

24

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

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[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)]

TWENTY-FOURTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

December, 2021/ Agrahayana, 1943 (Saka)

TWENTY-FOURTH REPORT

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

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[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)]

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)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (2021-22)	4
INTRODUCTION.....	5
CHAPTER I Report.....	6
CHAPTER II A) Observations/ Recommendations which have been accepted by the Government	19
B) Observations/ Recommendations which have been accepted by the Government and commented upon.....	74
CHAPTER III Observations/ Recommendations which the Committee do not desire to pursue in view of the replies received from the Government	79
CHAPTER IV Observations/ Recommendations in respect of which replies of Government have not been accepted by the Committee which require reiteration and commented upon	80
CHAPTER V Observations/ Recommendations in respect of which Government have furnished interim replies/replies awaited.....	82

APPENDIX

I. Minutes of the Second Sitting of the Standing Committee on Defence (2021-22) held on 17.11.2021.....	83
II. Analysis of Action Taken by the Government on the Observations/ Recommendations contained in the Twentieth Report of Standing Committee on Defence (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)'	85

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

SHRI JUAL ORAM

-

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. Rekha Sinha - Assistant Executive Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2021-22), having been authorized by the Committee, present this Twenty-fourth Report of the Committee on 'Action Taken by the Government on the Observations/Recommendations contained in the Twentieth Report on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools' (Demand Nos. 19 and 20)'.

2. The Twentieth Report (17th Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 16.03.2021. The Report contained 79 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 Twentieth 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 Recommendations/ Observations contained in the Twentieth Report of Standing Committee on Defence (17thLok 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 School (Demand Nos. 19 & 20)', which was presented to Lok Sabha and laid in Rajya Sabha on 16.03.2021.

2. The Committee's Twentieth Report (17th Lok Sabha) contained 79 Observations/ Recommendations on the following aspects:-

Para No./Nos.	Subject
Army	
1-4	Budget Outlay 2021-22
5	Budget Review 2020-21
6	Percentage Share of Army Budget
7	Budget for Modernization
8-9	Planning and Procurement
10	Indigenization
11-12	Bullet Proof Jackets(BPJs)
13-15	Manpower
16	Tooth to Tail Ratio
Air Force	
17-20	Budget Outlay 2021-22
21	Budget Review 2020-21
22	Percentage Share of Air Force Budget
23	Budget for Modernization
24-25	Indigenization
26	Planning
27-29	Force Level
30-32	Trainer Aircraft
33	Transport Planes and Helicopters
34	Modernisation of Air Field Infrastructure (MAFI) Project Phase-II (MAFI-II)
35	Accidents
36	Manpower
Navy	

37-40	Budget
41	Budget Review 2020-21
42	Percentage Share of Navy Budget
43	Budget for Modernization
44	Planning and Procurement
45	Indigenisation
46-48	Force Level
49	Naval Exercises
50	Safety Measures
51	Manpower
Joint Staff	
52-55	Joint Staff (budget)
56	Air Defence Command and Maritime Theatre Command
MES	
57	Military Engineer Services (MES)
ECHS	
58-59	Ex-Servicemen Contributory Health Scheme
60	Expansion of ECHS
Sainik Schools	
61-63	Opening of Sainik Schools
64-68	Budgetary Provisions
69	Inadequate Infrastructure
70-72	Deficiency of Quality Staff
73-74	Curriculum
75-77	Implementation of reservation for Economically Weaker Section (EWS)
78-79	Intake of Girl Cadets

3. Action Taken Replies have been received from the Government in respect of all the recommendations/observations contained in the Report. However, 11 number of replies stated as "classified" have been forwarded to Hon'ble Chairpersons office in sealed cover which include para Nos. 5, 9, 11, 16, 21, 26, 27, 32, 33, 35 & 36. These replies have been placed under 'accepted' category. However, categorization of these paras may be done again after receipt of the replies/direction from Hon'ble Chairperson. The remaining replies have been examined and categorised as follows:-

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

Para Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,16,17,18,19,20,21,22,23,24,25,26,
27, 28,29, 31,32,33,34,35,36,37,38,39,40,41,42,43,45,48,49,50,51,
52,53,54,55,56,57,58,59,60,61,62,63,64,65,66,67,69,70,71,72,75,76,
77, 78,79

(71 Recommendations)

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

Para Nos. 15,30, 46,47,74

(05 Recommendations)

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

Para No. 73

(01 Recommendation)

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

Para Nos. 44,68

(02 Recommendations)

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

Para No. Nil

(00 Recommendation)

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

ARMY

A. Manpower

Observation/Recommendation Para No. 15

5. The Committee had recommended as under:-

‘The Committee are aware of the ordeal of the war widows involved in the situation when they clear the exams as tough as Combined Defence Service Examination (CDSE) and Staff Selection Board (SSB) and still they are denied commission on the basis of lack of vacancies. Taking note of the fact that there are scores of vacancies existing in Armed Forces at the level of Officers, the Committee urge the Ministry to explore the possibility of absorbing those war widows who have qualified SSB and are rejected commissioning in the vacancies available with Army and other Services. The Committee take a serious view of the same and recommend that as the war widows have already gone through an ordeal after the supreme sacrifice of their spouses for the nation and definitely do not deserve this behavior of dejection and injustice and desire that if there are no vacancies, there should be no selection at the first place and if the war widows get qualified in the exams they should definitely be offered commissioning at the earliest, under any Services/ Organizations of Defence Forces.’

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

‘The present policy for release of vacancies for Short Service Commission Women (Widow Category)(SSCW) is that the widow of Defence personnel (including those with children) who have died in harness is eligible to apply for the Short Service Commission. A total of 5% vacancies are earmarked for widows, both the SSCW (Technical) and SSCW (Non-technical) (i.e. 2.5% each). In case of non-availability of officers in any category, the vacancies can be filled vice-versa. They are eligible only case in they have not re-married. The unfilled vacancies will revert to the category other than that of widows. At the current rate of vacancies release, the above reservation translates to one vacancy for SSCW (NT) and SSCW(T) for courses starting in April & October each year.

War Widows are exempted from appearing in Combined Defence Services examination and are directly detailed to undergo Services Selection Board(SSB). Adjutant Generals Branch invites applications against the vacancies released in the Widow Category and take age waiver, if required and puts all eligible candidates through the SSB. Post SSB, Recruiting Directorate draws a Merit List of candidates against the number of vacancies released. Joining letter is then issued to the candidates, first in Order of Merit on the Merit List of each course (subject to clearing medicals). In the eventuality of the first candidate not reporting for training within the stipulated time or resignation, the candidate next in order of merit is issued a Joining Letter. Shortlisting maximum candidates in

excess of vacancies released is undertaken so as to ensure full utilization of vacancies released. However, sheer shortlisting on a Merit List does not amount to assurance to a vacancy, as Joining Letters are issued in a progressive manner such that vacancies released are filled. However, with women officers now being considered for grant of Permanent Commission, this policy may necessitate review, in view of need to ensure gender parity.'

Comments of the Committee

7. The Committee take note of the factual position intimated by the Ministry of Defence that shortlisting maximum candidates in excess of vacancies released is undertaken so as to ensure full utilization of vacancies released. Nevertheless, the Committee feel that at the time of declaration of vacancies the vacant positions must be brought out in regard to the extant vacancies. This will be useful in decision- making by war widows before appearing for the Service Selection Board (SSB). Also, consequent to the declaration of the results, a rank-wise list need to be provided to the candidates so that they are aware of their ranking in the waiting list. The Committee view that such a measure would indeed be helpful in ameliorating ordeal of war widows to some extent. As regards grant of Permanent Commission, the Committee concur with the view that policy for intake of war widows necessitate review, in order to ensure gender parity. Requisite efforts to be undertaken in this direction may be initiated and brought to the knowledge of the Committee.

AIR FORCE

B. Trainer Aircraft

Observation/Recommendation Para No. 30

8. The Committee had recommended as under:-

'With regard to trainer aircraft, the Committee wanted to know the existing strength of trainer aircraft with Air Force which is 260 as against the sanctioned strength of 388. Trainer aircraft held by IAF in its inventory include 75 PC-7 Mk-II Basic trainer Aircraft (BTA), 86 Kiran Mk-I/IA Intermediate Jet Trainer (IJT), 99 Hawk Mk-132 Advanced Jet Trainer (AJT) and 42 Kiran Mk-II (which are presently not being utilised for training). The Committee also learn that

simulators have been acquired for the PC-7 Basic Trainer Aircraft and Hawk-132 Advance Jet Trainer aircraft. A case for procurement of two Twin Dome Simulator for Hawk Mk-132 aircraft has been processed. Presently Technical Evaluation is under progress. Also, a case for procurement of additional 29 Hawk aircraft (AJT) has been initiated. Presently, the case is with Contract Negotiation Committee (CNC). The Committee recommend that the said procurements are made in time by undertaking all out efforts and details thereof shall be intimated to the Committee as well.'

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

'Presently a total of 99 Hawk Mk-132 Advanced Jet Trainer (AJT) aircraft are in service.

A case for procurement of two Twin Dome Simulator for Hawk Mk-132 aircraft is currently in TEC stage.

The case for procurement of 20 additional Hawk aircraft is stalled because of the high cost& engine lifing issues.'

Comments of the Committee

10. During the examination of Demands for Grants (2021-22), the Committee were informed that a case of procurement of additional 29 Hawk Aircraft (AJT) was pending with Contract Negotiation Committee (CNC). However, from the perusal of the Action Taken Reply submitted to the Committee, it came to the notice of the Committee that the case for procurement of 20 additional Hawk Aircrafts is stalled because of the high cost & engine lifing issues. The Committee are not oblivious of the fact that a vendor is invited for price negotiation only after carrying out:

- a. Technical, staff and commercial evaluations to ensure that the intended offer complies with all the relevant terms stipulated in the Request for Proposal (RfP);**
- b. Field evaluation Trials (FET) to ensure that the proffered equipment meets the stipulated performance parameters; and**
- c. Cost comparison with other bidders who too qualify to ensure that the price quoted by the vendor being invited for negotiation is the lowest.**

After gleaning through the above the Committee infer that scope does exist to find out that why the vendor was invited for price negotiations if the requisite compliance was not met. Obviously, they are desirous to be informed about the procedure followed in the extant case before arriving at the stage of CNC. They would also like to be apprised of the precise reasons and compulsions behind the reduction in number of Hawk AJT aircraft from 29 to 20 which were initially planned to be procured. Meanwhile the Committee would also like to recommend for procurement of additional simulators so that the number of pilots intake in Air Force is not hampered due to unavailability of training facilities.

NAVY

C. Planning and Procurement

Observation/Recommendation Para No. 44

11. The Committee had recommended as under:-

‘Upon scrutiny of the documents furnished to them the Committee learn that Long Term Intergrated Perspective Plan 2021-27 (LTIPP 12-27) for three Services including Navy was formulated by Head Quarter Integrated Defence Staff (HQIDS), and approved by the Defence Acquisition Council in April, 2012. The purpose of this plan is to bridge the void and build force levels to achieve the desired combat potential vis-à-vis our adversaries, and consolidate our defence potential. During the last two plan periods, various shortfalls and voids of the Indian Navy have been progressively mitigated/addressed. As larger time period of LTIPP has now passed, the Committee recommend that a report on targets and achievement for LTIPP shall be prepared and brought to the knowledge of the Committee.’

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

‘The modernization of Indian Navy (IN) is an ongoing process and is being progressed in accordance with LTIPP 2012-27 and is on track to achieve the requisite force levels. The need for modernisation and combat preparedness of our Armed Forces is known and adequate measures are being taken up by all stakeholders. Further, IN is constantly reviewing, rationalization and prioritising requirements to remain a combat ready force and achieve optimum utilisation of the available resources. The Navy remains committed to progress its

modernisation as planned and is progressing various acquisition (ships, submarines and aircraft) and infrastructure cases as mentioned below:-

- (a) **Ships and Submarines.** 41 ships and submarines are under construction at various shipyards.
- (b) **Aircraft.** IN has concluded contract with HAL to deliver 36 aircraft comprising 12 Dorniers, 16 ALH and 08 Chetaks and delivery of these aircraft are being progressed as per contractual timelines. In addition, 24 MRH and four additional P8I are also scheduled for delivery in near future. Further, AoN exists for procurement of additional six P8I, six Kamov 31 and 111 Naval Utility Helicopters (under SP model).'

Comments of the Committee

13. In their original report, the Committee had recommended for preparation of a report on targets and achievements envisaged in Long Term Integrated Perspective Plan in respect to Navy. The Committee are happy to note that 41 ships and submarines are under construction at various shipyards and IN has concluded contract with HAL to deliver 36 aircraft comprising 12 Dorniers, 16 Advanced Light Helicopters (ALH) and 08 Chetaks. Further 24 Multi Role Helicopters (MRH) and four additional P8I are also scheduled for delivery in near future. However, the reply of Ministry is silent on preparation of any report on targets envisaged under Long Term Integrated Perspective Plan (LTIPP) and actual comparison, if any, on the achievements. While agreeing to the fact that Indian Navy is constantly reviewing, rationalization and prioritising requirements to remain a combat ready force and achieve optimum utilisation of the available resources, the Committee reiterate that a comprehensive report in this matter will be beneficial in making critical analysis on lapses. Since the halfway of LTIPP has already been covered, a report at this stage will further assist streamlining of planning and procurements. Therefore, bringing out such a report and sharing the contents of the same with the Committee may be taken up for consideration by Ministry of Defence.

D. Force Level

Observation/Recommendation Para No. 46

14. The Committee had recommended as under:-

'The Committee were confided by Ministry of Defence that, Navy is constantly reviewing, rationalization and prioritizing their requirements so as to remain a combat ready force and achieve optimum utilization of the available resources. At the time of proceedings, a detailed discussion was held on aircraft carriers. At the time of proceedings, a detailed discussion was held on aircraft carriers. The representative of Ministry of Defence, in this regards, stated that Indian Navy has got Vikramaditya which is a operational aricarft carrier. The second aircraft which is under construction in Cochin was expected to be delivered in March, 2021 but owing to lockdown period is now being expected for induction by the end of this year. The Committee are wishful for timely induction of second aircraft carrier which is an indigenous production and hope that no further extension would be needed.'

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

Progress of Construction. Progress of construction of IAC during last one year has been adversely affected due to COVID-19 related restrictions and other imponderables. The progress of work has been reviewed by multiple high level committees, including , review by Hon'ble Raksha Mantri in May' 20, Defence Secretary at Kochi in Nov 20, Steering Committee under the Chairmanship of DG (Acq) on 16 Feb 21, Expert Committee under the Chairmanship of VCNS on 17 Feb 21 and CPRMs under tha Chairmanship of CWP&A in Jul 20, Nov 20, Jan 21 and Mar 21.

2. **Ship's Basin Trials.** Inspite of nationwide lockdown and other COVID related restriction, readiness of Ship's propulsion and Power Generation equipment/systems in harbor was tested as part of Basin Trials on 30 Nov 20. This was one of the major milestone activity successfully completed towards ship readiness for Sea Trials.

3. **Impact of COVID Recurrence.** COVID recurrence with third wave in Kerala has adversely impacted work progress on IAC. More than 250 personnel associated with IAC project have either tested COVID positive or were primary contacts. The top management of M/s CSL and OEM reps have also been detected COVID positive. Absence of top management of M/s CSL directly

involved in planning construction/ trials of IAC, has impacted progress of work. Associated uncertainties are posing challenges in achieving firm up schedule of construction.

4. **Delivery Schedule.** The delivery of IAC is likely to evolve post successful completion of Ship's Sea Trials by Sep/Oct 21.'

Comments of the Committee

16. The Ministry of Defence in its reply has mentioned covid pandemic to be cause of delay in completion of Indian Aircraft Carrier project. In view of the Committee, the current delay due to covid is understandable, however, at the same time, the fact cannot be denied that there had been repeated delays in achievement of various milestones in the project leading to huge time and money overruns in construction of IAC. The Ministry in the reply has furnished that the delivery of IAC is likely to evolve post successful completion of Ship's Sea Trials by Sep/Oct 21. The Committee desire to be updated on latest position with regard to outcome of the said sea trials and desire that atleast now, all out efforts be done to achieve the new targets set for induction of the IAC.

Observation/Recommendation Para No. 47

17. The Committee had recommended as under:-

'In so far as requirement of aircraft carriers are concerned, the Committee were given to understand that it is desirable to have three aircraft carriers in Indian Navy. Two of them are operating in maritime zone on each of the side of Indian Coastline viz. eastern and western coasts. The third one can be used as a substitute when either of the first two undergoes maintenance as Aircraft Carriers are known to have lengthy maintenance schedules. In this perspective, the Committee recommend that case for development of a third aircraft carrier be taken up for serious consideration by the Ministry of Defence. The Committee would like to be kept abreast with the development in this regard.'

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

‘The requirement of third Aircraft Carrier will be worked out on the IN committed liabilities and future acquisition projects.’

Comments of the Committee

19. Gleaning through the reply of the Ministry, the Committee reiterate their view that having three Aircraft Carriers will considerably enhance combat capabilities of the Navy. Taking into account the long coastline and hostile adversities on both sides of Indian peninsula, an aircraft carrier on both sides of coast is quintessential to uphold operational requirements. However, repair work of huge vessel such as an aircraft carrier takes considerably long time, therefore to abridge operational deficiencies thus arising, three aircraft carrier is an unavoidable requirement to meet any eventualities. Based on this analogy a standard scenario is the deployment of two Aircraft Carriers at all times while one would undergo repairs and maintenance. The Committee desire that while chalking out future acquisition projects, Navy shall take into consideration the observation made here by the Committee and the outcome of the same be brought to the knowledge of the Committee.

