

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

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action taken by the Government on the Observations / Recommendations contained in the Fifth Report (Seventeenth 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)']

FOURTEENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

February, 2021/ Magha, 1942 (Saka)

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Presented to Lok Sabha on 12.2.2021

Laid in Rajya Sabha on 12.2.2021



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 Moreswar 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. Smt. Preeti Negi - Assistant Committee Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2020-21), having been authorized by the Committee, present this Fourteenth Report of the Committee on Action Taken by the Government on the Observations/Recommendations contained in the Fifth Report (Seventeenth 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)'.

2. The Fifth Report was presented to Lok Sabha and laid in Rajya Sabha on 13.3.20. The Report contained 85 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 9.2.2021.

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 Fifth 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 Fifth Report (Seventeenth 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)', which was presented to Lok Sabha and laid in Rajya Sabha on 13.3.2020.

2. The Committee's Fifth Report (17th Lok Sabha) contained 85 Observations/Recommendations on the following aspects: -

Para No.	Subject
1-2	Ministry of Defence Budget and Demands for Grants 2020-21: A bird's eye view
3	Defence Budget 2020-21 and 2019-20
4	Growth of Defence Budget <i>vis-à-vis</i> rate of inflation
5-7	Projections made by the three Services
8-10	Chief of Defence Staff (CDS)
11-13	Defence Budget: Challenges and Reforms
14-15	Other issues
16-17	Budgetary Allocation to Border Roads Organisation (BRO)
18	Required and existing number of equipment with BRO
19-20	Construction of Roads by BRO
21-26	Challenges faced in execution of projects and maintenance of roads
27	Manpower strength
28-30	Budget 2020-21 and Force Level in Indian Coast Guard
31	Required and existing manpower
32	Indian Coast Guard Academy
33	MILITARY ENGINEER SERVICES: Budgetary Provisions and challenges
34	Initiatives regarding MES
35	DIRECTORATE GENERAL DEFENCE ESTATES: Budgetary provision
36-37	Encroachment of Defence Lands
38-39	Expert Committee on Working of Cantonment Boards
40-41	Implementation of Central Government Schemes in Cantonment Boards
42-43	Leased properties in Cantonment areas
44-45	Commercial use of non-sensitive Defence lands
46-47	Interests of the Civil Population in Cantonment Areas
48	Ammunition Dumps

49-50	DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS): Time slippages in delivery of products
51-53	Order Book Challenges and production in Defence Public Sector Undertakings (DPSUs)
54	Defence Exports
55-57	Reforms for indigenization and import substitution of products
58	Level playing field for players participating in Defence production
59	Corporate Social Responsibility (CSR) funding to Sainik Schools
60	CANTEEN STORES DEPARTMENT (CSD): Budgetary Allocations
61	Online presence of CSD
62	Manpower strength
63	Qualitative requirements for opening Unit run Canteens in an area
64	Use of technology
65	WELFARE OF EX-SERVICEMEN: Resettlement Opportunities
66-67	Budgetary provisions
68-69	Re-settlement of Ex-Servicemen
70	Payment of ex-gratia amount to the dependents of martyrs
71-72	Other welfare issues
73	EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME (ECHS): Budgetary provisions and Medical bills pending with ECHS
74	Authorized and actual manpower for ECHS Polyclinics
75	Merger of Military hospitals with existing ECHS Polyclinics
76	Expansion of ECHS
77	DEFENCE PENSION: Budgetary Provisions
78	Tax Exemption on disability Pension
79-81	One Rank One Pension (OROP)
82	SAINIK SCHOOLS: Budgetary provisions and challenges
83	Admission of Girl Students in Sainik Schools
84	Intake of Sainik School Students into National Defence Academy (NDA)
85	Expansion of Sainik Schools

3. Action Taken Replies have been received from the Government in respect of all the observations/recommendations contained in the Report. However, the reply on Recommendation No. 10 has been termed as "classified" by the Ministry and has been forwarded to Hon'ble Chairperson in a sealed cover. This reply has been placed under 'accepted' category. The remaining replies have been examined and categorised as follows:-

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

Para Nos. 1, 2, 3, 4, 8, 9,10,11, 12, 14, 15, 16, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29 , 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41, 42, 43, 46, 47, 48, 49, 50, 54, 55, 56, 57, 58, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84 and 85

(72 Recommendations)

These are included in Chapter II A of the Report.

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

Para Nos. 5, 6, 7, 13, 20, 35, 44, 45, 51, 52, 53 and 59

(12 Recommendations)

These are included in Chapter II B of the Report.

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

Para No. 17

(1 Recommendation)

These are included in Chapter III of the Report.

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

Para No. - Nil

(0 Recommendations)

These are included in Chapter IV of the Report.

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

Para No. - Nil

(0 Recommendation)

These are included in Chapter V of the Report.

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

A. PROJECTIONS MADE BY THE THREE SERVICES

Recommendation Para Nos. 5, 6 and 7

5. The Committee had recommended as under:

“The Committee, after careful examination of the Budgetary figures submitted by the Ministry, infer that the allocations to the Services are not commensurate with the projections at both Budget Estimates (BE) and Revised Estimates (RE) stage consequently. Moreover, the Committee note with glee that the Services have been more or less able to spend the amounts allocated at the stage of RE in the last fiscal year. For the previous financial year i.e. 2019-20, at the stage of RE, Army projected a requirement of ₹ 1,98,456.82 crore for both Revenue and Capital expenditure, but was allocated ₹ 1,72,440.73 crore. In the case of Navy, the projected amount was ₹ 68,860.27 crore for both Revenue and Capital in RE 2019-20, however, only ₹ 48,943.14 crore were provided. Similarly, while the Air Force projected a requirement of ₹ 1,21,684.39 crore in RE 2019-20, only ₹ 74,898.88 crore was allocated. The Committee reiterate that they are pleased to note that for the past few years, the Forces have been able to completely utilize the budgetary allocation at RE stage.

Further, the Committee find that for the Budget Estimates 2020-21, the Army projected an amount of ₹ 1,65,228.28 crore under the Revenue Head, but has been allocated only ₹ 1,45,785.88 crore. Under the Capital Head, the projected amount is ₹ 50,373.60 crore but only ₹ 32,462.38 crore has been allocated, which amounts to 64 percent of the projected requirement. Again, for the current year 2020-21, while the Navy projected a requirement of ₹ 32,237.96 crore, the allocated amount has been ₹ 22,934.75 crore under the Revenue Head. Under the Capital Head, while the Navy projected an amount of ₹ 45,268.31 crore, the allocated amount is only ₹ 26,688.28 crore, which amounts to approximately 59 percent of the projected requirement. While an amount of ₹ 43,904.17 crore has been projected as the requirement under the Revenue Head by Air Force, ₹ 29,962.66 crore has been provided. Under the Capital Head, while the Air Force projected a requirement of ₹ 66,207.29 crore, the allocation has been only ₹ 43,281.91 crore, which amounts to approximately 65 percent of the projected requirement.

The Ministry of Defence in their written submissions to the Committee stated that the requirements projected by Services are proposed to the Ministry of Finance for favourable consideration. While allocating funds, the Ministry of Finance analyses past absorption capacity of the Services and the pace of expenditure in the current Financial Year. In addition to this, based on the overall ceilings conveyed by the Ministry of Finance, the Ministry of Defence distributes funds among the Services and Organizations under the Ministry, based on Inter-Services priorities and allocations for critical projects. Again, the Committee would like to highlight here, that taking into consideration this portentous achievement of the Forces where they have been able to completely utilize their funds for past few years as allocated to them at Revised Estimates stage, the Committee perceive that there is no reason that the projected amounts by the Services should not be allocated by the Ministry of Finance. Therefore, the Committee recommend that keeping in view not only their contribution in a war-like scenario but also their role of reconnoitering of national borders during peace time, the Ministry of Defence, armed with reasoning of healthy trend of expenditure of the allocated amount and critical requirements of operational preparedness of the Forces, should vigorously pursue for additional allocation of funds at Revised Estimates stage”.

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

“In BE 2019-20, an amount of Rs. 3,05,296.07 crore was allocated to M/o Defence under Defence Services Estimates (DSE). This Ministry had projected an additional requirement of Rs. 1,06,792.35 crore under DSE in RE 2019-20. Ministry of Finance allocated Rs. 3,16,296.07 crore (i.e. an increase of Rs. 11,000 crore over BE 2019-20 allocations) to M/o Defence under DSE. It may be relevant to mention that earlier there was a trend of reduction in BE allocations at RE stage under DSE. This trend was reversed in 2017-18 and no cut was imposed in RE 2017-18 as well as in RE 2018-19. Additional allocation was provided in RE 2019-20. Further, it may also be relevant to mention that the Ministry has been able to spend the entire budget allocated at RE stage during the last 5 years.

2. The recommendation of the Committee has been noted and projections / requirements of the Services will be forwarded to Ministry of Finance for favourable consideration at Supplementary/ RE stage.”

7. The Committee in their recommendation contained in the Fifth Report (Seventeenth Lok Sabha) had recommended that keeping in view the contribution of the Forces in a war-like scenario and their role of reconnoitering of national borders during peace time, the Ministry of Defence, armed with reasoning of healthy trend of expenditure of the allocated amount and critical requirements of operational preparedness of the Forces, should vigorously pursue for additional allocation of funds at Revised Estimates stage. The Ministry has submitted that recommendation of the Committee has been noted and projections / requirements of the Services will be forwarded to Ministry of Finance for favourable consideration at Supplementary/ Revised Estimates stage. The Committee sincerely hope that the budgetary allocations of the Ministry of Defence at the Revised Estimates stage are commensurate with the projections and the plans for modernization and operational preparedness of the Forces continue to be on the right trajectory. The Committee may be apprised of the allocation for 2020-21 at the Revised Estimates stage. In the opinion of the Committee, the truncated fund flow has a bearing on defence preparedness of the country.

B. DEFENCE BUDGET: CHALLENGES AND REFORMS

Recommendation Para No. 13

8. The Committee had recommended as under:

“The Committee note that the proposals of creation of Defence Renewal Fund for capital acquisitions and border infrastructure, self-financing of Married Accommodation Project through National Buildings Construction Corporation Limited (NBCC) in next eight years and exchange of land with the State Governments/Central Ministries in lieu of land required by Defence are currently under consideration in the Ministry of Defence for mobilizing extra budgetary resources for Defence. Further, through the creation of post of the Chief of Defence Staff, prioritization of procurement to aid synchronized modernization of the Services will be taken up. Also, optimum use of manpower of the three Services, integration of training establishments of the Services to reduce cost involved in infrastructure and logistics will contribute to judicious utilization of Defence Budget. The Committee have been further apprised that Committees have been constituted for Defence Reforms to review existing delegation of financial powers to the Services and reforms in Defence Procurement Manual and Defence Procurement Procedure. In addition to this, the Ministry of Defence has requested the Ministry of Finance for creation of Non-Lapsable Defence Modernization Fund in order to mobilize additional resources. The Committee are satisfied to learn that various measures/steps/proposals being taken for reforms in our Defence sector and fervently urge that all the stakeholders i.e. the Ministry of Defence, the Services and allied Organizations go the extra mile to ensure optimum utilization of the Defence Budget. They also desire that updates on these steps/measures/proposals be apprised to the Committee within three months of the presentation of this Report. The reform measures and amendments etc. as highlighted to the Committee are linked to different sets of requirements within the Forces. The Committee, therefore, recommend that in heading-wise captions of the steps initiated, timelines for completion, the progress made till the finalization of the Action Taken Notes and the perceived difficulties be intimated to the Committee. In this information, the work done by the said Committees also be included.”

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

“Review of DPP-2016 is underway in order to further streamline the capital acquisition and make it user and business friendly. For this purpose, a Main Review Committee was set up to review & revise the provisions in DPP-2016 to ensure seamless flow from asset acquisition to life cycle support. Various Sub-Committees were setup under this Committee on different aspects of capital acquisition to be included in the revised DPP.”

10. The Committee in their Fifth Report had noted various measures/ steps/proposals being taken for reforms in our Defence sector and had fervently urged that all the stakeholders i.e. the Ministry of Defence, the Services and allied Organizations go the extra mile to ensure optimum utilization of the Defence Budget. They also desired that updates on these steps/measures/proposals be apprised to them within three months of the presentation of this Report. In its reply, the Ministry has submitted that a Main Review Committee was set up to review and revise the provisions in Defence Procurement Procedure-2016 to ensure seamless flow from asset acquisition to life cycle support. However, updates on other measures such as proposals of creation of Defence Renewal Fund for capital acquisitions and border infrastructure, self-financing of Married Accommodation Project through National Buildings Construction Corporation Limited (NBCC), exchange of land with the State Governments/Central Ministries in lieu of land required by Defence, optimum use of manpower of the three Services and integration of training establishments of the Services are not mentioned in the Ministry's reply. Therefore, the Committee reiterate their recommendation that heading-wise captions of the steps/reforms initiated, timelines for completion, the progress made till date and the perceived difficulties be intimated to them.

C. CONSTRUCTION OF ROADS BY BRO

Recommendation Para No. 20

11. The Committee had recommended as under:

“The Committee further note that out of the 273 roads of length 14577.33 km, identified by the Army for construction/improvement, 24 roads of length 936.55 Km are in the state of Uttarakhand, 61 roads of length 2295.62 Km are in J&K, 44 roads of length 3185.95 km are in Ladakh and 100 roads of length 5610.43 km are in the North Eastern Region (excluding roads in Bhutan. The Committee are satisfied to note that 75 percent of work has been completed by BRO with regard to construction of 61 Indo-China Border Roads (ICBRs) of length 3323.57 kilometer. The Committee recommend that using state-of-the-art equipment and skilled manpower, BRO should make concerted efforts to strictly adhere to the timelines for construction of excellent quality roads. Necessary and timely budgetary support should also be extended to BRO by the Ministry of Defence and other Ministries involved.”

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

“Earlier in 2006, the Government had identified 73 roads of length 3707.14 km as Indo China Border roads (ICBRs). Out of these BRO has been entrusted with the construction of 61 roads of length 3323.57 km. Highest Priority is accorded by BRO to complete these roads as per the timelines fixed by the Army. The Agency wise physical progress of works (Cumulative progress) up to 31 March, 2020 is as under:-

Agency	Length (Km)	Length (km)	
		Connectivity achieved (Km)	Surfacing (Km)
General Staff	1932.67	1907.46	1545.70
China Study Group	1065.67	1036.76	788.90
Indo-Tibetan Border Police	325.87	299.19	203.30
Total	3323.57	3243.41	2537.90

Note: There is reduction in length of 33.25 km with respect to the approved length as per the ground condition.”

13. The Committee are pleased to learn that out of construction of length of 3323.57 km of Indo China Border Roads (ICBRs) entrusted to Border Roads Organisation, connectivity of 3243.31 km and surfacing of 2537.90 km of roads has been achieved upto 31st March, 2020. The Committee recommend that concerted efforts be taken to complete the remaining work in the stipulated timeframe. They further recommend that consequent to the construction of these Indo China Border Roads, maintenance of these roads should be accorded highest priority considering strategic and security considerations. They also recommend that regular feedback regarding quality and condition of these roads by the users i.e. the Forces should be taken by BRO and prompt action be taken on the suggestions/complaints as and when received.

D. DIRECTORATE GENERAL DEFENCE ESTATES: BUDGETARY PROVISION

Recommendation Para No. 35

14. The Committee had recommended as under:

“The Committee have been apprised that as against the projected amount of ₹ 1,61,117.93 lakh under Revenue Head in Budget Estimates 2020-21 for Defence Estates Organisation (DEO), ₹ 38,742.00 lakh have been allocated, i.e. a shortfall of ₹ 1,22,375.93 lakh. Under Capital Head, ₹ 994 lakh have been allocated against the projected amount of ₹ 2,425.19 lakh, i.e. a shortfall of ₹ 1,431.19 lakh. The Committee note that processing proposals for acquisition of lands, resettlement and rehabilitation of displaced persons and for hiring and requisitioning of lands and buildings, besides management of defence lands, are some of the responsibilities of Directorate General Defence Estates (DGDE). As custodian of defence land records, Defence Estates Organisation is involved in updation and maintenance of records alongwith implementation of Cantonments Act 2006, Policies, Rules & Regulations and executive instructions. Therefore, they recommend that additional funds commensurate with pace

of expenditure and prioritization of critical works should be allocated to the DEO at Revised Estimates stage. While recommending for additional funds, the Committee would like to know what compromises are likely to be made in case the Supplementary funds do not reach to the level as sought in the initial projected figures. During deliberations on Cantonment Boards, the Committee took note of the fact that to accommodate the changing needs it would be in the fitness of things if the Ministry take a serious note and contemplate for amending Cantonment Board Act 2006 with a fresh perspective. In such proposed amendment, heed should be paid to increase the construction areas of the properties coming under the purview of the Cantonment Boards.”

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

“The recommendation of the Committee has been noted and additional funds, if any, as per requirement will be sought from Ministry of finance at Supplementary/ Revised Estimates stages of 2020-21.

It is intimated that as per the sanctioned budget 2020-21 PE of Cantonments by GOC-in-C, an amount of Rs. 952 crore was recommended and requested as Grant-in-aid (General) for meeting budgetary deficit of Cantonments. Out of this, only an amount of

Rs. 254 crore has been allocated under 2020-21(BE). It is to intimate that in case the supplementary funds, do not reach to the level as sought in the initial projected figures, Cantonments would face acute financial crisis. Most of the 62 Cantonment Boards are dependent on Grant-in-Aid from Govt. All development and mandatory municipal responsibilities would get affected. Many Cantonment Boards would not be in position to pay salary/pension liabilities of their employees. The Cantonment boards are also undertaking various public infrastructure schemes such as Sewerage Treatment Plants, Water augmentation scheme, upgradation of Hospitals and Schools etc. Any decrease in allocation of funds would impact such ongoing and proposed projects adversely.

2. As regards acquisition of land, the proposals are based on priority and operational requirements of the Services.

3. It is intimated that amendment of Cantonment Act, 2006 with a fresh perspective is under consideration. However, it is pertinent to mention here that increasing the construction areas of the properties is the subject matter of building bye-laws of the respective Boards and would not be a part of the amendments proposed of the Cantonment Act. ”

16. The Committee in their original Report had recommended that additional funds commensurate with pace of expenditure and prioritization of critical works should be allocated to the Defence Estates Organisation at Revised Estimates stage. The Ministry has submitted that in case the supplementary funds do not reach to the level as sought in the initial projected figures, the Cantonments would face acute financial crisis. Most of the 62 Cantonment Boards are dependent on Grant-in-Aid from Govt. All development and mandatory municipal responsibilities would get affected and many Cantonment Boards would not be in position to pay salary/pension liabilities of their employees. Taking note of the Ministry's reply, the Committee recommend that timely intervention of the Ministry of Defence is required to support the Cantonment Boards to avert the situation of financial distress due to lack of Grant-in-Aid.

E. COMMERCIAL USE OF NON-SENSITIVE DEFENCE LANDS

Recommendation Para Nos. 44 and 45

17. The Committee had recommended as under:

“The Committee have been intimated that with regard to the option of commercialization of non-sensitive defence lands, such as leasing lands to commercial establishment etc. to increase the source of revenue, very limited vacant Class – C defence land is available for this purpose with Cantonment Boards. Also funds for establishing such capital assets are also not available. Cantonment Boards could consider projects on B-4 vacant lands for projects which could generate revenue for Cantonment Boards such as community halls, office complex etc. This would also involve process of reclassification of B-4 lands to C for municipal purpose by the MoD. The proposal, if considered feasible, could be considered for sanction under Creation of Capital Assets. The Ministry has advised the Cantonment Boards accordingly since this is almost identical demand from all the Cantonments.

The Committee opine that in addition to above mentioned proposals, the Ministry of Defence may also look into making the land available with Defence, Cantonment boards and Ordnance Factories to the State Governments for construction of helipads or parking space as it would lead to substantial revenue generation, which in turn can be used for provide better public infrastructure, health and educational facilities etc. in the Cantonment areas. The Committee recommend that feasibility of the said proposals may be examined at the earliest and they be apprised accordingly.”

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

“Government policy No.11015/02/2012/D(Lands) dated 02.02.2016, for transfer/ lease/ license of defence land to other Central Government Departments, State Governments and Organizations controlled by it as also local bodies, for execution of projects related to creation/up-gradation of Public infrastructure/ utilities, is already in place. The main features of the said policy are:

- i) Defence land is transferred to the Indenting Authority on the basis of exchange of ‘Equal Value Land’ (EVL) to be provided by Indenting Authority. However, where the Indenting Authority neither owns land nor has an arrangement with the State/ UT governments for providing land for the project and is therefore unable to provide EVL, Land transfer is made on payment of current market value of the land.
- (ii) When land is neither required permanently nor its ownership rights are required to be transferred, in such cases land is transferred on lease hold basis, on payment of an annual rent and one time premium.
- (iii) The policy also provides that when permission to carry out temporary works like laying of water pipelines and electricity cables on defence land is required, a license may be granted on payment of an annual license fee and a refundable security deposit.”

19. The Committee had recommended that the Ministry of Defence may look into the possibility of making the land available with Defence, Cantonment boards and Ordnance Factories to the State Governments for construction of helipads or parking space as it would lead to substantial revenue generation, which in turn can be used for providing better public infrastructure, health and educational facilities etc. In its reply, the Ministry has submitted that Government Policy No.11015/02/2012/D(Lands) dated 02.02.2016, for transfer/ lease/ license of defence land to other Central Government Departments, State Governments and Organizations controlled by it as also local bodies, for execution of projects related to creation/upgradation of public infrastructure/utilities, is already in place. The Committee desire that the details of such projects/proposals for revenue generation and creation/upgradation of public infrastructure/utilities currently under consideration/examination of the Ministry may be intimated to them while furnishing Action Taken Statements.

F. ORDER BOOK CHALLENGES AND PRODUCTION IN DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS)

Recommendation Para Nos. 51, 52 and 53

20. The Committee had recommended as under:

“After gleaning through the information supplied to the Committee, they note that out of the nine DPSUs, Hindustan Aeronautics Limited (HAL), Bharat Dynamics Limited (BDL), Garden Reach Shipbuilders and Engineers Limited (GRSE), Goa Shipyard Limited (GSL), Hindustan Shipyard Limited (HSL) and Mazagon Dock Shipbuilders Limited (MDL) are facing order book challenges and decline in production in the current/coming years. Although HAL’s production over last several years has been growing with highest turnover recorded in 2018-19, the major part of existing orders for supply of aircraft and helicopters will be liquidated shortly with the major manufacturing order of Su-30MKI being completed in 2019-20. There is no firm order currently available on the company beyond 2021-22. In case of BDL, most of the major products like Akash Weapon system will be executed by 2019-20, Invar ATGM and Konkurs-M ATGM will be executed by 2020-21. There are no firm order executable beyond year 2020-21. In case of Garden Reach Shipbuilders and Engineers Ltd. (GRSE), 3 projects of Indian Navy and Coast Guard will get completed in next 3 to 4 months leaving the shipyard with 3 No. of projects of Indian Navy for construction of 15 ships against capacity of 20 ships construction. Goa Shipyard Limited (GSL) is presently executing the 05 Coast Guard Offshore Patrol Vessel (CGOPV) project with balance executable order book of ₹ 800 crore which would get liquidated by 2020-21. The balance order book value of HSL is ₹ 2772.28 crore as on 31 December, 2019 and the balance orders are likely to be completed by end of March 2022.

The Committee have also been apprised that for HAL, orders for supply of 83 Light Combat Aircraft (LCA) Mk1A and 15 Light Combat Helicopter (LCH) are expected for which quotations have already been submitted. An additional order for 12 Su-30MKI is also expected in the near future. The LCH platform has attained Initial Operational Clearance for both Air Force and Army variants and is fully ready for operational induction awaiting orders. Similarly, Light Utility Helicopter (LUH) has also completed all major tests, including H-V envelope evaluation, towards Basic Operational Clearance of LUH. Document towards Initial Operational Clearance (IOC) were submitted to User and Regional Centre of Military Airworthiness (RCMA) during Dec 2019 and the IOC has been granted by Centre for Military Airworthiness & Certification (CEMILAC) to HAL on 7th February, 2020 during Defence Expo 2020 at Lucknow. HAL is also expecting additional orders for ongoing programs like Advanced Light Helicopter (ALH), LCA, Hawk, Do-228 & SU-30 MKI and fresh production orders for new platforms like Do-228 Civil variant, LCH, HTT 40, LUH and 199 Hawk-i. Goa Shipyard Limited (GSL) is making concerted efforts to secure short gestation projects in Domestic, Export and Ship Repair segments which will help in minimizing the potential impact due to lean executable orders to bridge the gap till the significant Value of Production contribution from Frigates and Mine Counter Measure Vessel Projects. The financial restructuring proposal of HSL with NIL cash outflow to the Government of India to enable shipyard to achieve positive

net worth is under active consideration of the MoD, which will improve HSL's credit rating. Mazagon Dock Shipbuilders Limited (MDL) has an in-house capacity to undertake simultaneous construction of 10 ships and 11 submarines at various build stages. Considering the status of ongoing projects, MDL can immediately undertake construction of 4 more warships and 7 more submarines.

Keeping in view the above facts, the Committee are of the considered view that the existing infrastructure at DPSUs and skilled manpower would face the challenge of idling due to want of confirmed orders. The continuity in production orders from the Forces is essential to sustain production growth of the DPSUs. Therefore, they recommend that the orders for DPSUs in pipeline need to be expedited for optimum use of their construction and building capacities and manpower. They also recommend that the Ministry and DPSUs should explore options of venturing into commercialisation of various products other than arms and ammunition built by the DPSUs such as alloys by Mishra Dhatu Nigam Limited (MIDHANI) for revenue generation and for business expansion.”

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

“Defence PSUs are diversifying their product profile into other areas and has robust plans for technology, Research and Development, Infrastructure Development, export promotion and focus on indigenization, which will ensure the sustenance of DPSUs and improve their order book position in long term. Further, DPSUs have also adopted several new technologies which include Artificial Intelligence (around 50 AI enabled products are under development by DPSUs); Cloud Based technology; Robotics; use of unmanned vehicles; composite R&D for design and developments of products; 3D printing; Integrated construction methodology for warship construction. DPSUs are also focusing on Modernization of Infrastructure and technology. The Capital Expenditure plan for 2020-21 modernisation of Defence PSUs is around Rs. 2756 Cr.

The order book volume of Defence PSUs depends on the customers which is primarily the Armed Forces and export opportunities in the International market. Department of Defence Production is taking many steps to improve the order book position of DPSUs as detailed below:

(a) Buy (Indian- Indigenously Designed, Developed and Manufactured) :

➤ In Defence Procurement Procedure 2016 under Capital Acquisition, preference is being given to Buy (Indian- Indigenously Designed, Developed and Manufactured). The order of preference/priority in decreasing order under this Procedure is categorized as follows:-

- (a) Buy (Indian - IDDM)
- (b) Buy (Indian)
- (c) Buy and Make (Indian)
- (d) Buy and Make
- (e) Buy (Global)

(b) To Boost-up the Export in Defence Production following steps/initiatives have been taken:

- **Open General Export Licence (OGEL) System for Promoting Defence Export:** As part of creating greater ease of doing business for Defence exporters, DDP has notified two (02) OGEL for intra company transfer of technology and for export of parts and components. Under OGEL the Indian Defence Industries will be permitted to export specified items to specified destinations enumerated in the OGEL without approaching Department of Defence Production for export authorization requirements during the period of validity of the OGEL (i.e. 02 years). The companies will be required to have established Inter Compliance Programme (ICP) or Export Compliance Programme (ECP) before seeking OGEL.
- Rationalizing the Standard Operating Procedure (SOP) for reducing the time taken and cut down red tapism.
- Export Promotion Cell Set up.
- Scheme for funding marketing activities by Defence Attaches for promoting exports.
- Fully automated export portal and electronic sharing of export leads with relevant industry.
- Dispensing with the requirement of End User Certificate by Government for exports of parts/ components.
- Simplified procedure for tender, exhibitions, testing, etc.
- SOP formulated to facilitate exports of 'Munitions List' under category 6 of Special Chemicals, Organism, Material, Equipment and Technologies (SCOMET) by DGFT.
- Streamlining export using Line of Credit for items already sold to Indian military.

As a result of these reforms, defence export permissions have increased from Rs. 1940.64 crores in 2014-15 to Rs. 10,745 cr in 2018-19.

(c) Indigenization:

- i. Policy for Indigenization was notified on by Department of Defence Production on 08 March, 2019, with the objective to create an industry ecosystem. It is estimated that Defence PSUs will reduce the import bill through indigenization of products and processes.
- ii. These Strategies are under implementation and some major achievements are as given below: -

- **Development of Indigenization Portal:** DPSUs/OFB are uploading the data on the link provided. The proposed Indigenization portal will be a centralized one in which DPSUs/OFB and other stakeholders will be showcasing their imported items to be indigenized. Vendor will become aware of the above items and they can in turn, show their interest in those items where they have capability to manufacture.
- **Study on savings in cost –** Institute for Defence Studies and Analysis (IDSA), Delhi is studying savings in cost due to indigenization in the last 5 years in DPSUs/OFB. Final report submitted in Jan 2020.
- **Implementation of Make-II –** The Make-II framework (Industry funded prototype development) for implementation by DPSUs/OFB was notified on 11.02.2019. DPSUs/OFB have identified approx. 2500 items under Make-II. These items are at various stages of development process. At Department level, 47 projects have accorded Approval – in- Principal (AIP).
- **Long Term Orders –**“Framework for placing Long Term Orders by DPSUs” has been approved by Hon’ble Raksha Mantri on 04 Nov 2019. Under this Framework, the procuring organization may aggregate demand of the item for a long period of upto 10 years, in cases where it finds challenges in indigenization.

(d) Other Initiatives

- **Testing and Certification -** MoD/DDP has issued Government Orders for testing of items being indigenized/ priority in testing and certification on 28Aug 2019. It covers aspects like use of test facilities for R&D without asking for End User Certificate, fixation of insurance cost, transparency in declaration of test results and minimizing delays.
- **Third Party Testing-** Third Party Inspection (TPI) is being implemented by DGQA and DGAQA both.
- **Testing Infrastructure for Industry-** Defence Testing Infrastructure Scheme (DTIS) has been prepared. It proposes to setup 6 to 8 new green field Defence Testing Infrastructure with total grant-in-aid of Rs 400 crores.

Further, the details of project that are under the pipeline of DPSUs are as below:

Sl. No.	Name of DPSU	Major Order/Product details
1.	HAL	Light Combat Aircraft (LCA), Light Combat Helicopter (LCH) and Basic Trainer HTT-40 etc.
2.	BEL	Coast Surveillance System, Spares for long range surface to air missile (LRSAM) system, Delhi CC TV etc.

3.	BEML	8x8 HMVs for PINAKA, HMVs Coastal Surveillance System, HMVs ASCON, 8x8 HMVs- AKASH Army, 8x8 HMVs- AKASH Air Force etc.
4.	BDL	Akash (IAF), Medium range surface to air Missiles (MRSAM) (IAF & Navy), Very short range Air Defence System, Milan 2T, Counter Measure Dispensing System(CDMS) etc.
5.	MIDHANI	Special Steel, Super alloys, breech ring, titanium plates etc.
6.	GRSE	Pollution Control Vessels, Air Cushion Vehicles for ICG & Indian Army, Next Generation Missile Vessel (NGMV), Multi-Purpose Vessels, Survey Training Vessel, Self-propelled fuel barge etc.
7.	GSL	Pollution control vessels, fast patrol vessels, Advanced Infantry Floating Footbridge, Next Generation Missile Vessel, Multi-Purpose Vessel, Survey training vessel, Pax all-weather vessel, 12 ton patrol modified boats etc.
8.	HSL	Fleet support Ships etc.

Further, Defence PSUs wise reply is as under:

HAL: HAL plays significant role in domestic Aerospace industry in terms of service provided to Indian Armed Forces and development of Indian aerospace manufacturing eco-system. There is a need to ensure maximum utilization of existing Defence & Aerospace facilities in the country, which is of national importance, by providing orders for aircraft / helicopters manufactured and developed by HAL under “Make in India”, which in turn will boost the manufacturing ecosystem in the country.

Orders for following platforms are under process.

- a) LCA Mk 1A - 83 Nos
- b) Light Combat Helicopter(LCH) - 15 Nos
- c) HTT-40 - 70 + 38Nos
- d) Su-30 MKI - 12 Nos (Additional)

Further, as part of diversification strategy HAL is exploring following options for revenue generation and business expansion:

➤ **Global supplier of Aero components**

HAL has been developing Business Association with various global Defence OEMs, by signing NDA/ MoU with following purposes:

- i. To be Tier-1 supplier to Global OEMs for supply of Aero structures, Avionics and Accessories.
- ii. To associate with global defence companies for catering to export market jointly.

- iii. To collaborate with OEMs for Civil Aircraft Development in India and also be Tier-1 supplier of Civil Aircraft Components to global supply chain.
- iv. To collaborate with OEMs for Development in India and or manufacture/supply and maintenance of UAV/RUAV/UCAV for domestic and foreign markets

➤ **Civil Segment**

Civil Maintenance, Repair and Overhaul (MRO).

HAL has been providing MRO services for the military platforms for over 7 decades. HAL has repair and overhaul facilities for airframe, engines as well as accessories at various locations across the country. With this, HAL is making all out efforts to explore the possibilities of being part of this expanded Civil MRO business avenue.

Also with recent restructuring of Tax structure and Govt. push with policy changes under “Atamirbhar Bharat” “Convergence between defence sector and the civil MROs”, Civil MRO business is poised to expand quickly in the country.

Civil Aviation

Dornier Do-228 Civil

HAL has been making its all-out marketing efforts to foray into domestic Civil aviation segment and position its Do-228 aircraft for Civil application/ Regional Connectivity. Export of Civil Do-228 - HAL has also initiated the process for EASA certification through DGCA. Leasing companies are to be encouraged to participate for sale of civil aircraft on lease as airline operators are not keen on outright purchase of aircraft.

SARAS MK-II, 19 Seater Aircraft

HAL has entered into MoU with CSIR-NAL for Design, Development and Certification of 19 seat Light Transport Aircraft – SARAS MKII and subsequent Production, Marketing and Lifecycle Maintenance of the aircraft intended to be sold to Indian Defence Services, non- Indian Defence Services and Export customers.

The indigenously designed & developed SARAS MKII will meet the requirement of launch customer i.e IAF. The aircraft will also meet the ever-growing needs of Regional Connectivity Service (RCS) between tier-2 and tier-3 cities.

Civil Helicopters

ALH Dhruv

- ✓ ALH is 5.5 ton class certified helicopter for Military & Civil application. ALH Mark I is already certified by DGCA and ALH Mk III version is under certification by DGCA.
- ✓ Export of ALH Civil - European Aviation Safety Agency (EASA) Certification is under process.

Light Utility Helicopter (LUH)

- ✓ LUH has received the Initial Operational Clearance (IOC) for Defence purpose. Civil certification by DGCA & EASA - Process has been initiated.

BEL: Some of the major contracts could not be finalized during the last FY (2019-20). For many other major programs, the acquisition is in various stages of procurement (trials, Price Negotiation Committee (PNC), contract finalization etc). BEL depends on some of these orders for meeting the targets for current financial year and delay will also have a bearing on next few financial years.

- ✓ BEL is capable of executing future projects in the field of Missile Systems, Radars, Electro-Optics, Ammunition Fuzes, Radio/Communication Equipment, Sonars/Underwater Systems, Gun Upgrades, C4I systems etc., for Tri services requirement to ensure utilization of the installed capacities, design and engineering competence of BEL.

BEML: BEML has established dedicated infrastructure including test track facilities for manufacture of Main Battle Tanks, High Mobility Vehicles, Recovery vehicles, aggregates such as transmissions and engines. However, Equipment orders received in the last 5 years is only to the tune of Rs. 413 crore and Orders received in 2019-20 is Rs. 45 crore.

While BEML has been supplying HMVs and Recovery Vehicles, orders are not placed for manufacture of Battle Tanks although BEML has manufactured & supplied two Arjun MBT Prototypes during 1990-95. BEML has also in-house designed, developed and supplied 2 nos. of Arjun Armored Repair & Recovery Vehicle (ARRV) to Combat Vehicles and Research Development Enterprises (CVRDE).

Also, BEML's dedicated Engine Division which manufactures Air-cooled BEML HMV Engines and engines for Engineer Plant Equipment, would soon be taking up development of 1500HP engines for Main Battle tanks.

