

23

**STANDING COMMITTEE ON DEFENCE
(2021-22)**

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action Taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions' (Demand Nos. 18 and 21)]

TWENTY-THIRD REPORT



LOK SABHA SECRETARIAT

NEW DELHI

December, 2021/ Agrahayana, 1943 (Saka)

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Presented to Lok Sabha on 8.12.2021

Laid in Rajya Sabha on 8.12.2021



LOK SABHA SECRETARIAT

NEW DELHI

December, 2021/ Agrahayana, 1943 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2021-22)

SHRI JUAL ORAM

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CHAIRPERSON

Lok Sabha

2	Kunwar Danish Ali
3	Shri Nitesh Ganga Deb
4	Shri Rahul Gandhi
5	Shri D.V. Sadananda Gowda
6	Shri Annasaheb Shankar Jolle
7	Choudhary Mehboob Ali Kaiser
8	Shri Rattan Lal Kataria
9	Dr. Ram Shankar Katheria
10	Shri Sridhar Kotagiri
11	Smt. Rajashree Mallick
12	Shri Uttam Kumar Reddy Nalamada
13	Dr. T. R. Paarivendhar
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 Durga Das (D.D.) Uikey
21	Vacant

Rajya Sabha

22	Dr. Ashok Bajpai
23	Shri N. R. Elango
24	Shri Prem Chand Gupta
25	Shri Venkataramana Rao Mopidevi
26	Shri Sharad Pawar
27	Shri V. Lakshmikantha Rao
28	Shri Kamakhya Prasad Tasa
29	Dr. Sudhanshu Trivedi
30	Lt. Gen. (Dr.) D.P. Vats (Retd.)
31	Shri K.C. Venugopal

SECRETARIAT

1.	Dr. Sanjeev Sharma	-	Director
2.	Shri Rahul Singh	-	Deputy Secretary
3.	Smt. Preeti Negi	-	Assistant Executive Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2021-22), having been authorized by the Committee, present this Twenty-third Report of the Standing Committee on Defence (17th Lok Sabha) on 'Action Taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions' (Demand No.18 & 21)'.

2. The Nineteenth Report (17th Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 16.03.2021. The Report contained 48 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in November, 2021.

3. The Report was adopted at the Sitting held on 17.11.2021.

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

New Delhi;
01 December, 2021
10 Agrahayana, 1943 (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 Nineteenth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions (Demand Nos. 18 and 21)', which was presented to Lok Sabha and laid in Rajya Sabha on 16.3.2021.

2. The Committee's Nineteenth Report (Seventeenth Lok Sabha) contained 48 Observations/Recommendations on the following aspects: -

Para No.	Subject
1-2	Ministry of Defence Budget and Demands for Grants 2021-22: Encapsulation
3	Comparison between Defence Budget 2021-22 and 2020-21
4-6	Defence Budget: Challenges and Reforms
7	Growth of Defence Budget vis-à-vis rate of inflation
8-11	Projections made by the Services
12	Army Base Workshops
13	Wheeled Armoured Personnel Carriers
14	Indian National Defence University (INDU)
15	BORDER ROADS ORGANIZATION (BRO): Budgetary Allocation to BRO
16	Required and existing number of equipment with BRO
17	Construction of Roads by BRO
18	BRO in coastal areas
19-22	INDIAN COAST GUARD
23	Challenges and Constraints
24-25	DEFENCE ESTATES ORGANIZATION : Budgetary provision
26-28	Encroachment of Defence Lands
29-30	Expert Committee on Working of Cantonment Boards
31	Amendment in Cantonment Act, 2006

32	Public-Private participation model and CSR in Cantonment Areas
33-34	DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS): Delivery of products by DPSUs
35-37	Order Book Challenges and production in Defence Public Sector Undertakings (DPSUs)
38	Self-reliance in Defence sector
39	CANTEEN STORES DEPARTMENT (CSD): Budgetary Allocations
40-44	WELFARE OF EX-SERVICEMEN
45	DEFENCE PENSION: Budgetary Provisions
46	Centralized Pension Disbursement System
47	Pension Adalats
48	One Rank One Pension (OROP)

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. 12 has been termed as “confidential” 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, 5, 6, 7, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and 48

(42 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. 8, 9, 10, 13 and 32

(5 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. – Nil

(0 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. – 18

(1 Recommendation)

These are included in Chapter IV of the Report.

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

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 and V 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. 8, 9 and 10

5. The Committee had recommended as under:

“The Committee, after perusal of the Budgetary documents submitted by the Ministry of Defence, find that although the Services have always been successful in utilizing the budgetary amount allocated at the Revised Estimates stage for the past few years, the allocations to the Services are not commensurate with the projections at both Budget Estimates (BE) and Revised Estimates (RE) stage. This finding is corroborated by the fact that for the previous financial year *i.e.* 2020-21, at the stage of RE, Army projected a requirement of ₹ 1,92,455.85 crore for both Revenue and Capital expenditure, but was allocated ₹ 1,77,828.95 crore. The expenditure upto December 2020 is ₹ 1,22,044.98 crore. In the case of Navy, the projected amount stood at ₹ 80,149.12 crore for both Revenue and Capital in RE 2020-21, however, only ₹ 60,890.57 crore were provided. Similarly, while the Air Force projected a requirement of ₹ 1,17,560.39 crore in RE 2020-21, only ₹ 86,825.98 crore were allocated.

Further, the Committee find that for the Budget Estimates 2021-22, Army projected an amount of ₹ 1,70,705.28 crore under the Revenue Head, but has been allocated only ₹ 1,47,644.13 crore. Under the Capital Head, the projected amount stood at ₹ 51,492.10 crore but only ₹ 36,531.90 crore have been allocated, which amounts to a shortfall of ₹ 14,960.20 crore from the projected requirement. Likewise, for the financial year 2021-22, while the Navy projected a requirement of ₹ 34,256.83 crore, the allocated amount has been ₹ 23,360.68 crore under the Revenue Head. Under the Capital Head, while the Navy projected an amount of ₹ 70,920.78 crore, the allocated amount is merely ₹ 33,253.55 crore, a shortfall of ₹ 37,667.23 crore from the projected requirement. While an amount of ₹ 44,992.90 crore has been projected as the requirement under the Revenue Head by Air Force, ₹ 30,652.53 crore have been provided. Under the Capital Head, while the Air Force projected a requirement of ₹ 77,140.56 crore, the allocation has been only ₹ 53,214.77 crore, which amounts to a shortfall of ₹ 23,925.79 crore from the projected requirement.

In light of the above, the Committee have been apprised that the requirements projected by the Services are submitted to the Ministry of Finance for favourable consideration. While allocating funds, the Ministry of Finance scrutinizes 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. The allocated funds are optimally utilized towards operational activities. During discussion on DFG 2021-22, the Committee desired to know whether critical projects and operational preparedness of the Services would be affected keeping in view non-allocation of projected Budget at Revised Estimates stage 2020-21. In this regard, the Chief of Defence Staff assured the Committee that the budgetary process is going in the right direction and the required budget would be allocated at RE stage. The Committee find some solace in the contention of Chief of Defence Staff (CDS), however, they would like to emphasize on the fact that the Forces have been able to completely utilize the

allocated amount at Revised Estimates stage for past few years, and, therefore, recommend that there should be no mismatch between projected and allocated funds, at least at the Revised Estimates stage. Therefore, they also recommend that additional allocation of funds at Revised Estimates stage should be tirelessly pursued so that Revenue and Capital expenditure planned by the Forces in 2020-21 and 2021-22 is propitiously achieved. The Committee also opine that creation of non-lapsable Defence Modernisation fund will prove to be instrumental for ensuring timely and steadfast allocation of funds for procurement and creation of critical assets for the Forces. They further recommend that creation of non lapsable fund should be pursued vigorously at the highest echelons of the Ministry and the Committee be apprised consequently”.

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

“The additional requirements projected by Services/Organizations were forwarded to Ministry of Finance (MoF) for favourable consideration at Revised Estimates 2020-21 stage. The additional requirements projected by the Services in RE 2020-21 were also discussed in detail with Ministry of Finance during pre-budget discussion meeting. In the Defence Services Budget (Grant No. 19 & 20) Ministry of Finance allocated ₹ 3,43,822 Crore in RE 2020-21, which was ₹ 20,769 Crore more than BE 2020-21 allocation of ₹ 3,23,053 Crore. Under the Capital Grant of Defence Services, RE 2020-21 allocation was ₹ 1,34,510 Crore i.e. ₹ 20,776 Crore more than BE 2020-21 allocation of ₹ 1,13,734 Crore.

The Committee may be assured that the modernisation plans of the Forces will proceed as planned. Additional funds will be sought at Supplementary/RE stage as and when required. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Further, it is added that a matter of creation of Non-lapsable Defence Modernization Fund is being actively pursued in Ministry of Defence. “

7. The Committee in their recommendation contained in the Nineteenth Report (Seventeenth Lok Sabha) had recommended that as the Armed Forces have been able to completely utilize the allocated amount at Revised Estimates (RE) stage for past few years, there should be no mismatch between projected and allocated funds, at least at the Revised Estimates stage. The Ministry has submitted that under the Capital Grant of Defence Services, RE 2020-21 allocation was ₹ 1,34,510 crore i.e. ₹ 20,776 crore more than BE 2020-21 allocation of ₹ 1,13,734 crore. The Committee are satisfied to note that Revised Estimates allocation for 2020-21 has been increased when compared to that of BE 2020-21 allocation as this increase, to some extent, will negate the effect of inflation. The Committee desire to be apprised of the actual expenditure under the Capital Grant of Defence Services for 2020-21 in order to gauge the utilization of the allocated amount.

The Committee have also been informed that matter of creation of Non-lapsable Defence Modernization Fund is being actively pursued in Ministry of Defence. The Committee understand that Defence procurement and acquisition is a complicated process involving long gestation periods and funds allocated for capital acquisition and modernization in a particular financial year are not necessarily consumed in that year and ultimately have to be surrendered by the Ministry of Defence. The Committee at this stage reiterate their earlier recommendation that matter of creation of Non-lapsable Defence Modernization fund may be accorded topmost priority in order to eliminate any uncertainty in providing adequate funds for various defence capability development and infrastructure projects.

B. WHEELED ARMOURED PERSONNEL CARRIERS

Recommendation Para No. 13

8. The Committee had recommended as under:

“The Committee are proud to learn that in line with the measures being taken to become self-reliant or ‘Aatmanirbhar’ in the defence sector, Wheeled Armoured Personnel Carriers (WAP) have been manufactured by the Ordnance Factories using technology provided by Defence Research and Development Organisation (DRDO). Further, these amphibious Carriers having a powerful engine are also being manufactured by private industries in the country and orders have been placed with such industries. The Committee are of the considered opinion that deployment of these Wheeled Armoured Personnel Carriers will add another lethal arsenal in our reconnaissance and combat capabilities and therefore unequivocally recommend that requisite budgetary provisions should be made for procurement of these Carriers at the earliest.”

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

“In the 'Second Positive Indigenisation List' of 108 items notified on 31 May 2021, Wheeled Armoured Platform (Wh AP)-CBRN is one of the item.

The backbone of the Indian Army's infantry combat vehicles is the Russian designed BMP, BMP-II (SARATH) series of ICVs and its variants exclusively manufactured by erstwhile Ordnance Factory Board (OFB) and now by Armoured Vehicle Nigam Limited (**AVANI**), one of the corporate entity formed after OFB Corporatisation, since its induction in 1980. These are tracked vehicles used by Armed Forces in various terrains.

AVANI has also taken up a project for development of FICV (Future Infantry Combat Vehicle). The FICV will be more than just a conventional Armoured Vehicle for transporting troops. It will feature advanced technologies and

multidisciplinary integration. The FICV will be amphibious and it must be air-transportable, which would imply a maximum weight of 18-20 tons. FICV is being developed by AVANI with active support from various other PSUs and Indian industry, wherein AVANI is the Lead Integrator. For illustration; Control; Communication and other electronic systems from BEL, Automotive System from BEML, ATGM System from BDL, Armour from MIDHANI and other sub-systems from Indian industries.

Besides above, for harnessing the capabilities of start-ups as per iDEX policy of MoD, erstwhile OFB and now Advanced Weapon and Equipment India Limited, one of the corporate entity formed of the OFB coproratisation, has fielded the problem statements in "Defence India Start-up Challenge" for development of 'See through Armour'.

As far as Wheeled Armoured Personnel Carriers are concerned, AVANI has not developed such vehicles so far. R&D work of erstwhile OFB, now AVANI in ICVs was focussed on fully tracked, highly mobile combat vehicle.

This matter is enquired with AVANI. BDL supplied ATGM's are being fitted on ICV BMP-II and T 90-S Tank only. These two vehicles do not come under category of Wheeled Armoured Personnel carriers (WAP). These two vehicles comes under category of Tracked Armoured Carriers(TAP) as the wheels does not have direct contact with the road, they have contact with the track plates only, tracks plate will have direct contact with the road. Wheeled Armoured Personnel carriers (WAP) means wheels will have direct contact with the road.

Armour supplied by MIDHANI for Wheeled Armoured Personnel carriers (WAP) is given below:

- (a) Bullet Resistant Steel
- (b) Composite Armour
- (c) Spall Liner. "

10. During deliberations on Demands for Grants for the Ministry of Defence for the year 2021-22, the matter of Wheeled Armoured Personnel Carriers (WAP) was discussed by the Committee. In their Nineteenth Report, the Committee had recommended that requisite budgetary provisions be made for procurement of these Carriers at the earliest. The Ministry, in its Action Taken Reply, has submitted that as far as Wheeled Armoured Personnel Carriers are concerned, Armoured Vehicle Nigam Limited (AVANI) has not developed such vehicles so far. Research & Development (R&D) work of AVANI in Infantry Combat Vehicles (ICVs) was focussed on fully tracked, highly mobile combat vehicle. Further, Bharat Dynamics Limited (BDL) supplied Anti-tank Guided Missiles are being fitted on ICV BMP-II and T 90-S Tank, which come under the category of Tracked Armoured Carriers (TAP). In this regard, the Committee desire that a comprehensive brief, containing *inter alia* details of required strength, timelines

fixed for acquisition, vendors shortlisted, cost, etc., may be furnished by the Ministry on procurement of Wheeled Armoured Personnel Carriers (WAP) for the Armed Forces. They also desire to be apprised of the contents of plans and roadmap, if any, finalised by the Ministry of Defence for indigenous development of Wheeled Armoured Personnel Carriers (WAP).

11. The Committee further learn that Armoured Vehicle Nigam Limited (AVANI) has taken up a project for development of Future Infantry Combat Vehicle (FICV). The FICV will be more than just a conventional Armoured Vehicle for transporting troops and will feature advanced technologies and multidisciplinary integration. The FICV will be amphibious and it must be air-transportable, which would imply a maximum weight of 18-20 tons. FICV is being developed by AVANI (lead integrator) with active support from various other Public Sector Units (PSUs) and Indian industry; for illustration Control, Communication and other electronic systems from Bharat Electronics Limited (BEL), Automotive System from BEML, Anti-tank Guided Missile (ATGM) System from Bharat Dynamics Limited (BDL), Armour from Mishra Dhatu Nigam Limited (MIDHANI) and other sub-systems from Indian industries. The Committee sincerely hope that successful development and manufacturing of FICV by indigenous defence sector and its subsequent induction in the Army will prove to be an *avant garde* technology for our Armed Forces. In this regard, the Committee recommend that R&D efforts by AVANI and other stakeholders should be intensified for development of FICV in order to ensure that current infantry combat vehicles BMP-II be timely replaced by futuristic FICV. They also desire to be apprised of the latest development regarding the project of Future Infantry Combat Vehicle undertaken by AVANI at the time of furnishing Action Taken Statements.

C. BRO IN COASTAL AREAS

Recommendation Para No. 18

12. The Committee had recommended as under:

“During deliberations on Demands for Grants 2021-22, issue of construction of Border Roads in Coastal areas of the country was surfaced. In this regard, the representatives of the Ministry informed the Committee that roads to be constructed by BRO are decided on basis of threat assessment and operational prospective of the Forces. The Committee, at this stage, can only recommend that

a comprehensive study on requirement of BRO in the Coastal areas of the country keeping in view current threat assessment and operational requirements of the Forces may be undertaken by Ministry of Defence in consultation with the Forces and BRO, and the Committee be accordingly apprised. The Committee are not oblivious of the fact that a renewed emphasis is accorded to sea power in the current threat perception scenario. Coastal roads would definitely contribute to such an aim. Therefore, this study should be effusive and be completed within the set timeline as decided by the Ministry. ”

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

“The recommendations of the Committee are noted. Further, as the Army has accorded higher priority for development of infrastructure along Northern Borders, presently greater impetus is being accorded for this critical road development by BRO, which is under taken in a time bound manner. Therefore, employment of BRO for roads construction in coastal region has been accorded lower priority. ”

14. **The Committee, in their original Report, had recommended that a comprehensive study on requirement of Border Roads Organisation (BRO) in the Coastal areas of the country keeping in view current threat assessment and operational requirements of the Forces may be undertaken by Ministry of Defence in consultation with the Forces and BRO. In this regard, the Ministry has submitted that employment of BRO for roads construction in coastal region has been accorded lower priority as the Army has accorded higher priority for development of infrastructure along Northern Borders. In this regard, the Committee believe that keeping in view current geostrategic challenges, increase in maritime traffic and previous terror attack through sea route, security in coastal areas is of paramount importance. Therefore, the Committee recommend that, since BRO is currently engaged in development of strategic infrastructure along Northern Borders, feasibility of engaging other competent organization/authority, as a short-term measure, for development of critical infrastructure in coastal areas may be explored by the Ministry of Defence for strengthening our maritime and coastal security.**

D. PUBLIC-PRIVATE PARTICIPATION MODEL AND CSR IN CANTONMENT AREAS

Recommendation Para No. 32

15. The Committee had recommended as under:

“The Committee, taking note of the resource crunch and challenges in infrastructure development often faced by the Cantonments and in the larger public interest, recommend that feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment areas may be explored by the Ministry of Defence. The action taken in this regard may be intimated to the Committee within one month of the presentation of this Report.”

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

“This is a welcome suggestion and feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment Areas can be considered by the MoD suitably.”

17. The Committee are happy to learn that the recommendation of exploring feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment areas has been welcomed by the Ministry of Defence. As the issue is linked with welfare of the residents of the Cantonment areas, the Committee recommend that the modalities of implementation of Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment Areas be meticulously chalked out by the Ministry of Defence expeditiously and the Committee be apprised accordingly.

CHAPTER II

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

GENERAL DEFENCE BUDGET

Ministry of Defence Budget and Demands for Grants 2021-22: Encapsulation

Recommendation Nos. 1 to 3

After gleaning through all the material and information supplied to the Committee, they 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 effusive requirements for the Civil expenditure 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 provided for in Demand No.18 - MOD(Civil). Likewise, the Defence Services Estimates (DSE) 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.

Further, 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 learn that the 'running' or 'operating' expenditure of the three Services and other Departments viz., Defence Research and Development Organisation (DRDO), Directorate General Ordnance Factories (DGOF), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC), Military Farms and Ex-Servicemen Contributory Health Scheme (ECHS) are provided under the Demand No. 19- Defence Services (Revenue), which caters for the Revenue expenditure, while the Demand No. 20 viz., Capital Outlay on Defence Services, caters for the expenditure incurred on building or acquiring durable assets. 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.

Recommendation No. 2

On deeper scrutiny, the Committee find that the total allocated budget for the Ministry of Defence for 2021-22 is ₹ 4,78,195.62 crore. Out of this, the largest share of 72.58 percent, i.e. ₹ 3,47,088.28 crore has been allocated for Defence Services Estimates (Grant Number 19 and 20). Defence Pensions (Grant Number 21) has secured 24.23 percent of the total budget i.e. ₹ 1,15,850 crore. The remaining 3.19

percent of the total budget i.e. ₹ 15,257.34 crore have been allocated to Ministry of Defence (Civil) (Grant Number 18).

