. 16)

In course of examination of Demands for Grants, during deliberations, the Committee desired that Army shall endeavor to organize exhibitions for Members of Parliament and general public in various constituencies with an aim to increase interest and awareness about the Force. In this connection, the representatives of Army intimated that the Hon'ble Members of Parliament and Legislative Assemblies do organize a fete 'Know your Army' in their respective Parliamentary constituencies, where a display of equipments and other capabilities is arranged. The Committee desire that Army increasingly boost such programmes with involvement of political representatives of the area including Hon'ble Members of Parliament and Legislative Assemblies so that a better connect with public at large is established and optimum outcome of such activities is generated.

Reply of the Government

'Army Melas' are organized, which are essentially meant for youth of the Nation and the general public by formations as part of activities during celebration of National Days such as Independence Day, Republic Day, etc. The Army Melas aim to show-case the capability of our Armed Forces, instill a sense of pride in populace of the Armed Forces and attract youth/talent towards joining the Armed Forces. Planning of these events is undertaken in deliberate manner by the formations, to include selection of location, availability of equipment for display, date of conduct of events and other administrative issues, based on various operational and administrative commitments. The invitation list is prepared by the Local Military Authority based on the protocol/guidelines, and the level at which the event is being planned.

Recommendation (Para No. 17-18)

The Committee learn that the Budgetary projection of Air Force for BE 2020-21 including both Revenue and Capital Head was Rs. 1,10,111.46 crore and the allocation actually provided is Rs. 73,244.57 crore. This amounts to a shortfall of Rs. 36,866.89 crore. In this regard, the Committee were informed that the allocations are as per ceilings conveyed by Ministry of Finance.

The projection in case of Revenue Budget of Air Force in BE 2020-21 was Rs. 43,904.17 crore and allocation Rs. 29,962.66 crore. The Revenue Budget include salary and non-salary components. A shortfall by a magnitude of Rs. 13942.51 crore is conspicuous with respect to the sustenance and maintenance, training, 10(i) procurements, etc. Any compromises also has a cascading effect on the operational preparedness. Time and again, humanitarian assistance task is also bestowed upon Air Force thereby increasing the fuel and other maintenance cost of air assets. In light of all this, the Committee urge upon and recommend the Government to consider provision of adequate funding under Revenue Head to Indian Air Force as the national security is paramount.

Reply of the Government

The recommendation of the Committee has been noted and action shall be taken that all efforts will be made to provide additional funds to the Air Force under Revenue Head at .Revised Estimate stage /Supplementary

it may be stated that the allocated funds are optimally and fully utilised ,Further prioritized to -the schemes are re ,if required ,However .towards operational activities to ensure that urgent and critical capabilities are acquired without any compromise .operational preparedness of the Air Force

Recommendation (Para No. 19)

The projection in case of Capital Budget of Air Force in BE 2020-21 was Rs. 66,207.29 crore and allocation Rs. 43,281.91 crore. There is a shortfall of Rs. 22,926.38 crore. The acquisitions planned by Air Force for the year 2020-21 include Transport Aircraft and associated critical Equipment as a replacement of Avro aircraft, MAFI Phase-II, Upgrade of UAV Systems, Project 'Cheetah', Digitisation of Pechora, LCA, LCH (LSP), Avionics Upgrade of IL-76, IL-78 and AWACS&Reengining of IL-78 Aircraft, Harop (P-IV), Addl AWACS (IL-76), Procurement of CQB Carbines and SPS for Wide Bodied Corporate Jets. The Committee note that a demand-

supply deficit of funds by almost one-third of the quantum would certainly hamper the pace of planned acquisitions. The Committee wish that the critical capabilities are not overlooked and Air Force consistently advances on the path of modernization trajectory. The Committee specifically recommend for giving impetus to induction of Unmanned Aerial Vehicles (UAVs) and drones in Indian Air Force. The Government shall assure influx of essential funds towards this objective.