To effectively utilize the established national facilities and skilled manpower, following are under process:

A. Contract Amendments:

- a) 204 Nos of ARV WZT-3 (Rs. 1400 crore).
Dispensation for ERV, Delivery Extension, etc. taken up with MoD: October'2015
- b) 77 nos. Size 4 (BD50) Dozers to E-in-C (Rs. 47 crore)

B. Pending Orders of Rs. 1213 Cr.:

- a) 330 HMVs for PINAKA project (Rs. 715 crore)
- b) 1512 nos. of Track Width Mine Ploughs (Rs. 498 crore)

C. Placement of Orders:

- a) HMVs 8x8 (700 nos.) and 6x6 (1600 nos.), 59 nos. HRV and Trailers (50T & 70T) thru Revenue route.
- b) Arjun MBT Mk-II
- c) ARRV

Also, Indian Army has published a Request for Information (RFI) on 13th May 2020, for undertaking the operations of 505 Army Base Workshop for (overhaul of High Mobility Vehicles and Armoured Recovery Vehicles) under the GOCO model by Indian private sector. BEML being an OEM for supply of High Mobility Vehicles & Recovery Vehicles for military applications and being in the process of disinvestment, to be made eligible to take part in the Request for Information (RFI).

Further, it may be noted that, BEML is one of the oldest Rail coach manufacturing Company in the country and has installed capacity to 720 Rail Coaches per annum.

Till 2013-14, Railway Board was utilizing the national facilities of BEML by placing orders for passenger coaches on BEML under its Annual Production programme at par with its other production units. However, after 2013-14 onwards, Railway Board has taken decision not to procure Rail coaches from BEML under its annual production programme, resulting in underutilization of BEML's national facilities and skilled work force. Railways are being impressed upon to review its decision.

BDL: Order Book Position:

1. Executable Orders for 2020-21 & 2021-22 are less than the established production capacity of BDL.
2. Milan production line is idle from 2 years.
3. Akash Production capacity utilisation is 10% only from April 2020.

Konkurs-M ATGM order will be completed by 2020-21. Invar ATGM will be completed by mid 2021—22 and thereafter, both production lines will be idle for want of workload.

Following orders are in pipeline -

1. Akash (IAF)
2. Akash Primer (3&4 Regiment)
3. Konkurs-M ATGM
4. Milan 2T ATGM
5. VSHORAD
6. Refurbishment of Missiles
7. Astra
8. MR SAM
9. Invar

MIDHANI: The orders from defence sector have been steadily reducing. In FY 18-19, contribution from defence sector has reduced to 10%. This is predominantly due to decline in orders. Value of defence orders booked during the period 2015-16 to 2018-19 is given below.

Defence % Contribution

Details	2015-16	2016-17	2017-18	2018-19
Defence Order Booked (In Cr.)	551	225.78	384.7	184.2
Total Order Booked	909	320.27	635.7	1844.1
Defence % Contribution	60.62%	70.50%	60.52%	9.99%

MDL: MDL is readying itself for undertaking more work considering the fact that ongoing ship construction projects are expected to be completed in next 5 years. Anticipating completion of existing fabrication activities in next one year, MDL's Fabrication Workshops would be ready with spare capacity for new projects. Thus, MDL can immediately undertake construction of 4 more warships.

In the field of submarine construction, MDL can immediately undertake construction of 7 more submarines considering the fact that remaining 04 submarines of P75 are under advanced stages of construction/trials and are expected to be delivered by 2022. Also, the Pressure Hull Facilities, Structural Fabrication & Outfitting capability, Pipe fabrication facilities required for initial phase of submarine construction can be immediately assigned to new projects.

In view of above, MDL has undertaken following Strategies/asures to improve the order book position:

- i. MDL has initiated efforts for export, exploring diversification avenues, encouraging private sector participation, etc. MDL is gearing up for it by undertaking augmentation and modernization of construction facilities, acquisition of adjacent land, forming of JVs, transformation to latest technologies, etc.
- ii. Nhava Yard, close to the main facility, has been acquired by MDL with an intention for developing it into 'Green Field' Shipyard with requisite infrastructure/facilities for undertaking construction of Commercial vessels, Export orders and Repair/ Refit orders without disrupting production activities of IN orders in the main facility at Mumbai.
- iii. MDL is also in the process of acquisition of approx. 13 acres MbPT land adjacent to its existing facility. MbPT's wet basin is intended to be converted into Dry-docks for New builds & Refit/ Repair projects. Existing slipways in the said land can be used for construction of small vessels for Indian Navy and Coast Guard.

Apart from building frontline warships & conventional submarines, MDL is trying to penetrate other markets as well and some of their offerings are as follows-

- i. Refit & Repair of Ships & Submarines
- ii. Construction of Commercial/Merchant ships & offshore platforms like Multi-Support Vessels (MSVs), Offshore Supply Vessels (OSVs), Tugs, Dredgers, Ferries, Barges, Big Trawlers, Pontoons, Launches, Floating dry dock, Flat bottom river boats & fishing trawlers.
- iii. Auxiliary Naval Vessels like Offshore Patrol Vessels (OPVs), Security Vessels, Border Outposts, Cadet training ships, Missile Vessels, Vessels for Littoral combat & Fast attack crafts.
- iv. Artificial Intelligence enabled Remotely Operated Vehicle (ROV)
- v. Tourist Submarines & Autonomous Underwater Vehicle.

Shipbuilding infrastructure developed for construction of warships and submarines is specific to these products. The Slipways, dry-docks, wet basins cannot be utilised for anything else.

Even the human skill sets are unique and specialized, developed through training programs designed for the respective job areas and experience gained over the years on the job. It is difficult to apply the same skills to altogether different product.

However, MDL would be impressed upon to look into different areas for revenue generation.

GRSE: GRSE has recently delivered the fourth and last ship of Anti-Submarine Warfare Corvette (ASWC) project. In view of the availability of proven hull form of ASWC and expertise gained from construction of 04 ships of this class, GRSE is ready for construction of Next Generation Corvettes (NGC) so that the project could be executed smoothly with minimal cost & time.

GSL: On signing of the Contract for construction of 02 Frigates (Project P1135.6) for the Indian Navy on 25 Jan 2019, the order book position of GSL has fairly improved. Presently, Project P1135.6 is at design stage and expected to commence production as per the timelines.

Early issue of RFP for Mine Counter Measure Vessel (MCMV) project, the major step towards contract conclusion, will lead to strengthening of the order book position. GSL has emerged L1 for 02 PCVs for the Indian Coast Guard and is expecting the contract signing of PCVs by Sep 2020. Contract conclusion for setting up of Damage Control Simulator at Port Blair (STE), OPS & training and CAMC for 10 yrs is at advance stage.

On the export front, GSL is awaiting the finalisation of the supply of its in-house designed products on Line of Credit (LoC) to countries such as Nigeria (one each of LST and Training Ship), Mauritius (one AOPV) and Seychelles (one AOPV). Finalisation of these domestic and export orders will enable GSL to improve its order book position.

In order to minimise potential impact due to lean order book position and to bridge the gap till 02 Frigates and MCMV projects start in full swing, all out efforts are being made by GSL for securing orders by participating in acquisition programs of Domestic/Overseas customers, interacting and giving presentations to dignitaries and potential clients in various countries, contacting the Indian Embassies/High Commissions abroad to facilitate for GSL's interaction with the appropriate authorities in the respective country for exporting products etc. GSL has been aggressively bidding for various tenders of IN and ICG and recently emerged as L1 for 02 PCVs for ICG and is expediting the contract signing of PCVs by Sep 2020 and commence production during FY 2020-21. Additionally, Marketing Representatives of GSL are appointed in various countries to identify potential markets outside India and to assist GSL in selling its products and services. In addition to its core activity of constructing ships, GSL has also undertaken the construction of Training Simulators and Repair & Refit of Defence and Commercial Ships on getting the orders through competitive bidding.

GSL has been exploring various options of venturing into commercialisation of various products and following actions has been initiated by GSL in this regard:

- a) Absorption of Construction Technology for Composite Material. Licensing Agreement for Transfer of Technology (LAToT) for Resin Film Infusion (RFI) and Process Monitoring of Vacuum Assisted Resin Transfer Moulding (VARTM) technology was exchanged between GSL and Research & Development Establishment (Engineers), Pune on 13.11.2019.
- b) New Business lines like Inland River Navigation, FRP Boats for export and Composite Components /Structures.
- c) Auxiliary Commercial Vessels. GSL has won orders through Competitive Bidding for Three 2000T LPG cylinder carrier to UTLA/SCI, 20 M Ferry boat to UPRN at Varanasi and 03 Tugs for Assam Government.
- d) Thrust on Ship Repair and expansion at Karwar, Karnataka.
- e) Supply of high value equipment for ships like Stern Gear, Fin stabilizer, Heli Grid and Sonar Domes.
- f) Export Efforts. GSL is approaching potential clients in friendly countries for GSL designed ships for export market. GSL is putting concerted efforts for exporting various products (Ship, Simulators and GRP Boats) to friendly countries.

HSL: HSL is a green-field shipyard on the eastern coast, having capability to construct and repair all kinds of ships and submarines. However, the order book position of HSL is extremely low when compared with other DPSUs resulting in under-utilization of the installed capacity of the shipyard. The balance shipbuilding order book position of HSL as on 31 Mar 2020 is Rs. 2486.15 Cr and it comprises of the following projects:-

Sl. No.	Project	Balance as on 31 Mar 2020 (Rs Cr)
1	VC 11184	1.40
2	2 Nos Diving Support Vessel for Indian Navy (VC 11190-91)	2332.44
3	4 Nos 50T BP Tugs for Indian Navy (VC 11192-95)	142.76
4	3 Nos Flap Gates for ND (V) (VC 11196-98)	9.55
	Total (Rs Cr)	2486.15

The breakeven order book requirement for HSL is around Rs. 5000 crore. The balance orders are scheduled to be completed by end of Mar 2022 (as per contractual delivery dates). HSL, which has recently turned around and started making profits may find it difficult to sustain the growth outlook in the absence of immediate new orders.”

22. The Committee in their original Report had noted that certain Defence Public Sector Undertakings (DPSUs) were facing order book challenges and decline in production in the current/coming years. Keeping this in view, they had recommended

that the Ministry and DPSUs should explore options of venturing into commercialisation of various products other than arms and ammunition. In this regard, the Ministry has submitted that Defence PSUs are diversifying their product profile into other areas and has robust plans for technology, Research and Development, Infrastructure Development, export promotion and focus on indigenization, which will ensure the sustenance of DPSUs and improve their order book position in long term. Further, DPSUs have also adopted several new technologies which include Artificial Intelligence (around 50 AI enabled products are under development by DPSUs), Cloud based technology, Robotics, use of unmanned vehicles, composite R&D for design and developments of products, 3D printing and integrated construction methodology for warship construction. It has been further submitted that the order book volume of Defence PSUs depends on the customers which is primarily the Armed Forces and export opportunities in the international market and the Department of Defence Production is taking many steps to improve the order book position of DPSUs. The Committee note the various measures being taken to improve the order book situation of the DPSUs and diversification of their products and recommend that concerted efforts should be made by the DPSUs, the Ministry and other stakeholders in order to ensure the said measures are fructified within a definite timeframe. The progress made till the date of presentation of this Report be intimated to the Committee while furnishing the Action Taken Statements.

G. CORPORATE SOCIAL RESPONSIBILITY (CSR) FUNDING TO SAINIK SCHOOLS

Recommendation Para No. 59

23. The Committee had recommended as under:

“The Committee recommend that under CSR initiatives, funds should also be provided to the Sainik Schools by the DPSUs keeping the national interests as paramount.”

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

“HAL: The matter regarding providing funds to the Sainik Schools by the DPSUs keeping the National Interest as paramount has been examined and following is submitted:

- a) In terms of HAL’s CSR Policy, the Company has been giving preference to the local areas in the vicinity of its Divisions for undertaking Corporate Social Responsibility (CSR) Activities. The said policy is in line with Clause 5(1) of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014. Accordingly, as a Policy, HAL has been

undertaking CSR Projects / Programmes in the local areas, within the District or in the neighboring Districts of its operations, with a view to improve the quality of life of the Socially & Economically backward groups and marginalized & weaker sections of the Society.

- b) It may also be noted that as per Schedule VII of the Companies Act 2013, (i) contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water; (ii) contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of River Ganga; (iii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) or any other Fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and (iv) contributions or Funds provided to Technology Incubators located within Academic Institutions which are approved by the Central Government are only considered as valid CSR Activities. Any other contribution is not considered as a valid CSR activity.

Considering the positions indicated above, it may not be feasible to provide contributions directly to the Sainik Schools.

BEL: BEL being a DPSU, has to comply with various Government guidelines directing CSR fund distribution, themes for CSR expenditure & areas of operation (Aspirational districts) and hence, its role has been limited to selection & implementation of CSR Projects in compliance with Govt. Legislations & Guidelines.

Nevertheless, BEL has supported Sainik School, Satara, Maharashtra by creating an "e-Learning & Knowledge Centre" at a cost of Rs.34.31 Lakhs. The Centre has been provided with Computers, associated peripherals like Printer, Modem, Router, Interactive boards with projection & audio system, furniture for 40 seating capacity etc.

The facility was fully utilized by the School even during the lockdown period due to COVID-19 pandemic. Sainik School, Satara created history by holding parent-teacher meeting through video-conferencing and conducting online classes for its students during lockdown.

BEML: BEML consistently spends more than 2% of average PAT of last 3 years exceeding the target as stipulated in guidelines. The expenditure is primarily on Healthcare, Education, Swachh Bharat Mission, etc.

On education front, BEML runs one Junior College and one Nursery School at Kolar Gold Fields. Company also runs a school at Bangalore having classes from Pre-Nursery to 12th level. These Institutions, although meant primarily for the children of the employees but also caters to a large extent to the local population. BEML also runs a Kendriya Vidyalaya at KGF, for the benefit of the employees' children and also for the local population. The Company also provided School building, Furniture, Attender for Mid-day meal Programme and Security Personnel for the Government English Model Higher Primary School at KGF.

BEML has rendered its support for establishing Akshaya Talent Hostel at Bangalore to the Akshaya Patra Foundation. The Talent Hostel will provide vital facilities home away from home to enable aspirations of meritorious students coming from families requiring economic support.

BDL: BDL has noted the recommendation. It is submitted that it has not received any proposal till date requesting funds to Sainik School. However, BDL has been supporting different Government Schools in states of Andhra Pradesh and Telangana by providing Dual desks, Digital Class Rooms etc. Supporting Sainik Schools may be considered while taking up the future projects.

MIDHANI: MIDHANI CSR budget for FY 2020-21 is Rs 3.92 Cr. (Prov.) This fund is allocated to ongoing projects such as annual maintenance of toilets in government schools, initiatives in aspirational district (Kothagudem). Expenditure towards these projects spill over to subsequent years. Hence, no fund is available to contribute towards Sainik Schools.

MDL: MDL has been carrying out different projects with regard to Sainik/ Military Schools under CSR its initiatives.

In academic year 2018-19, MDL had commenced a flagship project in the education field titled "MDL Super 10", wherein 10 tribal students from the identified schedule block of Shahpur (Thane district) are being selected every year for admission to Bhonsala Military School (BMS), Nagpur. The selected students, belonging to economically weaker section, are getting an opportunity to study at BMS, Nagpur from Std V to Std XII and the entire expenditure towards education of these students at this residential school is being borne by MDL for last two years. Till date, 20 children from the Shahpur block have been successfully studying at BMS, Nagpur and five more children will also be supported in the current academic year. MDL has spent Rs.13.07 lakhs and Rs.28.87 lakhs under this project in FY 2018-19 and FY 2019-20, respectively. In FY 2020-21, an amount of Rs.40 lakhs are expected to be spent under this project.

Further, in order to support the Aspirational District Transformation Programme (ADTP) of Govt. of India, MDL has planned to establish a military training facility at Eklavya Model Residential School (EMRS) at Nandurbar, Maharashtra. This facility would help tribal students of the district to avail military training while studying in the residential school and thereby would help them to be well prepared for jobs in Indian Army/ Navy/ Air Force etc. This project is having a budget of Rs.100 lakhs (approx.) and is expected to be executed in FY 2020-21.

In addition to above, MDL is exploring the feasibility of financially supporting tribal students from two tribal taluks of the aspirational district of Nandurbar, who may be selected to study at the Sainik School.

GRSE: GRSE is situated in Metiabruz area of Kolkata which has a large population from the lower income bracket. The infrastructure in this locality for healthcare, skill development and education is extremely poor and as per Sec. 135 of Companies Act, priority is to be given for development of local areas.

Moreover, during FY 2020-21, as per Notification of Ministry of Corporate Affairs vide General Circular No. 05/ 01/ 2019- CSR dated 23 Mar 2020, an amount of Rs. 100 lakh has been transferred to PM CARES Relief Fund from CSR Budget 2020-21, due to the pandemic outbreak of COVID-19. Further, DPE vide OM No. CSR No. 08/0002/2018-Dir (CSR) dated 01 Jun 2020 has notified that the Annual Themes for FY 2020-21 is 'Healthcare and Nutrition' and at least 60% of CSR expenditure has to be incurred on these themes. Accordingly, CSR budget has been allocated catering 60% of fund for

projects on Annual Themes. Further, as per MoD, 20% of CSR fund has been allocated on Skill Development projects, as being done for past few years. The balance 20% CSR fund is being used for continuation of existing projects to improve the quality of life of marginalized section of local community.

Under the aforesaid circumstances, it may not be possible to provide CSR funds to Sainik Schools at this juncture.

GSL: GSL has a CSR Policy and CSR activities are taken up as per the provisions of Schedule VII of the Companies Act, 2013 and guidelines issued by Department of Public Enterprises (DPE) from time to time.

Any proposal/request from Sainik School will be analyzed on the basis of above applicable policy/guidelines/laws.

HSL: As recommended, necessary CSR initiatives will be undertaken in Sainik School during the current financial year 2020-21 based on the CSR budget for the Financial Year 2020-21.”

25. The Committee had recommended that under Corporate Social Responsibility (CSR) initiatives, funds should also be provided to the Sainik Schools by the Defence Public Sector Undertakings (DPSUs) keeping the national interests as paramount. The Committee note from the Ministry’s reply that some DPSUs have submitted that feasibility of extending financial support to the Sainik Schools would be explored. In this regard, the Committee recommend that awareness programmes for extending CSR funds to the Sainik Schools may be conducted by the willing DPSUs so that the Schools may be able to reach them and are aware of the extant procedures. Further, an online portal may be developed by the DPSUs so that all applications for CSR funds may be electronically processed. The action taken in this regard may be intimated to the Committee at the earliest but not later than three months of presentation of this Report.

CHAPTER II

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

GENERAL DEFENCE BUDGET

Ministry of Defence Budget and Demands for Grants 2020-21: A bird's eye view

Recommendation (Para Nos. 1-4)

Recommendation (Para No. 1)

One of the paramount functions of the Standing Committees is to consider the Demands for Grants of the concerned Ministries/Departments and make Reports on the same and present them to the Houses. To be precise, such Committees play a pivotal role of ensuring Executive and Financial accountability. With this mandate, the Standing Committee on Defence have examined and finalized four Reports. The recommendations of the Fifth Report (Seventeenth Lok Sabha) on General Defence Budget are brought out in succeeding paragraphs.

Recommendation (Para No. 2)

The Committee find that there are four Demands for Grants pertaining to the Ministry of Defence viz. Grant Number 18 – Ministry of Defence (Civil), Grant Number 19–Defence Services (Revenue), Grant Number 20 – Capital Outlay on Defence Services and Grant Number 21 – Defence (Pension). The Committee also find that the total budget for the Ministry of Defence for 2020-21 stands at Rs. 4,71,378.00 crore. Out of this, 68.53 percent, i.e., Rs. 3,23,053.00 crore has been allocated for Defence Services Estimates (DSE), which is conventionally known as India's Defence Budget. The Defence Services Estimates reflects the detailed estimates for the Defence Services and Organizations covered under Grant Number 19 {Defence Services (Revenue)} and Grant Number 20 (Capital Outlay on Defence Services) of the Ministry of Defence. The Services and Organizations covered under DSE are Army (including National Cadet Corps, Director General Quality Assurance, Military Farms and Ex-Servicemen Contributory Health Scheme), Navy (including Joint Staff), Air Force, Defence Research and Development Organization (DRDO) and Defence Ordnance Factories.

The Committee note that Defence Pensions has claimed 28.39 percent of the total budget i.e. Rs. 1,33,825.00 crore. Defence Pensions, under Grant number 21, provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and also employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The remaining 3.08 percent of the total budget i.e. Rs. 14,500 crore have been allocated to Ministry of Defence (Civil) {Grant Number 18}. The requirements for the Civil expenditure (both revenue and capital)

of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, Jammu & Kashmir Light Infantry (J&K LI), Border Roads Organization, etc. are covered under Grant Number 18.

Defence Budget 2020-21 and 2019-20

Recommendation (Para No. 3)

A detailed examination of the facts and figures provided by the Ministry of Defence on expenditure on Ministry of Defence (Civil), Pensions and Defence Services Estimates, reveals that allocation under these three Grants has shown an increase of Rs. (-) 361 crore, Rs. 16,015 crore and Rs. 6,757 crore in 2020-21 Budget Estimates (BE), respectively, when compared to that in 2019-20 Revised Estimates (RE). The total Defence Budget for 2020-21 BE is Rs. 4,71,378.00 crore, an increase of Rs. 22,558 crore in comparison to that of 2019-20 RE. It is a matter of concern that as compared to 2019-20 RE, while the total Defence Budget and Defence Services Estimates have shown an increase of 5.03 percent and 2.14 percent, respectively, Defence Pension has exhibited an increase of 13.6 percent in 2020-21 (BE). This aspect has been dealt in succeeding paragraphs of this Report.

Growth of Defence Budget vis-à-vis rate of inflation:

Recommendation (Para No. 4)

The Committee learn that the annual rate of inflation, as per the Economic Survey 2019-20 based on Consumer Price Index-Combined, increased to 4.1 percent (provisional) in 2019-20 (April to December, 2019) as compared to 3.7 percent in 2018-19 (April to December, 2018). Based on Consumer Price index, the inflation stood at 7.35% (Provisional) in December, 2019 as compared to 2.11% in December, 2018. The actual increase at the stage of Revised Estimates 2019-20 i.e. Rs. 3,16,296.07 crore amounts to 5.84 percent after adjusting inflation. The Committee, therefore, aver and recommend that allocations for Budget for the Ministry of Defence for 2020-21 at Revised Estimates stage should be increased in proportion to inflation so that actual increase in the funds to meet the Capital and Revenue requirements of the Forces may not be hindered by the vagaries of inflation.

Reply of the Government

In BE 2020-21, an amount of Rs. 3,23,053.00 crore (i.e. an increase of Rs. 17,756.93 Crore over BE 2019-20) has been allocated to M/o Defence under Defence Services Estimates which is an increase of 5.82% over BE 2019-20 allocations.

2. Additional funds as required will be sought at Supplementary & Revised Estimate stage to meet the requirements under Capital and Revenue Grants.

Chief of Defence Staff (CDS)

Recommendation (Para No. 8)

The Committee had, in their earlier reports, recommended creation of the post of Chief of Defence Staff (CDS) for enabling better co-ordination among the Services. The Committee have learnt that the CDS apart from being the head of the Department of Military Affairs will also be the Permanent Chairman of the Chiefs of Staff Committee. He will act as the Principal Military Advisor to the Raksha Mantri on all tri-Services matters. The major roles assigned to CDS include: -

- (a) CDS will administer tri-Services organisations.
- (b) Provide integrated inputs of the Services to relevant authorities. Defence Planning Committee has been set up to facilitate a comprehensive and integrated defence planning exercise. CDS will be member of Defence Acquisition Council chaired by Raksha Mantri and Defence Planning Committee chaired by National Security Advisor (NSA).
- (c) Functions as the Military Adviser to the Nuclear Command Authority.
- (d) Bring about jointness in operation, logistics, transport, training, support services, communications, repairs and maintenance, etc of the three Services, within three years of the first CDS assuming office.
- (e) Ensure optimal utilisation of infrastructure and rationalise it through jointness among the Services.
- (f) Enhance the share of indigenous equipment used by the three Services through preparation of roadmap on indigenization of equipment. He will set objective targets for indigenization and report achievements on annual basis.
- (g) Evaluate plans for 'Out of Area Contingencies' as well as other contingencies such as Humanitarian Assistance and Disaster Relief.
- (h) Implement Five-Year Defence Capital Acquisition Plan (DCAP), and Two-Year roll-on Annual Acquisition Plans (AAP), as a follow up of Integrated Capability Development Plan (ICDP).
- (i) Assign inter-Services prioritization to capital acquisition proposals based on the anticipated budget.
- (j) Integrate and rationalize international cooperation plans of the Services, including foreign training, exercises and other exchanges in coordination with the Ministry of External Affairs.
- (k) Prepare strategy papers on military matters for consideration of the competent authority.
- (l) Bring about reforms in the functioning of three Services aimed at augmenting combat capabilities of the armed Forces.
- (m) Prepare for Raksha Mantri an empirical and objective report on annual achievements in jointness during the year in military structures, procurement, operations, logistics and training of the Services.

The Committee are more than happy to note that the very inception of this idea emanated from the deliberations of the previous Committees and now it has attained finality. The Committee are of the firm view that with the creation of this post vis a vis the new responsibilities assigned to this Department, the Forces would move in the right trajectory for which the Committee has no reason to believe would not extend all the assistance in the due course, especially in terms of finances.

Reply of the Government

The Cabinet Committee on Security (CCS), initially on 14.08.2019 and subsequently on 24.12.2019 approved creation of Department of Military Affairs (DMA) within the Ministry of Defence, to be headed by the Chief of Defence Staff (CDS), who will also be the Secretary of DMA. Pursuant to this, Cabinet Secretariat vide notification dated 30.12.2019 amended Govt. of India, Allocation of Business Rules, 1961 to create a new Department in MoD i.e. Department of Military Affairs. The Committee is hereby assured that with creation of the post of CDS vis-a-vis new responsibility assigned to this Department, the Forces will now be able to operate with jointness amongst the different services under the MoD.

Recommendation (Para No. 9)

The Committee have been further apprised that a demand of Rs. 21.04 crore for establishment and maintenance of the Department of Military Affairs (DMA) headed by the Chief of Defence Staff has been projected for financial Year 2020-21. The Committee recommend that the projected demand for the Department of Military Affairs should be allocated at the earliest to aid smooth functioning of this new Department in the Ministry of Defence. They also hope that creation of the post of CDS will have significant long-term benefits for our Defence sector by adopting a synergized approach to decision making for projects of critical and urgent capabilities and creation of joint entities amongst the Services.

Reply of the Government

Against the demand of Rs. 21.04 crore for establishment and maintenance of the Department of Military Affairs (DMA), an allocation of Rs. 17.76 crore has been made for Financial Year 2020-21. The funds so allocated will aid in basic functioning of DMA in the Ministry of Defence. It is reiterated that creation of the post of CDS will certainly have significant long term benefits for the Defence sector of the country.

Defence Budget: Challenges and Reforms

Recommendation (Para No. 11)

From examination of the Demands for Grants 2020-21, the Committee observe and infer a mismatch between the projected and allocated Defence Budget. They note that as against

projection of Rs. 5,74,314.91 crore for 2020-21 (BE), Rs. 4,71,378.00 crore have been allocated for total Defence Budget i.e. a shortfall of Rs. 1,02,936.91 crore. In this regard, the Defence Secretary submitted that there has been an increase of 9.3 percent in the overall budget and an increase of Rs. 4000 crore in Defence Services Estimates in comparison to 2019-20 budget. The Secretary (Defence Finance) also added that timely expenditure of funds allocated at BE 2020-21 would increase the chances of getting additional allocation at Revised Estimates stage of 2020-21. In this regard, the Committee recommend the Ministry of Defence to adopt sound financial principles to ensure that the allocated funds are spent judiciously and wasteful expenditure is avoided in order to convince the Ministry of Finance to allocate additional funds at Revised Estimates stage.

Reply of the Government

The recommendations of the Committee are noted for compliance. Necessary instructions are issued from time to time for adherence to financial propriety and avoidance of underutilization of funds/wasteful expenditure.

2. The Committee may be assured that all efforts will be made to ensure optimum utilization of scarce resources. Based on progress of expenditure, pending committed liabilities etc., additional funds will be sought from Ministry of Finance at appropriate stage(s).

Recommendation (Para No.12)

During deliberations on Demand for Grants 2020-21, the issue of burgeoning Defence pension liabilities unanimously emerged as one of the biggest challenges as the pension budget has increased approximately 3.5 times since the last decade. The reasons as given to the Committee, for increase in pension budget includes increase in longevity of people, increased manpower over the years for various new platforms, revision of pension scales from time to time, etc. In this regard, the representatives of the Ministry of Defence apprised the Committee of the steps being contemplated, which include increasing the retirement age, jointness and integration amongst the Services in terms of manpower resources, incorporating technology to supplement boots on the ground, closing down the military farms and some workshops in peace stations and outsourcing some of the services to the private sector, to contain increasing defence pension liabilities, the Ministry is also mulling on the proposal to provide alternate sources of employment for the retired personnel and Short Service Commission for Officers. Another proposal includes providing college education or one-year study leave to the men before they leave the Army so that they can leave thereafter. The Committee are of the view that the said measures being taken to address the serious issue should be implemented after taking into account the best interests of the retiring personnel and the Committee be apprised accordingly. While adopting some kind of alternatives for reducing the burden of pension, the Committee would recommend the Ministry to keep in mind that the interest of the youth intending to join the Forces in not dampened. In essence, the Committee would like to convey that at all existing levels and specialities of the Forces, the youth should remain inveigled to join the Forces. All due diligence should be taken in this regard under intimation to the Committee.

Reply to the Government

The recommendations of the Committee with regard to the measures being taken to reduce the burden of pension have been noted. The points made by the Committee for taking into account the best interests of the retiring personnel and encouraging the youth to join forces is recognized. Recommendations made by the Committee will also be considered for improving prospects of Short Service Commissioned Officers, along side the other measures that are under consideration.

Other issues

Recommendation (Para No. 14)

During deliberations on the DFG 2020-21, issue of jawans being stuck or succumbing to the avalanches was brought up. Such a recent case was also highlighted. In this regard, the Committee have been apprised that the best efforts have been made to rescue the jawan from the avalanche. It seems there are certain limitations faced due to unfavourable weather conditions. In this regard, as assured, some kind of formal communication of the latest situation, if not already sent, should be forwarded to the family of the jawan and the concerned. The Committee further recommend that as a precaution, due care should be taken in the future to obviate such instances which have a demoralizing effect on the Forces. Also, steps should be taken to develop or procure more such state-of-the art equipments to rescue our jawans hit/trapped by inclement weather conditions.

Reply of the Government

Prompt action is taken in all such cases and a 'Letter of Condolences and Support' is forwarded to the Next of Kin (NoK) of missing personnel as per extant orders on the subject. Accordingly, the family of the concerned individual has also been informed in the instant case.

In addition to above, as per service norms, all units maintain constant touch with the NoK of missing soldiers, till rescued, body recovered or declared 'Missing', 'Presumed Dead'.

State of the art avalanche protection and rescue equipment, like Avalanche airbags and Avalanche Victim Detectors (AVD) are being provided, as per requirement and authorisation to the troops deployed in such areas. Constant endeavour is also made to induct new technology/equipment for use by our troops.

Recommendation (Para No. 15)

The Committee have been apprised that most of the suicide cases, amongst the Forces, have taken place at civil stations and during peace time. In this regard, the Committee recommend that the Forces should strengthen the existing mechanism of identification of vulnerable individuals and counselling them at opportune time. Further, DRDO should research and devise innovate methods and research in this aspect to eliminate the trend of suicide cases

among the Forces. In fact, the Defence Public Sector Undertaking (DPSUs) have also been given targets of Research and Development. The Committee were happy to learn that focus has been shifted to promote Indian Industry and priority has also been given to purchase defence products in small lots so that all products do not shown up together for maintenance.

Reply of the Government

With regard to observation on suicide cases various steps have been taken by the Armed Forces. The details are given hereunder:

Army:

Army is sensitive and alive to the incidents of suicide by service personnel and have undertaken various studies in collaboration with Defence Institute of Psychological Research (DIPR). The major causes of such incidents identified are as follows:

- (a) Domestic & personal problems
- (b) Marital discord
- (c) Stress
- (d) Financial problems

Based on these findings, Army has taken several steps towards stress amelioration amongst troops which include deployment of trained psychological counsellors, improvement in the quality of food and clothing, training in stress management, provision of recreational facilities, leave concessions, improving approachability of seniors, facilities for movement of troops from border areas and establishing grievance redressal mechanism at various levels, etc. Apart from this, numerous advisories/instructions are also being issued periodically to arrest this trend. Organizational efforts towards minimizing occurrence of suicide in the Army shall continue and is a continuous process.

Air Force:

Indian Air Force (IAF) has taken numerous measures to reduce the stress and other problems amongst air warriors by strengthening the existing mechanism of identifying vulnerable individuals as well as implementing the under mentioned guidelines to enhance the existing mechanism:-

- (a) A "Psychological Evaluation and Remedial Action Committee" (PERAC) under the Chairmanship of Air Officer-in-charge Administration (AOA) with Air Officer-in-charge Personnel (AOP) and Director General Medical Services -DGMS (Air), as main members has been set up for better understanding of the cases of suicides in the IAF. The Committee meets twice in a year and reviews all measures in IAF for creating a stress free environment and prevention of suicides.
- (b) Professional Psychological Counsellors have been hired at Air Force Stations. Service Psychologists are also available at certain places. In addition, Periodic Psychological Counselling is also done by Section Commanders, Station Medical Officers and Station Commanders wherever required.

- (c) Training of service personnel for eight weeks in Psychological Counselling and stress management at Command Hospital Air Force, Bangalore for employment as “**Service Counselors**’.
- (d) Training of officers and airmen for four days at Institute of Aerospace `Medicine (IAM) for early recognition of psychiatric symptoms.
- (e) All personnel found to be having any suspected psychological problem are referred to Psychiatrist in nearest service hospital and followed up thereafter.
- (f) A documentary film on Suicide Prevention “**Mission Zindagi –Jaan Hai Toh Jahan Hai,**” has been made and distributed to all Air Force units in September 2016.
- (g) Mansik Sahayta Helpline, an all India Toll Free Helpline 1800-110-080 is working at Air Force Central Medical Establishment, Delhi.
- (h) Study of all cases of suicides and fratricides is carried out to analyse reasons of suicides and suggest remedial measures in Psychological Evaluation and Remedial Actions Committee (PERAC) meetings organized bi-annually at Air HQ.
- (i) Various workshops and lectures on Mental Health and Stress Management are held in IAF as Mission Zindagi Campaign, which is conducted quarterly at all Air Force Stations.

Navy:

Steps taken by Indian Navy to strengthen the mechanism for identification of individuals who are vulnerable to undertake drastic measures, such as suicide, are appended below:

- (a) The facilities available for psychological counselling in the Indian Navy are many and target various sections of the Naval Community. Indian Naval Hospitals Asvini, Kalyani and Sanjivani have a full-fledged Department of Psychiatry with Psychiatrists, Clinical Psychologists and Counsellors appointed to the Department.
- (b) Family counsellors at Family Welfare Centres in Mumbai, Visakhapatnam and Kochi also provide Psychological counselling.
- (c) As an additional measure, **SPRINT (Special Psychiatric Rapid Intervention Team)** with a Psychiatrist as Officer-in-Charge, functioning under the aegis of Command Medical Officer, has also been established at Eastern Naval Command and Western Naval Command to mitigate combat stress and to provide mental health first-aid and counselling services to serving personnel onboard ships and establishments.

DRDO

DIPR, a Delhi based laboratory of DRDO has developed and distributed field manuals about self help techniques for self defeating behaviors and management of suicidal behavior. The manuals are provided as and when requested by Army HQ or any unit. This Institute has also been conducting regular courses on "Training of Service Officers in Counseling" since 2010 and so far around 500 service officers have been trained. The conduct of courses still continues as a regular practice.

DIPR has carried out a few studies related to Suicidal Behavior among troops of Indian Army. Following are the studies that were conducted by this Institute:

- A study on suicide and fratricide among the troops deployed in peace areas of the Indian Army (2010)
- An impact analysis of the study on suicide and fratricide in CI and peace areas of Indian Army (2011)
- Assessment of Antecedents of Suicide Cases in Indian Army by the method of Psychological Autopsy (2011)
- Development of Suicide Risk Assessment Test (2012)
- Study of Factors causing Distress among Young Officers of Indian Army (2014)

DPSUs

With regard to promotion of Indian Industry the following facts are submitted for consideration:

HAL: Aerospace domain is a highly technology intensive domain and R&D is a thrust area at HAL. HAL has 11 R&D centers working on different technology segments in the Aerospace domain, both for fixed wing and rotary wing platforms. Further, to enhance its thrust on R&D, HAL has created a R&D Corpus with contribution of 10% of operating profit after tax.