Comparison between Defence Budget 2021-22 and 2020-21

Recommendation No. 3

On drawing an erudition on the comparison between Defence Budget 2021-22 and 2020-21, the Committee find that the total Defence Budget for Budget Estimates (BE) 2021-22 is ₹ 4,78,195.62 crore, an increase of ₹ 6,817.62 crore in comparison to that of BE 2020-21. Similarly, budget for Defence Services Estimates and Ministry of Defence (Civil) has registered an increase of ₹ 24,035.28 crore and ₹ 757.34 crore, respectively, in comparison with that of BE 2020-21. However, a particularized scrutiny of the facts and figures provided by the Ministry of Defence reveals that total defence budget has decreased by ₹ 6,540.44 crore when compared to Revised Estimates (RE) 2020-21. Further, allocation under Defence Services Estimates and Ministry of Defence (Civil) has shown an increase of ₹ 3,266.28 crore and ₹ (-) 656.72 crore, respectively, in Budget Estimates (BE) 2021-22, when compared to that in Revised Estimates (RE) 2020-21. The Committee note the Ministry's contention in this regard that Budget Estimates 2021-22 is to be compared with Budget Estimates 2020-21 and allocation under Revised Estimates 2020-21 is yet to be accorded approval by the Parliament. Therefore, they aver and desire to be apprised of the final allocation under RE 2020-21 expeditiously after approval is given by the Parliament.

Reply of the Government

Parliament has accorded approval to the allocation made under Revised Estimates (RE) 2020-21 by M/o Finance without any reduction. Grant-wise details of final allocation under RE 2020-21 are as under:-

	(Rs. in crore)
Grant No. and Name	RE 2020-21
18- MoD (Civil)	15,914.06
19- Defence Services (Revenue)	2,09,312.00
20- Capital Outlay on Defence Services	1,34,510.00
21- Defence Pensions	1,25,000.00
Total	4,84,736.06

Defence Budget: Challenges and Reforms

Recommendation Nos. 4 and 5

Recommendation No. 4

The Committee, after examination of the documents provided by the Ministry of Defence in connection with examination of Demands for Grants for the year 2021-22, infer that there has been mismatch between projected and allocated budget for Defence. They note that as against projection of ₹ 6,22,800.51 crore for 2021-22 (BE), ₹ 4,78,195.62 crore have been allocated for total Defence Budget i.e. a shortfall of ₹ 1,44,604.89 crore. Surprisingly, this BE allocation on 2021-22 is lesser than RE allocation of ₹ 4,84,736.06 crore for total Defence budget in 2020-21 although the trend of budget

allocation in the past few years suggests that amount allocated for Defence budget at the stage of Budget Estimates for a particular financial year is always greater than that of the Revised Estimates for the previous financial year. The Committee also take note of the redemptive features of Defence Budget for 2021-22, as submitted by the Ministry, that the allocation under Capital Outlay in 2021-22 has been significantly increased by 18.75 percent as compared to 2020-21 and allocation under Non-salary Revenue head to meet operational requirements has seen a growth of 6 percent over 2020-21.

Recommendation No. 5

During discussion on the subject, the Chief of Defence Staff apprised the Committee that the allocated funds are being prioritized towards operational preparedness with regard to the borders of the country. The budget is further progressively utilized for phased payments towards the procurement, the latter not being an easy process as the requisite equipment and armaments are not readily available either in the country or in the world market. The Committee understand that heads under Capital Outlay and Non-Salary Revenue have shown growth in Defence Budget 2021-22 in comparison with that in 2020-21 and allocated funds are being prioritized according to operational and acquisition requirements of the Forces. However, taking note of the fact that the BE allocation in 2021-22 is lesser than RE allocation for total Defence budget in 2020-21 belying the trend of incremental budget allocation in the past few years, the Committee recommend that additional funds at Revised Estimates stage should definitely be allocated to the Ministry of Defence. This may be taken up emphatically with the Ministry of Finance on an urgent basis and the consequentialment be apprised to the Committee. The Committee have every reason to believe that only with the availability of requisite budget support coupled with its optimal utilization, the primal objective of the Forces can be accomplished.

Reply of the Government

A comparative data indicating BE 2020-21, RE 2020-21 and BE 2021-22 allocations under all the four Grants of Ministry of Defence is tabulated below:

(Rs in crore)			
Grant No. and Name	BE 2020-21	RE 2020-21	BE 2021-22
19- Defence Services (Revenue)	2,09,319.00	2,09,312.00	2,12,027.56
20- Capital Outlay on Defence Services	1,13,734.00	1,34,510.00	1,35,060.72
18- MoD (Civil)	14,500	15,914.06	15,257.34
21- Defence Pensions	1,33,825.00	1,25,000.00	1,15,850.00
Total	4,71,378.00	4,84,736.06	4,78,195.62

It can be derived from above table that total Defence Budget allocation in BE 2021-22 is lesser than RE 2020-21 allocation, but it is greater than BE 2020-21 allocation. The reduced allocation in BE 2021-22 as compared to RE 2020-21 is due to the fact that there has been substantial reduction in Defence Pension Budget for the year 2021-22. As regards Defence Services (Grant No. 19 & 20), there is increase in BE 2021-22 allocations over RE 2020-21 and substantial one when compared with BE 2020-21.

2. Further, it is added that the overall ceilings at RE stage is based on the past absorption capacity of the Services, pace of expenditure, pending committed liabilities etc., in the ongoing Financial Year. Based on these overall ceilings conveyed, Ministry of

Defence subsequently allocates funds among the Services and Organisations under MoD, considering the above factors and inter-Services priorities/requirements for critical projects etc.

3. The Committee may be assured that adequate financial resources will be made available to the Services keeping in view current needs as well as expansion and modernization plans. As and when required, additional funds will be sought during Supplementary / RE stage. Efforts will be made to ensure optimum utilization of available funds. While allocating funds it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Recommendation No. 6

During deliberations on Demands for Grants for the year 2021-22, the representatives of the Ministry of Defence apprised the Committee of various reforms being contemplated/initiated which include new Defence Acquisition Procedure in which special focus is on self-reliance and ease of doing business and delegation of emergency procurement powers to the Services for speedy fulfilment of their operational requirements. In addition to this, the Committee have been informed that draft Cabinet note for creation of Non-Lapsable Defence Modernization Fund is under consideration of the Government. The Committee take note of these reforms with glee but nevertheless also recommend that concerted efforts of all stakeholders i.e. the Ministry of Defence, the Services, DRDO, OFB etc. should be ensured so that these reforms invariably lead to modernization of the Forces, infrastructure development and self-reliance in the Defence sector.

Reply of the Government

The Committee may be assured that Ministry of Defence is taking steps to ensure that reforms already in vogue and to be taken up in future, will, inter-alia be aimed in the direction of acquiring platforms for modernizing Defence Forces, infrastructure development and self-reliance in Defence Sector.

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

Recommendation No. 7

The Committee learn that the as per Economic Survey 2020-21, Consumer Price Index-Combined (CPI-C) inflation increased to 6.6 percent (provisional) in 2020-21 (April to December, 2020) as compared to 4.8 percent in 2019-20. The annual rate of inflation based on monthly Wholesale Price Index (WPI) fell from 1.7 percent in 2019-20 to -0.1 percent (provisional) during 2020-21 (April to December, 2020). Based on Consumer Price index, the inflation stood at 4.6 percent (Provisional) in December, 2020 as compared to 4.8 percent in 2019-20. As per the submission of the Ministry, the Committee learn that the actual increase in percentage in Defence Budget at the stage of Revised Estimates 2020-21 over 2019-20 (Actuals) amounts to 0.41 percent after adjusting inflation. The Committee, therefore, recommend that allocations for Budget for the Ministry of Defence for 2020-21 at Revised Estimates stage should be suitably

enhanced so that the planned Capital and Revenue expenditure for the Forces is not negatively affected by inflation.

Reply of the Government

The Defence Budget allocation (all 4 Grants) in RE 2020-21 is Rs. 4,84,736.06 Crore, which is Rs. 13,358.06 crore more than BE 2020-21 allocation of Rs. 4,71,378.00 Crore. As regards Defence Services budget, there has been increase of Rs. 20,769.00 Crore in RE 2020-21 over BE 2020-21 allocations. It can therefore be seen that there has been increase in the overall Defence Budget and even more so in the case of Defence Services budget in RE 2020-21 over BE 2020-21 allocations.

2. Further, the Committee is apprised that suitable instructions are issued from time to time for compliance with financial propriety norms and avoidance of overspending/underutilization of funds. The Committee may be assured that all efforts will be made to ensure optimum utilization of the available resources. Based on progress of expenditure, pending committed liabilities etc., additional funds will be sought at appropriate stage(s). If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Recommendation No. 11

Further, the Committee find that out of the three Services, a notable mismatch, i.e. a shortfall of approximately 53 percent, between projected and allocated funds under Capital head exists in case of Navy. Therefore, they desire that a brief albeit comprehensive note on the measures being contemplated containing inter alia the measures to ensure that urgent critical projects and operational requirements of Navy are fulfilled, be submitted to the Committee within one month of presentation of this Report.

Reply of the Government

In BE 2020-21, Navy was allocated Rs 25,666.49 Crore under Capital head, which was enhanced to Rs 41,025.61 Crore by additional allocation of Rs 15,359.12 Crore at RE/Modified Appropriation (Final Grant) 2020-21 stage. With this additional allocation at RE/MA stage in FY 2020-21 under Capital head, Navy has been able to reduce its shortfall under Capital Head carry over Liabilities and Committed Liabilities in FY 2021-22.

2. Navy has been allocated Rs 32,050.02 Crore for BE 2021-22, which corresponds to an increase of Rs 6,383.53 Crore against BE 2020-21 of Rs 25,666.49 Crore. It is further submitted that considering pace of expenditure, pending committed liabilities etc. of Navy, additional funds, if required, will be sought under Capital Head during Supplementary/RE stage.

Army Base Workshops

Recommendation No. 12

The Committee find that the Army Base Workshops located across the country, are assigned the role of undertaking overhaul of specified weapons and support platforms in use by the Army. During deliberations on DFG 2021-22, the Committee were

informed that the 'Government Owned Contractor Operated' (GOCO) model is being introduced in the operationalisation and modernization of these Workshops. Further, process is also going on for best utilization of vast land bank available with the Forces. The Committee have been given to understand that optimum utilization of resources and land bank is to be achieved through the GOCO model. In this context, the Committee recommend that best international practices in respect of GOCO model specially those of developed countries should be studied and after making apt comparison with regard to suitability in our conditions be implemented by the Ministry of Defence so that optimum qualitative and quantitative utilization of vast land bank, plant, equipment and machinery available with the Army Base Workshops can be achieved. They also desire to be apprised of the latest developments in this regard within three months of the presentation of this Report.

Reply of the Government

The reply has been termed as "confidential" by the Ministry and has been forwarded to Hon'ble Chairperson in a sealed cover.

Indian National Defence University (INDU)

Recommendation No. 14

The Committee learn that finding scope of improvement after analysis of Detailed Project Report of Indian National Defence University (INDU), a Committee has been formed under the Chairmanship of Professor Kakodkar to finalise the blueprint of the University. The Report of Kakodkar committee is expected in one or two months and thereafter the Ministry will approach the Cabinet. The Committee concur with the deposition of the Chief of Defence Staff that for maintaining confidentiality and avoid divulging of military/classified knowledge, in-house research capability is much required. In this context, the Committee recommend that issue of creation of Indian National Defence University should be accorded top priority so that the nation has its own dedicated Central University to promote higher education and research in national security studies, defence technology and allied national security matters specially for the serving officers. It is too early for the Committee to take note of curriculum etc. of the University at this stage as the University itself is in nascent stage of commencement, yet they would like to be kept abreast of the developments which would lead to finality. The action taken in this regard may be intimated to the Committee within three months of the presentation of this Report.

Reply of the Government

After circulation of the Cabinet note, in the inter-Ministerial consultation, the need for reworking of the proposal to broaden the mandate of Indian Defence University as an institution of Excellence to study various areas of emerging challenges such as modern warfare, our neighbourhood environment, Space, Seas, Cyber and other areas has emerged. Accordingly, in this direction, a two member Committee, with Dr. Anil Kakodar as Chairman and Prof. V. Venkat Ramana as Member, was constituted in this Ministry on 09.11.2020 to evolve the proposal in consultation with stakeholders like Centre for Air Power Studies (CAPS), Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), Indian Council of World Affairs (ICWA) etc.

The Committee held deliberations with various stakeholders and based on the deliberations in the meetings, an interim report has been prepared and submitted by the Committee, which is under consideration in the Department.

BORDER ROADS ORGANIZATION (BRO)

Budgetary Allocation to BRO

Recommendation No. 15

The Committee learn that for the year 2020-21, the final allotment to Border Roads Organization (BRO) under MoD (Civil) was Rs. 6935.25 crore and the expenditure upto November, 2020 was Rs 4,339.66 crore. For 2020-21, the BE allocation is Rs. 6,004 crore under MoD (Civil) The Committee, after careful examination of the budgetary data received from the Ministry, deduce that as compared to allotment of Rs 3100 crore to BRO under Capital Budget in BE 2020-21 Rs. 2500 crore have been allocated for BE 2021-22. To a specific query of the Committee regarding areas where compromises have been made or likely to be made due to reduced budgetary allocation against the projections made by the BRO, the Ministry through a written note replied that after the transfer of BRO from the Ministry of Road Transport and Highways (MoRT&H) to MoD since 2015, there has been a gradual increase in allocation of funds to BRO. Further, in order to increase the pace of expenditure and BRO's absorption capacity various steps have been taken which include new policy guidelines for preparation of Annual Works Plan and Annual Procurement Plan, enhanced delegation of powers right upto the level of Chief Engineer and Task Force Commander, adoption of Engineering Procurement & Construction (EPC) mode of execution and delinking of salary of BRO personnel from works. The Committee take note of these steps taken to improve pace of execution of works by BRO, nevertheless, in their opinion, in current security scenario, role of BRO assumes great significance. Therefore they recommend that funds allocated to BRO should be suitably enhanced under intimation to the Committee as per their projections to enable BRO in performing their strategic role of developing and maintaining infrastructure in Border Areas. They also recommend that the matter be taken with the Ministry of Finance in the right earnest.

Reply of the Ministry

The provision for BE 2020-21 was Rs. 5586.23 Cr. (Net) and for RE 2020-21 was Rs. 6935.25 crore. The actual expenditure March (pre) is Rs. 6852.54 crore for FY 2020-21. The expenditure ceiling in respect of Border Road Organization is provided by Ministry of Finance. For this year, Ministry of Finance has approved the expenditure ceiling at Rs. 6004.08 crore (Rs. 3504.08 crore under Revenue Section and Rs. 2500.00 crore in Capital Section) for BE 2021-22.

The Committee is assured that the fulfilment of the mandate given to Border Road Organization is one of the priority areas of this Ministry and their critical requirements will not be compromised due to want of funds. Additional funds requirement of BRO, for the current Financial Year, will be considered on the basis of their absorption capacity and pace of expenditure and will be taken up with Ministry of Finance at Supplementary/RE stage.

Recommendation No. 16

The Committee have been apprised that based on the requirement of BRO, an Annual Procurement Plan (APP) amounting to Rs. 264.45 crore has been approved for FY 2020-21. As regards the status of procurement of critical equipment, 184 Dozer II equivalent, 6 Hot Mix Plants and 108 Tippers have been approved for procurement in APP 2020-21. 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 in order to induct the latest Vehicles/Equipment/Plants (V/E/P) in BRO, enhanced delegation of powers for procurement of both indigenous and foreign construction equipment costing upto Rs 100 crore has been accorded to DGBR. Also, policy guidelines for preparation of Annual Works Plan (AWP) and Annual Procurement Plan (APP) with reference to budget 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. The Committee are pleased to learn that bridge launched by BRO on Dokala Flag Hill has been manufacture entirely in the country. They are also satisfied with the status of current equipment held by BRO. However, in concordance with the aim of self-reliance in Defence sector, they recommend that urgent and concerted efforts be initiated by all the stakeholders i.e. BRO, Ministry of Defence, DRDO and other agencies concerned to ensure that maximum quantity of equipment, plant and machinery are indigenously developed, designed and manufactured. The action taken in this regard may be apprised to the Committee within three months of the presentation of the Report.

Reply of the Government

BRO during FY 2020-21 has procured the under mentioned indigenous construction equipments:-

S. No.	Type of Equipment	Qty (Nos)
i	Wheel Loader Cum Dozer	30
ii	Excavator	140
iii	Hot Mix Plant	06
iv	Tipper	80
v	Dozer D/S	44
vi	Dumper	10
vii	Motor Grader	06

Recommendation No. 17

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 (2018-23) Long Term Roll on Works Plan (LTRoWP) has been approved for the construction/improvement for 272 roads of length 14269.31 Km, 4 Ditch cum Bund (DCB) of length 353.22 Km and 4 bridges. Further, out of the 280 roads of length 14,622.53 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 2270.05 Km are in UT of J&K, 53 roads of length 3102.95 Km are in UT of Ladakh and 104 roads of length 5226.03 Km are in North Eastern Region (excluding road in Bhutan). The Committee are happy to note that approximately 79 percent of work has been completed by BRO with regard to construction of 61 Indo-China Border Roads (ICBRs) of length 3323.57 kilometer and approximately 44 percent

of work has been completed by BRO with regard to construction of roads in difficult areas of J&K, Ladakh, Uttarakhand and North-Eastern region. The Committee are also pleased to learn about various strategic roads, bridges and tunnel completed by BRO in 2020 viz. 6 bridges in Jammu & Kashmir, Atal Tunnel in Rohtang, 44 Bridges in J&K, Ladakh, Himachal Pradesh, Punjab, Uttarakhand, Arunachal Pradesh and Sikkim. As the five year 2018-23) Long Term Roll on Works Plan (LTRoWP) of BRO is about to reach in final stages, the Committee recommend that efforts should be intensified by BRO to achieve its targets of road and infrastructure development in the border areas within the set timeframe. It would not be out of place to suggest that if required, BRO can constitute its in-House Committee for effective oversight for completing the targets of the above plan. The Committee would like to witness a situation where in remaining two years, when the plan reaches finality, cent percent targets are achieved.

Reply of the Government

Progress of target planned and road projects are monitored at various levels for timely completion. For monitoring of Projects an in-House Committee is being formulated at HQ DGBR comprising of DDG (TP), DDG (East), DDG (RBAT) and respective CEs of HQ ADGBR (East) & HQ ADGBR (North West).

Further, regular review of progress of work is done at various levels in the Ministry.

INDIAN COAST GUARD

Recommendation Nos. 19, 20, 21 and 22

Recommendation No. 19

The committee note that in the year 2021-22 against projection of Rs 6400.00 crore at BE stage, Indian Coast Guard Organisation has been allocated Rs 5244.7200 crore. In 2020-21, Indian Coast Guard got only Rs 5032.7600 crore at BE stage against the projection of Rs. 8596.03 crore. At RE stage, in 2020-21, the organization had put forth a demand of Rs. 6087.84 crore. However, it was allocated only Rs. 4932.76 crore leaving a shortfall of Rs. 1155.08 crore. The Committee have also been apprised that the Indian Coast Guard envisages force level of 200 ships / boats and 100 aircrafts by the 2025 and for facilitation of timely materialization of targeted force level, 4 ships are under construction, 4 Ship Building Projects out of 06 are nearing completion and 16 Advance Light Helicopters ex-HAL are planned or delivery by September 2021. To accomplish the targets in overall force level and to reach finality, it does without saying that strong financial support would be required. Since Ministry is already aware of this expansion plan, the Committee recommend the invariably all support in terms of financial, or otherwise should be provided to meet the targets.

Recommendation No. 20

The Committee also take note of the fact that Indian Coast Guard (ICG) Organisation has peace time charter and 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 providing 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, Indian Coast Guard 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.

Reply of the Government

The observation is a statement of fact.

Recommendation No. 21

During the course of evidence before the Committee, the Director General of Indian Coast Guard Organisation admitted before the Committee that due to low budgetary allocation, additional allocation would be sought with the Ministry of Finance at Subsequent stage. Taking note of the fact that the Indian Coast Guard Organisation had been able to utilize all the allocated budgetary grants in the previous years and the allocation at BE stage (Revenue + Capital Budget) in 2021-22 is only Rs. 5244.7200 crore which is merely Rs. 211.96 crore more than the previous year 2020-21.