SAINIK SCHOOLS

E. Budgetary Provisions

Observation/Recommendation Para No. 68

20. The Committee had recommended as under:-

‘Contemplating upon the facts stated in para No. 7 above, the Committee feel that issuance of some payment heads from Central Government while some from State Governments are complicating financial matters. Therefore, it would be in the fitness of things to create a corpus fund at level of each Sainik School so that financial commitments are cleared in timely manner and issue is taken to its logical conclusion’

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

'It is to be submitted that DGFP had allocated a total of Rs. 329.36 crore to Sainik Schools in the FY 2020-21, which adequately facilitate the functioning and clearance of backlog of bills/claims of Sainik Schools. During the current year, DGFP has allocated Rs. 300 crore under BE 2021-22 against our projection of Rs. 137.68 crore to clear all dues of Sainik Schools. Sufficient funds have been allocated during the current Financial Year which will cater payment of all current year liabilities. Thus, there is no need to create a corpus fund at level of each Sainik School.'

Comments of the Committee

22. In the reply, the Ministry has stated that there is no need to create a corpus fund at the level of each Sainik school. However, the Ministry has not stated any reason for the same. In this regard, the Committee would like to know from the Ministry of Defence, the reasons and the benefits which would accrue in not constituting a corpus fund at the school level. At this stage the Committee can only reiterate their assertions made in the original report that having a transparent corpus fund at the level of schools would help in timely clearance of financial obligations in more opportune manner which would further assist in smooth running of the institutions. The decision made consequent to this observation of the Committee and the developments taking in this regard may be brought to the knowledge of the Committee.

Observation/Recommendation Para No. 74

23. The Committee had recommended as under:-

'The Committee, find that the fee structure of Sainik Schools is more than lakh rupees annually which is beyond reach of weaker sections of the society. There are indeed some schemes for provisioning of scholarships to students in Sainik Schools, however, those schemes of Central and State Governments are not universal in nature. The Central Government scholarship programmes cover wards of Defence Personnel. Although there are some State Government schemes for students of weaker sections, yet large number of students is not able to reap the benefit due to limited number of scholarships leaving many talented and aspiring students on the fringe. Therefore, the viability of exploring CSR corporate social responsibility may also be taken into consideration in different schools.'

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

'The Central Government is providing financial assistance to all Sainik Schools for infrastructure development, IT & training, additionality in pay & pension of Sainik School employees. Further, State Government grants annual scholarships to all the cadets belonging to the economically weaker sections of society. Notwithstanding, Central Government is also providing following scholarship to the cadets:

(a) **Defence Scholarship:** Scholarship to the wards of Defence Personnel including Ex-serviceman.

(b) **Central Assistance:** Provides a part of Scholarship as Central Assistance to those students who are awarded State Government Scholarships.

(c) **NDA Incentive:** Incentive to those cadets who are selected for National Defence Academy/Naval Academy.

(d) **Sharing the Burden of enhanced fees:** Scholarship for reducing the burden of tuition fee and dietary charges of the cadets studying in Sainik Schools.'

Comments of the Committee

25. The Committee note that in the reply of the Ministry of Defence there is no mention to the recommendation of the Committee contained in their original report on exploring viabilities of raising funds for Sainik Schools through corporate social responsibility. The Committee are also aware of the fact that Sainik School Society is receiving assistance from Central and State Governments to meet their expenses. However, they emphasize their view that CSR funds would further augment multiple resourcing which would be in the eventual benefits for the Sainik Schools. The Committee categorically opine that CSR funds can be useful in infrastructure development of Sainik Schools. This in turn will ameliorate some portion of burden of fees on students thereby ultimately benefitting deserving and needy students. Therefore, the Ministry of Defence may take into consideration the reiterations made here by the Committee and they be apprised of the progress made in this regard while furnishing the Action Taken Statements.

CHAPTER II

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

ARMY

Recommendation Nos. 1-2

At the outset, the Committee would unanimously like to place on record that the valour and courage shown by our soldiers in the incidence of Galwan Valley in June, 2020 is beyond words of appreciation. The Committee overwhelmingly express their gratitude towards each and every soldier and officer, martyred or injured, and also to their families. In addition, the Committee are also appreciative of the efforts made by Army at the time of 'COVID Crisis' during past one year. Indian Army is undoubtedly dedicated to preserve national interests, safeguard sovereignty, territorial integrity and unity of the Nation. In present testing times on both sides of the border, Army has shown great valour in facing and thwarting the challenges. Other than this, the ongoing task at the hands of Army include fighting proxy wars, defeating internal threats, assisting Government and the people of India during natural calamities; albeit a few to mention. The Committee opine that a sustained and adequate budgetary support is quintessential for meeting requirements of Army. The Demands for Grants of Army for the year 2021-22 are contained in Demand Nos.19 and 20. A detailed scrutiny of the demands, allocation and earlier expenditure of Army is discussed in the succeeding paragraphs of the Report.

Budget Outlay 2021-22

Recommendation No. 2

For examination of the Demands for Grants of Army for the year 2021-22, the Committee had sought from the Ministry of Defence relevant budgetary data on proposed and earmarked outlay during current and previous years. In Budget Estimates of 2021-22, total proposed outlay of Army including both Revenue and Capital Heads was Rs. 2,22,197.38 crore, whereas the allocation to be made was found to be Rs. 1,84,176.03 crore which is nearly 83 per cent of the demand. The allocation viz-a-viz demand gap stands to the tune of Rs. 38,021.35 crore which is approximately 17 per cent of the demand. As regards huge gaps in projection and allocation, the Committee were apprised that the projections are normally made about 15 per cent to 20 per cent higher as a strategic planning process. More funds are sought by anticipating that the procurement will happen as per the plan but it does not go as per that planning because of the various procurement cycles. The Committee here, thus, recommend that adequate measures for streamlining of procurement and budgetary procedures shall be undertaken in order to mitigate projection vs. allocation gap. This will help in optimizing resource utilization and boost transparency in processes of budgeting and spending.

Reply of the Government

The recommendation of the Committee has been noted for compliance. It may be added that Army had made projections for BE 2021-22 in September/October, 2020, based on following:

- i. Planned outgo towards committed liabilities of all ongoing contracts, Indents and Supply Order placed with suppliers, including allocation to DGOF (based on mutually fixed targets by the Army and Ordnance Factories).
- ii. Anticipated Committed Liability payments for additional New Schemes which were to get contracted in the last two quarter of FY 2020-21. These includes schemes which were at advanced stages of approval [Competent Financial Authority (CFA) and Contract Negotiation Committee (CNC)] in September, 2020.
- iii. Advance payments for New Schemes expected to be signed during FY 2021-22 based on operational requirements.

2. Funds are broadly allocated based on past absorption capacity of the Service, pace of expenditure, pending committed liabilities etc. In addition to this, based on the overall ceilings received, Ministry of Defence allocates funds among the Services and Organizations under MoD taking into account Inter-Services priorities and requirements for critical projects.

3. The allocated funds are optimally utilized towards operational activities. The schemes are reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Recommendation No. 3

The Revenue budget comprises of two main components, salary and non-salary. Major portion of the budget head primarily goes for salary expenses which is a fixed and recurring expenditure. The non-salary expenditure caters to the expenses on stores, ration, transportation, fuel, etc. which are essential for regular training, upkeep and optimizing all time operational preparedness of Army. In Budget Estimates (BE) for FY 2021-22, against Revenue Head, projection of Army was that of Rs. 1,70,705.28 crore against which allocation to be made is Rs. 1,47,644.13 crore, hence amounted shortfall stood at Rs. 23,061.15 crore. In percentage terms, the allocation is short of demand by 13 percent. Further gleaning through the documents furnished by the Ministry of Defence, the Committee infer that in 2020-21, BE allocation was Rs. 1,45,785.88 crore. The proportionate annual increase is 1.27 per cent which is marginal. The Committee believe that since salary obligations and service benefits are fixed expenses, the implication of budget constraint would affect training, infrastructure and stores. These expenditure are viewed as vital for battle readiness of Army, therefore, the Committee in no uncertain words recommend that in subsequent stages of the FY 2021-22, adequate funds shall be provisioned to Army under Revenue Head bridging the gap in demand and allocation.

Reply of the Government

Funds are allocated to the Services, including Army, taking into consideration pace of expenditure, committed liabilities, approval stage of various projects/schemes etc. Though the allocations received are less than projections made, however, based on expenditure pattern during the year and pending committed liabilities, additional funds will be sought at Supplementary/RE stages. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Army.

Recommendation No. 4

Capital budget cardinally provides for expenditure on modernisation, enhancement of force level, infrastructure development, etc. Under Capital Head, in BE for FY 2021-22, Army's projection was Rs. 51,492.10 crore and allocation to be made is Rs. 36,531.90 crore. There is evident deduction of Rs. 14,960.20 crore in allocation vis-a-vis demand. The Committee view that a gap to the tune of 30 percent is huge and merit attention. On this account, the Committee were enlightened that initially at the time of Acceptance of Necessity, cost is projected broadly, later on negotiations take place and the final procurement is invariably lesser than anticipated amount. The Committee opine that most of the procurement details are available in open market as well as on internet, therefore inaccuracy in cost estimation to such a large extent should be avoided. They reiterate that further streamlining and systematizing budgeting procedures of Army need serious consideration and priority.

Reply of the Government

The wide gap between projections and allocations under Capital Acquisition (Modernization) is mainly due to the fact that the projections for each financial year are estimated in September/October of the previous financial year. The projections are made based on pending committed liabilities and likely fructification of Capital Acquisition New Schemes which are at advanced stages. However, if these schemes at advanced stages do not fructify or not likely to be materialized during the course of next financial year, some reduction is made from the projected requirements while allocating funds. In case some of the Schemes at advanced stage fructifies during the course of the year, which were not budgeted earlier, additional funds are sought/provided at Supplementary/RE stage.

Budget Review 2020-21

Recommendation No. 5

In case of Revised Estimates (RE) for FY 2020-21, under Revenue head, Army's projection was Rs.1,53,436.68 crore and allocation made was Rs. 1,44,545.67 crore. The allocation is short of demand by Rs. 8,891.01 crore, however, the expenditure incurred till December 2020 was Rs. 1,06,690.05 crore. In case of Capital Head, in RE

2020-21, the projection of Army was Rs. 39,019.17 crore against which an allocation of Rs. 33,283.28 crore was made, hence, an amount of Rs. 5,835.89 crore was short of demand. However, the expenditure in three quarters of FY 2020-21 i.e. upto December 2020 was only Rs. 15,354.93 crore which is less than half of allocation. The Committee expressed concern over noticeably less utilization of funds during FY 2020-21. They were given to understand that due to less production during lockdown period of three months from April to June, 2020 there was lesser payment utilization of Capital Budget. The Committee find that the production has improved during the past six months and they hope that Army would be able to finish off its liabilities once the items contracted are supplied by the factories. The Committee desire that the process shall be hastened up and funds be prudently utilized so that the trajectory of development of Army is not hampered.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Percentage Share of Army Budget

Recommendation No. 6

After glancing at the papers furnished to the Committee, they evidently find an increase in percentage share of revenue budget of Army out of Defence Services Estimates from 41.87 per cent in 2015-16 to 45.13 per cent in 2020-21. At the same time there is decrease in capital budget share from 11.08 percent in 2015-16 to 10.05 per cent in 2020-21. However, in value terms, increase is witnessed under both revenue and capital heads during the same time period. The Revenue Budget saw a jump from Rs.1,03,315.91 crore in 2015-16 to Rs. 1,47,644.13 crore in 2021-22. At the same time the capital budget witnessed increase from Rs. 27,342.42 crore to Rs. 36,531.90 crore during the same period. The relative growth in Capital outlay is significantly less in comparison to relative increase in Revenue outlay. From the figures mentioned here above, the Committee note a steady inclination over past few years towards Revenue overhead. The Committee recommend maintaining financial prudence in such a manner as to maintain healthy balance between Revenue and Capital share as sturdy progress of Army can be accomplished only with unvarying augmentation of infrastructure and forcing level.

Reply of the Government

The higher growth in the revenue expenditure is mainly attributable to the fact that Army is manpower intensive with a large portion of its expenditure devoted to Salaries. This skews the revenue-capital ratio in favour of revenue expenditure in overall sense and for Army in particular. Maintaining ideal revenue/capital ratio for Army will broadly depend on reduction of manpower, which is a major decision and needs to be taken at the highest level considering internal/external threats to the security of nation. However, efforts are regularly being made to improve the revenue/capital ratio from

ongoing pattern by minimizing revenue expenditure and optimum utilization of available sources.

2. It may also be added that ceilings are received separately for Revenue (Salary and Non-Salary) and Capital, based on which funds are allocated to services. The procedure followed for allocation involves trend of expenditure, projections made by the services, Committed Liabilities to be fulfilled, absorption capacity etc. Therefore, it may not be possible to maintain a particular ratio in favour of Capital or Revenue for any Service/ Organization. However, every effort is made to ensure that no project/proposal is shelved for want of funds. As and when required, additional funds are sought and requirements are reprioritized to ensure optimum utilization of available resources.

Budget for Modernization

Recommendation No. 7

During course of examination of DFG 2021-22, the Committee were apprised that in the Defence Services Estimates, there is no separate allocation of funds for Committed Liabilities and New Schemes. In the FY 2020-21, an amount of Rs. 26,068.61 crore was allocated to Army at BE stage. Further, earmarking between Committed Liabilities and New Schemes is carried out by Service Head Quarters based on prioritization among the projects/schemes and the progress of contractual milestones. Against these allocations, an expenditure of Rs. 13,129.81 crore (upto December, 2020) has been incurred in FY 2020-21. In FY 2020-21, Army had sought additional allocation of Rs. 7,300 crore in first supplementary to cater for shortfall towards Committed Liabilities, emergency powers 2020 and requirement for construction of offices in connection with Central Vista Project. Keeping in view the pace of expenditure additional funds were not allocated to Army in RE 2020-21 under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes). The Committee observe that developmental programmes for one complete year cannot be left in lurch as national security is certainly paramount aspect of Governance. It is understandable that the expenditure had been low due to COVID pandemic during first quarter of FY 2020-21, albeit with normalization of state of affairs, the expenditure has now picked pace and Army shall be able to realize its annual modernization goals and any gaps hence created shall be ameliorated. Final appropriation of Army relating to Modernization for the FY 2020-21 shall be brought to the knowledge of Committee at the earliest.

Reply of the Government

Army has been allocated an amount of Rs. 22,452.75 crore in MA (Modified Appropriation) in FY 2020-21 under Modernization (Capital Acquisition) Head and the expenditure incurred against these allocations is Rs. 22,580.70 crore upto March (Final-as on 19th May, 2021). It may be seen that Army has been able to utilize the funds allocated for its modernization.

Planning and Procurement

Recommendation No. 8

The Committee were intimated that Capital Acquisition is planned, based on Schemes included in the Annual Acquisition Plan (AAP). Cases included in the AAP are progressed as per Defence Procurement Procedure (DPP) / Defence Acquisition Procedure (DAP) till finalisation of contracts. Discussions on Demands for Grants 2021-22 brought out that there is a need for shortening of procurement process which include planning, negotiations, trials etc. so that the budget utilization by Army happens in timely manner. The Committee were enlightened that Defence Acquisition Procedure 2020 has been formulated to revise shortcomings. The Committee hope that with revision in DAP, the procurement process will be efficiently reorganized to engender proficiency and prudence in acquisition processes and also help in ameliorating breaches in projection and allocation.

Reply of the Government

These are observations of the Committee based on the information provided by MoD. Therefore, no further action is envisioned.

Recommendation No. 9

With regard to planning, the Committee were further given to understand that acquisition of Weapon Systems and equipment for Army flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability desired to be achieved by the Armed Forces over the 15 years duration from 2012 to 2027. The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan, covering a five year period. From the Services Capital Acquisition Plan (SCAP), a list of equipment and weapon systems required to be procured immediately is listed in the form of the Annual Acquisition Plan (AAP). The AAP is a 2 year roll on plan. The Committee recommend that since more than half the timeline of LTIPP 2012-27 has elapsed, a valuation of goals and projects planned initially for Army and accomplished hitherto shall be done to assess the progress. The study report of the same may be brought to the knowledge of the Committee.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Indigenization

Recommendation No. 10

The Committee desired to know the efforts made by Army towards realization of indigenisation and self-reliance. In this connection, it was informed by Ministry of Defence that during the year 2019-20 and current year 2020-21 (upto 30.11.2020), out of the total 21 contracts signed, 14 contracts were signed with the Indian vendors for

capital procurement of defence equipment such as Tanks, Mine ploughs for Tanks, Pinaka Regiments, Secure communication systems, Multimode Hand Grenade (MMHG) for Indian Army. The expenditure under capital acquisitions budget for Army during 2019-20 and 2020-21 (till date), on indigenous contracts was Rs. 20,896.14 crore and Rs. 13,580.55 crore respectively. While appreciating the efforts being made by Army towards achieving goals of self reliance, the Committee recommend that a major chunk of amount from modernisation outlay shall be designated for indigenous procurement in the FY 2021-22. While doing so, necessities of Army shall be given due consideration and its right for having latest State-of-the-Art global capabilities not compromised by any extent.

Reply of the Government

The Defence Acquisition Procedure (DAP) 2020 clearly accords higher priority to indigenous products. In exceptional circumstances, when a particular weapon/equipment operationally required is not available from indigenous industry, "Buy Global" category is resorted to.

Further, In line with Government of India's initiative of Atmanirbhar Bharat, this Ministry has issued order with the approval of Hon'ble RM that funds will be earmarked in the ratio of 64:36 between Domestic and Foreign Procurement in the Capital Acquisition Budget for the year 2021-22 (Grant No. 20: Capital outlay on Services). For the Army, total of Rs 30636.90 crore has been allotted for Domestic and Foreign Procurement in the Capital Acquisition Budget for the year 2021-22 wherein Rs 22,120.90 crore (72.2%) have been allotted for domestic procurement.