Reply of the Government

.of Rs an increase .e.i)Crore 43,281.91 .an amount of Rs ,21-2020In BE
.has been allocated under Capital Head to Air Force (20-2019Crore over BE 3,934.72
of entire Capital budget of Defence %38.06share of Air Force is ,In the Capital head
.Services

e to provide the Committee may be assured that all efforts will be mad ,Further
Revised /additional funds to the Air Force under Capital Head at Supplementary
prioritized to ensure that -the schemes will be re ,if required ,However .Estimate stage
ational urgent and critical capabilities are acquired without any compromise to oper
.preparedness of the Air Force

Recommendation (Para No. 20)

In course of examination of Demands for Grants 2020-21 of the Ministry of Defence, the Committee observed that there had been a steady rise in share of Revenue budget of Air Force in comparison to the Capital budget of Air Force. In the FY 2014-15, the share was 8.95 per cent which hiked to 9.70 per cent in the year 2019-20. Whereas, the Capital budget share was 23.67 per cent in 2014-15 which came down to 22.59 per cent in 2019-20. The Committee observe that Air Force is primarily a capital intensive Service, therefore, a consistent tilt towards Revenue budget merits attention. Regular infusion of fighter squadrons and trainer aircraft as well as their upkeep is a pre-requisite of any accomplished Air Force. The Ministry of Defence shall contemplate upon the issue and find out ways of making Air Force Revenue budget more prudent through leveraging technology.

Reply of the Government

ir Force are Capital Army is a manpower intensive force whereas Navy and A
Intensive forces and the same is being reflected in the distribution of funds in the

Any increase in capital .Revenue and Capital Segment of the respective Services s capital 'eSince Air Forc .budget has corresponding impact on Revenue expenditure which is a common ,there is increase in Revenue budget as well ,budget is increasing .scenario in any Service

Recommendation (Para Nos. 22-23)

The Committee can see that the projections and allocations in respect of Navy in BE 2020-21 are Rs. 77,506.27 crore and Rs. 49,623.03 crore respectively. This amounts to a shortfall of Rs. 27,883.24 crore. The allocation in BE 2019-20 was Rs. 45,367.14 crore which was raised to Rs. 48,943.14 crore in Revised Estimates of 2019-20. Evidently, there is an increase of Rs. 4,255.89 crore when compared to BE 2019-20, which account to an approximate hike of 9 per cent. However, in relation to RE of 2019-20, there is minor addition of Rs. 679.89 crore in BE 2020-21. For Navy also, the Committee were apprised that the figures are as per ceilings conveyed by Ministry of Finance and are subject to approval of the Parliament and the allocated funds were optimally and fully utilized toward operational activities. It was ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Indian Navy. The Naval budget constitutes two segment, Revenue and Capital. A separate examination of both the segments is explained in succeeding paragraphs dealt hereunder.

In case of Revenue Budget the projection for BE 2020-21 was Rs. 32,237.96 crore, whereas allocation, Rs. 22,934.75 crore. Hence, amounting to a shortfall of Rs. 9,303.21 crore. While deliberating on Demands for Grants 2020-21, the Committee also looked for the past record of Naval spending and found it to be satisfactory. In case of Revenue Budget, in 2017-18, against a RE allocation of Rs. 18,878.93 crore, Navy had eventually expended Rs. 18,715.05 crore which the Committee appreciate. In the year 2018-19, against RE allocation of Rs. 20,795.04 crore, an amount of Rs. 20,856.23 crore were actually spent. On taking into account the expenditure pattern exhibited by Navy, the Committee feel that appropriate funds shall be provided to Navy under Revenue Head so that maintenance and training curriculum are not compromised as they are imperative for operational preparedness of Navy.

Reply of the Government

The recommendations of the Committee are noted and the Committee may be ly and fully utilized towards operational assured that the allocated funds are optimal additional funds will be sought from ,Based on progress of expenditure .activities the schemes will be reprioritized ,If required.(s)Ministry of Finance at appropriate stage ilities are acquired without any compromise to to ensure that urgent and critical capab .operational preparedness of the Navy

Recommendation (Para No. 24)

The Capital budget projection of Navy in BE 2020-21 was Rs. 45,268.31 crore and the allocation, Rs. 26,688.28 crore, thus, leading to a shortfall of Rs. 18,580.03 crore. The allocation is nearly only 60 per cent of the projection. In respect of Capital Budget, the Committee had noted that Naval spending in previous years were optimal. In the year 2017-18, Rs. 20,118.58 crore were expended against an allocation of Rs. 19,348.16 crore. Later in 2018-19, Rs. 20,890.87 crore were allocated and Rs. 21,509.60 crore were spent. In the current financial year i.e. 2019-20, RE allocation was Rs. 26,156.43 crore, and meanwhile Rs. 23,050.79 crore had already been spent in three quarters i.e. upto December, 2019. The Committee opine that a vibrant capital expenditure echoes technological advancement and infrastructure modernization, therefore providing a budget which is merely sixty per cent of the projected requirement is inadequate. They recommend that necessary funds commensurate to the requirements of Navy should be channelized towards its capital budget in additional/supplementary grants stage.