The Committee at this stage recommend that additional funds to be allocated to the Indian coast Guard Organisation the Revised Estimates or Supplementary Grants stage so as to meet the current requirements of the Organisation. The Committee also recommend that the Indian Coast Guard Organisation should make sincere efforts to utilize the budget allocated at BE stage in 2021-22 according to prescribed timelines and manner in order to avail additional funds at Supplementary Grants stage. The Committee would also like to be apprised of the final figures of Actual Expenditure in 2020-21 at the time of providing Action Taken Replies.

Recommendation No. 22

During presentation made before the Committee, they note that under the Revenue Head, Indian Coast Guard Organisation desired to have Rs 500 crore increase in Non-salary Revenue allocation in BE 2021-22 to clear carry forward liabilities and to cater for growth and development. Taking into consideration of the fact that in 2021-22, under Revenue Head, the Indian Coast Guard Organisation has been allocated Rs. 2594.72 crore viz-a-vizRs. 3,200.00 projected, which is Rs. 605.28 crore short of the BE Projections, the Committee recommend that the Indian Coast Guard Organisation should be allocated appropriate funds so as to clear all the pending liabilities and have better growth and development of the organization. The Committee would like to be apprised of the latest developments in this regard.

Reply of the Ministry

The expenditure ceiling in respect of Coast Guard Organization is provided by Ministry of Finance. Ministry of Finance has provided the expenditure ceiling of Rs. 5244.72 crore (Rs. 2594.72 crore in Revenue Section and Rs. 2650.00 crore in Capital Section) for BE 2020-21.

The actual expenditure of Coast Guard Organization in FY 2020-21 is Rs. 2539.37 crore in Revenue Section and Rs. 2505.37 crore in Capital section.

The requirements of Coast Guards Organization for additional funds will be evaluated on overall threats perception, prioritisation of requirement and their absorption capacity. The requirement of additional funds will be reviewed and will be taken up with

Ministry of Finance at supplementary/RE stage. It is also assured that operational preparedness of Coast Guard Organization are one of the priority areas of this Ministry and their critical requirement will not be compromised due to want of funds.

Recommendation No. 23

The Committee also note the various challenges and constraints faced by Indian Coast Guards i.e. requirement of land for operational needs, deficiency of accommodation for the personnel, pending implementation of new Land Acquisition (LA) Act 2013 for necessitating re-evaluation of the land. The Committee recommends that the Ministry of Defence should pursue all the above requirement with the concerned agencies so that proper infrastructural development takes place in Coast Guard to make it an organization to reckon with.

Reply of the Government

Development of infrastructure is vital facet for ICG and an adequate emphasis is being given to augment the infrastructure. As on date, ICG is holding 2336 acres of land against the authorization of 4242 acres of land. Over the last nine years, there has been a three fold (250%) increase in overall land holding of Indian Coast Guard. Also, ICG units are in constant liaison with the State Govt. / Airport Administration to obtain suitable offer towards acquisition/ leasing of the assets in accordance with the Land Acquisition Act, 2013.

DEFENCE ESTATES ORGANIZATION

Budgetary provision

Recommendation Nos. 24 and 25

Recommendation No. 24

The Committee find that Defence Estates Organization (DEO) is responsible for maintaining land records regarding ownership/title of defence land, defending all title suits pertaining to defence lands and administration of notified Cantonments. The Committee have been apprised that as against the amount of Rs. 43,639 lakh under Revenue Head in Revised Estimates 2020-21 for Defence Estates Organisation (DEO), Rs. 35,348 lakh have been allocated in Budget Estimates 2021-22, i.e. a decrease of Rs. 8,291 lakh. In BE 2021-22 under Capital Head, Rs. 1,108 lakh have been allocated compared to that of Rs. 947 lakh on RE 2020-21, i.e. an increase of Rs. 161 lakh. The Committee note that the actual expenditure done by DEO in 2019-20 stands at Rs. 48606.04 lakh under Revenue Head and Rs. 429.80 lakh under capital head. Keeping the pace of expenditure by DEO in 2019-20 and allotment in RE during 2020-21, the Committee opine that fund allocated in BE 2021-22 are adequate for DEO for fulfilling its mandate efficiently. Nevertheless, they recommend additional funds, if required, to DEO at Revised Estimates stage of 2021-22 may be allocated considering expenditure done in 2020-21 and prioritization of critical works in 2021-22.

Recommendation No. 25

The Committee note that Cantonment Boards have powers to raise resources through taxation, fees, lease rent in respect of lands under their management and rentals in respect of properties belonging to and vested in the Board. The main sources of income of a Cantonment Board are local taxes as house tax, conservancy tax, water tax, lighting tax, trade and profession tax, Service Charges and vehicle fee etc. Expenditure is mostly on establishment and contingencies connected with rendering various civic services including maintenance of hospitals/dispensaries and schools. The Committee have been apprised that resources of Cantonment Boards are limited as the bulk of the property in Cantonments is government-owned which is exempt from property tax. Moreover, the nature of Cantonments is such that there is only limited trade and business activity and practically no industry. However, during oral evidence of the representative of the Ministry of Defence, the Defence Secretary informed the Committee of a major achievement in respect of the finances of Cantonment Boards. The Cantonment Boards have started receiving the share of Finance Commission grant from the State Governments after recommendation contained in the report of the 15th Finance Commission. Further, the Ministry of Defence is pursuing the State Governments to provide funds to the Cantonments as given to the municipalities for carrying out activities/functions for their residents. The funds have been received from six States. The Committee, in this context aver and recommend that the Ministry should extend necessary budgetary and diplomatic support to the Cantonments so that various welfare initiatives taken by the Cantonment Boards in their areas continue unhampered.

Reply of the Government

The budget provision of DEO for BE 2020-21 was Rs. 387.42 crore and RE 2020-21 was Rs. 436.39 crore under Revenue Section. The actual expenditure is Rs. 404.56 crore (as per March (pre)) under Revenue Section during Financial year 2020-21. The budget provision for BE 2021-22 is Rs. 353.48 crore. The allocated funds for FY 2021-22 are in line with the pace of expenditure & utilization of funds.

The request of additional funds for DEO will be considered on the basis of their absorption capacity and pace of expenditure and will be forwarded/ recommended to Ministry of Finance for consideration at RE 2020-21/ Supplementary stage. The Committee is assured that various welfare initiative taken by Cantonment Boards in their areas will not be hampered for want of funds.

Recommendations Nos. 26 to 28

Recommendation No. 26

The Committee have learnt that as on date, about 4494 acres of defence land is under encroachment, held under the management of Defence Estates Organisation. In the opinion of the Committee, this issue is very serious and sensitive. Out of this, 2201 acres is inside Cantonments and 2293 acres is outside Cantonments. Out of this 4494 acres, about 2059 acres of land is under the unauthorized occupation of ex-agricultural lessees whose leases have already expired, about 787 acres is under unauthorised occupation of State or Central Government authorities and about 1614 acres of defence land under the management of Defence Estates Department is under encroachments by private persons. The Committee have been apprised that as regard land under unauthorised occupation of ex-agricultural lessees whose leases have already expired, administrative stay has been put in place until the resettlement of the lessees. As regard

the land under unauthorised occupation of State or Central Government authorities, discussions are going on for exchange of equal value defence land or other benefits. Besides these measures, efforts are being made to use Public Premises Act on the remaining land under the correct legal provisions.

Recommendation No. 27

The Committee have also been given to understand that following steps are being taken by the Ministry of Defence for evictment of encroachers:-

- i. Regular inspection of sites under respective jurisdiction is conducted by the Station Commander, DEO and CEO, as the case may be and they are required to issue annual certificates per rule regarding encroachments that have been taken place and action taken for its removal.
- ii. Defence land records management system has been strengthened by way of computerization of defence land records held by DEOs and Cantt Boards.
- iii. Survey, demarcation and verification of all defence land has been undertaken. Survey of defence land is now a continuing process.
- iv. The process of defence Land Audit has been institutionalized from 2011-12 as a continuing process.
- v. A Committee has been constituted under the chairmanship of Additional Secretary to periodically review action taken on removal of encroachments.

Further, Office of Surveyor General of India has been approached for consultation on use of drone technology for better management of Defence land.

Recommendation No. 28

Encroachment of Cantonment has become a perennial problem. The Committee note the various measures taken/commenced to remove encroachments on defence lands yet they feel that strongest measures should be taken ab-intio as soon as any instance of encroachment comes to knowledge. The Committee have been informed earlier that a big number of court cases are ongoing in this regard. Efforts should also be made to get rid of the flimsy court cases, if started by unauthorised occupants. It is a matter of serious concern to find that approximately 46 percent of land under management of Defence Estates Organisation is under unauthorised occupation of ex-agricultural lessees whose leases have already expired. In this regard, the Committee recommend that, wherever feasible from the point of view of security and legal considerations, negotiations by way of monetary compensations or other benefits may be initiated with these lessees similar to the process being followed in case of land under unauthorised occupation of State or Central Government authorities. They also recommend that the issue of securing equal value land from State or Central Government should be very effectively pursued to enable the Cantonments to maintain their sheen and secure the land as well.

Reply of the Government

It is submitted that about 70,000 acres of defence land is under management of DE Organization. Of this, as on 31.12.2020 about 4493 acres of Defence land under the management of DE Organisation is under encroachment. The details of these encroachments, State-wise, are enclosed herewith as Annexure I and it may be seen that out of the said 4493 acres, approximately 828 acres of Defence land has been encroached upon by the State and Central Government departments or their entities. Lessees of ex-agriculture leases have encroached about 2051 acres of land and about 1614 acres is encroached by private persons. The area of land under unauthorized occupation of ex-agricultural lessees is approximately 3% of the total defence land under management of Defence Estates Organization.

Out of 2051 acres of unauthorised occupation of ex-agricultural leases, 28 acres has been freed from encroachment in the recent past, after completion of due process of law. Further, matter has been taken up with the State Govt. of Madhya Pradesh and Haryana, (major portion of unauthorised occupation of ex-agricultural leases being located there), for offering Equal Value Land (EVL) in lieu of defence land for rehabilitating the ex-lessees on State Govt. lands.

Various steps taken by the DE Organisation as well as MoD have been enumerated as mentioned at Para 27 of the report. These steps include proactive measures by leveraging technologies related to Survey & Demarcation of defence land and Computerization & Digitisation of Defence land records. All efforts are being made for implementation of legal provisions also as a result of which 96 acres of Defence land has been freed from encroachment during the last three years i.e., 2018, 2019 and 2020 as per the details at Annexure II. Further, DGDE has issued SoPs for classification of defence land situated inside and outside Cantonment into various categories based on the threat matrix vide letter dated 26.03.2021. Detailed instructions on measures to be taken to protect defence land based on threat matrix have also been issued by DGDE vide letter dated 25.05.2021.

With regard to court cases, it is submitted that, field officers have been directed to complete PPE Act proceedings in time bound manner and for completion of action with due process of law.

Recommendations Nos. 29 and 30

Recommendation No. 29

The Committee have been informed the Ministry of Defence had constituted an Expert Committee on the Working of Cantonment Boards, under Chairmanship of Shri Sumit Bose, IAS (Retd), which submitted its report to the Ministry in February, 2019. The recommendations of the Expert Committee are under examination of the Ministry for implementation. Out of 45 recommendations, action has been taken/is being taken for implementation of the recommendations as under:

- (a) The Ministry of Defence has issued necessary instructions for giving permission for construction of a Water Closet/ toilet in an existing building within authorized tenements.

- (b) The Ministry has issued instructions for facilitating permission for repair/maintenance of houses by defining “repairs” and without seeking express sanction.
- (c) Study on redevelopment of civil areas in Cantonments is being undertaken by DGDE through The Energy Research Institute (TERI). Based on the outcome, revised guidelines for building bye-laws will be issued.
- (d) The XVth Finance Commission, while allocating Grants to the State Governments, has for the first time issued directions for distributing proportionate share of Grant to the Cantonment Boards in the States during the current financial year. Accordingly, the Cantonment Boards have received the first and second instalments of share of Finance Commission Grants from the State Government during the year.
- (e) Steps have been initiated for the constitution of three more Committees i.e. the Finance Committee, the Education Committee and the Health & Environment Committee under section 48(e) of the Cantonment Act, 2006 through amendment in Business Regulations by the Cantonment Boards.
- (f) Regarding the recommendations relating to Multi-level car parking, Land use classification and Land Use Zoning regulations/ Zoning exercise/ Prohibitive activities in zones and Planning and Development unit in DGDE, necessary instructions have been issued and progress of action taken is being monitored by Directorate General and Ministry of Defence.
- (g) The policies on renewal/extension of expired/expiring Cantonment Code/ Cantonment Land Administration Rules (CLAR) leases and delegation of powers for transfer & mutation of Old Grant Bungalows (OGBs) and amendment in Governor General Orders (GGO)-179 of 1836 are under consideration of the Ministry.

Recommendation No. 30

The Committee are satisfied, to some extent, to learn that action has been taken on some recommendations of the Expert Committee. However, some other significant policies on renewal/extension of expired/ expiring Cantonment Code/ Cantonment Land Administration Rules (CLAR) leases and delegation of powers for transfer & mutation of Old Grant Bungalows (OGBs) and amendment in GGO-179 of 1836 are under consideration of the Ministry. The Committee are of the considered view that expeditious implementation of rest of the recommendations of the Expert Committee is the need of the hour for providing relief to civilian population residing in the Cantonment areas. In this regard, they recommend that inter alia simplification in planning and permission process for various activities undertaken by the civilians should be heeded while taking decisions on rest of the recommendations of the Expert Committee.

Reply of the Government

In respect of renewal/extension of expired/expiring Cantonment Code/Cantonment Land Administration Rules (CLAR) leases, due to pending finalisation of new lease policy, MoD has extended the applicability of the interim policy issued vide MoD letter number 11013/2/2016/D(Lands) dated 10.03.2017, upto 31.12.2021 or till finalization of

policy whichever is earlier vide MoD ID dated 15.02.2021. Lease policy and CLAR is under active consideration in the Ministry and likely to be finalized shortly.

For delegation of power for transfer & mutation of Old Grant Bungalows (OGBs), amendment in GGO-179 of 1836 is under active consideration of MoD.

With regard to permission processes for various activities undertaken by the civilians, it is submitted that e-Chhawani project has been launched by Hon'ble Raksha Mantri on 16.02.2021, which aims to provide centralised access to civic services to more than 20 lakh citizens across 62 Cantonments through a multi-tenancy central platform. In addition, the portal provides relevant information about the Cantonment Boards and their services to the residents in a simple, easy to understand and effective manner.

At present, following services have been simplified and are being provided through eChhawani:

(i) Trade Licence:

Trade Licence application can be made on-line on a standardized form with uploading of only 4 documents (which, in some Cantonment Boards, was as high as 15 documents). The licence fee can be paid online by the applicant.

(ii) New Water Connections:

Application for new water connections can be made on-line on a standardized form with uploading of only 3 documents (which, in some Cantonment Boards, was as high as 10 documents). The water connection fee can be paid online by the applicant.

(iii) Lease Renewal

Application for renewal of lease can be made on-line on a standardized form with uploading of standardized 7 documents. The lease renewal fee can be paid online by the applicant.

(iv) Registration of Birth & Death

The facility for online registration of births and deaths has been made available for residents of Cantonments. A single page online form has been prescribed and registration procedure for births and deaths is now online.

(v) Public Grievances Redressal System

The general public can now register their grievances pertaining to Cantonment Boards online. The mobile number of all-important departments / officials is already uploaded on the official website and is accessible 24 X 7.

(vi) M-collect:

The general public can now deposit all types of miscellaneous payment for different services of Cantonment Board through the online payment gateway.

Amendments in Cantonments Act, 2006

Recommendations No. 31

The Committee note that 74th amendment of the Constitution necessitated a de-novo look into administration of Cantonments and the role of Cantonment Boards under the Cantonments Act, 1924. Accordingly, the Cantonments Act, 2006 was enacted to

consolidate and amend the law relating to the administration of Cantonments with a view to impact greater democratization, improvement of their financial base, to make provisions for development activities, and for other connected matters. During the course of examination of DFG 2021-22, the Committee were informed that several discussions have been with the stakeholders and the new Cantonment Act is being finalized.

The Committee is not oblivious of the fact that the process of enactment of the new Act has been undergoing for a while. During the last DFG, also they were informed by the Ministry of developments in this regard but to the dismay of the Committee, the new Act has not been seen the light of the day. Atleast now, the Committee in no uncertain words recommend that the new Act should be finalized at the earliest because it is causing concerns from several angles. One of it is the loss of income to cantonments as the leases etc. could not be renewed until the law is enacted. Secondly, there is no representative of the public in the Cantonments as the elections could not be held, again due to want of new legislation. It is evident that various processes connected with the welfare of the residents of the Cantonments areas and elections of 62 Cantonment Boards in the country are contingent upon requisite amendments in the existent Cantonment Act. Therefore, the Committee reiterate that with a view to bridge the gap between civil and military population in the Cantonment areas and achieve greater democratization in the earliest. They also reiterate their earlier recommendation that modalities for converting civil areas of Cantonments into municipalities may be worked out and the Committee be apprised.

Reply of the Government

The Cantonments Bill 2021 has already been drafted after consultation with various stakeholders and sent to Ministry of Law and Justice for vetting from legal point of views. With regard to the observations of the Committee on the loss of income to Cantonments due to non-renewal of leases, it is submitted that renewal of leases is not linked with the amendment to the Cantonments Act, 2006, and the matter of leases is being separately progressed. The policy for renewal/ extension/ conversion of expiring/ expired Cantt Code & CLAR leases and policy for leasing out defence land for educational purposes, sports and recreational facilities and setting up of petrol pumps are under active consideration in the Ministry

Regarding the conversion of civil areas of Cantonments into municipalities, provision exists in the Cantonments Act 2006, under section 4, for excision of Cantonment area / civil area by Central Government. Such proposals would be considered on case to case basis by Central Government (MoD) in consultation with State Government and the Cantonment Board concerned. Presently, the case of merger of private lands of Yol Cantt with adjoining Panchayat is under progress with State Govt of Himachal Pradesh.

DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUs)

Delivery of products by DPSUs

Recommendation Nos. 33 and 34

Recommendation No. 33

The Committee find that there have been slippages to some extent on the part of certain DPSUs in adhering to the delivery timelines while supplying items to the Forces. However, as these supplies are against firm and fixed contracts, there are no slippages on account of cost in majority of instances. The Committee, through the written submission of the Ministry, learn that Hindustan Aeronautics Limited (HAL) products are highly technology intensive and first of its kind development in the country, with dependence on multiple stakeholders, including foreign Original Equipment Manufacturers (OEMs) which at times poses unforeseen challenges. Due to such project/production aspects, there are certain instances of rescheduling of deliveries in consultation with the Customers. In case of Bharat Electronics Limited (BEL), though on-time delivery during last 5 years is around 80 percent, 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), products like Konkurs-M Anti-Tank Guided Missiles (ATGM), Invar ATGM were delivered beyond scheduled time due to technical snag encountered during proof firings. Akash Weapon Systems (AWS) were delivered beyond scheduled time due to various Design changes / modifications incorporated in Missiles & Ground Support Equipment (GSE) for improvement of the AWS, delay in receipt of input materials from vendors and delay in receipt of Tatra Vehicles from M/s BEML due to embargo.

Recommendation No. 34

In respect of Garden Reach Shipbuilders and Engineers Ltd. (GRSE), the delays in warship construction are primarily on account of delay in finalization of fit and freezing of specifications by the customer, failure of Major Equipment manufacturers and inability to progress Integrated Construction. In case of Hindustan Shipyard Limited (HSL), due to Covid-19 pandemic, there may be slippages in delivery timelines of ongoing projects due to *force majeure*. In reference to Project P75 of Mazagon Dock Shipbuilders Limited (MDL), revision of delivery dates and enhancement of cost occurred due to delay in delivery of material from OEMs/Suppliers, incomplete Technical Data Package Information System from collaborator/OEMs, delay in defect rectification and software issues and COVID 19 pandemic. The Committee opine that with vast experience of the DPSUs in dealing with core competencies in Defence sector, majority of the reasons cited above should not be a hindrance in timely delivery of products to the Forces. Keeping in view that timely delivery of products to the Forces is instrumental to the security plans of the Forces, the Committee recommend that the Ministry in consultation with the DPSUs should chalk out a foolproof strategy to strictly adhere to the time schedule of supply of Weapon systems, submarines, tanks and other assets. The Committee are mindful of the ramifications of CORONA pandemic on progress of construction and trials of equipment being developed and manufactured by the DPSUs. Therefore, they recommend that vigorous and concrete measures and requisite financial

aid, wherever required, may be extended for the DPSUs to achieve timely completion of critical items to be supplied to the Forces.

