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

(SEVENTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2022-23)

**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 PENSION**

(DEMAND NOS. 19 AND 22)

TWENTY-SIXTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2022 / Phalguna 1943 (Saka)

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SERVICEMEN AND DEFENCE PENSIONS**

(DEMAND NOS. 19 AND 22)

Presented to Lok Sabha on 16.03.2022.

Laid in Rajya Sabha on 16.03.2022.



LOK SABHA SECRETARIAT

NEW DELHI

March, 2022 / Phalguna 1943 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON DEFENCE (2021-22)

SHRI JUAL ORAM

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CHAIRPERSON

Lok Sabha

- 2 Kunwar Danish Ali
- 3 Shri Nitesh Ganga Deb
- 4 Shri Rahul Gandhi
- 5 Shri D.V. Sadananda Gowda
- 6 Shri Annasaheb Shankar Jolle
- 7 Choudhary Mehboob Ali Kaiser
- 8 Shri Rattan Lal Kataria
- 9 Dr. Ram Shankar Katheria
- 10 Shri Sridhar Kotagiri
- 11 Smt. Rajashree Mallick
- 12 Shri Uttam Kumar Reddy Nalamada
- 13 Dr. T. R. Paarivendhar
- 14 Shri Anumula Revanth Reddy
- 15 Shri Jugal Kishore Sharma
- 16 Dr. Shrikant Eknath Shinde
- 17 Shri Prathap Simha
- 18 Shri Brijendra Singh
- 19 Shri Mahabali Singh
- 20 Shri Durga Das (D.D.) Uikey
- 21 Vacant

Rajya Sabha

- 22 Dr. Ashok Bajpai
- 23 Shri N. R. Elango
- 24 Shri Prem Chand Gupta
- 25 Shri Venkataramana Rao Mopidevi
- 26 Shri Sharad Pawar
- 27 Shri V. Lakshmikantha Rao
- 28 Shri Kamakhya Prasad Tasa

- 29 Dr. Sudhanshu Trivedi
30 Lt. Gen. (Dr.) D.P. Vats (Retd.)
31 Shri K.C. Venugopal

SECRETARIAT

- | | | |
|------------------------|---|-----------------------------|
| 1. Shri M K Madhusudan | - | Joint Secretary |
| 2. Dr. Sanjeev Sharma | - | Director |
| 3. Shri Rahul Singh | - | Deputy Secretary |
| 4. Smt. Shilpa Kant | - | Committee Officer |
| 5. Smt. Preeti Negi | - | Assistant Committee Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2021-22), having been authorised by the Committee, present this Twenty-sixth Report (Seventeenth Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2022-23 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 Pension (Demand Nos. 19 and 22)'.

2. The Demands for Grants of the Ministry of Defence were laid on 9 February, 2022 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 16, 17 and 18 February, 2022. The draft Report was considered and adopted by the Committee at their Sitting held on 14 March, 2022.

3. The Committee wish to express their thanks to the officers of the Ministry of Defence and representatives of the Services/Organisations for appearing before the Committee and furnishing the material and information which the Committee desired in connection with examination of the Demands for Grants.

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

New Delhi;
10 March, 2022
19 Phalguna, 1943 (Saka)

JUAL ORAM
Chairperson
Standing Committee on Defence

REPORT

CHAPTER I

GENERAL DEFENCE BUDGET

Introductory

The Committee have learnt that the the Ministry of Defence provides the policy framework and wherewithal to the Armed Forces to discharge their responsibilities in the context of the defence of the country. The principal task of the Defence Ministry is to obtain policy directions of the Government on all defence and security related matters and communicate them for implementation to the Services Headquarters, Inter-Services Organisations, Production Establishments and Research and Development Organisations. It is also required to ensure effective implementation of the Government's policy directions and the execution of approved programmes within the allocated resources.

1.2 The principal functions of five Departments under the Ministry of Defence are as follows:

- i. **Department of Defence (DoD):** The Department of Defence is headed by Defence Secretary and is responsible for the Defence Budget, establishment matters, defence policy, matters relating to Parliament, Defence co-operation with foreign countries and co-ordination of all defence related activities.
- ii. **Department of Military Affairs (DMA):** The Department of Military Affairs (DMA) is headed by Chief of Defence Staff (CDS) as Secretary and was created to facilitate optimal utilization of resources and promote jointness among the three Services.
- iii. **The Department of Defence Production (DDP):** The Department of Defence Production deals with matters pertaining to defence production, indigenisation of imported stores, equipment and spares, planning and control of departmental production units of the Defence Public Sector Undertakings (DPSUs).

- iv. **Department of Defence Research and Development (DDR&D):** The Department of Defence Research and Development deals with research and development of defence technologies, systems and equipment as required by the three Services of the Armed Forces.
- v. **Department of Ex-Servicemen Welfare (DESW):** The Department of Ex-Servicemen Welfare deals with all resettlement, welfare and pensionary matters of Ex-Servicemen.

Demands for Grants

1.3 There are following four Demands for Grants in respect of the Ministry of Defence which the Committee have been mandated to examine: -

- (i) Demand No. 19 – Ministry of Defence (Civil)
- (ii) Demand No. 20– Defence Services (Revenue)
- (iii) Demand No. 21 – Capital Outlay on Defence Services
- (iv) Demand No. 22 – Defence (Pension)

Demand Nos. 19 and 22 come under Civil/Pension Estimates and Demand Nos. 20 and 21 fall under Defence Services Estimates.

1.4 The Committee have been informed that approval of Parliament is taken for the 'Gross' expenditure provision under different Demands for Grants. Receipts and Recoveries, which include items like sale proceeds of surplus/obsolete stores, receipts on account of services rendered to State Governments/other Ministries, etc. and other miscellaneous items are deducted from the gross expenditure to arrive at the net expenditure on Defence Services. What is commonly referred to as the Defence Budget is the net expenditure thus arrived at.

Defence Budget 2022-23: At a Glance

1.5 During examination of Demand for Grants 2022-23, the Ministry, through a Power Point Presentation before the Committee submitted the following information:

MoD's BUDGET (NET) 2022-23		
MoD (₹ 5,25,166.15 crore)		
Defence Services Estimates (DSE) (₹ 3,85,370.15 crore) (73.38%)	Defence Pensions (₹ 1,19,696 crore) (22.79%)	MoD (Civil) (₹ 20,100 crore) (3.83%)

Total Defence Budget (Net): At a glance

Service	REVENUE		CAPITAL		TOTAL	
	2021-22 (BE)	2022-23 (BE)	2021-22(BE)	2022-23(BE)	2021-22 (BE)	2022-23 (BE)
Army	1,48,818.53	1,64,897.77	36,551.90	32,135.26	1,85,370.43	1,97,033.03
Navy	23,360.68	25,406.42	33,253.55	47,590.99	56,614.23	72,997.41
Air Force	30,652.53	32,873.46	53,214.77	56,851.55	83,867.30	89,725.01
DoO(C&S)	113.88	474.50	665.00	3,810.00	778.88	4,284.50
DRDO	9,081.94	9,348.39	11,375.50	11,981.81	20,457.44	21,330.20
Total-DSE	2,12,027.56	2,33,000.54	1,35,060.72	1,52,369.61	3,47,088.28	3,85,370.15
MoD (Civil)	10,083.93	12,050.01	5,173.41	8,049.99	15,257.34	20,100.00
Total					3,62,345.62	4,05,470.15
Defence Pension					1,15,850.00	1,19,696.00
Grand Total					4,78,195.62	5,25,166.15

1.6 The Ministry has furnished the following data regarding distribution and trend of the total Defence Budget for the last five years:

(₹ in crore)

Year	Defence Services	MoD (Civil)	Defence Pensions	Total
2018-19 (Actual)	2,90,802.16 (72.08%)	10,880.50 (2.70%)	1,01,774.61 (25.22%)	4,03,457.27
2019-20 (Actual)	3,18,664.58 (70.35%)	16,521.62 (3.65%)	1,17,810.24 (26.00%)	4,52,996.44
2020-21 (Actual)	3,40,093.51 (70.02%)	17,521.26 (3.61%)	1,28,065.77 (26.37%)	4,85,680.54
2021-22 (BE)	3,47,088.28 (72.58%)	15,257.34 (3.19%)	1,15,850 (24.23%)	4,78,195.62
2021-22(RE)	3,68,418.13 (73.26%)	17,587.41 (3.50%)	1,16,878.00 (23.24%)	5,02,883.54
2022-23 (BE)	3,85,370.15 (73.38%)	20,100 (3.83%)	1,19,696 (22.79%)	5,25,166.15

Defence Services Estimates (DSE) 2022-23: Demand Nos. 20 and 21

1.7 The Committee have been apprised that the Defence Services Estimates (DSE) reflects the detailed estimates for the Defence Services and Organizations/Services covered under Grant Number 20 and 21 of the Ministry of Defence. Further, the provision for Defence Services under Demand Numbers 20 and 21 for Financial Year 2022-23 in the Budget Estimates (BE) is ₹ 3,85,370.15crore .The Committee have also learnt that the ratio

of Revenue to Capital Expenditure in Financial Year 2022-23 under DSE is 60:40. The Services and Organizations covered under DSE are as follows:

- i) Army (including National Cadet Corps, Director General Quality Assurance, Military Farms and Ex-Servicemen Contributory Health Scheme)
- ii) Navy (including Joint Staff)
- iii) Air Force
- iv) Defence Research and Development Organization (DRDO)
- v) Erstwhile Defence Ordnance Factories/Directorate of Ordnance (Coordination & Service) : 7 newly created Defence Public Sector Undertakings

1.8 The Committee have found that Service-wise distribution of ofDefence Services Estimates 2022-23 is as under:

(₹ in crore)

Service	Revenue	%age	Capital	%age	Total	% share
Army*	1,64,897.77	70.77	32,135.26	21.09	1,97,033.03	51.13
Navy	25,406.42	10.91	47,590.99	31.24	72,997.41	18.95
A.F.	32,873.46	14.11	56,851.55	37.31	89,725.01	23.28
DGOF	474.50	0.20	3810.00	2.50	4,284.50	1.11
R&D	9,348.39	4.01	11,981.81	7.86	21,330.20	5.53
Total	2,33,000.54	100	1,52,369.61	100	3,85,370.15	100

*Army Budget includes NCC, DGQA, ECHS & Rashtriya Rifles

1.9 The summary of Defence Services Estimates 2021-22 compared with 2022-23, as furnished by the Ministry, is tabulated below:

(₹ in crore)

	BE 2021-22			BE 2022-23		
	Allocation	% of Rev. Exp.	% of DSE	Allocation	% of Rev. Exp.	% of DSE
Revenue Expenditure						
Pay & Allowances	1,53,919.44	72.59	44.35	1,67,343.74	71.82	43.42
Stores & Equipment	31,483.63	14.85	9.07	40,009.14	17.17	10.38
Transportation	6,182.65	2.92	1.78	6,203.43	2.66	1.61
Miscellaneous	6,912.37	3.26	1.99	5,851.87	2.51	1.52
Revenue Works, etc	13,529.47	6.38	3.90	13,592.36	5.83	3.53
(a) Total Revenue Expenditure	2,12,027.56	100.00	61.09	2,33,000.54	100.00	60.46
(b)Capital Expenditure	1,35,060.72		38.91	1,52,369.61		39.54
Capital Acquisition/ Modernisation	1,11,463.21		32.11	1,24,408.64		32.28
Total (a & b)	3,47,088.28			3,85,370.15		

1.10 The Committee have further been apprised that the 'running' or 'operating' expenditure of the three Services and other Departments viz., Defence Research and Development Organisation (DRDO), Directorate of Ordnance (Coordination & Service), Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC) and Ex-Servicemen Contributory Health Scheme (ECHS) are provided under the Demand No. 20- Defence Services (Revenue). Demand No. 20 caters for the Revenue expenditure, while the Demand No. 21 viz. Capital Outlay on Defence Services, caters for the acquisition of platforms/equipment/weapons and expenditure on Land and capital works of the Defence Services and other associated Organizations viz. DRDO and Directorate of Ordnance (Coordination & Service).

1.11 Revenue expenditure includes expenditure on pay & allowances, transportation, revenue stores (like ordnance stores, rations, petrol, oil and lubricants, spares, maintenance of various platforms/equipment etc.), revenue works (which include maintenance of buildings, water and electricity charges, rents, rates and taxes, etc) and other miscellaneous expenditure. Capital expenditure includes expenditure on land, construction works, plant and machinery, equipment, heavy and medium vehicles, Naval Vessels, Aircraft and Aeroengines, Dockyards, etc.

Civil and Pension Estimates (2022-23): Demand Nos. 19 and 22

1.12 While examining the subject, the Committee have learnt that the requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, Jammu & Kashmir Light Infantry (J&K LI), Border Roads Organization, etc., and Defence Pensions, are provided for in two separate Civil Demands for Grants of the Ministry of Defence, viz. Demand No.19- MoD(Civil) and Demand No. 22 - Defence Pensions. The allocation under Demand No. 19 and 22 in Budget Estimates 2022-23 is ₹ 20,100 crore and ₹ 1,19,696 crore, respectively.

Demand No.19-Ministry of Defence (Civil)

1.13 The Committee have been informed that Border Roads Organisation, Coast Guard Organisation, Canteen Stores Departemnt, Armed Forces Tribunal, Defence Accounts Department, Defence Estaes Organisation and Jammu & Kashmir Light Infabntry. Also, the MoD (Civil) caters to the Secretariat/Establishment expenditure of Departments of Defence, Military Affairs, Defence Production, Defence Research & Development and Ex-Servicemen Welfare.

1.14 The Committee have further learnt that the provision of funds for Ministry of Defence (Civil) under Demand Number 19 in Budget Estimates (BE) 2022-23 is ₹ 20,100 crore. Further details of MoD (Civil) Budget and comparison with BE 2021-22 are given below:

(₹ in crore)

	2021-22(BE)	2022-23(BE)
Salary	7,092.78	8,588.22
Non-Salary	2,991.15	3,461.79
Total(Revenue)	10,083.93	12,050.01
Capital	5,173.41	8,049.99
Total(Revenue+ Capital)	15,257.34	20,100.00

1.15 The Committee have been informed that budgetary allocations to different Organisations/Departments under MoD (Civil) for 2021-22 (BE) and 2022-23 (BE) is as under:

(₹ in crore)

Service	2021-22 (BE)	2022-23 (BE)	2021-22 (BE)	2022-23 (BE)	2021-22 (BE)	2022-23 (BE)
	Revenue	Revenue	Capital	Capital	Total	Total
AFT	44.94	45.32	0.50	0.50	45.44	45.82
CGO	2,594.72	3,063.92	2,650.00	4,246.37	5,244.72	7,310.29
BRO	3,504.08	4,382.36	2,500.00	3,500.00	6,004.08	7,882.36
CSD(Gross)	19,800.00	19,800.00	2.09			
CSD(Receipts)	19,900.00	20,000.00	-			
CSD(NET)	(-)100.00	(-)200.00	2.09	102.09	(-)97.91	(-)97.91
DEO	353.48	401.95	11.08	173.03	364.56	574.98
DAD	1,918.00	2,285.47	9.74	28.00	1,927.74	2,313.47
MoD Secretariat	317.58	392.19	-	-	317.58	392.19
JAKLI	1,451.13	1,678.80	-	-	1,451.13	1,678.80
Total	10,083.93	12,050.01	5,173.41	8,049.99	15,257.34	20,100

Demand No. 21- Defence Pensions

1.16 Defence Pensions, under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three Services viz. Army, Navy and Air Force. It covers payment of Service pension, gratuity,

family pension, disability pension, commuted value of pension, leave encashment etc. The position of budgetary allocation under this head is as under:

(₹ in crore)

BE 2021-22	RE 2021-22	BE 2022-23
1,15,850	1,16,878	1,19,696

1.17 The Committee have been apprised that additional requirement of ₹ 3,846crore for BE 2022-23over BE 2021-22 is mainly due to normal growth in pensions and impact of Dearness Relief.