Bullet Proof Jackets (BPJs)

Recommendation No. 11

The Committee were updated on the status of procurement of Bullet Proof Jackets (BPJs) for our soldiers. They were happy to find that Government is issuing licenses to private companies for manufacture of Bullet Proof Jackets/Body Armour/Body Protector to have indigenous capabilities of said defence stores. The Committee believe that involvement of private sector will definitely speed up design and production of BPJs and moreover, Army will have greater options to select the best available jackets. However, the Committee at the same time recommend for imbibing all indispensable precautions so that confidentialities do not get divulged. The safeguards being taken by Army in respect thereto shall be brought to the knowledge of the Committee.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Recommendation No. 12

Further, the Committee were educated that in Government sector, Ordnance Factories Board (OFB) in association with Mishra Dhatu Nigam Limited (MIDHANI) has developed Bullet Resistance Jackets branded as 'BHABHA KAVACH'. This has been successfully evaluated to meet the specifications/requirements, by the Para Military and Police Forces. This was launched at the International Police Expo 2019 held on 19-20 July 2019 at New Delhi. Bullet Resistance Jacket developed by OFB is conforming to all technical specifications/requirements of Bullet Proof Jacket of Indian Army. The Committee applaud the developments and recommend that consistent and continued efforts for improving indigenous protective gear shall be done by the Ministry of Defence so that our Forces get the best supplies which they truly deserves.

Reply of the Government

OFB has established manufacturing facility for Bullet Resistant Jacket in two factories; Ordnance Clothing Factory, Avadi (OCFAV) and Ordnance Equipment Factory, Kanpur (OEFC) as per User's requirement.

Besides, MIDHANI (Mishra Dhatu Nigam Limited) is setting up New Armouring Unit at IMT, Rohtak for Bulk Production of BRJs with indigenous process and technology to meet requirements of Defence and Security forces.

Development at Ordnance Equipment Factory, Kanpur (OEFC)

The Bullet Resistant Jacket (BHABHA KAVACH) of OEFC is designed and developed by OFB in association with MIDHANI (Mishra Dhatu Nigam Limited) with Transfer of Technology (ToT) of Carbon Nano Tube (CNT) technology from Bhabha Atomic Research Institute (BARC). By weight it is the lightest in the category.

Development at Ordnance Clothing Factory, Avadi (OCFAV)

Ordnance Clothing Factory, Avadi, Chennai (OCFAV)/OFB is manufacturing Bullet Resistant Jacket with 360° protection under the name of 'KAVACH VASTRA V.01' with its In-House capabilities. The prototype was evaluated at a third party laboratory i.e. National Forensic Science University (NFSU), Gandhinagar, Gujarat

Specifications of both the products i.e. 'BhabhaKavach' and 'KavachVastra V.0T and comparison chart for both the products

- BhabhaKavach (OEFC) is being developed as per requirement of Bullet Resistant jackets for threat level-5 as per BIS standard IS 17051:2018, and NIJ level III & of MHA guidelines requirement

- KavachVastra V.01 (OCFAv) conforms to MHA specification for threat level III+ and BIS level 5 and proven in accordance with the trial directives of International Standard NIJ 0101.06.

Comparison chart for both the products

Sr. No.	Particulars	BhabhaKavach	KavachVastra
1	Nodal Factory	OEFC	OCFAv
2	Mode of Development	Developed through Transfer of Technology (ToT) from BARC Mumbai to Midhani.	Developed through In-house R&D. Entire design and production activities from of the entire components (SAP, HAP & Outer Carrier) is performed In-house under one roof.
3	Specification	BIS Standards IS 17051:2018 & NIJ	BIS Standard IS 17051:2018&MHA GSQR
4.	Protection Level	Threat level of: BIS Standards level V MHA qualitative requirement level III+ with 360 ⁰ protection	BIS Standards level 1,4 &5 MHA qualitative requirement level IIIA, III+&III with 360 ⁰ protection
5.	Production Capacity*	24000 nos per annum	5000 nos per annum
6.	Weight	9 to 9.3 kg (for standard medium size)	As given in following table

The capacity can be augmented further if large term orders are received.

Threat level	Sizes/Weight (Kgs)				
	XS	S	M	L	XL
1	2.43	2.71	3.00	3.19	3.48
2	5.41	5.84	6.28	6.63	7.09
3	5.61	6.05	6.50	6.86	7.34
4	7.00	7.51	8.03	8.47	9.02
5	7.79	8.34	8.91	9.39	9.99

Targets received /Supplies made on the product till date;

OEFC:-

Orders in Hand: Order to supply 164 nos BRJ received from Assam Police Hqrs

OCFAv:-

Orders in Hand: A. Tamilnadu Police: BRJ(Level-III) **122**nos
B. IFD*-BRJ(Level-III)**1225**nos
C. CQA(T&C)-BRJ **16**Nos

Order Completed: Tamilnadu Police (Level-III) **92** Nos.
[* Inter factory Demand]

Recommendation No.13

At the time of presentation by the representatives of the Ministry of Defence on the Demands for Grants 2021-22, the Committee were informed that a proposal for reduction in non-essential manpower is under consideration. The representative further added that relevance of certain divisions such as infantry division, mountain division and armed division etc., have eroded with time. The new concept will have Integrated Battle Groups while logistics support will mostly be outsourced as modern day infrastructure development and outsourcing facilities have expanded upto border and forward areas. Manpower requirements will see a transition from conventional to new age technological warfare requirements which include space, cyber and Artificial Intelligence specializations. The Committee ratified the perception of manpower optimization and imbibing technological advancements. Simultaneously, they observe that the secrecy of Army's mission and strategic operations shall not be jeopardized by outsourcing activities in border or forward areas. Therefore, developing a foolproof internal system is the need of the hour. In this perspective, the Committee recommend that the agencies/workshops approved for outsourcing activities shall designate specific officials/personnel at least on annual basis for executing tasks of Army as everybody's responsibility sometimes becomes nobody's responsibility.

Reply of the Government

Studies for rightsizing and reorganization of Indian Army have been carried out with a view to have leaner and efficient organizations/establishments. Integrated Battle Groups Concept is also being evaluated for implementation. Outsourcing of non-core tasks/services is also being suitably implemented.

Outsourcing of services will enable non-core tasks of the services being outsourced to specialist civilian organisations, while ensuring no loss of operational efficiency. The policy framework to outsource non-core requirements of the Indian Army was put in place in March, 2018. Presently, the outsourcing of services is in its infancy stage and certain amendments to the policy are in the process of being finalized to further streamline outsourcing. The Government is seized of the importance of maintaining security while outsourcing non-core services. The aspect of holding the service provider accountable for all services provided will also be ensured.

Recommendation No.14

The Committee finds that another aspect of manpower optimization included using technologies for surveillance needs, for instance in hilly terrains. The Committee approve and recommend use of technologies for surveillance and reconnaissance purpose as latest surveillance tools and software indeed prove to be decisive in gather intelligence against enemies. Nevertheless, boots on ground is inherently important from point of view of taking quick and responsive measure from time to time as the need be. Technologies shall be imbibed to assist human resource in carrying out responsibilities to the best.

Reply of the Government

All future procurements are aligned to induction of new generation and new technology equipment to enhance the combat potential through exploitation of niche technologies thereby facilitating a shift from manpower intensive to technologically driven operations. Innovations are being encouraged such that service personnel involved on frontline duties, identify their requirements and develop equipment and systems for employment. These are then processed for further manufacture by Small and Medium Scale Enterprises (MMSEs). IDEX 4 Fauji is one such initiative launched by the Ministry. A host of technology solutions are being employed in the field of surveillance. They are in the form of Unmanned Aerial Vehicles (UAVs), Battle Surveillance Radars (BFSR), Electro Optical Devices, etc. Various procurement cases for the above mentioned technology solutions are currently underway with the user directorates. Sustained efforts are being made to infuse technology in Intelligence and Surveillance.

Tooth to Tail Ratio

Recommendation No. 16

The Committee are aware of the rapid technological advancements and changes taking place globally in the warfare technology and feel that after the appointment of Chief of Defence Staff there is an imperative need to examine the current system and suggest that necessary reforms should be undertaken in the future. Since a long time, the Army is trying to reduce its force size especially the Tooth to Tail ratio but nothing concrete has come out till date. The Committee feel that after integration of the available resources of three Forces, the tail part of Army can be substantially reduced. As stated by the CDS, State-of-the-Art equipment and surveillance system may give the concept of smart soldier, a certainty. The Committee recommend that trimming the force should be a time bound exercise to enable our soldiers to be of international standards and imbibing State-of-the-Art technologies.

Reply of the Government

All future procurements are aligned to induction of new generation and new technology equipment to enhance the combat potential through exploitation of niche

technologies thereby facilitating a shift from manpower intensive to technologically driven operations. Innovations are being encouraged such that service personnel involved on frontline duties, identify their requirements and develop equipment and systems for employment. These are then processed for further manufacture by Small and Medium Scale Enterprises (MMSEs). IDEX 4 FAUJI is one such initiative launched by the Ministry. A host of technology solutions are being employed in the field of surveillance. They are in the form of Unmanned Aerial Vehicles (UAVs), Battle Surveillance Radars (BFSR), Electro Optical Devices, etc. Various procurement cases for the above mentioned technology solutions are currently underway with the user directorates. Sustained efforts are being made to infuse technology in Intelligence and Surveillance.

AIR FORCE

Budget Outlay 2021-22

Recommendation Nos. 17-19

Recommendation No.17

The Committee are aware of the fact that the Air Force leverages airpower of the Armed Forces. Humanitarian assistance during disaster Relief is another vital and momentous role of Indian Air Force (IAF) as was witnessed during Covid pandemic. For effective command and control, the IAF has various commands, under which there are different stations and units located at various places throughout the country. For running their operations and modernizing force level, Air Force needs adequate budgetary provisions. The Committee had sought from the Ministry of Defence a statement indicating the proposed and earmarked outlay at Budget Estimates (BE), Revised Estimates (RE) and actual expenditure for Air Force.

Recommendation No. 18

The Committee scrutinized the papers furnished to them and inferred that the budgetary projection of Air Force for the FY 2021-22 was Rs. 1,22,133.46 crore including both Revenue and Capital budget. The approved allocation is Rs. 83,927.30 crore. There is a deficit of Rs. 38,206.16 crore in allocation against projections which is a substantial amount. At the time of deliberations, the representatives of Air Force submitted before the Committee that in the coming future Air Force will have to essentially increase their aircraft fleet and improve ground based systems. Simultaneously improvisation of security infrastructure is equally important. For achieving all these, they will require additional budget in consequent years. Notwithstanding the fact, the Committee find that in BE 2021-22, the grant to Air Force is only 70 per cent of its projection. The Committee desire that modernization and enhancement of capabilities of Air Force shall not be compromised for want of resources. The budget has two main components-Revenue and Capital. An analysis of both the budget overheads is brought out in paras below.

Recommendation No. 19

Glancing at the documents, the Committee in summation find that in case of Revenue Budget, in FY 2021-22, the projection of Air Force was Rs. 44,992.90 crore and allocation to be made is Rs. 30,652.53 crore. The allocation is lessened by Rs. 14,340.37 crore which is almost one-third of the demand. The Revenue budget comprises of two main components, salary and non-salary. Major portion of the budget head primarily goes for salary expenses which is a fixed expenditure. The non-salary expenditure caters to the expenses on stores, transportation, fuel, etc. which are essential for regular training and operational preparedness of Air Force. During course of deliberations on Demands for Grants, the Committee were given to understand that the projection is made on the basis of schemes at planning stage which may or may not fructify during the particular Financial Year and therefore, the projections are higher than the allocations. However, in case of schemes rolling out, the requisite budget will be provided at RE stage. The Committee observe that the Revenue expenditure is an integrated cost of maintenance and training and most of the expenses are routine and essential commodities. Therefore, the Committee recommend that adequate budgetary provision should be made to Air Force at subsequent stages during the FY 2021-22 so that basic maintenance cost is met.

Reply of the Government

Funds are allocated to the Services, including Air Force, taking into consideration pace of expenditure, committed liabilities, approval stage of various projects/schemes etc. Though the allocations received are less than projections made, however, based on expenditure pattern during the year and pending committed liabilities, additional funds will be sought at Supplementary/RE stages. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Air Force.

Recommendation No. 20

In case of the Capital Outlay for BE 2021-22, Air Force's projection is Rs. 77,140.56 crore and allocation to be made is Rs. 53,214.77 crore. The Capital budget outgo necessarily meet expenditure on infrastructure development and procurements of aircraft, helicopters etc. These expenses are dedicated towards modernization and capability enhancements. The Committee realize that Air Force is a capital intensive Force and any shortfalls in budget outlay would be creating gaps in existing and desired strength. Therefore, they recommend that adequate budget shall be given to Air Force at later stages of budgeting during the FY 2021-22 so that path of development of Air Force is not affected.

Reply of the Government

It is a fact that Air Force is a Capital intensive Force as its Capital to Revenue ratio is 62:38 in BE 2021-22. Air Force share under Capital Head is Rs 53214.77 crores (39.40%), which is largest among any other Service/Organization of MoD. Though the allocations received are not as per the projections made, however, based on

expenditure pattern during the year and pending committed liabilities, additional funds will be sought at Supplementary/RE stages. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Air Force.

Budget Review 2020-21

Recommendation No. 21

In case of Revised Estimates (RE) for FY 2020-21, under Revenue head, Air Force's projection was Rs. 44,605.21 crore and allocation made was Rs. 31,742.07 crore. The allocation is short of demand by Rs. 12,863.14 crore, however, the expenditure incurred till December 2020 was Rs. 22,640.01 crore. As far as capital outlay is concerned, in RE 2020-21, the projection of Air Force was Rs. 72,955.18 crore against which an allocation of Rs. 55,083.91 crore was made, hence, Rs. 17,871.21 crore were short of demand. However, the expenditure in three quarters of FY 2020-21 i.e. upto December 2020 was only Rs. 34,098.00 crore. As regards lesser expenditure incurred by Air Force during the FY 2020-21, the Committee were apprised that in the current year there was lesser expenditure due to COVID, therefore, Government has not imposed any limit on last quarter spending which normally is 30 per cent. The Committee are hopeful that the targets missed owing to COVID breakdown would be accomplished henceforth and accordingly recommend that Air Force makes a strategy so as to enable them to cautiously utilize their budget by the end of March 2021.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Percentage Share of Air Force Budget

Recommendation No. 22

While examining Demands for Grants 2021-22, the Committee analyzed Air Force budget, both in Revenue and Capital segments, out of total Defence Budget during the last five years. In 2014-15, the Revenue allocation was Rs. 20,506.84 crore which grew to Rs. 30,652.53 crore in 2021-22. Meanwhile the capital allocation increased to Rs. 53,214.77 crore in 2021-22 from Rs. 33,710.68 crore in 2014-15. There is an evident increase in percentage share of revenue budget of Air Force, out of Defence Services Estimates from 8.95 per cent in 2014-15 to 9.27 per cent in 2020-21. At the same time there is decrease in capital budget share from 14.72 percent in 2014-15 to 13.40 per cent in 2020-21. However, there is an increase in absolute terms under both Revenue and Capital Heads during the same time period. The Committee take note of steady decline in case of Capital allocations which is pertinent in view of Air Force being capital intensive branch of Armed Forces. Therefore, the Committee recommend that a fair share of allocation in the Capital Head should be given to Air Force.

Reply of the Government

Air Force & Navy are Capital Intensive forces and Army is a manpower intensive force and the same is being reflected in the distribution of funds in the Revenue and Capital Segment of the respective Services. In BE 2021-22, Air Force's share under Capital Head is Rs 53214.77 crores (39.40%), which is largest among any other Service/ Organization of MoD.

The BE allocations and percentage share of the three Services and other Organizations under Capital Head for the last three years is tabulated below:

(Rs in crore)					
Year	Army	Navy	Air Force	Other Organization	Total
2019-20	29486.61	22227.53	39347.19	12332.98	103394.31
	28.52 %	21.50 %	38.06 %	11.93 %	100.00 %
2020-21	32435.28	25666.49	43281.91	12350.32	113734.00
	28.52 %	22.57 %	38.06 %	10.86 %	100.00 %
2021-22	36516.90	32050.02	53214.77	13279.03	135060.72
	27.04 %	23.73 %	39.40 %	9.83 %	100.00 %

It can be seen from the above table that Air Force has the largest share among Services/Organizations under Capital Head and its allocations are also consistently increasing.

Budget for Modernization

Recommendation No. 23

The Committee were apprised that in the Defence Services Estimates (DSE), there is no separate allocation of funds for Committed Liabilities (CL) and New Schemes (NS). In the FY 2020-21, an amount of Rs. 39,030.91 crore was allocated at BE stage and an additional amount of Rs. 13,188.00 crore was allocated to Air Force in RE 20-21 under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes). Further, earmarking between Committed Liabilities and New Schemes is carried out by Service Head Quarters based on prioritization among the projects/schemes and the progress of contractual milestones. Against these allocations, an expenditure of Rs. 32,872.12 crore (upto December, 2020) has been incurred in FY 2020-21. In the same year no additional allocation was received in First Supplementary. In Second Supplementary, an additional amount of Rs. 11,152.00 Crore has been sought to cater for Committed Liabilities, new schemes, and future operational capabilities of IAF, etc. Second and Final supplementary is yet to be approved by the Parliament. In this regard, the Committee recommend that the additional allocation shall be approved so that requisite outgo for modernization activities are concluded.

Reply of the Government

Air Force has been allocated an amount of Rs. 55,938.12 Crore in MA (Modified Appropriation) in FY 2020-21 under Modernization (Capital Acquisition) Head. This figure in final grant is Rs 16,907.21 Crore more than BE allocation of Rs 39,030.91 Crore and the expenditure incurred against these allocations is Rs. 56,071.91 Crore upto March (Final-as on 19th May, 2021). It may be seen that Air Force has been able to utilize the funds allocated for its modernization.

Indigenization

Recommendation No. 24

At the time of power point presentation, the Committee were briefed that Air Force is vigorously pursuing indigenisation. Expenditure is being done as per committed liabilities and internal earmarking of budget for domestic capital acquisition. The Ministry further revealed that during FY 2019-20 the contract worth Rs. 5,846.13 crore was signed from indigenous sources. In three quarters of 2020-21, i.e. upto 31 December, total contracted value from domestic market is Rs. 2,835.19 crore. The Committee understand that due to covid crisis, lesser amount was contracted during the current first three quarters of current FY. Nevertheless, with industrial and economic activities opening up in full vigour, the Committee hope and desire that acquisition processes will pick pace and occurred backlogs will be cleared.