HAL has to its credit designed and developed 17 state-of-the-art indigenous products which include Advance Light Helicopter (ALH), Light Combat Aircraft (LCA), Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Basic Turboprop Trainer Aircraft (HTT-40).

The major Design and Development programs currently progressing at HAL include LCA Mk1A, Indian Multirole Helicopter (IMRH), 25kN Turbo-Fan Engine, 1200KW Turbo-Shaft engine.

In addition, various other technology development projects have been launched to increase self-reliance in critical areas like Engines, Aircraft Display Systems, Mission Computers, Aircraft Flight Control Systems for Helicopter etc. HAL has tied up with premier academia in the country and has established 6 Chairs at IITs / IISc for conducting research and product development activities on niche areas.

HAL believes in inclusive growth and has been instrumental in nurturing a competitive aviation eco-system in India by way of collaborating with private industries as outsourced partners. More than 30% of HAL's man-hours have been outsourced including several critical work packages, resulting in enhancing the manufacturing capability of Indian private sector including MSMEs. HAL aims to be a lead aerospace integrator, primarily through robust private partnership. HAL is also utilizing private vendors in design and development of systems, examples include Smart Cockpit Display System, Multi-Function Display, Solid State Flight Data Recorder etc., to name a few.

With probable orders to be received for LCA Mk 1A, Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), HTT-40, addl SU-30MKI aircraft, the need to ensure maximum utilization of existing Defence & Aerospace facilities in the country under "Make in India", will be fulfilled.

BEL: BEL spends around 8-10% of its annual turnover on R&D. BEL also work on internal targets for new product development year-on-year through in-house development, jointly with DRDO/National Design Labs/Academia, Collaborative R&D involving Indian Private Industry/MSME etc. BEL provides enhanced thrust to promote Indian industry through broadening domestic vendor base as part of building strong Industrial Base.

BEML: R&D Expenditure as percentage of Revenue (Last three years):

Year	R&D Expenditure as % of Revenue
2017-18	3.09
2018-19	2.04
2019-20 (Provisional)	3.18

✓ Major Area of Research and Development :

BEML has its own world-class composite R&D establishment for Design & Development of products. The R&D establishment has CAD Centre, Fluid-power, Powerline, Structural Engineering & Material Science laboratories and is continuously engaged in New Product Development and Upgradation of existing products to meet customer requirements. More than 67% of Company's Sales Turnover is through in-house developed R&D products. The R&D expenditure is around 2 ~ 3% of turnover.

The Company has launched "Make in India" Products 150T & 190T Dump Trucks and 180T Electrical Excavator successfully. These biggest electric drive dump trucks were designed and manufactured for the first time in India and are major import substitution products for the Mining sector. After successful trials, Company have received orders for 5 numbers of 180T Electrical Excavators, 7 numbers of 150T and 8 numbers of 190T high end dumpers.

In-house Designed and Developed Arjun Armoured Repair & Recovery Vehicle is presently under trials and further orders are expected which will result in Foreign Exchange savings for the country. The Company is also working with industry partners to leverage technology for the benefit of customers such as introducing AI features in machines. Towards protecting the Intellectual property of the Company, the innovation cell has succeeded in filing 70 IPR covering innovations in product design, manufacturing and operations.

Design & Development of Metro Coach for KMRCL was successfully completed and Coaches were delivered to Customer. Catenary Maintenance Vehicle (CMV) was developed and supplied to DMRC successfully.

MIDHANI:

a) MIDHANI R&D efforts are focused in the area of :

- Alloy / Product Development
- Process Development / Improvement
- Technology collaboration

b) R&D Expenditure as percentage of Revenue (last 3 years)

Year	R&D Expenditure (Rs crore)	Revenue (Rs crore)	R&D Expenditure as % of Revenue
2017-18	15.46	666.08	2.32
2018-19	29.97	710.85	4.22
2019-20 (Prov.)	8.93	715.56	1.55

GRSE: GRSE is a DPSU Shipyard primarily engaged in construction of Warships for Indian Navy and Indian Coast Guard and manufacturing of Bailey Bridges and Deck Machinery items. The Diesel Engine Plant at Ranchi is for the Assembly and Testing of Marine Diesel Engines. All R&D activities of this Shipyard are associated with these core activities.

GSL: Research & Development is a major thrust area and at present GSL has a well established R&D centre which has been recognized and registered as in-house R&D unit by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology. GSL is the first shipyard to have this unique distinction of having this recognition. The major objective of the R&D facility at GSL is to develop products to support the Indian Defence Forces and friendly Indian Ocean Rim countries. In line with the above, GSL’s major area of R&D is in developing products in the area of ocean surveillance, patrolling and vessels required for the security of the EEZ of Indian and Indian Ocean Rim countries. GSL is developing various designs of Offshore Patrol Vessels, Fast Patrol Vessels, Interceptor Boats, Survey Vessels and Missile Crafts. The design and development of these vessels are the outcome of an intensive R&D activity

over the years. GSL also invests time and manpower into developing designs of futuristic vessels, anticipating the needs of the Indian Navy and Indian Coast Guard.

- ✓ R&D Expenditure as percentage of Revenue for last three years is as under:

(Rs. in lakhs)

Name of the DPSU	Year	R & D Expenditure (A)	VoP (B)	% of VoP (C) = (B)/(A)*100
Goa Shipyard Limited	2017-18	1009	134267	0.75%
	2018-19	1033	84780	1.22%
	2019-20 (Provisional)	733	87000	0.84%

HSL: There is no exclusive R&D unit in the Shipyard. However, HSL has a well-equipped Design & Drawing Office, which in the past has developed in-house design for a number of vessels. HSL's design department has been recognized as in-house R&D unit by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology.

- ✓ The major R&D projects which were already completed are as below:
 - (a) Innovative Installation of Diffraction Fence on OSS
 - (b) Innovative Method for Installing HT Cables
 - (c) CFD for Air Intake System
 - (d) Design of 10 T Bollard Pull Tug for Indian Navy
 - (e) Design of Berthing Pontoon for DGNP (V)
- ✓ Detailed design of following projects were undertaken in 2019:
 - (a) Four 50 T tugs for Indian Navy
 - (b) Three flap gates for Indian Navy
- ✓ In-house designs of following ships have been undertaken in the year 2019, for which bid designs have been submitted:
 - (a) Two Pollution Control Vessels for Indian Coast Guard
 - (b) Eight Fast Patrol Vessels for Indian Cost Guard
 - (c) One 500 passenger vessel for SCI
- ✓ In addition to the above designs, in-house design capabilities are being enhanced by undertaking design of a wide variety of ships such as Multipurpose Cargo Vessels for SCI, Offshore Patrol Vessels for Indian Navy etc, so as to progress towards the aim of Design department of the Shipyard becoming a 'Centre of Excellence'.
- ✓ The R&D Expenditure as a percentage of Revenue in respect of HSL during the last three years is tabulated below:-

Parameter	Unit	2017-18	2018-19	2019-20 (Prov.)
R&D expenditure	Rs Cr	5.57	4.38	4.75
VoP	Rs Cr	644.78	594.91	485.00
R&D expenditure as % VoP	%	0.86	0.73	0.98

Budgetary Allocation to BRO

Recommendation (Para No. 16)

The Committee note that budget to BRO is given by various other Ministries such as the Ministry of Road Transport and Highways (MoRT&H), Ministry of External Affairs (MEA), Ministry of Home Affairs (MHA) and the Ministry of Development of North Eastern Region (MDoNER), besides the Ministry of Defence. The Committee learn that against the BE projection of Rs 5871.42 Crore, Rs 5609.50 Crore and 7128.00 Crore in 2017-18, 2018-19 and 2019-20, Rs 4168.20 Crore, Rs 5484.00 Crore and Rs 5234.22 Crore, respectively, were allocated to BRO by the Ministry of Defence at BE stage. For 2020-21, Rs 5711.23 Crore have been allocated at BE stage against the projection of Rs 8060.00 Crore.

Reply of the Government

The details of allocation to BRO, made by various Ministries at BE and RE stage and expenditure incurred during last three years are given below:-

Year	Agency	BE Allotment (in Crs)	Final Allotment (in Crs)	Expenditure (in Crs)
2017-18	GS	4168.20	4180.69	4239.56
	MoRT&H	370.00	320.00	317.90
	MEA	35.08	49.75	49.75
	MHA	101.62	83.15	82.97
	MoD	523.60	726.43	725.67
	NEC	5.00	5.00	5.00
	Other and Deposit	70.94	91.55	36.85
	Total	5274.44	5456.57	5457.70
2018-19	GS	4426.16	4860.77	5360.82
	MoRT&H	450.00	385.00	362.54
	MEA	34.91	42.33	42.33
	MHA	136.57	183.78	183.92
	MoD	510.35	692.21	691.68
	NEC	5.00	5.00	5.00
	Other and Deposit	19.55	112.72	59.56
	Total	5582.54	6281.81	6705.85

2019-20	GS	5234.220	5749.16	5835.01
	MoRT&H	602.502	557.92	548.04
	MEA	26.300	26.82	23.87
	MHA	221.120	191.12	191.12
	MoD	925.852	1003.31	1004.52
	NEC	1.78	1.78	1.78
	Other and Deposit	199.58	202.24	99.57
	Total	7211.354	7732.35	7703.91
2020-21	GS	5586.23	Not applicable	432.27
	MoRT&H	332.46		47.44
	MEA	-		-
	MHA	202.00		2.53
	MoD	689.55		15.09
	NEC	3.79		-
	Other and Deposit	125.76		1.08
	Total	6939.79		498.41

Note: Expenditure for FY 2020-21 is upto April, 2020

Required and existing number of equipment with BRO

Recommendation (Para No. 18)

The Committee have been apprised that based on the requirement of BRO, an Annual Procurement Plan (APP) amounting to Rs. 168.90 crore has been approved for FY 2019-20. As regards the status of procurement of critical equipment, 90 Dozer II equivalent and 150 Tippers have already been procured. The Committee desired to know about the steps taken to fill the gap between required and existing equipment with BRO. In this regard, the Ministry submitted that earlier, the approval for procurement of equipment was based on the approved five year Long Term Equipment Plan which was not realistic with reference to the allocation of budget to BRO. Accordingly, policy guidelines for preparation of Annual Works Plan (AWP) and Annual Procurement Plan (APP) with reference to fund allocation to BRO has been issued so that the planning of works and the requirement of resources i.e. the size of APP is more realistic. Further, in order to induct the latest Vehicles/Equipment/Plants (V/E/P) in BRO and to complete the preparatory action for timely procurement, enhanced delegation of powers for procurement of both indigenous and foreign construction equipments has been accorded to DGBR. The Committee are satisfied to note these measures and hope that implementation of these measures will completely eliminate the gap between the required and existing equipment with BRO and help them in effective and timely construction of requisite roads and infrastructure.

Reply of the Government

The observations of the Committee have been noted. The Committee is hereby informed that for FY 2020-21, APP has been approved for Rs 210.03 crore.

Construction of Roads by BRO

Recommendation (Para No. 19)

The Committee during their course of examination learn that in order to concentrate simultaneously on the Northern and North-Eastern Borders and for the holistic development of roads in border areas, a five year (2018-2023) Long Term Roll on Works Plan (LTRoWP) has been approved for the construction/improvement for 265 roads length 14224.12 kilometer, 4 Ditch cum Bund (DCB) of length 353.22 Km and 4 bridges (Br). The Committee are pleased to learn about this development, nevertheless they also note that about two years are already over since this LTRoWP came into existence. As such the Committee recommend that all roads strategically important approaching to border and approved in the LTRoWP may be considered for construction by BRO. Also they would, through briefly, like to know at what stages the work on each of the three Projects mentioned in this paragraph are pending and what are their dates of completion. They would also like to know about the mechanism put in place by BRO, by adjusting all unfavorable scenarios as brought out in the immediately succeeding paragraph, what efforts have been done to contain time and cost escalations.

Reply of the Government

With reference to the observation of the Committee on the LTRoWP the present status of the roads in the approved LTRoWP is mentioned below:-

(a) Roads completed

Name of State/UT	Nos of roads	Length (in km)
UT of J&K	03	85.27
Rajasthan	10	758.33
UT of Ladakh	4	278.12
Sikkim	04	46.55
Arunachal Pradesh	04	317.60
Uttarakhand	05	96.17
Nagaland	01	28.36
Total	31	1610.40

In addition to the above, 2 roads of length 90.36 km are completed in Bhutan.

(b) Roads completed (except bridges & Pmt works)

Name of State/UT	Nos of roads	Length (in km)
Arunachal Pradesh	07	308.47
Nagaland	01	161.00
Mizoram	02	134.16
Total	10	603.63

In addition to the above, 01 road of length 161.50 km is completed in Bhutan.

(c) Roads planned to be completed in next three years

Name of State/UT	Nos of roads	Length (in km)
UT of J&K	39	2070.23
Rajasthan	04	236.65
Sikkim	09	197.54
West Bengal	01	13.00
Arunachal Pradesh	12	677.37
Himachal Pradesh	02	298.39
Manipur	02	206.90
Mizoram	05	409.42
Nagaland	01	90.25
Punjab	06	268.95
Uttarakhand	07	339.70
Total	88	4808.40

In addition to the above, 02 roads of length 258.90km is planned for completion in Bhutan.

Further, in order to fast track the induction of modern construction equipments to facilitate early completion of roads, the following measures have been taken:-

- (a) The Ministry vide letter dated 11 Aug, 2017 has enhanced the procurement powers of DGBR from Rs 7.5 crore to Rs 100 crore both for indigenous and foreign procurement.
- (b) The Ministry vide letter dated 6 April, 2017 has accorded delegation for premature down gradation of construction equipments to DGBR, which has facilitated in downgrading the obsolete equipments.
- (c) Delegation has been accorded vide letter dated 11 Aug, 2017 to DGBR for revision of output norms of various construction equipment. DGBR has revised the output norms vide letter dated 18 Oct, 2019.

With the empowerment of the field Officers through enhanced delegation of financial and administrative powers there has been significant improvement in faster financial closure of works.

Challenges faced in execution of projects and maintenance of roads

Recommendation (Para No. 21)

Through a written submission to the Committee, they find that the Ministry delineated delay in Forest/Wildlife clearance, hard rock stretches, limited working season, difficulties in availability of construction material, diversion of resources due to natural disasters, delay in land acquisition, poor performance of contractors and non availability of local labour as reasons for certain delays in execution of road projects. The Committee are further given to understand that adverse and harsh climatic conditions, non availability of sufficient labour, limited working season, repeated damages due to landslides, natural calamities i.e. flash floods and cloud burst, non allocation of stone/sand quarries by the State Governments, weak geological strata especially in North Eastern region causing sinking/formation breaches and insurgency affected areas contribute to difficulties faced by BRO in maintenance of existing roads.

The Committee acquiesce with all these problems brought out by the Ministry yet they feel that the maxim 'there is light at the end of the tunnel' still pragmatic to support by BRO. They recommend the Ministry to dwell upon each of these problems separately, liaise with Central/State Governments to obviate as many of this difficulty like clearances, insurgencies, shortage of rock/construction material etc. As a long-term strategy, BRO in unison with all the stakeholders chalk out a strategy where dependence on heavy construction state-of-the art equipment is increased and the dependence on traditional labour force is reduced. This issue is further discussed in the next paragraph.

Reply of the Government

The observations of the Committee have been noted.

Recommendation (Para No. 22)

During deliberations on Demands for Grants of the Ministry of Defence for the year 2020-21, a representative of the Ministry of Defence candidly admitted that the delays are mostly because of forest clearance and land acquisition and land being a State subject, adds to the difficulties. He further submitted that all the National Green Tribunal (NGT) norms are being followed by BRO wherever it is undertaking construction. The Committee have learnt that measures such as establishment of Single window system at District, State and Ministry of Environment & Forest (MoEF) levels to fast tract, processing of forest clearance cases, adoption of simplified and unified proforma for processing both forest and wild life clearance simultaneously and construction of a Working Group by Ministry of Environment & Forest (MoEF) under the Chairmanship of Secretary, MoEF to review the forest clearance cases have been adopted for quick and time bound disposal of forest clearance cases by Ministry of Environment & Forests. In addition, the MoEF vide letter dated 4th July, 2014 has accorded general approval under Section (2) of the Forest (Conservation) Act, 1980 for diversion of forest land in the State of Arunachal Pradesh, Himachal Pradesh, Uttarakhand & Sikkim as per details given below:-

- (a) Construction and widening of two lane roads by the BRO and other road construction agencies entrusted with the job by the Ministry of Defence, in the area falling within 100 kilometers aerial distance from the Line of Actual Control;
- (b) Widening of road (by the BRO and other road construction agencies) which are identified by the Ministry of Defence as link roads between Border Roads in the area within 100 kilometer aerial distance from the Line of Actual Control and National Highways/State Highways/other State Roads, subject to fulfillment of the conditions; and
- (c) In addition to above, MoEF vide letter dated 4th July, 2014 has accorded relaxation for diversion of forest land, for non forest purpose-special provision for creation of compensatory Afforestation, in lieu of forest land diverted for creation of strategic defence projects being taken up within 100 Km aerial distance from the Line of Actual Control by any user agency identified by the Ministry of Defence.

It would not be out of place to add and recommend here that if required, more stake holders, including that of concerned State Government and private suppliers, be included to give effect to the work of BRO. The Committee would like to know that how many meetings have so far been held by the Working Group along with the outcome of such meetings.

Reply of the Government

The details of meeting held by the Empowered Committee constituted by various State Governments are given below:-

State	Date of constitution	Details of meeting held
Sikkim	2014	(a) 2 nd Aug, 2014 (b) 22 nd Jan, 2016 (c) 31 st Aug, 2016 (d) 04 th Feb, 2017 (e) 26 th April, 2017 (f) 11 th Aug, 2017 (f) 11 th May, 2018 (g) 05 Aug, 2019
Uttarakhand	2016	There is no long pending issue with the State Govt.
Himachal Pradesh	-	(a) 04 Sept, 2018 (b) 05 Dec, 2018 (c) 05 Jan, 2019 (d) 27 Feb, 2019 (e) 07 June, 2019 (f) 05 Oct, 2019 (g) 17 Jan, 2020
Arunachal Pradesh	2013	(a) 21 May, 2019 (b) 29 Aug, 2019 (c) 21 Nov, 2019
Jammu & Kashmir (Now UT of J&K)	2015	

Due to the meeting held by the Empowered Committee of the various State Governments the following issues have been resolved:-

- (i) **Land Acquisition:** Out of 647 cases, 300 cases have been resolved. However, State-wise details of pending cases are as under:-

Srl No	State	Nos of cases
a	UT of J&K and Ladakh	200
b	Himachal Pradesh	4
c	Uttarakhand	31
d	Arunachal Pradesh	83
e	Sikkim	5
f	Nagaland/Manipur	2
g	Mizoram	22
Total		347

- (ii) **Allotment of Quarries:** In Arunachal Pradesh out of 128 Stone/Sand Quarries, 60 Stone/Sand Quarries have been notified by the Government.
- (iii) **Forest Clearance:** At present no critical road project is affected due to forest clearance.
- (iv) **Wildlife Clearance:** No wild life clearance is pending.
- (v) **Installation HMP/Stone Crusher:** Permission has been accorded by the Himachal Pradesh State Government for installation of stone crusher and Hot Mix Plant within Right of Way (RoW).
- (vi) **Extraction of Stone and Sand:** Permission has been accorded by the Himachal Pradesh State Government for utilization of extracted road side materials (Stone and Sand) within Right of Way (RoW).

Recommendation (Para No. 23)

The Committee note the measures taken or being implemented by the Ministry of Defence for quick and time bound disposal of forest clearance cases by the Ministry of Environment & Forests and specifically recommend that as this issue is inextricably linked to national security, NGT/environmental norms should not be an impediment for roads/infrastructure creation and maintenance within 10-15 kilometer of area around the borders.

Reply of the Government

At present, no critical road project is affected due to forest clearance. Further, BRO is exempted from obtaining environmental clearance.

Recommendation (Para No. 24)

The Committee are pleased to note that new technology such as use of Geo Textiles in pavement construction and cementitious base for construction of pavements is being used by BRO to reduce the carbon footprint. They recommend that new steps should be further taken in this direction of environment conservation and the Committee be apprised accordingly.

Reply of the Government

New technologies are adopted for construction of roads by BRO for optimal utilization of quarry material, to reduce the carbon foot prints for environment conservation as mentioned below:-

S/No	Technology	Name of State	Name of Project
i	Geo Cell	Himachal Pradesh Ladakh Arunachal Pradesh	Deepak Vijayak Himank Vartak Arunank
ii	Plastic Coated Aggregate	Bhutan Sikkim Himachal Pradesh Uttarakhand Arunachal Pradesh Mizoram	Dantak Swastik Deepak Shivalik Vartak Pushpak
iii	Autostem Gen-3 Rock Breaking Cartridges	Bhutan Ladakh Sikkim Arunachal Pradesh Uttarakhand	Vijayak Dantak Swastik Vartak Hirak
iv	Soil Stabilization through Biological Enzyme	Mizoram	Pushpak
v	Cementitious base	Arunachal Pradesh Uttarakhand UT of Ladakh Himachal Pradesh Sikkim	Vijayak Vartak Swastik Himnak Shivalik

Recommendation (Para No. 25)

The Committee have been given to understand that in order to facilitate the maintenance of existing roads, Director General Border Roads (DGBR) has been delegated powers to fix/revise the rates for maintenance and snow clearance grants for roads entrusted to BRO for maintenance and outsource maintenance of roads. The following measures have been taken to overcome the various impediments and to expedite the construction of roads in the border areas:-

- Guidelines for preparation of Annual Works Plan (AWP) and Annual Procurement Plan (APP): In order to prioritize the Annual Works Plan and to make it more realistic with reference to the budget availability, new policy guidelines for preparation of AWP and APP have been issued.
- Enhanced Delegation of Administrative and Financial Powers: The main objective of enhanced delegation of powers right upto the level of Chief Engineer and Task Force Commander is to bring transformational changes in the organization in order to improve the pace of execution of works to meet the requirement of the Armed Forces and to avoid delays on account of references between the Chief Engineer and HQ DGBR and also between HQ DGBR and MoD.
- Engineering Procurement Construction (EPC) Mode of execution: In order to enhance the capacity of BRO and to ensure the completion of various roads projects in the border areas as per the requirement of the Army, guidelines for adoption of EPC mode of execution have been issued by the Ministry, so that BRO is able to outsource road projects to big companies.
- State Governments of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Tripura have constituted the Empowered Committee to resolve the various issues of BRO.

Reply of the Government

The impact of the measures mentioned above is given below:-

(A) **Delegation of administrative and financial power:** The delegation of administrative and financial power since August, 2017 have enabled the CE(P) to speed up the works by enabling executives at various levels to sanction estimates, sanction of Revised Estimates, acceptance of contracts and closure of jobs. The impact of these delegations of powers up to 31 March, 2020 is summarized below:-

S/Nos	Work aspect	Nos	Cost (In Crore)
i	Sanction of Estimates	811	6199.37
ii	Sanction of RAE/RDPR	336	7455.08
iii	Acceptance of Contract	530	4413.08
iv	Closure of Jobs	1486	4119.35

(B) **Capacity building:** In order to enhance BRO's own capacity, BRO has identified 29 strategic projects of length 1966 km to be executed through EPC mode of execution. As on date Administrative Approval and Expenditure sanction for 04 Projects of length 149 km (including tunnel) amounting to Rs 1530 Crs has been accorded by the Ministry. The status of these projects is as under:-

(i) Construction/improvement of BCT road to National Highway Double Lane specification through EPC mode from Km 70 to Km 88 amounting to Rs 220.30 Crs. The contract has been awarded on 18th September, 2018 and work is in progress. The present progress is given below:-

(a) Physical = 50.04 %

(b) Financial = 48.52%

(ii) Construction and design of twin road tunnels of length 475 m and 1790 m across Sela pass through EPC mode amounting to Rs 687.11 Crore. The contract has been awarded on 14th Feb, 2019 and work is in progress. The present progress is given below:-

(a) Physical = 8.22 %

(b) Financial = 12.80%

(iii) 01 Project bids have been received and technical evaluation is under progress.

(iv) 01 Project the RFP has been uploaded.

Recommendation (Para No. 26)

Emphasizing that prime focus of BRO should be on building roads in the difficult areas for which it was formed, the Committee sincerely hope that measures, as stated in the preceding paragraphs, being taken by the Ministry of Defence to improve the functioning of BRO yield results at the earliest.

Reply of the Government

Earlier, based on the operational requirements of the Army and consequent upon the decision taken in the National Security Council meeting, it was decided that BRO may focus on core strategic functions on the borders. Towards implementation of these directions, certain National Highways and other roads in the hinterland have already been handed over by BRO to other agencies i.e. State PWD/NHIDCL etc.

Accordingly, 4886 km of road length was identified for handing over to other agencies, out of which 4446 km of road length have been handed over and remaining 440 km of road length is in the process of handing over to other implementing agencies so that BRO is able to utilize its resources optimally for construction of roads, which are of strategic importance in the border areas and will meet the operational requirements of the Army.

Manpower strength

Recommendation (Para No. 27)

The Committee observe that against the authorized strength of 2426 Officers and 39174 subordinates, the existing force level in BRO is 1791 Officers and 31718 subordinates. They have been apprised that due to the change in construction philosophy from departmental construction to Engineering Procurement Construction (EPC) mode of execution against the authorization of 41600 posts, 9082 posts are required to be rationalized pertaining to 11 non-core positions in a phased manner. Further, 1655 vacancies have been advertised and the recruitment is under process in phased manner at General Reserve Engineer Force (GREF) Centre and demand for 2046 vacancies for different posts to Staff Selection Commission (SSC) for the year 2019 have been placed and 118 vacancies against compassionate appointment is also under process. The Committee opine that availability of skilled and adequate manpower is essential for undertaking construction and maintenance of roads in difficult and rough terrains. Therefore, the Committee desire recruitment for 1655 and 2046 vacancies be expedite and they be apprised within three months of the presentation of the Report. They further desire that exact details of authorized and existing technical, both Officers and Subordinates, and administrative/secretarial manpower in BRO may be intimated at the earliest.

Reply of the Government

The present status of recruitment is mentioned below:-

(i) Against 1655 vacancies which were advertised against Advt No. 01/2019, 02/2019 & 03/2019, the status of recruitment against these vacancies at GREF Centre, Pune is as under:-

Trade	Nos of Vacancies	Remarks
DVRMT (OG)	388	Physical efficiency, practical and written test has been conducted. Primary medical examination which was scheduled on 11 May 2020 has been kept on hold due to Covid-19
Electrician	101	45 candidates inducted before Covid-19. Induction of remaining candidates is kept on hold due to COVID-9.
MSW (Cook)	197	Recruitment process scheduled from 02 March 2020 to 05 June 2020 has been kept on hold due to COVID-19

Other recruitment activities for these posts have been kept on hold due to Nation wide lockdown following COVID-19 pandemic.

(ii) Out of 2046 vacancies under recruitment by Staff Selection Commission (SSC), dossier from SSC for 760 LDCs has been received by BRO. The Medical Examination of which was scheduled from 15 March 2020 has been kept on hold due to COVID-19.

The details of authorized and existing Technical & Administrative/Secretarial manpower of BRO in respect of Subordinates is furnished below:-

S/Nos	Cadre	Authorization (in Nos)	Existing (in Nos)
i	Technical	21599	16693
ii	Administrative/Secretarial	17575	14879
G/Total		39174	31572

Budget 2020-21 and force level in Indian Coast Guard

Recommendation (Para Nos. 28, 29 & 30)

Recommendation (Para No. 28)

The Committee note that for the financial year 2020-21, while the Indian Coast Guard (ICG) projected a requirement of Rs. 5350.00 Crore, Rs. 2500.00 crore has been allocated under the Capital Head i.e. 53.27 percent of the projected amount. Similarly, under the Revenue Head, while the Budget Estimates (BE) projection for the year 2020-21 was Rs. 3246.03 Crore, the allocation has been Rs. 2532.76 Crore. In total, while the ICG projected a requirement of Rs. 8596.03 crore, the allocation has been Rs. 5032.76 crore. As on 31 December, 2019, the Coast Guard has spent Rs. 3632.23 crore out of Rs. 5076.07 crore allocated at Revised Estimates 2019-20. The Committee have also been apprised that for facilitation of timely materialization of targeted force level in Coast Guard, 25 Ships and 20 Boats are under construction of various shipyards, 16 Advanced Light Helicopters are scheduled for delivery commencing March 2020, procurement of 30 mm 74 naval Surface Guns (NSG) is under progress and Acceptance of Necessity (AoN) for 12 Twin Engine Heavy Helicopters has been accorded by the Government.

Recommendation (Para No. 29)

The Committee, while taking note of the fact that Indian Coast Guard has a peace time charter, appreciate the myriad roles and responsibilities undertaken by the Coast Guard which include safety and protection of artificial islands and offshore terminals, protection of fishermen and provide assistance to them during distress at sea, preservation and protection of marine environment, assisting the Customs and other enforcement agencies in anti-smuggling operations, safety of life and property from natural or man-made disasters at sea and collection of meteorological and oceanographic data for use by the scientific fraternity. Besides, ICG also provides coastal security in territorial waters in coordination with central and state agencies and it is the Lead Intelligence Agency for coastal and sea borders.

Recommendation (Para No. 30)

While tendering evidence before the Committee, the Director General, Indian Coast Guard submitted that the Coast Guard works for almost 14 Ministries and on an average, 50 ships are deployed at sea every day. Further, funds are required for maintenance of ships and

aircraft, fuel and related expenses. The Defence Secretary also highlighted the need to strengthen the Coast Guard keeping in view expanding area of 'blue economy' i.e. maximum exploitation of sea resources. As regard to budget utilisation by the Coast Guard, the Committee take note of the deposition of the Secretary (Defence Finance) that the Ministry of Finance did not agree to give any additional money to the Coast Guard in the Revised Estimates stage because their pace of expenditure was very low. Additionally, a limit of spending only 25 percent of the allocated budget in the last quarter of a financial Year has been imposed by the Ministry of Finance. Keeping in view the significant multifarious tasks performed by the Indian Coast Guard and planned procurement/ construction of ship, aircraft and Advanced Light helicopters for achievement of targeted force level, the Committee recommend that funds allocated to the Indian Coast Guard should be suitably augmented at Revised Estimates or Supplementary Grants stage. The Committee would also recommend that the Indian Coast Guard should improve their trend of utilisation of budget according to prescribed timelines and manner. They would also like to be apprised of the reasons in sequence as why the amount could not be fully utilised by the Coast Guard, at least to know whether this under-utilisation could be due to some extraneous circumstances also.

Reply of the Government

1. Budget status as on 31 December, 2019, was as tabulated below:-

(Rs. in crore)

<u>Head</u>	<u>Allocation</u>	<u>Expenditure</u>	<u>percentage prescribed</u>	<u>percentage achieved by ICG</u>
Revenue	2385.27	2007.3155	67	85.15
Capital	2500.00	1656.3431	67	66.25
Total	4885.27	3663.3586	67	74.99

2. It is submitted that ICG has ensured 100% budget utilisation for the last 5 financial years. The details are as under:-

(Rs. in crore)

<u>Year</u>	<u>Head</u>	<u>BE Allocation</u>	<u>RE Allocation</u>	<u>MA Allocation</u>	<u>Actual Exp</u>	<u>% achieved by ICG</u>
2014-15	Capital	1550.00	1140.00	1140.00	1142.08	100.00
	Revenue	1130.26	1265.00	1295.28	1286.78	99.32
	Total	2680.26	2405.00	2435.28	2428.86	99.70

2015-16	Capital	1200.00	1500.00	1500.00	1516.83	100.00
	Revenue	1314.00	1514.00	1547.61	1517.18	98.03
	Total	2514.00	3014.00	3047.61	3034.01	99.55
2016-17	Capital	1500.00	2500.00	2500.00	2468.97	98.75
	Revenue	1624.41	1737.76	1769.17	1773.25	100.00
	Total	3124.41	4237.76	4269.17	4242.22	99.37
2017-18	Capital	2200.00	2200.00	2200.00	2178.59	99.03
	Revenue	1829.79	2148.97	2148.97	2155.51	100.00
	Total	4029.79	4348.97	4348.97	4334.10	99.65
2018-19	Capital	2700.00	2250.00	2262.16	2260.48	99.95
	Revenue	2091.42	2391.42	2401.53	2451.14	100.00
	Total	4791.42	4641.42	4663.69	4711.62	100.00

3. For the FY 2019-20, the final expenditure details as on 31 Mar 2020 is as below:-

(Rs. in crore)

<u>Year</u>	<u>Head</u>	<u>BE</u> <u>Allocation</u>	<u>RE</u> <u>Allocation</u>	<u>MA</u> <u>Allocation</u>	<u>Actual</u> <u>Exp</u>	<u>percentage</u> <u>achieved by</u> <u>ICG</u>
2019-20	Capital	2500.00	2600.00	2600.00	2582.70	99.33
	Revenue	2385.27	2476.07	2520.07	2539.29	100.00
	Total	4885.27	5076.07	5120.07	5122.00	100.00

4. As can be seen from the table above, the targeted expenditure at all stages has generally been met. However, there have been spills over of liabilities as under, during the FY 2019-20:

(a) **Revenue Head**

- (i) POL - Rs. 250 crore
- (ii) Minor Works - Rs. 160 crore

(b) **Capital Head**

- (i) Acquisition of Ships, Aircraft and Fleet - Rs. 161 Crore approx
- (ii) Major Works and Land Acquisition - Rs. 150 Crore approx

The budgetary allocation for these liabilities has been planned out of the allocation for the current FY 2020-21.

Required and Existing Manpower

Recommendation (Para No. 31)

The Committee note that at present, total manpower strength with Coast Guard is 14,313 comprising of 1982 officers, 10997 Enrolled Personnel and 1334 Civilians. Admittedly, proactive steps such as re-employment of Naval Short Service commissioned officers at Comdt(JG) rank, deputation of officers from Indian Navy, induction of commercial pilot (CPL) holders as pilots under Short Service Appointment (SSA) scheme, introduction of Short Service Appointment (SSA) lady officer Entry Scheme, online application for recruitment for officers and enrolled personnel, audio visual & print advertisements for publicity to generate awareness amongst general masses, undertaking preliminary selection at 06 different locations in respect of officers to garner maximum candidates, recruitment of enrolled personnel from all over country by deputing selection committee at various places, special recruitment drive for induction of SC/ST candidates, lectures being conducted at various schools/ colleges to create awareness amongst youth for joining Coast Guard and for ease of processing online application forms, have been taken towards liquidation of manpower shortage against sanctioned strength. The committee opine that adequate manpower strength is essential for meeting challenges of maritime security and various contingencies in sea and coastal area of the country. Therefore, they recommend that concrete and result oriented efforts should be made by the Ministry of Defence in order to strictly adhere to the time line of the 2-3 years envisaged towards liquidation of shortages against sanctioned manpower in the Coast Guard. They would like to be apprised of the progress every six months the objective set is accomplished.

Reply of the Government

1. The details of Govt. manpower sanctioned and borne strength of Officers, Enrolled Personnel and Civilian personnel including vacancies as on 1st July, 2020 are as tabulated below:

S.N	Cadre	Govt. Sanction	Borne	Vacancies	Remarks
(a)	Officers	2,344	1,989	355	The vacancies exists in higher rank (Selection Grade, L-13A & above) which can be filled only through promotion from lower feeder/ deputation from Indian Navy.

(b)	EPs (Enrolled Personnel)	12,645	10,993	1,652	The vacancies exists in Group 'B'(L-6 & above) which can be filled only through promotion from lower feeder / deputation/pmt absorption from Indian Navy.
(c)	Civilians	1,970	1,347	623	
Total		16,959	14,329	2,630	

3. The details of manpower sanctioned by the GoI/MoD during the last two periods of 6 months are as follows:-

(a) Govt Manpower sanctioned during the period 01 Apr 19 to 30 Sep 19:-

S.No	Case	No of Posts			
		Off	EP	Civ	Total
(i)	Creation of 105 posts for manning 03 Fast Patrol Vessels (FPVs)	15	90	00	105
(ii)	Creation of 36 posts for Coast Guard Refit and Production Team(CGRPT) at Chennai and Paradip	08	20	08	36
Total		23	110	08	141

(b) Government Manpower sanctioned during the period 01 Oct 19 to 31 Mar 20:-

S.N	Case	No of Posts			
		Off	EP	Civ	Total
	Nil	Nil	Nil	Nil	

4. Following proactive steps are continued to be taken towards liquidation of manpower shortage against sanctioned strength by ICG:

- (a) Re-employment of Naval Short Service Commissioned officers at Commandant (JG) rank.
- (b) Seeking deputation of officers from Indian Navy.
- (c) Induction of commercial pilot license (CPL) holders as pilots under Short Service Appointment (SSA) scheme.
- (d) Introduction of Short Service Appointment (SSA).
- (e) Online applications for Recruitment of officers and enrolled personnel.
- (f) Audio visual & print advertisements for publicity to generate awareness amongst general masses.
- (g) Preliminary selection undertaken at 06 different locations in respect of officers to garner maximum candidates.