Reply of the Government

for .Cr 1021.79 .including Rs)Crore 26,688.28 .an amount of Rs ,21-2020In BE has been allocated under Capital Head to the Navy which is an increase of (Joint Staff The Committee may be assured that all efforts will .20-2019Crore over BE 3531.85 .Rs Based on progress of .f the available resourcesbe made to ensure optimum utilization o additional funds will be sought from .,pending committed liabilities etc ,expenditure .(s)Ministry of Finance at appropriate stage

(Recommendation No. 25)

On the issue of budgetary constraints, the Committee were apprised during oral evidence, that Ministry of Defence is initiating to explore some extra budgetary resources such as creating a renewal fund and executing certain projects through self-financing model. The Committee are happy at the initiative of exploring extra budgetary resources which they feel have been long-due. The measures taken in this direction shall be brought to the knowledge of the Committee.

Reply of the Government

ation Fund lapsable Defence Moderniz-The draft Cabinet Note for creation of Non .has been prepared and is under consideration

Recommendation (Para Nos. 26-28)

The Committee found that there is no separate allocation of funds for Committed Liabilities (CL) and New Schemes (NS). However, in FY 2019-20, amount of Rs.21,177.00 crore at BE stage and Rs. 24,226.00 crore at RE stage were allocated to Navy under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes). Further, earmarking between Capital Acquisition and New Schemes is carried out by Service Headquarters based on prioritization among the projects/schemes and the progress of contractual milestones. Against these allocations, an expenditure of Rs. 21,645.39 crore (upto December, 2019) has been incurred in FY 2019-20. Scrutiny of the facts and figures given to the Committee reveal that in FY 2019-20, Navy had sought an additional allocation of Rs. 16,494.67 crore in first supplementary and Rs. 12,926.53 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on account of P8I, MRH and other Aviation schemes; Weapon equipment/ systems, missiles, torpedoes; Emergency procurements, custom duty payments; shipping projects, submarine cases; Varsha, Seabird, marine projects including Strategic Infrastructure Projects, etc. However, the Ministry did not receive any additional allocations in the first supplementary and second supplementary is yet to be approved by the Parliament.

In this connection, the Committee find it pertinent to mention that under Modernisation (Capital Acquisition) Head, Navy had sought additional allocation of Rs. 1,850.00 crore in first supplementary, Rs. 9378.73 Crore at second Supplementary stage and Rs. 2,602.00 Crore in third supplementary in FY 2018-19 for meeting expenditure on account of requirement of 10(i)/ emergency procurement; Naval airfield integrated security system; milestone payment of Dornier and ALH for coastal security scheme; likely contract conclusion of ASW shallow water craft; outgo envisaged in various projects- Varsha, Strategic projects, Seabird, etc. However, the Ministry did not receive any additional allocations at the supplementary stages.

The Committee observe that major portion of Modernization budget of the Financial Year 2019-20 has been already been consumed till December 2019 and many important procurements of Navy are there in the pipeline. In light of the budgetary position expressed above, the Committee recommend that Government shall consider approving essential funds for capital acquisition of Navy in supplementary grants unlike 2018-19 when Ministry did not receive any additional allocations at the supplementary stages.

Reply of the Government

e Cror 3,421 .an increase of Rs .e.i)Crore 24,598 .an amount of Rs ,21-2020In BE Head to (Capital Acquisition)has been allocated under Modernizatin (20-2019over BE The Committee may be assured that all efforts will be .the Navy by Ministry of Finance f Based on progress o .made to ensure optimum utilization of the available resources additional funds will be sought from ,,pending committed liabilities etc ,expenditure .(s)Ministry of Finance at appropriate stage

Recommendation (Para No. 37-40)

The Committee note that in BE 2020-21, Rs. 5,893.10 crore was projected by Joint Staff against which an allocation of Rs. 4,461.44 crore have been made. The Committee also find that in the year 2019-20, RE allocation to Joint Staff was Rs. 4,199.13 crore, however, the Department has been able to spend Rs. 2,617.93 only crore upto December 2019. The Committee were apprised that the figures are as per ceilings conveyed by Ministry of Finance and are subject to approval of the Parliament. The Committee find it pertinent to mention that in first supplementary, Joint Staff had sought Rs. 13.40 crore under Revenue and Rs. 12.51 crore under Capital Head in the FY 2019-20. However, the Ministry did not receive any additional allocations in the first supplementary. Further, they were apprised that the allocated funds were optimally and fully utilized toward operational activities. It was ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness. The above figure of BE 2020-21 constitute overall budget to Joint Staff including both Revenue and Capital allocation.