Budget Allocation for 2021-22 for Defence Services

1.18 The Committee have found that the provision for Defence Services under Demand Numbers 20 and 21 for 2021-22 in the Budget Estimates (BE) was ₹ 3,47,088.28 crore (Net). The Revised Estimates (RE) have been provided at ₹ 3,68,418.13 crore (Net). On a net basis, the R.E. for 2021-22 show an increase of ₹ 21,329.85 crore over the B.E.2021-22. The Net Revenue budget for BE 2021-22 at ₹ 2,12,027.56 crore has been increased by ₹ 17,539.67 crore to bring the RE at ₹ 2,29,567.23 crore. In the Capital Outlay, the RE 2021-22 is ₹ 1,38,850.90 crore which is ₹ 3,790.18 crore more than the BE 2021-22 allocation of ₹ 1,35,060.72 crore.

1.19 The Major Head wise position as the Committee have learnt under the Demands is as follows:

(₹ in crore)

S.No.	Demand	Major Head	B.E. 2021-22	R.E. 2021-22
1.	20- Defence Services (Revenue)	2076- Army	1,52,994.67	1,63,023.22
		2077- Navy	24,060.68	24,625.91
		2078-Air Force	31,952.53	35,583.02
		2079- erstwhile OrdFys/DoO(C&S)	13,657.11	6,673.00
		2080- R&D	9,381.94	8,811.94
2.	21- Capital Outlay on Defence Services	4076- Capital Outlay on Defence Services	1,35,060.72	1,38,850.90
		Total (Gross)	3,67,107.65	3,77,567.99
		Receipts/Recoveries	20,019.37	9,149.86
		Total (Net)	3,47,088.28	3,68,418.13

1.20 The Committee have been informed that out of the Revised Estimates of ₹ 3,68,418.13 crore for 2021-22, the provision for Revenue expenditure is ₹ 2,29,567.23 crore, while that for Capital expenditure is ₹ 1,38,850.90 crore. The major components of the Capital expenditure of ₹ 1,38,850.90 crore are for Land – ₹ 493.95 crore, Works – ₹ 9,668.16 crore (including Married Accommodation Project), Aircraft – ₹ 37,239.65 crore, Heavy and Medium Vehicles – ₹ 2,054.72 crore, Other Equipment – ₹ 44,605 crore, Naval Fleet – ₹ 24,717 crore and Naval Dockyard – ₹ 3,489.82 crore.

Budget Estimates 2022-23

1.21 The Committee have learnt that Budget Estimates for 2022-23 under Defence Services Estimates work out to ₹ 3,85,370.15 crore (Net) and the details are as under:

(₹ in crore)

Sl. No.	Demand	Major Head	B.E. 2021-22	R.E. 2021-22	BE 2022-23
1.	20- Defence Services (Revenue)	2076- Army	1,52,994.67	1,63,023.22	1,69,290.44
		2077- Navy	24,060.68	24,625.91	26,156.42
		2078-Air Force	31,952.53	35,583.02	34,173.46
		2079- OrdFys/DoO(C&S)	13,657.11	6,673.00	475.00
		2080- R&D	9,381.94	8,811.94	9,648.39
2.	21- Capital Outlay on Defence Services	4076- Capital Outlay on Defence Services	1,35,060.72	1,38,850.90	1,52,369.61
Total (Gross)			3,67,107.65	3,77,567.99	3,92,113.32
Receipts/Recoveries			20,019.37	9,149.86	6,743.17
Total (Net)			3,47,088.28	3,68,418.13	3,85,370.15

1.22 The net Budget Estimates of Revenue expenditure for the year 2022-23 is ₹ 2,33,000.54 crore which shows an increase of ₹ 3,433.31 crore when compared with the Revised Estimates for 2021-22.

1.23 The net Budget Estimates of Capital expenditure for the year 2022-23 is ₹ 1,52,369.61 crore which shows an increase of ₹ 13,518.71 crore over the Revised Estimates 2021-22.

1.24 A comparison of the Service/Department-wise allocations in RE 2021-22 and BE 2022-23 under Defence Services Estimates is given below:

(₹ in crore)

Service/ Deptt.	R.E. 2021-22	%age of Total Budget	B.E. 2022-23	%age of Total Budget
Army	1,82,996.15	49.67%	1,95,828.95	50.82%
Navy	69,947.45	18.99%	72,997.41	18.94%
Air Force	87,497.79	23.75%	89725.01	23.28%
DGOF/DoO(C&S)	8,601.81	2.33%	4284.50	1.11%
R&D	18,337.44	4.98%	21,330.20	5.53%
DGQA	1,037.49	0.28%	1,204.08	0.31%
Total	3,68,418.13		3,85,370.15	

Note: Net Revenue plus Capital provision has been shown here.

Highlights of Defence Budget 2022-23

1.25 During examination of Demands for Grants of the Ministry of Defence for the year 2022-23, the Committee have been apprised that highlight of the Defence Budget 2022-23 are as under:

- i. The total outlay for Ministry of Defence for BE 2022-23 is ₹ 5,25,166.15 crore, which is 13.31 percent of the Central Government Expenditure. An amount of ₹ 1,19,696 crore has been allocated for Defence Pension.
- ii. The Outlay excluding Pensions is ₹ 4,05,470.15 crore, which is an increase of Rs 43,124.53 crore, roughly 11.90 percent, over the current Financial Year 2021-22.
- iii. Seven Defence Public Sector Undertakings created after corporatization of Defence Ordnance Factories.

- iv. ₹ 1,310 crore for planned modernization and ₹ 2,500 crore for Emergency Authorization have been earmarked towards handholding of the seven newly created Defence Public Sector Undertakings (DPSUs).

1.26 The Committee have been further apprised about salient features of the Capital segment of Defence Budget 2022-23 as under:

- i. Capital segment of the MoD (Civil) Budget has seen a notable jump of 55.60% from ₹ 5,173.41 crore in FY 2021-22 to ₹ 8049.99 crore in FY 2022-23.
- Capital Budget of Border Roads Organization (BRO) has increased by 40% to ₹ 3,500 crore in FY 2022-23 *vis-à-vis* ₹ 2500 crore in FY 2021-22.
 - Capital budget of Indian Coast Guard is enhanced by 60.24% to ₹ 4,246.37 crore in FY 2022-23 *vis-à-vis* ₹ 2,650 crore in FY 2021-22.
 - An amount of ₹ 173.03 crore has been provisioned under DGDE's Capital Budget for BE 2022-23, primarily for construction of Boundary posts/ pillars and perimeter fencing of Defence Land.
- ii. For enabling the Defence Industrial eco-system in the country, Innovations for Defence Excellence (iDEX) and Defence Testing Infrastructure Scheme (DTIS) have been allocated ₹ 60 crore and ₹ 23 crore, respectively, in the FY 2022-23.

1.27 During deliberations on DFG 2022-23, the Committee were informed that the modernization budget, as percentage of Defence Services Estimates, increased to 32.28 percent in 2022-23. In this regard, the Committee enquired as to what qualified it as modernization budget. The Financial Advisor (Defence Services) replied as under:

“This is the capital acquisition budget. The capital outlay has capital acquisition plus works and land of three Services and also Capital Outlays for DRDO and DoO(C&S). So, this is the modernisation budget. The modernisation budget represents the amount spent on acquiring platforms, ship building, aircraft and aero engines and all the items which go towards modernising the defence services. Other than Capital acquisition is works and land. That is construction works.”

Initiatives related to Defence Budget

1.28 Apprising the Committee of various initiatives taken during the Financial Year, the Additional Financial Advisor (Defence Finance) deposed as under:

“These are the initiatives which have been taken during the financial year. In line with the Government of India’s initiative on Atmanirbhar Bharat, 58 per cent of the capital acquisition funds were earmarked for Domestic Capital Procurement in 2020-21. This ratio was enhanced to 64 per cent in the current financial year and further to 68 per cent for 2022-23. Domestic-Foreign funding earmarking of allocations among the Services has been introduced in Defence Services Estimates during the Financial Year 2022-23. Enhanced Delegated Financial powers to the Armed Forces at the field and Headquarters level have been approved in September, 2021 *vide* Delegation of Financial Powers to Defence Services (DFPDS), 2021. Theme of DFPDS, 2021 is empowering field formations, focus on operational preparedness, ease of doing business and promoting jointness among the Services. System for Pension Administration, which we call SPARSH, is integrated system for automation of sanction and disbursement of Defence Pension. It was launched in July, 2021. Apart from being a landmark pension reform, booking of expenditure in SPARSH is done on real time basis thereby improving management of defence pensions budget. 81 per cent of the total defence budget has been spent as on date.”

Enhanced Delegated Financial powers to the Armed Forces

1.29 In line with the discussion, the Committee desired clarification on the aspect of Enhanced Delegated Financial powers to the Armed Forces at the Field and Headquarters level. In response, the Financial Advisor (Defence Services) informed the Committee as under:

“सर, पहले मैं आपको Enhanced delegated financial powers to Armed Forces के बारे में बताऊंगा। उसमें यह है कि डिफेंस सर्विसेज को पावर डेलीगेशन देने की प्रक्रिया 1994-95 में शुरू हुई। पहले ज्यादातर पावर्स मिनिस्ट्री के पास थीं, जिनको धीरे-धीरे डेलीगेट करना शुरू किया गया। डिफेंस सर्विसेज में आर्मी, इंडियन आर्मी, नेवी, एयर फोर्स, बॉर्डर

रोड्स और बाकी कोस्ट गार्ड्स तथा अदर ऑर्गेनाइजेशन्स आते हैं। वर्ष-1994-95 से लेकर अब तक इसको कई बार रिवाइज किया गया है, क्योंकि समय के साथ रिक्वायरमेंट्स बढ़ती रहती हैं। इसका एक उद्देश्य यह है कि ग्राउंड पर जो डिजीजन लेने वाले लोग बैठे हुए हैं, जैसे कि कमांड, कोर हेडक्वार्टर्स आदि, वहां पर उनको सफीशियंट पावर्स दी जाएं, ताकि जो भी उनके इमीजिएट ऑपरेशन्स में काम आने वाली चीजें हैं, वे वहां पर ले सकें। वह एक सतत प्रक्रिया है। इसमें वर्ष-2009 में डेलीगेशन हुआ था, उसके बाद वर्ष-2016 में फिर डेलीगेशन हुआ था। अभी हमने वर्ष-2021 में इसको फर्दर रिवाइज करके आर्मी हेड क्वार्टर्स में वाइस चीफ, डिप्टी चीफ, डायरेक्ट्रेट के हेड्स को बहुत सारी पावर्स दी हैं। नीचे कमांड में ब्रिगेड लेवल पर जो कोर हेडक्वार्टर्स, डिवीजन आदि हैं, उन सबकी फाइनेंशियल पावर्स बढ़ाई गई हैं, ताकि वे ज्यादा सामान अपने फॉर्मेशन के लिए ले सकें। इसके अलावा जो बटालियन कमांडर हैं, जो कि इंडियन आर्मी की रेजीमेंट है, चाहे वह आर्टिलरी की हो, इंफैंटरी की हो या कोई भी रेजीमेंट हो, उसके बटालियन कमांडर को भी वित्तीय पावर्स हमने प्रदान की हैं। ”

1.30 When further enquired about frequency of use of the enhanced delegated powers and their exercise, the Financial Advisor (Defence Services) submitted as under:

“लोकल लेवल पर जिस-जिस को पावर डेलीगेट की गयी हैं, वही एक्सरसाइज करते हैं। मिनिस्ट्री की तरफ से इन सबके लिए एक इंटीग्रेटेड फाइनेंशियल एडवाइजर की व्यवस्था की गयी है, क्योंकि मिनिस्ट्री ऑफ डिफेंस के सारे केसेज की फाइनेंस डिवीजन द्वारा स्कूटनी की जाती है, उसके बाद वे अप्रूव किए जाते हैं। ऐसे ही सर्विसेज के सभी लेवल्स पर इंटीग्रेटेड फाइनेंशियल एडवाइजर की व्यवस्था है, जो स्कूटनी करते हैं और उसके बाद यह देखते हैं कि किसी चीज की वाकई जरूरत है, तो वह ऑर्डर प्लेस करते हैं।”

Projection and allocation under Defence Budget

1.31 Details of budget provided to the MoD (all four Grants) in Budget Estimates (BE), Revised Estimates (RE) and Actual Expenditure for the last five years and the financial year 2022-23 are tabulated as under:

(₹ in crore)

Years	BE Projections	BE Allocations	RE Projections	RE Allocation	Actual Expenditure
2017-18	4,69,051.69	3,59,854.12	4,47,253.10	3,74,003.85	3,79,702.34
2018-19	5,24,509.77	4,04,364.71	4,98,984.09	4,05,193.85	4,03,457.27
2019-20	5,41,073.17	4,31,010.79	5,64,185.75	4,48,820.10	4,52,996.44
2020-21	5,74,314.91	4,71,378.00	5,61,004.07	4,84,736.06	4,85,680.54
2021-22	6,22,800.51	4,78,195.62	5,73,882.54	5,02,883.54	3,60,819.30*
2022-23	6,33,346.02	5,25,166.15	-	-	-

*Expenditure is upto December, 2021

1.32 Observing the shortfall of approximately ₹ 1 lakh crore in the allocated Defence budget for 2022-23 as compared to the projected amount, the Committee desired to know the effect of this gap on the Defence sectors. In response, the Financial Advisor (Defence Services) submitted as under:

“हमारी जो प्रोजेक्शन्स हैं, चाहे ये एलोकेशन्स कम हैं, लेकिन हमने पिछले सालों में यह देखा है कि जो प्रोजेक्शन की जाती है, उससे कम बजट मिलता है। अगर एडिशनल बजट चाहिए होता है, वह सब स्पेंडिंग कैपैसिटी पर भी डिपेंड करता है, मतलब जो सर्विस है, वह कितना खर्च कर पाएगी। यह देखा गया है कि अगर हम बजट को अच्छी तरह से स्पेंड करते हैं, तो आरई के टाइम पर हमें एडिशनल एलोकेशन्स भी मिलती हैं। इसमें एक लाख करोड़ रुपये के बारे में आप जो कह रहे हैं, उसमें निश्चित तौर पर जो कैपिटल एलोकेशन है, उसमें अभूतपूर्व इन्क्रीज़ हुई है, जो पहले कभी नहीं हुई है। यह 17 हजार करोड़ रुपये की इन्क्रीज़ है।

हमारी जो डिफेंस प्रिपेयर्डनेस है, वह ठीक चलेगी, उसमें कोई कमी नहीं आने दी जाएगी। The Services will have to ensure that. उसमें एलोकेशन कब हुआ है, इससे

कोई फर्क नहीं पड़ने वाला है और हमारी जरूरतें पूरी होंगी। अगर हमें फंड्स की और जरूरत पड़ी, तो हम आरई के टाइम मिनिस्ट्री ऑफ फाइनेंस के पास फिर जाएंगे और उनसे एडिशनल एलोकेशन के लिए आग्रह करेंगे। ”

1.33 The Defence Secretary, in this context, supplemented as under:

“हमारा जो प्रोजेक्शन है, उसके हिसाब से हम अपना प्लान बनाते हैं और मांग करते हैं। फाइनेंशियल एविलेबिलिटी के हिसाब से मिनिस्ट्री ऑफ फाइनेंस हमें एलोकेशन करती है, जिसके हिसाब से हम एक्चुअल इम्प्लिमेंटेशन प्लान बनाते हैं। अगर हमारी आवश्यकताएं बची रह जाती हैं, तो उसके लिए हम फिर जाते हैं। डिफेंस मिनिस्ट्री के संबंध में मैं कहना चाहूंगा कि हमारा एक्सपीरिएंस रहा है कि हमें काफी अच्छा रिवाइज्ड एस्टीमेट मिला है। इस वर्ष भी बाकी सब डिपार्टमेंट्स और मिनिस्ट्री का बजट कटा है, इस साल भी हमें रिवाइज्ड एस्टीमेट में अच्छा अमाउंट फिर से मिला है, मैं बैंक करके आपको एग्जैक्ट नंबर बताऊंगा। थोड़ा ज्यादा प्रोजेक्ट करने में यह फायदा रहता है कि जब हम आरई के समय जाते हैं, तो हमारा जस्टिफिकेशन भी बन जाता है कि हमें ज्यादा की आवश्यकता होती है। इससे भी हमें उस समय यह फायदा मिलता है।”

1.34 During discussion on Demands for Grants 2022-23, the Committee desired to know that taking into account increasing inflation and decreasing percentage of defence expenditure in Central government Expenditure, which sectors in Defence are going to be affected. In this context during oral evidence, the Financial Advisor (Defence Services) submitted as under:

“.....Sir, the budgetary allocations of the Ministry of Defence are decided by the Ministry of Finance based on the projections of our Ministry which is also based on the projections made by the Defence services.

While projecting the budgetary requirements with the Ministry of Finance, we keep in mind the committed liabilities and the new acquisitions which are likely to materialise during the next financial year. Based on that, the projections are made.

Once we have discussions with the Ministry of Finance and the allocations are made by them, we discuss amongst ourselves to see whether the allocated funds would be sufficient for meeting our requirements. It has been seen over the years

that whatever allocation is made by the Ministry of Finance after detailed discussion with the Ministry of Defence, it is adequate and we have been able to utilise the funds allocated to the Ministry of Defence year after year. “

1.35 To a specific query of the Committee regarding measures taken for coping with Defence acquisition and modernization plans, the Financial Advisor (Defence Services) submitted as under:

“Regarding modernisation, the funds on modernisation are increasing year after year. That means, we are strengthening our Defence services by acquisition of more and more platforms, acquisition of more and more ships and other arms and ammunition which are required to defend the country. It is assured that we are able to utilise the funds allocated, and our requirements are being met. We ensure that the operational preparedness of the Defence services is not hampered.”

Expenditure on Research & Development

1.36 The data regarding BE allocation, projection and actual expenditure for the Research and Development during last five years, as furnished by the Ministry of Defence, is as under:

(in ₹ Crore; in Gross)

Year	BE projection	BE Allocation	Expenditure
2017-18	21,048.77	14,968.74	15,482.28
2018-19	23,333.82	18,011.19	17,661.73
2019-20	24,104.63	19,421.02	17,779.24
2020-21	24,340.82	19,627.35	16,075.07
2021-22	24,251.67	20,757.44	11,668.79*
2022-23	23,290	21,660.20	

*Expenditure figures are upto December 2021

1.37 The Committee, gleaning through this data, observed that R&D expenditure remained static for the past few years and sought clarification from the representatives from the Ministry of Defence in this regard. The Defence Secretary, in response, submitted as under:

“I just want to mention that about the R&D budget for 2020-21, the actual expenditure was ₹ 15,706.96 crore, and in the current year i.e., 2021-22, the RE is ₹ 18,337.44 crore. The budget estimate for 2022-23 is ₹ 21,330 crore. So, there is nearly 36 per cent growth over the last two years in the Defence R&D budget.”

1.38 During deliberations on DFG 2022-23, the Committee were apprised by the Defence Secretary that in Financial Year 2022-23, 25 per cent of the R&D Budget has been earmarked for private industries, start-ups and academia. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organisations through SPV model. An independent nodal umbrella body will be set up for meeting wide-ranging testing and certification requirements.

1.39 To a specific query of the Committee regarding scope of revenue generation for opening the Defence R&D to private industry and academia, the Defence Secretary submitted as under:

“As regards opening up of defence R & D, this is an announcement made in the Budget Speech of the hon. Finance Minister. We have to formulate the scheme. We have some schemes today in the form of Make Procedure which allows giving some part assistance to industry for development of new technology in iDEX where we give some assistance to start-ups for development of new technology, now under this new announcement we have to formulate suitable mechanisms by which assistance can be given to the industry.”

Initiatives taken under Aatmanirbhar Bharat

1.40 The Committee have been informed that to give push to indigenous domestic enterprises under the *Aatmanirbhar* philosophy, share of domestic capital procurement which was earmarked at 58 percent and 64 percent in 2020-21 and 2021-22, respectively, has been enhanced to 68 percent of the Capital acquisition Budget of the Defence Services for the year 2022-23, which approximately amounts to ₹ 84,598 crore.

1.41 To apointed query that whether the quality of equipment/platforms/weapons being manufactured indigenously under *Aatmanirbhar* initiative will match to the challenges of Defence modernisation, the Defnec Secretary submitted as under:

“मैं यह कहना चाहूंगा कि चाहे हम विदेश से सामान खरीदें, चाहे हम ‘मेक इन इंडिया’ के तहत, आत्मनिर्भरता के तहत सामान खरीदें, हमारे क्वालिटी स्टैन्डर्ड्स में कोई परिवर्तन नहीं है। जो भी सामान खरीदा जाएगा, वह उसी क्वालिटी का होगा।

मैं दूसरी बात यह कहना चाहूंगा कि पिछले एक-दो वर्षों में हमारी डोमेस्टिक इंडस्ट्री, खास तौर से स्टार्ट अप्स ने बहुत ही अच्छा काम किया है। बहुत सारी ऐसी टैक्नोलॉजीज़, जो दुनिया में अभी लीडिंग देश ही बना रहे हैं, उस तरह की टैक्नोलॉजी का भी उन्होंने आविष्कार किया है और उन सर्विसेज़ को पेश भी किया है। उदाहरण के तौर पिछले दो सालों में हमारे स्टार्ट अप्स आदि ने ड्रोन टैक्नोलॉजी से ड्रोन बनाकर आर्मी, नेवी और एयर फोर्स को सप्लाई करना शुरू कर दिया है। हम इसमें यह हमेशा ध्यान रखते हैं कि जब भी कोई टेंडर होता है, उसके क्वालिटी मापदंड पहले से तय कर दिए जाते हैं और उन मापदंडों के अनुसार ही खरीदने की प्रक्रिया होती है।”

1.42 To another query of the Committee regarding ease of doing business for new entrepreneurs in the Defence sector under ‘Make in India’ initiative, the Defence Secretary

submitted as under:

“सरकार की तरफ से हमेशा यह प्रयास रहता है कि ईज ऑफ डूइंग बिजनेस के तहत इंडस्ट्री का सरकार के साथ जो कारोबार है, उसमें सरलता लाई जाए। इसके संबंध में तीन-चार कदम, जो इमीजिएटली उठाए गए हैं, वे मैं बता सकता हूं।

सबसे पहले, डिफेंस में कोई भी कारोबार करता है, उसको इंडस्ट्रियल लाइसेंस की आवश्यकता पड़ती है। इसकी प्रक्रिया को बहुत सरल कर दिया गया है और पिछले कुछ वर्षों में बहुत सारी इंडस्ट्रीज को पेंडिंग लाइसेंसेज दिए गए हैं। जब डिफेंस प्रोडक्शन डिपार्टमेंट वाले आएंगे, तो वे इसके बारे में एग्जैक्ट नंबर दे सकते हैं। इसके अलावा आज की तारीख में डिफेंस मिनिस्ट्री भारत सरकार की सबसे ज्यादा खरीदारी करने वाली मिनिस्ट्री है। हाल ही में जेम ने हमें इस हेतु पुरस्कृत भी किया था। हम यह अनुरोध करते हैं कि जो हमारे साथ कारोबार करना चाहते हैं, वे सारे लोग जेम पर आएँ और एक पारदर्शिता के आधार पर हमारा उनके साथ कार्य हो सकता है।

तीसरा, एक डिफेंस इंडस्ट्री सेल भी बनाया गया है। यदि किसी को भी कोई कठिनाई हो, तो वह ऑनलाइन अपनी कठिनाई डिफेंस इंडस्ट्री सेल को भेज सकता है। सेल उसको मदद करने की कोशिश करती है।

अंत में, हम लोग इंडस्ट्री के साथ लगातार संपर्क बनाए रखने की कोशिश करते हैं। दो-तीन महीनों में एक चर्चा जरूर होती है। मैं ऐसा नहीं कहता हूं कि सारे इश्यूज हल हो गए हैं, लेकिन और जो भी इश्यूज हैं उनके लिए हम लगातार कोशिश करते हैं कि वे हल हो जाएं। “

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

1.43 On being asked to furnish details of the growth of Defence Budget, considering the present rate of inflation in terms of Whole Sale Price Index (WSPI) and Consumer Price Index (CPI), the Ministry of Defence submitted the following information: -

“As per Economic Survey 2021-22, Consumer Price Index-Combined (CPI-C) inflation moderated to 5.2 percent in 2021-22 (April to December, 2021) from 6.6 per cent in the corresponding period of 2020-21 and was recorded at 5.6 per cent (provisional) in December, 2021. The annual rate of inflation based on monthly Wholesale Price Index (WPI), after remaining very benign during the previous financial year witnessed a sharp upstick, rising to 12.5 per cent (provisional) during 2021-22 (April-December). Comparison with the growth of defence budget considering the CPI based inflation as per the Economic Survey is as follows:-

(₹ In Crore)

Defence Budget	2020-21 (Actuals)#	2021-22		2022-23 (BE)
		BE	RE	
Defence Services Revenue	2,05,788.59	2,12,027.56	2,29,567.23	2,33,000.54
Capital Outlay on Defence Services	1,34,304.92	1,35,060.72	1,38,850.90	1,52,369.61
MoD(Civil)	17,521.26	15,257.34	17,587.41	20,100.00
Defence Pensions	1,28,065.77	1,15,850.00	1,16,878.00	1,19,696.00
Total	4,85,680.54	4,78,195.62	5,02,883.54	5,25,166.15
Defence Budget % Growth			3.54*	9.82**
Inflation Rate (CPI-C) Annually (%)			5.2@	
Actual Increase Adjusting Inflation			-1.66	

* Based on increase in RE of 2021-22 over 2020-21 (Actuals)

** Based on increase in BE 2022-23 over BE 2021-22

@inflation rate April-December, 2021 (Provisional)”

Growth of Defence Budget vis-a-vis Central Budget Expenditure (CGE) and Gross Domestic Product (GDP)

1.44 The Committee have been apprised that the total Defence Budget (including Miscellaneous and Pensions) is ₹ 5,25,166.15 crore, for the year 2022-23, which is 13.31% of total Central Government Expenditure and 2.04% of GDP for the year 2022-23. Also, Capital Budget of Ministry of Defence for 2022-23 is approximately 21.38% of the total capital expenditure of the Central Government Expenditure.

1.45 Data on growth of Defence Budget in comparison to central budget and GDP, in absolute and relative terms, for the last five years and FY 2022-23 as provided to the Committee is as under:

(₹ in crore)

Year	Defence Expenditure	Total CGE (Actuals)	Def. Exp % of CGE	GDP	Def. Exp % of GDP
2017-18 (Actual)	3,79,702	21,41,973	17.73	170,90,042	2.22
2018-19 (Actual)	4,03,457	23,15,113	17.43	188,86,957 (2 nd RE)	2.14
2019-20 (Actual)	4,52,996	26,86,330	16.86	203,51,013 (1 st RE)	2.23
2020-21 (Actual)	4,85,681	35,09,836	13.84	197,45,670 (PE)	2.46
2021-22 (RE)	5,02,884	37,70,000	13.34	232,14,703 (1 st AE)	2.17
2022-23 (BE)	5,25,166	39,44,909	13.31	258,00,000	2.04

Note: GDP figures from FY 2017-18 to 2021-22 are as per Economic Survey 2021-22 (Vol-2) – Table 1.6-Components of GDP at Current Prices and for FY 2022-23 are from Budget at a Glance (2022-23).

CGE figures for 2020-21 (Actuals), 2021-22 (RE) and 2022-23 (BE) are as per Budget at a Glance (2022-23)

BE= Budget Estimates, RE=Revised Estimates,

PE = Provisional Estimates AE= Advanced Estimates

1.46 When asked to provide relevant information regarding the Defence Budget of neighbouring and developed countries vis-a-vis their Central Budget and GDP, the Ministry

furnished following information:

“A like to like comparison of the data on defence spending vis-à-vis that of other countries is difficult due to lack of uniformity in treatment of different components of expenditure and non-availability of reliable published data. Nevertheless, based on inputs from Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database, data on defence budget in respect of neighbouring countries and some advanced countries, including defence spending as percentage of their GDP and share of government spending, is given below:

[In current US \$ Million]

Country	2018			2019			2020		
	Def. exp.	% ofGD P	% ofgovt. exp	Def. exp.	% ofG DP	% ofgovt. exp	Def. exp.	% ofGD P	% ofgovt. exp
China	[232530.6]	[1.7]	[5.1]	[240332.6]	[1.7]	[4.9]	[252304.2]	[1.7]	[4.7]
Pakistan	11732.1	4.1	19.1	10388.3	4.1	18.7	10376.4	4.0	17.4
USA	682491.4	3.3	9.4	734344.1	3.4	9.6	778232.2	3.7	7.9
Russia	61609.2	3.7	11.4	65201.3	3.8	11.4	61712.5	4.3	11.4
UK	55680.2	1.9	5.0	56856.1	2	5.2	59238.5	2.2	4.2

Figures in [bracket] are SIPRI Estimates

Source: SIPRI Military Expenditure Data Base”

1.47 On being specifically asked if the growth of Defence Budget could be termed as negative, the Ministry of Defence submitted following reply:

“The amount allocated/expended in respect of Capital Acquisition (Modernization) for last five years is as under:

(₹ in crore)

Year	BE	RE	MA (Final Grant)	Expenditure
2017-18	69,473.41	68,965.24	68,980.89	72,732.20
2018-19	74,115.99	73,882.95	74,538.54	75,892.85
2019-20	80,959.08	89,836.16	90,275.13	91,053.15
2020-21	90,047.80	1,14,320.30	1,18,605.43	1,18,966.44
2021-22	1,11,463.21	1,13,717.59	-	75,194.31*
2022-23	1,24,408.64	-	-	-

* Expenditure is upto December, 2021.