- (h) Enrolled personnel are recruited from all over country by deputing selection committees at various places.
- (i) Special recruitment drive for induction of SC/ST candidates.
- (j) Lectures being conducted at various Schools/Colleges to create awareness amongst youth for joining Coast Guard.
- (k) Separate CG website created for ease of processing online application forms.

Indian Coast Guard Academy

Recommendation (Para No. 32)

The committee have been apprised that Indian Coast Guard (ICG) is envisaged to cater for professional training of personnel on subjects specific to Coast Guard's non-military charter of duties. The proposed academy is planned to cater for training of 650 trainees, including the training needs of personnel from other maritime stake holders including Navy, Border Security Force (water wing), Marine police and friendly foreign countries as part of International Cooperation. Approval-in-Principle (AIP) for acquisition of 160 acres lands at New Mangalore for setting up of ICG Academy has been accorded by Ministry of Defence on 26th November, 2019. Presently, Board of Officers has been convened for acquisition of land. Construction and commissioning of the academy is planned in 2022-25. In this regard, the committee recommend that the ministry should extend all budgetary and infrastructural support for completion of the academy within the envisaged timeframe. On their part, the Coast Guard should also mull a foolproof strategy to cooperate with the ministry so that the Academy is commissioned within the envisaged timelines.

Reply of the Government

Present status

- (a) MoD has accorded Approval-in-Principle (AIP) on 26th November, 2019 to process acquisition of 160 acres of land at Kenjaru Village, Mangaluru, Karnataka from Karnataka Industrial Area Development Board (KIADB) for setting up of ICG Academy and sanction letter has been issued on 09 April, 2020 for transfer of the said land at an amount of Rs. 270,10,11,250/-, which has been released by ICG to PDDE, SC, Pune on 16th April, 2020.
- (b) Board Proceedings for construction of security wall has been submitted to CE, CG Goa. The AEs have been submitted for an amount of Rs. 20.13 crore on 13th April, 2020.
- (c) Mangalore Electricity Supply Company Ltd (MESCOM) has been requested for cost estimates for provision of 33KV dedicated feeder line to be undertaken as deposit work by MESCOM.
- (d) Water supply department has been requested for cost estimates for provision of 3.5 MLD water to ICG academy through dedicated water supply pipeline to be undertaken as deposit.

Future Plan

(a) Year-1:

- (i) Acquisition /Taking over /survey of land.
- (ii) Construction of boundary wall.
- (iii) Land development.
- (iv) Clearance from various Govt/Pvt agencies.

(b) Year-2:

- (i) Preparation of Zonal plan /Building Plan.
- (ii) Tender action.
- (iii) Commencement of Construction.

(c) Year 3rd to 5th - Construction and commissioning of Academy.

Recommendation (Para No. 33)

The Committee learn that as on 31st January, 2020, Military Engineer Services (MES) has been able to spend 80.71 percent of the allocated Capital budget and 75.28 percent of the allocated revenue Budget for the Financial Year 2019-20. MES has projected an amount of Rs. 23,938.91 crore for the Financial Year 2020-21. The Committee have further learnt that to mitigate effects of the reduced allocation, if any, at Budget Estimates (BE) stage, Annual Major Works Programme (AMWP) ceilings for both Army and Air Force have been reduced, probable dates of completion accorded for delayed projects have been extended and certain sanctioned works have been re-appropriated/ foreclosed/ cancelled. Further, 25 works of of Army worth Rs. 1049.69 crore, 16 works of Air force worth Rs. 144.96 crore and 11 works of Navy worth Rs. 56.03 crore were foreclosed/ cancelled (including under process for cancellation/ foreclosure) due to shortage of funds in last three financial years. The Committee understand that MES, comprising of proficient personnel who are deployed across the length and breadth of the county at remote locations in all types of terrain and inhospitable climatic conditions, plays an important role in empowering the combat effectiveness of the Armed Forces besides providing engineering support to various formations for Army, Air Force, Navy, Coast Guard, Ordnance Factories and Defence Research & Development Organisation (DRDO). Therefore, they recommend that sufficient funds should be allocated to MES at Revised Estimates or Supplementary Grants stage so that MES is able to effectively fulfil its responsibility for creating the strategic and the operational infrastructure for the Forces.

Reply of the Government

The details contained in the report are factual. Sufficient funds have been allocated to MES in FY 2020-21 so that MES is able to effectively fulfil its responsibility for creating the strategic and operational infrastructure for the Armed Forces.

Recommendation (Para No. 34)

The Committee find that initiatives regarding MES such as revision in maintenance norms of buildings and roads, implementation of EPC methodology in MES, performance security in MES contracts, enhanced defect liability in MES contracts and Public Procurement (preference to Make in India) have been approved by the Ministry. Further, proposals regarding revision of Defence Works Procedure 2007, revision of scales of accommodation for Defence Services 2009, bulk MES establishment sanction, revision of plinth area conversion factor and electricity tariff for Armed Forces at par with civil domestic consumption are under process with the Ministry of Defence. The Committee recommend that initiative regarding MES which are approved by the Ministry be swiftly implemented and they be apprised accordingly. They also recommend that decision on proposals under consideration in the Ministry be taken at the earliest to reach finality in order to aid MES in timely achievement of its targets and clientele satisfaction. The Committee further recommend that MES should make maximum use of Government e-Market Place (GeM) portal for procurement and e-payments method should also be implemented to the fullest.

Reply of the Government

1. The Ministry of Defence is taking all measures to decide on various initiatives to improve its functioning and delivery. A number of deliberations have been conducted to fast track the proposals under consideration.
2. The present status of various proposals are as under:-
 - (a) **Revision of Defence Works Procedure-2007.** The case file has been processed for obtaining the approval of the Competent Authority.
 - (b) **Revision of Scales of Accommodation for Defence Services-2009.** Matter is under consideration in the Ministry.
 - (c) **Bulk 'M' Establishment Sanction.** The case for issuing Bulk 'M' Establishment Sanction is under examination of the Ministry.
 - (d) **Revision of Existing Plinth Area Conversion Factor (PACF).** The proposal is under examination in the Ministry.
 - (e) **Special Electric Slab for Armed Forces.** The case for issuing Bulk "M" Establishment Sanction is under examination in MoD.
 - (f) **Online Payments.** Online payment through SBI-CMP (cash management product) is being implemented in MES.
 - (g) **Procurement through GeM.** Procurement of stores in MES is being carried out through GeM as per Government orders. GSL for procurement through GeM in lieu of DGS & D upto GE (Garrison Engineer) level has been issued on 16th April, 2020.

Encroachment of Defence Lands

Recommendations (Para Nos. 36 & 37)

Recommendation (Para No. 36)

The Committee have learnt that the total area of defence land under the management of Defence Estates Organisation (DEO) is 70,922 acres. As on 31.12.2019, about 4458 acres of Defence Land under the management of DEO is under encroachment. The Committee found during examination of Demands for Grants 2019-20, that about 4505 acres of Defence land under the management of DEO was under encroachment as on 30.06.2019. The Committee has been given to understand that the Ministry of Defence has already put in place a system whereby information of encroachment on defence land is received periodically and action taken thereon is monitored. The following institutional mechanisms are in place:-

- a) Each Service and Defence Establishment under whose management the defence land is placed, is responsible for prevention and removal of encroachments.
- b) An annual certificate is obtained from the Station Commander and the Defence Estates Officer under whose management the land is placed, as the case may be, under the provisions of Rule 14 of ACR Rules, 1944 or Rule 13 of Cantonment Land Administration Rules (CLAR), 1937 which provides information on physical verification of land and unauthorised constructions or encroachments thereon. This enables the concerned defence authorities to take stock of illegal or unauthorised occupation and monitor action taken by field officers.
- c) A quarterly report on prevention and removal of encroachments is obtained by HQ of each Service/Defence Establishment which is received by the Ministry of Defence and action taken is monitored.
- d) The officers at the field level under each Service or Defence Establishment have been notified as "Estate Officer" under Rule -3 of the provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971, who are responsible for taking necessary action to deal with unauthorised occupation, unauthorised constructions and encroachments on Defence land placed within their jurisdiction.
- e) Demarcation survey of entire defence land outside Cantonments and inside Cantonments has already been undertaken in order to enable the concerned authorities to reconcile the recorded land data with the physical occupation of land and also be ascertain if there are any encroachments on defence land. The survey report is submitted to the Director General Defence Estates.
- f) Computerisation of defence land records and digitisation of important land files and documents have been done for efficient management of records and taking timely action against encroachments.

- g) A Committee under the chairmanship of Additional Secretary, Ministry of Defence periodically reviews action taken on removal of encroachments and also suggest ways and means to make the system more efficient from time to time.

Recommendations (Para No. 37)

The Committee noted the steps mentioned above by the Ministry to remove encroachments on defence land. However, it is a matter of concern that despite these mechanisms in place, the area under encroachments has not decreased. Therefore, it is recommended that urgent and productive measures should be put in place for eviction of encroachers on the defence lands. The Committee, while examining this subject earlier also took note of the fact that one of the reasons why encroachments could not be cleared is the ongoing civil cases in various courts. The Committee fully understand such a scenario but would still urge the Ministry to find and devise a foolproof mechanism where at least the future encroachments could be checked forthwith. The Committee would like to know about the measures planned in this area in addition to the ones already brought out above.

Reply of the Government

As on 31.12.2019, 4458 acres of Defence land under the management of Defence Estates Organisation was under encroachment. The state wise details of these encroachments are enclosed herewith as **Annexure I**. It may be seen that out of the said 4458 acres, approximately 787 acres of Defence land has been encroached upon by the State and Central Government departments and their entities. Lessees of ex-agriculture leases have encroached about 2060 acres of land. The balance 1611 acres is under encroachment by private persons.

Various steps have been taken in accordance with the legal provisions for removal of encroachment. Use of proactive measures by leveraging advanced technologies related to Survey & Demarcation of defence land and Computerization & Digitisation of Defence land records have also been initiated. As a result of the efforts made by DGDE 165 acres of Defence land has been freed from encroachment during the last three years i.e., 2017, 2018 and 2019. The details may be seen at **Annexure II**. Legal action for eviction of encroachers has also been initiated by the Defence Estates Organisation. 6193 cases for eviction of encroachers are presently under process under the PPE Act 1971 before the Estates Officer. 858 cases pertaining to eviction of encroachers are pending in various courts of law.

Instructions have been issued to all the Dtes, DE, by DGDE advising the field officer to be vigilant and take all necessary steps to prevent further encroachment (Annexure-III). Monitoring mechanism by way of quarterly reports on encroachment of Defence land has also been put in place. Steps taken like erection of boundary pillars after finalisation of Land Survey of Defence land have also been introduced. As a result of the effective implementation of these measures fresh incidents of encroachment of Defence land in the last three years i.e. 2017, 2018 and 2019 have been minimal (**Annexure IV**). The encroachments detected in 2017, 2018 and 2019 are 3.76 acres, 11.99 acres and 0.67 acres, respectively.

Annexure-I

**State-wise detail of type of encroachments on defence land under the management of
Defence Estates Organisation as on 31.12.2019**

S.N.	State	No.	Area (in acres)	Encorachment by (from out of columns 3 & 4)									
				State Govt./ its entities		Central Govt./ its entities		Ex-agricultural lessees		Others			
				No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)		
1	2	3	4	5	6	7	8	9	10	11	12		
1	Andaman & Nicobar Island	0	0	0	0	0	0	0	0	0	0	0	
2	Andhra Pradesh	2	12.6000	2	12.6000	0	0.0000	0	0.0000	0	0.0000	0	0.0000
3	Arunachal Pradesh	0	0	0	0	0	0	0	0	0	0	0	
4	Assam	0	0	0	0	0	0	0	0	0	0	0	
5	Bihar	1483	467.3700	7	55.1100	0	0.0000	0	0.0000	1476	412.2600	0	0
6	Chandigarh	0	0	0	0	0	0	0	0	0	0	0	0
7	Chattisgarh	5	165.7680	1	150.7690	0	0.0000	0	0.0000	4	14.9990	0	0
8	Delhi	1895	32.9450	0	0.0000	0	0.0000	0	0.0000	1895	32.9450	0	0
9	Dadar Nagar Haveli	0	0	0	0	0	0	0	0	0	0	0	0
10	Daman & Diu	0	0	0	0	0	0	0	0	0	0	0	0
11	Goa	0	0	0	0	0	0	0	0	0	0	0	0
12	Gujarat	88	3.2013	1	2.8200	0	0.00	0	0.00	87	0.3813	0	0
13	Haryana	401	465.0132	47	185.0648	0	0	294	256.4620	60	23.4864	0	0
14	Himachal Pradesh	86	41.5817	5	17.7010	0	0.0000	5	18.6674	76	5.2133	0	0
15	Jammu & Kashmir	352	33.7867	1	0.3552	0	0.0000	2	9.3720	349	24.0595	0	0
16	Jharkhand	2	8.1900	2	8.1900	0	0.0000	0	0.0000	0	0.0000	0	0
17	Karnataka	282	1.8807	1	0.1200	0	0.0000	0	0.0000	281	1.7607	0	0
18	Kerala	107	1.9039	3	0.6500	0	0.0000	1	0.0105	103	1.2434	0	0
19	Lakshadweep	0	0	0	0	0	0	0	0	0	0	0	0
20	Madhya Pradesh	3430	1357.0311	9	30.3599	0	0.0000	307	1285.8390	3114	40.8322	0	0
21	Maharashtra	5064	284.4735	30	148.9670	1	3.0000	2	20.0000	5031	112.5065	0	0
22	Manipur	0	0	0	0	0	0	0	0	0	0	0	0
23	Meghalaya	7	0.5518	0	0.0000	0	0.0000	0	0.0000	7	0.5518	0	0
24	Mizoram	0	0	0	0	0	0	0	0	0	0	0	0
25	Nagaland	0	0	0	0	0	0	0	0	0	0	0	0
26	Odisha	0	0	0	0	0	0	0	0	0	0	0	0
27	Punjab	2792	130.2426	22	57.5058	2	28.1500	1	10.0000	2767	34.5868	0	0
28	Rajasthan	1013	24.6251	8	0.3768	0	0.0000	0	0.0000	1005	24.2483	0	0
29	Sikkim	0	0	0	0	0	0	0	0	0	0	0	0
30	Tamil Nadu	2174	38.2517	9	1.1990	0	0.0000	0	0.0000	2165	37.0527	0	0
31	Telangana	674	60.4318	6	10.2645	0	0.0000	1	1.8000	667	48.3673	0	0
32	Tripura	0	0	0	0	0	0	0	0	0	0	0	0
33	Uttar Pradesh	9104	1219.2273	72	66.1640	1	0.6000	80	457.8830	8951	694.5803	0	0
34	Uttarakhand	301	20.9699	3	5.4500	0	0.0000	0	0.0000	298	15.5199	0	0
35	West Bengal	443	88.2722	0	0.0000	1	2.0000	0	0.0000	442	86.2722	0	0
	Total	29705	4458.3174	229	753.6670	5	33.7500	693	2060.0339	28778	1610.8665		

Encroachment by State & Central Govt. Deptt. 787
 Encroachment by Others (Private Persons) 1611
 Encroachment by Ex-agriculture leases 2060
Total 4458 acres

State-wise details of encroachments removed from Defence land under the management of Defence Estates Organisation during the last 03 years (2017, 2018 & 2019)

S.N.	State/UT	Area (in acres)
1	2	6
1	Andhra Pradesh	0
2	Arunachal Pradesh	0
3	Assam	0
4	A&N Island (UT)	0
5	Bihar	0
6	Chhatisgarh	0
7	Delhi	0
8	Goa	0
9	Gujarat	0.0512
10	Haryana	34.9144
11	Himachal Pradesh	39.6331
12	Jammu & Kashmir	0.1450
13	Jharkhand	0.0200
14	Kerala & Lakshadweep	0.0200
15	Karnataka	0
16	Madhya Pradesh	8.6915
17	Maharashtra	0.8702
18	Manipur	0
19	Meghalaya	0.1870
20	Nagaland	0
21	Odisha	0
22	Punjab	0.4154
23	Rajasthan	0.7700
24	Sikkim	0
25	Tamilnadu	1.0878
26	Telangana	0
27	Uttar Pradesh	69.9821
28	Uttarakhand	8.6395
29	West Bengal	0.0109
Total		165.4381

Note: The figures show the extent of encroachments removed during the period. It does not show some new encroachments reported during the period for which, process is under taken for removal.

1/A

(iii)
 No.10(50)/2002-D(Q&C)
 Government of India
 Ministry of Defence



New Delhi, the 4th June, 2003

To

- 1: The Chief of the Army Staff
- 2: Director, General Defence Estates

Subject: Demolition/eviction of encroachments on
 Defence lands

Sir,

In order to streamline the procedure relating to the demolition/removal of encroachments on Govt. land, various issues and problems relating to demolition/eviction etc. have been examined and it has been decided that the following guidelines will be adhered to by the concerned authorities in dealing with cases of encroachments/unauthorized constructions/evictions on defence land/properties -

- (a) It is essential that due process of law is followed by the concerned authorities while protecting Govt. land/property in the Cantonment areas.
- (b) Utmost vigil and care needs to be maintained to ensure that immediate follow up action is taken, under due process of law, in areas where unauthorized construction/encroachments are taking place.
- (c) However, prior permission of the Ministry of Defence should be taken before removal of encroachment in categories of cases given below :-

- (i) Where encroachments is of 20 years or more duration and where permanent structures have come up and where civic amenities have been provided from time to time by the agencies concerned

Contd. 17

Annexure-IV

**State-wise detail of encroachments on defence land
detected on Defence land under the management of
Defence Estates Organisation during the last 04 years**

S. N.	State/UT	Encroachment detected in the year			
		2017	2018	2019	Total (col. 3+4+5)
		Area (in acres)	Area (in acres)	Area (in acres)	Area (in acres)
1	2	3	4	5	6
1	A & Nicobar Island	0	0	0	0
2	Andhra Pradesh	0	0	0	0
3	Assam	0	0	0	0
4	Arunachal Pradesh	0	0	0	0
5	Bihar	0	0	0	0
6	Chandigarh	0	0	0	0
7	Chhatisgarh	0	0	0	0
8	Dadara & Nagar Haveli	0	0	0	0
9	Daman & Diu	0	0	0	0
10	Delhi	0	0	0	0
11	Goa	0	0	0	0
12	Gujarat	0.0017	0.0026	0.0050	0.0093
13	Haryana	0	9.6800	0	9.6800
14	Himachal Pradesh	0.0080	0.0052	0	0.0132
15	Jammu & Kashmir	0.2909	0	0	0.2909
16	Jharkhand	0	0	0	0
17	Karnataka	0.0204	0	0	0.0204
18	Kerala	0	0	0	0
19	Lakshadweep	0	0	0	0
20	Madhya Pradesh	0	0.2950	0.0029	0.2979
21	Maharashtra	0.0875	0.4375	0.0391	0.5641
22	Manipur	0	0	0	0
23	Meghalaya	0	0	0	0
24	Mizoram	0	0	0	0
25	Nagaland	0	0	0	0
26	Odisha	0	0	0	0
27	Pudducherry	0	0	0	0
28	Punjab	0	0	0	0
29	Rajasthan	0.0985	0.4046	0	0.5031
30	Sikkim	0	0	0	0
31	Tamilnadu	0.0295	1.1700	0.0138	1.2133
32	Telangana	0	0	0	0
33	Tripura	0	0	0	0
34	Uttar Pradesh	0.1200	0	0.6085	0.7285
35	Uttarakhand	1.1100	0	0.0098	1.1198
36	West Bengal	2.0023	0	0	2.0023
	Total	3.7688	11.9949	0.6791	16.4428

Expert Committee on Working of Cantonment Boards

Recommendations (Para Nos. 38 & 39)

Recommendation (Para No. 38)

The Committee take note of the fact that an Expert Committee under the Chairmanship of Shri Sumit Bose, IAS (Retd.) had been constituted to address various issues relating to the working of cantonments such as renewal/extension of expired/expiring leases, Building Bye Laws & Floor Space Index, transfer and mutation of Old Grant properties, freehold, service charges payable to Cantonments etc. The Terms of reference of the Committee are as below:

- i. To study the existing cantonment Act and to make specific recommendations for suitably amending the Act to impact modernization and democratization of the governance structure of Cantonment Boards.
- ii. To make specific recommendation in connection with building bye-laws in Cantonments to align them with the best practices and create an incentive structure particularly with respect to energy efficiency, green building, water conservation/rain water harvesting, fire safety standards, disaster resilience, sanitation including zero liquid discharge, etc. and initiation of on-line clearance of building norms.
- iii. To review the existing Floor Space Index (FSI) across Cantonments, and make recommendations on future rationalization.
- iv. To make recommendations on the procedural modalities for transfer and mutation of property, including Old Grants Bungalows; freehold and leasing of property including its extension etc.
- v. To make recommendations in respect of municipal services being provided to the residents of the Cantonments, incorporating e-Governance practices and also providing 'Smart Solutions' in respect of sewerage and drainage system, water supply, citizen safety, clean environment etc.
- vi. To make recommendations on levy of Service charges by Cantonment Boards from all entities.
- vii. To make recommendations after review of orders relating to cantonment administration, so as to weed out that are out of date.

Recommendation (Para No. 39)

The Committee have been apprised that the expert Committee has submitted its report to the Ministry of Defence on 13.02.2019. The Committee are hopeful that prompt implementation of such propitious recommendations of the Expert Committee would lead to desired modernization and democratization of the governance structure of the Cantonment Boards alongwith providing solutions to the various challenges faced by the civilian population residing in Cantonment areas. They Desire that latest status of implementation of the report of the Bose Committee may be furnished within in month of the presentation of this report.

Reply of the Government

MoD had constituted an Expert Committee on Working of Cantonment Boards vide MoD ID No. 14(12)/2018-D(Q&C) dated 31.08.2018(**Annexure V**). The Expert Committee has submitted its report on 13.02.2019 and the same is under consideration.

MoD has issued several guidelines in certain matters as per recommendations of the Committee which are given as under:

- (a) MoD vide its ID No. 2(2)/2018-D(Q&C) dated 05.11.2019 (**Annexure VI**) has decided that the Cantonment Boards shall allow/permit construction of a w.c/toilet in existing buildings in absence of any such provision within that tenement to an authorized resident, subject to condition that proper sewerage connection to the said building already exists in the Cantonment. The said guidelines have been forwarded to all Directorates to take necessary action in the matter. Till Jan, 2020, Cantonment Boards have already granted permissions for construction of toilets in respect of 24 application of authorized residents of such tenements. The process is ongoing.
- (b) MoD vide its ID No. 2(2)/2018-D(Q&C) dated 11.12.2019 (**Annexure VII**) has decided that the term 'repairs' appearing in the Land Policy of 1995 has not been defined, leading to ambiguity. The Committee, while opining that the matter needs to be clarified has suggested a list of activities which may constitute 'repairs' for which notice to Cantonment Board u/s 235 of the Cantonments Act, 2006 may not be required. Accordingly, MoD guidelines have been issued in furtherance to Section 235(2) of the Cantonments Act, 2006 to allow repairs to authorized buildings in Cantonment areas. The said guidelines have been forwarded to all Directorates/CBs to take necessary action in the matter.
- (c) MoD vide its ID No. 14(12)/2018-D(Q&C) dated 23.12.2019 (**Annexure VIII**) has advised the Cantonment Boards to constitute three more committees i.e. the Finance Committee, the Education Committee and the Health & Environment Committee, forward their amended business regulations to the Central Government for approval and thereafter its notification in the Gazette and to delegate the functions provided. The said guidelines have been forwarded to all Directorates to take necessary action in the matter. Cantonment Boards are in the process of preparing revised Business Regulations for the purpose.
- (d) The matter for amendments in Cantonments Act, 2006 is under consideration for consolidating and amending the law relating to cantonments with a view to imparting greater democratization, modernization and efficiency in the administration thereof, to achieve greater developmental objectives in alignment with municipalities, and for matters connected therewith and incidental thereto. Further, first proposal of the Draft Amendment in Cantonment Act, 2006 has been uploaded on website of MoD and DGDE as well as all Cantonment Boards for inviting suggestions/views from the general public likely to be affected thereby which could be incorporated to make Cantt Act more democratic & modern.

DGDE - Com 20/185949

14(12)/2018-D(Q&C)
Government of India
Ministry of Defence

Sena Bhawan, New Delhi
31st August, 2018

Office Memorandum

Sub: Constitution of an Expert Committee on working of Cantonment Boards.

(Attention of the Government has been drawn from time to time on various issues related to Cantonments which inter-alia include renewal/extension of expired/expiring leases, Building Bye Laws & FSI, transfer and mutation of Old Grant properties, freehold, service charges payable to Cantonments.) These issues also come into focus during the meeting of Raksha Mantri with Members of Parliament and elected Vice Presidents of 62 Cantonments held on 4 May 2018. (To address these issues relating to the working of Cantonments, it has been decided to constitute an Expert Committee to make recommendations on the issues posed to it.)

2. Accordingly, an Expert Committee comprising of the following members is constituted to undertake this exercise:

Sl. No.	Name	Designation	Remarks
1.	Shri Sumit Bose, IAS(Retd.)	Ex. Revenue Secretary	Chairman
2.	Shri T.K Vishwanathan	Ex. Secretary, MoLJ	Member
3.	Lt. Gen. Amit Sharma, PVSM, AVSM, VSM	Ex. C-in-C, SFC	Member
4.	Shri Jayant Sinha	Joint Secretary, MoD	Member
5.	Ms Devika Raghuvanshi, IDAS	PCDA, (Air Force)	Member
6.	Dr. Madhumita Roy	Professor, Department of Architecture, Jadavpur University	Member
7.	Shri Rakesh Mittal	Additional DG, DGDE	Member Secretary

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3. The Terms of Reference of the Committee shall be as below:
 - i. To study the existing Cantonment Act and to make specific recommendations for suitably amending the Act to impart modernization and democratisation of the governance structure of Cantonment Boards.
 - ii. To make specific recommendations in connection with building bye-laws in Cantonments to align them with the best practices and create an incentive structure particularly with respect to energy efficiency, green building, water conservation/ rain water harvesting, fire safety standards, disaster resilience, sanitation including zero liquid discharge, etc. and initiation of on-line clearances of building norms.
 - iii. To review the existing Floor Space Index (FSI) across Cantonments, and make recommendations on future rationalization.
 - iv. To make recommendations on the procedural modalities for transfer and mutation of property, including Old Grants Bungalows; freehold and leasing of property including its extension etc.
 - v. To make recommendations in respect of municipal services being provided to the residents of the Cantonment, incorporating e-Governance practices and also providing 'Smart Solutions' in respect of sewerage and drainage system, water supply, citizen safety, clean environment etc.
 - vi. To make recommendations on levy of Service charges by Cantonment Boards from all entities.
 - vii. To make recommendations after review of orders relating to Cantonment administration, so as to weed out such orders that are out of date.
4. The Committee will be empowered to call for records, interview officers and visit Cantonments across the country.
5. The Committee shall submit its Reports within four months.
6. All Secretariat assistance, travel arrangements etc, will be coordinated by DGDE.
7. The amount of honorarium payable to the Non-Official members of the Committee will be communicated in due course.

06 SEP 2018

8. This issues with the approval of Raksha Mantri.


(Rajesh Kumar Sah)
Dy. Director(Q&C)
Tel: 23016258

To,

1. Shri Sumit Bose, Chairman
2. Shri T.K Vishwanthan, Member
3. Lt. Gen. Amit Sharma, Member
4. Shri Jayant Sinha, Member
5. Ms Devika Raghuvanshi, Member
6. Dr. Madhumita Roy, Member
7. Shri Rakesh Mittal, Member Secretary

Copy to:

1. VCOAS
2. DGDE
3. AO(Cash), MoD
4. CGDA

Most Immediate

Ministry of Defence
D(Q&C)

Subject: Issue of Building Bye-Laws & FSI in Cantonments - Regarding,

Reference MoD ID of even No. dated 18.10.2019 & DGDE ID No. 105/17/2019/Expert Committee/Coord/DE (FMS ID - 66481) dated 24.10.2019 forwarding interim report on the decisions of the meeting held on 11.10.2019.

2. The matter has been examined in this Ministry. In this regard, DGDE is requested to take the following actions/provide information, as applicable, for further processing in this Ministry:

(i) Land Use Classification & Land Use Zoning Regulations: DGDE may issue directions to Cantonment Boards to complete the exercise of land use & zoning in a time bound manner. Action taken in this regard may be communicated at the earliest.

(ii) Zoning Exercise: Same as (i) above.

(iii) ~~Multilevel Car Parking Scheme~~: An executive instruction may be issued to all the Cantonment Boards to explore the land and other requirements of Multilevel Car Parking in their areas (or lines of Multilevel Car Parking scheme adopted by Pune Cantonment) and place the proposal before the Board for its approval in a time bound manner. Parameters like land availability, location of Cantonment, population to be catered, financial position of the Board, suitability/requirement of multilevel parking scheme to the said Cantonment, proposed location of parking, if any, and others should be taken into consideration by the Boards before initiating any action. Copy of directions issued to the Boards may be provided to this Ministry.

(iv) Planning & Development Unit in DGDE: The proposal to create a Planning and Development Unit in DGDE is well within the administrative jurisdiction of DGDE. It is, therefore, requested to take necessary action to make the unit functional in DGDE and compliance report may be submitted to this Ministry for information.

(v) ~~Construction of a w.c/toilet~~: DGDE is requested to issue necessary instructions to all Cantonment Boards to allow/permit construction of a w.c/toilet in existing buildings in absence of any such provision within that tenement to an authorized resident, subject to condition that proper sewerage connection to the said building already exists in the Cantonment. Copy of directions issued to the Boards may be provided to this Ministry.

(vi) Repairs to the buildings: Draft format on definition of 'repairs' in Cantonments may be provided for further action in the Ministry.

3. Requisite information may be provided to this Ministry on priority basis.

DDC (C)



[Signature]
(Rajesh Kumar Sah)
Deputy Director (Q&C)

Addl.DG(Admin/Coord/IT), DGDE
MoD ID No. 2(2)/2018-D(Q&C) dated 05.11.2019

May pl see
DG

[Signature]
5/11/19

dtc has seen for nra pl.
Addl DG (Gmt)
[Signature]
9/11

 <p>150 YEARS OF CELEBRATING THE NAHAYNA</p>	 <p>सत्यमेव जयते</p> <p>भारत सरकार, रक्षा मंत्रालय रक्षा सम्पदा महानिदेशालय रक्षा संपदा भवन, उलानबाटर मार्ग, दिल्ली कैट - 110010 दूरभाष011 --25674979, ई-मेल - ddgcantts- ddgde@nic.in</p>	<p>Most immediate/ Repair guidelines</p>  <p>रक्षा सम्पदा संगठन Defence Estates Organisation</p>
No. 76/67/Expert Committee/C/DE/2018 Vol IV FMS ID 66645		dated 11.12.2019

To

The Principal Director
Defence Estates (By Name)
Central/Southern/Western/Northern/Eastern Command
Lucknow/Pune/Chandigarh/Jammu/Kolkata.

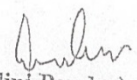
Sub: Repairs to buildings in Cantonment areas.

Please find enclosed herewith the MoD ID No. 2(2)/2018-D(Q&C) dated 10.12.2019 regarding "Repairs to buildings in Cantonment areas".

2. The Expert Committee on Working of Cantonment Boards, in its report submitted to the Government has observed that the term 'repairs' appearing in the Land policy of 1995 has not been defined, leading to ambiguity. The Committee, while opining that the matter needs to be clarified has suggested a list of activities which may constitute 'repairs' for which notice to Cantonment Board w/s 235 of the Cantonments Act, 2006 may not be required. Accordingly, MoD guidelines have been issued in furtherance to section 235(2) of the Cantonments Act, 2006 and structural stability of the building, repair works to authorized buildings in Cantonment areas.

3. It is requested to issue instructions to all Cantonment Boards to place above referred guidelines before the Board and suitable publicity may be given for information of all concerned.

Encl.: As above.


(Shalini Pandey)
Dy. DG (Cantts.)
For DGDE

Copy to:-

1. All Officers in Dte General - for info
2. All CEOs
3. All DEOs
4. All ADEOs
5. AURC
6. Director (NIDEM)
7. FMS
8. Website
9. Coord Division

No. 14(12)/2018-D(Q&C)
Government of India
Ministry of Defence

New Delhi, dated the 23 December, 2019.

To,

Director General, Defence Estates

Sub: Devolution of powers to Vice Presidents of Cantonment Boards & constitution of three Committees – Reg.

The Government had constituted a Committee to study the Working of Cantonment Boards vide its OM No. 14(12)/2018-D(Q&C) dated 31.07.2018. The Committee was chaired by Shri Sumit Bose, Ex-Revenue Secretary and had 7 Members. The Sumit Bose Committee submitted its report to the Government on 13.02.2019.

2. The Government has examined the recommendations of the Sumit Bose Committee and held discussions with stakeholders including AHQ & DGDE.

3. One of the recommendations of the Sumit Bose Committee relates to devolution of more responsibilities to Vice-President of Cantonment Boards & constitute three more Committees. The relevant extracts of these recommendation are at Annexure-A. This recommendation has been discussed in detail and after due consideration, the Government is pleased to suggest the following for implementation in all Cantonment Boards:

(i) To constitute three more Committees viz., the Finance Committee, the Education Committee and the Health & Environment Committee under section 48 (e) of the Cantonments Act, 2006 and also advise all the Cantonment Boards to suitably amend their business regulations for constitution of said Committees consistent with the Composition, and delegate roles & responsibilities and functions suggested by the Government. The roles and responsibilities assigned should include those indicated in Annexure-B. In addition, any other suitable roles and responsibilities may be assigned, if felt necessary.

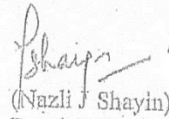
-In the event of Boards having a Committee which has overlapping functions as mentioned in Annexure-B, the functions & nomenclature of those Committees may be suitably amended to align with the above said Committees.

(ii) Civil Area Committee may be empowered to exercise the powers, duties and functions of the Board as required under Section 137(2) (the Board to take such measures as are necessary in its opinion for prevention of breeding of mosquitoes, insects or any bacterial or viral carriers of disease in public places under the control or management of the Board), Section 151 (Permission for use of new burial or burning ground), Section 168 (Disinfection of building or articles therein), Section 169 (Destruction of infectious hut or shed) & Section 170 (Temporary shelter for inmates of disinfected or destroyed building or shed).

(iii) Cantonment Boards may through a resolution, delegate the functions provided under Section 353 of the Cantonments Act, 2006 to the Vice-President of the respective Boards, as deemed appropriate.

4. In Class I, II & III Cantonment Boards, except the Vice-President, no other Elected Member should be nominated to more than two of the Committees.

5. Further, Cantonment Boards may be advised to forward their amended business regulations to the Central Government, through DGDE, for approval by the Central Government and thereafter its notification in the Gazette within 3 months of issuance of this letter.



(Nazli J. Shayin)
Joint Secretary (Land & Works)
011-23792043

Copy to:

Quarter Master General

AG (M&L)

Implementation of Central Government Schemes in Cantonment Boards

Recommendations (Para Nos. 40 & 41)

Recommendation (Para No. 40)

The Committee have learnt that the Centrally Sponsored Schemes such as Smart Cities Mission, AMRUT, etc. are to be implemented by the State Government/UTs in their respective areas of jurisdiction. Barring isolated cases, these Schemes are not being implemented by the State Government/ District/ State Municipal authorities, in the Cantonment areas which are co-located with the city and form part of the common environment. The main reason for non-implementation is that the Cantonment Boards are perceived by the State Government as a separate entity from State urban local Bodies (ULBs). Since the entire Cantonments area in a city is considered to be directly under the administrative jurisdiction of the Central Government and not under the State Government, therefore, the Cantonment areas are left out by the State Government authorities at the time of assessment of projects by the State Mission Directorates, on the ground that the State Government is not liable to bear any expenditure in the implementation of Centrally sponsored Schemes in Cantonments areas.