Reply of the Government

Department of Defence Production is taking various steps for the DPSUs to achieve timely completion of critical items to be supplied to the forces. Some of the measures are as under:

- Timely delivery of projects have been accorded high weightage in the MoUs of the DPSUs.
- Department on regular basis has taken up with Ministry of Home Affairs / State Government to exempt Defence Public Sector Undertakings from COVID – 19 related restrictions in the interest of National Security & to avoid delays in the supply of Defence Equipments to our Armed Forces.
- Relaxation in the form of a 4 months extension for all ongoing contracts has been given by DG(Acquisition) for the delivery of equipment to Armed Forces due to COVID-19 pandemic.
- Further, all DPSUs being profit making commercial entities have enough financial resources to tide over the COVID-19 pandemic causes.

HAL: HAL has a well-placed planning, monitoring and review mechanism at various levels and actions such as augmentation of facilities, increase in outsourcing, duplication of jigs etc., are implemented as required.

Some of the major initiative / guidelines taken to ensure meeting the timely requirement of customers, for various program are indicated below:

- ✓ In case of Manufacturing Programme, for firm order, items are ordered in a single go (generally upto 5 years) with staggered delivery.
- ✓ In case of ROH (Repair and Overhaul) Programme ordering is done 3 years in advance, considering 01 year firm task and 02 years forecast task.
- ✓ Liquidated Damages (LD) clause included
- ✓ In case of new development program, the contract generally calls for submission of security Deposit.
- ✓ During System or LRU procurements and also for Transfer of Technology (ToT) from OEM, generally commitment / assurance is obtained for lifetime support by OEM to ensure timely support of requisite spares and also to address obsolescence issues
- ✓ For major projects like LCA, review by all stakeholders is planned to undertake course corrections needed to enable HAL to deliver aircraft at rated production capacity.

Other measures to mitigate the delays include indigenization of fast moving & items required in bulk quantities, product upgradation to mitigate obsolescence issues, etc.

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 w.r.t 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/derelection 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 also pertinent to mention here that the ongoing pandemic due to COVID19 had impacted the company's on-time delivery during the initial stages of the outbreak/lockdown period. However, despite the hardships, the company has been taking appropriate measures to overcome the challenges and to ensure the timely delivery to the customers.

BEML: BEML wish to inform that 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. Bulk Production Clearance for Sarvatra Bridge system was received in October 2019 and supplies has been commenced. As of end March 2021, 8 sets of Sarvatra Bridge system have been supplied. In the case of ARV, order amendment is expected shortly for execution. Systems are already put in place to ensure proper due diligence before entering into any partnership.

BDL: Products like Invar and Konkurs-M ATGMs which are single shot devices encountered technical snag during proof firing. BDL has explored all the possibilities and ensured that technical snag does not occur. Further now proof firings are found to be successful.

Akash Weapon System has been supplied completely after incorporation of design changes in consultation with DRDO.

Varunastra order is under progress but there are some design changes suggested by DRDO which are being incorporated. BDL is making all out efforts to supply the items after incorporation of modifications.

MDL: Due to COVID-19 lockdown, apart from various restrictions on travel and deputation of manpower, challenges like non-availability of OEMs from Europe, delay of material from foreign OEMs have been a cause of concern and have hugely impacted timely progress of the project.

Presently, restrictions are imposed by local authorities due to the second wave of COVID-19, which has also begun to impact the projects. Efforts are being made to mitigate impact, to the extent feasible in the prevailing conditions.

Notwithstanding above, following measures (pertaining to project P-15B) have been taken by MDL to minimize project delays, expedite delivery of ships and for efficient execution of orders:

- (a) Outsourced all non-core activities.
- (b) Parallel hull construction at multiple locations through Mega Block outsourcing
- (c) Shaft Loading undertaken in Dry Dock with innovative shafting methodology to advance the readiness of GTAs
- (d) Structural work for shafting being undertaken on slipway itself to reduce Dry Dock duration and Overall production timeline
- (e) Preliminary Inspection (PI) work commenced on slipway itself to get higher compartment readiness

GRSE: 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. Further, the entire supply chain management system has been reviewed and streamlined to expedite the equipment delivery. Also, efficiency enhancement measures have been put in place in design, planning, commercial and production segments.

Despite the serious constraints brought out due to Covid-19, efforts are in hand to mitigate the impact on progress of projects through implementation of shift system, rescheduling & re-sequencing of production activities, engagement of multiple sub-contractors in staggered timings to progress work on low end jobs and revised productivity norms/standards. The results so far have been encouraging and notwithstanding the pandemic, GRSE has been able to achieve various critical milestones.

GSL: There has been no delay in delivery of products by GSL to its customers.

HSL: There are slippages in some projects due to ongoing Covid-19 pandemic. However, HSL is continuously reviewing the monitoring mechanisms and strategies for expediting the ongoing projects despite this critical situation.

There has been a significant improvement in adhering to the project timelines with the use of monitoring mechanisms like Critical Chain Project Monitoring (CCPM) for review of ongoing projects. The ongoing projects such as 2 No Diving support vessels and 4 nos 50T BP Tugs for Indian Navy are being monitored regularly by senior management.

Recommendation Nos. 35 and 36

Recommendation No. 35

After gleaning through the information supplied to the Committee, they infer that out of the nine DPSUs, Hindustan Aeronautics Limited (HAL), BEML, Garden Reach Shipbuilders and Engineers Limited (GRSE), Hindustan Shipyard Limited (HSL) and Mazagon Dock Shipbuilders Limited (MDL) are facing order book challenges and idling/underutilization of infrastructure capacity of certain equipment/systems in the current/coming years. The Committee learn that although in case of HAL, the 83 LCA Mk1A order is a great help to reverse the trend of declining production in the fixed wing segment, HAL rotary wing facility faces the threat of idling starting from next year

onwards due to lack of timely and sufficient orders. Similarly, the Tumakuru plant is dependent on the orders for Light Utility Helicopter (LUH). BEML is having an order book position of over Rs.12,000 crore which will be executed by 2023-24. The Committee further learn that most of the facilities in Garden Reach Shipbuilders and Engineers Ltd. (GRSE) will be idling after two years, if new orders are not received in the near future. The Committee also learn that the order book position of HSL is low when compared with other Defence shipyards and the balance orders are scheduled to be completed by end of March 2023. As regards MDL, against capacity of 11 Submarines, only 04 are under construction/Trials.

Recommendation No. 36

The Committee, after further scrutiny of the figures received from the Ministry of Defence, find there is pronounced mismatch between Profit After Tax and order book position in case of certain DPSUs. For example, in case of BEML, presently the order book position is of over Rs.12,000 crore, whereas, the Profit After Tax (PAT) has decreased from Rs.130.96 crore in 2018-19 to Rs.24.06 crore in 2019-20. In the Committee's opinion, this points to certain challenges/constraints being faced in order of execution by the DPSUs. In this context, the Committee recommend that the Ministry along with the DPSUs should carve out a concrete mechanism for timely and efficient execution of orders placed with the DPSUs in order to ensure complete utilization of infrastructural facilities and manpower strength in the DPSUs.

Reply of the Government

HAL: The major part of existing orders for supply of aircraft and helicopters, except new LCA MK1A contract for 83 nos received in Feb. 21, will be liquidated shortly. Production against supply contract of 222 Su-30 MKI aircrafts has been completed. The 12 additional Su-30MKI order is under process to avoid production breakup considering the raw materials/LRUs ordering lead time.

The Basic Trainer Aircraft, HTT- 40 under development at HAL has demonstrated compliance to all Preliminary Services Qualitative Requirements (PSQR) and is moving closer to certification. HAL has received Request for Proposal (RFP) from IAF for 70 Nos HTT-40 during Aero India 2021 and quotation have been submitted.

In the Rotary Wing segment, HAL has an established production capacity of 24 helicopters per annum. Additionally the Tumakuru green field facility is also being set up with a planned annual capacity of 30 helicopters per annum in the first phase. Letter of Intent (LoI) has been received from Indian Army and IAF for supply of 6 LUHs each.

The approval for placement of order on HAL for 15 Light Combat Helicopter (LCHs) is under progress. Pending receipt of orders, HAL has already produced three LCHs during 2020-21 against LOI received for 5 nos each from IAF and Army.

Two Do-228 Civil aircrafts produced by HAL have been certified by DGCA and efforts are being made with the help of Ministry of Civil Aviation and DDP to use Do-228 Civil aircraft under UDAN scheme.

Further, HAL has also indigenously upgraded the Hawk platform with incorporation of weapons, avionics, RTOS (Real Time Operating System) etc. This is HAL's internally funded program offering the Indian Armed Forces an upgrade and combat capability for the Hawk, transforming it into an Advanced Jet Trainer providing training on sensors and

weapons in peacetime into a potent combat platform during conflict. Recently Smart Anti Airfield Weapon (SAAW), the indigenous stand-off weapon system, was test fired successfully from the upgraded Hawk aircraft. IAF has shown interest for further 29 Hawk aircraft. HAL awaits production order for Hawk aircraft and fleet upgrade order.

HAL is expecting additional orders for the on-going programs like ALH, Hawk, Do-228 & SU-30 MKI and fresh production orders for new platforms like Do-228 Civil variant, LCH, HTT-40, LUH and indigenously upgraded Hawk and orders for engines. These anticipated orders along with the repair & over haul work, once materialized would help in sustaining the growth of organization in the coming years.

BEML: At present, BEML Limited is having an order book position of over Rs. 11,350 Cr. (as on 01.04.2021) which will be executed by 2023-24. Further orders are required from MoD and Indian Railways for having continuity in production and low utilisation of National facilities. As far as BEML Limited is concerned the orders received from MoD in the last 3 years is as below:

Year	Value in Rs. Crore
2017-18	64
2018-19	Nil
2019-20	45
2020-21	2003

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.

BEML has also in-house Designed, developed and supplied 2 nos. of Arjun Armoured Repair & Recovery Vehicle (ARRV) to CVRDE. Also, BEML Limited is the Nodal Agency for overhauling of complete ARV WZT-3.

Also, BEML's dedicated Engine Division which manufactures Air-cooled BEML Tatra Engines and engines for Engineer Plant Equipment, has taken up development of 1500HP engines for Main Battle tanks.

BEML is also in active discussion with Ministry of Railway for supply of Rail Coaches/ export of rail & EMUs.

Further to become cost competitive and sustain bottom line BEML has adopted various cost cutting measures. Some of the measures undertaken are as follows:

1. **Manpower Rationalization**
 - ✓ The rationalization has been done through Multi Skilling, Redeployment & Outsourcing
 - ✓ Fixed Term Employment

2. **Financial Re-engineering**
 - ✓ Availing cost-effective loans, digital payments and improvement in receivables in terms of no. of days.

3. Effective Procurement

- ✓ Reduction in single source and Proprietary items.
- ✓ Material Cost reduction by increased vendor base and outsourcing
- ✓ Inventory reduction

4. Productivity Improvement

- ✓ Continuous Productivity Improvements thru Process re-engineering, Design change, Material optimization, etc. by all manufacturing divisions.
- ✓ Reduction in Cost of quality thru Quality improvement projects viz. Quality Circle, Kaizen etc. resulting in Warranty expenditure reduction.

5. Energy Savings

- ✓ Utilizing over 90% of renewable energy for captive consumption generated thru Windmill and Solar Power plants established by the Company.
- ✓ Reduction of Carbon footprint.
- ✓ Replaced all its light fittings with LED Lighting at offices
- ✓ Canteen waste used for Bio Gas Plant.

6. Administrative Expenses & Others

- ✓ Ensured timely supply of equipment and spares avoiding LD
- ✓ Controlling other expenses viz. Stationary, Travelling and Communication expenses.
- ✓ Technology improvement towards Paperless office viz. implementation of File Life Cycle Management system, Online HR portal for Leave Application, Movement Pass, Salary Slips, Exit Management, Open Innovation Portal, Video Conferencing, etc.,
- ✓ Hiring of Transport vehicles has resulted reduction in vehicle maintenance and manpower.
- ✓ Rationalization of Regional / District Offices and Depots.
- ✓ Complete Ban on Single Serve Plastic Bottles leading to environment conservation and savings in expenditure.

BDL: BDL is currently supplying ATGMs, Akash SAM, Varunastra, Light Weight Torpedo and Missile Testing Equipment to the Armed Forces.

To improve the order book position, BDL is in active engagement with Ministry of Defence for early placement of orders regarding the following defence systems:

1. Akash direct order from IAF.
2. Akash 3rd and 4th regiment.
3. VSHORAD
4. Astra
5. NAG
6. MR SAM (IN)
7. Refurbishment of IGLA and OSA AK
8. SAAW
9. CMDS for Airbus

MIDHANI: In FY 18-19, contribution from defence sector has reduced to 10%. Consistent efforts in the last 2 years coupled with defence budget allocation have improved the orders from defence sector.

Value of defence orders booked during the period 2015-16 to 2020-21 is given below.

Details	Defence % Contribution					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Defence Order Booked (In Cr.)	551	225.78	384.7	184.2	228.89	383.6
Total Order Booked (In Cr.)	909	320.27	635.7	1844.1	786.01	504.8
Defence % Contribution	60.62%	70.50%	60.52%	9.99%	29.12 %	75.99 %

MDL: MDL has already delivered 03 Nos. Scorpene class Submarines under Project 75 to Indian Navy and balance 03 Nos. Submarines are under trials/construction

To overcome idling/underutilization of infrastructure capacity, MDL is in process of exploring other markets such as refits & repairs of Submarines and heavy engineering orders. Accordingly, MoUs are being signed with suitable vendors for taking orders.

MDL being one of the strategic partners shortlisted by IN, is awaiting the RFP for P75(I).

MDL is also capable of manufacturing strategic Submarines and have requested MoD to be considered for these Submarines, on competitive basis.

GRSE: In FY 2020-21 GRSE delivered 03 Nos. Warships including export of one Fast patrol vessel to Seychelles. The ships of the ongoing projects are under various stages of construction.

Further, towards utilization of the infrastructure, GRSE has responded to various RFI / RFPs floated by IN / ICG / friendly foreign countries as follows:-

Domestic Orders: Next Generation Offshore Patrol Vessel (NGOPV), Cadets training Ship (CTS), Fast Patrol Vessel (FPV), Air Cushion Vessel (ACV), Multi-Purpose Vessel (MPV), Unmanned Surface Vessel (USV), Acoustic Research Ship etc.

Export Orders: 04 types of Vessels from Saudi Arabia, 02 types of Vessels from Kenya, FRP Patrol Boats for Bangladesh.

GSL: Decline in VoP is due to interim low order book position as Project 1135.6 is at design stage and construction is presently at preliminary stage.

Notwithstanding this, GSL is making concerted efforts to secure short gestation projects in Domestic, Export, GES and Ship Repair segments, which will help in minimizing the potential impact due to lean executable orders to bridge the gap till the significant VoP contribution from Frigates and MCMV Projects. GSL has emerged L1 bidder in competitive bidding for construction of 02 Pollution Control Vessels for Indian Coast Guard, the contract for which has been concluded recently. The action initiated by GSL to sustain the VoP growth rate is given below:

- **New Business lines.** New frontiers like Inland River Navigation, FRP Boats for export and Composite Components /Structures are being developed to expand business line. Order for design and construction of specialized boats for Indian Army was obtained in 2020 for which production activities are currently in full swing. The Company also provides additional thrust towards harnessing the potential of

commercial shipbuilding and undertaken construction of commercial vessels such as tugs, ferry boats, cargo vessels, etc. to supplement the order book position.

- **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.
- **Ship Repair.** Major thrust is being given to ship repair to increase revenue. Accordingly, refit office has been set up at Karwar.
- **Diversification.** Supply of high value equipment for ships like Stern Gear, Fin stabilizer, Heli Grid & Sonar Domes for shipbuilding projects. Contract for Setting up of Damage Control Simulator for Indian Navy was signed on 07 Aug 2020. The preparatory work is presently under progress.
- **Export Efforts.** GSL is approaching potential clients in friendly countries for in-house designed ships for export market. GSL has emerged L1 for Nigerian Navy for Landing ship Tank, Training ship and Ship Design and Construction Center. 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.

To shore up its order book, HSL is vigorously participating in all competitive tenders issued by Indian Navy, Coast Guard, other Govt / private organizations in order to secure more contracts.

HSL has been nominated by MoD for construction of 05 FSS worth about ₹ 9043 Cr (AON Cost) for Indian Navy. A collaboration contract for Design, Supply & installation of Key Machinery Equipment, Technical assistance and implementation towards construction of 5 Nos FSS has been signed with M/s Anadolu Shipyard. Build specifications and price bid have been submitted to IHQ MoD(N). HSL intends to sign the contract with MoD in the third quarter of 2021 post contract and price negotiations.

Recommendation No. 37

The Committee recommend that for efficient discharge of day-to-day operations of the DPSUs and in compliance with Securities and Exchange Board of India (SEBI) regulations and Companies Act, 2013, the Ministry of Defence should ensure that there is no shortfall/vacancy in Board composition of the DPSUs.

Reply of the Government

Department of Defence Production (DDP) has left no stone unturned to fill the vacancies on the Board of DPSUs. As far as appointment of official directors on the board of Defence Public Sector Undertakings is concerned, the guidelines issued by DPE/DoP&T are being followed. As on date there are no vacancies of the official director on the board of DPSUs. For the appointment of Non-Official Directors, DDP has submitted list of panels to DPE for organizing the meeting of the Screening Committee

vide letter dated 30.12.2019, 27.04.2020, 01.05.2020, 19.05.2020, 20.05.2020, 18.12.2020 and 09.02.2021 along with a request to expedite the matter.

Self-reliance in Defence Sector

Recommendation No. 38

The Committee learn that the Ministry has taken steps to create an enabling policy environment to enhance defence production in the country. These include *inter-alia* notification of a 'Negative List' of 101 items for which there would be an embargo on the import beyond the timeline indicated against them, implementation of Defence Acquisition Procedure 2020, Defence Offset Guidelines 2020, notification of New Indigenization Policy, simplification of Make-II Procedure, reforms in Industrial Licensing, establishment of Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu, identification of nearly 100 Start-ups in Defence and Aerospace etc. The Committee are happy to note that as a result of various reforms, Micro, Small and Medium Enterprises (MSME) vendor base been increased from 8000 to 11405 from 2019-20, contract has been signed for 83 LCA Mk-1A during Aero India and 55 projects of approximately Rs.30000 Cr under Make-II have been accorded Approval-in-Principle. Further, with regard to Defence Corridors, Rs.3700 Cr investment has been announced and Rs.1007 Cr have been invested in UP Corridor; Rs.3100 Crore investment has been announced and Rs.1993 Core have been invested in Tamil Nadu Corridor. However, after examining the documents submitted by the Ministry, the Committee find that for financial year 2019-20, the Value of import in case of HAL, BEL, BEML, BDL, GRSE, GSL, and MIDHANI is greater than that of exports. In the Committee's opinion, this fact highlights that more such urgent and concerted efforts of all stakeholders i.e., the MoD and DPSUs are required to achieve maximum indigenization of Defence Products being manufactured by the DPSUs. They also recommend that details of the Value of exports and imports for each DPSU for 2020-21 may be furnished to the Committee after the end of the current financial year.

Reply of the Government

Department of Defence Production is making all possible efforts to maximize the indigenisation in Defence Public Sector Undertakings so that the import can be minimized and facilitating Defence PSUs to promote export. Following are the measures taken by Department of Defence Production and Defence PSUs:-

(a) Indigenization:

- i. Policy for Indigenization was notified 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: -
 - **Indigenization Portal (SRIJAN portal):** SRIJAN portal to promote indigenization was launched on 14 Aug 2020. As on date 10929 items, which were earlier imported, have been displayed on the portal. DPSUs/ OFB are interacting with these industries for indigenization of the items as per extant procedures. Out of 10929 items, for 2400 items the Industry has shown interest.