Note: RE 21-22 and BE 22-23 are yet to be approved by the Parliament.

From the above data, it may be seen that allocations under Capital Acquisition head has increased by Rs 54,935.23 Crore in absolute terms over the allocation in 2017-18. ”

1.48 When asked the way growth of Defence Budget will impact the modernisation/ acquisition plans of the Forces, the Ministry replied as under:

“Acquisition Wing, being a specialist organization created on the basis of the Kargil Committee Report and recommendations of the Group of Ministers, not only monitors capital expenditure, but also looks after all capital acquisition projects from inception to finality. In addition, the Defence Procurement Board, which is chaired by Defence Secretary and The Defence Acquisition Council headed by Raksha Mantri comprising of all stakeholders, monitors adherence to broad timelines in Defence Procurement.

The modernisation of the Forces is progressed as planned. On the basis of Additional requirement, funds will be sought at Supplementary/RE stage. Also, if required, through reprioritization, it will be ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.

Projections made by the Services

1.49 Details regarding the projections made by the three services, allocations made at BE and RE stage and the expenditure incurred during the last five years, and the projected outlay and BE allocation for 2022-23, separately for Capital and Revenue, are as follows: -

REVENUE

(₹ in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2016-17	Army#	1,15,561.78	1,12,764.62	1,21,686.11	1,17,925.22	1,16,901.93
	Navy	18,502.56	17,424.79	19,348.23	17,813.99	17,136.77
	Air Force	25,728.60	23,655.83	23,817.22	23,817.52	22,856.44
2017-18	Army\$	1,52,491.22	1,19,961.51	1,29,287.59	1,21,451.80	1,27,507.48
	Navy	22,473.64	18,493.82	20,545.47	18,878.93	18,715.05
	Air Force	29,147.29	24,802.33	29,746.42	27,209.61	27,393.20
2018-19	Army\$	1,51,814.73	1,27,059.51	1,41,456.91	1,29,812.34	1,34,241.38
	Navy	23,747.75	19,571.37	24,420.58	20,795.04	20,856.23
	Air Force	35,260.79	28,821.27	32,407.37	28,105.43	28,291.25
2019-20	Army	1,52,321.32	1,40,398.49	1,52,424.82	1,42,773.83	1,42,529.38
	Navy	27,086.29	22,211.71	28,737.09	22,786.71	22,387.31
	Air Force	34,849.50	29,601.69	40,382.40	29,951.69	30,124.31
2020-21	Army	1,65,228.28	1,45,785.88	1,53,436.68	1,44,545.67	1,39,903.33
	Navy	32,237.96	22,934.75	28,379.84	23,347.69	23,166.05
	Air Force	43,904.17	29,962.66	44,605.21	31,742.07	32,825.23
2021-22*	Army	1,70,705.28	1,47,644.13	1,68,657.23	1,57,619.06	1,24,608.42
	Navy	34,256.83	23,360.68	30,069.08	23,925.91	17,043.37
	Air Force	44,992.90	30,652.53	48,816.59	34,283.02	27,307.22
2022-23	Army	1,74,038.35	1,63,713.69			
	Navy	34,701.66	25,406.42			
	Air Force	50,692.44	32,873.46			

* Expenditure figures are upto December, 2021.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

Note:- Navy includes Joint Staff. RE 21-22 and BE 22-23 are yet to be approved by the Parliament.

CAPITAL

(Rs in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2016-17	Army#	37,960.18	26,935.81	34,489.90	24,017.86	28,462.11
	Navy	30,223.31	22,000.09	22,530.04	19,596.28	19,996.88
	Air Force	41,266.41	29,795.42	36,512.95	28,239.86	30,414.79
2017-18	Army\$	42,485.93	25,205.71	40,791.43	25,205.71	27,148.26
	Navy	28,591.56	19,348.16	27,717.41	19,348.16	20,118.58
	Air Force	62,048.85	33,570.17	52,548.50	33,570.17	34,917.60
2018-19	Army\$	44,572.63	26,815.71	41614.41	26,815.71	27,438.66
	Navy	35,695.41	20,848.16	30735.65	20,890.87	21,509.60
	Air Force	77,694.74	35,770.17	68579.46	35,770.17	36,451.74
2019-20	Army	44,660.57	29,511.25	46,032.00	29,666.90	29,000.88
	Navy	37,220.98	23,156.43	40,123.18	26,156.43	27,446.68
	Air Force	74,894.56	39,347.19	81,301.99	44,947.19	45,104.23
2020-21	Army	50,373.60	32,462.38	39,019.17	33,283.28	26,320.93
	Navy	45,268.31	26,688.28	51,769.28	37,542.88	41,666.76
	Air Force	66,207.29	43,281.91	72,955.18	55,083.91	58,207.95
2021-22*	Army	51,492.10	36,531.90	38,344.90	25,377.09	14,569.08
	Navy	70,920.78	33,253.55	50,011.38	46,021.54	29,616.00
	Air Force	77,140.56	53,214.77	71,176.39	53,214.77	36,820.15
2022-23	Army	46,844.37	32,115.26			
	Navy	67,622.96	47,590.99			
	Air Force	85,322.60	56,851.55			

* Expenditure figures upto December, 2021.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

Note: Navy includes Joint Staff. RE 21-22 and BE 22-23 are yet to be approved by the Parliament.

REVENUE + CAPITAL

(₹ in crore)

Year	Service	BE		RE		Expenditure
		Projected	Allocated	Projected	Allocated	
2016-17	Army#	1,53,521.96	1,40,675.80	1,69,576.52	141943.08	145364.04
	Navy	48,725.87	39,424.88	41,878.27	37410.27	37133.65
	Air Force	66,995.01	53,451.25	60,330.17	52057.38	53271.23
2017-18	Army\$	1,94,977.15	1,45,167.22	1,70,079.02	1,46,657.51	1,61,680.78
	Navy	51065.20	37841.98	48262.88	38227.09	42,425.13
	Air Force	91,196.14	58,372.50	82,294.92	60,779.78	64,743.83
2018-19	Army\$	1,96,387.36	1,53,875.22	1,83,071.32	1,56,628.05	1,61,680.04
	Navy	59,443.16	40,419.53	55,156.23	41,685.91	42,365.83
	Air Force	1,12,955.53	645,91.44	1,00,986.83	63,875.60	64,742.99
2019-20	Army	1,96,981.89	1,69,909.74	1,98,456.82	1,72,440.73	1,71,530.26
	Navy	64,307.27	45,368.14	68,860.27	48,943.14	49,833.99
	Air Force	1,09,744.06	68,948.88	1,21,684.39	74,898.88	75,228.54
2020-21	Army	2,15,601.88	1,78,248.26	1,92,455.85	1,77,828.95	1,66,224.26
	Navy	77,506.27	49,623.03	80,149.12	60,890.57	64,832.81
	Air Force	1,10,111.46	73,244.57	1,17,560.39	86,825.98	91,033.18
2021-22*	Army	2,22,197.38	1,84,176.03	2,07,002.13	1,82,996.15	1,39,177.50
	Navy	1,05,177.61	56,614.23	80,080.46	69,947.45	46,659.37
	Air Force	1,22,133.46	83,867.30	1,19,992.98	87,497.79	64,127.37
2022-23	Army	2,20,882.72	1,95,828.95			
	Navy	1,02,324.62	72,997.41			
	Air Force	1,36,015.04	89,725.01			

*Expenditure figures are upto December, 2021.

(# Includes allotment to NCC, Military Farms, Rashtriya Rifles and ECHS which were shifted from Army to modified Grant -MoD(Miscellaneous) in FY 2016-17, for the purpose of comparison with previous as well as future years. Except for Military Farms and ECHS, other organizations were transferred back to Defence Services Estimates in FY 2017-18. In FY 19-20 Military Farms and ECHS also reverted back to DSE)

(\$ - Excludes Military Farms and ECHS)

Note: Navy includes Joint Staff. RE 21-22 and BE 22-23 are yet to be approved by the Parliament.

1.50 During oral evidence, the representatives of the Ministry of Defence informed the Committee of the utilisation of allocated funds for the Services in FY 2022-23 as under:

“सर्विस के हिसाब से जो फंड्स यूज किए जाने होते हैं, उसके हिसाब से फंड एलोकेशन होता है। नेवी में शिप एक्विजिशन, सबमरीन और एयरक्राफ्ट्स वगैरह हैं, उसके लिए इनके जो पुराने कांटेक्ट्स थे, उनके हिसाब से जब डिलीवरी हुई तो पेमेंट ज्यादा हुई, इसलिए ज्यादा फंड आवंटित किया गया। नेवी का पिछले चार साल पहले बहुत कम बजट हो गया था, क्योंकि उनके बहुत सारे आर्डर्स प्लेस नहीं हो पाए थे। जैसे धीरे-धीरे आर्डर्स प्लेस होते गए, इसलिए ज्यादा फंड आवंटित किया गया। एयर फोर्स के लिए 45 हजार से लेकर 52 हजार करोड़ रुपये तक का उनका एक्सपेंडिचर हो रहा है।”

Additional Allocation sought by the Services

1.51 The Committee were informed of the details of additional amount sought {Revenue (Net)+Capital} by the three services at RE stage and amount allocated which are as under:

(₹ in crore)

Year	Service	RE			Additional amount sought in RE
		BE Allocated	Projected	Allocated	
2016-17	Army	1,39,700.43#	1,69,576.52	1,41,943.08	29,876.09
	Navy	39,424.88	41,878.27	37,410.27	2,453.39
	Air Force	53,451.25	60,330.17	52,057.38	6,878.92
2017-18	Army	1,45,167.22	1,70,079.02	1,46,657.51	24,911.80
	Navy	37,841.98	48,262.88	38,227.09	10,420.90
	Air Force	58,372.50	82,294.92	60,779.78	23,922.42
2018-19	Army	1,53,875.22	1,83,071.32	1,56,628.05	29,196.10
	Navy	36,622.59	50,380.02	37,795.25	13,757.43
	Air Force	64,591.44	1,00,986.83	63,875.60	36,395.39
2019-20	Army	1,69,909.74	1,98,456.82	1,72,440.73	28,547.08
	Navy	45,368.14	68,860.27	48,943.14	23,492.13
	Air Force	68,948.88	1,21,684.39	74,898.88	52,735.51
2020-21	Army	1,78,248.26	1,92,455.85	1,77,828.95	14,207.59
	Navy	49,623.03	80,149.12	60,890.57	30,526.09
	Air Force	73,244.57	1,17,560.39	86,825.98	44,315.82
2021-22	Army	1,84,176.03	2,07,002.13	1,82,996.15	22,826.10
	Navy	56,614.23	80,080.46	69,947.45	23,466.23
	Air Force	83,867.30	1,19,992.98	87,497.79	36,125.68

Compromises made or likely to be made by the Services due to reduced budgetary allocation (if any)

1.52 When asked to state the areas where compromises have been made or likely to be made due to reduced budgetary allocation as compared to the projections made by the three Services and other organizations/heads, the Ministry of Defence responded as under:

“This Ministry proposes projections made by the services under Revenue and Capital Budget to Ministry of Finance for favourable consideration. Ministry of Finance conveys ceilings 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 etc. Under the revenue segment, provision is first made for salary and other obligatory expenses. The balance allocation available is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. In so far as the capital segment is concerned, funds are first set aside to meet the projected milestone based liabilities likely to materialise during the year. The remaining allocation is distributed to meet the projected requirement for other items including Land/Works.

The allocated funds are optimally utilized towards operational activities. On the basis of additional requirement, funds are sought at Supplementary/RE stage. Also, if required, through reprioritization, it is ensured that urgent and critical capabilities are acquired without any compromise to operational preparedness of the Defence Services.”

Integrated Theatre Commands

1.53 When asked regarding the steps taken/contemplated to achieve Integration among the three Services, optimum utilisation of Services and further creation of United Theatre Commands, the Ministry, in a written submission, replied as under:

“The appointment of the Chief of the Defence Staff (CDS) and creation of the Department of Military Affairs (DMA) remains the most significant and transformative defence reform undertaken by any Government since Independence. Being seized of

its import, the Department has taken on the onerous responsibility of spearheading the much needed reforms within the military establishment towards enhancing synergy and jointness between the Services and ensuring optimum utilisation of resources. Some of the steps undertaken to achieve integration among the Services are enumerated below: -

(a) Renewed impetus has been provided to the establishment of Theatre/ Joint Commands to complete the process in a time bound manner. Presently, Lead C-in-Cs have been nominated to work out the contours of respective Theatre/ Joint Commands in consultation with all stakeholders. Further, a study is also in progress by HQIDS to strengthen Joint structures to support these Theatre/ Joint Commands.

(b) Single-service perspective planning process has been replaced by Joint capability planning for the three Services through a framework bound process termed as Integrated Capability Development System (ICADS). The process accounts for the Hon'ble PM's vision of balanced and simultaneous growth of all three Services.

(c) A Joint Services Roadmap for Military International Cooperation (MIC) has been prepared by a Tri-Services Board of Officers to integrate the requirement of all Services. In addition, work is also in progress to replace single service military exercises conducted with Friendly Foreign Countries by Joint/ Tri-Service exercises.

(d) Ten disciplines have been identified for conduct of joint training among the three services. Among these, joint training in five of the ten fields has since commenced. Additionally, joint syllabus quotient has been significantly enhanced in the Service War Colleges (DSSC by more than 60%).

(e) As doctrines play an important part in defining strategy, greater thrust has been placed on formulating Joint Doctrines/ Publications. Four Joint Publications/ Doctrines have already been promulgated in last two years, while four new Joint Doctrines namely, Space, Cyber, ISR and Amphibious Operations are currently under formulation.