Recommendation (Para No. 41)

The Committee have been apprised that the Ministry of Defence has taken up the matter with the Chief Secretaries of all concerned State Government vide its letter dated 05.11.2019 to issue suitable instructions to institutionalize implementation of Centrally Sponsored Schemes in Cantonment area and the Directorates are further pursuing the matter with the State Government. The Committee understand that Cantonments Boards, Under the provisions of sub-section(2) of the section 10 of the Cantonments Act,2006, are deemed municipalities under clause (e) of Article 243P of the constitution, for the purposes of receiving grants and allocations and implementing Central Government schemes relating to development of infrastructure and social welfare. Therefore, the Committee recommend that the Ministry should leave no stone unturned in convincing the State Governments for implementation of Centrally sponsored schemes in Cantonments areas. Further, proposal to convert civil areas of Cantonments into municipalities may be examined seriously, without compromising with military interest, civil aspirations and State Government's perspective.

Reply of the Government

The MoD/DGDE through correspondence, and the Cantonment authorities through liaison are constantly pursuing the matter with respective State Govt./District administration for effective implementation of the Centrally Sponsored Schemes at par with the Municipal areas. Further, 15th Finance Commission in its report for 2020-21 first time recommended that the States should also make allotment of grants on population basis for the Cantonment Boards within their territories. For urban local bodies other than Million-Plus cities, the grants should be distributed to each urban local body on the basis of accepted recommendations of the latest SFC suitably modified/ or on the basis of population and area in the ratio of 90:10. Cantonment Boards are in process of receiving 1st installments of Grants from respective State Governments. The inclusion of the Cantonment Boards as at par with ULBs of the State would

further facilitate the inclusion of Cantonment areas at par with ULBs/municipality in the state for implementation of schemes in these areas seamlessly. Further, as a step ahead in this direction, a workshop involving the officials from respective Ministries, CEOs, Presidents, Vice-presidents of all Cantonment Boards was then scheduled on 17.04.2020, which was postponed due to COVID pandemic and this would be held as early as possible.

As regard proposal to convert civil areas of Cantonments into Municipalities, as suggested, any such proposal would be considered without compromising with Military interest/civil aspirations and State Govt. perspective.

Leased properties in Cantonment areas

Recommendations (Para Nos. 42 & 43)

Recommendation (Para No. 42)

The Committee found that Cantonments were set up primarily to quarter troops that necessitated provision of civic amenities such as houses, shops, schools, cinemas, clubs, banks etc. Certain land was, therefore, allotted on lease for such purposes under the provisions of Cantonment Codes of 1899 and 1912 and Cantonment Land Administration Rules (CLAR) of 1925 and 1937. Leases were granted for various tenures on payment of appropriate premium and annual rent. Some of these were granted in perpetuity and fixed tenures while others were renewable. Such sites are placed under the management of Cantonment Boards and Defence Estates officers. There are total 6556 leases sites.

Recommendation (Para No. 43)

On the issue of commercial use of leased properties in Cantonment areas, the Director General, Defence Estates informed the Committee that renewal in such cases is being done subject to conditions. The Committee, on the issue of feasibility of extension of lease period for residential purposes in Cantonment Areas, has been apprised that where the lease has expired, the interim policy of March 2017, which was extended up to December 2019, is in effect. The Committee recommend that with a view to provide solution to various constraints faced by civilian population residing in cantonment areas, a permanent lease policy should be introduced. Timely implementation of the new lease policy also includes issues of mutation and as such the Committee feels that it should be finalized and notified at the earliest so as to streamline the working of DGDE and earn public trust and credence.

Reply of the Government

The policy on “Renewal/ extension of expired/ expiring leases is under consideration in the Ministry of Defence.

Interests of the Civil Population in Cantonment Areas

Recommendations (Para Nos. 46 & 47)

Recommendation (Para No. 46)

During deliberations on Demands for Grants 2020-21, the Committee had raised the issue of problems being faced by the dwellers in Cantonment areas in matters related to improvement of building condition such as repair of houses etc. The Committee are pleased to note the submission of the Director General Defence Estates that all the minor work such as repair works, whitewashing, replacement of roof, etc. have been allowed now without any formal permission to be given by the Cantonment Board.

Recommendation (Para No. 47)

The Committee also raised the issue of construction of roads in Cantonment areas. In this regard, the Defence Secretary apprised the Committee that highest priority in such cases is accorded to the requirements of Armed Forces and security considerations. Wherever land is not available due to requirements of Armed Forces and security considerations, exchange of equal value land or equal value cost is considered. A geographic Information System (GIS) is being put in place to streamline the whole process so that the information regarding available land is available to the state Government. The Committee appreciate various steps being taken in the direction of relaxing rigid norms regarding issues related to civilian population in the Cantonments areas and recommend that more such steps be contemplated/implemented to build mutual faith and affinity between the civil society and the Forces.

Reply of the Government

The Ministry of Defence vide letter No. 14(9)/2018-D(Q&C) dated 04.09.2018 has issued detailed procedure to be followed by Cantonment Boards for closure of roads in Cantonments and no public road in the Cantonment shall be closed without following the laid down procedure, as per Section 258 of the Cantonments Act, 2006. The Cantonment Boards have also advised the Local Military Authorities (LMA's) accordingly for compliance.

Ammunition Dumps

Recommendation (Para No. 48)

The Committee, during their deliberations in connection with examination of Demands for Grants 2019-20, expressed concern over the hazards posed by the ammunition dumps in vicinity or amidst the inhabited areas of the country. During discussion on Demands for Grants 2020-21 too, the Committee raised the issue of limitations/restrictions faced by the civilians dwelling near Army depots. In his deposition before the Committee, the Chief of Defence Staff submitted that permission for residential purposes is given to civilians within 50 yards of Army accommodation. Around the ammunition depots, rule of no construction within 1000 meter, as recommended by the explosive experts, is enforced. The Committee note with glee that efforts

are on for underground vertical storage of the ammunitions in order to modernize the Depots and provide relaxation to the civilians residing around the depots. While adopting best advancements in the field and also with the intention to give respite to the surging civil population, the Committee strongly recommend that a final decision is arrived in this regard at the earliest. Such a solution should not only cover Jammu Cantonment but also the lands affected thereto. The Committee would like to be apprised of the results in this regard within three months of the presentation of this report.

Reply of the Government

a) The issue highlighted in Para 48 pertains to the efforts being undertaken for construction of underground (UG) storage of ammunition at a few locations in Northern and Eastern Commands in collaboration with NHPS, a Government of India enterprise. These projects are planned at forward areas where civil population around the ammunition storage area is limited.

b) The types of ammunition storage areas with respect to civilian population around, can be classified as following types:-

Type A Forward Gun areas, Ammunition bunkers where no civilian population exists. The ammunition dumps are smaller in dimension and hold very limited quantity of ammunition. Main criteria for such works is to reduce vulnerability to enemy fire, ensure safe storage and safety of troops.

Type B Formation Ammunition Dumps and forward Ammunition Points located in near vicinity of Line of Control/International Boundary. The civil population around these ammunition dumps is very limited. Medium size storage location are required capable of reducing vulnerability due to enemy action as also to enhance safety of troops/civil population.

Type C Ammunition Depots located in rear areas. These have civil localities in proximity to its periphery. Emphasis is required on large ammunition storage with a focus on reduction of Outside Quantity Distance (OQD) while enhancing safety of ammunition.

c) The current project undertaken by Directorate General of Operation Logistic (DG OL) through NHPC are for Type A and B Ammunition Dumps. While the current initiative by Directorate General of Operation Logistics (DG OL) would be helpful for Type A and B Ammunition Storage Dumps, due consideration also needs to be given for ammunition being stored in type C locations. These are the areas where more than 80% of ammunition is stored. In view of the same, following is under consideration:-

- i. Construction of Semi UG/UG Storage accommodations in Type 'C' to reduce Outside Quantity Distance (OQD).
- ii. Storage of UN Hazard Division 1.2 type of ammunition in Igloos (meant for 1.1 UN hazard), specially in the periphery of Depots to mitigate higher OQD requirements.

Recommendation (Para Nos. 49 & 50)

Recommendation (Para No. 49)

The Committee have been given to understand that there have been slippages on the part of DPSUs in adhering to the delivery timelines while supplying items to the Forces. As learnt through the written submission of the Ministry, the dependence of HAL products, being highly technology intensive on multiple stakeholders including foreign Original Equipment Manufacturers (OEMs) in most of the cases, at times has posed unforeseen challenges. The US sanctions during Light Combat Aircraft (LCA) Tejas development which in turn led to delay in certification of the aircraft, delay in receipt of License Technical Documents (LTD) from Licensor in case of Su-30MKI manufacturing etc, are few such instances.

In case of Bharat Electronics Limited (BEL), the on-time delivery during last 5 years is around 80%, however, some of the large complex projects get delayed due to concurrent Engineering, accord of Bulk Production Clearance, change in user requirement, specifications to incorporate additional features, site/platform readiness etc. As regards Bharat Dynamics Limited (BDL), due to reasons beyond control, products like Konkurs-M Anti-Tank Guided Missile (ATGM), Invar Anti-Tank Guided Missile (ATGM) were delivered beyond scheduled time due to technical snag encountered during proof firings. Akash Weapon Systems were delivered beyond scheduled time due to delay in receipt of input materials from vendors and delay in receipt of Tatra Vehicles from M/s BEML due to embargo. In Garden Reach Shipbuilders & Engineers Ltd. (GRSE), the delays in warship construction are primarily on account of finalization of fit and freezing of specifications by the customer, failure of Major Equipment manufacturers and inability to progress Integrated Construction In reference to Project P75 of Mazagon Dock Shipbuilders Limited (MDL), revision of delivery dates occurred due to delay in delivery of material, incomplete Technical Data Package Information System from collaborator, non-availability of concerned specialists as required from the collaborator / OEMs and delay in defect rectification and software issues. The Committee, during oral evidence of the representatives of the Ministry of Defence, were apprised that the DPSUs have first four contracts from Myanmar, and in two of them supplies have been made before time.

Recommendation (Para No. 50)

The Committee opine that majority of the reasons cited above such as change in user requirement, specifications to incorporate additional features, finalization of fit & freezing of specifications by the customer, incomplete Technical Data Package Information System, non-availability of concerned specialists as required from the collaborator / OEMs etc. from collaborator may be resolved by through and timely interaction of the DPSUs with concerned collaborators / OEMs / vendors / clients / users. The Committee, therefore, recommend that the DPSUs should implement all suitable mechanisms to ensure timely supply of various defence products as delay due to any reason has consequences on operational readiness of the Forces. Here, it is in the fitness of things to recommend that highest level of due diligence should be taken by all Defence DPSUs in formulating a contract with the OEMs which should give an edge in the favour of DPSUs where in case of defaults, the financial interests of DPSUs are not put at stake.

Reply of the Government

HAL: On-time project completion is given due importance at HAL and project execution is being reviewed at multiple levels, including at MoD, to ensure early identification of potential issues and timely risk mitigation. The project execution/strategies are being periodically reviewed internally at the highest level and are also being monitored by external committees involving customer/ MoD in various apex forums such as Steering Committee, Empowered Committee etc. Learnings are utilized to avoid pitfalls and remedial measures implemented.

HAL has Contract Management and Legal Cell which vets all contract with OEMs. For the platforms, the OEMs are being decided by the Customers. For supply of systems/units, due diligence is being carried out before signing of contract with OEMs. Also contract clauses like Warranty, Liquidated Damages (LD), Bank Guarantee (BG) etc. are added as part of every contract to avoid delays and also to safe guard HAL's financial interest. Further, any issues with foreign OEMs are highlighted in regular meeting of HAL with OEMs management and the major issues are also highlighted and discussed in Steering Committee or Joint Working Group Meetings, at Ministry level.

BEL: BEL is in complete agreement with the recommendations of the Committee as regards delivery of the products/services to the Defence Forces. Meeting the delivery requirements of our customers, primarily the Indian Armed Forces is of paramount importance to BEL. With the usage of state-of-the-art Project Management tools, all efforts are made to ensure timely delivery to customers as per contract. As part of our continuous improvement of on-time delivery, the root cause for delay in delivery of some of the projects is analyzed and necessary corrective/preventive measures are taken to minimize/zero down the same.

As regards timely supplies of input material from OEMs/Vendors for the production of defence equipment, the delivery timelines vis-a-vis Customer Contractual Delivery Dates are made clear in the Purchase Order which are reiterated through continuous interactions and discussions. BEL's procurement process is governed by robust Purchase Procedure Manual which has been incorporated with requisite clauses with respect to delivery timelines. Regular monitoring of the supply status is carried out by the Project Management team to ensure timely receipt of the items from the OEMs/vendors. BEL also has shown zero tolerance towards negligence/dereliction of duties, if any, and appropriate actions are taken as per company norms. BEL's Purchase Order to suppliers is also incorporated with appropriate LD clause to protect the financial interests of the company, in case of any default/delays in the supplies as against the Purchase Order (P.O) terms.

It is re-iterated that the On-time delivery during last 5 years is around 80%. It is inevitable that some of the large complex projects get delayed due to Concurrent Engineering, accord of Bulk Production Clearance, Change in user requirement, Specifications to incorporate additional features, Site/platform Readiness etc. All these measures and improvement processes are expected to further enhance the on-time delivery.

BEML: The delay in supply of Heavy-Duty Trucks was due to special situation of restriction arisen during 2012 which is a stray case. However, the issues were resolved and supplies were completed. Only in respect of supply of Armoured Recovery Vehicles, certain issues are being resolved and supplies will start in due course. Systems are put in place to ensure proper due diligence before entering into any partnership.

BDL: Reasons for delay in supply of Anti-Tank Guided Missiles (ATGMs):

i. Konkurs-M:

Indent was received on 31st March 2017 to supply 10,000 Nos., in two years, after a gap of one year i.e., previous indent was closed by March 2016. The total shop floor was idle due to non-availability of load. Suppliers also shifted to some other production line due to non-availability of orders from BDL. The delivery of Konkurs-M Missiles was delayed due to following reasons.

- a) Minimum 6 to 9 months' time is required to procure the raw materials and further 2 to 3 months required to convert into finished component. Procurement process in BDL starts after receipt of supply order (SO) from customer, which means that no delivery is possible in first year after receipt of SO.
- b) All the critical/specialized process were to be re-validated by the customer representative due to gap of production for more than one year.
- c) Explosive items supplied by Ordnance Factories, don't have the capacity to produce yearly requirement of BDL.

ii. Invar:

- a) Technical snags were encountered during proof firing of Invar Missiles. The problem was started in September, 2015.
- b) Missile being single shot device, identification of the root cause of the failure is very difficult and time consuming process in normal case, however it was very difficult in this typical case, where in acceptance testing of sub-systems/ missile is satisfactory but not in proof firing of missiles. BDL has involved DRDO, Armament Research and Development Establishment (ARDE), OEM and other experts in the analysis, hence lot of time & efforts were consumed.
- c) The root cause was eliminated step by step and finally BDL carried out successful proof firing in December 2018. Since then production is continued smoothly.

In this type of contracts, BDL has to depend on the extent of ToT/infrastructure proposed by ToT partner. Special requirements/gaps can be understood by ToT receiver on encountering problems only. Corrections required, if any, can be incorporated in subsequent contracts.

MDL: The issues of P75 project have been taken up to the highest levels of Govt to Govt meetings. Further, they have been additionally deliberated during visits of Senior dignitaries, both of the Customer and the OEMs / collaborators. Specially arranged visits by delegations led by the Controller of Warship Production and Acquisition (CWP&A) of

Indian Navy have been arranged to OEM premises to take up at their individual sites, the issues of design of systems, delay in supply of material and increase in number of defects encountered in the particular item /system.

The issues have been resolved through these procedures. However, there is room for improvement to enable smooth progress of construction / delivery of balance 04 boats.

GRSE: As per the terms of the shipbuilding contracts, all major equipment is to be procured from customer nominated OEMs/Vendors. The Technical specifications for procurement of these main equipment are required to be approved by the customer and customer's representative is to be present as a part of TNCs with the OEMs/Vendors. Majority of the cases, delays are occurring due to approval of technical specifications and conclusion of Technical Negotiation Committees (TNCs), resulting in delay in order placement. This delay results in late availability of binding data required for detailed design and delayed equipment delivery resulting in project delay. Efforts have been made to address the issue by finalising the technical specifications & TNC through collegiate meeting attended by all stake holders.

In order to ensure that all risk factors are addressed in the tender documents, suitable check lists are being used so that all necessary clauses to safeguard the company's interests are incorporated in the contract for procurement.

GSL: There have been no time slippages while delivery of products to the Forces in the past. GSL has delivered seven 105M Offshore Patrol Vessels (OPVs) to Indian Coast Guard, 02 Offshore Patrol Vessel (OPV) to Sri Lanka Navy, 02 Fast Patrol Vessel & 11 Fast Interceptor Boats for Government of Mauritius, 01 Damage Control Simulator for Myanmar Navy, 01 Damage Control Simulator and Four 1000 T Fuel Barges for Indian Navy and 01 Nuclear Biological Chemical training Facility in last 6 years, all as per contractual schedule.

1st vessel of second series of CGOPV (Yard No. 1233) was recently delivered by GSL within the delivery schedule after incorporating additional features or changes as per the Owner requirements. GSL has implemented a suitable mechanism which includes the following steps to ensure timely supply of various equipments/systems going in to construction of Vessels designed and constructed by GSL:

- (a) Departmental and Management Progress Review Meetings are being conducted on regular basis.
- (b) Cargo handling system is introduced for tackling delays on account of logistics for foreign shipments.
- (c) Close monitoring & follow up with the firms where the purchase orders placed for the first time by reviewing progress through Bar charts, co-ordination with class surveyor for timely approval of drawing and inspection of equipment at the vendor's premises including physical monitoring at factory for monitoring the manufacturing activities, if required.
- (d) Hand holding of vendors in terms of technical support, knowledge sharing, class surveyor support.

- (e) Safeguards and mitigation plans in Contracts for timely submission of binding drawings and execution of order.
- (f) Technical assistance provided to vendors wherever required.
- (g) Support & assistance to address Risk associated with supplier in difficult times.

HSL: There had been time slippages in the past while execution of some projects due to various reasons like delay due to lack of working capital, numerous design changes, re-works, various modifications and delay in getting approval of drawings etc. However, it is pertinent to mention that HSL has completed all those legacy projects (13 Nos) pending since 2010 during the last four years on fast track basis.

In the ship repair front, HSL has completed repairs of 13 vessels of different types for varied customers like Indian Navy, DCI, SCI, FSI, VPT etc. during the year 2019. The shipyard has achieved another milestone by completing the maiden refit of INS Astradharini, a torpedo launch and recovery vessel for Indian Navy, two weeks ahead of contractual refit schedule.

The shipyard has also achieved a historical milestone in submarine repair capability by completing Normal Refit of INS Sindhuvir submarine on 31 Jan 2020 i.e. nine days ahead of the contractual delivery period of 09 Feb 2020.

Further, the ongoing shipbuilding projects such as 2 No Diving support vessels, 4 nos 50T BP Tugs for Indian Navy are being executed as per strict contractual time lines. New concept of 'Throughput assignment' has been introduced in the production processes for construction of 2 Nos. Diving Support Vessels (DSV) and 50 T Tugs projects in order to meet the contractual timelines. Production activities like plate cutting, block fabrication & erection /consolidation are being monitored through "Throughput Analysis". Block fabrication is being done expeditiously for both these projects. The delivery timelines of ongoing shipbuilding and ship repair projects are effected due to COVID-19 lockdown and no LD to be levied on any projects till full impact of COVID-19 in industrial sector particularly in supply chain and international travel is established by independent agencies.

Recommendation (Para No. 54)

The Committee note that the value of exports from HAL in 2019-20 was 114.59 crore (upto 31.12.2019). The value of Defence exports in 2018-19 in BEL, BEML, BDL, GRSE, GSL and MIDHANI stands at Rs.78.73 crore, Rs. 19 crore, Rs. 66 crore, Rs. 4.55 crore, Rs.14.54 crore and Rs. 20 crore (expected), respectively. The strategies adopted to enhance BEML's export business include widening BEML's distributor network in addition to direct sales, brand building and visibility through exhibitions and seminars, collaboration with other DPSUs / Indian companies, Joint Ventures in India or with local firms in abroad, utilizing Export-Import Bank opportunities through Indian Lines of Credit and exploring opportunities through Chambers of Commerce / Embassies / Defence Attaches. The steps taken by MIDHANI to improve exports are processing of National Aerospace and Defence Contractors Accreditation Program (NADCAP) certification to target global aerospace market, registration of MIDHANI as

a Vendor in EGYPT Defence Production Unit - Helwan Engineering Industries Company and approval of MIDHANI as a global supplier for Turbo Charger Application (one of the important components in automobile industry). The steps taken by the Ministry of Defence to promote defence exports include setting up of export promotion cell, expansion of role of Defence Attaches and creation of export action plans and strategies for all DPSUs and Ordnance Factories Board (OFB). The Committee perceive that healthy exports are crucial for accrual of economic and strategic benefits to a country. The Committee note the above steps being taken to promote exports and recommend that concerted and productive efforts of all the stakeholders i.e. the Ministry of Defence, DPSUs, Indian Ordnance Factories, robust industrial production base, strong ecosystem of Research & Development with collaboration of premier research institutions are required to make our nation a leading exporter of Defence products. For this purpose, realistic targets of exports for each DPSU may be fixed by the Ministry for better planning and execution. They also desire that details of the value of exports by each DPSU for 2019-20 may be furnished to the Committee after the end of the financial year.

Reply of the Government

The export targets committed by DPSUs for 2020-21 are as under:

S.No.	Name of DPSUs	Export Target (Rs. in crore)
1.	BEL	350
2.	HAL	200
3.	BDL	156
4.	BEML	125
5.	MIDHANI	20
6.	GRSE	84
7.	GSL	15.8
8.	MDL	100

The value of exports achieved in 2019-20 by DPSUs/ OFB are as under:

S.No.	Name of DPSUs	Export Target (Rs. in crore)
1.	BEL	356.74
2.	HAL	211.95
3.	BDL	174.69
4.	BEML	14.5
5.	MIDHANI	10.43
6.	GRSE	1.01
7.	GSL	0.87
8.	MDL	0.11

Reforms for indigenization and import substitution of products

Recommendation (Para No. 55)

The Committee have been apprised of the reforms undertaken by the Ministry of Defence for promoting indigenization in the DPSUs which inter alia include simplification of Make II procedure which involve prototype development of equipment/ system/ platform or their upgrades or their sub-systems/ subassembly/ assemblies/ components, primarily for import substitution/innovative solutions, for which no Government funding will be provided for prototype development purposes, approval of 2521 items to be taken up for indigenization under Make II framework, consideration of 'suo-motu' proposals of Capital Acquisition by the Services, setting up Indigenization Fund in DPSUs/OFB, insertion of 10 percent points in Memorandum of Understanding of Defence PSUs for indigenization and notification of a new policy for indigenization of components and spares used in Defence Platforms with the objective to create an industry eco-system to enable indigenization of imported components (including alloys and special materials) and sub-assemblies for Defence equipment and platforms manufactured in India in March 2019. Further, indigenization portal for DPSUs/OFB is being developed and study on savings in cost is being taken up by Institute for Defence Studies and Analysis (IDSA), Delhi to study savings in cost due to indigenization in the last 5 years in DPSUs/OFB. New Policy for indigenization was notified by the Department of Defence Production on 8 March, 2019 with the objective to create an industry ecosystem. Some of the related issues touching the import substitution and 'Make in India' initiative have separately been discussed in the 7th Report of the Committee relating to Demands for Grants (2020-21).

Reply of the Government

1. Under Industry funded Make II procedure which involve prototype development of equipment/system/platform or their upgrades or their sub systems/ sub-assembly/ assemblies/ components including raw materials, primarily for import substitution/innovative solutions, 46 projects (including suo-moto proposals) from the Services (Army, Navy and Airforce) in total have been accorded 'In-Principle Approval' (AIP) by MoD. Out of which Project Sanction Order (PSO) has been issued for 9 projects and Request for Proposal (RFP) for procurement has been issued for one project.
2. Apart from the above, 2602 items of OFB/DPSUs have been approved for indigenization under Make-II framework for OFB and DPSUs. Out of which Expression of Interest (EOI) has been issued for 2549 items and development order for 132 items.
3. As regards indigenization policy, the indigenization portal for DPSUs/OFB is under preparation and 17920 items have been identified and uploaded on portal by DPSUs/OFB. Additionally, they are also updating list of items to be indigenized along with other relevant details, on Make in India website of Defence or their links to this website.
4. The provision for setting up of indigenization fund in each DPSU/OFB for providing developmental support to MSMEs/Startups/ industry for import substitution has been included in Draft Defence Production and Export Promotion Policy (DPEPP)-2020, which is under formulation.

5. Institute for Defence Studies and Analysis (IDSA), Delhi has submitted interim report on saving in cost pertaining to HAL on 12 Feb, 2020. As per the study, the savings on account of indigenization during last 5 years (2014-15 to 2018-19) in respect of HAL works out to Rs. 319 crore (approx).

Recommendation (Para No. 56)

The Committee understand that in HAL, the Greenfield facility planned for helicopters would cater to the manufacture of indigenously developed Light Utility Helicopter (LUH) program which will replace the ageing fleet of Cheetah/ Chetak helicopter produced under Transfer of Technology (ToT). Manufacture of state-of theart products like LCA, ALH, LCH, LUH, HTT-40 etc within the country helps avoid direct import to the extent of production by HAL thus furthering the import substitution efforts. Some of the major systems like Integrated Air Command & Control System (IACCS), Weapon Locating Radar (WLR), Cdr TI Sights, Tropo Upgrade, Integrated Communication System (ICS), Ground Based Mobile Elint System, Low Intensity Conflict Electronic Warfare System (LIC EWS), Electronic Voting Machines (EVM), Voter Verifiable Paper Audit Trail (VVPAT) etc., are indigenously designed & manufactured by BEL. Indigenization of products like Konkurs-M, Invar, Milan-2T has been achieved by BDL upto 97%, 78.6% and 71% respectively. Post modernisation of infrastructure in 2013, GRSE can undertake construction of 20 Nos. of ships (08 Large ships and 12 small ships) concurrently. On completion of ongoing infrastructure augmentation Plan for Mine Counter Measure Vessel (MCMV), GSL will have the capability to build high technology GRP hull MCMVs indigenously with help of foreign technology provider. The Submarine Launch Facility will facilitate launching of Submarines directly independent of availability of deep dry dock and MDL shall not be dependent on Naval Dockyard or Dry Docks available with Mumbai Port Trust.

Reply of the Government

1. The Light Utility Helicopter (LUH) designed and developed by HAL has attained IOC on 7th Feb 2020. This helicopter is planned to be manufactured in the Greenfield facility being set up at Tumakuru and an investment of Rs 476.37 crores is sanctioned by HAL Board. HAL has successfully flown the LUH from this facility on 29th December, 2018 and also met the timeline of 2018 given by the Hon'ble Prime Minister of India during foundation stone laying ceremony at Tumakuru on 3rd January, 2016. However this facility can be made operational and gainfully utilised only if manufacturing orders is sufficient quantity is available with HAL.

2. The state-of-the-art products like LCA, ALH, LCH, LUH, HTT-40 etc being the indigenously designed and developed platforms, if inducted in greater numbers would help avoid direct import to the extent of production by HAL, furthering the import substitution efforts. While LCA and ALH are in production, LCH and LUH have attained operational clearance and are awaiting order for production deliveries. For LCA and LCH, order for 83 nos and 15 nos respectively are under process, while ordering activities are progressing towards certification with the platform having demonstrated compliance to all PSQR requirements including stall and spin tests. Another point worth mentioning is that, if the indigenous platforms are being inducted in greater numbers, it brings in economy of scale for Indian private defence manufacturers also, as currently over 30% of the HAL manhours are being sourced through outsource partners. As HAL is aiming at becoming principle integrator, private industries will have better scope to increase their participation in the defence manufacturing ecosystem in the

country, if orders for platform manufacturing in greater numbers are placed on HAL. This increased participation of the Indian private industry sector in defence production will in turn support 'Make in India' through the growth of the defence manufacturing ecosystem in the country.

Recommendation (Para No. 57)

The Committee have been given to understand that it is estimated that Defence PSUs will reduce the import bill more than Rs. 15,000 crore by 2022 through indigenization of products and processes. Taking into account the fact that India is the second largest importer for Defence items in the world, the Committee recommend that urgent and concerted efforts for using our indigenous technology, knowledge and skill should be made by the Ministry and the DPSUs to cater to maximum requirements of our Defence Forces.

Reply of the Government

Department of Defence Production has taken several initiatives to reduce the import of Defence items. Some of the initiatives are enumerated as under:

- **Indigenization:** Policy for Indigenization was notified on by Department of Defence Production on 08 March, 2019, with the objective to create an industry ecosystem. It is estimated that Defence PSUs will reduce the import bill through indigenization of products and processes.
- **Development of Indigenization Portal:** DPSUs/OFB are uploading the data on the link provided. The proposed Indigenization portal will be a centralized one in which DPSUs/OFB and other stakeholders will be showcasing their imported items to be indigenized. Vendor will become aware of the above items and they can in turn, show their interest in those items where they have capability to manufacture.
- **Study on savings in cost –** IDSA, Delhi is studying savings in cost due to indigenization in the last 5 years in DPSUs/OFB. Final report submitted in Jan 2020.
- **Implementation of Make-II –** The Make-II framework for implementation by DPSUs/OFB was notified on 11.02.2019. DPSUs/OFB have identified approx. 2500 items under Make-II. These items are at various stages of development process.
- **Long Term Orders –**“Framework for placing Long Term Orders by DPSUs” has been approved on 04 Nov 2019. Under this Framework, the procuring organization may aggregate demand of the item for a long period of upto 10 years, in cases where it finds challenges in indigenization.
- **Public Procurement Order:** 127 items have been notified under this order, thereby giving preference to domestic manufacturers in procurement of these items.
- **IGA With Russia for Indigenous Manufacturing of Spares:** An Inter-Governmental Agreement (IGA) on “Joint manufacturing of Spares, Components, Aggregates and

other materiel related to Russian/ Soviet origin Arms and Defence Equipment” was signed during the 20th India-Russia Bilateral Summit held at Vladivostok on 4th Sept. 2019. The objective of the IGA is to enhance the After Sales Support of Russian origin equipment currently in service in Indian Armed Forces through partnership of Russian OEMs with the Indian industry under the framework of “Make in India” initiative. First list of spares proposed to be manufactured in India has been received from IAF, Indian Army, Indian Navy, OFB and HAL. The list comprising of nearly 1100 items has been shared with the Russian Side.

- Inclusion of import reduction as parameter in MoUs of Defence PSUs.
- Around 700 items, manufactured by DPSUs and OFB, under various categories have been identified for inclusion in the Negative list of import for Defence items.

Further, Defence PSUs-wise reply is as under:

HAL: HAL has adopted multifarious approach for reducing dependence on import of Defence equipment, which includes indigenous design and development, in-country manufacture under licence from OEMs, mid-life upgrade of existing platforms, MRO of available platforms and indigenization of imported systems and LRUs wherever feasible have been taken up by HAL ever since inception.

HAL’s product profile includes Su-30 MKI, LCA Tejas, Dornier Do-228, Hawk, Upgraded Hawk-i, Basic Trainer Aircraft HTT-40, ALH Dhruv, Light Combat Helicopter (LCH) and Light Utility Helicopter (LUH). These aircraft/ helicopters are required by the Indian Armed Forces for modernisation and strengthening of their fleet.

Further, in order to reduce the import bill through indigenization of products and processes, there is a need to ensure timely placement of orders and induction of indigenous platforms manufactured and developed by HAL, under “Make in India”.

Indigenisation is an ongoing activity at the HAL for providing support to manufacturing as well as Maintenance, Repair and Overhaul (MRO) services for all projects throughout their service life. To ensure use of Make in India components, equipment and services for fostering self-reliance and to manage obsolescence for sustenance of fleets, HAL continuously undertakes indigenisation of various items of foreign origin fitted on HAL platforms to reduce dependence on imports. Every year HAL indigenizes sizeable no. of imported items with considerable Foreign Exchange (FE) savings through its extant procedure. During 2019-20, HAL has indigenized around 1500 items.

In compliance of the framework promulgated by MoD, HAL has recently implemented the Make-II (Industry Funded) procedure with assured order quantity after successful development of items through private vendors. In this regard, HAL has identified more than 2000 items for indigenisation under Make-II and the list of items is hosted in HAL website along with the details of the concerned nodal officers of the respective HAL Divisions. The EOIs for these items will be issued in a phased manner over the next four years.

BEL: Import bill reduction can be achieved through self-reliance in terms of manufacturing as well as design & development within the country. Following steps are being taken in BEL to enhance indigenisation. BEL has identified 360 items for indigenisation under Make-II

Manufacturing: BEL is investing in Industry 4.0 technologies in areas of Manufacturing, Supply Chain and other broader digital transformation initiatives with specific, focused technology that span the entire organisation. The upcoming manufacturing Plants of BEL i.e. ‘Defence Systems Integration Complex’ at Palasamudram, Advanced EO and IIR seeker manufacturing facility at Nimmaluru and Land based EW Systems at Ibrahimpatnam and future plants will leverage the specific technologies of Industry 4.0.

It is planned to incorporate Industry 4.0 Standards in the new Unit being established, in discussion with the Industrial Consultant being selected. This will include surveillance and remote monitoring of critical processes, automation & control of production (particularly inspection & testing) processes where feasible, automatic collection & compilation of process data, Data analysis for continual process improvements, etc. This is expected to be operational by the year 2022-23. BEL can quickly diversify into new technology segments through necessary partnerships and scale up manufacturing. e.g., BEL has manufactured and supplied 8153 nos. ventilators to several State Government.

R&D: With an aim to reduce the need for foreign ToT based products (which involve heavy imports), BEL will continue to take the following steps towards design & development of products indigenously:

- R&D investment of 8%-10% of the turnover every year. Last 5 years data:

2015-16	2016-17	2017-18	2018-19	2019-20
9%	9%	10%	9%	8%Appx. (Prelim.)

- Collaborations with National Labs (e.g., DRDO), academia and societies:

Radars	Naval systems	Missile Systems	Comm.	EO & Lasers	Encryption	Futuristic technologies
LRDE	NSTL, NPOL	RCI, DRDL	DEAL, DRDL	IRDE	CAIR, SETS	IITs (Kanpur, Kharagpur, Hyderabad, Roorkee, IIIT-Jabalpur, IISc

- Development of 20 (or more) new products every year. Last 5 years data:

2015-16	2016-17	2017-18	2018-19	2019-20
15	20	23	21	22

- Strengthening the two Central Research Labs (CRL), BEL Software Technology Centre (BSTC) and Product Development & Innovation Centre (PD&IC) for development of cutting edge futuristic and critical (cost extensive) technology Modules through:

	CRL, Bengaluru	CRL, Ghaziabad	BSTC	PD&IC
Current Manpower	260	187	249	269

- Empanelment of collaborative partners:

	Design Service Providers	Production Service Providers	R&D Consultants	R&D Solution Providers
Empanelment in 2019-20	165	38	35	30

BEML: BEML has planned to set up ‘Make in India Parks’ by attracting potential partners with niche technology and consequently minimize import dependency while creating export opportunities. This will not only facilitate indigenization of complex aggregates but will also create employment opportunities.

- Indigenisation of cabin of High Mobility Vehicles through ToT
- Indigenous manufacture of Defence Spares through JV.
- Indigenous manufacture of propulsions for Metro Cars / EMUs through JV.

BEML is also working towards 'ZERO IMPORT' policy of the Government. BEML has published ‘Expression of Interest’ for indigenous development of 1269 imported items under Make-II procedure. Development POs have already been placed for 139 items. In line with MoD guidelines, Top-20 imported items have been identified for Indigenization out of which 7 items have been indigenized during 2019-20. To further enhance indigenisation, BEML has invited ‘Expression of Interest’ for manufacturing and technology partnerships with reputed global OEMs looking to establish and/ or expand their supply chains/ manufacturing base in India for the manufacture of various goods and/or service business in the areas of Defence & Aerospace, Rail & Metro, Mining & Construction, Engines and aggregates with the overarching objective of “Aatma Nirbhar Bharat”.

In line with Vision 2022 document, BEML since 2018-19 has indigenized to the tune of Rs. 270 crore consisting of parts, aggregates & import substitution products such as design & development of high end dumpers & excavators. Plans are already put in place for achieving higher Indigenisation and saving of FE outgo.