- **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 1728 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 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.
- (b) 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)
 - **Positive lists of Indigenisation:** Ministry of Defence has notified two positive list of items, for which there would be an embargo on the import beyond the timeline indicated against them. This is a big step towards self-reliance in defence. This offers a great opportunity to the Indian defence industry to manufacture these items using their own design and development capabilities to meet the requirements of the Armed Forces. The first list of 101 items was released in Aug 2020 and 2nd positive list of Indigenisation of 108 defence has been in May 2021. This list includes some high technology weapon systems like artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts, light combat helicopters (LCHs), radars, Helicopter with all up weight, Next generation corvette, Border Surveillance system, Land Based MRSAM weapon system, Rocket RGB-60 HE with fuse, Amoured Dozor, Anti –material Rifle, Counter Mine Flail, Instant fire Detection and suppression system for tanks and many other items to fulfill the needs of our Defence Services.
 - **Defence Acquisition Procedure (DAP) 2020:-** DPP 2016 has been revised as Defence Acquisition Procedure (DAP)- 2020, which is driven by the tenets of Defence Reforms announced as part of ‘Aatmanirbhar Bharat Abhiyan’. DAP-2020 lays down priority to procure defence items from Indian vendors.
 - Introduction of Make-III in DAP 2020.
 - Enhanced domestic procurement for FY 2021-22 i.e. 64.09% of the total procurement i.e. Rs. 71438.36 crore.
 - Action plan is notified to complete procurement in 2 years.
- (c) To Boost-up the Export in Defence Production following steps/initiatives have been taken:**

1. **Online issuance of Export Authorizations:** 'www.defenceexim.gov.in' portal is an end to end solution including consultation with Stakeholders. For repeat order i.e. export of same items to same Countries/ entities, Export Authorisations are issued within a day. Due to the online portal number of export authorisations have jumped exponentially from 288 in 2017-18 to 829 in 2019-20. The average time taken to grantee export authorization has reduced considerably from 24 days to 13 days in case of Parts and Components, and from 86 days to 35 days in case of Systems/ Sub-systems.
2. **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 this Department for export authorization requirements during the period of validity of the OGEL (i.e. 02 years). The companies will be required to have established Internal Compliance Programme (ICP) or Export Compliance Programme (ECP) before seeking OGEL.
3. Rationalizing the Standard Operating Procedure (SOP) for reducing the time taken and cut down red tapism.
4. Export Promotion Cell Set up.
5. Scheme for funding marketing activities by Defence Attaches for promoting exports.
6. Fully automated export portal and electronic sharing of export leads with relevant industry.
7. **Webinars with Friendly Foreign Countries (FFCs):** Regular webinars are being organized with the FFCs in collaboration with Industry Associations to promote export of indigenous Defence equipment including parts & components. So far, 15 such webinars have been organized with Australia, Brazil, Maldives, Nepal, Turkmenistan, Myanmar, Indonesia, Uzbekistan, Bangladesh, South Africa, Nigeria, Israel, Cambodia, Kazakhstan and UAE.
8. **Establishment of Offices by DPSUs in various countries:** Each DPSUs have been allocated specific geography to open their offices and undertake activities to promote export of Indian Defence Equipment.
9. **High Level Committee (HLC):** A High Level Committee (HLC) comprising of Raksha Mantri, External Affairs Minister and National Security Advisor has been constituted to facilitate faster clearance for export of major indigenous Defence platforms. The notification for constitution of the HLC has been issued on 11.01.2021.

Detailed DPSUs-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 license 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, 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 number of imported items with considerable Foreign Exchange (FE) savings through its extant procedure. During 2019-20, HAL has indigenized around 1500 items.

HAL has taken significant progress in the past couple of years in respect of Indigenisation/ Make in India in line with Government's initiatives as given below to encourage private participation for promoting domestic manufacturing capabilities of defence equipment in the country. These initiatives will help in reduction in import content and encourage/ create local aerospace ecosystems in the country.

- **Indigenisation through Make-II' Procedure:** A framework for implementation of 'Make-II' Procedure at DPSUs/ OFB has been issued by MoD in Feb, 2019. In line with Make-II framework of MoD, HAL Make - II procedure was made and implemented at HAL in Dec 2019. HAL has also identified items to be indigenized through Make-II procedure and the same is hosted in HAL's website. EOIs of these items are being issued in phased manner to take up for indigenisation under Make-II and till date HAL has issued Eols for more than 600 items till date for indigenisation under Make-II.
- **Hosting of Govt. Test Facilities for utilization by Private Vendors:** HAL has hosted more than 85 types of test facilities available at HAL for utilization by Industries on payment basis. These facilities are being extensively utilised by both govt. organizations and Indian private companies. More than 500 no. of enquiries on utilization of test facilities received and completed. More than 55 vendors (Indian Private Vendors and Govt. Organisations) have utilized the test facilities till now.
- **Uploading of imported items in Srijan Defence Portal:** MoD has developed and launched Srijan Defence Portal (an indigenization portal) to support Indian Industries with opportunities for Make In India in Defence. It acts as an interface or link between DPSUs and Indian private vendors for indigenization of imported components including alloys and special materials. HAL has uploaded more than 4800 nos. of imported items till July 2021 in the portal.
- **Participation in Defence Industrial Production Corridors:** Government has announced to develop two defence industrial production corridors in Uttar Pradesh & Tamil Nadu to promote domestic production of defence equipment by public sector, private sector, and MSMEs [Micro, Small, and Medium-sized Enterprises]. HAL has

planned capital investment of Rs 1200 Crs for the growth of UP Corridor and approx. Rs. 646.09 crores has been spent till Jan, 2021.

- **Hosting of items in HAL Website:** Apart from items identified under Make-II, HAL has hosted around 300 imported systems and sub systems of mechanical, electrical, avionics, instrumentation categories in HAL's website under 'Make in India' to enable private industries to take up for indigenization through HAL's extant indigenisation procedure. Contact details of division wise nodal officer for each item are also provided in the website www.hal-india.co.in under Make in India
- **Implementation of Third Party Inspection (TPI):** To further 'Make in India' efforts, Policy Document on utilization of Third Party Inspection (TPI), released in Dec 2018. Six TPI bodies has been approved and empaneled jointly with DGAQA, till date. Three divisions of HAL is already availing the services of TPI.
- **Special Focus on MSME:** MSMEs have also been granted relaxation in the registration and profitability criteria for consideration as eligible "Indian Vendor" for participation in the 'Make in India' initiative by GoI. MSME associations are being involved for carrying out feasibility studies for indigenisation projects. HAL Make-II procedure has earmarked projects with estimated cost (Design & development phase and Procurement phase) not exceeding Rs 250 Lakhs, for MSMEs/Startups.
- **Implementation of Public Procurement (Preference to Make in India) Order:** HAL has implemented the Public Procurement (Preference to Make in India), Order 2017 issued by DIPP vide letter dt.15th Jun 2017 and its subsequent amendments.
- **Organizing/participation in exhibitions/ seminars:** HAL is organizing, participating and supporting various exhibitions/ seminars/ webinar organized with MOD's initiatives to promote Indigenization and vendor development.
- **Support to Vendors:** HAL also provides requisite technical support to private vendors during Indigenous development, prototype development and testing. HAL regularly organizes Vendor Meet for capacity building of domestic players. Major structures for LCA like wing, front fuselage, rear fuselage and structures for Su-30 MKI like Vertical Fin, Stabilizer, Slat, cannard are realized through private vendors by extending all technical support.

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 organization. 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 Ibrahimpattanam 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 Governments.

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:

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

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

- o 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:

	CRL, Bengaluru	CRL, Ghaziabad	BSTC	PD&IC
Current Manpower	253	187	249	225

- o Empanelment of collaborative partners:

	Service Providers			R&D Consultants
	Design	Production	R&D Solution	
Empanelment in 2019-20	177	39	35	31

BDL: BDL has taken up 6% reduction in import of items during 2020-21 in MoU. BDL has identified 80 items for indigenisation under Make-II- Indigenization of products like Konkurs-M ATGM, Invar –ATGM, Milan -2T ATGM, LWT XP and Varunastra has been established by 96.3%, 87.9%, 71%, 91% and 86% respectively. Product wise Indigenization levels are as follows:

Product	Achieved	Remarks
Konkurs-M	96.3%	Further Indigenization is not viable / economical.
Invar	87.9%	Indigenization up to 95% is under progress & will be completed by 2022. Further 5% of Indigenization is not viable /economical.
Milan 2T	71%	As per the contract 71% of Indigenization is completed Remaining 29% is supplied by OEM as a kit.(Being all time import)
LWT-XP	91%	91% is already indigenized and further 8% import content is from tier II vendor and 1% is direct import by BDL.
Varunastra	86%	86% is already indigenized and further 14% import content is from tier II vendor. BDL is not importing any item from overseas supplier.

BEML: BEML has given major thrust to Self-Reliance and already achieved indigenization levels of over 90% in the mainline Mining & Construction products, over 80% in Rail coaches & EMU's, and High Mobility Vehicles (HMV) and over 65% in Metro cars. The overall import content depends on product mix manufactured each year.

To further enhance indigenization, BEML 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 "Atma-Nirbhar Bharat". Positive Responses have been received and is under compilation.

Towards protecting the Intellectual property of the Company, the Innovation Cell has succeeded in filing 206 IPRs since setting up, including 51 IPR during 2020-21 (Upto end Dec'2020) covering innovations in product design, manufacturing and operations. Eight patents have been awarded so far. BEML Limited have also instituted Awards to identify and encourage R&D engineers.

The Company is also engaging with premier academic institutions, R&D establishments like DRDO and ARAI and Industry Partners to leverage technology for the benefit of customers such as introducing AI features in machines.

Steps taken by Company to bring down Import level

- Indigenisation Committee has been formed at each manufacturing division having members from R&D, Planning, Purchase and Production. The indigenization activity is monitored at corporate level on regular basis.
- For the year 2020-21, Company has taken up indigenization of 214 items under Atmanirbhar Bharat for Srijan Portal. Development orders have already been placed for 188 items & sample accepted for 67 items.
- The Company is also working towards 'ZERO IMPORT' policy and published Eols for indigenous development of 850 items being imported. Development orders have already been placed for 663 items & sample accepted for 234 items. Further, efforts are on for indigenous development of balance items.
- BEML has entered into ToT for indigenous manufacture of High Mobility Vehicle cabins. Further, plans are afoot for local manufacture of defence spares and propulsions for Metro Cars / EMUs through JVs.

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 BhabhaKavach

- e) High temperature super alloys Superni 617, Superni 740, Superfer 800L required for Advanced Ultra Supercritical Power Plants to be built in India.
- f) Heaviest titanium alloy (74 kg) Castings for Naval applications
- g) First time supply of titanium components & subassemblies for Nuclear Applications
- h) Development of grid fin component for Gaganyaan mission of ISRO

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:

1. 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".
2. MDL has launched a separate "Atmanirbhar Bharat" Webpage in MDL website as a part of Atmanirbhar Bharat Abhiyan. The process of indigenisation, various items/equipment indigenised, items required to be indigenized (Eols) are displayed under the webpage. The webpage is being regularly updated.
3. A compendium of items indigenised was inaugurated and published on the MDL website as a part of Atmanirbhar Bharat week to demonstrate success stories.
4. MDL has hosted 518 imported items for around Rs 2050 Crores on the MoD/DDP initiated website www.srijandefence.gov.in. MDL is interacting with the Indian firms showing interest in listed products.
5. MDL contributed Rs 25 Crores to Defence Innovation Organisation(DIO). MDL has made contribution of Rs 40 Lakhs to FORGE Coimbatore in FY 2018-19 and in FY 2020-21, contribution of Rs 40 Lakhs under CSR is made to IIT Madras Incubation Cell. DIO throws the challenges related to Defence to the Start-ups & MSMEs for the solutions. Start-ups & MSMEs are supported with the funding for prototype development.
6. Since setting up of Indigenisation Department, MDL has successfully indigenized some of the major items/equipment through the Indian Industries. Indigenisation of these items has not only resulted in considerable cost savings to the exchequer but also helped India in becoming self-reliant as far as these items/equipment are concerned. The details of the items/equipment are as under: -

S No	Item / System Description	Earlier Source of Import	Now Indigenised By
1	Bridge Window Glass	M/s Saint Gobain, Spain	M/s Jeet & Jeet Glass, Jaipur
2	MCT Glands	M/s Roxtec, Sweden.	M/s Wallmax, Faridabad.

S No	Item / System Description	Earlier Source of Import	Now Indigenised By
3	SICADS	M/s Smiths Detection, Germany.	M/s L&T(SEC), Bengaluru & DRDE Gwalior
4	Asbestos Free Gaskets	M/s Naval Group, France	M/s James Walker - Imarco, Mumbai
5	E Glass cloth with adhesive tape for insulation	M/s Hexcel, France	M/s James Walker - Imarco, Mumbai
6	Ruch Sealing	M/s Naval Group, France	M/s Pilot Gaskets & Engineers, Mumbai
7	High Temperature Gaskets @ 650 Deg C	M/s Naval Group, France	M/s PGE Gaskets, Mumbai
8	Helo Landing Grid	M/s Naval Group, France M/s L&T, Mumbai	M/s Seetha Technologies, Chennai
9	Annealed Copper Gasket	M/s Naval Group, France	M/s James Walker - Imarco, Mumbai
10	Ventilation Valves	M/s Axima , France M/s Johnson Control, UK	M/s Chamunda Valves, Ahmadabad
11	Remote Controlled Valves (for IPMS)	M/s Thompson Valves, UK.	M/s Del Val, Pune
12	NBC Filters	M/s Axima, France	M/s Nikhitish Engg Pvt Ltd, Pune
13	AC Plants for Submarines	M/s SNORI France	M/s Shree Refrigeration, Karad
14	Battery Loading Trolley for Submarines	M/s Naval Group, France	M/s SEC Industries, Hyderabad

7. To reduce import dependence for ongoing and future projects, the various items/equipment targeted for the indigenisation in FY 2020-21 & FY 2021-2022 are as follows:

S. No.	Float	S. No	Move
1	Magazine Fire Fighting System along with CFEES, DRDO	1	Ref Plant for Submarine
2	Battery Loading Trolley for SSK Submarine	2	Poly Chloroprene Rubber Band/ Continuity Straps
3	RSS Screens for Ships	3	Static Frequency Converters for Submarines (MAKE II)
4	GRP panel for Submarines	4	Shock Mounts for Submarines
5	Soda Lime for Submarines (MAKE II)		

8. It may be noted that contracts are awarded to Shipyards by the Indian Navy (IN) giving exact details of equipment fit in the ships/submarines. The source of procurement for majority of the equipment/items is thus frozen right at the time of conclusion of the contract, leaving little/no scope for the shipyards to suomoto effect

any change both in the equipment fit or the vendor(s) from whom the equipment can be sourced. The equipment fit for each class of the ship also varies considerably. Further, the number of vessels in each project is also limited to 3 to 4 ships. Considering the time required for building ships and the requirement of a particular equipment/item as per the PERT/construction schedule, it is generally not a feasible option to begin indigenization of the items, post award of the contract and make it available for a given project as per the required schedule, except in case of minor equipment/systems.

9. If shipyards were equipment/system manufacturers, as is the case with BEL, HAL, BDL, BEML, then it is feasible to continuously enhance indigenisation content. However, shipyards are mainly integrators, where equipment are procured from vendors and integrated as per the user requirements.
10. Shipyards use a large number of yard materials such as weld consumables, lifting appliances, electrical machineries, tools & accessories, etc. In case of MDL, most of these items which were earlier imported, have been indigenised and are now sourced from Indian vendors.
11. It is possible for shipyards to undertake indigenization of shipborne items, presently being imported, if it is known with certainty that the indigenized items would be used in designated shipbuilding projects during construction and operation life of the ships. The Indian Navy has to play a proactive role in ensuring the same.

GRSE: The last two Projects executed by GRSE namely, ASW Corvettes and Landing Craft Utility (LCU) for Indian navy has over 90% indigenous content. GRSE has indigenized 22 major shipbuilding items and has taken up ten more items for indigenisation. GRSE also has a comprehensive '5 YEAR INDIGENISATION PLAN' for developing equipment worth approximately 400 Crores towards ensuring that indigenization targets for ongoing projects are met. GRSE has identified items for development under indigenisation for next five years and furnished to DDP under five year indigenisation plan.

The extract of Plan is appended below:-

5 YEAR INDIGENISATION PLAN/ YEAR WISE MILESTONES FOR AATMA NIRBHAR BHARAT and Status of Progress upto 31st December 2020			
Sl.	FY	No. of Products	Name of Products
1	2019-20	2 (INR 0.63 Cr)	1. Helo Connecting Gear for RLHTS. (INR 0.13 Cr/Ship set) 2. Mast Design, Construction and Integration on board Composite superstructure of Vessel. (INR 0.50 Cr/Ship set) <i>Indigenous development of above 02 products completed.</i>
2	2020-21	11 (INR 144.0 Cr)	1. 10T Telescopic Deck Crane. (INR 9.0 Cr/4 Ships) 2. Potable Pedestrian (Assault) Bridge. (0.20 Cr/Item) 3. Data Acquisition and Processing System (DAPS). (INR 85.0 Cr/4 Ships)

5 YEAR INDIGENISATION PLAN/ YEAR WISE MILESTONES FOR AATMA NIRBHAR BHARAT and Status of Progress upto 31st December 2020			
Sl.	FY	No. of Products	Name of Products
			4. Double Lane Portable Steel Bridges. (INR 2.0 Cr/Item) 5. 7 Items of 1MW DA, (INR 47.8 Cr/all items for 28 ship set) viz, i. Alternator with Accessories, ii. DA Acoustic Enclosure, iii. Control Systems, iv. Battery Charger with Accessories, v. Fuel Consumption Meter, vi. Coupling Accessories & vii. Base Frame. <i>Indigenous development of 02 products under Sl. No. 2 & 4 above completed. Others are in active progress for time bound completion.</i>
3	2021-22	2 (INR 8.25 Cr)	1. 3T Telescopic Deck Crane. (INR 3.35 Cr/4 Ships) 2. HP Air Fittings & Reducing Station. (INR 4.9 Cr/4 Ships)
4	2022-23	3 (INR 185.52 Cr)	1. Telescopic Helo Hangar. (INR 40.0 Cr/4 Ships) 2. Magazine Fire Fighting System for various compartments storing explosive on board. (INR 144.0 Cr/8 Ships) 3. Window Wipers. (INR 1.52 Cr/ 8 Ships)
5	2023-24	2 (INR 95.0 Cr)	1. Horizontal offset reduction Gear box designed to transmit 4.3MW. (INR 50.0 Cr for 12 items/6 Ships) 2. Planetary Epicyclic Gear box designed to transmit 25MW. (INR 45.0 Cr for 6 items/ 6 Ships)

GSL: As part of Government's efforts to achieve self-reliance in Defence Production, GSL has taken steps to support the Government's initiative and has indigenously developed several designs of following ships / platforms included in list of 101 items for import embargo:

- (i) Offshore Patrol Vessels
- (ii) Waterjet Fast Attack Crafts
- (iii) Survey Vessel
- (iv) Pollution Control Vessel
- (v) Next Generation Missile Vessel
- (vi) Multi Purpose Vessels
- (vii) Anti Submarine Warfare Shallow Water Crafts

From the above indigenously developed designs, GSL has constructed & delivered Offshore Patrol Vessels, Waterjet Fast Attack Crafts and Survey Vessels to Indian Navy, Indian Coast Guard and exported to Navies of Friendly Foreign Nations. The indigenously developed designs have saved the country's considerable amount of foreign exchange. The delivery of ships had contribution from private industries as part of supply chain of components / services there by creating opportunity for local industry in developing and manufacturing indigenous products and achieving Government of India's goal of self-reliance.

05 CG OPV Project: GSL has put in concerted efforts for indigenization in respect of components which were being imported hitherto to reduce dependencies on overseas vendors. For the ongoing 05 CG OPV project, GSL has successfully indigenized following major equipment which were previously imported and the details of cost savings achieved is given below:

Sl.	Equipment	Vendor	% of Indigenous content	Total savings (for 05 Nos Ships) Rs. in crore
1	Gear Box	M/s. Walchandnagar Industries Limited, Pune	85%	32.5
2	Steering System Gear	M/s. GeetaEngg Works Pvt Ltd., Thane	97.50%	1.65
3	Fin Stabilizer System	In collaboration with M/s. Naiad Dynamics, UK	40%	2.40
4	Heli Landing Grids	In collaboration with M/s FHS, Germany	50%	1.75
5	Water Tight Doors	M/s Automobile Corporation of Goa Limited	100%	0.35
6	Weather Tight Doors	M/s ZuariEngg. Works	100%	-

This has helped GSL in increasing the indigenous content from 62% for the previously executed similar project to 72% for the existing 05 nos Offshore Patrol Vessel project for Indian Coast Guard.