The Committee have learnt that Revenue allocation has two components, Salary and Non-salary. The allocation under Salary head in BE 20-21 is Rs. 2,470.80 crore. In BE 2019-20, the allocation was Rs. 2,159.93 crore. There is an increase in BE 2020-21 over BE 2019-20 by 14.4 per cent. As far as Non-salary Revenue budget is concerned, it includes expenses for travels and transport, stores, disaster management, miscellaneous, etc. A detailed analysis of various sub-heads under Non-salary Revenue is given in the succeeding para.

The projection under miscellaneous expenditure was Rs. 660.94 crore while allotment is 294.00 crore. The Committee were informed during evidence that the carry forward burden from previous year is Rs. 32.14 crore. Hence, the net availability is Rs. 261.86 crore. Thus, the net shortfall is Rs. 399.08 crore. The Implications of shortfall in miscellaneous expenditure include inability to operationalisation of DSA /DCYA /AFSOD. Lower Operational readiness of ANC Ships as impact on annual refit plans, maintenance of SIGINT equipment, Impact on Administration of Training Institutes and operational units. In case of travels and transportation, the projection was Rs. 179.40 crore and allotment Rs. 88.70 crore. Also, the carry forward liability of Rs. 10.00 crore from last year leads to net availability of Rs. 78.70 crore only and hence net shortfall is Rs. 100.70 crore. The implications of shortfall in this budget is Likelihood of 'Breakdown' of Essential Services, Transport contracts (land/sea/air) likely to be violated leading to legal implications which will further lead to carry forward liabilities. In case of stores, the projection was Rs. 338.50 crore and allotment Rs. 184.00 crore. A carry forward liability of 40.00 crore leaves net availability of Rs. 144.50 crore and net shortfall of Rs. 194.50 crore.

The implications as the Committee can see would include Non-payments to M/s Indian Oil Corporation (fuelling of ANC ships), delay/denial of IT training and creation of IT infrastructure at training institutes like NDA, DSSC and CDM, denial of entitled items to cadets undergoing training at National Defence Academy, etc. Other requirement is tariff charges which accounts for 120.00 crore alone. The maintenance of vintage infrastructure of training institutes is also affected. Allocations under revenue works is only Rs. 83.53 crore against a projection of Rs. 329.01 crore. After taking into account the details enumerated above, the Committee feel that the Revenue allocation is grossly inadequate and therefore, in no uncertain words recommend that the budgetary allocations to Joint Staff under Revenue Head shall be reviewed at RE/Supplementary stage.

Reply of the Government

Core 259.14 .an increase of Rs .e.i)Core 3,439.65 .an amount of Rs ,21-2020In BE .Staff under Revenue Head .has been allocated to the Jt (20-2019over BE The Committee may be .assured that all efforts will be made to ensure optimum utilization of the available resources .RE stage /will be sought from Ministry of Finance at Supplementary additional funds ,If required

Recommendation (Para No. 41)

Total Budget allocation in Capital Budget is Rs. 958.93 crore including both capital acquisition and Land/works. In BE 2019-20, the allocation was Rs. 866.54 crore. There is an increase of around 10 per cent. The Committee desire that the allocated budget are scrupulously and prudently spent and any additional requirements shall be reviewed at RE stage.