BDL: BDL has taken up 6% reduction in import of items during 2020-21 in MoU. MoU is yet to be finalised. BDL has identified 11 items for indigenisation under Make-II

BDL has already indigenized products like Konkurs-M, Invar and Milan 2T ATGM and achieved 97%, 78.6% and 71% respectively. In addition, BDL has also achieved 86% and 91% on VARUNASTRA - Heavy Weigh Torpedo and TAL - Light Weight Torpedo respectively.

MIDHANI: MIDHANI has developed several important materials which include special steels, super alloys and titanium alloys for strategic application like Defence, Space and Energy. The indigenous development of these materials has reduced the

dependency of India on import from other nations. Some of the major indigenous efforts are mentioned below.

- a) High-pressure compressor disc to HAL for Adour engine of Jaguar Aircraft
- b) Titanium sea water filters and high-pressure valves for nuclear submarine.
- c) Composite Armour for Mi 17 helicopter.
- d) Light weight body Armour product based on Bhabha Kavach
- e) High temperature super alloys Superni 617, Superni 740, Superfer 800L required for Advanced Ultra Supercritical Power Plants to be built in India.

Dependency on import can be further mitigated if use of import substitute products manufactured by MIDHANI is made mandatory for defence products / equipments manufactured in India. DPSU may be given price preference in materials so that more thrust is given towards indigenisation of defence product / equipment. MIDHANI has identified 10 items for indigenisation under Make-II

MDL: Indigenisation efforts by MDL are as under-

- a) MDL has set-up a dedicated Department of Indigenisation in Oct 2015 to boost and strengthen the indigenisation effort and to provide focused impetus to the Hon'ble Prime Minister's vision of "Make-in-India".
- b) MDL has identified 1 item for indigenisation under Make-II
- c) Since setting up of a dedicated Indigenisation Department, items as listed below have been indigenised till date. The expected cost savings in FE to the exchequer, for the ongoing projects would work out to Rs. 456 Crores if procured, from these vendors as listed below: -

S No	Item/ Equipment	Earlier Source of Import	Now Indigenised by	Expected Cost Saving in FE (for 4-P15B & 7-P17A Ships)
1.	SICADS	M/s Smith, Germany.	M/S L&T, SEC Bengaluru & DRDE, Gwalior	17 Crore
2.	Bridge Window Glass	M/s Saint Gobain, Spain.	M/S Jeet&Jeet Glass Jaipur	22 Crore
3.	MCT Glands	M/s Roxtec, Sweden	M/S Wallmax, Noida, Delhi	11 Crore
4.	Remote Controlled Valves	Thompson Valves, UK.	M/S DelValves, Satara, Pune	15 Crore

5.	Chladon Gas (for Magazine Fire Fighting System)	M/s ROE, Russia	M/s United Technologies, Gurugaon. M/s EKC, Mumbai.	99 Crore
6.	Ref Plants for Submarines	M/s SNORI, France	M/s ACCEL, Ahmadabad	1.5 Crore
7.	Battery monitoring System for Submarines	M/s Naval Group, France	M/s Precision Power	2.5 Crore
8.	Static Frequency Converter for Submarines	M/s Naval Group, France	M/s Precision Power	1.1 Crore
9.	Various HVAC items for Ships	M/s Axima, France	M/s SAF, M/s Del Valve, M/s Chamunda Valve	14.9 Crore
Total Expected FE Savings				184 Crore

d) Moreover, the various items/equipment planned to be indigenised/being indigenised are as follows:

- (a) Magazine Fire Fighting System along with CFEES, DRDO.
- (b) RSS Screens for Ships.
- (c) Life Raft for Submarines.
- (d) PolyChloroprene Rubber Band/ Continuity Straps for submarines.
- (e) Battery loading trolley for SSK Submarines.

e) Although Indigenisation Dept. is taking all out measure on selective basis to indigenise the import equipments/ items/spares, reduction of import bill on substantial basis may be attained if technical specifications of requirements is determined at formulation stage by Customer, IN to promote indigeneous sourcing. Vendors dealing with MDL are being outreached to take advantage of Make in India policy towards promoting indigenisation either by developing their own innovative technological products or by executing TOT with foreign partners.

GRSE: GRSE has identified items for development under indigenisation for next five years. GRSE has identified 1 item for indigenisation under Make-II.

The extract of Plan is appended below-

Till 15 Aug 2022	1-Year 2019-20	2-Year 2020-21	3-Year 2021-22	4-Year 2022-23	5-Year 2023-24
8 Nos.	Helo connecting gear for Rail less Helo traversing system for Advanced Light Helicopter Pole Mast of composite material for Project – P28	10T Telescopic Deck Crane Assault Bridge Double Lane Portable Steel Bridge	Data Acquisition and Processing System(DAPS) HP Air Fittings & Reducing Station Magazine Fire Fighting System for SVL	Window Wiper Telescopic Helo Hangar Magazine Fire Fighting System for ASW (SWC)	

GSL: As part of efforts towards indigenization in the defence production, GSL has indigenously developed several designs of cost effective Patrol Vessels and have delivered them to the Indian Navy and Indian Coast Guard. Indigenously developed designs of Patrol Vessels have saved the country considerable amount of foreign exchange by avoiding import of ships / designs and have given an impetus to the country’s efforts towards self-reliance in ship design. A large number of materials / equipment for the ships built by GSL are sourced from indigenous vendors and all out efforts are being made to increase the same. GSL has identified 1 item for indigenisation under Make-II

GSL has taken following measures to reduce import content for Shipbuilding projects:

- (i) GSL promulgated Make in India (Outsourcing, Long Term Procurement & Vendor Development and Indigenization) Policy in October, 2015 to enhance the local content/indigenization through increased vendor / manufacturing base in Defence Shipbuilding Sector. Assurance of Orders to vendors successfully developing import substitute.
- (ii) **Purchase Preference Clause:** GSL implemented Preference to Make in India 2017 and accordingly arranged Purchase Preference to Local Indian Manufacturers over Foreign Manufacturers. GSL aligned with MoD notifications for the items reserved for indigenization for surface ships in line with preference to Make in India Policy. Further, GSL is in the process of implementing the revise PPP Order 2017 dated 04.06.2020.

- (iii) **Make – II Procedure:** GSL also introduced Make – II Procedure in May 2019 to encourage indigenous design, development and manufacture (IDDM) of defence equipment/ weapon systems as per MoD Office Order dated Feb 2019.
- (iv) **Framework for Placing Long Term Orders for Indigenization:** GSL adopted framework for Placing Long Term Orders for Indigenization in line with MoD letter dated 15.11.2019.
- (v) Proactive steps are being taken by the Company for involvement of local industries for having maximum indigenous content in projects to meet the objective of self reliance.
- (vi) **Modernisation of Yard.** On completion of Modernisation plan, GSL will have the capability to build high technology Glass-Fibre Reinforced Plastic (GRP) vessels indigenously with the help of foreign technology provider.
- (vii) **Award of Project 1135.6.** GSL has signed contract on 25 Jan 2019 for indigenous construction of 02 follow-on ships of Teg class (P 1135.6) for Indian Navy. Many major items have been identified for indigenisation in the project. It is likely to achieve 60-70% Indigenization content, which will be significant improvement against 02 ships being imported from Russia. With such large indigenous content, the dependency of Russian firms for spares and services support would reduce drastically.
- (viii) **Mine Counter Measure Vessel (MCMV).** GSL has been nominated for construction of MCMVs for the Indian Navy with hull made of composite material. Technology absorption in this process will provide self reliance in this rare technology and elevate GSL as one of the few shipyards in the world capable of making state-of-the-art MCMVs with composite material for requirements of defence forces.

HSL: Indigenisation is being promoted by HSL by avoiding imported equipment and sourcing equipment / machineries from domestic vendors wherever feasible and permitted. Indigenous content as a percentage of VoP achieved during the last 5 years is tabulated below.

Year	VoP (Rs crore)	Value of imported materials consumed during the year (Rs crore)	Indigenous content as a % of VoP
(1)	(2)	(3)	(4) = [(2)-(3)/(2)]*100
2014-15	294.16	99.52	66.17
2015-16	593.29	159.63	73.09
2016-17	629.05	65.18	89.64
2017-18	644.78	72.84	88.70
2018-19	594.91	92.04	84.53
2019-20 (Prov.)	563.33	110.00	80.47

The list of items being imported and 5 year Indigenisation Plan through import substitution / MAKE II (tabulated below) has been prepared.

S No.	Year	Methodology	Item / Equipment	Amount (Rs crore)
1	2019-20	Import Substitution	Dynamic Positioning System	7.00
2	2020-21	MAKE-II	Pneumatic Quick Closing valves	0.20
3	2021-22	MAKE-II	Flight Deck safety net system	2.00
4	2022-23	MAKE-II	Air vent hoods of NW300 & above sizes	0.15
5	2023-24	Import Substitution	Fire class / Gas tight doors	1.00

Further, the items at S.No. 2 & 3 above has been taken up with Indian Navy /Directorate of Indigenisation. Draft technical specification for the two items have been prepared and being refined as user acceptance trials of the two items (procured from foreign OEMs) installed on a ship due for delivery in 2020 are in progress and is likely to be completed by mid-2020. The technical observations made by Indian Navy user acceptance team during the trials are being examined and incorporated into the technical requirements that would form part of the EoI. The EoI is expected to be issued in the month of Aug 2020 depending upon the inputs required from vendors which is delayed due to COVID issues.

Further, following efforts have been made by HSL in order to harmonize Defence Procurements with the 'Make in India' initiative.

- (a) Provisions contained in 'Public Procurement (Preference to Make in India), order 2017', issued by DPIIT, Ministry of Commerce and Industry, have been incorporated in Purchase Manual for implementation.
- (b) MAKE-II Procedure has been incorporated in the Purchase Manual in order to indigenize imported items through development of prototype.
- (c) Relaxation of norms (prior experience and prior turnover) for MSMEs and start-ups in all public procurements, subject to meeting quality and technical specifications.
- (d) Alignment to payment terms i.e; provision of advance payments to MSMEs.
- (e) Deemed registration of vendors (Vendors registered in other Defence PSUs are to be considered as deemed Registered).
- (f) Efforts are being made to identify Tier-I & Tier-II Vendors so as to facilitate development of import substitutes.
- (g) 'Make in India' Portal has been created in the HSL Website to attract vendors. The contact details of Nodal Officer have been provided in the portal. The list of items

which are hitherto being imported are displayed on the website with an intent to Indigenise.

- (h) With a view to familiarize the Vendor, a special link 'Information to Vendors' has also been incorporated in the HSL portal, which provides information like Guidelines for vendor registration, commercial questionnaire for indigenous and foreign suppliers, HSL Standard business terms & conditions, List of items imported to be Indigenised, materials, equipment & works, HSL Manual on procurement of materials and services, MSMEs – List of items reserved for purchase from small scale industries, Vendor registration form – Supplier, Vendor registration Form- Contractor etc.
- (i) A direct link to the 'Make in India' Page of Gol (<http://www.makeinindia.com>) has also been provided in the portal.

Recommendation (Para No. 58)

The Committee, during their deliberation on DFG 2020-21, had raised the issue of availability of level playing field at par with the DPSU, to other private indigenous players participating in defence production. The Secretary, Defence Production, apprised the Committee in this regard that no favourable treatment is meted out to the DPSUs and they enter the competitive bidding for orders. The Committee are please to note that Indian Ordnance factories and three DPSUs i.e HAL, BEL and BDL are amongst the world's top 100 Defence Production industries. Therefore, they recommend that to promote feeling of competitiveness and efficient functioning amongst indigenous Defence Production Sector, the information regarding achievement of our Indian DPSUs and allied organizations should be popularised through media and bulletins.

Reply of the Government

The achievements of the DPSUs/OFB for 2019-20 have been furnished to Directorate of Public Relations, MoD for conveying the same to Ministry of Information and Broadcasting for publishing brochures, booklets and other audio visual publicity material. Further, Annual Report of Ministry of Defence including achievements of Department of Defence Production is published every year. In addition, the achievements of DPSUs/OFB are widely published in International Defence Events like Defexpo and Aero India.

Budgetary Allocations

Recommendation (Para No 60)

The Canteen Stores Department (CSD), a Government of India Undertaking under the Union Ministry of Defence, is committed to welfare of troops of the Army, Navy and Air Force and their families, through easy access to quality products of daily use at less than market prices. The committee note that against the projection of Rs.22,240.10 crore in BE 2020-21, it has been allocated Rs. 20,100.38 crore, leaving a gap of Rs. 2139.72 crore. They have also been apprised that 50 percent of the Trade Surplus generated by the Canteen Stores Department goes to Consolidated Fund of India. From the deliberation on the Demands for Grants 2020-21, the Committee find that the additional funds are required to support CSD in meeting the contractual obligation of current Financial Year, automation of CSD to ensure full

spectrum visibility in supply chain management and accounting/payments, modernization of Existing Warehouses for which Rs. 138 crore have been projected to the Ministry of Defence and making up of critical shortfall of manpower. The Committee, therefore, recommend that the Ministry may consider making CSD a subordinate organization under the Ministry of Defence with powers to raise funds if and when required. Further, as an interim measure, one time grant may be given to CSD to sustain its operations and subsequently it could become a self-sustaining entity. The benefits like lower rate of GST should continue with the new entity also. Any surplus generated by the CSD could be distributed as per the current procedure in place.

Reply of the Government

HO CSD had forwarded Budgetary Estimate (BE) of RS. 22240.10 crore for the FY 2020-21. However, the actual funds allocation at BE stage is to the tune of Rs. 20100.38 Cr. Requirement of additional funds will be projected at RE stage in the Current Financial Year. Similarly, in the Capital Head (Land and Buildings), requirement of additional funds shall also be projected at RE stage of FY 2020-21.

With regard to recommendation to make CSD a subordinate organization under Ministry of Defence with powers to raise funds as and if required, shall be examined by this Ministry from feasibility angle, financial viability and self financing system for CSD, in consultation with all the stakeholders. However, as of now, CSD is an attached department under Ministry of Defence and the requirement of funds of CSD is being met out of Defence Services Estimates. Requirement of additional funds based on the pace of expenditure and requirements is being regularly projected to Ministry of Finance.

Online presence of CSD

Recommendation (Para No. 61)

The Committee have learnt that following efforts are being made by the Ministry for commencing online services of CSD:

- Process underway with regard to automation of CSD;
- Preparation of Request for Proposal and scope of work likely to be completed by mid-March 2020;
- Development Phase (linking of Two major Unit Run Canteens with Depots at Mumbai and Delhi by end September, 2020; and
- Feasibility of E-Commerce/Online Services will be looked into post automation.

The General Manager, CSD, in his oral deposition, apprised the Committee that the online shopping will be having a mix of both home delivery as well as delivery to the depots. There are a few areas where home delivery is not feasible such as Jammu and Kashmir, 3 Corps, 4 Corps, 15 Corps and 16 Corps and there are certain restrictions in the Cantonment areas. He assured the Committee that 60 per cent clientele i.e. the veterans will be satisfied the moment online automation happens by September or October.

While appreciating the efforts made so far, the committee still feel that the CSD should intensify its efforts to meet the timelines of commencing online automation by September or October of this year and ensure foolproof delivery mechanism to the Ex-Servicemen.

Reply of the Government

As a concept, online sale and home delivery in this information age is most desirable and it would lead to immense satisfaction of the end users. The details of progress of automation are as under:-

- (a) **Process Underway With Regard to Automation of CSD** Concerted efforts are on for timely completion of CSD automation and activities are being planned/ executed to achieve the same.
- (b) Automation of CSD has been planned with a view to extending online facility to the CSD beneficiaries across India. Accordingly, automation exercise is actively under way to:-
 - (i) Facilitate online sale of 'Against Firm Demand (AFD)' items.
 - (ii) Create an **e-commerce platform** to ensure that supplies reach the beneficiaries at their door step.
 - (iii) Provide unhindered online access to CSD beneficiaries.
- (c) Automation exercise will also aim at bringing complete automation in other areas of logistic/administrative establishment pertaining to CSD Head Office as well to bring in more transparency and better inventory management, besides reducing process time in day to day functioning.
- (d) The progress of the project is being continuously reviewed vigorously at regular intervals at the highest level in MoD.

Manpower strength

Recommendation (Para No 62)

During the discussion on DFG 2020-21, the issue of manpower shortage in CSD was brought up. The General Manager, CSD, in this regard, submitted that the Data Entry Operators have been hired through a proper outsourcing procedure, however, permanency in the arena of invoicing, accounting and Financial Department in the depots is desired. There is attrition of staff who have joined through the State Service Commission and recruitment of new staff takes its own time. The Ex-Army personnel are also employed through SSC. It was further submitted that more manpower will not be required once the automation of CSD starts.

The Committee opined that ad hoc mechanism of hiring the staff through outsourcing is not a long term solution for shortage of manpower in CSD. Therefore, they recommend that the Ministry should put in systemic efforts to recruit permanent staff for CSD to improve efficiency of the organization. The Committee also suggests that the surplus staff of other Departments which falls under the purview of the Ministry of Defence should also be suitably utilized in Canteen Stores Department.

Reply of the Government

Manpower shortage remains an issue though all out efforts are being made to fill up the deficiencies in a gradual manner to prevent stagnation in the future. The recommendation of the Committee regarding readjustment of surplus manpower of other Departments of MoD is also being explored, particularly in Group 'C' vacancies.

Qualitative Requirements for opening Unit Run Canteen in an area

Recommendation (Para No 63)

The Committee note that the Qualitative requirements for opening a new Unit Run Canteen (URC) in an area include minimum posted strength of 100 personnel of the combatants i.e. serving personnel whether Army, Navy, Air Force, Assam Rifles etc. or 5000 Ex-Servicemen. However, being just a guideline, this criteria is not being strictly followed. Further, demands of the Forces and Ex-Servicemen are being met though mobile canteens or opening new canteens. The Committee, in this regard, would like to be apprised of the details of the proposals of opening new canteens received by the CSD in the last three years and action taken thereupon within one month of the presentation of this Report. They would also be intimated of the details of the mobile canteens and the areas and products serviced by them.

Reply of the Government

i) Qualitative requirements for opening Unit Run Canteen (URC). The criteria for opening a new Unit Run Canteen/Ex serviceman canteen has been laid down in AO 19/2003/QMG. The following criteria needs to be met for opening of new Unit Run Canteen/Ex Serviceman Canteen:-

- (a) A Unit should have on its posted strength a minimum of 100 personnel.
- (b) For opening Ex Serviceman Canteen, there should be a dependency of at least 5000 Ex Serviceman.

ii) Procedure. For opening a new URC/Ex Serviceman Canteen a unit forwards a statement of case duly recommended by Command HQs to Canteen Service Directorate. Based on recommendation of Command HQs to Canteen Service Directorate gives approval for opening of new URCs. It is clarified that, no approval has been given by Canteen Service Directorate for opening URCs where the mandated strength has not been met. The details of URCs sanctioned in last three years is at Annexure-IX.

iii) Mobile Canteen. Mobile Canteens are operated as welfare measure for Ex- Serviceman residing in far flung areas on requirement basis. These are not independent entities but operated from the stores & manpower of existing URC. Mobile Canteens are permitted under strict guidelines as per policy as laid down by Canteen Service Directorate letter No. 95357/Q/DDGCS/Policy dated 28th Sept 2018 (copy attached at Appx-X). Since, it is a welfare initiative based on the felt need of the ESM, they are under arrangements of the Local Military Authority. Hence, no details are available.

Sanction accorded to URCs Since Year 2017

SL No	URC Type	NAME	Sanction Accorded on
1	New URC	696 TPT Coy ASC (TK TPTR) Type 'A'	2-Feb-17
2	New URC	40 Field Ammunition Depot	2-Feb-17
3	New URC	Additional Director General Border Road(North West)	21-Feb-17
4	New URC	Indian Coast Guard Station, Veraval	22-Feb-17
5	New URC	Additional Director General Border Road(East)	21-Mar-17
6	New URC	Station HQ Kochi, Muvattupuzha	21-Mar-17
7	New URC	HQ Addl Dir Gen Border Road (East)	21-Mar-17
8	ESM URC	Kottarakkara in Distt Kollam(Kerala)	27-Mar-17
9	ESM URC	Mavelikara, Stn HQ Trivandrum	28-Mar-17
10	New URC	59 Armd Regiment	30-Mar-17
11	New URC	345 Medium Regiment	6-Apr-17
12	New URC	HQ 255(I) Armd Bde	17-Apr-17
13	New URC	22 JAK Rifles	10-Aug-17
14	ESM URC	Dahiwadi	10-Aug-17
15	NEW URC	UNIT 613	24-Aug-17
16	New URC	Ordnance Factory Board, Vehicle factory	25-Aug-17
17	New URC	27 Mechanised Inf	31-Aug-17
18	New URC	24 SIKH	31-Aug-17
19	New URC	31 Bn Rajput Regiment	21-Sep-17
20	ESM URC	Jath sangli	29-Sep-17
21	ESM URC	Srinagar, Uttarakhand	13-Oct-17
22	New URC	HQ 131 Inf Bde	13-Nov-17
23	New URC	563 Task Force	27-Dec-17
24	New URC	ICGS Hut Bay	5-Jan-18
25	New URC	ICGS Kamrota	5-Jan-18
26	New URC	ICGS Karaikal	5-Jan-18
27	New URC	ICGS Mayabander	5-Jan-18
28	New URC	ICGS Puducherry	5-Jan-18
29	New URC	25 Bn Rajputana Rifles	9-Jan-18
30	New URC	401 SATA regt Wksp type 'P'	21-Mar-18
31	New URC	Stn HQ Balasore	4-Apr-18
32	ESM URC	Stn HQ (Army) Kochi, Kottayam	5-Apr-18
33	New URC	346 Field Regiment	20-Apr-18
34	New URC	135 Inf Bde	28-May-18
35	ESM URC	Joginder Nagar, Stn Mandi (HP)	29-May-18
36	New URC	22 Garhwal Rifles	6-Jun-18
37	New URC	HQ North Camp (MFFR)	12-Jun-18
38	New URC	Sainik school,rewari	9-Jul-18
39	New URC	Defence communcation agency	30-Jul-18
40	ESM URC	Rajgarh, Distt Churu, Rajasthan	30-Jul-18
41	New URC	253 Army Avn Sqn (ALH-WSI)	17-Aug-18
42	ESM URC	HQ 99 Mtn Bde chaukhutia, Almora, Uttarakhand	27-Aug-18
43	ESM URC	Fatehpur-Sekhawati, Rajasthan	30-Aug-18
44	ESM URC	Kuchaman City, Rajasthan	4-Sep-18
45	ESM URC	Barara	10-Sep-18
46	New URC	137 CETF Bn (TA) 39 GR	27-Nov-18
47	New URC	Sainik School Jhunjhunu	6-Dec-18
48	ESM URC	ESM Canteen At Buhana, Distt Jhunjhunu	28-Dec-18

Sanction accorded to URCs Since Year 2017

SL No	URC Type	NAME	Sanction Accorded on
49	New URC	136 INF Bn (TA) ECO MAHAR	31-Jan-19
50	New URC	254 Army Avn Sqn	15-Feb-19
51	New URC	opening of URC at Patlander, Distt-Hamirpur (UP)	25-Mar-19
52	ESM URC	Nagaur, Rajasthan	2-Apr-19
53	New URC	INZ Baaz at campbell Bay, A & N	16-May-19
54	New URC	INS Kohassa, Diglipur, Northern Andaman Islands	28-Jun-19
55	New URC	60 Armoured Regiment	29-Jul-19
56	New URC	31 Bn The Punjab Regiment	6-Aug-19
57	New URC	255 Army Aviation Squadron (ALH-WSI)	27-Aug-19
58	New URC	408 Gun Missile Regiment	30-Aug-19
59	New URC	19 Bn The Sikh Light Infantry	9-Sep-19
60	ESM URC	ESM Canteen at Bharari, Kapkot, Bageshwar Distt	26-Sep-19
61	New URC	172 Inf Bn (TA), Madras	28-Oct-19
62	New URC	CGRA, Meenabakkam	7-Nov-19
63	New URC	ICGS, Krishnapatnam	7-Nov-19
64	New URC	CGAE(Kochi), Nedumbessery	7-Nov-19
65	New URC	Unit 729	7-Jan-20
66	New URC	209 Army Avn Sqn (UH)	17-Jan-20
67	New URC	NDRF(Assam Rifles)	17-Mar-20

Tele 26182117

Integrated HQ of MoD (Army)
 Quartermaster General's Branch
 Canteen Services Dte
 West Block-3 Wing-III, R.K. Puram,
 New Delhi-110066

No 96357/Q/DDGCS/Policy

28 September 2018

HQ Northern Command(OL)
 HQ Eastern Command(OL)
 HQ Central Command (OL)
 HQ ARTRAC (Q)
 Air HQ (Accts)

HQ Southern Command (OL)
 HQ Western Command (OL)
 HQ South Western Command (OL)
 Naval HQ (PDPS)

FUNCTIONING OF MOBILE CANTEENS

1. Refer the following.-
 - (a) Army Order 19/2003/QMG.
 - (b) CS Dte Letter No 95350/Q/DDGCS/Policy/2017 wrt Review of Bronze Card Policy dated 15 June 2017.
 - (c) CS Dte Letter No 96001/Q/DDGCS wrt Functioning of URCs dated 26 April 2018.
2. Queries/ representations have been received from various Formation HQs wrt functioning of Mobile Canteens.
3. Following issues are reiterated:-
 - (a) URCs/ mobile canteens cannot sell stores without CIMS Server Software/ individual smart card.
 - (b) Mobile canteens cannot use Government transport or military personnel for their functioning (as applicable).
 - (c) URCs/ mobile canteens will not be able to sell stores to large number of individuals through Bronze Card as the same is for restricted use and with limited entitlement.
 - (d) The sales carried out by mobile canteens/ sales summary are to be merged with the main URC on a daily basis.
 - (e) If the server/ main computer is moved out from the main URC with mobile canteen, then the main URC will be closed for that duration which may not serve the purpose.
 - (f) Hiring of Civil Hired Transport/ manpower/ requirement of additional computer peripherals for mobile canteen will add on to the operational cost of the URC and hence, may not be financially viable.
 - (g) Increased chances of misuse/ pilferage/ theft.

4 In view of the above mentioned issues, running of mobile canteens is not advisable. Notwithstanding, local military authority (LMA) may opt for running of mobile canteens due to unavoidable circumstances if any, under intimation to this Dte. However, the onus of adhering to all aspects mentioned at para 3 above, lies with the LMA. No waiver wrt use of Government transport, military personnel, additional bronze card etc will be given to URCs for running of mobile canteens

5. This letter may please be disseminated to all formations under respective command.



(Handwritten Signature)
(Naveen N)
Lt Col
AQMG CS
For Brig CS

Copy to-

Q1(E)/ QMG Branch - For information please.

Use of technology

Recommendation (Para No. 64)

The Committee, during the deliberations, were appreciative of increasing use of various modes of digital payments. However, the Committee recommend that extensive use of technology such as central warehousing system for Depots and Unit Run Canteens and promotion of digital transaction should be undertaken by the CSD to modernize its retailing arrangements.

The Committee are mindful of the fact that this is an evolving era where use of technology is at its peak. There is no field of supply chain management like the CSD where the use of technology is of lower importance. As such CSDs should also keep themselves abreast with the evolving international trends in such transactions and come out with a rendition to support their services to our highly esteemed Armed Forces.

Reply of the Government

While technology is already being used in the form of Integrated Canteen Stores Department System (ICSDS) for warehousing in depots and Canteen Inventory Management System (CIMS) in URCs, the present scope of automation includes integrating the supply chain operations and inventory management system of HO and depots along with additional platform of E-commerce (Home Delivery) . It may be noted that digital transactions are already taking place both at URCs by use of credit/debit cards by beneficiaries, and through NEFT/RTGS at depots and HO. It is also hoped that the automation exercise when implemented, will bring in optimum use of technology in CSD setup.

All out efforts are being made to harness the technology to further streamline CSD operations to bring in greater transparency, efficient inventory management to ensure efficient CSD operations to meet the aspirations of 45 lakhs beneficiaries.

Recommendation (Para No. 65)

The Committee learn that Department of Ex-servicemen Welfare (ESW) formulates various policies and programmes for the welfare and resettlement of ESM in the country. This Department has two Divisions viz, the resettlement Division and the Pension Division and has 3 attached offices namely Secretariat of Kendriya Sainik Board (KSB), Directorate General of Resettlement (DGR) and Ex-Servicemen Contributory Health Scheme (ECHS) Organisation. Welfare of the Ex-Servicemen and their dependents is the joint responsibility of the Centre and the States/UTs. Like the Kendriya Sainik Board at the Centre, the Rajya / Zila Sainik Boards are responsible for policy formulation and implementation of resettlement and welfare schemes for Ex-Servicemen, widows and their dependents residing in their respective States/ UTs/ Districts. There are 33 Rajya Sainik Boards and 403 Zila Sainik Boards in the country to assist the Central Government in this regard.

Reply of the Government

The observations of the Committee are a matter of fact, hence no comments are offered.

Recommendation (Para No. 66)

During the course of examination of the Demands for grants 2020-21, the Secretary, Kendriya Sainik Board highlighted the need for allocation of additional funds to KSB. He also submitted that lack of funds would lead to difficulties in payments for the salary of the employees of the Rajya Sainik Boards, Sainik Rest Houses, etc. The additional funds are also required for Armed Forces Flag Day and various welfare schemes. The Committee, in this regard recommend that funds allocated to KSB should be accordingly increased at Revised Estimates stage in order to ensure that no financial liabilities are pending and various welfare activities of Ex-Servicemen, widows and their dependents are unhampered.

Reply of the Government

DESW has requested to increase the budgetary allocation at RE stage for FY 2020-21 to Rs 214.21 Crore under DSE budget as per the following details:-

S No.	Major Items/heads	Amount in Rs crore	
		BE 2020-21 Allotted	RE 2020-21 projected
1	Nepal Bhartiya Gorkha Sainik Board (NBGSB) Estt charges	1.19	3.14
2	Kendriya SainikBoard (KSB) Estt charges	0.32	0.40
3	Central share towards RSBs/ZSBs	0.00	185.00
4	AFFDF yearly contribution (Sanctioned amount)	25.75	25.75
	Total (1 to 4)	27.26	214.21

Apart from this, efforts are also being made to seek one time contribution of Rs 310.00 crore to Armed Forces Flag Day Fund (AFFDF) from Army Budget to clear the backlog cases of education, marriage grant and other welfare schemes.

Recommendation (Para No. 67)

During the deposition before the Committee, the Secretary, KSB also submitted that the meeting of the Rajya Sainik Boards in some of the States in the South Zone has not been held in the last 10 years. In this regard, the Committee recommend that the Ministry should seriously review the reasons for regular meetings of the Kendriya and Rajya Sainik Boards not being held and device appropriate action plan in this regard and apprise the Committee accordingly.

Reply of the Government

KSB has issued necessary directions to all State/UTs for holding annual meeting of Rajya Sainik Boards at State level in the years 2017, 2018 and 2019. This was also discussed during the recent meeting of South Zone held in Karnataka on 22-23 Jan 2020 under the Chairpersonship of Secretary (ESW). Secretary (ESW) gave directions to States to ensure regular conduct of meetings of Rajya Sainik Board and State Management Committee. Specific instructions have been issued to Andhra Pradesh and Karnataka where meetings of RSBs have

not been held in the last 10 years. DESW is further reviewing the matter in consultation with RSBs and taking necessary measures for regular holding of meetings of RSBs.

Recommendation (Para No.68)

The Committee note that various opportunities/schemes are available for the retired Officers and Personnel Below Officers Rank (PBOR) for their resettlement which include reservation in Central/State Government Ministries/Departments, Public Sector Banks/Financial Institutions and Central Public Sector Undertakings. Directorate General Resettlement (DGR) also sponsors Ex-Servicemen (Officers) to various Government organizations, Public Sector Undertakings, Corporate Houses, Private Sector, Central Para Military Forces etc. based on their requisition for re-employment of ESM. The DGR empanels/sponsors ESM run Private Security Agencies and State ESM Corporations for providing security guards to various CPSUs, Corporate Houses and Private Sector Undertakings etc. The other avenues for resettlement of ESM are ESM Coal Loading and Transportation Scheme, Management of Company Owned Company Operated Retail Outlets, Management of CNG Stations by ESM(O) in NCR/Pune, Allotment of Mother Dairy Milk Booths and Fruit & Vegetable (Safal) Shops in NCR, Coal Tipper Attachment Scheme, Tipper Attachment Scheme for Widows and Disabled Soldiers/Dependents, Issue of DGR Eligibility Certificate for Allotment of LPG/Retail Outlet (Petrol/Diesel) Distributorship advertised by Oil Marketing Companies against 8% Reservation Quota, Retail Outlet Dealership (Petrol/Diesel) and holding of Ex-Servicemen Seminar cum Job Fairs.

Reply of the Government

The observations of the Committee are a matter of fact, hence no comments are offered.

Recommendation (Para No. 69)

The Committee further note that new proposals such as provision of technical service by ESM Manpower Agencies sponsored by DGR, Women Centric {ESM (W)} schemes/initiatives of Hospital Administration and Office-cum-House Keeping & Maintenance are being contemplated by the DGR for the resettlement of Ex-Servicemen. The Committee are of the considered view that while in service, various financial and medical benefits are provided by the personnel and after retirement too, the needs, re-settlement and welfare of the Ex-Servicemen/women should be accorded the highest priority. Therefore, they recommend that new proposals for resettlement of ESM/ ESM(W) should be implemented at the earliest and the Committee be apprised accordingly.

Reply of the Government

Currently all Directorate General Resettlement (DGR) schemes are open to all retired Officers/JCOs/ORs (both men and women officers) meeting the 'ESM status'. Recently DGR has operationalised a new resettlement scheme titled "Provision of Technical Services to the Govt Establishments". Under this scheme technical services by deploying ESM manpower in critical Government installations are being provided. Guidelines for the scheme have been issued on 06.02.2020.

Recommendation (Para No. 70)

During deliberations on DGF 2020-21, the Committee find that the States are following their own policy while paying ex-gratia amount to the dependents of martyrs. A representative of the Ministry submitted before the Committee that the Ministry has communicated several times to the States for enhancing this amount. The Committee opine that maximum financial support should be extended to the families of those who sacrifice their life for the country. Hence, they recommend that the Ministry should intensify its efforts for persuading the highest authorities in the State governments for bringing uniformity in payments of ex-gratia amount to the dependents of martyrs.

Reply of the Government

Ex-gratia are paid by respective State/UT Govts from their own budget and as such decide the scale of payment as per their financial position. However, DESW has already been requesting the State Govts/UT Admin for enhancing the ex-gratia amount.

Recommendation (Para No.71)

The Committee recommend that the Ministry should look into the issue maintaining uniformity across the country while providing exemption on toll tax to the Gallantry Award winners. They also recommend that educational and awareness programmes for the serving and retired personnel of the Forces, regarding the benefits/facilities extended to them, should regularly be conducted by the Ministry to avoid their exploitation at the hands of unscrupulous persons.

Reply of the Government

All the Gallantry Award winners are covered in the exempted category on all National highways managed by National Highway Authority of India (NHAI). The awardee of Pram Vir Chakra, Ashok Chakra, Maha Vir Chakra, Kirti Chakra, Vir Chakra and Shaurya Chakra, if such awardee produces his or her photo identity card duly authenticated by the appropriate or competent authority for such award is exempted from paying the toll tax. Exemption of toll tax for Ex-servicemen/ Gallantry Award winners on National Highway is based on the ESM Identity Card which is issued by respective Zila Sainik Board/ Rajya Sainik Board and the process is uniform and streamlined.

All welfare schemes/benefits/policy matters pertaining to serving and retired personnel and their dependents are displayed at the notice board/premises/offices of all Rajya Sainik Board/ Zila Sainik Boards to facilitate wide publicity and awareness amongst ex-servicemen community. Necessary instructions are also being issued to all RSB/ZSBs by KSB Sectt from time to time in this regard. Since 2016, all welfare schemes have been made available online and wide publicity has been accorded for awareness of ESM community.

Recommendation (Para No.72)

The Committee find that basic aim of constructing a Sainik Rest House is to provide suitable and cheap accommodation to the ESW during their short visit to the State Capital/District Headquarters for settlement of their pension cases and other matters like availing the facilities of CSD Canteens, hospitals etc. They desire that construction of the Sainik

houses which are already approved, should not suffer from due to allocation of funds issues and other minor formalities. Further, they recommend that tie-ups with private and public budget accommodations in a State may also be explored for comfort of ESM. The action taken on these recommendations of the Committee should be furnished within one month of the presentation of this report.