Project 1135.6. Under Make in India initiative, GSL has been entrusted with indigenous construction of 02 follow-on ships of Teg class (P 1135.6) and the contract was signed on 25 Jan 2019 with the Indian Navy. The execution of this project will result in developing indigenous capability in construction of high-tech Naval ships, which are hitherto being acquired from foreign countries. Many major items have been identified for indigenisation. 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 on Russian firms for spares and services support would reduce drastically.

Indigenisation road map for P1135.6 Project: GSL has identified equipment for P1135.6 Frigate project for IN for indigenisation. The year-wise indigenization plan is as given below:

Year wise Indigenisation Plan for P1135.6	
Sr. No.	Item
Year 2020-21	
1	Auxiliary Control System (ACS)
2	Fin Stabilizers with Controls
3	Steering Gear System
4	Shakti EW System
Year 2021-22	
1	HP / LP Air Compressors
2	Emergency Air Compressors
3	COTS NAV radar
4	ICCP System
5	Echo Sounder
6	Advanced Composite Communication System (ACCS)
7	LYNX U2 Gun Fire Control System
8	UASS (Upper Air Sounding System)
9	Anti Fouling and Anti Corrosive System
10	EM Log
11	PGD Cables
12	Hull Fittings- Manholes, Ladders, Guard Rails
13	Bollards of 03 Sizes
14	Combat Management System (CMS)
15	Anchor handling fittings
16	APMS + 2MSBs
17	IRL
Year 2022-23	
1	LED Lights & Fittings
2	ITTL
3	INS-SA RLG
4	SWISS
5	SRGM
6	AK 630
7	EON 51
8	GT intake for Boost Engine
9	GT intake for Cruise Engine
10	Mooring & Towing fittings and Ropes
Year 2023-24	
1	Window wiper System
2	Galley Items
Year 2024-25	
1	7.5M RIBs

Modernisation of Yard. Government of India has funded the modernisation of GSL yard to enhance GSL capabilities and infrastructure capacity. Infrastructure Modernisation plan is being implemented in phases of which phase 1, 2, 3A & MCMV GRP complex under Ph 4 have been completed. Implementation of balance phases (3B & MCMV Command Control Office building as part of Phase 4) are in progress. 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.

MoUs/Collaboration Agreements. Following MoUs/ Collaboration agreements have been entered into/ are being renewed with foreign firms to jointly manufacture defence platforms/ equipment:

- (a) M/s. Naiad Dynamics Ltd., UK for indigenous manufacture and assembly of Steering Gear and Fin Stabilisers.
- (b) M/s. FHS, Germany for indigenous manufacture of Heli Landing Grid, Traversing System and Hanger doors.
- (c) M/s. DCNS, France (now Naval Group), for setting up advanced Submarine Escape Training Tower (SETT), IPMS Simulator and Combat Management Simulator for Submarines for the Indian Navy.

M/s. Wartsila, France to indigenously manufacture and supply of CPP Stern Gear for ships built for the Indian Navy and Coast Guard, etc.

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 % of VoP achieved during the last 5 years is tabulated below.

Year	VoP (Rs Cr)	Value of imported materials consumed during the year (Rs Cr)	Indigenous content as a % of VoP
(1)	(2)	(3)	(4) = [(2)-(3)/(2)]*100
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	573.54	121.00	78.90

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	14.00
2	2020-21	MAKE-II	Gear Box 5.2 MW, RO Plant Alternator 5.2MW and STP	38.87
3	2021-22	MAKE-II	Flight Deck safety net system	2.00
4	2022-23	MAKE-II	Air vent hoods of NW300 & above sizes	1.50
5	2023-24	Import Substitution	Pneumatic Quick Closing valves	4.20

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 Government of India (<http://www.makeinindia.com>) has also been provided in the portal.

Further, details of the Value of Defence Exports and Imports for each DPSU for 2019-20 & 2020-21 are as under:

S. No.	Name of DPSUs	Export (Rs. in crore)		Import (Rs. in crore)	
		2019-20	2020-21	2019-20	2020-21
1.	HAL	127.4	193.56	7265.17	7277.50
2.	BEL	284.59	328.12	3356	3307
3.	BEML	0	0	674.03	600.23
4.	BDL	174.69	144.65	257	277.16
5.	MIDHANI	0	0.51	217.77	231.59
6.	MDL	0	0	1503	1364.90
7.	GRSE	0	84.34	98.89	78.89
8.	GSL	0	0	234.06	82.06
9.	HSL	0	0	121	304.26

CANTEEN STORES DEPARTMENT (CSD)

Budgetary Allocations

Recommendation No. 39

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. 25,877.72 crore in Budget Estimates 2021-22, it has been allocated Rs. 19802.09 crore, leaving a gap of Rs. 6,075.63 crore. To a specific query of the Committee in the regard, it has been

submitted by the Ministry that expenditure on operations will be optimized to ensure that the projected budget of Rs. 25,877.72 crore at BE stage in FY 2021-22 is sufficient for CSD to run its operations smoothly. The Committee are satisfied to note that facilities of CSD were also operational during CORONA pandemic. They further note that a big challenge before DSD is to complete its ongoing automation project in the financial year 2021-22 which is aimed to facilitate online purchase of Against Firm Demand (AFD and non-AFD items and meet ever-increasing expectations of its beneficiaries. The Committee are of the considered view that allocation of projected funds is indispensable for liquidation of past committed liabilities and contractual obligation, modernization of existing warehoused, smooth operation of AFD portal and commencement of e-commerce platform for non-AFD items. In light of these facts, the Committee recommend that enhanced budgetary allocation as projected by Canteen Stores Department may be extended to them and the Committee be apprised consequently.

Reply of the Ministry

The expenditure ceiling in respect of Canteen Stores Department is provided by Ministry of Finance. The budget provision of CSD for BE 2020-21 was Rs. 20098.50 crore and RE 2020-21 was Rs. 18000.00 crore under Revenue Section. The actual expenditure is Rs. 14508.07 crore (as per March (pre)) under Revenue Section during Financial year 2020-21. Ministry of Finance has provided the expenditure ceiling of CSD at Rs. 19800.00 crore for BE 2021-22 i.e. an increase of 10% over RE 2020-21.

The request of additional funds for Canteen Stores Department will be recommended on basis of their absorption capacity and pace of expenditure and will be forwarded/ recommended to Ministry of Finance for consideration at RE 2020-21 /Supplementary stage.

WELFARE OF EX-SERVICEMEN

Recommendation No. 40

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

General Statement. Matter of record.

Recommendation No. 41

During the course of the examination of Demands for Grants 2021-22, the Committee learn that Sainik Welfare Boards are run at State Level and District Level as Rajya Sainik Board and Zila Sainik Board in terms of cost. 75% cost is borne by the Government of India for special category Hill States at these two levels. For this purpose entire expenditure is borne by the State Government and claims are sent by the State Governments for settlement. The Committee with cautious optimism note that currently there is a backlog of Rs. 60-70 crore to be settled with the State Governments, the claims for which now have been approved. Taking note of the fact that Rs. 100 crore have been allocated at RE level for the Welfare of Ex-Servicemen and at this juncture, the Committee can only recommend that the funds allocated at RE Stage should be utilized to settle all the pending claims with the State Governments as the Ministry has assured. The Committee would also like to be apprised of the latest status of the pending claims.

Reply of the Government

Settlement of such claims is a continuous process. A sum of Rs 234.00Crore was allotted at RE and MA stage during the FY 2020-21, out of which a sum of approx. Rs. 172.00 Crore was utilized for the payment of Central Share to settle the pending claims of State Govts and few advance claims. Further, pending claims of Rs 64.73 Crore are under examination/scrutiny at Kendriya Sainik Board Sectt and will be paid after approval of the competent authority out of the BE allocated for the FY 2021-22.

Recommendation No. 42

The Committee are given to understand during the deliberations on DFG 2021-22 at the time of the oral evidence that some of the Sainik Kalyan Boards at District Level are not functioning in the way they should function for the welfare and resettlement of Ex-Servicemen. The Committee opine that 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 State/UTs/Districts. The Committee in this regard recommend that the Ministry should direct the States/UTs to set up an infallible monitoring mechanism to ensure that the Sainik Kalyan Board at State/District level functioning impeccably. The Committee further desire that a dedicated team to inspect the working and proper functioning of these Zila/Rajya Sainik Kalyan Boards regular intervals should be deputed so that the very purpose of establishing them are well served. The Committee further recommend that the Ministry should take concerted steps in consultation with the Union Territories of Jammu & Kashmir and Ladakh to establish Sainik Kalyan Boards each at the earliest.

Reply of the Government

Inspection of Rajya Sainik Boards (RSBs) by Kendriya Sainik Board (KSB) and Zila Sainik Boards (ZSBs) by RSB has been a regular feature. As far as possible, the inspection is concurrently undertaken by KSB officers, during visits to States for annual RSB meetings, State Management Committee meetings (SMCs) and Zonal meetings. The primary object of inspections is to evaluate the effectiveness and functional efficiency of the Sainik Board Organizations in the State with particular reference to the implementation of policies for welfare and resettlement of ESM/ Widows and their dependents. The RSBs are inspected by a representation of KSB once in a year. Directors of RSBs inspect Zila Sainik Boards and forward briefs /reports to KSB. The reports highlight the achievements/ deficiencies of ZSBs. Due to outbreak of Covid-19

pandemic, the inspections were temporarily suspended. Besides these inspections, the following periodical reports too, cover the annual performance of the Sainik Boards and reviewing policy guidelines regarding matters affecting the welfare of ESM:-

- (i) Pink Returns by Deptts of Sainik Welfare by 15 Mar and 15 Nov each year.
- (ii) Green returns by ZSBs through RSBs by 15 May each year

Efforts are on to upgrade the existing ZSB at Leh to an RSB for the purpose. ZSBs of Leh and Kargil will be under this RSB. Guidelines for up-gradation of ZSB Leh to RSB has been forwarded to Addl Secy (Home) Leh-Ladakh vide KSB letter No 010/Policy/Ladakh (UT)/Vol-1 dated 25 Feb 2020 for necessary action. Currently, the proposal for the said upgradation is with the Ministry of Home Affairs.

Recommendation No. 43

The Committee appreciate new initiatives taken/contemplated by DGR like Technical Service, women centric service and Office-cum-House Keeping& Maintenance (OHK&M) Scheme. The Committee desire publicity of these schemes should be given through RSB so that maximum number of Ex-Serviceman takes benefit of such scheme. The Committee also recommend that data of each and every Ex-Serviceman who has retired from the service should be maintained so that the Ministry of Defence could know what profession they are choosing so that policy initiatives depending on their inclination can be made for their eventual benefit.

Reply of the Government

Publicity of these new schemes are being given vide coverage through DGR Publicity Dte of DGR and KSB/ RSBs/ ZSBs so that maximum number of Ex-servicemen take benefit of such scheme as and when these are operationalised.

The recommendation of the Committee regarding maintaining of data of each and every Ex-Serviceman who has retired from the service is duly noted for compliance.

Recommendation No. 44

In conclusion, the Committee find that Department of Welfare of Ex-Serviceman has a very important role to perform. They are supporting various schemes for the resettlement of the ex-serviceman which does not only take care of the social benefits post retirements but even acts as an incentive for the willing citizens who intend to join the forces. Since the current examination is focused mainly on the budgetary grants, it is not feasible for the Committee to examine each and every such scheme individually. Therefore, the Committee recommend that a brief pinpointed note may be furnished to them on each and every such scheme containing inter-alia a comparison between the benefits and the constraints felt in the resettlement of such serviceman. This should include Sainik Welfare Boards functioning also. Such a note may bring out the numerical figures also as to the number of applicants and the numbers as to how many of such applicants got the benefit. The Committee would like to use this information in their subsequent examinations on subject reports or otherwise.

Reply of the Government

A brief pinpointed note on each resettlement scheme, along with benefits and constraints is attached as **Annexure-IV**.

DEFENCE PENSION

Budgetary Provisions

Recommendation No. 45

The Committee learn 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 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 find that as on 1.04.2020, There are total 32,77,742 Defence Pensioners which include 6,16,467 Defence Civilian Pensioners and 26,61,275 Armed Forces Pensioners. The Committee have been apprised that the amount allocated for BE 2021-22 in respect of Defence Pensions is Rs. 1,15,850 crore, which is Rs. 19,975 crore lesser than the allocation of BE 2020-21. When asked, the reason, as given by the Ministry, for this decrease is liquidation of previous year's carry over pension liabilities. The Committee, after examination of the budgetary data made available by the Ministry, note that 2016-17 onwards this is the first instance when BE allocation for a financial year for Defence Pension is lesser than that of the previous financial year. Another reason for this phenomenon is freezing of Dearness Allowance (DA) for a specified time period in view of Government's decision arising out of COVID 19 pandemic. The Committee also take note of the Defence Secretary's deposition that there is no proposal for amending the rightful pension of the Defence Pensioners. In this context, keeping in view the increase in number of Defence pensioners and release of DA after a set timeframe, the Committee at this stage can only recommend that, if need arises additional funds may be allotted to the Ministry under Defence Pension budget. It is needless to say the requirement may be revisited at the appropriate time.

Reply of the Government

For the Budget Estimate (BE) 2021-22 under Defence Pensions, a ceiling of Rs. 1,15,850.00 crore has been conveyed by Ministry of Finance. Further, Defence Pensions being an obligatory expenditure, additional requirement of funds for the Financial Year 2021-22 under Defence Pensions Grant, if required, will be projected/ sought at the Supplementary Stages of 2021-22 and also at Revised Estimates stage of 2021-22 from Ministry of Finance for consideration. It would be assured that pension payment is not restricted due to want of funds and additionality would be sought.

Centralized Pension Disbursement System

Recommendation No. 46

The Committee also learn that a web based interactive pension disbursement system for Defence Pensioners, with a view to reduce their grievances and automate the entire pension process starting with initiation of claim to sanction, disbursement and periodic revisions, is already being rolled out for Defence Civilians. The pilot for Army and Air Force is expected to be run shortly and module for the Navy is in final stages of development. Further, up to 95 percent of payments are reaching through e-mode, however, internal audit is one crucial area which is yet to be digitalized. During oral evidence on the subject, the Committee were apprised that most of the grievances/complaints pertaining to pensioners are related to the banks; the reasons being different interpretations of a Government circular, mistakes in calculation of

pension etc. Keeping in view the above facts and need for bringing greater transparency, accessibility and integration of information and swifter grievance redressal in respect of Defence pension, the Committee recommend that urgent and concerted efforts be made to implement Centralised Pension Disbursement System for all categories of Defence Pensioners at the earliest. They also recommend that factual position of the details such as IT infrastructure, manpower, funds and other requisite elements for timely and glitch-free implementation of the System may be intimated to the Committee within three month of the presentation of this report.

Reply of the Government

A comprehensive web-based interactive Pension Disbursement System named SPARSH (System for Pension Administration Raksha) for Defence Pensioners has been developed and is being rolled out. The system automates the processing of pension claims, as well as the sanction and payment of pension. It also provides an online portal where pensioners may access their entire pension sanction and payment data, avail services and register grievances.

The project is being rolled out for Defence Civilians. By the end of April 2021, six Defence Civilian organizations have begun using the new system. 2157 pension claims have been initiated and pension released in 498 cases, amounting to Rs.108.41 Crore. Module for Air Force and Navy (Sailors) has also gone live and 1197 claims have been initiated. Pension has been released in 303 cases, amounting to Rs. 77.98 Crore. System is also ready for Army & Navy (Officers) and will be rolled out shortly. IT infrastructure and other requisite elements for timely rollout of new system have already been planned and provisioned in the contract itself.

Pension Adalats

Recommendation No. 47

The Committee note that Pension Adalats are held by Controller General of Defence Accounts (CGDA) from time to time to redress the grievances of veterans. In these Adalats, representatives of Principal Controller of Defence Accounts (PCDA), Banks and other authorities assemble at one place for redressal of pension related grievances of veterans of Armed Forces. 175 Pension Adalats have been held so far across the country since 1987. During the last 3 years (2018 to 2020), 9075 grievances were received and 8997 grievances were settled in Pension Adalats. In the year 2021, 1 nationwide Adalathas been held through video-conferencing in which 61 grievances have been received and 34 grievances have been settled. In this context, the Committee recommend that more such e-Adalat initiatives be commenced in order to comply with 'social distancing' norms in this pandemic period while reaching out to the pensioners for their eventual benefit. The Committee also recommend that name 'Pension Adalat' is misnomer as there is no adalat as such, therefore, its name should be changed to some convincing name viz. 'Pension Samadhan' etc. or any other appropriate title as deemed fit by the Ministry.

Reply of the Government

This Department endorses the suggestion of holding e-Adalats in order to comply with 'social distancing' norms in this pandemic period and will advise CGDA to take steps to implement the same. In future also, e-Adalats will continue to supplement in-person meets.

The name 'Pension Samadhan' suggested by the Committee is accepted and the Defence Pension Adalats will henceforth be termed 'Raksha Pension Samadhan Aayojan'.

One Rank One Pension (OROP)

Recommendation No. 48

The Committee learn from the written submission of the Ministry of Defence that a sum of Rs. 10,795.4 crore has been disbursed as arrears to Defence Pensioners/Family pensioners on account of implementation of OROP. The next revision of pension under OROP was due w.e.f. 01.07.2019. It is convincing to learn that with the approval of Hon'ble Raksha Mantri, orders were 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. The Committee have also learnt that a plea challenging the basic definition of OROP and implementation policy finalized by the Government has been filed in the Court of law. In this regard, the Committee recommend that current status of the case, alongwith the details thereof, may be intimated to the Committee within three months of the presentation of this Report. Such details should contain the main contentions of the plaint on which case has been filed. It is deemed necessary in order to enable the Ministry to conduct due diligence so that further cases of this nature be avoided and only very genuine cases proceed for taking legal recourse.

Reply of the Government

The Government has taken a decision to implement the OROP despite huge financial burden, demonstrating its commitment to the welfare of ex-servicemen. OROP implies that uniform pension be paid to the Armed Forces Personnel retiring in the same rank with the same length of service, regardless of their date of retirement, which implies bridging the gap between the rates of pension of current and past pensioners at periodic intervals. Government of India has decided to re-fix the pension every five years under OROP vide MOD letter No. 12(1)/2014/D(Pen/Pol) dated 7th November 2015. Rs. 10795.4 crore has been disbursed as arrears to 2060220 pensioners/family pensioners on account of implementation of OROP w.e.f. 01.07.2014. Keeping in view the magnitude and complexity of defence pension, extensive consultations were held with experts and ex-servicemen to deliberate on the issue of implementation of OROP. After this exercise, it was considered practical and feasible to revise pension under OROP every five years and also to revise the pension (under OROP) for all pensioners retiring in the same rank with the same length of service as the average of minimum and maximum pension in calendar year 2013 as OROP has been implemented w.e.f. 1.7.2014. Those drawing pension above the average have been protected. As such, implementation of OROP has benefited past defence pensioners financially, though the amount of financial benefit may vary.

A plea on One Rank One Pension (OROP) policy finalized by the Government has been filed by Indian Ex-Servicemen League & Others in the Hon'ble Supreme Court raising the following three main issues:-

- (i) Fixation of Pension on calendar year of 2013 instead of FY of 2014.
- (ii) Fixation of Pension as mean of Minimum and Maximum pension.
- (iii) Pension Equalization every five year.

The matter is presently sub-judice in the Hon'ble Supreme Court.

Objective of OROP was to re-fix the pension of past pensioners with reference to the current pensioners and bridge the gap between the current and the past pensioners which has been achieved by implementing the rates notified in the tables attached with Government letter dated 3.2.2016.