Reply of the Government

The Committee may behat all efforts will be made to ensure optimum t assured Necessary instructions are issued from time to .utilization of the available resources time for adherence to financial propriety and avoidance of underutilization of s will be reviewed from time to time and The requirement .wasteful expenditure/funds based on progress of expenditure and likely activities to be undertaken during the additional funds will be sought from Ministry of Finance at ,if required ,urse of the yearco .(s)appropriate stage

Recommendation (Para No. 42)

CHAPTER II

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

Recommendation (Para No. 8)

The Ministry of Defence informed the Committee that during the year 2018-19 and current year 2019-20 (upto 31.12.2019), out of the total 22 contracts signed, 12 contracts were signed with the Indian vendors for capital procurement of defence equipment such as bullet proof jackets, electronic fuses, Light Strike Vehicles, FAT, EW System, TI Sights, Bridges for Indian Army. The expenditure on Capital acquisitions for Army during 2018-19 and 2019-20, on indigenous contracts was Rs. 16,896.59 crore and Rs. 8,366.63 crore (upto December,2019) respectively. The Committee note that after completion of three quarters of 2019-20, only Rs. 8,366.63 crore had been spent on indigenous procurement which is only about half of the FY 2018-19.

Reply of the Government

The expenditure on capital acquisition for the Army on indigenous procurement was Rs.8366.63 crore till 31.12.2019. The total expenditure for capital acquisitions through indigenous sources for the financial year 2019-20 was Rs. 18956 crore.

Recommendation (Para No. 9)

Further, with regard to indigenization, the Committee wished to be updated on whether any funds are dedicated exclusively for acquisition from indigenous sources. The Ministry of Defence apprised the Committee that no separate funds have been dedicated for acquisition from indigenous or foreign sources. The Committee, recommend that the Ministry of Defence shall explore possibilities of earmarking some percentage of funds while allocating annual funds for acquisition from Indian sources. This would complement the indigenization efforts. Obviously, while doing so national security should be held paramount as such efforts would lead to self-sufficiency in the long run.

Reply of the Government

The recommendation of the Committee has been noted. It is further added that a proposal is under consideration of this Ministry for earmarking certain amount for procurement through Indian / Domestic sources.

(For Comments on observations/recommendations contained in para nos. 8&9, please see para no. 1.10 of Chapter I of the Report)

Recommendation (Para No. 13)

With regard to the status of manpower, the Committee found that as against authorised strength of 50,312 officers and 12,23,381 JCOs/OR of Indian Army there is held strength of 42,913 officers and 11,85,146 JCOs/ORs as on 01 January, 2019. Further, it was brought to the knowledge of the Committee that order to meet this deficiency, a proposal to enhance the intake through Short Service Commission by making it more attractive is at an advanced stage of consideration at the Tri Service level. Besides, a total of 88,207 vacancies of JCOs and ORs have been released for recruitment during the recruiting year 2019-20. The recruitment is currently under progress. As on date, a total of 58,836 recruits are under training. Hence the existing deficiency in Junior Commissioned Officers/Other Ranks will automatically get made up on passing out of the recruits, post completion of training. The Committee believe that the cumulative effect of the above stated measures would expedite the process so that the gap is bridged at a faster rate.

Reply of the Government

The Manpower in the Army is as follows:

Army	Officers	Junior Commissioned Officers/Other Ranks (as on 1.10.2019)
Authorized Strength	50312 (as on 1.1.2019)	1208028
Held Strength	42928 (as on 1.1.2020)	1173404
Deficiency (approx. in %)	14	2.87

The shortage in Officers cadre is due to reduced intake in the Short Service and in-Service Cadre. Efforts are being made to mitigate this deficiency. A proposal to make Short Service Commission entries attractive is under consideration at the Tri-service level. With regard to In-Service entries, a proposal for restructuring of the Permanent Commission(Special List) Cadre is also under consideration. Further, Young Leaders Training Wing has been established at Officers Training Academy, Chennai with effect from September, 2019 to groom prospective service candidates for selection through service entries viz. Army Cadet College (ACC) Special Commission Officers (SCO) and Permanent Commission (Special List). It is expected to bridge the gap at a faster rate based on the collective efforts mentioned above.

As far as the deficiency in JCOs/OR are concerned, it is nominal and the same will be mitigated by passing out of recruits under training and through the ongoing recruitment process.