Reply of the Government

With regard to the construction of Sainik Rest House (SRH) in States, it is stated that 50% of construction cost is borne by KSB/MoD subject to the concerned State seeking prior approval of MoD through KSB before undertaking construction of Sainik Rest House (SRH) and further following the guidelines enumerated in the Standard Operating Procedure (SOP) promulgated by MoD on the subject. At present no claim on account of payment of central share for construction of SRH as approved by MoD is pending. As far as the recommendations of the Committee regarding tie up with private & public budget accommodations in a State is concerned, the matter has been conveyed by KSB to all RSB's for necessary action. Information in this regard would be submitted on receipt of feedback from RSBs.

EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME (ECHS)

Budgetary provisions and Medical bills pending with ECHS

Recommendation (Para No. 73)

The Committee note that ECHS has been allocated RS 3,301.98 crore under Revenue (BE) Head, against the projection of Rs 6,892.00 crore in 2020-21. also the project amount for capital head under BE 2020-21 is RS 51 crore. The carried forward liability in 2019-20 was Rs. 1,947.30 crore. A representative of ECHS, while tendering his evidence before the Committee, submitted that in the last five years, on an average, carry forward liability every year is Rs 2,200 crore. Admittedly, this is the reason for lapse in payment to the empanelled hospitals. As this lapse in timely payment of medical bills of the empanelled hospitals may have detrimental effects on the healthcare services provided to the ECHS beneficiaries, the Committee strongly recommend that additional funds should be provided to ECHS to eliminate pendency of Medical Treatment related expenditure. Further, the Ministry should also institute foolproof measures to scrutinize false medical bill claims and apprise the Committee accordingly.

Reply of the Government

In Budget Estimates 2019-20 allocation for ECHS was Rs 3281.26 crore under Revenue Head. In Revised Estimates 2019-20, this amount was increased by Rs 1591.03 crore to Rs 4872.29 crore. Further, in Modified Appropriation stage an amount of Rs. 5199.21 crore was allocated i.e. an increase of Rs 1917.95 over BE 2019-20. Therefore, it may be seen that additional requirements of ECHS has been catered for to the extent possible.

In BE 2020-21, an amount of Rs 3301.98 crore has been allocated to ECHS under Revenue Head. Based on pace of expenditure, during the current financial year, additional funds will be sought from Ministry of Finance at Supplementary/Revised Estimates stage of

2020-21. It is further submitted that on the request of this Ministry, Ministry of Finance has exempted ECHS from the prescribed ceiling of 20% Cash Outgo in the first Quarter (Q1) of the current fiscal as per the revised Cash Management Guidelines.

Further, following steps have been taken to scrutinize false medical claims:-

- (a) The bills are checked in detail by the Bill Processing Agency (BPA).
- (b) Further, bills are checked by verifiers at RC level/CO ECHS.
- (c) CDA conducts post audit of selected bills.
- (d) A Fraud preventive mechanism for ECHS is being worked out incorporating existing rules and best practices of other Government Schemes.

Recommendation (Para No.74)

After examining the data of authorized and actual manpower at ECHS Polyclinics submitted by the Ministry, the Committee are surprised to find that against the sanctioned strength of 61, there is no availability of radiologists in the ECHS polyclinics. A representative of the Ministry submitted before the Committee that there is a problem of hiring medical specialists, sometimes even hiring gynaecologists and radiologists, because of the pay issues. This is being addressed through offering hourly basis consultation to the doctors. The Committee, in this context, recommend that new technology of providing radiology services through telemedicine may be explored as an option at ECHS polyclinics at the earliest for compensating lack of radiologists. Nevertheless, all efforts be done to recruit radiologists as a long-term measure.

Reply of the Government

61 Radiologists are authorised to ECHS Type A & B Polyclinics across the country. However, it is observed from the past record that the posts have remained unfilled due to non availability of full time Radiologists for hiring on contractual basis. The same can be attributed to the current pay scale of Rs One lakh which does not attract Radiologists towards employment in ECHS Polyclinics as they get better remuneration in other private hospitals. Accordingly rules have been recently modified to provide for hiring of contractual employees on part time basis. All out efforts are being made to hire maximum Radiologists on part time basis.

Guidelines on Telemedicine are for the patients who are consulting for the first time or follow up cases. Radio diagnosis is essentially based on imaging technology for which no clear guidelines are available. Secondly, unless the photo sent to the Radiologist on email/ whatsapp is of high resolution quality, there are chances of missing out conditions like hairline fractures etc. Hence, all efforts will be made to recruit Radiologist at Polyclinics.

Merger of Military hospitals with existing ECHS Polyclinics

Recommendation (Para No. 75)

The Committee learn that a proposal regarding utilization of spare capacities of the military hospitals is under consideration by the Ministry. They have been apprised that there are about 129 military polyclinics, out of which, about 100 have been identified which are close to the military hospitals. The Committee are of the considered view that this step will invariably lead to better service delivery, gainful utilization of infrastructure, medicinal supplies, optimal use of doctors and administration of the military hospitals. Therefore, they recommend that identification and merger of such military hospitals is done at the earliest and the Committee be apprised accordingly.

Reply of the Government

DGAFMS have constituted a Board of Officers (BOO) in December, 2019 for implementation of the recommendation of the Committee on "Merger of ECHS Polyclinics (ECHS PCs) with co-located Military Hospitals (MH).

2. Parameters considered by the BOO for ascertaining the suitability of merger of ECHS PCs with their co-located MH were as follows:-

- (a) Distance between ECHS PCs and co-located MH.
- (b) Daily Average Sick Report (DASR) of ECHS PCs.
- (c) Daily Average Sick Report (DASR) of co-located MH.
- (d) Capability of co-located MH to handle enhanced workload post merger.
- (e) Minimum essential requirement of additional human resource for augmentation of capability of MH to cater for the enhanced workload.
- (f) Available manpower of the ECHS PC.

The recommendations of the Board of Officers are under examination by DGAFMS and MD ECHS.

Recommendation (Para No.76)

The Committee understand that Fixed Medical Allowance (FMA) has been authorized to all ECHS beneficiaries who are residing in far flung areas where Polyclinics are not available. Further, a proposal for opening of 102 new Polyclinics is under consideration and proposal for procurement of ambulances and Mobile Medical Units is under process. taking into account the difficulties experienced by the veterans and their dependents dwelling in remote and difficult areas of the country in accessing and utilizing health care services, the Committee recommend that the proposals for opening up of new polyclinics, procurement of ambulances and Mobile medical Units mobile medical units should be accorded top most priority by the Ministry of Defence. The action taken by the Ministry on these proposals may be intimated to the Committee within three months of the presentation of this Report.

Reply of the Government

(i) Fixed Medical Allowance (FMA) has already been authorised to all ECHS beneficiaries who are residing in far flung areas where Polyclinics are not available vide Govt letter No 22(01)/2011/WE/D (Res-I) dt 01 Nov 2018.

(ii) The proposal for opening of new polyclinics, downgradation of PCs, and upgradation of PCs is under consideration. Proposal to merge certain Polyclinics co-located with Service Hospitals is also under consideration.

(iii) Proposal for purchase of ambulance and Mobile Medical Units is being expedited.

DEFENCE PENSION

Budgetary Provisions

Recommendation (Para No. 77)

The Committee observe that Defence Pensions, under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and also employees of Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The Committee have been apprised that the amount allocated for BE 2020-21 in respect of Defence Pensions is Rs. 1,33,825.00 crore, which is Rs. 16,014.56 crore more than the allocation of RE 2019-20. The requirement of Rs. 1,33,825.00 crore for BE 2020-21 has been worked out after taking into Dearness Relief announced by the Government, growth in pension, increase in amount of Gratuity, Family Pension, Leave Encashment and superannuation and retirement benefits as a result of increase in number of retirees. The Committee have already made their recommendation on this aspect of rising defence pension liabilities in the preceding Recommendation at Sl. No. 12.

Reply to the Government

The recommendations of the Committee with regards to the measures being taken to reduce the burden of pension have been noted. The points made by the Committee for taking into account the best interests of the retiring personnel and encouraging the youth to join forces is recognized. Recommendations made by the Committee will also be considered for improving prospects of Short Service Commissioned Officers, along side the other measures that are under consideration.

Tax Exemption on disability pension

Recommendation (Para No. 78)

During deliberations on DFG 2020-21, the issue of income tax exemption on disability Pension was discussed. The Committee have been apprised that a clarification on this issue from the Central Board of Direct Taxes (CBDT) reads as under:

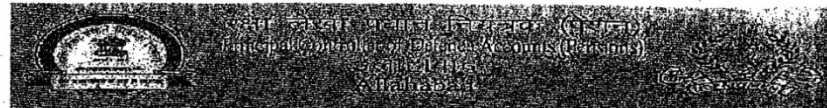
“The Tax exemption will be available only to armed forces personnel who have been ‘invalidated’ from service on account of bodily disability attributable to or aggravated by such service and not to personnel who have been retired on superannuation or otherwise.”

The Chief of Defence Staff, while depositing before the committee, stated that the disability pension includes battle casualty pension and those who have got disabled due to lifestyle diseases or other issues. After the 6th pay Commission, the disability pension became a part of the retiring salary i.e. the last salary drawn at the time of retirement. Hence, there is a very wide variation of pension between the Officers and the Jawans. Further, the person who suffers the disability is provided continuous medical support by the Services. The Committee find that the latest development in this regard is that the Ministry of Defence has directed the Principal Controller of Defence Accounts (PCDA) to stop deducting income tax from those pensioners affected by disability. They, therefore, recommend that the factual position in this regard may be intimated within one month of the presentation of this report and clear decision of the Government in this should be communicated to all personnel, serving and retired, to obviate any chances of misapprehensions and feeling of soreness amongst them, under intimation to the Committee.

Reply of the Government

The position is explained as under:

- (i) Central Board of Direct Taxes (CBDT) had issued a Circular No. 13/2019 on 24.6.2019, according to which income tax exemption will be available to armed forces personnel who have been invalidated from service on account of bodily disability attributable to or aggravated by such service and not to personnel who have been retired on superannuation or otherwise. Later, CBDT informed that above said circular dated 24.6.2019 is only clarificatory in nature and all the circulars issued earlier are operative.
- (ii) Pradeep Mathur & Ors filed Writ Petition(Civil) No. 953/2019 before the Hon’ble Supreme Court seeking relief for exemption of income tax on disability pension on superannuation. Hon’ble Supreme Court vide order dated 30.08.2019 has directed the parties concerned to maintain status quo in the matter.
- (iii) Pursuant to the directions of Hon’ble Supreme Court, Ministry of Defence (Finance) directed the Joint CGDA(Pension) to advise Principal Controller of Defence Accounts (Pension), Allahabad to issue a Circular to the Pension Disbursing Agencies not to make recovery on Income Tax on disability pension as per CBDT Circular No. 13 dated 24th June 2020 till a final decision is taken by the Hon’ble Supreme Court in the matter. Accordingly, Principal Controller of Defence Accounts (Pension), Allahabad has issued a Circular No. 211 on 3.3.2020 to the Pension Disbursing Agencies for necessary action. The said Circular dated 3.3.2020 is available on the PCDA(P) website. Copy of this Circular is also enclosed herewith Appendix ‘C’.
- (iv) Presently, the matter is sub-judice in the Hon’ble Supreme Court.



दूरभाष - 0532-2421877, 2421879, 2421880, 2421110, 2422555

ई-मेल: cda-albd@nic.in

फैक्स: 0532-2424866, 2423549

वेबसाइट: www.pcdapension.nic.in

Call Centre Contact (Toll Free) 1800-180-5325 (Timing 09.30 A.M. to 06.00 P.M.)

CIRCULAR No.211

No.AT/Tech/228/Vol-IX

Date-3rd March, 2020

To

1. The Chief Accountant, RBI, Deptt. Of Govt. Bank Accounts
Central office C-7, Second Floor, Bandre-Kurla Complex,
P.B No. 8143, Bandre East Mumbai-400051
2. The Director of Treasuries of all States
3. The A.G.Ms, CPPCs of all Public Sector Banks including IDBI
4. The Nodal Officers (ICICI/AXIS/HDFC Bank)
5. The CDA(PD), Belvidere Complex, Audhpath, Meerut Cantt-10
6. The CDA(PD) Chennai
7. Pay & Accounts Officers.....
8. Military and Air Attache, Indian Embassy Kathmandu, Nepal
9. The all D.P.D.Os
10. Director of Accounts.....
11. The Post Master Kathua (J&K)

Sub:- Income Tax on Disability Pension for Defence Forces Personnel -reg.

Ref:-This office Circular No. 210 dated 20.02.2020, bearing letter No. AT/Tech/228/Vol-IX dated 20.02.2020.

In supersession of this office Circular No. 210 dated 20.02.2020, directives on the subject as received from MoD (Finance) vide ID No. PC(01) to No.25(06)/2015 dated 02.03.2020 through office of the CGDA are enclosed for necessary action.


Encl: As above.

(Abhishek Singh)
Dy. Controller (Pensions)

Copy to;

1. Director, Govt. of India, Min. of PPG & P(DP&PW), 6th Floor, Nirvachan Sadan, New Delhi.
2. Dy. Secretary, Govt. of India, Min. of Defence, New Delhi.
3. Army HQrs. AG's Br. PAPS4(6), DHQ, PO New Delhi.
4. ~~Naval HQrs. Dte. Of Supty, Pension Section, BHC, PO New Delhi.~~
5. Air HQrs. DP & PR, DHQ, PO New Delhi-11
6. The C.G.D.A, Ulan Batar Road, Palam Delhi Cantt-10
7. Officer In-Charge, Pension Grievance Cell, Ministry of Dfence, New Delhi
8. Dy. Director of Audit (Defence Services) PCDA(P) Campus, Allahabad-14
9. Secretary, Kendriy Sainik Board, Min. of Defence, West Block-IV, Wing-V, New Delhi
10. The Pr. CDA (Navy), Cooperage Road Mumbai
11. The Jt. CDA (AF), Subroto Park, New Delhi
12. Ashray Wing, O/o the C.G.D.A, Ulan Batar Road, Palam Delhi Cantt-10
13. CPDA, Allahabad-14
14. Defence Pension Training Institute (DPTI) Allahabad-14
15. Dy. CDA, IT&S, CPP Wing, O/o the PCDA(P) Allahabad-14
16. PA to PCDA(P) Allahabad
17. PA to all CDAs(P), O/o the PCDA(P) Allahabad-14
18. PA to Addl. CDA(P), O/o the PCDA(P) Allahabad-14
19. PA to all Dy. CDAs(P), O/o the PCDA(P) Allahabad-14
20. All Officers- in-charge, O/o the PCDA(P) Allahabad-14
21. Officer-in-charge, EDP Centre (Local) website
22. Guard File

For uploading the circular on office


(S.C. SAROJ)
Sr. Accounts Officer (Pensions)

Ministry of Defence
Finance(Pension)

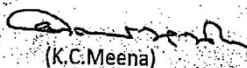
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103

Sub: Income Tax on Disability Pension for Defence Forces Personnel-reg.

Hon'ble Supreme Court vide its order dated 30.08.2019 (copy enclosed), has directed the parties concerned to maintain status quo in the subject matter.

2. In view of the directions of the Hon'ble Supreme Court, PCDA(P) Allahabad may be advised to issue a Circular to the Pension Disbursing Agencies not to make recovery of Income Tax on disability pension as per CBDT Circular No. No. 13 dated 24th June 2019 disseminated to the PDAs vide PCDA(P) circular No. 210 No. At/Tech/228/Vol.IX dated 20.02.2020, till a final decision is taken by the Hon'ble Supreme Court in the matter.

3. This issues with the approval of Secretary(Defence/Finance).


(K.C.Meena)
DFA(Pension)

Jt. CGDA(Pension)
o/o The CGDA,
New Delhi.

MoD(Finance/Pension) ID: No. PC(01) to No. 25(06)/2015 dated 02/03/2020.

Recommendations (Para Nos. 79, 80 & 81)

Recommendation (Para No. 79)

The Committee have learnt that Government of India had taken the decision to implement OROP in November 2015 and issued orders on 7.11.2015 for implementation of OROP for the Defence Forces Personnel. Detailed instructions relating to implementation of OROP along with tables indicating revised pension for each rank and each category was issued on 3.2.2016. The salient features of the OROP, as the Committee learn, are as under:-

- (i) Pension of the past pensioners would be re-fixed on the basis of pension of retirees of calendar year 2013 and the benefit will be effective with effect from 01.07.2014.
- (ii) Pension will be re-fixed for all pensioners on the basis of the average of minimum and maximum pension of personnel retired in 2013 in the same rank and with the same length of service.
- (iii) Pension for those drawing above, the average shall be protected.
- (iv) Arrears will be paid in four equal half yearly instalments. However, all the family pensioners including those in receipt of Special/Liberalized family pension and Gallantry Award Winners shall be paid arrears in one instalment.
- (v) The pension would be re-fixed every 5 years.

Recommendation (Para No. 80)

The Committee further learn that a sum of Rs. 10,795.4 crore has been disbursed up to 30.9.2017 (data compiled till 1.5.2018) for Defence Pensioners/Family pensioners on account of implementation of OROP. The next revision of pension under OROP is due w.e.f. 01.07.2019. With the approval of the Raksha Mantri, orders have been issued on 14.6.2019 to constitute a Committee under the Chairmanship of Controller General of Defence Accounts (CGDA) to work out the modalities and methodology of implementation of next revision of pension under OROP.

Recommendation (Para No. 81)

As regards the steps being taken to address the grievances and discontent of Ex-Servicemen/family pensioners w.r.t. OROP, the Ministry of Defence submitted that there is a separate category for grievances regarding OROP Policy issues in the Centralized Public Grievance Redress and Monitoring System (CPGRAM), which are examined as per the extant policies and replies are sent to the petitioners in a time bound manner. The Ministry of Defence has also informed the Committee that the Government had appointed One Member Judicial Committee (OMJC) headed by Justice L. Narasimha Reddy, Retired Chief Justice of Patna High Court to look into anomalies, if any, arising out of implementation of OROP and its Report has been submitted to the Government. An Internal Committee has been constituted to examine the recommendations of OMJC with respect to feasibility, impact of recommendations on other existing provisions and financial aspects in implementation of the recommendations. In this regard, the Committee recommend that findings and recommendations of OMJC on the anomalies, if any, arising out of implementation of OROP should be expeditiously implemented and budget, modalities and method of implementation required for this purpose as well as next

revision of OROP should be worked out in advance to ensure timely disbursement of pension/arrears and eliminate any chances of grievances of the pensioners in this regard.

Reply of the Government

The present status of OROP & OMJC are as under:-

- (i) The Government had appointed One Member Judicial Committee (OMJC) headed by Justice L. Narasimha Reddy, Retd. Chief Justice of Patna High Court to look into anomalies, if any, arising out of implementation of OROP. The Committee submitted its Report to the Government. An Internal Committee has been constituted to examine the recommendations of OMJC with respect to the feasibility, impact of recommendations on other existing provisions and financial aspects in implementation of the recommendations. The report is under examination of the Government.
- (ii) As per MoD Order dated 07.11.2015, the pension would be re-fixed every 5 years. Accordingly, next revision of pension was due w.e.f. 01.07.2019. Necessary action for next revision of pension under OROP has been initiated and a Committee has been constituted on 14.6.2019 under the Chairmanship of Controller General of Defence Accounts (CGDA) to work out the modalities & methodology of implementation of next revision of pension under OROP. The Committee will submit the report to MOD with specific recommendations on modalities & methodology for next revision of pension under OROP. The Report of the Committee is awaited.

Budgetary provisions and challenges

Recommendation (Para No. 82)

The Committee observe that against a projection of Rs.115 crore, the Sainik Schools were allocated Rs. 40.40 crore for 2019-20, a shortfall of Rs 74.60 Crore. The projection for the year 2020-21 is Rs 116 Crore. There is no separate budget for the Sainik Schools in Defence Budget and they get the money from the Army Budget itself. During the course of the examination of Demands for Grants 2020-21, the Committee were apprised that few major problems being faced by the Sainik Schools are shortage of funds, inadequate infrastructure, poor quality of staff and lack of manpower. The Secretary (Defence Planning) submitted before the Committee that a separate head 'Grant-in-Aid' earmarked for the Sainik Schools may be created to support them. The Committee are of the considered view that expenditure on Sainik Schools is an investment for nation building as the primary aim of the Sainik Schools is to prepare Cadets for entry into National Defence Academy and Naval Academy. Therefore, the Committee recommend that the requisite 'Grant-in-Aid' head for the Sainik Schools should be created at the earliest and they be apprised accordingly. Further, option of arranging Corporate Social Responsibility (CSR) funds may also be explored by the Ministry.

Reply of the Government

The Executive Committee in its meeting held on 17th March, 2020 has resolved that 'In view of the need of consistent and timely flow of shareable funds to the Sainik Schools, it is imperative that a separate budget code head/ sub head be created for the purpose and funds allocation henceforth be done under such created head/sub-head.' Accordingly, proposal has been initiated for creation of separate budget head for Sainik Schools Society.

Admission of Girl Students in Sainik Schools

Recommendation (Para No. 83)

The Committee in their twentieth Report (16th Lok Sabha) had recommended the Ministry of Defence to seriously look into the matter of admission of girl students in Sainik Schools and initiate the process of creating requisite infrastructure. It is heartening to learn that based on the success of the Pilot Project for admission of girl children in Sainik School, Chhingchhip in Mizoram for two years from the academic session 2018-19, the Government has decided to continue girls' admission in Chhingchhip and also to implement the decision of admission of girls in other Sainik Schools. Besides, admission of girl child in 5 Sainik Schools viz Kalikiri (Andhra Pradesh), Kodagu (Karnataka), Ghorakhal (Uttarakhand), Chandrapur (Maharashtra) and Bijapur (Karnataka) has also been approved and admission process is under way for admission from academic session 2020-21. In remaining Sainik Schools of the country, admission of girls will be implemented from the academic session 2021-22. Opening that admission of girls in Sainik Schools will provide huge opportunities for the girls to join the Defence Forces in future, the Committee recommend that necessary budgetary support for creation of requisite infrastructure and staff for admission of girl students should be extended to the Sainik Schools.

Reply of the Government

Based on the success of the Pilot Project for admission of girl children in Sainik School, Chhingchhip in Mizoram for two years from the academic session 2018-2019, the Govt. has decided to continue girls admission in Chhingchhip and also to implement the decision of admission of girl children in other Sainik Schools. Admission of girl children in 05 Sainik Schools viz Kalikiri (Andhra Pradesh), Kodagu (Karnataka), Ghorakhal (Uttarakhand), Chandrapur (Maharashtra) and Bijapur (Karnataka) has been approved and admission process is under way for admission from academic session 2020-21. In remaining Sainik Schools of the country admission of girl children will be implemented from the academic session 2021-22.

2. The following steps are being taken by the Sainik Schools for smooth induction of the girl cadets in to class VI w.e.f 2021-22:-

- (a) A separate hostel with barbed wire fencing has already been provided in Sainik School , Chhingchhip for the girl cadets to ensure their safety. Similar facilities are also proposed to be provided in other Sainik Schools.
- (b) To ensure the security and well being of girl cadets in hostel, the following personnel are to be placed on roll to look after the girl cadets exclusively as being followed in Sainik School, Chhingchhip:-
 - i) One Matron-cum-Physical Trainer to facilitate the training/safety of girl cadets..
 - ii) One Nursing Sister for the medical requirements for the cadets.
 - iii) Two female General Employees for housekeeping and maintenance of Girls Hostel.

- (c) Separate washrooms to be provided to the girl cadets in the Hostel, Sports field, auditorium, mess and academic block for their convenience and ease.
 - (d) CCTV cameras to be installed at appropriate locations for the safety of girl cadets.
3. Similar training opportunities for the girl cadets as being permitted to the boy cadets are envisaged.
4. For a provision of necessary budgetary support to all Sainik Schools, a proposal has already been initiated for creation of separate budget head for Sainik Schools Society.

Intake of Sainik School Students into National Defence Academy (NDA)

Recommendation (Para No. 84)

The Committee note that against the NDA course strength of 638, 148 Sainik School Students were selected in 2018-19. A representative of the Ministry informed the Committee that the success rate for cadets of Sainik Schools is almost 18 percent whereas it is 0.1 to 0.2 per cent for the cadets coming from the civil schools. The Defence Secretary deposed that due to excellent quality of the education system in the Sainik Schools, many students take admission in these schools; however, they do not opt to go to NDA/Naval academy but other sectors. The Committee are pleased to note the pristine quality of education being provided in the Sainik Schools, yet, they opine that primary focus of the Sainik Schools should be to prepare the students for joining the Defence Forces. This main objective is what separates the Sainik Schools from the rest of the schools in the country. Therefore, they recommend that appropriate measures should be instituted by the Ministry of Defence to increase the number of cadets in NDA and Naval academy.

Reply of the Government

A committee set up by the Ministry of Defence to critically review the functioning of Sainik Schools and to suggest methods to improve their performance in the selection process for NDA/INA have recommended that each Sainik School be given specific annual targets to achieve with respect to CBSE and NDA/INA performance. In this regard, annual targets have been set for Sainik Schools from the academic year 2021-22. These targets are based on the average of cadets sent by the school to NDA/INA during last five years. Other guidelines for improving performance in UPSC & SSB have also been issued to all Sainik Schools to increase the number of cadets getting selected in NDA and Naval academy from Sainik Schools.

Expansion of Sainik Schools

Recommendation (Para No. 85)

The Committee have been apprised that presently, there are 33 Sainik Schools in the country and 15 new proposals for Sainik Schools are under consideration by the Ministry of Defence. They note that Sainik Schools are opened in a State only on receipt of a specific request from the State Government. The contribution of the State for a Sainik School include grant of land, building, maintenance and scholarships. As far as role of the Union Government

is concerned, it includes posting of suitable Service Officers for the posts of Principal, Vice Principal and Administrative Officer in the Sainik Schools, providing training grants to the schools regularly to upgrade their training infrastructure and skills, carrying out annual inspection of the schools to monitor the functioning of the schools and conducting training programmes for teaching faculty, other staff and workshops for officers to enhance their professional competence. The Committee, in the context, recommend that the proposals for construction of the Sainik Schools received from the willing State Governments should be expedited and pace and quality of construction in the ongoing projects should continuously be monitored by the Ministry of Defence. Regular interactions with the State Governments and other stakeholders should be conducted to obviate impediments in timely completion of the construction and maintenance of the Sainik Schools.

Reply of the Government

Ministry has taken note of the observation of the Hon'ble Committee. Sainik Schools are established on receipt of a request from State Government agreeing to provide land along with funds for the creation and maintenance of basic infrastructure, purchase of equipment and other facilities besides scholarships for the cadets belonging to the State. On receipt of proposal from the State Govt., an inspection of the proposed site is carried out by the officials of Sainik Schools Society to ascertain its suitability. As and when such proposals are received in the Ministry from the States, it is considered within specified parameters.

CHAPTER II

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

Projections made by the three Services

Recommendation (Para Nos. 5-7)

Recommendation (Para No. 5)

The Committee, after careful examination of the Budgetary figures submitted by the Ministry, infer that the allocations to the Services are not commensurate with the projections at both Budget Estimates (BE) and Revised Estimates (RE) stage consequently. Moreover, the Committee note with glee that the Services have been more or less able to spend the amounts allocated at the stage of RE in the last fiscal year. For the previous financial year i.e. 2019-20, at the stage of RE, Army projected a requirement of Rs. 1,98,456.82 crore for both Revenue and Capital expenditure, but was allocated Rs. 1,72,440.73 crore. In the case of Navy, the projected amount was Rs. 68,860.27 crore for both Revenue and Capital in RE 2019-20, however, only Rs. 48,943.14 crore were provided. Similarly, while the Air Force projected a requirement of Rs. 1,21,684.39 crore in RE 2019-20, only Rs. 74,898.88 crore was allocated. The Committee reiterate that they are pleased to note that for the past few years, the Forces have been able to completely utilize the budgetary allocation at RE stage.

Recommendation (Para No. 6)

Further, the Committee find that for the Budget Estimates 2020-21, the Army projected an amount of Rs. 1,65,228.28 crore under the Revenue Head, but has been allocated only Rs. 1,45,785.88 crore. Under the Capital Head, the projected amount is Rs. 50,373.60 crore but only Rs. 32,462.38 crore has been allocated, which amounts to 64 percent of the projected requirement. Again, for the current year 2020-21, while the Navy projected a requirement of Rs. 32,237.96 crore, the allocated amount has been Rs. 22,934.75 crore under the Revenue Head. Under the Capital Head, while the Navy projected an amount of Rs. 45,268.31 crore, the allocated amount is only Rs. 26,688.28 crore, which amounts to approximately 59 percent of the projected requirement. While an amount of Rs. 43,904.17 crore has been projected as the requirement under the Revenue Head by Air Force, Rs. 29,962.66 crore has been provided. Under the Capital Head, while the Air Force projected a requirement of Rs. 66,207.29 crore, the allocation has been only Rs. 43,281.91 crore, which amounts to approximately 65 percent of the projected requirement.

Recommendation (Para No. 7)

The Ministry of Defence in their written submissions to the Committee stated that the requirements projected by Services are proposed to the Ministry of Finance for favourable consideration. While allocating funds, the Ministry of Finance analyses past absorption capacity of the Services and the pace of expenditure in the current Financial Year. In addition to this,

based on the overall ceilings conveyed by the Ministry of Finance, the Ministry of Defence distributes funds among the Services and Organizations under the Ministry, based on Inter-Services priorities and allocations for critical projects. Again, the Committee would like to highlight here, that taking into consideration this portentous achievement of the Forces where they have been able to completely utilize their funds for past few years as allocated to them at Revised Estimates stage, the Committee perceive that there is no reason that the projected amounts by the Services should not be allocated by the Ministry of Finance. Therefore, the Committee recommend that keeping in view not only their contribution in a war-like scenario but also their role of re-connoitering of national borders during peace time, the Ministry of Defence, armed with reasoning of healthy trend of expenditure of the allocated amount and critical requirements of operational preparedness of the Forces, should vigorously pursue for additional allocation of funds at Revised Estimates stage.

Reply of the Government

In BE 2019-20, an amount of Rs. 3,05,296.07 Crore was allocated to M/o Defence under Defence Services Estimates (DSE). This Ministry had projected an additional requirement of Rs. 1,06,792.35 Crore under DSE in RE 2019-20. Ministry of Finance allocated Rs. 3,16,296.07 Crore (i.e. an increase of Rs.11,000 Crore over BE 2019-20 allocations) to M/o Defence under DSE. It may be relevant to mention that earlier there was a trend of reduction in BE allocations at RE stage under DSE. This trend was reversed in 2017-18 and no cut was imposed in RE 2017-18 as well as in RE 2018-19. Additional allocation was provided in RE 2019-20. Further, it may also be relevant to mention that the Ministry has been able to spend the entire budget allocated at RE stage during the last 5 years.

2. The recommendation of the Committee has been noted and projections / requirements of the Services will be forwarded to Ministry of Finance for favourable consideration at Supplementary/ RE stage.

[For comments, please see Para No. 7 of Chapter I of the Report]

Recommendation (Para No. 13)

The Committee note that the proposals of creation of Defence Renewal Fund for capital acquisitions and border infrastructure, self-financing of Married Accommodation Project through National Buildings Construction Corporation Limited (NBCC) in next eight years and exchange of land with the State Governments/Central Ministries in lieu of land required by Defence are currently under consideration in the Ministry of Defence for mobilizing extra budgetary resources for Defence. Further, through the creation of post of the Chief of Defence Staff, prioritization of procurement to aid synchronized modernization of the Services will be taken up. Also, optimum use of manpower of the three Services, integration of training establishments of the Services to reduce cost involved in infrastructure and logistics will contribute to judicious utilization of Defence Budget. The Committee have been further apprised that Committees have been constituted for Defence Reforms to review existing delegation of financial powers to the Services and reforms in Defence Procurement Manual and Defence Procurement Procedure. In

addition to this, the Ministry of Defence has requested the Ministry of Finance for creation of Non-Lapsable Defence Modernization Fund in order to mobilize additional resources. The Committee are satisfied to learn that various measures/ steps/proposals being taken for reforms in our Defence sector and fervently urge that all the stakeholders i.e. the Ministry of Defence, the Services and allied Organizations go the extra mile to ensure optimum utilization of the Defence Budget. They also desire that updates on these steps/measures/proposals be apprised to the Committee within three months of the presentation of this Report. The reform measures and amendments etc. as highlighted to the Committee are linked to different sets of requirements within the Forces. The Committee, therefore, recommend that in heading-wise captions of the steps initiated, timelines for completion, the progress made till the finalization of the Action Taken Notes and the perceived difficulties be intimated to the Committee. In this information, the work done by the said Committees also be included.

Reply of the Government

Review of DPP-2016 is underway in order to further streamline the capital acquisition and make it user and business friendly. For this purpose, a Main Review Committee was set up to review & revise the provisions in DPP-2016 to ensure seamless flow from asset acquisition to life cycle support. Various Sub-Committees were setup under this Committee on different aspects of capital acquisition to be included in the revised DPP.

[For comments, please see Para No. 10 of Chapter I of the Report]

Recommendation (Para No. 20)

The Committee further note that out of the 273 roads of length 14577.33 Km, identified by the Army for construction/improvement, 24 roads of length 936.55 Km are in the state of Uttarakhand, 61 roads of length 2295.62 Km are in J&K, 44 roads of length 3185.95 Km are in Ladakh and 100 roads of length 5610.43 Km are in the North Eastern Region (excluding roads in Bhutan). The Committee are satisfied to note that 75 percent of work has been completed by BRO with regard to construction of 61 Indo-China Border Roads (ICBRs) of length 3323.57 kilometer. The Committee recommend that using state-of-the-art equipment and skilled manpower, BRO should make concerted efforts to strictly adhere to the timelines for construction of excellent quality roads. Necessary and timely budgetary support should also be extended to BRO by the Ministry of Defence and other Ministries involved.

Reply of the Government

Earlier in 2006, the Government had identified 73 roads of length 3707.14 km as Indo China Border roads (ICBRs). Out of these BRO has been entrusted with the construction of 61 roads of length 3323.57 km. Highest Priority is accorded by BRO to complete these roads as per the timelines fixed by the Army. The Agency wise physical progress of works (Cumulative progress) up to **31 March, 2020** is as under:-

Agency	length (Km)	Length (km)	
		Connectivity achieved (Km)	Surfacing (Km)
GS	1932.67	1907.46	1545.70
CSG	1065.67	1036.76	788.90
ITBP	325.87	299.19	203.30
Total	3323.57	3243.41	2537.90

Note: There is reduction in length of 33.25 km with respect to the approved length as per the ground condition.

[For comments, please see Para No. 13 of Chapter I of the Report]

Recommendation (Para No. 35)

The Committee have been apprised that as against the projected amount of Rs 1, 61,117.93 lakh under Revenue Head in Budget Estimates 2020-21 for Defence Estates Organisation (DEO), Rs 38, 742.00 lakh have been allocated, i.e a shortfall to Rs 1,22,375.93 lakh. Under Capital Head, Rs 994 lakh have been allocated against the projected amount of Rs 2,425.19 lakh, i.e a shortfall of Rs 1,431.19 lakh. The Committee note that processing proposals for acquisition of lands, resettlement and rehabilitation of displaced persons and for hiring and requisitioning of lands and buildings, besides management of Defence Estates (DGDE). As custodian of defence land records, Defence Estates Organisation is involved in updation and maintenance of records alongwith implementation of Cantonments Act 2006, Policies, Rules & Regulations and executive instructions. Therefore, they recommend that additional funds commensurate with pace of expenditure and prioritization of critical works should be allocated to the DEO at Revised Estimates stage.

While recommending for additional funds, the Committee would like to know what compromises are likely to be made in case the Supplementary funds do not reach to the level as sought in the initial projected figures. During deliberations of Cantonment Boards, the Committee took note of the fact that to accommodate the changing needs it would be in the fitness of things if the Ministry take a serious note and contemplate for amending Cantonment Board Act 2006 with a fresh perspective. In such proposed amendment, heed should be paid to increase the construction areas of the properties coming under the purview of the Cantonment Boards.

Reply of the Government

The recommendation of the Committee has been noted and additional funds, if any, as per requirement will be sought from Ministry of finance at Supplementary/ Revised Estimates stages of 2020-21.

It is intimated that as per the sanctioned budget 2020-21 PE of Cantonments by GOC-in-C, an amount of Rs. 952 crore was recommended and requested as Grant-in-aid (General) for meeting budgetary deficit of Cantonments. Out of this, only an amount of Rs. 254 crore has

been allocated under 2020-21(BE). It is to intimate that in case the supplementary funds, do not reach to the level as sought in the initial projected figures, Cantonments would face acute financial crisis. Most of the 62 Cantonment Boards are dependent on Grant-in-Aid from Govt. All development and mandatory municipal responsibilities would get affected. Many Cantonment Boards would not be in position to pay salary/pension liabilities of their employees. The Cantonment boards are also undertaking various public infrastructure schemes such as Sewerage Treatment Plants, Water augmentation scheme, upgradation of Hospitals and Schools etc. Any decrease in allocation of funds would impact such ongoing and proposed projects adversely.