- (f) Cross attachment of Special Forces from all the three Services has been implemented to enhance integration, inter-operability and exposure to work ethos.
- (g) Aviation Testing capabilities with the three Services are now being progressively integrated to optimize the resources and capabilities in a optimized and efficient manner.
- (h) A tri-services Joint Working Group has been setup to work out the finer granularities of Inter connection of Service Communication Networks (i.e. One Desk One Phone One Network (ODOPON)).
- (j) A Joint Services Study Group has been setup to integrate and rationalize the ISR assets.
- (k) Three Joint Logistics Nodes (JLN), one each at Mumbai, Guwahati and Port Blair have been established as pilot project to accrue advantages in term of manpower, optimal and common stocking and optimization of resources.
- (l) To develop indigenous capability towards manufacture of simulators and optimize them in Services, a 'Framework for Simulators in Armed Forces' has been promulgated.
- (m) An integrated ORSA AD model has been developed as part of study on optimization of Air Defence Resources to quantify the optimal requirement of Ground Based AD Weapon Systems (GBADWS) required for Air Defence of the National Airspace.
- (n) Infrastructure projects are being optimized to ensure optimal use of budget. As far as feasible, joint maintenance/training hubs are being encouraged within the three Services.

(p) Taking jointness and optimization of resources beyond the Defence Forces, an Inter-Ministerial Group has been constituted under the DMA to identify items of common use between the Services, CAPFs and the State Police.

(q) Similarly, emphasis is being laid on creation of dual use infrastructure especially in border areas to optimize employability and cut down overall expenditure.”

1.54 During deliberations on the subject, the Committee enquired whether all existing individual Service Commands in the country are proposed to be converted into five Integrated Theatre Commands and timeframe fixed for the same. In reply, the Additional Secretary (Department of Military Affairs) submitted as under:

“श्रीएटराइजेशन पर काम चल रहा है, मंथन हो रहा है।तीनों सर्विसेज के साथ बातचीत हो रही है, लेकिन आपको इस समय बताना कि एक साल में खत्म हो गया दो साल में खत्म होगा, यह मुनासिब नहीं है। इस दिशा पर इतना कहना चाहूंगा कि काम चल रहा है और तीनों चीफ्स मिलजुल कर काम कर रहे हैं।”

Maintenance of airports controlled by the Defence Forces

1.55 During deliberations on DFG 2022-23, the Committee also raised the issue of certain shortcomings in maintenance of airports controlled by the Defence Forces, for instance Bagdogra and Guwahati Airport.

Electronic warfare: Use of jamming technology

1.56 During course of examination of the subject, the Committee raised the issue of jamming of fighter jets in electronic warfare. The Deputy Chief of Army Staff apprised the Committee on the issue as under:

“On the specific issue of taking counter measures for drones and ensuring that the enemies, adversaries jamming them, the jamming effect is not there on our drones

and on our UAVs. I want to assure this august gathering that we have done numerous procurements, numerous acquisitions of systems which will ensure that our drones and UAVs and even the small drones are used without hindrance or without any capability of the enemy to stop these drones. These have been done extensively in the last one to two years, and I can assure the gathering here that our UAVs, drones and these kinds of systems which we are going to use on the forward areas, are quite safe from the enemy jamming and counter measures. But in the same breadth, I also want to inform this august gathering that these are all evolutionary and ongoing kinds of developments. On one side, the counter measures and on other side, the counter-measures are ongoing developments by us also, and by the adversary also. So, this battle or this dilemma continues, and we are reasonably sure that we are adequately prepared on these aspects on the forward areas.”

CHAPTER II

BORDER ROADS ORGANISATION

The Committee understand that the role of Border Roads Organisation (BRO), during peace time, is to develop and maintain operational road infrastructure of General Staff in Border Areas and to contribute to the socio-economic development of the Border States. In addition, the BRO also attends to the following during war time:—

- (i) To develop and maintain roads to keep line of control through in Original Sectors and Re-deployed Sectors;
- (ii) To execute additional task, as laid down by the Government, contributing to the overall war effort.

Achievement of BRO in 2021

2.2 The Committee have been informed that some of the salient achievements of the BRO during the year are as follows:-

(a) **Completion of 102 infrastructures Projects** Hon'ble Raksha Mantri dedicated to the nation 24 bridges and 03 roads through e-inauguration in UT of J&K, UT of Ladakh, Himachal Pradesh, Uttarakhand & Arunachal Pradesh on 28 Dec 2021. These roads and bridges are of strategic importance and have been designed to facilitate movement of heavy civil and military traffic in border areas. Earlier in Jun 2021 also Hon'ble Raksha Mantri had dedicated to the nation 75 infrastructures projects comprising of 12 roads and 63 bridges. Thus a total of 102 infrastructure projects have been dedicated to the nation in 75th years of independence.

(b) **Construction of Road over Umlingla Pass**. The BRO has constructed the World's highest road over Umlingla Pass, the Chismule - Demchok road which crosses the pass at 19024 ft connecting Chisumle-Demchock in Southern Ladakh and has thus put India on the Global Map. The road will not only enable faster induction of forces in this sector but will also give a major boost to tourism and enhance the socio-economic conditions of the locals in this region. There were major challenges of sub-zero temperatures and super high altitudes. This road has been recognized as World's Highest Road by Guinness book of World Records on 16 Nov 2021.

(c) **Construction of Double Lane, Class 70 Modular Bridge on Flaghill - Dokala Road.** This 140 ft Dokala Lane Modular Bridge of load Class 70 is at an altitude of 11000 ft and has been developed by GRSE as part of Atma-Nirbhar Bharat at a much lower cost compared to what was being imported earlier and is a part of Hon'ble Prime Minister's Make in India initiative and the Govt's resolve to provide faster connectivity to border areas. It was launched by the BRO in just two months despite freezing conditions and high altitude effects. Its successful completion will now pave the way for construction of more such Bridges in the forward areas.

(d) **Adoption of New Technologies.** The following new technologies have been adopted/ incorporated in more projects:-

- (i) Cementitious Base technique for surfacing work of roads.
- (ii) Geo Cell for road works.
- (iii) Plastic Coated Aggregate for bitumen work.
- (iv) Soil stabilization through biological enzyme.
- (v) M50 Modular Blocks.

(e) **Extended Opening of Passes.** Considering the prevalent situation on LAC, BRO kept the crucial Zojila axis open till 04 Jan 2022. This is the first time that the axis was kept open so long providing much needed connectivity to the forces deployed in Ladakh. This is also the first time, that the Zojila Pass has been opened in month of February against traditional norms of Apr/May, shrinking the time of closure of pass from 4-5 months to less than 2 months. In the same manner, the time of closure of pass from 4-5 months Manali-Sarchu axis was opened in a record time frame on 28th Mar in year 2021 for the first time in history. All other major passes in the Himalayas were also either kept open throughout the year or opened much ahead of schedule, thereby enabling easier logistics build-up for the troops deployed ahead.

(f) **Tunneling and Runway Works.** Works on construction of the Sela and Nechiphu Tunnels are in full swing and new records in the pace of construction of tunnels in high altitude areas are being set by the BRO. Once completed, the 980 m Sela Twin Tunnel will be one of the longest tunnels in the World at an altitude of above 13000 ft. BRO has also completed the construction of 450 m long Chamba Tunnel on Rishikesh-Dharasu-Gangotri

road (NH-94) in Tehri-Garhwal district of Uttarakhand. Runway reconstruction and upgradation works at Barrackpore and Bagdogra are also at an advanced stage of construction with high standards of quality being achieved.

(g) **Centers of Excellence.** Two centers of excellence namely CoERSA (Centre of Excellence for Road Safety and Awareness) and CoERBAT (Centre of Excellence for Roads, Bridges, Airfields & Tunnels) have been established by the BRO on 11 Jun 2021. These will be used for research and imparting the knowledge gained to all road construction agencies. Road safety audit of approx 7000 km of roads has been done so far.

(h) **Automation of BRO.** BRO has developed nine major software/ website with the help of BISAG-N and NICS I related to management of works, HR, automation and for disseminating information and facilitating booking for visit to Atal Tunnel, Rohtang.

(i) **Digitisation of BRO Land.** Digitisation of land used for BRO roads is under process to increase the efficiency and transparency of the organisation with the aim of better utilising all assets.

(j) **GeM Procurement.** The BRO has also been awarded the Silver Medal for GeM procurement this year by the Govt of India for being one of the leaders for procurement through GeM. More and more items are being increasingly procured on GeM as the Govt's mandate.

(k) **Empowerment of Women and Creation of All Women RCC.** For the **first time in the history** of the BRO, a woman officer has been given the command of a unit. At present, three RCCs are being commanded by Women officers. As a special recognition of the effort of Women, all the three Platoon Cdrs in 75 RCC are Lady Officers of the Army or BRO so as to create the **First Ever All Women RCC.**

Allocations to BRO

2.3 The details of allocations to BRO, made by various Ministries at BE and RE stage as well as expenditure incurred during last five years are as under:—

(₹ in crore)

Year	Agency	BE Allotment	Final Allotment	Expenditure
2017-18	MoD (Civ)	4168.20	4180.69	4239.56
	MoRT&H	370.00	320.00	317.90
	MEA	35.08	49.75	49.75
	MHA	101.62	83.15	82.97
	MoD	523.60	726.43	725.67
	NEC	5.00	5.00	5.00
	Other and Deposit	70.94	91.55	36.85
	Total	5274.44	5456.57	5457.70
2018-19	MoD (Civ)	4426.16	4860.77	5360.82
	MoRT&H	450.00	385.00	362.54
	MEA	34.91	42.33	42.33
	MHA	136.57	183.78	183.92
	MoD	510.35	692.21	691.68
	NEC	5.00	5.00	5.00
	Other and Deposit	19.55	112.72	59.56
	Total	5582.54	6281.81	6705.85
2019-20	MoD (Civ)	5234.22	5749.16	5859.12
	MoRT&H	602.50	557.92	555.11
	MEA	26.30	26.82	23.87
	MHA	221.12	191.12	194.22
	MoD	925.85	1003.31	1002.99
	NEC	5.57	1.78	1.78
	Other and Deposit	35.02	45.12	99.99
	Total	7050.58	7575.23	7737.08
2020-21	MoD (Civ)	6786.23	6905.55	6879.64
	MoRT&H	862.46	752.46	746.43
	MEA	23.23	8.88	8.88
	MHA	117.00	117.00	117.14
	MoD	982.40	895.19	910.76
	NEC	3.79	0.22	0.22
	Other and Deposit	161.31	180.87	100.71
	Total	8936.42	8860.17	8763.78

2021-22 (Upto Jan 2022)	MoD (Civ)	6304.08	7432.42 *	5773.15
	MoRT&H	602.50	602.50 *	378.52
	MEA	12.99	12.99 *	9.53
	MHA	234.97	234.97 *	213.32
	MoD	888.47	888.47 *	656.37
	NEC	0.00	0.00	0.00
	Other and Deposit	150.28	150.28 *	68.08
	Total	8193.29	9321.63 *	7098.97
2022-23	MoD (Civ)	7882.36		
	MoRT&H			
	MEA			
	MHA			
	MoD			
	NEC			
	Other and Deposit			
	Total		Not yet allocated	
* Allotment till date				

2.4 The Committee infer from the above data that for 2021-22, the final allotment to BRO under MoD (Civil) was ₹ 7,432.42 crore and the expenditure upto January, 2022 was ₹ 5,773.15 crore. For 2021-22, the BE allocation is ₹ 7,882.36 crore under MoD (Civil).

2.5 The details of Capital and Revenue budget allocation and expenditure for the last five years are given below:—

(₹ in crore)

Year	Agency	Capital Budget		Revenue Budget		Total Allotment	Total Expenditure
		Allotment	Expenditure	Allotment	Expenditure		
2017-18	MoD (Civ)	2708.46	2774.47	1472.23	1465.09	4180.69	4239.56
	MoRTH	185.00	183.11	135.00	134.79	320.00	317.90
	MEA	0.00	0.00	49.75	49.75	49.75	49.75
	MHA	82.15	81.97	1.00	1.00	83.15	82.97
	MoD	708.90	708.53	17.53	17.13	726.43	725.66
	Others & Deposit	96.55	41.85	0.00	0.00	96.55	41.85
	Total	3781.06	3789.93	1675.51	1667.76	5456.57	5457.69

2018-19	MoD (Civ)	2028.50	2120.43	2832.27	3240.39	4860.77	5360.82
	MoRTH	270.00	248.10	115.00	114.44	385.00	362.54
	MEA	0.00	0.00	42.33	42.33	42.33	42.33
	MHA	182.22	182.36	1.56	1.56	183.78	183.92
	MoD	683.23	683.05	8.98	8.63	692.21	691.68
	Others & Deposit	117.72	64.56	0.00	0.00	117.72	64.56
	Total	3281.67	3298.50	3000.14	3407.35	6281.81	6705.85
2019-20	MoD (Civ)	2356.00	2343.44	3393.16	3515.68	5749.16	5859.12
	MoRTH	415.92	408.71	142.00	146.40	557.92	555.11
	MEA	0.00	0.00	26.82	23.87	26.82	23.87
	MHA	188.82	191.86	2.30	2.36	191.12	194.22
	MoD	989.96	990.82	13.35	12.17	1003.31	1002.99
	Others & Deposit	46.90	101.77	0.00	0.00	46.90	101.77
	Total	3997.60	4036.60	3577.63	3700.48	7575.23	7737.08
2020-21	MoD (Civ)	3100.00	3104.19	3805.55	3775.46	6905.55	6879.65
	MoRTH	532.46	526.58	220.00	219.85	752.46	746.43
	MEA	0.00	0.00	8.88	8.88	8.88	8.88
	MHA	115.00	115.14	2.00	2.00	117.00	117.14
	MoD	883.77	899.40	11.42	11.36	895.19	910.76
	Others & Deposit	181.09	100.93	0.00	0.00	181.09	100.93
	Total	4812.32	4746.24	4047.85	4017.55	8860.17	8763.79
2021-22 (up to Jan 2022)	MoD (Civ)	3500.00	2672.29	3932.42	3100.86	7432.42	5773.15
	MoRTH	432.50	264.08	170.00	114.44	602.50	378.52
	MEA	-	-	12.99	9.53	12.99	9.53
	MHA	232.00	211.50	2.97	1.82	234.97	213.32
	MoD	868.45	650.12	20.02	6.25	888.47	656.37
	Others & Deposit	150.28	68.08	0.00	0.00	150.28	68.08
	Total	5183.23	3866.07	4138.40	3232.90	9321.63	7098.97

2.6 The Committee have been apprised that Capital Budget of Border Roads Organisation has increased by 40 percent to ₹ 3500 crore in FY 2022-23 vis-à-vis ₹ 2500 crore in FY 2021-22.