Reply of the Government

1. The contracted value of Domestic Procurement during FY 2020-21 has increased from Rs 2,835.19 Cr (upto 31 Dec 20) toRs 50,525.34Cr (upto 31 Mar 21). The breakdown of the amount is as follows:-

Vendor	Contracted Value (Rs in Cr)
HAL	46,898.29
BEL	1,698.84
Other Private Vendors	1,928.21
Total	50,525.34

Recommendation No. 25

At the time of evidence on the Demands for Grants, the Committee take note of the fact that there is a dependency on foreign vendors for repair and upkeep of aircraft and other equipment's of Air Force. The representatives of Air Force stated that there is a certain amount of dependence because when they approach PSUs like HAL etc., the latter have got backend contracts with foreign Original Equipment Manufacturer. The

Committee express their concern over the prevailing situation and observe that unless and until domestic companies are able to indigenize manufacturing processes, self-reliance could not be realized. The Committee recommend that in terms of self-reliance, our companies shall look at sustainability in all maintenance activities. The milestone in this regard is not easy to be achieved, nevertheless, with renewed emphasis on R&D and, even though in staggered manner, it can be achieved.

Reply of the Government

HAL: Aerospace industry is characterized by technology intensive, high investment, low volumes, high gestation period and technology restrictive. In the past eight decades, HAL has built up competencies in the areas of Design, Development, Manufacture Upgrade and Overhaul of fighters, trainers, transport aircraft and helicopters, along with associated aero engines, aircraft systems, and avionics. HAL has taken up the responsibility of supporting the Indian Defence Services and channelized its capabilities in such a way that total product life cycle management is ingrained. As this industry is highly technology intensive and country is yet to achieve self-reliance in critical technologies, which includes Engines, raw materials, etc., the dependency on foreign OEMs still exists in some areas. However, lot of efforts have been made to transform from repair overhaul organisation into an organisation with capabilities in various segments namely:

- ✓ Fixed wing Aircraft
- ✓ Rotary Wing Aircraft
- ✓ Unmanned Aerial Vehicle
- ✓ Aircraft equipment
- ✓ Ground Handling Equipment(GHE) / Ground Support Equipment(GSE)
- ✓ Spares

However, with rapid growth in technology development, a continuous efforts in R & D is essential to bridge the gap. Towards this, HAL has enhanced its thrust on R & D and following initiatives have been taken.

- ✓ R & D Corpus has been created with contribution of 10% of operating profit after tax every year and is being utilized both for in-house development and also to encourage R & D by private sector.
- ✓ Collaboration with OEMs for acquisition of technology through ToT to assure complete support for our products.
- ✓ Collaborations with Chairs in academic institutions for development of technology. HAL has established chairs with various institutions such as IIT Kanpur, Kharagpur, Bombay, Roorkee, Madras and IISc Bengaluru.
- ✓ To maintain operational relevance and fleet serviceability of aircraft/helicopters for around 20-30 years of exploitation, HAL has undertaken upgrade of several platforms like Dornier Do 228, Jaguar and Hawk-i etc. without involvement of OEMs and project like Mirage 2000 upgrade jointly with OEM.

- ✓ In addition to Design and Development of aircraft / helicopters, various other technology development projects have been launched to increase self-reliance in critical areas like engines, Aircraft Display System, Mission Computers, Automatic Flight Control Systems for helicopters, Soft Net Radio etc.

To support Maintenance, Repair and Overhaul (MRO) services for all projects throughout their service life HAL has initiated various initiatives. HAL continuously undertakes indigenisation of various items of foreign origin fitted on HAL platforms to reduce dependence on imports. Every year HAL indigenizes sizeable no. of imported items and total no of items indigenised during the last three years is given below:

Year	2019-20	2020-21	2021-22
Nos	954	638	487
Data as per Srijan Defence Portal as on 07.06.2021			

HAL has taken significant progress in the past couple of years in respect of Indigenisation/ Make in India in line with Government 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 700 items till date for indigenisation under Make-II.
- **Hosting of Government 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 government 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. Further, details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos.	5743	2352	1762
Data as per Srijandefence Portal as on 07.06.2021			

- **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. 706 Crs has been spent till now
- **Hosting of items in HAL Website:** Apart from items identified under Make-II, HAL has hosted 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.
- **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 Gol. 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 organising, participating and supporting various exhibitions/ seminars/ webinar organised 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 organises 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, canard are realised through private vendors by extended all technical support.

BEL: BEL has been taking various initiatives towards sustainability in all maintenance activities. Major ones are listed below:

- ✓ To provide professional Support Services to Army & IAF, BEL has already established Regional Product Support Centres inside IAF Campuses at 8 locations across India and also being established at 2 more locations.

- ✓ For Navy also, BEL has already established Water Front Support Centres at 5 locations inside Navy Complex and another one is under establishment.
- ✓ These Support Centres have been established with test & repair facilities for providing First Level of Repair/Logistic Support.
- ✓ To augment further, BEL has planned to Establish Zonal MRO Centres PAN-India which will be equipped for carrying out Repair, Maintenance and Overhaul Activities (Facilities once established will be at PAR with Army Workshops/IAF - Base Repair Depots).
- ✓ These MRO Centres will also be capable of handling major repair facility requirements of Foreign OEM's Equipment.

As regards achieving self-reliance in indigenous manufacturing, BEL has been continuously modernizing its infrastructure to be in tune with the changing needs of the technology/products. It is also essential for successful indigenization. Specific groups in all the Units scan the technology changes that are taking place and identify new processes in the world market for acquisition. This enables BEL to maintain its infrastructure on par with international standards. BEL's recent major investments to build the manufacturing and testing capabilities are Product Development & Innovation Centre (PD&IC) inaugurated by Hon'ble Raksha Mantri (BEL Bengaluru Unit), New State-of-the-art manufacturing facility for Composite Material, Environmental Testing & Finishing inaugurated by Hon'ble Raksha Rajya Mantri (BEL Navi Mumbai Unit), New Production Building (BEL Hyderabad Unit), Secure Triple Play Services (BEL, Bengaluru Unit), 2100 Litre Climatic Chamber with 60 TR Chillers (BEL Kotdwara Unit) etc.

Modernization and up-gradation of infrastructure in the recent past has enabled BEL to indigenously manufacture critical equipment/systems there-by, minimizing the dependency on foreign OEMs. Some of the major systems like Central Acquisition Radar (Rohini), Akash Missile Warning System, 3D Tactical Control Radar, Low Level Light Weight Radar (Bharani), Hull Mounted Sonar etc., are indigenously designed and manufactured. It is pertinent to mention here that around 87% of company's turnover is generated from indigenous technology by making use of in-house infrastructure/facilities, skilled manpower etc., which is paving way towards self-reliance.

BEL recognizes the need for continuous modernization & up-gradation of its facilities in order to have state-of-the-art set ups for promoting exports and for being able to offer the best in class products/systems to the Defence Services. To reach the next level i.e., having of world class technology and capabilities to address global market needs, it will go a long way, if Ministry extends the budgetary support.

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	194	371	8
Data as per Srijan Defence Portal as on 07.06.2021			

Every year BEL indigenizes no. of imported items and total no of items indigenised during the last three years is given below:

Year	2019-20	2020-21	2021-22
Nos	78	14	4
Data as per Srijan Defence Portal as on 07.06.2021			

BEML Ltd: 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.

R&D is central to BEML's operations wherein over 65 % of the turnover comes from R&D developed products. The R&D expenditure is around 2 ~ 3% of its turnover.

The Company launched "Make in India" Products 150T & 190T Dump Trucks, 180T Electrical / Hydraulic Excavators and 850HP Bulldozer successfully. These biggest electric drive dump trucks, excavator and bulldozer were designed and manufactured for the first time in India and are major import substitution products for the Mining sector. After successful trials, orders have been received for supply of 5 numbers of 180T Electrical Excavators, 7 numbers of for 150T and 8 numbers of 190T high end dumpers. Out of these, orders for 190T dumpers are under execution. Additionally, Trial-cum sale order was received from M/s. CIL for 2 nos. of 850HP bulldozers and 1 no. of 180T Hydraulic excavator.

Indigenously Designed & Developed Arjun Armoured Repair & Recovery Vehicle in association with M/s. CVRDE, has undergone trials and orders are expected which will result in substantial FE savings for the Country.

Design & Development of Metro car for Kolkata Metro Rail Corporation Limited was successfully completed and all 14 train sets were delivered to the customer. Catenary Maintenance Vehicle (CMV) was successfully designed & developed and supplied to Delhi Metro Rail Corporation.

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 210 IPRs since setting up, including 55 IPR during 2020-21 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.
- The Company is working towards 'ZERO IMPORT' policy and published Eols for indigenous development of 850 items being imported. Development orders have already been placed for 659 items & sample accepted for 245 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.

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	771	470	137
Data as per Srijan Defence Portal as on 07.06.2021			

Every year BEML indigenizes no. of imported items and total no of items indigenised during the last three years is given below

Year	2019-20	2020-21	2021-22
Nos	36	53	13
Data as per Srijan Defence Portal as on 07.06.2021			

BDL: Bharat Dynamics Limited is a manufacturer of Missiles and Under Water Weapons. Currently almost all the products manufactured by BDL are with DRDO Design and fully indigenised except for few items which are being imported. In case where foreign collaboration is involved ATGMs with Russian/French collaboration 70 to 90% indigenisation has already been achieved. Balance % of items remain as all-time imports due to contract terms. In these items also BDL has been able to indigenise to a large extent and reduce defence on the foreign OEM to the minimum for all product support activities. BDL is also progressing on the obsolescence management where required to support the customer for the product life cycle management. In all the future programs with foreign OEMs BDL is ensuring this aspect is taken care of while finalising the agreements and phased wise ToT is achieved.

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	226	191	61
Data as per Srijan Defence Portal as on 07.06.2021			

Every year BDL indigenizes no. of imported items and total no of items indigenised during the last three years is given below:

Year	2019-20	2020-21	2021-22
Nos	42	42	10
Data as per Srijan Defence Portal as on 07.06.2021			

GSL: As part of Govt's efforts to achieve self reliance in Defence Production, GSL have taken steps to support the Govt's initiative and have 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) 50 T Bollard Pull Tugs
 - (v) Pollution Control Vessel
 - (vi) Next Generation Missile Vessel
 - (vii) Multi Purpose Vessels
 - (viii) Anti Submarine Warfare Shallow Water Crafts
- (a) From the above indigenously developed designs, GSL has constructed and delivered Offshore Supply 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 by avoiding import of ships / designs. The delivery of ships had contribution from private industries thereby creating opportunity for local industry in developing and manufacturing indigenous products and achieving Government of India's goal of self-reliance.
- (b) Further, GSL is presently executing in-house designed 05 CGOPV Project, which will be completed by end 2021. Out of which, 03 Vessels have already been delivered to Indian Coast Guard as per project schedule. The ongoing 05 CGOPV Project in GSL has been indigenized under 'Make in India' initiative of Gol and indigenous content has increased to 70% compared to 60% for the previously built similar Project. Gear Boxes, Steering Gear System, Fin Stabilizer System, Steel Plates, Doors & Hatches, Gemini Boats, Heli Grid etc. have been indigenized successfully in coordination with local industries.
- (c) Govt of India has signed contract with GSL for indigenous construction of 02 nos state-of-the-art missile frigates of P1135.6 Class at GSL under ToT from the Russian Side. GSL has set target for indigenisation of equipment/systems as part of Gol "Make in India" initiative. Towards this, certain major equipment such Auxiliary Control System, Steering Gear System, Fin Stabiliser, Electronic Warfare

System Shakti, Combat Management System have been identified for indigenisation for P1135.6 Project. 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.

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	43	7	0
Data as per Srijan Defence Portal as on 07.06.2021			

Every year GSL indigenizes no. of imported items and total no of items indigenised during the last three years is given below:

Year	2019-20	2020-21	2021-22
Nos	3	2	0
Data as per Srijan Defence Portal as on 07.06.2021			

GRSE: Almost all the warships and auxiliary vessels of the Indian Navy and Indian Coast Guard have been built by the DPSU shipyards. GRSE itself has delivered 105 warships to these forces. As the integrators of these platforms, the shipbuilders have the technical knowhow, captive network of equipment suppliers and the infrastructure & facilities to provide seamless life cycle support to the ships built by them.

Further, as part of the initiatives towards self-reliance in defence sector, the customers themselves (Indian Navy & Coast Guard) are focusing on indigenous equipment in the customer nominated category and for the other items (mostly yard material and auxiliary equipment) GRSE has made adequate headway. The result is that the shipyard has achieved over 90% indigenisation for Landing Craft Utility Ships, over 85% indigenisation for Anti-Submarine Warfare Corvettes and over 70% indigenisation for Fast Patrol Vessels.

Also, in line with the Government of India policy, GRSE has adopted different Indigenisation programs like Make II Policy and Atma Nirbhar Bharat plan for indigenization. The list of items susceptible for indigenisation are already uploaded in Srijan Portal. GRSE also has a comprehensive '5 YEAR INDIGENISATION PLAN' (FY 2019-20 to FY 2023-24) for developing equipment worth approximately Rs. 400 crores towards ensuring that indigenization targets for ongoing projects are met.

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	15	8	0
Data as per Srijan Defence Portal as on 07.06.2021			

Every year GRSE indigenizes no. of imported items and total no of items indigenised during the last three years is given below:

Year	2019-20	2020-21	2021-22
Nos	3	1	0
Data as per Srijan Defence Portal as on 07.06.2021			

MDL: The Indian Navy has drawn up a comprehensive 15 years Indigenisation plan (2008-2022) under four major heads which also includes equipment/systems for submarines. MDL, as a shipyard has aligned itself to the indigenisation plan of the Indian Navy by formulating an indigenisation plan co-terminus with Navy's Indigenisation Plan. Focus is on the development of competent vendor base, for import substitution. MDL has been successfully increasing the indigenisation content in shipbuilding projects. From 42% indigenous content in earlier project MDL is now aiming for 75% in the ongoing project. The % indigenisation in the projects successively executed by MDL is as follows:

Sl. No.	Name of Project	% Indigenisation	Status
1.	P15	42	Delivered
2.	P17	52	Delivered
3.	P15A	59	Delivered
4.	P15B	72	Under Construction
5.	P17A	75	Under Construction

HSL: The core business of Hindustan Shipyard Ltd, a defence PSU, is building and repairs of ships and submarines. HSL has been consistently making efforts to boost indigenization in its ship construction projects under Make in India policy.

Srijan Portal (www.srijandefence.gov.in) has been developed by MoD to identify potential vendors for indigenization of imported items identified by DPSUs / OFB.

HSL has indigenised 5 items during the FY 2020-21 details of which are tabulated below:-

SI	Name	Savings (in Rs Lakhs)	Remarks
1	HP Air valves upto 200 Bar	101	Category: Other than Make II Status: Supply Order placed The value indicated is difference between basic cost of import versus indigenous firm
2	RO Plant	30	
3	Sewage treatment plant	20	
4	5.2 MW Alternator	100	
5	Gear Box, 5.2MW	728	
	Total	979	

HSL has made following progress on indigenizing technology in order to achieve self-reliance:-

SI	Technology	Progress at Yard
1	Indigenous design of Diving support vessels	Yard has designed first of kind of Diving support ships for Indian Navy in collaboration with Indigenous designer.
2	40 % Indigenous content on Diving system	The Diving system has been ordered on M/s Unique hydra of South Africa. The 40% of Diving system components is manufactured in India (worth Rs 150 Crore)
3	2MW & 3MW Alternators are indigenous	The 2MW & 3MW Alternators on DSV project is being manufactured by Indigenous vendor M/s TDPS, Bangaluru.
4	ToT for Integrated Design of FSS	Yard has signed a contract with M/s Anadolu Shipyard, Turkey for technical assistance in Integrated Ship design of FSS.

HSL has identified following critical imported defence equipment / components that are consistently facing technical problems. Detailed proposals on such issues are being taken up with DRDO for indigenous development.

SI	Equipment	Technical problems
1	Ring laser Gyro	The Ring laser Gyro use to fail several times on OSS project however Bharat electronics Limited is manufacturing this item in collaboration with DRDO
2	Helo deck lighting	Frequent failure of Helo deck lighting. This issue will be forwarded to DRDO for indigenous development.

In addition, following initiatives have been taken by HSL to promote indigenization:-

- (a) Provisions contained in 'Public Procurement (Preference to Make in India), order 2017', issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, have been incorporated in Purchase Manual for implementation.
- (b) Appointed Chief Indigenization Officer (CIO). Indigenisation Committee has also been constituted to select the items to be indigenized
- (c) The MAKE-II Procedure has been incorporated in the Purchase Manual in order to indigenize imported items through development of prototype. Four items have been selected for indigenisation under Make II.
- (d) Assurance of orders for future requirement in 5 years on the same Indian firm which executed Import substitute order successfully.
- (e) Relaxation of norms (prior experience and prior turnover) for MSMEs and start-ups in all public procurements, subject to meeting quality and technical specifications.