The pension was re-fixed for all the pensioners who had retired up to 30.06.2014 on the basis of the average of minimum and maximum pension of personnel retired in year 2013 in the same rank and with the same length of service. Thus, the pension of those defence forces personnel who were drawing a pension that was more than the average were given the protection of pension as per the order and the pension of past pensioners was revised to their benefit as per the methodology enumerated in the Govt. order dated 7.11.2015. The pension of past pensioners drawing below the average was increased to the average pension. Thus, no past pensioners were put to any disadvantage of any kind. Further, para 2 of Government letter dated 3rd February, 2016 states that:-

“The existing pension of all pre-1.7.2014 pensioners / family pensioners shall be enhanced with reference to applicable table for the rank (and group in case of JCOs /Ors) in which pension with reference to the actual qualifying service as shown in Column-I of the tables subject to maximum term of engagement for each rank as applicable from time to time.”

Further, the Hon'ble Court in two separate judgements, namely, Indian Ex-Services League & Others Vs. Union of India &Ors [AIR 1991 SC 1182] and K.L. Rathee Vs. Union of India [SLJ 1997 (30 207)] had the occasion to examine the issue of OROP and the consequent effect of the ruling given by the Constitution Bench of this Hon'ble Court in D. S Nakara case reported in (1982) 2 SCR 165. In the case of Indian Ex-Services League (Supra), the Hon'ble Court after detailed deliberations, held that unless the petitioner's claim, in substance, of One Rank One Pension can be treated as flowing from the relief granted in the Nakara case, the reliefs claimed in these petitions though differently worded cannot be granted. Further, the Court observed that there is no scope for enlarging the ambit of the decision (Nakara case) to cover all the claims made by the pension retirees or a demand for an identical amount of pension to every retiree from the same rank irrespective of the date of retirement, even though the reckonable emoluments for the purpose of computation of their pension are different and the same principle has been reiterated by this Hon'ble Court in K. L. Rathi case (Supra).

In another case of Civil Appeal no. 770-771 of 2018 (arising out of CA Dy no. 26259/2016) titled Suchet Singh Yadav& Others vs. Union of India & others, [with CA No. 773-774 of 2018 (arising out of Civil Appeal Dy no. 25429/2017), with CA No. 7989 of 2015 with CA No.2368 of 2018 (arising out of CA Dy No. 7231 of 2016) with CA No. 7917 of 2016 with CA No. 2369 of 2018 (arising out of Diary no. 22257 of 2017)], this Hon'ble Court vide its order dated 21.2.2018 held as under: -

“The applicants, base their claims on the order of the Government of India dated 21.11.1997 and we have already held that those who were not in service on 1.1.1996 could not claim any benefit of the order dated 21.11.1997. Thus, present is not a case of any kind of discrimination and differentiation in pensionary benefits of pre and post 01.01.1996 retirees. We have already noticed above that order dated 21.11.1997 was issued in reference to pay and allowances of Armed Forces Officers, which pre-supposes that these officers were in the establishment on 1.1.1996. We thus are of the view that

applicants were clearly not entitled for grant of benefit of higher pay scale under the order dated 21.11.1997. The orders of the Armed Forces Tribunal extending the said benefit to those applicants who had already retired before 01.01.1996 are set aside whereas the orders of the Armed Forces Tribunal which have taken the view that Armed Forces Officers, who have retired before 01.01.1996 are not entitled for pensionary benefits are upheld.....”

CHAPTER II

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

Projections made by the Services

Recommendation Nos. 8 to 10

Recommendation No. 8

The Committee, after perusal of the Budgetary documents submitted by the Ministry of Defence, find that although the Services have always been successful in utilizing the budgetary amount allocated at the Revised Estimates stage for the past few years, the allocations to the Services are not commensurate with the projections at both Budget Estimates (BE) and Revised Estimates (RE) stage. This finding is corroborated by the fact that for the previous financial year i.e. 2020-21, at the stage of RE, Army projected a requirement of ₹ 1,92,455.85 crore for both Revenue and Capital expenditure, but was allocated ₹ 1,77,828.95 crore. The expenditure upto December 2020 is ₹ 1,22,044.98 crore. In the case of Navy, the projected amount stood at ₹ 80,149.12 crore for both Revenue and Capital in RE 2020-21, however, only ₹ 60,890.57 crore were provided. Similarly, while the Air Force projected a requirement of ₹ 1,17,560.39 crore in RE 2020-21, only ₹ 86,825.98 crore were allocated.

Recommendation No. 9

Further, the Committee find that for the Budget Estimates 2021-22, Army projected an amount of ₹ 1,70,705.28 crore under the Revenue Head, but has been allocated only ₹ 1,47,644.13 crore. Under the Capital Head, the projected amount stood at ₹ 51,492.10 crore but only ₹ 36,531.90 crore have been allocated, which amounts to a shortfall of ₹ 14,960.20 crore from the projected requirement. Likewise, for the financial year 2021-22, while the Navy projected a requirement of ₹ 34,256.83 crore, the allocated amount has been ₹ 23,360.68 crore under the Revenue Head. Under the Capital Head, while the Navy projected an amount of ₹ 70,920.78 crore, the allocated amount is merely ₹ 33,253.55 crore, a shortfall of ₹ 37,667.23 crore from the projected requirement. While an amount of ₹ 44,992.90 crore has been projected as the requirement under the Revenue Head by Air Force, ₹ 30,652.53 crore have been provided. Under the Capital Head, while the Air Force projected a requirement of ₹ 77,140.56 crore, the allocation has been only ₹ 53,214.77 crore, which amounts to a shortfall of ₹ 23,925.79 crore from the projected requirement.

Recommendation No. 10

In light of the above, the Committee have been apprised that the requirements projected by the Services are submitted to the Ministry of Finance for favourable consideration. While allocating funds, the Ministry of Finance scrutinizes 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. The allocated funds are optimally utilized towards operational activities. During discussion on DFG 2021-22, the Committee desired to know whether critical projects and operational

preparedness of the Services would be affected keeping in view non-allocation of projected Budget at Revised Estimates stage 2020-21. In this regard, the Chief of Defence Staff assured the Committee that the budgetary process is going in the right direction and the required budget would be allocated at RE stage. The Committee find some solace in the contention of Chief of Defence Staff (CDS), however, they would like to emphasize on the fact that the Forces have been able to completely utilize the allocated amount at Revised Estimates stage for past few years, and, therefore, recommend that there should be no mismatch between projected and allocated funds, at least at the Revised Estimates stage. Therefore, they also recommend that additional allocation of funds at Revised Estimates stage should be tirelessly pursued so that Revenue and Capital expenditure planned by the Forces in 2020-21 and 2021-22 is propitiously achieved. The Committee also opine that creation of non-lapsable Defence Modernisation fund will prove to be instrumental for ensuring timely and steadfast allocation of funds for procurement and creation of critical assets for the Forces. They further recommend that creation of non-lapsable fund should be pursued vigorously at the highest echelons of the Ministry and the Committee be apprised consequently.

Reply of the Government

The additional requirements projected by Services/Organizations were forwarded to Ministry of Finance (MoF) for favourable consideration at Revised Estimates 2020-21 stage. The additional requirements projected by the Services in RE 2020-21 were also discussed in detail with Ministry of Finance during pre-budget discussion meeting. In the Defence Services Budget (Grant No. 19 & 20) Ministry of Finance allocated Rs. 3,43,822 Crore in RE 2020-21, which was Rs. 20,769 Crore more than BE 2020-21 allocation of Rs. 3,23,053 Crore. Under the Capital Grant of Defence Services, RE 2020-21 allocation was Rs. 1,34,510 Crore i.e. Rs. 20,776 Crore more than BE 2020-21 allocation of Rs. 1,13,734 Crore.

2. The Committee may be assured that the modernisation plans of the Forces will proceed as planned. Additional funds will be sought at Supplementary/RE stage as and when required. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

3. Further, it is added that a matter of creation of Non-lapsable Defence Modernization Fund is being actively pursued in Ministry of Defence.

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

Wheeled Armoured Personnel Carriers

Recommendation No.13

The Committee are proud to learn that in line with the measures being taken to become self-reliant or 'Aatmanirbhar' in the defence sector, Wheeled Armoured Personnel Carriers (WAP) have been manufactured by the Ordnance Factories using technology provided by Defence Research and Development Organisation (DRDO). Further, these amphibious Carriers having a powerful engine are also being manufactured by private industries in the country and orders have been placed with such industries. The Committee are of the considered opinion that deployment of these Wheeled Armoured Personnel Carriers will add another lethal arsenal in our

reconnaissance and combat capabilities and therefore unequivocally recommend that requisite budgetary provisions should be made for procurement of these Carriers at the earliest.

Reply of the Ministry

1. In the 'Second Positive Indigenisation List' of 108 items notified on 31 May 2021, Wheeled Armoured Platform (Wh AP)-CBRN is one of the item.

2. The backbone of the Indian Army's infantry combat vehicles is the Russian designed BMP, BMP-II (SARATH) series of ICVs and its variants exclusively manufactured by erstwhile Ordnance Factory Board (OFB) and now by Armoured Vehicle Nigam Limited (**AVANI**), one of the corporate entity formed after OFB Corporatisation, since its induction in 1980. These are tracked vehicles used by Armed Forces in various terrains.

AVANI has also taken up a project for development of FICV (Future Infantry Combat Vehicle). The FICV will be more than just a conventional Armoured Vehicle for transporting troops. It will feature advanced technologies and multidisciplinary integration. The FICV will be amphibious and it must be air-transportable, which would imply a maximum weight of 18-20 tons. FICV is being developed by AVANI with active support from various other PSUs and Indian industry, wherein AVANI is the Lead Integrator. For illustration; Control; Communication and other electronic systems from BEL, Automotive System from BEML, ATGM System from BDL, Armour from MIDHANI and other sub-systems from Indian industries.

Besides above, for harnessing the capabilities of start-ups as per iDEX policy of MoD, erstwhile OFB and now Advanced Weapon and Equipment India Limited, one of the corporate entity formed of the OFB corporatisation, has fielded the problem statements in "Defence India Start-up Challenge" for development of "See through Armour".

As far as Wheeled Armoured Personnel Carriers are concerned, AVANI has not developed such vehicles so far. R&D work of erstwhile OFB, now AVANI in ICVs was focussed on fully tracked, highly mobile combat vehicle.

3. This matter is enquired with AVANI. BDL supplied ATGM's are being fitted on ICV BMP-II and T 90-S Tank only. These two vehicles do not come under category of Wheeled Armoured Personnel carriers (WAP). These two vehicles comes under category of Tracked Armoured Carriers(TAP) as the wheels does not have direct contact with the road, they have contact with the track plates only, tracks plate will have direct contact with the road. Wheeled Armoured Personnel carriers (WAP) means wheels will have direct contact with the road.

4. Armour supplied by MIDHANI for Wheeled Armoured Personnel carriers (WAP) is given below:

- (a) Bullet Resistant Steel
- (b) Composite Armour
- (c) Spall Liner

[For comments, please see Para Nos. 10 and 11 of Chapter I of the Report]

Public Private participation model and CSR in Cantonment Areas

Recommendations No. 32

The Committee, taking note of the resource crunch and infrastructure development often faced by the Cantonments and in the larger public interest, recommend that feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment areas may be explored by the Ministry of Defence. The action taken in this regard may be intimated to the Committee within one month of the presentation of this Report.

Reply of the Government

This is a welcome suggestion and feasibility of private participation and implementing Corporate Social Responsibility (CSR) scheme in the educational and health institutions being run in the Cantonment Areas can be considered by the MoD suitably.

[For comments, please see Para No. 17 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

-NIL-

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:

Recommendation No. 18

During deliberations on Demands for Grants 2021-22, issue of construction of Border Roads in Coastal areas of the country was surfaced. In this regard, the representatives of the Ministry informed the Committee that roads to be constructed by BRO are decided on basis of threat assessment and operational prospective of the Forces. The Committee, at this stage, can only recommend that a comprehensive study on requirement of BRO in the Coastal areas of the country keeping in view current threat assessment and operational requirements of the Forces may be undertaken by Ministry of Defence in consultation with the Forces and BRO, and the Committee be accordingly apprised. The Committee are not oblivious of the fact that a renewed emphasis is accorded to sea power in the current threat perception scenario. Coastal roads would definitely contribute to such an aim. Therefore, this study should be effusive and be completed within the set timeline as decided by the Ministry.

Reply of the Government

The recommendations of the Committee are noted. Further, as the Army has accorded higher priority for development of infrastructure along Northern Borders, presently greater impetus is being accorded for this critical road development by BRO, which is under taken in a time bound manner. Therefore, employment of BRO for roads construction in coastal region has been accorded lower priority.

[For comments, please see Para No. 14 of Chapter I of the Report]

CHAPTER V

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

-NIL-

**New Delhi;
17 November, 2021
26 Kartika , 1943 (Saka)**

**JUAL ORAM
Chairperson
Standing Committee on Defence**

**State-wise detail of type of encroachments on defence land under the management of
Defence Estates Organisation as on 31.12.2020**

S.N.	State	No.	Area (in acres)	Encroachment 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
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	1796	471.4312	7	55.1100	0	0.0000	0	0.0000	1789	416.3212	0
6	Chandigarh	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
8	Delhi	1897	69.0947	0	0.0000	2	36.1497	0	0.0000	1895	32.9450	0
9	Dadar Nagar Haveli	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
11	Goa	0	0	0	0	0	0	0	0	0	0	0
12	Gujarat	91	3.2397	1	2.8200	0	0.0000	0	0.0000	90	0.4197	0
13	Haryana	426	465.4725	47	185.0648	0	0.0000	294	256.4620	85	23.9457	0
14	Himachal Pradesh	87	44.0202	5	20.1300	0	0.0000	5	17.1890	77	6.7012	0
15	Jammu & Kashmir	356	34.1359	1	0.3552	0	0.0000	2	9.3770	353	24.4087	0
16	Jharkhand	2	8.1900	2	8.1900	0	0.0000	0	0.0000	0	0.0000	0
17	Karnataka	282	1.8807	1	0.1200	0	0.0000	0	0.0000	281	1.7607	0
18	Kerala	108	1.9119	3	0.6500	0	0.0000	1	0.0185	104	1.2434	0
19	Lakshadweep	0	0	0	0	0	0	0	0	0	0	0
20	Madhya Pradesh	3431	1349.5602	9	30.3599	0	0.0000	306	1278.3600	3116	40.8403	0
21	Maharashtra	5065	284.4489	30	148.9670	1	3.0000	2	20.0000	5032	112.4819	0
22	Manipur	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
24	Mizoram	0	0	0	0	0	0	0	0	0	0	0
25	Nagaland	0	0	0	0	0	0	0	0	0	0	0
26	Odisha	0	0	0	0	0	0	0	0	0	0	0
27	Punjab	2793	130.3789	21	59.2539	2	28.1500	1	10.0000	2769	32.9750	0
28	Rajasthan	1019	25.7945	8	0.3768	0	0.0000	0	0.0000	1011	25.4177	0
29	Sikkim	0	0	0	0	0	0	0	0	0	0	0
30	Tamil Nadu	2171	38.2248	9	1.1990	0	0.0000	0	0.0000	2162	37.0258	0
31	Telangana	674	60.4318	6	10.2645	0	0.0000	1	1.8000	667	48.3673	0
32	Tripura	0	0	0	0	0	0	0	0	0	0	0
33	Uttar Pradesh	9112	1219.3413	72	66.1640	1	0.6000	80	457.8830	8959	694.6943	0
34	Uttarakhand	276	15.5761	3	5.4500	0	0.0000	0	0.0000	273	10.1261	0
35	West Bengal	444	90.6622	0	0.0000	1	2.0000	0	0.0000	443	88.6622	0
	Total	30044	4492.7153	228	757.8441	7	69.8997	692	2051.0845	29117	1613.8870	0

Encroachment by State & Central Govt. Deptt. 828
 Encroachment by Others (Private Persons) 1614
 Encroachment by Ex-agriculture leases 2051
Total 4493 acres

State-wise details of encroachments removed from Defence land under the management of Defence Estates Organisation during the last 03 years

S.N.	State	Encroachment removed during the year			Total encroachment removed during last 03 years Area (in acres) (Col. 3+4+5)
		2018 Area (in acres)	2019 Area (in acres)	2020 Area (in acres)	
1	2	3	4	5	6
1	Andhra Pradesh	0	0	0	0
2	Arunachal Pradesh	0	0	0	0
3	Assam	0	0	0	0
4	A&N Island (UT)	0	0	0	0
5	Bihar	0	0	0.0688	0.0688
6	Chhatisgarh	0	0	0	0
7	Delhi	0	0	0	0
8	Goa	0	0	0	0
9	Gujarat	0.0079	0.0333	0.0050	0.0462
10	Haryana	0	9.6828	0	9.6828
11	Himachal Pradesh	0	0.0806	0	0.0806
12	Jammu & Kashmir	0.0200	0.1250	0.1660	0.3110
13	Jharkhand	0	0.0200	0	0.0200
14	Kerala & Lakshadweep	0	0	0	0
15	Karnataka	0	0	0	0
16	Madhya Pradesh	0.4134	4.9284	7.4800	12.8218
17	Maharashtra	0.5364	0.3276	0.0489	0.9129
18	Manipur	0	0	0	0
19	Meghalaya	0	0	0	0
20	Nagaland	0	0	0	0
21	Odisha	0	0	0	0
22	Punjab	0.2991	0.0681	2.4300	2.7972
23	Rajasthan	0.7256	0	2	2.5205
24	Sikkim	0	0	0	0
25	Tamilnadu	0.9557	0.1080	0.0269	1.0906
26	Telangana	0	0	0	0
27	Uttar Pradesh	2.3146	58.0641	0	60.3787
28	Uttarakhand	0.0183	0	5.3928	5.4111
29	West Bengal	0.0023	0	0	0.0023
	Total	5.2933	73.4379	17.4133	96.1445

Note: The figures show the extent of encroachments removed during the period. It does not show some new encroachments reported during the period which could not be removed.