(For Comments, please see para no. 1.13 of Chapter I of the Report)

Recommendation (Para No. 21)

The Committee found in FY 2019-20, an amount of Rs.36,409.89 crore at BE stage and Rs. 41,799.89 crore at RE stage were allocated to Air Force under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes) and against these allocations, an expenditure of Rs. 35,027.06 crore has been incurred in FY 2019-20 upto December, 2019. The funds have been expended on the projects for procurement of Five firing units of S-400 Long Range Surface to Air Missile (LRSAM) system, Supply of 70mm Rockets for ALH(WSI), Procurement of Two Explosive Decompression Chamber and Rapid Recompression Chamber, Seven Sqns of Akash Missile Systems, Precision Approach Radar (PAR), and CBRP Schemes (22+49=71 Schemes). Air Force had sought additional allocation of Rs. 40,002.87 crore in first supplementary and Rs. 27,580.63 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on Committed Liabilities, outstanding dues against DPSUs/ PSUs, etc. However, the Ministry did not receive any additional allocations in the first supplementary and second supplementary is yet to be approved by the Parliament. The Committee were informed that there are planned acquisitions for the year which include various critical assets and platforms.

Reply of the Government

Allocation of Air Force under Capital Acquisition (Modernization) was increased by Rs. 5,390 Crore in RE 2019-20 (Rs. 41,799.89 Crore) from BE 2019-20 allocation of Rs. 36,409.89 Crore. It is further added that Air Force's allocation for modernization was highest (46.53 %) among all the Services under Capital Acquisition allocation in RE 2019-20. Based on allocations received from Ministry of Finance an amount of ,under Capital Head 21-2020n BE has been (20-2019Crore over BE 2,621.02 .an increase of Rs .e.i)Crore 39,030.91 .Rs Depending upon progress of .allocated under Capital Acqisition Head to Air Force te additional fund will be sought at appropria ,projects during the course of the year/activities All efforts will be made to ensure that critical requirements of .from Ministry of Finance (s)stages Based on fund availability activities are prioritized without affecting .the Air Force are fully met .operational preparedness of the Air Force

(For Comments, please see para no. 1.16 of Chapter I of the Report)

Recommendation (Para No. 31)

During course of examination on Demands for Grants, the Committee find that Induction and de-induction of air assets and vessels in Navy are a continuous process. A large number of platforms of Navy is under construction at various shipyards. The Committee desire that various acquisitions/procurements are processed within stipulated timeframe and persistent cost and time overruns are prevented. Steps taken in this direction are brought to the knowledge of the Committee.

Reply of the Government

Steps taken to prevent cost and time overruns in respect of shipbuilding cases are as follows:

- (h) All projects are now “fixed cost” projects. Variable cost option is available only where cost of equipment is uncertain.
- (i) Construction of follow on ship is now based on same design to reduce build time.
- (j) Provision for nomination of equipment for follow-on Ships incorporated to reduce procurement time.
- (k) Timely reviews of project by way of Working Level Meetings (WLMs), PDND & DGND reviews, Pre-CPRMs & CPRMs are being carried out.
- (l) In addition, reviews by an Apex Steering Committee under the chairmanship of Secretary (DP) as notified by MoD are also being carried out.
- (m) Integrated Modular Construction for new projects and shift from Telescopic Design to Frozen Design.
- (n) Capacity Building through Modernization of Yards.
- (o) Enterprise Resource Planning through Information Technology management tools.
- (p) Liquidated Damages (LD) are levied on shipyard for delay attributable to them.

(For Comments, please see para no. 1.19 of Chapter I of the 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. 29)

During the course of deliberations on Demands for Grants 2020-21, on gleaning through the documents and sifting of the information submitted by the Ministry of Defence, the Committee find that there had been a consistent rise in share of Revenue budget in comparison to the Capital budget of Navy. The said percentage has increased from 6.10 per cent in 2014-15 to 7.28 per cent in 2019-20. In case of Capital segment, percentage share was 10.41 per cent in 2014-15 which declined to 7.58 per cent in the year 2019-20. The Committee view that a constant shift towards Revenue budget showcases apathy towards modernization expenditure as the later emanates from Capital budget. The Committee recommend the Ministry of Defence to pay optimal attention for capital expenditure ensuring Navy's progress on modernization trajectory is not hampered.

Reply of the Government

Army is a manpower intensive force and Navy and Air Force are Capital Intensive forces. Funds in the Revenue and Capital Segment and the same is being reflected in the distribution of funds of the respective Services

2. This Ministry proposes projections made by the Services under Revenue and Ministry of Finance. Capital Budget to Ministry of Finance for favourable consideration based on Revenue and Capital (Salary-Salary and Non) trends for Revenue conveys ceilings separately which funds are allocated to. The procedure followed for allocation involves Services projections made by the Services, trend of expenditure, Committed Liabilities to be maintained, Services maintaining a particular ratio in favour of Capital or Revenue may be fulfilled etc. Therefore, every effort is made to ensure that no project, However, not be practically possible. In absence of receipt of additional funds, proposal is shelved for want of funds, prioritized for optimum utilization of available resources requirements are

3. It may be added that necessary instructions are issued from time to time. Further, wasteful expenditure for adherence to financial propriety and avoidance of underutilization of funds.