- (f) Deemed registration of vendors (Vendors registered in other Defence PSUs are to be considered as deemed Registered)
- (g) Efforts are being made to identify Tier-I & Tier-II Vendors so as to facilitate development of import substitutes.
- (h) '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.
- (i) A direct link to the Make in India Page of Gol (<http://www.makeinindia.com>) has also been provided in the portal

Further, Details of number of imported items uploaded on Srijan Defence Portal, are as under:

Year	2019-20	2020-21	2021-22
Nos	49	38	2
Data as per Srijan Defence Portal as on 07.06.2021			

Every year HSL indigenizes no. of imported items and total no of items indigenised during the last three years is given below

Year	2019-20	2020-21	2021-22
Nos	5	5	0
Data as per Srijan Defence Portal as on 07.06.2021			

Planning

Recommendation No. 26

The Committee were apprised that the current Long Term Integrated Perspective Plan (LTIPP) in vogue is LTIPP 2012-27. LTIPP lays down broad guidelines for the Acquisition Plans over a period of 15 years. It does not include schemes in particular. Further, the plans are converted into schemes in three Five Year Plans (SCAPs) and in AAPs. A total of 75 schemes are expected to fructify during the remaining period of LTIPP 2012-27. Total funds envisaged for such schemes are Rs. 67,658.36 crore. Since more than half the period of LTIPP has completed, therefore, the Committee recommend that an analytical study shall be carried for assessment of ambition versus accomplishment report. The Committee opine that such an analysis will assist in guiding future course of action of Air Force. The details of outcome shall also be furnished to the Committee.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Force Level

Recommendation No. 27

At the time of examination of Demands for Grants, the Committee were apprised about the status of availability of fighter squadrons with Air Force. In this respect, the Committee found that the total strength of Fighter Squadrons varies, depending upon phasing out of aircraft due to obsolescence as well as new inductions. The Committee find that the induction of new generation aircraft is underway in a planned manner. The development of advanced unmanned systems with better technology, long range Air Defence Missiles also contribute to Air Power. Hence, requirement of aircraft for Air Force varies with the threat 75 perception and induction of other combat systems that supplement Air Power. As far as the build-up in the strength of fighter squadrons is concerned, two pronged approach has been adopted by midlife upgradation of legacy aircraft to retain their operational relevance and induction of new aircraft. The Committee learn that MiG-29, Jaguar and Mirage-2000 aircraft are being upgraded in a phased manner as a part of obsolescence management so that they remain relevant and contemporary. The Committee observe that utilizing existing capabilities to its fullest by managing obsolescence issues is plausible. They desire that since aircraft are operated by human resource, due care should be taken while carrying out upgradation and maintenance.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Recommendation No. 28

With regard to induction of new aircraft, the Committee were apprised that procurement of 36 Rafale aircraft has commenced and will significantly enhance operational capabilities of Air Force. Meanwhile, induction of the balance Su-30 MKI aircraft from HAL is under process. The induction of indigenous LCA is also ongoing, of which some LCA Mk 1 have been delivered. Additionally, contract for procurement of 83 x LCA Mk 1A from HAL has been signed recently. The first batch of the aircraft are planned to be inducted within 03 years of signing of contract (FY 2023-24) and all deliveries would be completed within 08 years after commencement of deliveries. Induction of these aircraft would augment the present overall fighter squadron strength of IAF by four over a period of next eight years. The Committee recommend that the timelines for deliveries of the above stated aircraft shall be stringently followed so that desirable strength of combat capabilities are achieved by Air Force.

Reply of the Government

1. 23 Rafale aircraft have been accepted by the IAF team. 20 aircraft have been ferried to India and the remaining three aircraft are in process of being ferried to India in May 2021. The delivery of aircraft is as per contractual schedule till date.

2. Under the two contracts with HAL for supply of 20 LCA MK1 aircraft each in IOC and FOC configuration, sixteen LCA IOC have been delivered. Delivery of FOC aircraft has also commenced wherein two aircraft have been delivered and another four have been signaled out. Further, HAL has planned to deliver 8 twin seater aircraft (04IOC + 04 FOC) with AAR capability in 2022-23. Contract for 83 LCA Mk 1A has been signed with HAL on 25 Jan 21. Delivery envisaged in the contract is $T_0 + 36$ months to $T_0 + 96$ months (Where T_0 is the date of contract signing). Out of contracted 272 Su-30 MKI aircraft, total 271 aircraft have been delivered by HAL.

Recommendation No. 29

The Committee find that induction of indigenously developed LCA Mk-IA would partially offset drawdown of number of fighter squadrons to cater for phasing out of MiG 21 and MiG-27 squadrons. The Committee cautiously state that further advancements in indigenous development of fighter aircraft shall be undertaken so that in near future Air Force does not depend solely on LCA Mk-I which is a light combat aircraft. On this account, the Committee were reassured that a case for additional fighter aircraft is under process with enhanced indigenous content and technology transfer. Also, the IAF is fully supporting DRDO in the Design & Development of indigenous Advanced Medium Combat Aircraft (AMCA). The Committee recommend that Ministry of Defence shall regularly review that status of progress of AMCA so that it rolls out within a stipulated timeframe and if the progress is not satisfactory, alternate aircraft may be procured so that squadron strength does not deplete further.

Reply of the Government

1. **MRFA.** An RFI for procurement of 114 fighter aircraft was hosted on MoD and SHQ website on 06 Apr 2018. The procurement would be through the Make in India provisions of the DAP 2020. Responses have been received for eight aircraft types and the ASQRs for the procurement are being finalised.

2. **AMCA.** IAF is providing active support to DRDO towards meeting the developmental timelines of the aircraft. Preliminary Design Review for AMCA was carried out in Nov 2020 and the Critical Design Review is tentatively planned in Dec. 2021.

Trainer Aircraft

Recommendation No. 31

A representative of Air Force intimated the Committee that albeit current Air Force is managing with the existing strength, more trainer aircraft would be desirable to undertake training responsibilities. The Committee further found that in order to cater for the shortage of trainer aircraft, IAF is in the process of acquiring 106 indigenous HTT-40 Basic Trainer aircraft from Hindustan Aeronautics Limited (HAL). While taking note of the fact that process of certification of HTT-40 has been pending for some time, the Committee recommend that immediate steps must be taken to acquire/ procure of HTT-40 in time so that training curriculum of Air Force pilots is not disrupted. Developments on the same shall be intimated to the Committee.

Reply of the Government

1. **Development of HTT-40 aircraft.** The aircraft has recently undergone spin trials. Developmental activities towards certification are being progressed. PSQR (Preliminary Service Qualitative Requirements) validation trials are being undertaken by the Testing Agency of the IAF.
2. **Procurement Process.** AoN for procurement of 106 BTA and change of category to Buy 'Indian-IDDM' was revalidated by DAC on 11 Aug 2020. Initially, 70 HTT-40 BTA will be procured from HAL along with associated equipment. Balance 36 BTA will be procured on successful operationalisation of HTT-40 aircraft in the IAF. RFP has been issued to HAL on 04 Feb 21. Technical bid has been opened on 15 Apr 21 and TEC is under process.

Recommendation No. 32

The Ministry of Defence furnished a note stating that Kiran (Intermediate Jet Trainer) aircraft have started phasing out on reaching the life span since 2016. However, a scheme for Total Technical Life extension from present 8,000 hr to 8,500 hr by HAL has been accepted. With this, the Kiran MK-I/IA fleet is likely to be exploited till 2025-26. The Committee recommend that adequate precautionary measures shall be adopted while using the IJT for training purposes lest precious life of our pilots will fall in danger.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Transport Planes and Helicopters

Recommendation No. 33

The Committee desired to know about the availability of transport planes and helicopters with Air Force. In respect thereto, they were assured that Adequate transport aircraft and helicopters are available to meet operational and administrative requirements. Phase out of Transport Aircraft and Helicopters is based on Calendar Life / Flying Hours as designated by the Original Equipment Manufacturers (OEM). IAF undertakes Life Extension of these aircraft from time to time depending upon the actual condition of these platforms. The Committee desire that adequacy in transport planes and helicopters should be maintained by Air Force as they are backbone of our fighting strength at far flung areas.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Modernisation of Air Field Infrastructure (MAFI) Project Phase-II (MAFI_II)

Recommendation No. 34

The Committee wished to be apprised about the status of night landing facilities at Air Force bases. In this regard, the Ministry of Defence submitted that night landing facilities are provisioned as per the operational commitments of a base. Installation of night landing facilities is planned when requirement for night operations is envisaged. Installation of night landing facilities is planned at 18 IAF airfields as part of Modernization of Airfield Infrastructure (MAFI) Project Phase-II. The Committee recommend that the projects under MAFI-II shall be completed with stipulated timeframe.

Reply of the Government

1. Indian Air Force has 53 Air Force bases, out of which 42 have permanent night landing facilities. The MAFI Phase-II Project is scheduled to be executed within stipulated timelines (i.e. May 2024).

Accidents

Recommendation No. 35

The Committee were concerned to learn about the accidents of aircraft. The Ministry of Defence replied that the aircrafts' accidents have reduced by over 60 per cent between the 11th plan period to 13th plan. In the current financial year, only two

accidents have occurred and the accident rate is the lowest in last 50 years. The Committee applaud the measures being taken to curb accidents, nevertheless, recommend that a foolproof strategy be chalked out so that Air Force operations become safer with time.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

Manpower

Recommendation No. 36

During examination of Demands for Grants, the Committee found that the shortage in officers' strength is approximately 4 percent and is a variable figure which keeps fluctuating depending on commissioning cycle, premature separation of officers etc and is considered negligible for such calculations. The inductions are planned so as to gradually bring the strength at par with the sanctioned establishment. With regard to strength of airmen, the shortage is approximately 5% and is a variable figure. Presently 12,330 trainees are 80 undergoing training at various training institutes. The Committee recommend that a thorough review of measures undertaken for reduction of deficiency of manpower and improvements in training infrastructure shall be carried out and they may be apprised of the progress while furnishing Action Taken Replies.

Reply of the Government

Action Taken Replies have been forwarded to Hon'ble Chairman in sealed cover being 'Classified'.

NAVY

Recommendation Nos. 37-39

Recommendation No. 37

The Committee find that Navy is prime manifestation of India's maritime power which shapes maritime domain and safeguards national maritime interests. To safeguard our national maritime interests, continuous Mission Based Deployments are being undertaken by Indian Navy. Indian Ocean Region (IOR) has multiple security challenges as it contains major shippings lines and nearly 1,20,000 ships transit through various choke points. Almost 13000 ships are in IOR at any given point of time. The region is centre of gravity of piracy & transnational crimes and also locus of 70% of world's natural disasters. Providing Humanitarian assistance during disaster is another vital role played by Navy. The Committee are also aware and they applaud that large scale evacuations was also carried by Indian Navy during COVID-19 crisis. In the considered opinion of the Committee, in order to run their operations efficiently, Navy unquestionably need consistent and adequate inflow of funds.

Recommendation No. 38

For examination of the Demands for Grants of Navy for the year 2021-22, the Committee had sought from the Ministry of Defence a statement indicating the proposed and earmarked outlay at Budget Estimates (BE), Revised Estimates (RE) and actual expenditure for Navy during the last five years and the current year. After gleaning through the documents furnished to them, the Committee find that total demand of Navy including Revenue and Capital outlays, for the year 2021-22 is Rs. 1,05,177.61 crore while the allocation is Rs. 56,614.23 crore resulting into a deficit of Rs. 48,563.38 crore. The Committee take serious note of huge gap in projection and allocation. The Committee further looked into detailing of Revenue and Capital Overheads and their findings are contained in succeeding paragraphs of this recommendation portion.

Recommendation No. 39

The Revenue budget has two constituents viz. salary and non-salary. Major portion of the budget head primarily goes for salary expenses which is a fixed expenditure. The non-salary expenditure caters to the expenses on stores, ration, transportation, fuel, etc. which are essential for regular training and operational preparedness of Navy. In Budget Estimates (BE) for FY 2021-22, against Revenue Head, projection of Navy was Rs. 34,256.83 crore and allocation to be made is Rs. 23,360.68 crore, so there is a reduction of Rs. 10,896.25 crore. From the examination of Demands for Grants, the Committee record that the average increase in revenue budget allocation over the last five years has been 8.05 percent. However, the requirements projected continue to be significantly higher than the allocations. As brought out in earlier paras of this Report, a healthy Revenue budget is significant for regular upkeep, training and operational preparedness of the Force. Therefore, the Committee aver that adequate funding shall invariably be provided to Navy for meeting their operational cost.

Reply of the Government

This Ministry receives ceilings separately for Revenue (Salary and Non-Salary) and Capital, based on which funds are allocated to services. Since Ceilings received are not as per projections made, it may not be possible to provide allocations to Navy or any other service/organization as per their projected requirement. Keeping a certain percentage for Revenue or Capital also depends on ceilings received. Therefore, it may also not be possible to maintain a particular ratio in favor of Capital or Revenue. However, every effort is made to ensure that no project/ proposal is shelved for want of funds. As and when required, additional funds are sought. In absence of receipt of additional funds, requirements are reprioritized for optimum utilization of available resources.

Recommendation No. 40

Capital budget cardinally provides for expenditure on modernisation, enhancement of force level, infrastructure development, etc. Under Capital Head, in BE for FY 2021-22, Navy's projection was Rs. 70,920.78 crore and allocation to be made is Rs. 33,253.55 crore. There is a deduction of Rs. 36,677.23 crore in allocation vis-a-vis demand. It is apparent for the Committee to see that Naval Capital budget has not seen substantial increase over past years. Most of the provisions are utilized for paying off committed liabilities, hence leaving minimal scope for new schemes. The Committee are very clear in their exhortation that due to dearth of funds for new schemes, capability enhancement of Navy cannot progress at desired pace. The Committee, therefore, recommend that the Ministry of Defence shall review the aspects related to Capital allocation to Navy and funds be allocated in accordance to advancements of their capital acquisition schemes.

Reply of the Government

Funds are allocated to the Services, including Navy, taking into consideration pace of expenditure, committed liabilities, approval stage of various projects/schemes etc. Though the allocations received are not as per the projections made, however, based on expenditure pattern during the year, additional funds will be sought at Supplementary/RE stages. Also, if required, through reprioritization, it is ensured that capital acquisition schemes of Navy do not suffer due to want of funds.

The BE allocations of Navy under Capital Head for the last three years is tabulated below:

(Rs in crore)	
Year	BE allocations
2019-20	22227.53
2020-21	25666.49
2021-22	32050.02

It can be seen from the above table that Navy's BE allocations under Capital Head are consistently increasing.

Recommendation No. 41

In case of Revised Estimated (RE) for FY 2020-21, under Revenue head, Navy's projection was Rs. 28,379.84 crore and allocation made was Rs. 23,347.69 crore. The allocation is short of demand by Rs. 5,032.15 crore. However, the expenditure incurred till December 2020 was merely Rs. 15,135.30 crore. Under Capital head, in RE 2020-21, the projection of Navy was Rs. 51,769.28 crore against which an allocation of Rs. 37,542.88 crore was made, hence Rs. 14,226.40 crore short of demand. However, the expenditure in three quarters of FY 2020-21 i.e. upto December 2020 was only Rs.

25,384.81 crore. With regard to the capital budget, the Committee were apprised by the representatives of Ministry of Defence who stated that in capital budget at RE stage Navy got an additional amount of Rs. 11,000 crore which catered for budget shortfall in the capital allocation as well as the emergency procurement. Further, it was added that majority of Naval Capital expenditure goes for ship construction. The ship construction timelines are unpredictable, some of the payments were to slip to next year due to COVID-19. The Committee construe that as estimation of ship construction timelines should be pursued with the shipyards at commencement of contract and constant reviews be held at regular intervals, Further, the Committee desire that those obligations which had been deferred due to covid, shall now be accelerated so that yearly procurement plans are mostly concluded by the end of the FY 2020-21 i.e. March 2021. The efforts initiated and outcome of the same be intimated to the Committee simultaneously.

Reply of the Government

COVID-19 has severely affected work related to shipbuilding in all the shipyards. Most of the foreign as well as domestic OEMs could not depute their reps for works related with major shipbuilding projects. The shipyards also faced shortage of casual labourers due to their exodus from major cities due to the pandemic. Notwithstanding, measures were instituted to ensure continuation of work related to shipbuilding by undertaking online consultations from OEMs or their reps and by following SOPs regulated by the State Governments with adherence to COVID-19 guidelines. It is pertinent to highlight that *IN* was able to fully expend the allocations at RE stage.

Percentage Share of Navy Budget

Recommendation No. 42

The Committee desired to know the percentage share of Navy budget, both in Revenue and Capital segments, out of the total Defence Budget during the past years. The data furnished by the Ministry of Defence revealed an evident increase in percentage share of Revenue budget of Navy out of Defence Services Estimates from 6.10 per cent in 2014-15 to 7.10 per cent in 2020-21. At the same time there is decrease in capital budget share from 10.41 percent in 2014-15 to 8.26 per cent in 2020-21. Albeit, in absolute terms, increase is visible under both revenue and capital heads during the same time period. In case of Revenue head, in 2014-15, the allocation was Rs. 13,975.79 crore which increased to Rs. 23,360.68 crore in 2021-22. As far as Capital part is concerned, the allocation of Rs. 23,832.67 crore in 2014-15 grew to Rs. 33,253.55 crore in FY 2021-22. The Committee observe that only a healthy balance between Revenue and Capital overheads of Naval budget would determine both, all time operational preparedness and modernization drive of Navy. Based on the above analogy, the Committee recommend that funds shall be demanded and allocated to Navy in light of the above observation.

Reply of the Government

The recommendation of the Committee is noted for compliance. Based on progress of expenditure, pending committed liabilities etc., additional funds will be sought at Supplementary/RE stage.