Additional allocations sought by BRO

2.7 The details of additional allocation sought by BRO from the Ministry of Finance during the last five years were provided to the Committee which are given below:—
(Replies, Pt 44)

(₹ in crore)

Year	BE allocation	Demand for 1 st batch of supplementary	Demand for 2 nd batch of supplementary	Final allocation	Additional fund allocated with reference to BE allocation
2017-18	4168.20	2309.11	181.00	4180.69	12.49
2018-19	4426.16	-	1162.84	4860.77	434.61
2019-20	5234.22	731.78	-	5749.16	514.94
2020-21	5586.23	2408.77	525.00	6905.55	1319.32
2021-22	6304.08	1816.75	2005.42	7432.42*	1128.34

* Allotment till date

2.8 The Ministry was asked to state the areas where compromises have been made or likely to be made due to reduced budgetary allocation against the projections made by the BRO. In a written note, the Ministry apprised the Committee as under: — (Replies, Pt 43)

“After the transfer of BRO from Ministry of Road Transport and Highways (MoRT&H) to MoD since 2015, there has been a gradual increase in allocation of funds to BRO as mentioned below:—

Year	Allocation (in crore)
2016-17	3790.87
2017-18	4180.69
2018-19	4860.77
2019-20	5749.16
2020-21	6905.55
2021-22	7432.42

Required and existing number of equipment with BRO

2.9 The details of requirement and existing equipment of BRO for the last five years are given below:— (Replies, Pt 46)

Type of eqpt	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	Reqmt	Held	Reqmt	Held	Reqmt	Held	Reqmt	Held
Dozer Size-II eqvl	1278	1230	1457	1317	1763	1358	1638	1407
Road Roller	595	813	557	807	535	774	512	745
Hot Mix Plant	84	117	84	113	170	107	105	75
Wet Mix Plant	18	39	16	38	12	37	10	39
Paver finisher	103	151	102	146	178	154	41	143
Tipper	6348	4912	5266	4964	4475	4366	4428	4198

2.10 During deliberation on Demand for Grants 2022-23, the Committee desired to know whether the shortage of critical equipment will affect the working of BRO. In this regard, the DG BR submitted as under:

“सर, इससे काम इफेक्ट होता था। मैं आपके साथ बिल्कुल एग्री करता हूँ, लेकिन जैसे मैंने आपको यह भी बताया कि अभी हमारी जो पॉवर्स हैं, वे एनहांस हो गई हैं। हम जो इक्यूपमेंट्स पहले खरीदते थे, इसमें ऐसा होता है कि जब एक इक्यूपमेंट को डाउनग्रेड किया जाता है, तभी नया इक्यूपमेंट हम खरीद सकते हैं। इसमें न केवल हमारी जो डाउनग्रेडेशन की पॉवर्स थीं, वे भी बढ़ाई गई हैं। 5 लाख से ले कर 35 लाख रुपये तक इसको बढ़ाया गया है। जो लंबा प्रोसेस होता था, उसको छोटा किया गया है और जो हमारी पॉवर्स इक्यूपमेंट्स और मशींस को खरीदने की थीं, उसको भी बढ़ाया गया है। तो अगले साल हम ज्यादा इक्यूपमेंट्स खरीदेंगे, जिससे हमारा प्रोग्रेस ऑफ वर्क, may be, by 25 पर्सेंट और तेज़ हो जाएगा। “

2.11 When asked to delineate the steps taken to fill the gap between required and existing equipment with BRO, the Ministry through written note intimated as under:—

“Steps are taken from time to time to ensure that Vehicles/Equipments/Plants (V/E/P) are maintained as per the authorized limit.

(a) Based on the actual requirement an Annual Procurement Plan (APP) amounting to ₹262.34 Crs has been approved for FY 2021-22. The status of procurement of critical equipment is given as below:-

Type of Equipment	FY 2021-22		Qty. approved for procurement in APP 2021-22	Supply Order placed/ Procured
	Requirement	Held		
Dozer size II	1638	1407	222	90
HMP (Nos)	105	75	07	06
Motor Grader	71	43	10	06

(b) In order to induct the latest V/E/P in BRO, enhanced delegation of powers for procurement of both indigenous and foreign construction equipments has been accorded to DGBR.

(c) Policy guidelines for preparation of Annual works plan (AWP) and Annual Procurement plan (APP) with reference to budget allocation to BRO has been issued vide this office letter dated 19 Jun, 2017, so that the planning of works and the requirement of resources i.e. the size of APP is more realistic. As a result, there has been a consistent reduction in the gap between requirement and holding with reference to critical construction equipments which has led to improvement in the progress of works.

(d) Streamlining and simplification of procedures: In order to expedite the proposals of Border Roads Organisation, Guidelines have been issued by the Ministry on 03 Feb

2022 regarding streamlining and simplification of procedures which inter-alia includes submission and examination of cases in a time-bound manner.”

Challenges faced in execution of projects and difficulties in maintenance of roads

2.12 During their PowerPoint Presentation before the Committee, the Ministry enumerated followings challenges faced by BRO:—

- i. Land Acquisition
- ii. Forest and Wildlife clearance
- iii. Short Working Window in mountains due to climatic conditions
- iv. Himalayan ranges : Young mountains prone to landslides
- v. Natural calamities.

2.13 In his deposition before the Committee, the DG BR submitted that following measures are being taken to overcome the abovementioned challenges:

“There are challenges but Government has made a lot of policies and under guidance of Defence Secretary, we have now started processing the land acquisition and we have got clearances in green tribunal cases. Very recently, we have got the clearance in Chardham also. In Forest and Wildlife clearances have been hastened up in the last two years. Short working windows are basically due to climatic conditions like in western projects like projects in J&K and Ladakh. Due to heavy snowfall in winter season, the work slows down and in the eastern States, due to heavy rains, there is an impediment in work. But we are devising a lot of new technologies even to continue our work during these seasons also. We are aware that Himalayan ranges are very fragile. So, we are undertaking a lot of new technologies to stabilise the slopes which get affected by snow and rains triggering a lot of landslides.”

CHAPTER III

INDIAN COAST GUARD

The Committee are given to understand that Indian Coast Guard (ICG) is an Armed Force of the Union constituted upon the enactment of Coast Guard Act, 1978, under the Ministry of Defence, for protection of the country's maritime interests in the Maritime Zones of India.

Coast Guard organisation is headed by the Director General Indian Coast Guard (DGICG) exercising his overall command and superintendence from Coast Guard Headquarters (CGHQ) located at New Delhi. The overall operational and administrative responsibility on the Western and Eastern Seaboard is vested with the Additional Director General level Officers designated as Coast Guard Commander Western Seaboard and Eastern Seaboard respectively. Further, the Maritime Zones of India are divided into five Coast Guard Regions, namely, North-West, West, East, North-East and Andaman & Nicobar, with the respective Headquarters located at Gandhinagar, Mumbai, Chennai, Kolkata and Port Blair for effective Administration, Command and Control and are commanded by Officers of the rank of Inspector General.

The Regions are further divided into 16 Coast Guard 'Districts', twelve on the mainland, three in the Andaman & Nicobar Region and one at Kavaratti for the Lakshadweep Islands. Each Coast Guard District comprises of at least two or three Coast Guard Stations, totaling 42. In addition, there are 11 Coast Guard Air Establishments viz. Air Stations (CGAS), Air Enclaves (CGAE) and Independent Air Squadron for air operations at various locations along the coastline. Five more approved Air Establishments are likely to be set up over next couple of years.

DUTIES AND FUNCTIONS OF INDIAN COAST GUARD

3.2 The duties and functions of Indian Coast Guard as mentioned in Section 14 of Coast Guard Act 1978, are as follows:

- (a) Ensuring the safety and protection of the artificial islands, offshore terminals, installation and other structures and devices in any maritime zone.
- (b) Protection to fishermen including assistance to them at sea while in distress.
- (c) Taking such measures as are necessary to preserve and protect the maritime environment and to prevent and control marine pollution.
- (d) Assisting the customs and other authorities in anti-smuggling operations.
- (e) Enforcing the provision of such enactments as are for the time being in force in the maritime zones.
- (f) Such other matter, including measures for the safety of life and property at sea and collection of scientific data, as may be prescribed.

3.3 The Committee were informed that the ICG, since its inception, has been entrusted with many additional responsibilities, major amongst which are listed below:

- (a) Coastal Security in Territorial Waters
- (b) Enforcement, monitoring and surveillance of Deep Sea Fishing vessels
- (c) Maritime Search and Rescue
- (d) Marine oil-spill response measures
- (e) Lead Intelligence Agency for coastal and sea borders
- (f) Competent National Authority and National Operational contact point for implementation of "Regional Oil Spill Contingency Plan", under South Asia Cooperative environment Programme (SACEP).

Budget 2021-22 and 2022-23

3.4 The Ministry submitted the following information in a written submission regarding the projections made by the Coast Guard, allocations made at BE, RE and actual

expenditure during the last five years, both combined and separately for Capital and Revenue heads alongwith BE Projection and Allocation for 2022-23:

(₹ in crore)

<u>FY</u>	<u>Head</u>	<u>BE</u> <u>Projection</u>	<u>BE</u> <u>Allocation</u>	<u>RE</u> <u>Projection</u>	<u>RE</u> <u>Allocation</u>	<u>MA</u> <u>Allocation</u>	<u>Actual MA</u> <u>Expenditure</u> <u>as per CGDA</u> <u>Booking</u>
2017-18	Capital	4805.0000	2200.0000	4150.0000	2200.0000	2200.0000	2178.7308
	Revenue	2214.5530	1829.7900	2314.2700	2148.9700	2148.9700	2155.5224
	Total	7019.5530	4029.7900	6464.2700	4348.9700	4348.9700	4334.2532
2018-19	Capital	4950.0000	2700.0000	3555.0000	2250.0000	2262.1600	2260.9410
	Revenue	2408.4145	2091.4200	2625.0200	2391.4200	2401.5300	2451.14
	Total	7358.4145	4791.4200	6180.0200	4641.4200	4663.6900	4713.2257
2019-20	Capital	5830.0000	2500.0000	3630.0000	2600.0000	2600.0000	2582.71
	Revenue	2758.9000	2385.2700	2955.9400	2476.0700	2520.0700	2539.3074
	Total	8588.9000	4885.2700	6585.9400	5076.0700	5120.0700	5126.8065
2020-21	Capital	5350.0000	2500.0000	3100.0000	2500.0000	2500.0000	2503.2090
	Revenue	3246.0300	2532.7600	2987.8359	2432.7600	2522.9200	2547.28
	Total	8596.0300	5032.7600	6087.8359	4932.7600	5022.9200	5049.7496
2021-22	Capital	3200.0000	2650.0000	3600.0000	3236.4600		2129.3986
	Revenue	3200.0000	2594.7200	3884.6075	2797.2600		2103.3330
	Total	6400.0000	5244.7200	7484.6075	6033.7200		4232.7316@
2022-23	Capital	6600.0000	4246.3700*				
	Revenue	4203.8500	3063.9200*				
	Total	10803.8500	7310.2900*				

@ Expenditure upto 31st December, 2021 as per CGDA Booking status report.

* BE-2022-23 allocations are indicative figures.

3.5 When enquired about the reason of low utilization of funds in the year 2021-22, the representatives of the Ministry apprised the Committee during evidence as under:

“सर, करेंट फाइनेन्शियल ईयर में दिसम्बर की फीगर काफी कम थी, उसके बाद बहुत हमने मेहनत की है और अभी रेवेन्यू में जो खर्च है वह करीब-करीब 85 परसेंट है। कैपिटल में भी 80 परसेंट के करीब हो गया है। हम इसे लगातार मोनिटर करते हैं और आश्वासन दी जाती है कि इसे पूरी तरह से एलोकेशन यूटिलाइज हो जाएंगे

क्योंकि काफी चीजें सप्लाई हो रही हैं या होने वाली हैं। उनके पेमेंट खुल जाएंगे, एलओसी खुल गई हैं, यह पैसा यूटिलाइज्ड हो जाएगा।”

3.6 The Committee were informed by a representative of the Ministry of Defence during oral evidence as under:

“To boost the coastal security, the capital Budget of Indian Coast Guard has been enhanced by 60.24 per cent to ₹ 4,246. 37 crore in FY 2022-23, *vis-à-vis* ₹ 2650 crore in FY 2021-22.”

3.7 Justifying this raise in the capital budget of ICG, the Committee were apprised during evidence as under:

“सर, दस बड़े जहाज पाइपलाइन में हैं जिनका एसओसी सबमिट हो गया है। Those are 50 metres long vessels which are also at advanced stage. आठ उसमें से कंट्रैक्ट हो गए हैं और 11 अगले छह महीने में कंट्रैक्ट हो जाएंगे। यह फंड हमको सही वक्त पर दिया गया है। I am sure that by March 2023 we will be able to use it.

3.8 As the allocations made to the Coast Guard Organisation were quite less than the projections made in the previous few years and current financial year, the Ministry was enquired about the compromises made or likely to be made due to reduced budgetary allocations. The Ministry replied as under:

“Over the years, especially post 26/11, Indian Coast Guard has witnessed tremendous growth in terms of manpower and assets including ships, aircraft and infrastructure and the budget allocation has not been to the tune of requirement. As a process, ICG units project requirements to CGHQ where in these requirements are critically analysed, adjusted and projected to MoD after due scrutiny of users’ requirement. However, requirements projected by ICG are not being met leaving a gap between projection and allocation.

Non-salary component is highly critical in meeting day to day operational and growing maintenance expenditures in ICG. The shortfall in non-salary component is adversely impacting the maintenance of ships & aircraft as well as civil assets and resulting in creation of carryover liabilities especially for fuel and maintenance expenses. The deficit in non-salary constituent has also lead to delay of procurements and supply of requisite spares/ routine kits which is affecting the maintenance and operational availability of ICG Fleet.

The gap in capital budget is though gradually reducing but still exists. The same is adversely impacting the infrastructure development at the planned pace. Development of infrastructure in terms of land acquisition, berthing facilities for ships, airfields for ICG aircraft, married accommodation, technical & administrative support structure, etc. is getting delayed due to budget constraints.”

3.9 During the course of evidence, it was deposed by one of the representatives of the Ministry regarding budgetary allocations and expenditure during 13th Plan i.e. 2017-22 of Indian Coast Guard by stating as follows:

“During the current Thirteenth Plan, 2017-22, the allocations of budget and expenditure have enhanced immensely supporting growth of Indian Coast Guard. With respect to the capital budget allocation towards augmentation of resources and assets, allocation and expenditure for the current plan have been in sync with ICG’s vision and growth. Further, allocation and expenditure in revenue budget towards operational and administrative expenditure, including maintenance of assets during the current plan is as flashed. Coming to indicated BE allocation for 2022-23, we are thankful for enhancing budget allocation by over 39 per cent towards resource and capability augmentation. This will facilitate in strengthening our force level and enhancing the operational efficiency.”

FORCE LEVEL

3.10 When inquired about the authorised and existing force level in respect of Indian Coast Guard it was submitted by the Ministry as under:

“The growth of ICG organisation since 2009 has been consistent. The details of the force level since 2009 and in last five years are as tabulated below:-

<u>Ships</u>	<u>2009</u>	<u>2014</u>	<u>Present</u>	<u>Accretion</u>
Offshore Patrol Vehicle (OPVs) / Patrol Vessel (PVs)	14	16	29	15
Fast Patrol Vessel (FPVs)	28	31	44	16
Interceptor Boats (IBs)	13	29	67	54
Air Cushion Vehicles (ACVs)	06	13	18	12
Total	61	89	158*	97

* Despite decommissioning of 28 ships and 11 boats since 2009.