Recommendation (Para No. 30)

On the issue of reduction of overall share of Naval budget, the Committee were given to understand that during earlier years for some reason Navy had not been able to consume funds optimally and had been large quantum of surrenders. Therefore, the share had also plummeted

over the earlier years. However, in the recent years, after improvement in the expenditure pattern, Naval budget has also started rising. The Committee observe that Navy holds prominence not only from security point of view but also country's trade. There is vast maritime domain under jurisdiction of Indian Navy with large number of shipping lines. Humanitarian assistance during natural calamities is also a vital task at the hands of Indian Navy. Considering the position stated above, Navy surely holds great prominence in international diplomacy and in the 'Blue Economy' as well. Therefore, it is desirable that Navy persistently gets reasonably justifiable share of Defence budget and it also ably utilize the budget allocations.

Reply of the Government

3,902.86 .an increase of Rs .e.i)Crore 45,161.59 .an amount of Rs ,21-2020In BE
The Committee may be .has been allocated to the Navy (20-2019Crore over BE
ation of the available assured that all efforts will be made to ensure optimum utiliz
,.pending committed liabilities etc ,Based on progress of expenditure .resources
.(s)additional funds will be sought from Ministry of Finance at appropriate stage

.2 rom time to time it may be added that necessary instructions are issued f ,Further
wasteful /for adherence to financial propriety and avoidance of underutilization of funds
.expenditure

CHAPTER IV

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

Recommendation (Para No. 7)

The Committee, while examining Demands for Grants 2020-21 found that in the FY 2018-19, under Modernisation (Capital Acquisition) Head, Army had sought additional allocation of Rs. 16,293.19 crore in first and Rs. 13,400.08 crore in second and third supplementary stages for meeting expenditure on account of Committed Liabilities for HAL projects; cash outgo for Apache; vehicles being procured ex-trade by Master General Ordnance; emergency power procurement and critical 10(i) and Committed Liabilities of existing contractual terms and liabilities. However, the Ministry did not receive any additional allocations at the supplementary stages. In FY 2019-20, Army had sought additional allocation of Rs. 13,978.42 crore in first supplementary stage and Rs. 8,118.00 crore at second supplementary stage under Modernisation (Capital Acquisition) Head for meeting expenditure on account of payments to HAL; Foreign Committed Liabilities, DPSUs; Brahmos; private vendors, critical vehicles, etc. However, the Ministry did not receive any additional allocations in the first supplementary and second supplementary stage as it is yet to be approved by the Parliament. The Committee also find that in financial year 2019-20, Rs. 15,798.70 crore had already been spent as on 31.12.2019 for Capital acquisition. In this connection, the Committee recommend that the allocation of Rs. 8,118.00 crore under modernization shall be considered for approval, otherwise, some of the important projects would be derailed consequently augmenting carry over liabilities to 2020-21 summing up to the financial constraints of Army. Moreover, deferred payments may invite legal implications. To obviate such a situation of truncated finances, the Committee recommend that Army may be given additional funds at the supplementary grants stage so that the capital acquisitions are not hampered. With regard to modernization, the Committee further recommend that due emphasis shall be given to induction of robotics and laser technologies in Army and requisite funds be channelized towards this.

Reply of the Government

The recommendation of the Committee has been noted and action will be taken that .o want of funds requirements under Capital Acquisition of the Army do not suffer due to additional funds will be sought from Ministry of ,Based on progress of expenditure .(s)Finance at appropriate stage

an amount of ,21-2020It may also be added that in BE Rs.26,068.61 Crore (i.e. an increase of Rs. 3067.98 Crore over BE 2019-20)has been allocated in Capital Acquisition .Head to Army (Modernization)

CHAPTER V

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

-Nil-

New Delhi;
9 February, 2021
20 Magha, 1942 (Saka)

Jual Oram,
Chairperson,
Standing Committee on Defence

APPENDIX I

STANDING COMMITTEE ON DEFENCE (2020-21)

MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON DEFENCE (2020-21)

The Committee sat on Tuesday, the 9th February, 2021 from 1530 hrs. to 1600 hrs. in Committee Room No. 2, Block A, Extension to Parliament House Annexe (EPHA), New Delhi.