Budget for Modernization

Recommendation No. 43

The Committee were apprised that in the FY 2020-21, an amount of Rs. 24,948.28 crore was allocated at BE stage and an additional amount of Rs. 11,084.50 crore has been allocated to Navy in RE 2020-21 over BE 2020-21 under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes). Further, earmarking between Committed Liabilities and New Schemes is carried out by Service Head Quarters based on prioritization among the projects/schemes and the progress of contractual milestones. Against these allocations, an expenditure of Rs. 24,568.88 crore (upto December, 2020) has been incurred in FY 2020-21. The Committee also find that in FY 2020-21, Navy had sought additional allocation of Rs. 29,672.68 crore in first supplementary to cater for anticipated Carry Forward Liabilities of Defence Public Sector Undertakings (DPSUs)/ Foreign/ Private Vendor and Shipbuilding Projects, P8I, Multi Role Helicopter (MRH), progress of other aviation schemes, Annual Major Works Programme (AMWP), Married Accommodation Project (MAP), Varsha, Seabird, marine projects including Strategic Infrastructure Projects, etc. No additional allocation is received in First Supplementary. In 2nd Supplementary, an additional amount of Rs. 11,645.59 crore had been sought to cater for anticipated Carry Forward Liabilities of DPSUs/ Foreign/ Private Vendor and Shipbuilding Projects, P8I, MRH, progress of other aviation schemes, Annual Major Works Programme, MAP, Varsha, Seabird, marine projects including Strategic Infrastructure Projects, procurement of weapon equipments/ systems, missiles and torpedoes; emergency procurements and custom duty payments, etc. Second and Final supplementary is yet to be approved by the Parliament. In the first instance, the Committee see that anticipated committed liabilities to the tune of Rs. 29,672.68 crore denied in first supplementary would generate backlogs ahead. This will certainly lead to rippling effect on future modernization programme. Secondly, the Committee wish to recommend that the demands sought in second supplementary are judiciously provisioned to Navy so that anticipated expenditure are paid off.

Reply of the Government

Navy has been allocated an amount of Rs. 39,972.82 Crore in MA (Modified Appropriation) in FY 2020-21 under Modernization (Capital Acquisition) Head. This figure in final grant is Rs 15,374.82 Crore more than BE allocation of Rs 24,598.00 Crore and the expenditure incurred against these allocations is Rs. 40,084.65 Crore upto March (Final-as on 19th May, 2021). It may be seen that Navy has been able to utilize the funds allocated for its modernization.

Indigenisation

Recommendation No. 45

As regards indigenization, the Committee were apprised during deliberations that Indian Navy has been at the forefront of indigenization and has aligned itself fully with the Make in India initiative of the government. The Navy has nurtured indigenous shipbuilding programme since 1960, and over 130 indigenously build ships have been commissioned, till date. Presently, 48 ships and submarines are being constructed indigenously in Indian shipyards. In addition, Navy has contracted for 12 Dornier aircraft, 16 Advanced Light Limited Helicopter and eight Chetak helicopter with Hindustan Aeronautics Limited last years. IN would maintain domestic and foreign outlay 70:30 in next 5-7 years. It was further informed by Ministry of Defence that in 2019-20, Rs. 17401.48 crore was incurred on indigenous procurements. Comparatively in 2020-21, upto January 2021, Rs. 14574.44 crore worth procurements were made from domestic market by Navy. Taking into account, the lockdown periods due to covid pandemic and subsequent slowdown of economic activities, the Committee view that indigenized purchases of Navy had progressed well during the year. The committee commend the initiatives undertaken by Navy in realizing self-reliance in country's Defence and desire that the right trajectory of indigenization continue to be constantly pursued.

Reply of the Government

IN concur with remarks of the Committee and would progress the indigenization efforts at the right earnest.

Recommendation No. 48

The Committee explored that island territories are viable of developing into an optional aircraft carrier. Country is enriched with island territories having runways which can be operationalized. In fact, some of these islands are strategically and favourably located on both sides of the coast suited for blocking and dominating the ingress routes provided runways there are made operational. The Committee infer that above proposal is worthwhile and prioritising investment for development of various island territories as provisional aircraft carrier shall be contemplated by Ministry and decisions on the same shall be furnished to the Committee.

Reply of the Government

It is true that Country has island territories located strategically, both on the East and the West Coast and overall infrastructure development in these territories is being progressed in tandem with the threat perception and long term strategic vision. As suggested by the Committee, **investment is being prioritized** to develop OTR Ports and extension of existing runways in Andaman and Nicobar islands to support forward development of ships and aircraft. Further, Armed Forces are also supporting the NITI Aayog initiative of developing a Joint User Airfield in Minicoy, as well as the MoCA/AAI Project for development of the Agatti airfield. Once completed these assets can be

effectively leveraged to dominate the ingress routes, especially from the Malacca Strait and the eight degree off the Lakshadweep.

Naval Exercises

Recommendation No. 49

The Committee were apprised on role and purpose of Quadrilateral Security Dialogue (QUAD) which is a Naval exercise collaborated with other Navies to ensure that there is freedom of navigation in the Indo-Pacific. The Committee endorse such operational cooperation and they recommend Government can explore possibilities of extension of Naval exercises among QUAD nations in domain of defence as well. The Committee look forward to advancement in this regard and shall be informed by Ministry of Defence.

Reply of the Government

IN has been participating in bilateral and multilateral maritime exercises with the QUAD members. The objective of these exercise is to establish interoperability between the participating Navies, improve skill-sets, exchange 'best-practices' including lessons learnt, and also strengthen the bridges of friendship amongst the participants. In addition, passage exercises are conducted with the navies of friendly foreign countries at every available opportunity.

The details of the bilateral and multilateral exercises conducted with QUAD countries are as follows:-

<u>Ser</u>	<u>Exercises</u>	<u>Countries</u>	<u>Remarks</u>
Multilateral Engagements (involving QUAD countries)			
(a)	MALABAR	Australia, India, Japan and USA	<ul style="list-style-type: none"> Conducted annually Area of conduct alternately between IOR and Western Pacific
(b)	RIMPAC	Lead - USA	<ul style="list-style-type: none"> Conducted biennially
(c)	IMX	Lead - USA	<ul style="list-style-type: none"> Conducted annually
(d)	CUTLASS EXPRESS	Lead - USA	<ul style="list-style-type: none"> Conducted annually
(e)	KAKADU	Lead - Australia	<ul style="list-style-type: none"> Conducted biennially
(f)	LA PEROUSE	Australia, France, India, Japan and USA	<ul style="list-style-type: none"> French led exercise. Maiden participation by India in Apr 21 Conducted in Eastern IOR
Bilateral Engagements With QUAD Countries			
(g)	AUSINDEX	Australia	<ul style="list-style-type: none"> Conducted biennially Alternately hosted by India and Australia
(h)	JIMEX	Japan	<ul style="list-style-type: none"> Conducted biennially

Recommendation No. 50

The Committee were concerned about the implementation of safety measures in Navy so as to curb accident rate. In this issue, the Ministry of Defence brought to the notice of the Committee various measures taken to enhance safety awareness and mitigate accidents. It was submitted through a written reply that aspects have always been accorded utmost importance by the Indian Navy. Adherence to safe working practices is a pre-requisite for operational effectiveness for the Indian Navy, wherein personnel operate in an equipment intensive and potentially hazardous environment. To ensure safe conduct of all operations within their respective domains, Class Authorities, namely Flag Officer Sea Training (for surface), Flag Officer Naval Aviation (for aviation) and flag Officer Submarines (for sub-surface) have been existing for a long time. The implementation of Safety Consciousness is a process in continuation. The measures facilitate improvement in the working environment from the safety point of view, without curbing the traditional naval ethos of initiative and boldness. The Committee desire that Indian Navy continues to keep 'safety' at work at all times as well as in operations.

Reply of the Government

Stringent adherence to safety have been implemented as a part of Standard Operating Procedure (SOP) for all naval evolutions, and concentrated efforts to imbibe 'Safety Culture' as a way of life amongst naval personnel are being progressed. Accordingly, several initiatives have been introduced based on emerging requirements to inculcate a 'think safety' attitude. Further, training towards a safety oriented approach to various evolutions has been included from the ab-initio stage itself and is suitably reinforced at subsequent stages. *IN* concurs with the remarks of the Committee and continues to keep '**safety**' at work and operations in prime focus with constant endeavour to minimise accidents/ incidents through the established process of sensitisation of personnel, proper briefings/ debriefings, and adherence to Standard Operating Procedures (SOPs).

Recommendation No. 51

After going through the data on the existing and sanctioned strength of the manpower in the Navy, the committee found that as on 31 December 2020, the shortage in case of officers (excluding medical and dental officers) was 11.4 percent. The committee are happy to take note of the improvement on comparison from the position in 2011 when the shortage was 21.5 percent. The shortage of sailors has been reduced from 22.65 percent in 2011 to 18.49 percent in 2020 (on 31 December 2020). The committee are confident that current endeavours shall result into ameliorating manpower shortages in Navy, therefore, they recommend for continuation of the same trend in future and for achieving the optimum number of its force level.

Reply of the Government

The steps undertaken by the *IN* to mitigate shortages would be continued to overcome the manpower shortfalls.

JOINT STAFF

Recommendation No. 52

The Committee learn from the detailed discussion on Demands for Grants that Ministry of Defence is introducing process of jointness and integration of the three services. The prioritization of procurements are being done to regulate imbrications in purchases by the three Services namely Army, Navy and Air Force. The Committee infer that integration of logistics would surely help in checking redundancy and saving upon the budget, however, they are cautious to perceive if this would lead to compromising upon individual insufficiencies for any of the Services at any point of time. Therefore, while welcoming logistical integration of processes at central level of the three services, the Committee recommend that independent needs of all the services shall not be overlapped so that there be no need of adjustments in regular activities of training and maintenance.

Reply of the Government

The issue is being deliberated in detail as part of the Study for providing support to Theatre Commands wherein commonality of equipment/ inventory between the three services is being established. The endeavour would be to establish common supply chain wherever feasible.

Recommendation No. 53

An overview of budget of Joint Staff was taken up by the Committee. They find that allocation in BE 2021-22 is Rs. 4,543.04 crore made against a projection of Rs. 6,251.11 crore, a deficit of Rs. 1708.07 crore. Further study of outlays, revealed that that there is hardly any increase in BE 2021-22 from the last year when BE was Rs 4,461.44 crore. The Committee were apprised by the representatives of Ministry of Defence that on the basis of expenditure further money will be sought subsequent budgetary stages of the year. The Committee feel that in view of the enhancement in jointness of procurement etc. by the three services, there will be augmentation in responsibilities of Joint Staff. Therefore, the Committee recommend for enhanced allocation to Joint Staff at consequent stages during the year, otherwise substantial progress in expanding horizons of defence will be delayed.

Reply of the Government

The recommendation of the Committee is noted for compliance. Based on progress of expenditure, pending committed liabilities etc., additional funds will be sought at Supplementary/RE stage.

Recommendation No. 54

In course of examining DFG 2021-22, the Committee discovered that the land for construction of few establishments has not yet been finalized. The Committee construe that wars in modern times are no more limited to conventional battlefield conflicts but cyber and space attacks are becoming new normal. Therefore, they in no uncertain words recommend that the process of acquiring land which is evidently a very crucial stage of progressing further and construction of building infrastructure shall be expedited and at no cost shall be deferred due to want of requisite money. Developments in regard thereto shall be furnished to the Committee.

Reply of the Government

No issue of land for the construction of establishments is currently pending due budgeting constraints on our records. Further, projects are progressed for sanction only after accord of budget approvals.

Recommendation No. 55

Glancing at the figures submitted to them, the Committee notice that lesser expenditure had been incurred during FY 2020-21, whereby only Rs. 2,266.70 crore was spent till the end of December 2020. The amount is nearly half the allocated amount for that year. The Committee were given to understand that there was less expenditure in FY 2020-21 due to Covid as most of the training programmes were run online. The Committee are aware of the fact that the demands of Joint Staff are not limited solely to training activities. Therefore, it goes without saying that the money saved under training head shall be prudently utilized against other overheads for holistic development.

Reply of the Government

In MA (Final Grant) 2020-21, an amount of Rs. 3,602.20 crore had been allocated to Jt. Staff (including Revenue and Capital Heads). Against these allocations, an expenditure of Rs.3,565.98 crore (98.99% of final grant) has been done till March(Final-as on 19th May, 2021). The expenditure percentage is indicative of optimum utilization of the allocations to Joint Staff in FY 2020-21.

Recommendation No. 56

In course of examination of DFG 2021-22, the Committee found that An Air Defence Command (ADC) and a Maritime Theatre Commander (MTC) are in advanced stages of finalization. It was further apprised by the Ministry of Defence that ADC will be responsible for the air space of the entire nation both during peace and war while MTC would look after the maritime domain. These would provide the operational flexibility, resource optimization, unity of command and unity of effort. The Committee view that this integration has the potential to unlock critical core strength within the three services to bridge limitations and complement each other's competencies in battle to optimize combat power. On the obverse, the Committee find that a very positive development

intertwined with the modernisation and advancement of four Forces, and such recommend that no stone should be unturned to take this development to finality. The Committee would like to be informed of the details in this regard with the Action Taken Replies furnished by the Ministry.

Reply of the Government

The objective of setting up ADCs MTC would be to integrate and synergise relevant elements of the Indian Armed Forces for the joint application of force in the maritime domain. Study Report for establishing the Maritime Theatre Command is at an advanced stage, with large degree of consensus having been achieved through extensive deliberations with all stakeholders.

MILITARY ENGINEER SERVICES (MES)

Recommendation No. 57

The Committee learn that Engineer-in-Chief's Branch of Military Engineer Services (MES) is responsible for monitoring of budget allotted for Carry Over Capital and certain Heads of Revenue and Maintenance Services for Army only. The allocations for the balance Code Heads of Army and all Code Heads of other Services is carried out to lower MES formations by Service Headquarters through staff channel. The Committee note that during the year 2020-21, under Capital Head only Rs.3,450.00 crore could be utilized out of Rs. 7,343.17 crore and under Revenue Head only Rs. 6329.70 crore could be utilized out of Rs. 10,713.04 crore which leaves a large amount of unutilized fund. The Committee understand that due to Covid-19 pandemic situation there were delays in reaching the targets of expenditure under Revenue and Capital Head but taking note of the fact that due to the crunch in Budgetary grants, AMWP ceilings were regulated, six works worth Rs. 484.41 crore were reprioritized under Army and 57 works worth Rs. 2263.71 crore were reprioritized under Air Force. While taking note of this dismal performance the Committee recommend that MES should improve their trend of utilization of budget in a well organized manner and adhere to the prescribed timelines so that the unutilized funds are not surrendered at the end of Financial Year and due to non-availability of funds, reprioritization of certain sanctioned works under the three services does not take place in coming years. Such a trend in fiscal parameters does not bode well with the prudent financial principles. The Committee would like to be apprised of the figures of final expenditure in 2020-21 under Revenue as well as Capital Heads at the time sending action taken replies.

Reply of the Government

1. Observations of the Committee have been noted and all out efforts are being made to ensure complete utilization of allotted funds. In the past five years there has not been any major under-utilization of allotted funds. In fact, additional funds were sought to maintain the targets set by MES. **As per reply to Point No 4 (i) to Examination of Demand of Grants for the MoD for the year 2021-22, submitted in Feb 2021, the figures of MES expenditure under Capital and Revenue outlay were**

updated as on 31 Dec 2020, hence there was a difference noted in the allocated and utilized fund.

2. The FY 2020-21 has been an unprecedented year not only for MES but for also for entire Nation. Due to the lockdown, construction activities did not take place as planned and even after lifting of the lockdown, the labour shortage continued. Despite the challenges posed by pandemic, MES strived to ensure nearly 100% expenditure of allotted funds. The state of final expenditure for FY 2020-21 as on 31 Mar 2021 is as under:

	<u>Capital Head</u> (Rs. in crore)	<u>Revenue Head</u> Rs. in crore)
(i) Funds allocated	5911.08	10713.04
(ii) Funds utilized	5917.20	10499.60

3. As per reply to Point No 4 (ii) to Examination of Demand of Grants for the MoD for the year 2021-22, submitted in Feb 2021, it was mentioned that **Re-prioritization of certain sanctioned works was done in Financial Years 2018-19 and 2019-20**, during which the 06 works of Army and 57 works of Air Force had been re-prioritized. It is submitted that, despite of all COVID related challenges faced during FY 2020-21, no re-prioritization of works was done by MES.

EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME

Recommendation No. 58

The Committee note that during the year 2020-21, ECHS has been allocated Rs. 3451.98 crore against the projection of Rs. 6892.00 crore out of which only Rs. 2913.34 crore had been utilized. The Ministry has put forth the projection of Rs. 5643.62 crore in 2021-22. The Committee further learn that the Ministry of Defence has provided additional financial sources for current pandemic management to ECHS which is to the tune of Rs. 150 crore. During the course of evidence while examining Demands for Grants 2021-22 the Committee note that there were bills pending as the Bills processing Agency at Mumbai is not clearing the bills in time and there are inordinate delays reported in clearing the bills of Ex-Servicemen pertaining to the treatment during COVID-19 pandemic situation in the empanelled hospitals. The Committee believe that this delay in timely payment of medical bills of the empanelled hospitals may have detrimental effects on the healthcare Services provided to the ECHS beneficiaries, and, therefore, recommend that if the present additional allocation is not adequate to settle the bills, more funds should definitely be provided to ECHS at supplementary Grants stage to do away with the pendency of Medical Treatment related expenses. The Ministry should also apprise the Committee regarding current pendency in this regard while furnishing Action Taken Notes.

Reply of the Government

1. It is intimated that during last FY 2020-21, Total Rs. 5321.28 Crs (at MA stage) was allotted to ECHS which was sufficient for FY 2020-21. In current FY 2021-22, Rs. 3332.51 Crs has been allotted to ECHS in BE 2021-22. As on 25.06.2021, the expenditure is Rs.892.58 Crs and a pendency of bill amounting to Rs 1122.59 Cr of the empanelled hospitals. The pendency of bills as on 31 Mar 2021 was Rs.1128.94 Crs. Thus it can be seen that payments made due to timely clearance of bills has reduced the pendency from Rs.1128.94 Crs to Rs. 1122.59 Crs. The total COVID-19 Pendency as on 25 Jun 2021 is Rs. 16.99 Crs only, which is included in total pendency of Hospitals. The balance available fund will now be utilised to clear the outstanding bills of Empanelled Health Care Facilities and other expenditure related to ECHS establishment. It has been proposed to allot an additional fund of Rs 1725.00 Crs vide CO ECHS letter No. B/49791/DG FP/AG/ECHS dated 17 Jun 2021 to DG FP before Nov of the current financial year by the time ECHS will utilise the currently allotted funds fully and ensure timely payment of medical bills of the empanelled hospitals. Last year there was an allotment of Rs. 900 Cr on 02 Mar 2021 which could not be utilised in full due to funds allotment at the fag end of the financial year with very little time left to process the bills for payments.