<u>Aircraft</u>	<u>2009</u>	<u>2014</u>	<u>Present</u>	<u>Accretion</u>
Dornier	24	40	39	15
Chetak	21	19	19	--
ALH	--	04	12	12
Total	45	63	70	27

‘At present, the Indian Coast Guard has a force level of 158 surface platforms i.e. 73 Ships, 67 Interceptor Boats and 18 Hovercraft. The aviation arm of ICG has 70 aircraft, which comprise of 39 fixed wing Dornier, 19 Chetak helicopters and 12 Advance Light helicopters.’

This was also supported by an oral submission during the evidence of the Ministry, that ICG envisages a growth to 190 ships and 80 aircrafts by 2025. The growth has been equally supported by the financial allocation.

Thus, there has been considerable force accretion and the acquisition process under the plan period is progressing at a satisfactory pace.

The inventory of main armament with the ICG is as tabulated below:-

S.N	Armament	Qty
(a)	Super Rapid Gun Mount (SRGM)	04
(b)	30 mm CRN-91 Guns with Stabilised Optronic Pedestal (SOP) as Fire control system (FCS)	40
(c)	30 mm 2A42 Medak Guns	11
(d)	40/60 Guns	19
Total		74

Apart from this, two major projects for acquisition of armament are as follows:-

- (a) **30 MM NSG (Naval Surface Gun)** Procurement of 118 (ICG-74 and IN-44) in nos 30 mm Naval Surface Guns (NSGs) for ICG is in progress under 'Buy & Make' (Global) category with Transfer of Technology (ToT). The case of procurement of 30 mm NSG is at FET stage. The FET stage I (Documentation) completed. The FET stage II (Field Trials) scheduled in January 2022 which is likely to be delayed view COVID-19. The total cost of the project is ₹1531 crore (ICG – ₹961.00 crore and Indian Navy – ₹570 crore).
- (b) **12.7 MM SRCG.** Contract for 12.7 mm Stabilised Remote Control Gun (SRCG) concluded by MoD with M/s Elbit System Ltd, Israel on 07 September, 2018 for replacement of 12.7 mm HMG. Delivery of Guns has commenced. The total cost of the project is ₹1160.77 crore (ICG – ₹450.63 crore and Indian Navy – ₹710.14 crore).

3.11 During the course of evidence, the Committee raised the issue of induction of Drones and Anti-drones in the force level of Indian Coast Guard. In its submission a representative of the Ministry candidly admitted before the Committee as follows:

“सर, हम शिप्स की ऑपरेशनल डिप्लायमेंट को इनहैन्स करने के लिए शिप के ऊपर हेलीकॉप्टर्स का यूज करते हैं, जिससे शिप का सर्च एरिया और सर्विलेंस का टाइम भी कम होता है और एरिया कवरेज भी ज्यादा होता है। अभी हमने ड्रॉन्स इनडक्ट नहीं किए हैं। ड्रॉन्स को इंडक्ट करने के प्रोग्राम में

नेक्स्ट कमिंग ईयर के लिए हमने असेसरीज़ बनाई हैं। हमने उसके लिए प्रोपॉजल भेजा है, जिसमें ड्रोन और एंटी ड्रोन को एकवायर करेंगे, इसे कोस्टल सर्विलांस में यूज करेंगे।”

MANPOWER

3.12 As per written submission by the Ministry, the manpower status in ICG as on date stood as follows:

<u>S.N</u>	<u>Cadre</u>	<u>Govt. Sanction</u>	<u>Borne (including Deputation)</u>	<u>Shortage</u>
(a)	Officers	2344	1977	367 (15.6%)
(b)	Enrolled Personnel	12645	10748	1897 (15.0%)
(c)	Civilians	1970	1334	636 (32.2%)
Total		16959	14059	2900 (17.1%)

3.13 When the Ministry was enquired about the measures taken to address the shortage in force level of Coast Guard, it was submitted as under:

“The acquisition process to build up the planned force level is progressing satisfactorily. The specific measures to reduce manpower shortages have been undertaken which include the following:

- (a) Re-employment of Indian Naval Short Service Commissioned officers and short term deputation against existing vacancies.
- (b) Recruitment action to fill the vacancies of the civilian posts through direct recruitment is already in progress.
- (c) In order to enhance the pace and garner wider talent pool, migration to online mode of direct recruitment for officers and enrolled personnel has been resorted to.”

3.14 For dealing with the shortage of manpower, a representative of the Ministry deposed before the Committee as follows:

“सर, हमने ऑनलाइन एग्जामिनेशन फेसिलिटीज इंट्रोड्यूस कर दिया है। हमारे रीच फॉर फ्लांग विलेज तक है, there are certain places where information is not available. So, they have to reach to the nearest town. This facility is available even for the economically weaker sections. They do not have to travel to the big cities to give the exams. All forms are filled online. It saves the efforts. डायरेक्ट रिक्रुटमेंट्स ऑफ सिविलियन हमने स्टार्ट कर दिया है, सरप्लस सेल से एनओसी लेकर करते हैं। There are continuous drives all over India where we encourage and popularize the benefits of joining the Coast Guard. Our efforts are on. This 33 per cent also helps in the progression and recruiting youngsters at periodic intervals.

सर, शिप कन्स्ट्रक्शन में दो साल लग जाता है और दो साल में चार बार रिक्रुटमेंट पैटर्न मेन्टेन करते हैं। हर छह महीने में तीन सौ जवान और बीस से तीस ऑफिसर्स को इंट्रोड्यूस करते हैं। जब तक हमारा शिप तैयार होता है तब तक मैनपॉवर रेडी हो जाता है।”

MEASURES FOR SAFETY/SECURITY

3.15 Regarding extra measures/reforms incorporated by ICG to enhance the safety and security levels of the country's coastline, the Ministry submitted the following information:

“The Indian Coast Guard (ICG) at present has established 42 Stations (i.e. 17 co-located stations and 25 Independent Stations) at different locations along the coastline on mainland and Island territories.

The surface platforms in the inventory of the Coast Guard include 03 Pollution Control Vessels, 26 Offshore Patrol Vessels, 44 Fast Patrol Vessels/ Inshore

Patrol Vessels, 18 Air Cushion Vessels, 67 Interceptor Boats. As on date 158 surface platform are available with Indian Coast Guard which are deployed for execution of charter of duties as identified by GoI including coastal security. In addition, the Coast Guard presently has 39 Dornier Aircraft, 19 Chetak helicopters and 12 Advanced Light Helicopters totalling to 70 aircraft. This includes one ALH detached to ICG Dhruv Flight for Maldives National Defence Force.

Various initiatives undertaken by ICG towards Coastal Security, since 26/11, are as follows:

- (a) **Standard Operating Procedures (SOPs)**. For effective coordination amongst all stake holders involved in coastal security, Standard Operating Procedures (SOPs) for Coastal Security have been formalised and promulgated by ICG. These SOPs are aimed at developing coordination both at the field and apex level and assist in seamless co-ordination and unhindered flow of information amongst various participating agencies.
- (b) **Coastal Security Exercises**. Coastal Security Exercises are being conducted by ICG Regional Headquarters in co-ordination with Navy, Marine Police and other central and state agencies. Since 2009, a total of **212** Coastal Security exercises have been conducted by the ICG.
- (c) **Coastal Security Operations**. Based on intelligence inputs and threat alerts in coastal areas, Coastal Security Operations are being conducted/ participated by ICG. A total of 495 Coastal Security Operations have been conducted since 2009.
- (d) **Special 'Operation Sajag'**. ICG undertakes special operation named 'Op Sajag' every month at all coastal States/ UTs with deployment of maximum ICG units to undertake extensive boarding of fishing boats at sea primarily for deterrence and random scrutiny of documents. Till date **299** 'Op Sajag' have been conducted across coastal States/ UTs.

- (e) **Training for Coastal Police.** The *ab-initio* training of Marine Police personnel by ICG started in 2006. The training is conducted at Coast Guard District Headquarters corresponding to the Coastal States/ UTs. So far, **4819** Police personnel have been trained by ICG. Post setting up of National Academy of Coastal Police (NACP), ICG has been deputing instructors for training of Marine Police personnel.
- (f) **Community Interaction Programmes (CIPs).** Since 2009, a total of **9,084** CIPs have been conducted by ICG for fishermen to bring in awareness about safety and security at sea..
- (g) **Creation of Chain of Static Sensors along the Indian Coastline.** The project approval for setting up of Chain of Static Sensors along the coastline was accorded by CCS on 16 May 2009. The purpose was to establish electronic surveillance of the coastline with integrated sensors like radars, electro-optic night vision along with thermal and laser imaging cameras, meteorological, visibility, temperature sensors and VHF sets. Phase I of the fitment with, 46 Radar Stations established along the coast has been operationalised and completion of Phase II consisting of additional 38 Radar Stations with integration of VTS Gulf of Kutch &Khambhat and Integrated Coastal Surveillance System (ICSS) for near gap free surveillance is in progress.”

3.16 On being asked about the measures taken to upgrade the infrastructure considering Indian’s long coastline, the Ministry submitted as under:

“Priority berthing for ICG ships at major ports materialised with 2040 m accretion (101% increase from the year 2009) with respect to jetty and berthing facilities for ICG ships.

Civil works are being progressed expeditiously to mitigate deficiency of Married and OTM Accommodation.

Annual Works Programme (AWP) proposals focusing on operational, technical and residential infrastructure proposed in AWP 2021-22 amounting to ₹ 2287.96 crore have been progressed.”

3.17 Regarding constraints and challenges faced by Coast Guard Organisation, the Ministry apprised the Committee during evidence as under:

“The maritime challenges for oceanic India are as vast as the ocean itself. The significant challenges are cross-border terrorism, maritime transnational crimes, maritime safety and environment protection. With dense shipping traffic covering around the Indian peninsula, there is an increased likelihood of maritime incidents. The maritime operational responsibilities of ICG are from bottom end of the spectrum till the peak and is indicative of a gamut of activities undertaken by the ICG from maritime environment protection, safety and security to supplementary role during heightened security scenario.”

3.18 Further the Ministry added by stating that ‘Non-availability of land with ICG delays civil projects as the acquisition/ leasing is a long drawn procedure involving multiple agencies and states having different land norms. Therefore, sharing of surplus land available with Army/ Navy and Air Force with ICG may be considered for reducing delays in ICG infrastructure growth.’

CHAPTER IV

DEFENCE ESTATES ORGANISATION

The Committee have been informed that Defence Estates Organization, under the Ministry of Defence, is responsible for municipal administration of notified Cantonments and management of about 17.95 lakh acres of Defence land in the country. The Directorate General, Defence Estates is at the apex of the organization. There are six Directorates under it, co-located with each army command, and the National Institute for Defence Estates Management (NIDEM) which is a training institute. Under the Directorates, there are 38 Defence Estates Circles and 4 Independent Assistant Defence Estates Offices for management of defence land and 62 Cantonment Boards for municipal administration of cantonments.

4.2 The Committee have been apprised that the following projects have been undertaken by DGDE recently by the Ministry of Defence:-

(i) **Computerization of defence land records**: DGDE had undertaken the project of computerization of defence land records maintained in General Land Register (GLR) and Military Land Register (MLR) and has created the database of entire land records. The system works on a secured leased line network and ensures security of the land data. Of late, DGDE, under the guidance of Ministry of Defence has initiated a project called Real Time Record Management (RTRM) in association with BISAG wherein it is proposed that all changes in the land records and various aspects of land management will be carried out on online basis and Real Time Changes will be effected in the records. The real time updation in land records has commenced on 01.01.2022.

(ii) **Introducing new rules related to Cantonment Board Accounts in an IT Platform**: DG DE has successfully migrated from Single Accounting System in Cantonment Boards to Accrual Based Accounting System (ABAS) in all 62 Cantonment Boards through a centralized architecture developed in NIC Cloud System. The earlier rules called Cantonment Account Code, 1924 have been repealed and new rules mainly

Cantonment Board Account Rules, 2020 (CBAR, 2020) with Accrual Based Accounting System and latest provisions have been implemented.

(iii) **Providing online services to Cantonment residents through e-Chhawani Portal:**

The e-Chhawani portal and mobile app have been developed as a multi-tenancy multilingual central platform for comprehensive e-enablement of Cantonment Boards to provide online services to more than 20 lakh users across the country. The said portal has contributed immensely in ease of doing business and ease of living in cantonment areas.

(iv) **Survey of land using latest technologies:** DG DE had carried out first phase of survey of entire defence land during 2012-2016 by using ETS and DGPS. Thereafter, from 2018 onwards, Phase-II of defence land survey has been initiated. Phase-II survey of defence land pockets has been done by using latest technologies like DGPS, Satellite Imagery and Drone Survey. Officers and staff are being trained in such technologies. With the help of BISAG, DGDE has also developed expertise in using satellite data for developing maps of various pockets.

Phase-II of land survey for entire defence land was completed on 31.12.2021.

(v) **XVth CFC Grants from the Financial Year 2020-21:** Cantonment Boards being the urban local bodies have also started receiving grants from the XVth CFC in the same manner as are being received by the municipalities.

vi) **Defence land audit:** This function has been entrusted to the organization by the Government to improve management of land, prevent encroachments and optimize land use. Land audit reports have been released since 2011-12.

vii) **Secured networking:** All offices of the organization are connected through NICNET in a Secured Area Network for secured data flow.

Administration of Cantonments

4.3 Section 3 (1) of Cantonments Act, 2006 describes Cantonment as a place or places, declared by the Central Government by notification in an official Gazette, in which any part of the Forces is quartered or which, being in the vicinity of such place or places, is

or are required for service of such forces. Cantonments came to be established during British period for quartering of troops and civil population too was given lands on lease/grants within Cantonments and thus civil population came to reside in Cantonments.

4.4 Presently there are 62 Cantonments in the country located in 19 States/UT and falling within the territorial stretch of 5 Army Commands as under:-

Central Command	25
Southern Command	19
Western Command	13
Northern Command	01
Eastern Command	04

The population in these Cantonments as per 2011 Census was 20,91,734.

4.5 The salient features of a Cantonment, as the Committee have learnt, are as under:

- Land ownership of the Govt.

Most of the land in the Cantonments is owned by the Government of India, Ministry of Defence. A part of this land has been given on grants and leases. In certain Cantonments, there is private land also, besides land owned by State Governments & other Central Government departments.

- Troops centric—health, hygiene, welfare and sanitation has predominance.

The welfare, health and hygiene of forces residing within a cantonment is of primary concern. The military authorities exercise certain powers in this regard under the Cantonments Act, 2006.

- o Modified democratic set-up requiring harmonious blending of the interests of the troops and civil population of the Cantonments.