**State-wise detail of encroachments on defence land detected on
Defence land under the management of Defence Estates Organisation
during the last 03 years.**

S. N.	State/UT	Encroachment detected in the year			Total encroachment detected in the last 03 years Area (in acres)
		2018 Area (in acres)	2019 Area (in acres)	2020 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	4.1300	4.1300
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	36.1497	36.1497
11	Goa	0	0	0	0
12	Gujarat	0.0026	0.0050	0.0434	0.0510
13	Haryana	9.6800	0	0.4593	10.1393
14	Himachal Pradesh	0.0052	0	2.432	2.4371
15	Jammu & Kashmir	0	0	0.5152	0.5152
16	Jharkhand	0	0	0	0
17	Karnataka	0	0	0	0
18	Kerala	0	0	0.0080	0.0080
19	Lakshadweep	0	0	0	0
20	Madhya Pradesh	0.2950	0.0029	0.0091	0.3070
21	Maharashtra	0.4375	0.0391	0.0243	0.5009
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	Puducherry	0	0	0	0
28	Punjab	0	0	2.5663	2.5663
29	Rajasthan	0.4046	0	2.9643	3.3689
30	Sikkim	0	0	0	0
31	Tamilnadu	1.1700	0.0138	0	1.1838
32	Telangana	0	0	0	0
33	Tripura	0	0	0	0
34	Uttar Pradesh	0	0.6085	0.1140	0.7225
35	Uttarakhand	0	0.0098	0	0.0098
36	West Bengal	0	0	2.3900	2.3900
	Total	11.9949	0.6791	51.8055	64.4795

The brief note, along with benefits and constraints : DGR

Sl. No.	Scheme	Benefits	Constraints																				
1.	<p><u>DGR Sponsored Security Scheme.</u> The DGR empanels / sponsors ESM run Private Security Agencies, and State ESM Corporations for providing security guards to various CPSUs, Corporate Houses, Private sector Undertakings etc. The scheme offers self-employment opportunities to retired officers and adequate employment opportunity to retired JCO/OR, in a field, where they have sufficient expertise. This is the largest Employment Scheme of DGR and is looked after by DGR and the DRZs. Wherein DRZ(N) is responsible for</p>	<p>(a) <u>Security Agency Empanelled*</u> Following number of ESM(O) have been benefitted from this Scheme.</p> <table border="1" data-bbox="595 607 1225 689"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>325</td> <td>458</td> <td>648</td> <td>1289</td> <td>625</td> </tr> </tbody> </table> <p>(b) <u>Number of ESM Sponsored**</u> Following number of ESM (JCOs/OR) have been benefitted from this Scheme for employment as Guards.</p> <table border="1" data-bbox="595 902 1225 985"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>40863</td> <td>33394</td> <td>35558</td> <td>42289</td> <td>32469</td> </tr> </tbody> </table> <p>(c) Presently there are approximately 1000 operational Security Agencies running 48000 guards Pan India.</p> <p>(d) Status of guards upgraded to skilled and highly skilled from semi skilled and skilled labour respectively vide gazette notification dated 19 Jan 2017. Accordingly wages of guards pan India has been substantially increased by approximately 50% to 60% approximately. As the present scale of the unarmed skilled worker has been increased from Rs 414.00/- to 637.00/- (Rupees Four Hundred Fourteen to Six Hundred Thirty Seven) per day in Class 'A' Areas.</p>	2016	2017	2018	2019	2020	325	458	648	1289	625	2016	2017	2018	2019	2020	40863	33394	35558	42289	32469	<p><u>Difficulties being faced by ESM in obtaining PSARA licence from State Home Deptts.</u> Problems are being experienced by ESM especially in the States of Andhra Pradesh, Chhattisgarh and J&K.</p>
2016	2017	2018	2019	2020																			
325	458	648	1289	625																			
2016	2017	2018	2019	2020																			
40863	33394	35558	42289	32469																			

	<p>allocation of Security Guards in the State of Jammu & Kashmir, DRZ(W) is responsible in the State of Punjab, Haryana & Himachal Pradesh, DRZ(C) is responsible in the State of Uttar Pradesh and Madhya Pradesh, DRZ(S) is responsible in the State of Gujrat and Maharashtra and DRZ(E) is responsible in the State of West Bengal. Other States are looked after from this HQ. Guards are allocated based on requisition received from PSUs. The scheme is governed as per the Gol, Ministry of Defence, Deptt of ESW and a Board of Officers is held prior to allotting Security Guards.</p>												
<p>2.</p>	<p><u>ESM Coal Loading and Transportation Scheme.</u> The scheme to raise Ex-Servicemen (ESM) Coal Transportation</p>	<p>(a) Following number of ESM(O) have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1805 1230 1895"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>65</td> <td>21</td> <td>80</td> <td>28</td> <td>Nil</td> </tr> </tbody> </table> <p>(b) The company is sponsored by DGR for a period of five years which can be extended by four years, if the performance of the ESM</p>	2016	2017	2018	2019	2020	65	21	80	28	Nil	<p><u>To revoke the Coal and Transport Scheme (DGR re-settlement scheme with Coal India Limited (CIL) -</u></p>
2016	2017	2018	2019	2020									
65	21	80	28	Nil									

<p>Companies was formulated between the erstwhile Ministry of Energy and Ministry of Defence in 1979 with the aim of having union free captive transport organisations in coal subsidiaries and providing an opportunity to ex-servicemen for resettlement. The Scheme is administered on the basis of MoU between the Coal India Ltd (CIL) and DGR. On receipt of requisition from the Coal Subsidiaries of CIL i.e. South Eastern Coalfields Limited, Chhattisgarh, Western Coalfields Limited, Nagpur, Mahanadi Coalfields Limited, Odisha, the offer is given to the five senior most eligible empanelled ESM(O) for this scheme, willing to undertake the work, to carry out a feasibility study</p>	<p>Company is found satisfactory.</p>	<p>CIL has unilaterally stopped the scheme since 30 June 2020.</p>
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<p>of the proposed area offered. If the study is found profitable the ESM are advised to register their company under The Company Act of 1956. This ESM Company has to start with capital of Rs 60 to 80 lakhs (Rupees Sixty to Eighty Lakhs) which is pooled in by all the directors equally. The Company is required to undertake coal loading and transportation at the site offered. The job is undertaken with the help of heavy machinery like pay loaders and tipper trucks. The payloaders are purchased by the company whereas the tipper trucks are attached to this company by Ex-Servicemen waiting in a separate waiting list maintained in DGR. The ESM company starts its operations with one payloaders and</p>		
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	<p>ten tipper trucks and can expand upto four payloader and forty tipper trucks. In order to ensure adherence to MoU and Guidelines for running this scheme, a number of reports and returns are sought from the company, also, periodic site visits are carried out by DGR/its regional offices. As on date 46 ESM coal companies are running in subsidiaries.</p>												
<p>3.</p>	<p><u>Coal Tipper Attachment Scheme.</u> This scheme is linked with the ESM Coal loading and transportation scheme. Desirous ESM who enrol for this scheme are allotted to Coal transportation companies to own and attach a tipper truck. They are required to deposit seed money for buying</p>	<p>(a) Following number of ESM, Widows and Disabled Soldiers have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1424 1228 1514"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>213</td> <td>194</td> <td>361</td> <td>270</td> <td>172</td> </tr> </tbody> </table> <p>(b) The widow / disabled soldiers are paid a monthly sum of Rs. 3,000/- (Three Thousand) per month for a period of five yrs. At the end of five years the principal amount is returned back.</p>	2016	2017	2018	2019	2020	213	194	361	270	172	<p>To increase the remuneration for widows (from Rs.3,000/- to Rs.5,000/- per month) and reduce the security/ seed money (from Rs.1,00,000/- to Rs.50,000/-).</p>
2016	2017	2018	2019	2020									
213	194	361	270	172									

	<p>the tipper truck. The scheme is offered for a max period of five years.</p> <p><u>Tipper Attachment Scheme for Widows and Disabled Soldiers/ Dependents.</u></p> <p>Widows upto age of 65 and disabled soldiers having 50% or more disability are also allowed to enrol for this scheme. However they do not own any tipper but deposit Rs. One Lac with the ESM Coal Transportation Company.</p>												
<p>4.</p>	<p><u>Management of CNG Stations by ESM(O) in NCR/Pune.</u></p> <p>Although there is no MoU on this scheme however, DGR has a tie up with IGL in New Delhi & MNGL in Pune and it provides a panel of retired defence officers for managing the</p>	<p>(a) Following number of ESM (Officer) have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1552 1228 1639"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>45</td> <td>35</td> <td>40</td> <td>57</td> <td>21</td> </tr> </tbody> </table> <p>(b) The selected ESM (O) is contracted for a period of five years on a yearly renewable contract basis.</p> <p>(c) The remuneration ranges from Rs.45,000/- to Rs.90,000/- (Rupees Forty Five Thousand to Ninety Thousand) PM.</p>	2016	2017	2018	2019	2020	45	35	40	57	21	<p>The scheme has limited vacancies and is confined to Delhi/ NCR and Pune. Processing the case with Ministry of Petroleum & Natural Gas/ GAIL for passing a directive to all CNG dispensing companies to give vacs for COCO retail</p>
2016	2017	2018	2019	2020									
45	35	40	57	21									

	<p>services and front court operations of all the CNG Fuel stations of IGL in NCR. On receipt of requisition from IGL, desirous ESM(O)s registered in the scheme are sponsored in the ratio of 2:1. The interview and selection is carried out by IGL staff with a member of DGR. This is a very sought after scheme for officers today approx 100 such outlets are being successfully run by ESM in Delhi, NCR. With effect from 2015 a similar scheme has been launched with MNGL in Pune(Mah), three pumps are functional as on date.</p>		<p>outlet to ESM Pan-India.</p>										
<p>5.</p>	<p><u>Management of Company Owned Company Operated Retail Outlets (For BPCL/ IOCL/ HPCL).</u> As per the policy of</p>	<p>(a) Following number of ESM (Officer) & JCOs have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1805 1230 1895"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>29</td> <td>66</td> <td>21</td> <td>14</td> <td>139</td> </tr> </tbody> </table> <p>(b) Oil Company pays Rs 30000/- (Rupees Thirty Thousand) pm as fixed remuneration plus incentive on sale of oil product.</p>	2016	2017	2018	2019	2020	29	66	21	14	139	<p>The requisitions received by DGR are very limited. Pan India requisitions received from Oil Marketing Companies are less, hence the</p>
2016	2017	2018	2019	2020									
29	66	21	14	139									

<p>MoP&NG, Company Owned Company Operated (COCO) Retail Outlets are made available for Management by Retired Defence officers & JCOs on contractual basis for a maximum period of three years. The scheme is operational Pan India. ESM Officers and JCOs should not be above 60 years of age at the time of sponsorship and should be willing to provide bank guarantee as per company's requirement. Officers are sponsored by the office of DGR and JCOs through their respective RSBs. The policy guidelines are available in the form of brochure on the website of all major Oil Companies namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited &</p>		<p>OMC are requested through Ministry to send more requisitions so that more number of ESM can be employed to provide services.</p>
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	Hindustan Petroleum Corporation Limited												
6.	<p><u>(a) Issue of DGR Eligibility Certificate for Allotment of LPG/Retail Outlet (Petrol/Diesel) Distributorship advertised by Oil Marketing Companies against 8% Reservation Quota.</u> The Ministry of Petroleum and Natural Gas has 8% reserved quota for allotment of LPG Agency advertised under the 'Government Person (GP) category.' The said category includes personnel of the Para Military Forces/Central Govt /State Govt and Central /State PSU employees and Defence Personnel. The defence personnel eligible include war widows/dependents of those who</p>	<p>(a) Following number of ESM, Widows, Disabled Soldiers & their Dependents have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 495 1228 584"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>18</td> <td>384</td> <td>180</td> <td>146</td> <td>07</td> </tr> </tbody> </table> <p>(b) Number of ESM issued with Eligibility Certificates are the actual number of ESM registered for OPA Scheme.</p>	2016	2017	2018	2019	2020	18	384	180	146	07	<p>"Eligibility Certificate" is only issued by DGR to widows of soldiers who have died while in Service due to attributable factors of military service. It is recommended that widows of ESM who die after retirement or not due to attributable factors while in service should also be given Eligibility Certificate (need to revise this QR/Policy by MoP&NG.</p>
2016	2017	2018	2019	2020									
18	384	180	146	07									

<p>died in war, war disabled/disabled on duty while serving in operational area, widows/dependents of those who died in harness due to attributable or aggravated causes to Military Service, ex-servicemen disabled in peace due to attributable or aggravated causes to Military Service and able bodied ESM. Eligible applicants can only apply when a newspaper advertisement under the above category is published by the oil companies. The office of DGR issues eligibility certificate to the above entitled ESM/Widow/Dependent which is required to be submitted in original to the oil company at the time of verification. Selection of a Distributor/Dealer is done</p>		
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through draw of lots by the concerned oil company of all eligible applicants.

(b) **Retail Outlet Dealership (Petrol/Diesel).**

The Ministry of Petroleum and Natural Gas has 8% reserved quota for allotment of Regular/Rural Retail Outlet Dealership under 'CC1' category. The said category includes personnel of the Para Military Forces/Central Govt /State Govt and Central /State PSU employees and Defence Personnel. The defence personnel eligible include widows/dependents of those members of Armed Forces who died in war or in harness due to attributable or aggravated causes to Military Service, ex-servicemen who

<p>are war disabled/disabled in peace due to attributable or aggravated causes to Military Service. Eligible applicants can only apply when a newspaper advertisement under the above category is published by the oil companies. The office of DGR issues eligibility certificate to the above entitled ESM/Widow/Dependent which is required to be submitted in original at the time of interview/selection. Able bodied ex-servicemen are also eligible for the said scheme and are required to apply directly to the Oil Company with a copy of their Discharge Order or Pension Order. Selection of a Distributor/Dealer is done through draw of lots by the concerned oil company of all eligible</p>		
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	<p>applicants.</p> <p>Note. The policy guidelines for allotment of said distributorships are available in the form of brochure on the website of all major oil companies namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited & Hindustan Petroleum Corporation Limited. Detailed guidelines have also been hosted on the DGR website www.dgrindia.com. The eligibility criteria, Application Forms and Other details of the schemes are given in www.dgrindia.com website.</p>												
7.	<p><u>Allotment of Mother Dairy Milk Booths and Fruit & Vegetable (Safal) Shops in NCR.</u> This scheme is based</p>	<p>(a) Following number of ESM (JCOs/ OR) have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1845 1230 1935"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>296</td> <td>320</td> <td>329</td> <td>354</td> <td>340</td> </tr> </tbody> </table> <p>(b) An assured amount of Rs. 15000/- (Fifteen Thousand) per month through out in</p>	2016	2017	2018	2019	2020	296	320	329	354	340	<p>The scheme is restricted to the Delhi/NCR region, Varanasi and Nagpur only. Need to award vacancies Pan India.</p>
2016	2017	2018	2019	2020									
296	320	329	354	340									

<p>on anMoU between DGR and Mother Dairy wherein fully furnished shops are offered by Mother Dairy to ESM (personal below officer rank) for sale of milk and fruit, fresh vegetables. The desirous ESM are required to register for Milk / SAFAL (Fruit and Vegetable booths separately. On receipt of requisition from Mother Dairy the ESM are sponsored in the ratio of 3:1. The selected ESM are required to sign an agreement with Mother Dairy and deposit a security deposit of Rs. One lac (refundable). They are imparted two weeks of training and allotted booths on their turn. A security deposit amount of Rs. 50,000/- (Fifty Thousand) approx. Is also required at the time of allotment of booth. The</p>	<p>terms of commission is ensured by Mother Dairy for Milk booths</p> <p>(c) An assured amount of Rs 23000/- (Twenty Three Thousand) per month (for first six months only) for SAFAL booths.</p> <p>(d) In addition to above amount for SAFAL the mother dairy also gives an amount of Rs. 5000/- (Five Thousand) per month for employing a helper (first six months only).</p> <p>(e) The ESM is allowed to run booths up to age of 60 years and extendable by two years for ESM who are exceptionally good.</p>	
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	<p>ESM earns a commission on all the products sold, the commission is revised from time to time by Mother Dairy. As on date approx 800 Mother Dairy milk booths and 380 SAFAL fresh fruit and vegetable outlets are being run by ESM.</p>												
<p>8.</p>	<p><u>Allotment Of Army Surplus Vehicles.</u> ESM, widows and Ex-Servicemen Co-operative societies are eligible to apply for allotment of Army Surplus Class V-B Vehicles. Applicant has to apply as per the laid down norms through the ZSWO / DSW(S) / Unit Serving to DGR along with security deposit as specified for type of vehicle applied for. Post registration of the applicant at DGR subsequent release of the vehicle is done</p>	<p>(a) Following number of ESM have been benefitted from this Scheme.</p> <table border="1" data-bbox="592 1003 1228 1093"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>39</td> <td>33</td> <td>11</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>(b) Number of ESM issued with Eligibility Certificates are the actual number of ESM registered for Class-V 'B' Vehicles.</p>	2016	2017	2018	2019	2020	39	33	11	Nil	Nil	<p>Need to issue formal orders by MoD {Col (O)} for closure of this scheme and refund of deposits to ESM.</p>
2016	2017	2018	2019	2020									
39	33	11	Nil	Nil									

	through the MGOs Branch. Option for release of one of the 42 types of vehicles from 12 CODs/CVDs can be opted for on payment of nominal sum as notified by the Government from time to time.												
9.	Under-utilization of ESM Reservation Quota (States & Centre)	-	Need to sensitise the Environment for gainful utilization of ESM Reservation Quota both at Centre and State level.										
10.	<p><u>Placement Assistance Through DGR.</u></p> <p>Directorate General Resettlement (DGR) 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</p>	<p>(a) Following number of ESM have been benefitted from this Scheme.</p> <table border="1"> <thead> <tr> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>5126</td> <td>9604</td> <td>11315</td> <td>9706</td> <td>4157</td> </tr> </tbody> </table> <p>(b) In the recent past Officers have been employed with Armed Forces Tribunal, Enforcement Directorate, Central Bureau of Investigation, Government PSUs, Banks (including Private banks and Financial Institutions), LIC, Legal and Medical Vacancies of various State and Central undertakings, and vacancies in corporate sectors in a plethora of sectors, most prominently being in middle and senior level opportunities of HR, Adm and Logistics etc.</p>	2016	2017	2018	2019	2020	5126	9604	11315	9706	4157	<p><u>Problems in Direct Recruitment of ESM by UPSC.</u></p> <p>(a) Need to streamline the procedure (by UPSC/ SSC) for filling of application by ESM through DGR/ Online building provision for 'Relaxed Norms'</p>
2016	2017	2018	2019	2020									
5126	9604	11315	9706	4157									

<p>sponsored ESM are re-employed by the User Organisation after due process of selection by them. There is not requirement of getting registered for re-employment (Placement assistance) for veteran officers and JCOs/OR. All veteran officers and JCOs/OR are required to check DGR website regularly.</p> <p>All veteran officers are required to apply for any vacancies along with the CV and duly filled formats directly to DGR or the User Organisation as mentioned against each vacancy.</p> <p>All JCOs / OR & equivalents register their name with Rajya Sainik Board / Zila Sainik Board. DGR only forward the name of applicants for various vacancies based on the</p>		
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<p>recommendation of RSBs. / ZSBs. All JCOs/OR are required to apply for any vacancies through RSB/ ZSB to DGR or the User Organisation as mentioned against each vacancy. All JCOs/OR can also apply against vacancies available for officers unless a specific requirement of 'Commissioned Officer' has been mentioned in the vacancy details.</p> <p>Interaction with various stake holders are carried out on a regular and routine basis to generate and assist the Ex Servicemen in gainful resettlement post retirement.</p> <p>Maintenance of ESM data is undertaken at two levels i.e officers and JCOs/ OR (in few schemes) seeking benefit through MoD/DGR</p>		
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<p>sponsored re-settlement scheme register with DGR and Armed Forces Personal (Officers, JCO/ORs and their equivalent of IAF/Indian Navy) are required to register with their parent RSB/ZSB on retirement. These details are shared by RSB with DGR (in form of numbers only) through half yearly reports. Panel of ESM against any job vacancies are drawn by DGR through inputs from RSB/ZSB.</p>		
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STANDING COMMITTEE ON DEFENCE (2021-22)

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON
DEFENCE (2021-22)**

The Committee sat on Wednesday, the 17th November, 2021 from 1500 hrs. to 1545 hrs. in Committee Room 'B', Parliament House Annexe , New Delhi.

PRESENT

Shri Jual Oram - Chairperson

MEMBERS

Lok Sabha

- 2 Kunwar Danish Ali
- 3 Shri D.V. Sadananda Gowda
- 4 Shri Annasaheb Shankar Jolle
- 5 Choudhary Mehboob Ali Kaiser
- 6 Shri Rattan Lal Kataria
- 7 Shri Uttam Kumar Reddy Nalamada
- 8 Shri Mahabali Singh

Rajya Sabha

- 9 Dr. Ashok Bajpai
- 10 Dr. Sudhanshu Trivedi
- 11 Lt. Gen. (Dr.) D.P. Vats (Retd.)
- 12 Shri K.C. Venugopal

SECRETARIAT

1. Dr. Sanjeev Sharma - Director
2. 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 Nineteenth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Canteen Stores Department, Welfare of Ex-Servicemen and Defence Pensions (Demand Nos. 18 and 21)';**
- ii. **Action Taken by the Government on the Observations/Recommendations contained in the Twentieth Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 19 and 20)'; and**
- iii. **Action Taken by the Government on the Observations/Recommendations contained in the Twenty-first Report (17th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2021-22 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 20)'.**

3. After some deliberations, the Committee adopted the above reports barring a few amendments in draft Report mentioned at Sl. No. (ii) above.

4. *****

5. 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. *****

The Committee then adjourned.

***** Does not pertain to the Report.

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE NINETEENTH REPORT (SEVENTEENTH LOK SABHA) ON DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2021-22 ON 'GENERAL DEFENCE BUDGET, BORDER ROADS ORGANISATION, INDIAN COAST GUARD, DEFENCE ESTATES ORGANISATION, DEFENCE PUBLIC SECTOR UNDERTAKINGS, CANTEEN STORES DEPARTMENT, WELFARE OF EX-SERVICEMEN AND DEFENCE PENSIONS (DEMAND NOS. 18 AND 21)'

1.	Total number of recommendations	48
2.	Observations/Recommendations which have been accepted by the Government (please see Chapter II A): Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and 48	Total : 42 Percentage: 88%
3.	Observations/Recommendations which have been accepted by the Government and commented upon (please see Chapter II B): Recommendation Nos. 8, 9, 10, 13 and 32	Total : 5 Percentage: 10%
4.	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government (please see Chapter III): -Nil-	Total : 0 Percentage: 0%
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): Recommendation No. 18	Total : 1 Percentage: 2 %
6.	Observations/Recommendations in respect of which Government have furnished interim replies/replies awaited (please see Chapter V): -Nil-	Total :0 Percentage: 0%