2. As regards acquisition of land, the proposals are based on priority and operational requirements of the Services.

3. It is intimated that amendment of Cantonment Act, 2006 with a fresh perspective is under consideration. However, it is pertinent to mention here that increasing the construction areas of the properties is the subject matter of building bye-laws of the respective Boards and would not be a part of the amendments proposed of the Cantonment Act.

[For comments, please see Para No. 16 of Chapter I of the Report]

Commercial use of non-sensitive Defence lands

Recommendations (Para Nos. 44 & 45)

Recommendation (Para No. 44)

The Committee has been intimated that with regard to the option of commercialization of non-sensitive defence lands, such as leasing lands to commercial establishments etc. to increase the source of revenue, very limited vacant Class-C defence land is available for this purpose with Cantonment Boards. Also funds for establishing such capital assets are also not available. Cantonment Boards could consider projects on B-4 vacant lands which could generate revenue for Cantonment Boards such as community halls, office complex etc. This would also involve process of reclassification of B-4 lands to C for municipal purpose by the MoD. The proposal, if considered feasible, could be considered for sanction under Creation of Capital Assets. The Ministry has advised the Cantonment Boards accordingly since this is almost identical demand from all the Cantonments.

Recommendation (Para No. 45)

The Committee opine that in addition to above mentioned proposals, the Ministry of Defence may also look into making the land available with Defence, Cantonment boards and Ordnance Factories to the State Governments for construction of helipads or parking space as it would lead to substantial revenue generation, which in turn can be used for provide better public infrastructure, health and educational facilities etc. in the Cantonment areas. The Committee recommend that feasibility of the said proposals may be examined at the earliest and they be apprised accordingly.

Reply of the Government

Government policy No.11015/02/2012/D(Lands) dated 02.02.2016, for transfer/ lease/ license of defence land to other Central Government Departments, State Governments and Organizations controlled by it as also local bodies, for execution of projects related to creation/up-gradation of Public infrastructure/ utilities, is already in place. The main features of the said policy are:

- i) Defence land is transferred to the Indenting Authority on the basis of exchange of 'Equal Value Land' (EVL) to be provided by Indenting Authority. However, where the Indenting Authority neither owns land nor has an arrangement with the State/ UT governments for providing land for the project and is therefore unable to provide EVL, Land transfer is made on payment of current market value of the land.
- (ii) When land is neither required permanently nor its ownership rights are required to be transferred, in such cases land is transferred on lease hold basis, on payment of an annual rent and one time premium.
- (iii) The policy also provides that when permission to carry out temporary works like laying of water pipelines and electricity cables on defence land is required, a license may be granted on payment of an annual license fee and a refundable security deposit.

[For comments, please see Para No. 19 of Chapter I of the Report]

Recommendations (Para Nos. 51-53)

Recommendation Para No. 51

After gleaning through the information supplied to the Committee, they note that out of the nine DPSUs, Hindustan Aeronautics Limited (HAL), Bharat Dynamics Limited (BDL), Garden Reach Shipbuilders and Engineers Limited (GRSE), Goa Shipyard Limited (GSL), Hindustan Shipyard Limited (HSL) and Mazagaon Dock Shipbuilders Limited (MDL) are facing order book challenges and decline in production in the current / coming years. Although HAL's production over last several years has been growing with highest turnover recorded in 2018-19, the major part of existing orders for supply of aircraft and helicopters will be liquidated shortly with the major manufacturing order of Su-30MKI being completed in 2019-20. There is no firm order currently available on the company beyond 2021-22. In case of BDL, most of the major products like Akash Weapon system will be executed by 2019-20, Invar ATGM and Konkurs-M ATGM will be executed by 2020-21. There are no firm order executable beyond year 2020 - 21. In case of Garden Reach Shipbuilders and Engineers Limited (GRSE), 3 projects of Indian Navy and Coast Guard will get completed in next 3 to 4 months leaving the shipyard with 3 No. of projects of Indian Navy for construction of 15 ships against capacity of 20 ships construction. Goa Shipyard Limited (GSL) is presently executing the 05 Coast Guard Offshore Patrol Vessel (CGOPV) project with balance executable order book of Rs. 800 crore which would get liquidated by 2020-21. The balance order book value of HSL is Rs. 2772.28 crore as on 31 December, 2019 and the balance orders are likely to be completed by end of March 2022.

Recommendation (Para No. 52)

The Committee have also been apprised that for HAL, orders for supply of 83 Light Combat Aircraft (LCA) Mk1A and 15 Light Combat Helicopter (LCH) are expected for which quotations have already been submitted. An additional order for 12 Su-30MKI is also expected in the near future. The LCH platform has attained Initial Operational Clearance for both Air Force and Army variants and is fully ready for operational induction awaiting orders. Similarly, Light Utility Helicopter (LUH) has also completed all major tests, including H-V envelope evaluation, towards Basic Operational Clearance of LUH. Document towards Initial Operational Clearance (IOC) were submitted to User and Regional Centre of Military Airworthiness (RCMA) during Dec 2019 and the IOC has been granted by Centre for Military Airworthiness & Certification (CEMILAC) to HAL on 7th February, 2020 during Defence Expo 2020 at Lucknow. HAL is also expecting additional orders for ongoing programs like Advanced Light Helicopter (ALH), LCA, Hawk, Do-228 & SU-30 MKI and fresh production orders for new platforms like Do-228 Civil variant, LCH, HTT 40, LUH and Hawk-i. Goa Shipyard Limited (GSL) is making concerted efforts to secure short gestation projects in Domestic, Export and Ship Repair segments which will help in minimizing the potential impact due to lean executable orders to bridge the gap till the significant Value of Production contribution from Frigates and Mine Counter Measure Vessel Projects. The financial restructuring proposal of HSL with NIL cash outflow to the Government of India to enable shipyard to achieve positive net worth is under active consideration of the MoD, which will improve HSL's credit rating. Mazagon Dock Shipbuilders Limited (MDL) has an in-house capacity to undertake simultaneous construction of 10 ships and 11 submarines at various build stages. Considering the status of ongoing projects, MDL can immediately undertake construction of 4 more warships and 7 more submarines.

Recommendation (Para No. 53)

Keeping in view the above facts, the Committee are of the considered view that the existing infrastructure at DPSUs and skilled manpower would face the challenge of idling due to want of confirmed orders. The continuity in production orders from the Forces is essential to sustain production growth of the DPSUs. Therefore, they recommend that the orders for DPSUs in pipeline need to be expedited for optimum use of their construction and building capacities and manpower. They also recommend that the Ministry and DPSUs should explore options of venturing into commercialization of various products other than arms and ammunition built by the DPSUs such as alloys by Mishra Dhatu Nigam Limited (MIDHANI) for revenue generation and for business expansion.

Reply of the Government

Defence PSUs are diversifying their product profile into other areas and has robust plans for technology, Research and Development, Infrastructure Development, export promotion and focus on indigenization, which will ensure the sustenance of DPSUs and improve their order book position in long term. Further, DPSUs have also adopted several new technologies which include Artificial Intelligence (around 50 AI enabled products are under development by DPSUs); Cloud Based technology; Robotics; use of unmanned vehicles; composite R&D for design and developments of products; 3D printing; Integrated construction methodology for warship construction. DPSUs are also focusing on Modernization of Infrastructure and

technology. The Capital Expenditure plan for 2020-21 modernisation of Defence PSUs is around Rs. 2756 Cr.

The order book volume of Defence PSUs depends on the customers which is primarily the Armed Forces and export opportunities in the International market. Department of Defence Production is taking many steps to improve the order book position of DPSUs as detailed below:

Buy (Indian- Indigenously Designed, Developed and Manufactured) :

- In Defence Procurement Procedure 2016 under Capital Acquisition, preference is being given to Buy (Indian- Indigenously Designed, Developed and Manufactured). The order of preference/priority in decreasing order under this Procedure is categorized as follows:-
 - (a) Buy (Indian - IDDM)
 - (b) Buy (Indian)
 - (c) Buy and Make (Indian)
 - (d) Buy and Make
 - (e) Buy (Global)

To Boost-up the Export in Defence Production following steps/initiatives have been taken:

- **Open General Export Licence (OGEL) System for Promoting Defence Export:** As part of creating greater ease of doing business for Defence exporters, DDP has notified two (02) OGEL for intra company transfer of technology and for export of parts and components. Under OGEL the Indian Defence Industries will be permitted to export specified items to specified destinations enumerated in the OGEL without approaching Department of Defence Production for export authorization requirements during the period of validity of the OGEL (i.e. 02 years). The companies will be required to have established Inter Compliance Programme (ICP) or Export Compliance Programme (ECP) before seeking OGEL.
- Rationalizing the Standard Operating Procedure (SOP) for reducing the time taken and cut down red tapism.
- Export Promotion Cell Set up.
- Scheme for funding marketing activities by Defence Attaches for promoting exports.
- Fully automated export portal and electronic sharing of export leads with relevant industry.
- Dispensing with the requirement of End User Certificate by Government for exports of parts/ components.
- Simplified procedure for tender, exhibitions, testing, etc.
- SOP formulated to facilitate exports of 'Munitions List' under category 6 of Special Chemicals, Organism, Material, Equipment and Technologies (SCOMET) by DGFT.
- Streamlining export using Line of Credit for items already sold to Indian military.

As a result of these reforms, defence export permissions have increased from Rs. 1940.64 crores in 2014-15 to Rs. 10,745 cr in 2018-19.

Indigenization:

Policy for Indigenization was notified on by Department of Defence Production on 08 March, 2019, with the objective to create an industry ecosystem. It is estimated that Defence PSUs will reduce the import bill through indigenization of products and processes.

These Strategies are under implementation and some major achievements are as given below: -

- **Development of Indigenization Portal:** DPSUs/OFB are uploading the data on the link provided. The proposed Indigenization portal will be a centralized one in which DPSUs/OFB and other stakeholders will be showcasing their imported items to be indigenized. Vendor will become aware of the above items and they can in turn, show their interest in those items where they have capability to manufacture.
- **Study on savings in cost –** Institute for Defence Studies and Analysis (IDSA), Delhi is studying savings in cost due to indigenization in the last 5 years in DPSUs/OFB. Final report submitted in Jan 2020.
- **Implementation of Make-II –** The Make-II framework (Industry funded prototype development) for implementation by DPSUs/OFB was notified on 11.02.2019. DPSUs/OFB have identified approx. 2500 items under Make-II. These items are at various stages of development process. At Department level, 47 projects have accorded Approval – in- Principal (AIP).
- **Long Term Orders –**“Framework for placing Long Term Orders by DPSUs” has been approved by Hon’ble Raksha Mantri on 04 Nov 2019. Under this Framework, the procuring organization may aggregate demand of the item for a long period of upto 10 years, in cases where it finds challenges in indigenization.

Other Initiatives

- **Testing and Certification -** MoD/DDP has issued Government Orders for testing of items being indigenized/ priority in testing and certification on 28Aug 2019. It covers aspects like use of test facilities for R&D without asking for End User Certificate, fixation of insurance cost, transparency in declaration of test results and minimizing delays.
- **Third Party Testing-** Third Party Inspection (TPI) is being implemented by DGQA and DGAQA both.
- **Testing Infrastructure for Industry-** Defence Testing Infrastructure Scheme (DTIS) has been prepared. It proposes to setup 6 to 8 new green field Defence Testing Infrastructure with total grant-in-aid of Rs 400 Crs.

Further, the details of project that are under the pipeline of DPSUs are as below:

S. No.	Name of DPSU	Major Order/Product details
1	HAL	Light Combat Aircraft (LCA), Light Combat Helicopter (LCH) and Basic Trainer HTT-40 etc.
2	BEL	Coast Surveillance System, Spares for long range surface to air missile (LRSAM) system, Delhi CC TV etc.
3	BEML	8x8 HMVs for PINAKA, HMVs Coastal Surveillance System, HMVs ASCON, 8x8 HMVs- AKASH Army, 8x8 HMVs- AKASH Air Force etc.
4	BDL	Akash (IAF), Medium range surface to air Missiles (MRSAM) (IAF & Navy), Very short range Air Defence System, Milan 2T, Counter Measure Dispensing System(CDMS) etc.
5	MIDHANI	Special Steel, Super alloys, breech ring, titanium plates etc.
6	GRSE	Pollution Control Vessels, Air Cushion Vehicles for ICG & Indian Army, Next Generation Missile Vessel (NGMV), Multi-Purpose Vessels, Survey Training Vessel, Self-propelled fuel barge etc.
7	GSL	Pollution control vessels, fast patrol vessels, Advanced Infantry Floating Footbridge, Next Generation Missile Vessel, Multi-Purpose Vessel, Survey training vessel, Pax all-weather vessel, 12 ton patrol modified boats etc.
8	HSL	Fleet support Ships etc.

Further, Defence PSUs wise reply is as under:

HAL: HAL plays significant role in domestic Aerospace industry in terms of service provided to Indian Armed Forces and development of Indian aerospace manufacturing eco-system. There is a need to ensure maximum utilization of existing Defence & Aerospace facilities in the country, which is of national importance, by providing orders for aircraft / helicopters manufactured and developed by HAL under “Make in India”, which in turn will boost the manufacturing ecosystem in the country.

Orders for following platforms are under process.

- a) LCA Mk 1A - 83 Nos
- b) Light Combat Helicopter(LCH) - 15 Nos
- c) HTT-40 - 70 + 38Nos
- d) Su-30 MKI - 12 Nos (Additional)

Further, as part of diversification strategy HAL is exploring following options for revenue generation and business expansion:

➤ **Global supplier of Aero components**

HAL has been developing Business Association with various global Defence OEMs, by signing NDA/ MoU with following purposes:

- To be Tier-1 supplier to Global OEMs for supply of Aero structures, Avionics and Accessories.
- To associate with global defence companies for catering to export market jointly.
- To collaborate with OEMs for Civil Aircraft Development in India and also be Tier-1 supplier of Civil Aircraft Components to global supply chain.
- To collaborate with OEMs for Development in India and or manufacture/supply and maintenance of UAV/RUAV/UCAV for domestic and foreign markets

➤ **Civil Segment**

Civil Maintenance, Repair and Overhaul (MRO)

HAL has been providing MRO services for the military platforms for over 7 decades. HAL has repair and overhaul facilities for airframe, engines as well as accessories at various locations across the country. With this, HAL is making all out efforts to explore the possibilities of being part of this expanded Civil MRO business avenue.

Also with recent restructuring of Tax structure and Govt. push with policy changes under “Atamirbhar Bharat” “Convergence between defence sector and the civil MROs”, Civil MRO business is poised to expand quickly in the country.

Civil Aviation

Dornier Do-228 Civil

HAL has been making its all-out marketing efforts to foray into domestic Civil aviation segment and position its Do-228 aircraft for Civil application/ Regional Connectivity. Export of Civil Do-228 - HAL has also initiated the process for EASA certification through DGCA. Leasing companies are to be encouraged to participate for sale of civil aircraft on lease as airline operators are not keen on outright purchase of aircraft.

SARAS MK-II, 19 Seater Aircraft

HAL has entered into MoU with CSIR-NAL for Design, Development and Certification of 19 seat Light Transport Aircraft – SARAS MKII and subsequent Production, Marketing and Lifecycle Maintenance of the aircraft intended to be sold to Indian Defence Services, non- Indian Defence Services and Export customers.

The indigenously designed & developed SARAS MKII will meet the requirement of launch customer i.e IAF. The aircraft will also meet the ever-growing needs of Regional Connectivity Service (RCS) between tier-2 and tier-3 cities.

Civil Helicopters

ALH Dhruv

- ✓ ALH is 5.5 ton class certified helicopter for Military & Civil application. ALH Mark I is already certified by DGCA and ALH Mk III version is under certification by DGCA.
- ✓ Export of ALH Civil - European Aviation Safety Agency (EASA) Certification is under process.

Light Utility Helicopter (LUH)

- ✓ LUH has received the Initial Operational Clearance (IOC) for Defence purpose. Civil certification by DGCA & EASA - Process has been initiated.

BEL: Some of the major contracts could not be finalized during the last FY (2019-20). For many other major programs, the acquisition is in various stages of procurement (trials, Price Negotiation Committee (PNC), contract finalization etc). BEL depends on some of these orders for meeting the targets for current financial year and delay will also have a bearing on next few financial years.

- ✓ BEL is capable of executing future projects in the field of Missile Systems, Radars, Electro-Optics, Ammunition Fuzes, Radio/Communication Equipment, Sonars/Underwater Systems, Gun Upgrades, C4I systems etc., for Tri services requirement to ensure utilization of the installed capacities, design and engineering competence of BEL.

BEML: BEML has established dedicated infrastructure including test track facilities for manufacture of Main Battle Tanks, High Mobility Vehicles, Recovery vehicles, aggregates such as transmissions and engines. However, Equipment orders received in the last 5 years is only to the tune of Rs. 413 Cr. and Orders received in 2019-20 is Rs. 45 Cr.

While BEML has been supplying HMVs and Recovery Vehicles, orders are not placed for manufacture of Battle Tanks although BEML has manufactured & supplied two Arjun MBT Prototypes during 1990-95. BEML has also in-house designed, developed and supplied 2 nos. of Arjun Armored Repair & Recovery Vehicle (ARRV) to Combat Vehicles and Research Development Enterprises (CVRDE).

Also, BEML's dedicated Engine Division which manufactures Air-cooled BEML HMV Engines and engines for Engineer Plant Equipment, would soon be taking up development of 1500HP engines for Main Battle tanks.

To effectively utilize the established national facilities and skilled manpower, following are under process:

Contract Amendments:

- 204 Nos of ARV WZT-3 (Rs. 1400 Cr.)
- Dispensation for ERV, Delivery Extension, etc. taken up with MoD: October 2015
- 77 nos. Size 4 (BD50) Dozers to E-in-C (Rs. 47 Cr.)

Pending Orders of Rs. 1213 Cr.:

- 330 HMVs for PINAKA project (Rs. 715 Cr.)
- 1512 nos. of Track Width Mine Ploughs (Rs. 498 Cr.)

Placement of Orders:

- HMVs 8x8 (700 nos.) and 6x6 (1600 nos.), 59 nos. HRV and Trailers (50T & 70T) through Revenue route.
- Arjun MBT Mk-II
- ARRV

Also, Indian Army has published a Request for Information (RFI) on 13th May 2020, for undertaking the operations of 505 Army Base Workshop for (overhaul of High Mobility Vehicles and Armoured Recovery Vehicles) under the GOCO model by Indian private sector. BEML being an OEM for supply of High Mobility Vehicles & Recovery Vehicles for military applications and being in the process of disinvestment, to be made eligible to take part in the Request for Information (RFI).

Further, it may be noted that, BEML is one of the oldest Rail coach manufacturing Company in the country and has installed capacity to 720 Rail Coaches per annum.

Till 2013-14, Railway Board was utilizing the national facilities of BEML by placing orders for passenger coaches on BEML under its Annual Production programme at par with its other production units. However, after 2013-14 onwards, Railway Board has taken decision not to procure Rail coaches from BEML under its annual production programme, resulting in underutilization of BEML's national facilities and skilled work force. Railways are being impressed upon to review its decision.

BDL: Order Book Position:

1. Executable Orders for 2020-21 & 2021-22 are less than the established production capacity of BDL.
2. Milan production line is idle from 2 years.
3. Akash Production capacity utilisation is 10% only from April 2020.

Konkurs-M ATGM order will be completed by 2020-21. Invar ATGM will be completed by mid 2021—22 and thereafter, both production lines will be idle for want of workload.

Following orders are in pipeline -

1. Akash (IAF)
2. Akash Primer (3&4 Regiment)
3. Konkurs-M ATGM
4. Milan 2T ATGM
5. VSHORAD
6. Refurbishment of Missiles
7. Astra
8. MR SAM
9. Invar

MIDHANI: The orders from defence sector have been steadily reducing. In FY 18-19, contribution from defence sector has reduced to 10%. This is predominantly due to decline in orders. Value of defence orders booked during the period 2015-16 to 2018-19 is given below:

Defence % Contribution

Details	2015-16	2016-17	2017-18	2018-19
Defence Order Booked (In crore)	551	225.78	384.7	184.2
Total Order Booked	909	320.27	635.7	1844.1
Defence % Contribution	60.62%	70.50%	60.52%	9.99%

MDL: MDL is readying itself for undertaking more work considering the fact that ongoing ship construction projects are expected to be completed in next 5 years. Anticipating completion of existing fabrication activities in next one year, MDL’s Fabrication Workshops would be ready with spare capacity for new projects. Thus, MDL can immediately undertake construction of 4 more warships.

In the field of submarine construction, MDL can immediately undertake construction of 7 more submarines considering the fact that remaining 04 submarines of P75 are under advanced stages of construction/trials and are expected to be delivered by 2022. Also, the Pressure Hull Facilities, Structural Fabrication & Outfitting capability, Pipe fabrication facilities required for initial phase of submarine construction can be immediately assigned to new projects.

In view of above, MDL has undertaken following Strategies/measures to improve the order book position:

- i. MDL has initiated efforts for export, exploring diversification avenues, encouraging private sector participation, etc. MDL is gearing up for it by undertaking augmentation and modernization of construction facilities, acquisition of adjacent land, forming of JVs, transformation to latest technologies, etc.
- ii. Nhava Yard, close to the main facility, has been acquired by MDL with an intention for developing it into ‘Green Field’ Shipyard with requisite infrastructure/facilities for undertaking construction of Commercial vessels, Export orders and Repair/ Refit orders without disrupting production activities of IN orders in the main facility at Mumbai.
- iii. MDL is also in the process of acquisition of approx. 13 acres MbPT land adjacent to its existing facility. MbPT’s wet basin is intended to be converted into Dry-docks for New builds & Refit/ Repair projects. Existing slipways in the said land can be used for construction of small vessels for Indian Navy and Coast Guard.

Apart from building frontline warships & conventional submarines, MDL is trying to penetrate other markets as well and some of their offerings are as follows-

- i. Refit & Repair of Ships & Submarines
- ii. Construction of Commercial/Merchant ships & offshore platforms like Multi-Support Vessels (MSVs), Offshore Supply Vessels (OSVs), Tugs, Dredgers, Ferries, Barges, Big Trawlers, Pontoons, Launches, Floating dry dock, Flat bottom river boats & fishing trawlers.
- iii. Auxiliary Naval Vessels like Offshore Patrol Vessels (OPVs), Security Vessels, Border Outposts, Cadet training ships, Missile Vessels, Vessels for Littoral combat & Fast attack crafts.
- iv. Artificial Intelligence enabled Remotely Operated Vehicle (ROV)
- vi. Tourist Submarines & Autonomous Underwater Vehicle.

Shipbuilding infrastructure developed for construction of warships and submarines is specific to these products. The Slipways, dry-docks, wet basins cannot be utilised for anything else.

Even the human skill sets are unique and specialized, developed through training programs designed for the respective job areas and experience gained over the years on the job. It is difficult to apply the same skills to altogether different product.

However, MDL would be impressed upon to look into different areas for revenue generation.

GRSE: GRSE has recently delivered the fourth and last ship of Anti-Submarine Warfare Corvette (ASWC) project. In view of the availability of proven hull form of ASWC and expertise gained from construction of 04 ships of this class, GRSE is ready for construction of Next Generation Corvettes (NGC) so that the project could be executed smoothly with minimal cost & time.

GSL: On signing of the Contract for construction of 02 Frigates (Project P1135.6) for the Indian Navy on 25 Jan 2019, the order book position of GSL has fairly improved. Presently, Project P1135.6 is at design stage and expected to commence production as per the timelines.

Early issue of RFP for Mine Counter Measure Vessel (MCMV) project, the major step towards contract conclusion, will lead to strengthening of the order book position. GSL has emerged L1 for 02 PCVs for the Indian Coast Guard and is expecting the contract signing of PCVs by Sep 2020. Contract conclusion for setting up of Damage Control Simulator at Port Blair (STE), OPS & training and CAMC for 10 yrs is at advance stage.

On the export front, GSL is awaiting the finalisation of the supply of its in-house designed products on Line of Credit (LoC) to countries such as Nigeria (one each of LST and

Training Ship), Mauritius (one AOPV) and Seychelles (one AOPV). Finalisation of these domestic and export orders will enable GSL to improve its order book position.

In order to minimise potential impact due to lean order book position and to bridge the gap till 02 Frigates and MCMV projects start in full swing, all out efforts are being made by GSL for securing orders by participating in acquisition programs of Domestic/Overseas customers, interacting and giving presentations to dignitaries and potential clients in various countries, contacting the Indian Embassies/High Commissions abroad to facilitate for GSL's interaction with the appropriate authorities in the respective country for exporting products etc. GSL has been aggressively bidding for various tenders of IN and ICG and recently emerged as L1 for 02 PCVs for ICG and is expediting the contract signing of PCVs by Sep 2020 and commence production during FY 2020-21. Additionally, Marketing Representatives of GSL are appointed in various countries to identify potential markets outside India and to assist GSL in selling its products and services. In addition to its core activity of constructing ships, GSL has also undertaken the construction of Training Simulators and Repair & Refit of Defence and Commercial Ships on getting the orders through competitive bidding.

GSL has been exploring various options of venturing into commercialisation of various products and following actions has been initiated by GSL in this regard:

- (a) **Absorption of Construction Technology for Composite Material.** Licensing Agreement for Transfer of Technology (LAToT) for Resin Film Infusion (RFI) and Process Monitoring of Vacuum Assisted Resin Transfer Moulding (VARTM) technology was exchanged between GSL and Research & Development Establishment (Engineers), Pune on 13.11.2019.
- (b) **New Business lines** like Inland River Navigation, FRP Boats for export and Composite Components /Structures.
- (c) **Auxiliary Commercial Vessels.** GSL has won orders through Competitive Bidding for Three 2000T LPG cylinder carrier to UTLA/SCI, 20 M Ferry boat to UPRN at Varanasi and 03 Tugs for Assam Government.
- (d) **Thrust on Ship Repair** and expansion at Karwar, Karnataka.
- (e) **Supply of high value equipment** for ships like Stern Gear, Fin stabilizer, Heli Grid and Sonar Domes.
- (f) **Export Efforts.** GSL is approaching potential clients in friendly countries for GSL designed ships for export market. GSL is putting concerted efforts for exporting various products (Ship, Simulators and GRP Boats) to friendly countries.

HSL: HSL is a green-field shipyard on the eastern coast, having capability to construct and repair all kinds of ships and submarines. However, the order book position of HSL is extremely low when compared with other DPSUs resulting in under-utilization of the

installed capacity of the shipyard. The balance shipbuilding order book position of HSL as on 31 Mar 2020 is Rs 2486.15 Cr and it comprises of the following projects:-

S No.	Project	Balance as on 31 Mar 2020 (Rs. crore)
1	VC 11184	1.40
2	2 Nos Diving Support Vessel for Indian Navy (VC 11190-91)	2332.44
3	4 Nos 50T BP Tugs for Indian Navy (VC 11192-95)	142.76
4	3 Nos Flap Gates for ND (V) (VC 11196-98)	9.55
	Total (Rs. crore)	2486.15

The breakeven order book requirement for HSL is around Rs 5000 Cr. The balance orders are scheduled to be completed by end of Mar 2022 (as per contractual delivery dates). HSL, which has recently turned around and started making profits may find it difficult to sustain the growth outlook in the absence of immediate new orders.

[For comments, please see Para No. 22 of Chapter I of the Report]

Recommendation (Para No. 59)

The Committee recommend that under CSR initiatives, funds should also be provided to the Sainik Schools by the DPSUs keeping the national interests as paramount.

Reply of the Government

HAL: The matter regarding providing funds to the Sainik Schools by the DPSUs keeping the National Interest as paramount has been examined and following is submitted:

- (a) In terms of HAL's CSR Policy, the Company has been giving preference to the local areas in the vicinity of its Divisions for undertaking Corporate Social Responsibility (CSR) Activities. The said policy is in line with Clause 5(1) of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014. Accordingly, as a Policy, HAL has been undertaking CSR Projects / Programmes in the local areas, within the District or in the neighboring Districts of its operations, with a view to improve the quality of life of the Socially & Economically backward groups and marginalized & weaker sections of the Society.
- (b) It may also be noted that as per Schedule VII of the Companies Act 2013, (i) contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water; (ii) contribution to the Clean Ganga Fund set- up by the Central Government for rejuvenation of River Ganga; (iii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) or any other Fund set up by the Central Government for socio-economic

development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and (iv) contributions or Funds provided to Technology Incubators located within Academic Institutions which are approved by the Central Government are only considered as valid CSR Activities. Any other contribution is not considered as a valid CSR activity.

Considering the positions indicated above, it may not be feasible to provide contributions directly to the Sainik Schools.

BEL: BEL being a DPSU, has to comply with various Government guidelines directing CSR fund distribution, themes for CSR expenditure & areas of operation (Aspirational districts) and hence, its role has been limited to selection & implementation of CSR Projects in compliance with Govt. Legislations & Guidelines.

Nevertheless, BEL has supported Sainik School, Satara, Maharashtra by creating an “e-Learning & Knowledge Centre” at a cost of Rs.34.31 Lakhs. The Centre has been provided with Computers, associated peripherals like Printer, Modem, Router, Interactive boards with projection & audio system, furniture for 40 seating capacity etc.

The facility was fully utilized by the School even during the lockdown period due to COVID-19 pandemic. Sainik School, Satara created history by holding parent-teacher meeting through video-conferencing and conducting online classes for its students during lockdown.

BEML: BEML consistently spends more than 2% of average PAT of last 3 years exceeding the target as stipulated in guidelines. The expenditure is primarily on Healthcare, Education, Swachh Bharat Mission, etc.

On education front, BEML runs one Junior College and one Nursery School at Kolar Gold Fields. Company also runs a school at Bangalore having classes from Pre-Nursery to 12th level. These Institutions, although meant primarily for the children of the employees but also caters to a large extent to the local population. BEML also runs a Kendriya Vidyalaya at KGF, for the benefit of the employees’ children and also for the local population. The Company also provided School building, Furniture, Attender for Mid-day meal Programme and Security Personnel for the Government English Model Higher Primary School at KGF.

BEML has rendered its support for establishing Akshaya Talent Hostel at Bangalore to the Akshaya Patra Foundation. The Talent Hostel will provide vital facilities home away from home to enable aspirations of meritorious students coming from families requiring economic support.

BDL: BDL has noted the recommendation. It is submitted that it has not received any proposal till date requesting funds to Sainik School. However, BDL has been supporting different Government Schools in states of Andhra Pradesh and Telangana by providing Dual desks, Digital Class Rooms etc. Supporting Sainik Schools may be considered while taking up the future projects.

MIDHANI: MIDHANI CSR budget for FY 2020-21 is Rs 3.92 Cr. (Prov.) This fund is allocated to ongoing projects such as annual maintenance of toilets in government schools, initiatives in aspirational district (Kothagudem). Expenditure towards these projects spill over to subsequent years. Hence, no fund is available to contribute towards Sainik Schools.

MDL: MDL has been carrying out different projects with regard to Sainik/ Military Schools under CSR its initiatives.

In academic year 2018-19, MDL had commenced a flagship project in the education field titled "MDL Super 10", wherein 10 tribal students from the identified schedule block of Shahpur (Thane district) are being selected every year for admission to Bhonsala Military School (BMS), Nagpur. The selected students, belonging to economically weaker section, are getting an opportunity to study at BMS, Nagpur from Std V to Std XII and the entire expenditure towards education of these students at this residential school is being borne by MDL for last two years. Till date, 20 children from the Shahpur block have been successfully studying at BMS, Nagpur and five more children will also be supported in the current academic year. MDL has spent Rs.13.07 lakhs and Rs.28.87 lakhs under this project in FY 2018-19 and FY 2019-20, respectively. In FY 2020-21, an amount of Rs.40 lakhs are expected to be spent under this project.

Further, in order to support the Aspirational District Transformation Programme (ADTP) of Govt. of India, MDL has planned to establish a military training facility at Eklavya Model Residential School (EMRS) at Nandurbar, Maharashtra. This facility would help tribal students of the district to avail military training while studying in the residential school and thereby would help them to be well prepared for jobs in Indian Army/ Navy/ Air Force etc. This project is having a budget of Rs.100 lakhs (approx.) and is expected to be executed in FY 2020-21.

In addition to above, MDL is exploring the feasibility of financially supporting tribal students from two tribal taluks of the aspirational district of Nandurbar, who may be selected to study at the Sainik School.

GRSE: GRSE is situated in Metiabruz area of Kolkata which has a large population from the lower income bracket. The infrastructure in this locality for healthcare, skill development and education is extremely poor and as per Sec. 135 of Companies Act, priority is to be given for development of local areas.

Moreover, during FY 2020-21, as per Notification of Ministry of Corporate Affairs vide General Circular No. 05/ 01/ 2019- CSR dated 23 Mar 2020, an amount of Rs. 100 lakh has been transferred to PM CARES Relief Fund from CSR Budget 2020-21, due to the pandemic outbreak of COVID-19. Further, DPE vide OM No. CSR No. 08/0002/2018-Dir (CSR) dated 01 Jun 2020 has notified that the Annual Themes for FY 2020-21 is 'Healthcare and Nutrition' and at least 60% of CSR expenditure has to be incurred on these themes. Accordingly, CSR budget has been allocated catering 60% of fund for projects on Annual Themes. Further, as per MoD, 20% of CSR fund has been allocated on Skill Development projects, as being done for past few years. The balance 20% CSR

fund is being used for continuation of existing projects to improve the quality of life of marginalized section of local community.

Under the aforesaid circumstances, it may not be possible to provide CSR funds to Sainik Schools at this juncture.

GSL: GSL has a CSR Policy and CSR activities are taken up as per the provisions of Schedule VII of the Companies Act, 2013 and guidelines issued by Department of Public Enterprises (DPE) from time to time.

Any proposal/request from Sainik School will be analyzed on the basis of above applicable policy/guidelines/laws.

HSL: As recommended, necessary CSR initiatives will be undertaken in Sainik School during the current financial year 2020-21 based on the CSR budget for the FY 2020-21.

[For comments, please see Para No. 25 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. 17)

After examination of this data, the Committee found that allocation to BRO has always fallen short of the projected amount. To a specific query of the Committee as to how the Ministry has been able to maintain Border Roads in the wake of inadequacy of funds being faced from time to time, the Ministry through a written note replied that resurfacing works are prioritized by Directorate General Border Roads (DGBR) as per availability of funds to BRO. The Committee are of the considered view that due to inadequacy of funds, BRO may face difficulty in performing their significant role of developing and maintaining operational road infrastructure for Armed Forces in Border Areas, contributing to the socio-economic development of the Nation with specific reference to the Border States, developing and maintaining roads to keep open all Lines of Communication and contributing to the overall war effort. Therefore, the Committee recommend that considering prevalent security scenarios, additional funds be allocated to BRO at Revised Estimates stage. They further recommend that feasibility of levying toll tax on heavy commercial vehicles for using roads built/maintained by BRO may be explored for generating revenue for BRO.

Reply of the Government

The recommendation of the Committee has been noted and additional funds, if any, as per requirement will be sought from Ministry of Finance at Supplementary/ Revised Estimate stages 2020-21.

The observations of the Committee have been noted. Further, as regard to levying toll tax on heavy commercial vehicles for using roads built/maintained by BRO for generating revenue, it is mentioned that BRO is entrusted with construction and maintenance of roads in border areas where the maximum traffic comprises of Army convoy as compared to the low volume of civil traffic due to which it may not be viable to levy toll tax on such roads.

CHAPTER IV

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

-NIL-

CHAPTER V

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

-NIL-

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

**JUAL ORAM
Chairperson
Standing Committee on Defence**

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 FIFTH REPORT (SEVENTEENTH 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)'

1. Total number of recommendations 85

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

Recommendation Nos. 1, 2, 3, 4, 8, 9,10,11, 12, 14, 15, 16, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29 , 30, 31, 32, 33, 34, 36, 37, 38, 39, 40, 41, 42, 43, 46, 47, 48, 49, 50, 54, 55, 56, 57, 58, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84 and 85

Total : 72
Percentage: 85%

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

Recommendation Nos. 5, 6, 7, 13, 20, 35, 44, 45, 51, 52, 53 and 59

Total : 12
Percentage: 14%

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

Recommendation No. 17

Total : 1
Percentage: 1%

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

-Nil-

Total : 0
Percentage: 0 %

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

-Nil-

Total :0
Percentage: 0%