PRESENT

Shri Jual Oram - **Chairperson**

MEMBERS

Lok Sabha

2. Kunwar Danish Ali
3. Shri Ajay Bhatt
4. Shri Nitesh Ganga Deb
5. Shri Annasaheb Shankar Jolle
6. Choudhary Mehboob Ali Kaiser
7. Smt. (Dr.) Rajashree Mallick
8. Dr. T.R. Paarivendhar
9. Shri Kapil Moreshwar Patil
10. Shri Jugal Kishore Sharma
11. Shri Prathap Simha
12. Shri Brijendra Singh
13. Shri Durga Das Uikey

Rajya Sabha

14. Dr. Ashok Bajpai
15. Shri V. Lakshmikantha Rao
16. Shri Sanjay Raut
17. Shri Kamakhya Prasad Tasa
18. Dr. Sudhanshu Trivedi
19. Lt. Gen. Dr. D. P. Vats (Retd.)

SECRETARIAT

1. Smt. Kalpana Sharma - Additional Secretary
2. Dr. Sanjeev Sharma - 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 for consideration the following draft Action Taken Reports:-

- i. **Action Taken by the Government on the Observations/Recommendations contained in the Twenty-third Report (16th Lok Sabha) of the Standing Committee on Defence on the subject 'Proxy and Postal Voting by Defence Services Personnel in General Elections an Evaluation';**
- ii. **Action Taken by the Government on the Observations/Recommendations contained in the Fiftieth Report (16th Lok Sabha) of the Standing Committee on Defence on the subject 'Provision of all weather road connectivity under Border Roads Organisation (BRO) and other agencies up to International Borders as well as the strategic areas including approach roads-an appraisal';**
- iii. **Action Taken by the Government on the Observations/Recommendations contained in the First Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2019-20 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Military Engineer Services, Directorate General Defence Estates, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen, Ex-Servicemen Contributory Health Scheme, Defence Pensions, Sainik Schools (Demand Nos. 18 and 21)';**
- iv. **Action Taken by the Government on the Observations/Recommendations contained in the Second Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2019-20 on 'Army, Navy, Air Force and Joint Staff (Demand Nos. 19 and 20)';**
- v. **Action Taken by the Government on the Observations/Recommendations contained in the Fourth Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2019-20 on 'Ordnance Factories, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand No. 19 and 20)';**
- vi. **Action Taken by the Government on the Observations/Recommendations contained in the Fifth Report (17th Lok Sabha) on Demands for Grants of**

the Ministry of Defence for the year 2020-21 on ‘General Defence Budget, Border Roads Organisation, Indian Coast Guard, Military Engineer Services, Directorate General Defence Estates, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen, Ex-Servicemen Contributory Health Scheme, Defence Pensions, Sainik Schools (Demand Nos. 18, 19, 20 and 21)’;

- vii. Action Taken by the Government on the Observations/Recommendations contained in the Sixth Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2020-21 on ‘Army, Navy, Air Force and Joint Staff (Demand Nos. 19 and 20)’; and**
- viii. Action Taken by the Government on the Observations/Recommendations contained in the Eighth Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2020-21 on ‘Ordnance Factories, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand Nos. 19 and 20)’.**

3. After some deliberations, the Committee adopted the above reports without any modifications.

4. The Committee, then, authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.

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

The Committee then adjourned.

APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/ RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT OF STANDING COMMITTEE ON DEFENCE (SEVENTEENTH LOK SABHA) ON 'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2020-21 ON 'ARMY, NAVY, AIR FORCE AND JOINT STAFF (DEMAND NOS. 19 AND 20)'.

1.Total number of recommendations 42

2.Recommendations/Observations which have been accepted by the Government (please see Chapter II): Para Nos. 1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28, 31,32,33,34,35,36,37,38,39,40,41,42

(39 Recommendations)
Percentage:92.85%

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. 29,30, (02 Recommendations)
Percentage:4.76%

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 No.7 (01 Recommendation)
Percentage: 2.38%

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

Para Nos. nil Total: nil
Percentage: nil