2. Hence, it is clarified that pendency varies on day to day basis due to daily submission of bills. The total No. of bills and amounts may increase or decrease. Few bills returned to NMI (Need More Information) basket at BPA, needs more documents and clarification from individual or BPA. As on date Pendency of NMI amount is Rs. 334.31 Crs. Out of total pendency of Rs. 1122.59 Cr, Rs. 334.31 Crs is in NMI amount.

3. The total amount pending at Regional Centres (RCs) in respect of individual claims by Ex-Servicemen as on 31 May 2021 was Rs. 3.58 crores.

Recommendation No. 59

After examining the data of authorized and actual Manpower at ECHS against the sanctioned strength of 61, there are only 03 Radiologists in ECHS polyclinics. This issue of shortage came to the attention of the Committee during the examination of previous DFGs also. However in a written reply, the Committee were informed that there has been no shortfall in the existing authorized manpower and unutilized vacancies are due to non-availability of Specialists in small town and remote areas and low Daily Average Sick Report (DASR) in Polyclinics. In their earlier report (5th Report of 17th Lok Sabha), the Committee had recommended that new technology of providing radiology services through telemedicine may be explored as an option at ECHS polyclinics at the earliest for compensating lack of radiologists. The Committee would like to be apprised of the action taken in this regard. Nevertheless, the Committee recommend the Ministry to publicize the vacancies in the ECHS Polyclinics through print and electronic media as well as writing directly to the superspecialty medical institutions to solicit the interest of willing candidates. It is of paramount interest that serious consideration should be given to revise the pay structure of the concerned posts and make unwavering efforts to fulfill these vacancies at the earliest.

Reply of the Government

Though efforts are being made to explore various alternatives like providing radiological services through telemedicine, however, it is a considered medical opinion that radio diagnosis is essentially based on imaging technology for which no clear guidelines are available. Further, unless photo sent to a Radiologist on email/WhatsApp is of high resolution quality, there are chances of missing out conditions like hairline fractures etc. With regards to filling up the vacancies of Radiologists, all concerned Station Headquarters, which are responsible to carry out Board of Officers for contractual employment, will be impressed upon through respective Command Headquarters to widely publicize vacancies for Radiologists and to also liaise with medical institutions. Present remuneration of Radiologist was revised on 06 Jun 2018 vide MoD letter No. 22D(19)/2017/(WE)/D(Res-I) date 06 Jun 2018. Functional requirements occurring due to unavailability of Radiologists due to low remunerations at ECHS Polyclinics are being met through utilization of empanelled Health Care Organisations. Sanction for hourly part time hiring has also been accorded to attract Radiologists.

Expansion of ECHS

Recommendation No. 60

The Committee understand that Fixed Medical Allowance (FMA) has been authorized at all ECHS beneficiaries who are residing in far flung areas where Polyclinics are not available. Further, 17 Mobile Polyclinics have been sanctioned in the States of Uttarakhand, Karnataka, Himachal Pradesh, Assam, Arunachal Pradesh, Punjab, Madhya Pradesh, Jammu & Kashmir and West Bengal. Taking into account the difficulties experienced by the veterans and their dependents dwelling in remote and difficult areas of the country in accessing and utilizing health care services, the Committee recommend that the Ministry should expedite with the formalities relating to the opening up of 17 Polyclinics in the above mentioned States. The Committee also recommend that these sanctioned Polyclinics should become functional at the earliest and new possibilities of procurement of ambulances and Mobile Medical Units should also be accorded topmost priority by the Ministry of Defence. The action taken in this regard may be apprised to the Committee at the earliest.

Reply of the Government

Efforts are being made to make all the sanctioned Polyclinics operational at the earliest. Supply order has been placed to M/S Ashok Leyland Ltd on 13 Jan 2021 by MGS Branch for 17 Mobile Medical Units (MMUs) for Type E ECHS Mobile Polyclinics in India and 03 Mobile Medical Units for Type E ECHS Mobile Polyclinics in Nepal. An amount of Rs. 300 Lakhs has also been allotted to MGS Branch vide Central Org ECHS letter No. B/49791/DGFP/AG/ECHS dated 06 Apr 2021 for this purpose. ECHS Polyclinics type 'E' are likely to be functional after the expected delivery of the above said Mobile Medical Units (MMUs).

SAINIK SCHOOLS

Opening of Sainik Schools

Recommendation No. 61

The Committee note that the scheme of Sainik Schools was conceived as a collaborative effort between the Central and State Government so that all parts of the country have Sainik Schools to remove regional imbalance in training for joining Defence Forces. The Committee truly believe that Sainik Schools have played a unique role as a recruiting and training ground of future leaders of the armed forces. The Sainik Schools, true to its aim, have contributed more than one fourth of NDA intake during the last decade. At present, Sainik Schools Society is playing a significant role in imparting quality education to students across length and breadth of the nation with 33 Schools in 23 States and 01 UT having about 16000 cadets. In the budget speech for 2021-22, pronouncement was made for consideration of proposal of setting up 100 more Sainik Schools in collaboration with NGOs and other stakeholders. During deliberations on Demands for Grants 2021-22, the Committee were enlightened that the said proposal is at formulation stage. The Committee desire that the scheme rolls out well within this Financial Year so that timely benefit could be availed by students.

Reply of the Government

A cabinet note on the proposal for setting up Sainik Schools in partnership with NGOs/ Private Schools/ States has been submitted to the cabinet Secretariat on 02.02.2021. On receiving requisite approvals from the competent authority the same will be implemented at the earliest.

Recommendation No. 62

In course of examination of Demands for Grants for the Financial Year 2021-22, the Committee realized that 5 states namely Sikkim, Tripura, Telangana, Goa & Meghalaya do not have even one Sainik School. Meanwhile, some States have two or more Sainik Schools. The Committee recommend that at the time of opening up of new schools balanced and equal distribution amongst States shall also be seriously taken into consideration. However in this regard, simultaneous assessment of keenness and commitment of the State for sharing joint responsibility and allocating necessary financial resources shall also be merited.

Reply of the Government

Sainik Schools are established on receipt of a request from State Government agreeing to provide land along with funds for the creation and maintenance of basic infrastructure, purchase of equipment and other facilities besides scholarships for the cadets belonging to the State. Status of setting up of Sainik schools in Five States viz Meghalaya, Sikkim, Tripura, Goa and Telangana is as follows:

- (a) **Telangana:** On the request of the Government of Telangana, Ministry of Defence has accorded “in-principle” approval and signed Memorandum of Agreement for opening of Sainik School at Warangal District in Telangana on 02.03.2017. However, thereafter no proposal is received from the State Government.
- (b) **Sikkim:** Response from State Government is still awaited.
- (c) **Tripura:** Response from State Government is still awaited.
- (d) **Goa:** The State Government of Goa has expressed inability to provide land to the required extent.
- (e) **Meghalaya:** Response from the State Govt. of Meghalaya is yet to be received.

Recommendation No. 63

The Committee also express concern for preservation of existing values, ethos and quality of education by new Sainik Schools. The proposals for new schools are at formulation stage, the criteria for the same shall ensure retention of existing excellence. The committee wish to recommend that all the stakeholders for new schools shall be approved only when essential procedural parameters for infrastructure and professional competence of faculty are diligently followed. The approval Committee should be constituted of eminent people including ex-service personnel.

Reply of the Government

Government is proposing to bring a new scheme for setting up Sainik Schools in the country in partnership with NGOs/Private Schools/States etc. It is aimed to have at least one school in each district of the country on the pattern of existing Sainik Schools in order to develop the ethos of national spirit, indomitable courage, unflinching commitment to values of respect for country and society, imbibe the importance of physical fitness and embody the national pride in students’ souls while providing “CBSE Plus” type of educational environment by involving the Government/ private schools to partner in establishing/ aligning their system with Sainik Schools’ eco-system.

- 2. Detailed guidelines and requisite approval are at an advance stage.
- 3. The observations of the committee are noted.

Budgetary Provisions

Recommendation No. 64

The Committee scrutinized the details of budgetary allocation for Sainik Schools submitted to them by the Ministry of Defence. They noted that in BE 2020-21, the projection was Rs. 116.00 crore while the allocation/utilization was Rs. 79.36 crore till date. The Committee were apprised that despite lesser allocation from Central Government, the mandatory expenses were not affected as State Governments provided for necessary financial support. Furthermore in RE 2020-21, an allocation of Rs. 329 crore has been approved by the Government and therefore there will not be any financial implication on functioning of Sainik Schools. The Committee appreciate that in the current Financial Year, Government has made adequate allocation to Sainik Schools which will be helpful in realizing all outstanding financial obligations.

Recommendation No. 65

In BE 2021-22, the projection of Sainik Schools is Rs. 137.68 crore. The allocation was to be finalized by Directorate General Financial Planning (DGFP). The Committee recommend that the allocation shall be made in light of the proposal for setting up of 100 more schools in ensuing year.

Reply of the Government

In BE 21-22, an amount of Rs. 300 crore has been allocated to Sainik Schools.

Recommendation No. 66

The Committee explored into the possibilities that Central and State Governments jointly share responsibilities and pool resources for smooth running of Sainik Schools. It also stands to reason that for practical purposes running a school on daily basis requires active and positive support of the local administration/ State Government. After sifting through the documents furnished to them, the Committee find that over the years the share of contribution of State Governments has increased from 63.16 per cent in 2017-18 to 74.65 per cent in 2019-20. Meanwhile, the share of Central Government has plummeted from 36.84 percent in 2017-18 to 25.35 percent in 2019-20. Not only in proportionate terms, even in absolute terms the contribution of Central Government has slid over the years. Gleaning the documents made available to them, the Committee explored that in 2017-18, Rs. 8000 lakh was sponsored by Central Government which came down to Rs. 4039.93 lakh in 2019-20. The Committee would like to comment that in order to bring in uniformity across the spectrum of Sainik Schools, role of Central Government is paramount and shall not erode under any circumstances.

Reply of the Government

In this regard, it is submitted that against a demand of Rs. 115 Cr. DGFP had allocated only Rs. 40.40 Cr. under BE/RE 2019-20. Due to less budget allocation by DGFP under BE 2019-20 to Sainik Schools there is a decrease in allocation in 2019-20.

2. With regard to less allocation of budget during 2019-20, DGFP has intimated that Sainik Schools are budgeted out of the Grants provided to the Army under the Revenue Head. The Revenue Head of the Army Budget caters for not only the maintenance and sustenance of the Army but also critical operational procurements such as Emergency Procurements and creation of infrastructure through operational works in difficult terrains.

3. During the Financial Year 2020-21, DGFP had allocated Rs. 329.36 crore to Sainik Schools under RE 2020-21 against the demand of Rs. 217.44 crore, which adequately facilitate the functioning and clearance of backlog of bills/claims of Sainik Schools.

Recommendation No. 67

The Committee, while examining DFG 2021-22 found certain issues such as payment of teachers are pending with Sainik Schools. Further exploring the matter, it was found that Sainik Schools were self-sustaining till the implementation of Sixth and Seventh Central Pay Commission (CPC) pay scales came to being. Subsequent to that, Sainik Schools are faced with certain fund constraints especially related to payment of additionality. The representative of the Ministry of Defence while throwing light on the issue stated that in the extant system pension payments is the liability of State Government, however, the additionalities arising out of implementation of Sixth and Seventh CPCs will be paid by Central Government. Further, the Committee were assured that with suitable allocation within the existing budget lines, these limitations have been overcome to a substantial extent. The Committee desire that in current Financial Year, those outstanding financial issues shall be amicably resolved.

Reply of the Government

During the year 2019-20, against the demand of Rs. 115.00 Cr. under BE 2019-20, DGFP had allocated Rs. 40.40 Cr. only for Sainik Schools. Due to shortfall in allocation of funds during 2019-20, liabilities of 2019-20 were carried forward and all shortfalls were required to be met from the budget of FY 2020-21. Hence, the budget outlay for the year 2020-21 was increased accordingly. Further, it is to be pointed out that DGFP had allocated a total of Rs. 329.36 Cr. to Sainik Schools in the FY 2020-21. Grants were processed for release of funds to Sainik Schools to meet their expenditure. Accordingly, all pending grants and bills of past liabilities have been cleared.

2. Also, during the current year 2021-22, DGFP has allocated Rs. 300 Cr. under BE 2020-21 to cater payment of all current year's dues to Sainik Schools.

Inadequate Infrastructure

Recommendation No. 69

The Committee note certain issues in respect to the maintenance and infrastructure. Not all Sainik Schools are well endowed in the matter of land, buildings and infrastructure. Many years since their commencement, Schools such as Sainik School Rewari, Sainik School Gopalganj, Sainik School East Siang and Sainik School SujapurTira continue to have inadequate infrastructure. The maintenance of the infrastructure is largely the subject of the State Government, but the allocation of grants for this purpose also not meet the actual demand in some of the cases. Consistent follow up is being done with states in this regard. The Committee would like to recommend that Ministry of Defence shall consistently follow up such issues and endeavor to resolve them. The action taken in respect to the aforesaid schools shall be shared with the Committee.

Reply of the Government

Many Sainik Schools are of 50 years plus vintage and the financial support from the respective State Governments has not been consistent. The Central Government is providing financial assistance to all Sainik Schools for infrastructure development, IT training, additionality in pay & pension of Sainik School employees consequent to implementation of Sixth & Seventh Pay Commission, NDA incentive etc.

2. Besides, out of funds Rs. 329.36 Cr. allocated under RE 2020-21, an amount of Rs. 109 Cr. has been earmarked onetime special infrastructure grant for enabling schools to create required facilities for girls cadets as a grant-in aid for the academic year 2021-22 in all Sainik Schools in the country.

Deficiency of Quality Staff

Recommendation No. 70

The Committee came to know that the quality of staff is affected by the location of the school. For instance, far flung schools find it difficult to attract and retain the best talent. The problem is further aggravated after withdrawal of Residential Allowance to school teachers and Tough Area Allowance. The Committee desire that Ministry of Defence should strive to find solution to such problem and measures taken be informed to the committee.

Reply of the Government

The issue of quality of staff and retention is being addressed through the implementation of policy on transfer of staff whereby equal opportunity will be given to all the staff members to serve in different locations. All the admissible allowance as per 7th CPC are given to staff. The Residential allowance was given in the year 2010 as per 6th CPC but since the staff members opted for 7th CPC, it was stopped.

Recommendation No. 71

Sometimes, difficulty is faced in posting of Principal, Vice Principal, Administration Officer, Permanent Instructor (PI) Staff etc. The number of Sainik Schools has steadily grown because of their ever increasing demand. However, concomitant increase in Officers from Army Education Corps (AEC) who tenate the post of Principal, Vice Principal, Admin Officer has not happened. As a result, on some occasions, the three services face difficulty in sparing officers for filling up the post of Principal, Vice Principal and Administrative Officer. The Committee note that efforts are being made to get officers posted from other core Armed Forces having requisite flair and academic bent to meet the shortages. Further, they wish that more effective initiatives are taken to overcome the challenge.

Reply of the Government

The number of Sainik Schools have steadily grown because of their ever increasing demand. However, there has no concomitant increase in Officers from AEC who tenate the post of Principal, Vice Principal and Admin Officer. As a result on some occasions, the three services face difficulty in sparing officers for filling up these posts. In this regard, special efforts are being initiated by Sainik Schools Society, the three services have stressed to provide suitable officers with the requisite QRs for filling up the post of Principal, Vice Principal and Administrative Officer.

Recommendation No. 72

Another concern of the Committee was to be apprised about the efforts that have been made by the Sainik Schools to facilitate online/distance learning for the students in wake of current pandemic. In this regard, they were informed that a letter dated 11.05.2020 was issued to all Sainik Schools to conduct mandatory online classes through video conferencing apps like Microsoft Teams, Google Suite etc. The video conference app is also used by Sainik Schools to carry out other activities like PT (including Yoga), NCC as well as co-curricular activities like group discussion, class talk, programmes related to Ek Bharat Shreshtha Bharat etc. The Committee appreciates the efforts and desire the same be continued.

Reply of the Government

In wake of the current pandemic, all Sainik Schools are conducting mandatory online classes through video conferencing applications. The video conference applications are also used by Sainik Schools to carry out other activities like PT (including Yoga), NCC as well as co-curricular activities like group discussion, class talk, programmes related to 'Ek Bharat Shreshtha Bharat' etc.

2. For the current year 2021-22, annual calendar of events under EBSB has been circulated to all Sainik Schools who have confirmed the implementation of monthly activities under EBSB and to update the same on EBSB portal on monthly basis.

Implementation of reservation for Economically Weaker Section (EWS)

Recommendation No. 75

The Committee categorically wished to be intimated about the status of implementation of reservation for EWS in Sainik Schools. A representative of Sainik School candidly submitted that the proposal is still under consideration and has not yet been implemented for pendency of final decision. The Committee view that reservation for EWS has now been pronounced for quite some time and most of the institutions in the country have implemented it. Delaying of the same by Sainik Schools will not be in support of the scheme. Therefore, the Committee recommend that the policy shall be implemented in Sainik Schools without delay so that the purpose of the idea is achieved in letter and spirit.

Reply of the Government

As per Sainik School Society rules and regulations, there is no policy for reservation of Economically Weaker Section (EWS) in admission in Sainik Schools. Further, Office Memorandum No. 12-4/2019-U1 dated 17th January 2019 issued by the Ministry of Education provides 10% reservation for the Economically Weaker Sections (EWS) in terms of 103rd Constitutional amendment in Higher Educational Institutions within the general category; whereas Sainik Schools are not Higher Educational Institutions as such the said Office Memorandum is not applicable to the Sainik Schools. In this regard a clarification has also been sought from Ministry of Education. In response, Ministry of Education vide email dated 21.12.2020 stated that the EWS Notification issued by Department of Higher Education is in respect of providing 10% reservation to EWS who are not covered in any other form of reservation like SC/ST/OBC in admissions to Higher Education Institutions (HEIs).

Recommendation No. 76

The Committee during deliberations on the subject desired to be apprised about the percentage of Cadets of Sainik School in total selections in Service Selection Boards. The representatives of Sainik School assured that they will provide the requisite data.

Reply of the Government

The details of the average percentage of students from Sainik Schools per year, selected to serve NDA/ Naval Academy/ Military Academies in last 10 years are as follows:

SI No	Name of the Sainik Schools	Average percentage of students from Sainik Schools per year, selected to serve NDA/ Naval Academy/ Military Academies in last 10 years.
1	Amaravathi Nagar	15.2
2	Ambikapur	13.6
3	Balachadi	12.2
4	Bhubaneswar	3.9
5	Bijapur	15.3
6	Chittorgarh	17.0
7	Ghorakhal	33.4
8	Goalpara	5.9
9	Gopalganj	11.4
10	Imphal	13.0
11	Kapurthala	10.9
12	Kazhakootam	12.8
13	Kodagu	5.3
14	Korukonda	24.3
15	Kunjpura	13.8
16	Nagrota	4.7
17	Nalanda	17.7
18	Punglwa	0.9
19	Purulia	13.8
20	Rewa	19.1
21	Rewari	5.5
22	Satara	18.5
23	SujanpurTira	30.5
24	Tilaiya	8.8

Recommendation No. 77

The specific enquiry regarding progress of the Sainik School at Matanhail in Jhajjar district was made before the representatives of Sainik Schools. It was assured by the Ministry of Defence that the specific report shall be made available in due course requisite data is furnished at the earliest. In this case also the Ministry should supply the details at their earliest easy convenience.

Reply of the Government

The site inspection to open Sainik School at Matanhail in Jhajjar district has been carried out on 21.06.2019 and site found suitable and hence recommended subject to the following:-

- (a) Completion of construction and handing over of permanent buildings of existing Sainik School Rewari by Haryana Government (which is running in a temporary location since 2008).

- (b) Approval of Ministry of Environment and Forest to be obtained by Government of Haryana for use of the land for the purpose of school (non-forest activity).
- (c) Financial commitment for construction of Sainik School Matenhail.

Response from State Government is yet to be received.

Recommendation No. 78

The Committee sought details regarding existing and required infrastructure for girl students in the Sainik Schools in the country as well as the steps being taken to expedite admission of girl students in Sainik Schools in terms of necessary infrastructure and teaching staff. The committee found that consequent to the success of the pilot project for admission for girl children in Sainik School Chhingchhip (Mizoram), based on Government approval, five more Sainik Schools viz., Bijapur & Kodagu (Karnataka), Chandrapur (Maharashtra), Ghorakhal (Uttarakhand) and Kalikiri (Andhra Pradesh) commenced admission of girls from the academic session 2020-21. With effect from the academic session 2021-22, girls will be eligible for admission to Class VI in all 33 Sainik Schools. The process for induction of girl cadets in all Sainik Schools is underway. Here the Committee would recommend that essential infrastructure for ensuring safety and well being of girl cadets include various measures such as separate hostel with ample CCTV cameras, adequate medical support, separate washrooms, etc. which shall be ensured for them.

Reply of the Government

Consequent to the success of the pilot project for admission for girl children in Sainik School Chhingchhip (Mizoram), based on Government approval, five more Sainik Schools viz., Bijapur & Kodagu (Karnataka), Chandrapur (Maharashtra), Ghorakhal (Uttarakhand) and Kalikiri (Andhra Pradesh) commenced admission of girls from the academic session 2020-21. With effect from the academic session 2021-22, girls will be eligible for admission to Class VI in all 33 Sainik Schools. The process for induction of girl cadets in all Sainik Schools is underway.

2. Adequate steps being taken by the Sainik Schools for smooth induction of the girl cadets in to Class VI w.e.f. 2021-22 including putting in place physical infrastructure to ensure their safety and security.

Recommendation No. 79

In summation, the Committee would like to appreciate and place on record that commencement of intake of girl cadets in the Sainik Schools is a boon not only for the Forces but for the society as well. Notwithstanding the fact, there are certain issue based aspects which needs deeper consideration and Committee thought their prudent duty to bring those to the attention of the Ministry. Thus far, the entry for the girl cadets is not open in the National Defence Academy. It is not certain that after passing out from the Sainik Schools how many of these girl cadets would opt for entry into the forces

other than the NDA after completing their Graduation. Keeping this in mind, it is high time that planning should start for the intake of girl cadets in the NDA and also not the least important, modalities should be worked upon to raise the new battalion especially for female officers. The Committee would like to know the outcome of this observation with the Action Taken Replies to be furnished by the Ministry.

Reply of the Government

Girl cadets in the Sainik Schools will get same training as it is being given to boys in the schools to prepare them for joining Defence Forces. The observations of the Committee are duly noted.

CHAPTER II

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

ARMY

Recommendation No. 15

The Committee are aware of the ordeal of the war widows involved in the situation when they clear the exams as tough as Combined Defence Service Examination (CDSE) and Staff Selection Board (SSB) and still they are denied commission on the basis of lack of vacancies. Taking note of the fact that there are scores of vacancies existing in Armed Forces at the level of Officers, the Committee urge the Ministry to explore the possibility of absorbing those war widows who have qualified SSB and are rejected commissioning in the vacancies available with Army and other Services. The Committee take a serious view of the same and recommend that as the war widows have already gone through an ordeal after the supreme sacrifice of their spouses for the nation and definitely do not deserve this behaviour of dejection and injustice and desire that if there are no vacancies, there should be no selection at the first place and if the war widows get qualified in the exams they should definitely be offered commissioning at the earliest, under any Services/ Organizations of Defence Forces.

Reply of the Government

The present policy for release of vacancies for Short Service Commission Women (Widow Category)(SSCW) is that the widow of Defence personnel (including those with children) who have died in harness is eligible to apply for the Short Service Commission. A total of 5% vacancies are earmarked for widows, both the SSCW (Technical) and SSCW (Non-technical) (i.e. 2.5% each). In case of non-availability of officers in any category, the vacancies can be filled vice-versa. They are eligible only case in they have not re-married. The unfilled vacancies will revert to the category other than that of widows. At the current rate of vacancies release, the above reservation translates to one vacancy for SSCW (NT) and SSCW(T) for courses starting in April & October each year.

War Widows are exempted from appearing in Combined Defence Services examination and are directly detailed to undergo Services Selection Board(SSB). Adjutant Generals Branch invites applications against the vacancies released in the Widow Category and take age waiver, if required and puts all eligible candidates through the SSB. Post SSB, Recruiting Directorate draws a Merit List of candidates

against the number of vacancies released. Joining letter is then issued to the candidates, first in Order of Merit on the Merit List of each course (subject to clearing medicals). In the eventuality of the first candidate not reporting for training within the stipulated time or resignation, the candidate next in order of merit is issued a Joining Letter. Shortlisting maximum candidates in excess of vacancies released is untaken so as to ensure full utilization of vacancies released. However, sheer shortlisting on a Merit List does not amount to assurance to a vacancy, as Joining Letters are issued in a progressive manner such that vacancies released are filled. However, with women officers now being considered for grant of Permanent Commission, this policy may necessitate review, in view of need to ensure gender parity.

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

AIR FORCE

Trainer Aircraft

Recommendation No. 30

With regard to trainer aircraft, the Committee wanted to know the existing strength of trainer aircraft with Air Force which is 260 as against the sanctioned strength of 388. Trainer aircraft held by IAF in its inventory include 75 PC-7 Mk-II Basic trainer Aircraft (BTA), 86 Kiran Mk-I/IA Intermediate Jet Trainer (IJT), 99 Hawk Mk-132 Advanced Jet Trainer (AJT) and 42 Kiran Mk-II (which are presently not being utilised for training). The Committee also learn that simulators have been acquired for the PC-7 Basic Trainer Aircraft and Hawk-132 Advance Jet Trainer aircraft. A case for procurement of two Twin Dome Simulator for Hawk Mk-132 aircraft has been processed. Presently Technical Evaluation is under progress. Also, a case for procurement of additional 29 Hawk aircraft (AJT) has been initiated. Presently, the case is with Contract Negotiation Committee (CNC). The Committee recommend that the said procurements are made in time by undertaking all out efforts and details thereof shall be intimated to the Committee as well.

Reply of the Government

1. Presently a total of 99 Hawk Mk-132 Advanced Jet Trainer (AJT) aircraft are in service.
2. A case for procurement of two Twin Dome Simulator for Hawk Mk-132 aircraft is currently in TEC stage.

3. The case for procurement of 20 additional Hawk aircraft is stalled because of the high cost & engine life issues.

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

NAVY

Force Level

Recommendation No. 46

The Committee were confided by Ministry of Defence that, Navy is constantly reviewing, rationalization and prioritizing their requirements so as to remain a combat ready force and achieve optimum utilization of the available resources. At the time of proceedings, a detailed discussion was held on aircraft carriers. At the time of proceedings, a detailed discussion was held on aircraft carriers. The representative of Ministry of Defence, in this regards, stated that Indian Navy has got Vikramaditya which is an operational aircraft carrier. The second aircraft which is under construction in Cochin was expected to be delivered in March, 2021 but owing to lockdown period is now being expected for induction by the end of this year. The Committee are wishful for timely induction of second aircraft carrier which is an indigenous production and hope that no further extension would be needed.

Reply of the Government

1. **Progress of Construction.** Progress of construction of IAC during last one year has been adversely affected due to COVID-19 related restrictions and other imponderables. The progress of work has been reviewed by multiple high level committees, including, review by Hon'ble Raksha Mantri in May' 20, Defence Secretary at Kochi in Nov 20, Steering Committee under the Chairmanship of DG (Acq) on 16 Feb 21, Expert Committee under the Chairmanship of VCNS on 17 Feb 21 and CPRMs under the Chairmanship of CWP&A in Jul 20, Nov 20, Jan 21 and Mar 2021.

2. **Ship's Basin Trials.** In spite of nationwide lockdown and other COVID related restriction, readiness of Ship's propulsion and Power Generation equipment/systems in harbor was tested as part of Basin Trials on 30 Nov 20. This was one of the major milestone activity successfully completed towards ship readiness for Sea Trials.

3. **Impact of COVID Recurrence.** COVID recurrence with third wave in Kerala has adversely impacted work progress on IAC. More than 250 personnel associated with IAC project have either tested COVID positive or were primary contacts. The top management of M/s CSL and OEM reps have also been detected COVID positive. Absence of top management of M/s CSL directly involved in planning construction/ trials

of IAC, has impacted progress of work. Associated uncertainties are posing challenges in achieving firm up schedule of construction.

4. **Delivery Schedule.** The delivery of IAC is likely to evolve post successful completion of Ship's Sea Trials by Sep/Oct 2021.

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

Recommendation No. 47

In so far as requirement of aircraft carriers are concerned, the Committee were given to understand that it is desirable to have three aircraft carriers in Indian Navy. Two of them are operating in maritime zone on each of the side of Indian Coastline viz. eastern and western coasts. The third one can be used as a substitute when either of the first two undergoes maintenance as Aircraft Carriers are known to have lengthy maintenance schedules. In this perspective, the Committee recommend that case for development of a third aircraft carrier be taken up for serious consideration by the Ministry of Defence. The Committee would like to be kept abreast with the development in this regard.

Reply of the Government

The requirement of third Aircraft Carrier will be worked out on the IN committed liabilities and future acquisition projects.

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

SAINIK SCHOOLS

Recommendation No. 74

The Committee, find that the fee structure of Sainik Schools is more than lakh rupees annually which is beyond reach of weaker sections of the society. There are indeed some schemes for provisioning of scholarships to students in Sainik Schools, however, those schemes of Central and State Governments are not universal in nature. The Central Government scholarship programmes cover wards of Defence Personnel. Although there are some State Government schemes for students of weaker sections, yet large number of students is not able to reap the benefit due to limited number of scholarships leaving many talented and aspiring students on the fringe. Therefore, the viability of exploring CSR corporate social responsibility may also be taken into consideration in different schools.

Reply of the Government

The Central Government is providing financial assistance to all Sainik Schools for infrastructure development, IT & training, additionality in pay & pension of Sainik School employees. Further, State Government grants annual scholarships to all the cadets belonging to the economically weaker sections of society. Notwithstanding, Central Government is also providing following scholarship to the cadets:

- (a) **Defence Scholarship:** Scholarship to the wards of Defence Personnel including Ex-serviceman.
- (b) **Central Assistance:** Provides a part of Scholarship as Central Assistance to those students who are awarded State Government Scholarships.
- (c) **NDA Incentive:** Incentive to those cadets who are selected for National Defence Academy/Naval Academy.
- (d) **Sharing the Burden of enhanced fees:** Scholarship for reducing the burden of tuition fee and dietary charges of the cadets studying in Sainik Schools.

[For comments, please see Para No. 25 of Chapter I of the Report]

CHAPTER III

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

SAINIK SCHOOLS

Curriculum

Recommendation No. 73

The Committee were given to understand that as a measure of standardization CBSE Board curriculum is being followed by Sainik Schools. It was also found by the Committee that the existing pattern is satisfactorily fulfilling aspirations of the cadets and their parents. However, in progressive interest, the Committee opine that a comparative study may be conducted for assessment of performance of other Boards and a feasibility report for venturing out more options of affiliation shall be prepared. The outcome of such a study may be brought to the knowledge of the Committee.

Reply of the Government

Sainik Schools are residential schools run on public school lines. As per Sainik Schools Society Rules and Regulation, all Sainik Schools offer a common curriculum and are affiliated to the Central Board of Secondary Education to maintain uniformity. All the major nationalized competitive exams like JEE/ NEET are conducted following the curriculum recommended by the CBSE. In the interest of better management, uniformity across all the Sainik Schools and similar syllabus of various competitive examination like UPSC, CBSE is considered more suitable for Sainik Schools.

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:

NAVY

Planning and Procurement

Recommendation No. 44

Upon scrutiny of the documents furnished to them the Committee learn that Long Term Intergrated Perspective Plan 2021-27 (LTIPP 12-27) for three Services including Navy was formulated by Head Quarter Integrated Defence Staff (HQIDS), and approved by the Defence Acquisition Council in April, 2012. The purpose of this plan is to bridge the void and build force levels to achieve the desired combat potential vis-à-vis our adversaries, and consolidate our defence potential. During the last two plan periods, various shortfalls and voids of the Indian Navy have been progressively mitigated/addressed. As larger time period of LTIPP has now passed, the Committee recommend that a report on targets and achievement for LTIPP shall be prepared and brought to the knowledge of the Committee.

Reply of the Government

The modernization of Indian Navy (IN) is an ongoing process and is being progressed in accordance with LTIPP 2012-27 and is on track to achieve the requisite force levels. The need for modernisation and combat preparedness of our Armed Forces is known and adequate measures are being taken up by all stakeholders. Further, IN is constantly reviewing, rationalization and prioritising requirements to remain a combat ready force and achieve optimum utilisation of the available resources. The Navy remains committed to progress its modernisation as planned and is progressing various acquisition (ships, submarines and aircraft) and infrastructure cases as mentioned below:-

- (a) **Ships and Submarines.** 41 ships and submarines are under construction at various shipyards.
- (b) **Aircraft.** IN has concluded contract with HAL to deliver 36 aircraft comprising 12 Dorniers, 16 ALH and 08 Chetaks and delivery of these aircraft are being progressed as per contractual timelines. In addition, 24 MRH and four additional P8I are also scheduled for delivery in near future. Further, AoN exists for procurement of additional six P8I, six Kamov 31 and 111 Naval Utility Helicopters (under SP model).

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

SAINIK SCHOOLS

Recommendation No. 68

Contemplating upon the facts stated in para No. 7 above, the Committee feel that issuance of some payment heads from Central Government while some from State Governments are complicating financial matters. Therefore, it would be in the fitness of things to create a corpus fund at level of each Sainik School so that financial commitments are cleared in timely manner and issue is taken to its logical conclusion.

Reply of the Government

It is to be submitted that DGFP had allocated a total of Rs. 329.36 Cr. to Sainik Schools in the FY 2020-21, which adequately facilitate the functioning and clearance of backlog of bills/claims of Sainik Schools. During the current year, DGFP has allocated Rs. 300 Cr. under BE 2021-22 against our projection of Rs. 137.68 Cr. to clear all dues of Sainik Schools. Sufficient funds have been allocated during the current Financial Year which will cater payment of all current year liabilities. Thus, there is no need to create a corpus fund at level of each Sainik School.

[For comments, please see Para No. 22 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**

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.

APPENDIX – II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS / RECOMMENDATIONS CONTAINED IN THE TWENTIETH REPORT OF STANDING COMMITTEE ON DEFENCE (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 & 20)'

1. Total number of recommendations	79
2. Observations/Recommendations which have been accepted by the Government (please see Chapter II A):	
Recommendation Nos. 1,2,3,4,5,6,7,8,9,10,11,12,13,14,16,17,18,19,20,21,22,23,24,25,26,27, 28,29,31,32,33,34,35,36,37,38,39,40,41,42,43,45,48,49,50,51,52,53,54,55,56,57,58,59,60,61,62, 63,64,65,66,67,69,70,71,72,75,76,77,78 and 79	
	Total : 71
	Percentage: 90%
3. Observations/Recommendations which have been accepted by the Government and commented upon (please see Chapter II B):	
Recommendation Nos. 15, 30, 46, 47 and 74	
	Total : 5
	Percentage: 6%
4. Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government (please see Chapter III):	
Recommendation No. 73	
	Total : 1
	Percentage: 1%
5. Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee, which require reiteration and commented upon (please see Chapter IV):	
Recommendation No. 44 and 68	
	Total : 2
	Percentage: 3 %
6. Observations/Recommendations in respect of which Government have furnished interim replies/replies awaited (please see Chapter V):	
-Nil-	
	Total :0
	Percentage: 0%