The Cantonments Act, 2006 addresses the concerns of civil population as well as the troops.

4.6 Cantonment Boards: A Cantonment Board is constituted for every Cantonment under section 3 of the Cantonments Act, 2006. It is a 'body corporate' functioning under the overall control of the Central Government in the Ministry of Defence. It comprises of official/nominated and elected members. Parity is maintained between elected and official members in the Board. Station Commander is the President of the Cantonment Board (PCB). Supervision and control over the working of Cantonment Boards are exercised through the General Officer Commanding-in-Chief/Principal Director Defence Estates of the Command at the intermediate level and by the Central Government through the Director General, Defence Estates (DGDE) at the apex level. Principal Directors, Defence Estates report to the Director General, Defence Estates. At the Board level, the Chief Executive Officer (CEO) performs the duties of Member -Secretary of the Board.

4.7 Cantonment Boards, under the provisions of sub-section (2) of section 10 of the Cantonments Act, 2006, are deemed municipalities under clause (e) of Article 243P of the Constitution, for the purposes of receiving grants and allocations; and implementing Central Government schemes relating to development of infrastructure and social welfare.

4.8 Constitution of Boards: Section 12 of the Cantonments Act, 2006 deals with the constitution of Cantonment Boards. Cantonments are categorized as Category I, II, III & IV, on the basis of total population as per latest Census.

The categorization is as under:-

CATEGORY	POPULATION (TOTAL)	MEMBERS		COMPOSITION
		ELECTED	OFFICIAL	
I (16 Cantonments)	Above 50,000	8	8	Stn Cdr (PCB), Representative of District Megistrate, Executive Engineer, Health Offr, 3 Mil. Offrs, 8 elected members and Chief Executive Officer (CEO).
II (31 Cantonments)	10,001 to 50,000	7	7	Stn Cdr (PCB), Representative of District Megistrate, Executive Engineer, Health Offr, 2 Mil. Offrs, 7 elected members and CEO.

III (8 Cantonments)	2501 to 10000	6	6	Stn Cdr (PCB), Rep of DM, Executive Engineer, Health Offr, 01 Mil. Offrs, 6 elected members and CEO.
IV (7 Cantonments)	Upto 2500	2	2	Stn Cdr (PCB), CEO and 2 elected members.

Elections

4.9 The Committee have found that Elections to Cantonment Boards are held on expiry of the term of elected members. The term of elected members is five years. In exercise of the powers conferred by Section 31 of the Cantonments Act, 2006, the Central Government has framed rules called the Cantonment Electoral Rules, 2007 for conduct of elections.

4.10 As on date, 61 Cantonment Boards are varied under Section 13 of the Cantonments Act, 2006 due to administrative reasons. The term of Pachmarhi Cantonment Board is going to expire on 29.11.2023.

The Cantonment Boards whose term has already expired where elections are due and which have been varied are mentioned below:-

Name of Varied Cantonment Board	Date upto which the Board is varied
56 Cantonment Boards	Upto 10.02.2022
03 Cantonment Boards (Jammu, Ramgarh and Badamibagh)	Upto 02.06.2022
Meerut Cantonment Board	Upto 12.07.2022
Khasyol Cantonment Board	Upto 05.12.2022

4.11 During discussion on DFG 2022-23, the Committee desired to know whether the new Cantonment Boards will be constituted after passing of draft Cantonment Bill 2021. In response, the Defence Secreatry submitted as under:

“यह नया एक्ट पास होने के बाद होगा। क्योंकि अगर अभी इलेक्शन होगा, तो पांच सालों तक एक्ट को लाने का फायदा नहीं होगा। इसलिए नया एक्ट पास करा कर, इलेक्शन कराने का विचार है।”

Financial base of Cantonment Boards:

4.12 The Committee have been intimated that the Cantonment Boards have powers to raise resources through taxation, fees, lease rent in respect of lands under their management and rentals in respect of properties belonging to and vested in the Board. Under Section 66 of the Cantonments Act, 2006, a Cantonment Board shall, with the previous approval of the Central Government, impose property tax and tax on trades, profession callings and employments. In addition to these taxes, Board may, with the previous approval of the Central Government impose any other tax also which may be levied by a municipality in the State in which the Cantonment is situated. The main sources of income of a Cantonment Board are local taxes such as house tax, conservancy tax, water tax, lighting tax, trade and profession tax, Service Charges etc. Expenditure is mostly on establishment and contingencies connected with rendering various civic services including maintenance of hospitals/dispensaries and schools.

4.13 **Service Charges:** Since properties of the Union are exempt from property tax, the Government of India decided to pay “service charges” to local bodies in respect of Central Government properties falling within municipal limits, at rates ranging from 33-1/3% to 75% of the property tax payable to compensate the loss of normal income of local bodies due to the Constitutional ban on the State Government taxing Central Government properties. Though such payments were being made to municipalities, Cantonment Boards were not being so paid. In 1982, the Ministry of Defence agreed to pay service charges to Cantonment Boards. The rate of payment, however, was kept at the lowest slab of 33-1/3% of the property tax leviable. Section 109 of the Cantonments Act of 2006 also provides for payment of service charges to Cantonment Boards. However, due to financial constraints only a part of the amount due to be paid to the Cantonment Boards could be released by the Government.

4.14 **GST:** With the introduction of GST many Central and State level taxes are subsumed in GST since 1st July 2017. Cantonment Boards also levied certain taxes like Octroi, toll tax, advertisement tax, local body tax etc. For State level taxes which are subsumed in GST, there is a provision for compensation by Central Government for loss of revenue arising on account of implementation of GST for a period of 5 years. However, no such provision seems to have been made to compensate Cantonment Boards also in a similar manner in the central legislation. The projected revenue loss in this regard from 2017 as base year is

₹ 619.10 crore till completion of FY 2020-21, which includes ₹ 122.93 crore for 09 months of 2017-18 and ₹ 165.39 crore annually from 01.04.2018. In this regard, MoD *vide* its D.O. dated 26.09.2019 has also requested MoF to sanction special grant-in-aid as per Cantonment Boards estimated losses of revenue for a period of five years from base year 2017, as being done in the case of municipalities.

4.15 It is also intimated to the Committee that Directorate of Local Govt. Punjab, Chandigarh has sanctioned Grant-in-aid, under Punjab Municipal Fund Scheme, to Cantonment Boards Jalandhar and Ferozepur for the financial year 2020-21 on account of compensation, in lieu of abolition of Octroi, in Cantonment area due to implementation of GST.

4.16 Central Finance Commission: The 15th Central Finance Commission, in its report submitted in Nov 2019, for the year 2020-21, for the first time recommended that the States should make allotment of grants on population basis for the Cantonment Boards within their territories. Accordingly, the Cantonment Boards have started receiving the share of Finance Commission grant from the State Governments. During the year 2020-21, 59 Cantonment Boards (except Jammu, Badamibagh and Delhi) received a total of ₹ 142.60 crore as share of Finance Commission grant from the State Governments.

Functioning of Cantonment Boards:

4.17 As informed to the Committee, the Cantonment Boards provide civic services including primary and secondary education, basic health services, water supply, maintenance of roads and drains, parks and gardens & streetlights. Boards have taken steps to upgrade their services including health services by making suitable improvements in the hospital/dispensary infrastructure and by engaging medical/para-medical staff. Cantonment Boards are running 33 “Centers for differently-abled children”. Cantonment Boards run 196 schools in which about 53434 children are studying. Annual cultural & sports meets at Command level for these schools are also held.

4.18 Digital India – Under the “Digital India” initiatives, the Cantonment Boards have been making rapid strides for switching over to digital platforms in various aspects of Cantonment administration. “Suvidha”- a software to address the grievances of the staff has been installed by the Boards. In e-governance initiatives, Cantonment Boards have been continually automating their office processes. Now, e-tendering and e-procurement are implemented by all Cantonment Boards. Steps are being taken by the Boards to register themselves on the Government e-marketplace (GEM) portal for procurement of stores. Scanning and digitization of important records, particularly land records, and inventorisation of records has been completed. Raksha Bhoomi software for computerization of land records has been installed. The geo-referencing of defence land pockets on the GIS has been completed. The Boards are already providing e-services to the residents through the e-chhawani portal.

4.19 E-Chhawani - e-Chhawani aims to provide online citizen services across 62 Cantonment Boards through a multi-tenancy central platform, for comprehensive e-enablement of Cantonment Boards to provide online services to more than 20 lakh citizens across the country through common portal. Project provides centralised access to civic services to residents of all 62 Cantonment Boards.

Allocation of funds for 2022-23

4.20 During Power Point Presentation before the Committee, a representative of DGDE furnished following information regarding Demands for Grants:

(₹ in crore)

Head	Actual 2020-21	BE 2021-22	RE 2021-22	BE 2022-23
Revenue	416.197	353.48	378.59	401.95
Capital	0.1539	11.08	131.08	173.03

4.21 The data regarding projected and allocated amount to DGDE and expenditure incurred, as supplied by the Ministry is as follows:

(₹ in crore)

Year	BE projection	BE allocation	Expenditure
2020-21	1635.44	397.36	409.19
2021-22	1927.46	364.56	201.79 (upto Dec 21)
2022-23	1101.98	574.98	

4.22 The Committee have learnt that the Ministry of Defence (MoD) provides financial assistance to Cantonment Boards in the form of ordinary Grant-in-Aid to balance their budgets. Apart from ordinary grant-in-aid, grants for creation of capital assets like, underground sewerage system, water supply schemes, construction of hospitals and schools etc are also being provided from 2012-13. The details regarding Grants-in-aid to the Cantonments, as provided by the Ministry, are as follows:

Particular	Year	Annual Demand (in crores)	Allotment (in crores)
Grant-in-Aid (General)	2018-19	756.00	289.99
	2019-20	991.42	361.60
	2020-21	660.22	304.60
	2021-22	672.69	239.80
Grant for Creation of Capital Assets	2018-19	274	32
	2019-20	100	10
	2020-21	20	10
	2021-22	30	8.75

Grant-in-Aid (Swachhta Action Plan)	2018-19	85.23	10.00
	2019-20	85.23	15.00
	2020-21	25.00	1.00
	2021-22	27.50	0.87

4.23 During oral evidence, a representative of DGDE highlighted the financial challenges being faced by the Cantonments as under:

“Due to most properties in Cantonments being Government-owned, and limited trade of business activity, the Cantonment Boards have very limited finances. The Cantonment Boards are local bodies. They are mandated to not only provide efficient municipal services to the residents but are required to run hospitals, schools, community halls and public infrastructure also. Over the years, while the establishment cost is running steadily, the maintenance cost of assets is also going up. The matter of immediate concern is the way that even the grant-in-aid allotted by the Government is going down steadily. From ₹361 crore in 2019-20 it has come to ₹ 239 crore in 2021-22. I am not talking about development works which are also suffering due to less allocation of grant of service charges. Though the Boards have started getting Central Finance Commission (CFC) grant, but the allocation is insufficient and needs to be supplemented by Central Service Grants.”

Management of Defence Lands

4.24 The Committee can clearly see that the management of Defence land involves hiring and acquisition of private land and buildings for the Armed Forces; keeping land records to safeguard Government's title; defending court cases regarding disputes about defence land; leasing and licensing of land; prevention, detection and removal of encroachments; survey and demarcation; and land audit etc. Ministry of Defence is the largest land owner amongst all Departments in the Central Government and defence land is located in almost all parts of the country. DGDE works with Services, Defence Establishments and State Governments in the matters of hiring, requisitioning, acquiring, transferring land on lease/licences etc.

4.25 The total Defence land holding in the country is 18.02 lakh acres, out of which approximately 1.63 lakh acres is situated within the 62 notified Cantonments and about 16.39 lakh acres is outside these Cantonments.

4.26 The Committee have found that as on 30.9.2021, about 4266 acres of defence land, under the management of Defence Estates Organisation, is under encroachment. Out of 4266 acres, about 1798 acres of land is under the unauthorised occupation of ex-agricultural lessees whose leases have already expired, about 802 acres is under unauthorised occupation of State or Central Government authorities and about 1666 acres of defence land is under encroachment by private persons. State-wise details are enclosed herewith. Out of 4266 acres of encroached defence land under management of Defence Estates Organisation, 1931 acres are inside Cantonments and 2335 acres are outside Cantonments.

<u>State-wise detail of type of encroachments on defence land under the management of Defence Estates Organisation as on 30.09.2021</u>											
S.N.	State	No.	Area (in acres)	Encorachment by (from out of columns 3 & 4)							
				State Govt./ its entities		Central Govt./ its entities		Ex-agricultural lessees		Others	
				No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)	No.	Area (In acres)
1	2	3	4	5	6	7	8	9	10	11	12
1	Andaman & Nicobar Island	0	0	0	0	0	0	0	0	0	0
2	Andhra Pradesh	2	12.6000	2	12.6	0	0.0000	0	0.0000	0	0.0000
3	Arunachal Pradesh	0	0	0	0	0	0	0	0	0	0
4	Assam	0	0	0	0	0	0	0	0	0	0
5	Bihar	1369	465.4677	7	53.8963	0	0.0000	0	0.0000	1362	411.5714

6	Chandigarh	0	0	0	0	0	0	0	0	0	0
7	Chattisgarh	5	165.7680	1	150.7690	0	0.0000	0	0.0000	4	14.9990
8	Delhi	1897	69.0947	0	0.0000	2	36.1497	0	0.0000	1895	32.9450
9	Dadar Nagar Haveli	0	0	0	0	0	0	0	0	0	0
10	Daman & Diu	0	0	0	0	0	0	0	0	0	0
11	Goa	0	0	0	0	0	0	0	0	0	0
12	Gujarat	101	3.2479	2	1.2980	0	0.00	0	0.00	99	1.9499
13	Haryana	423	440.3436	44	159.7386	0	0	294	256.4620	85	24.1430
14	Himachal Pradesh	80	24.2820	5	20.1300	0	0.0000	0	0.0000	75	4.1520
15	Jammu & Kashmir	357	34.4509	1	0.3552	0	0.0000	2	9.3720	354	24.7237
16	Jharkhand	2	8.1900	2	8.1900	0	0.0000	0	0.0000	0	0.0000
17	Karnataka	282	1.8807	1	0.1200	0	0.0000	0	0.0000	281	1.7607
18	Kerala	106	1.8939	3	0.6500	0	0.0000	1	0.0185	102	1.2254
19	Lakshadweep	0	0	0	0	0	0	0	0	0	0
20	Madhya Pradesh	3582	1397.2154	13	34.7559	0	0.0000	304	1270.0900	3265	92.3695
21	Maharashtra	5065	284.9762	30	148.9670	1	3.0000	2	20.0000	5032	113.0092
22	Manipur	0	0	0	0	0	0	0	0	0	0
23	Meghalaya	7	0.5518	0	0.0000	0	0.0000	0	0.0000	7	0.5518
24	Mizoram	0	0	0	0	0	0	0	0	0	0
25	Nagaland	0	0	0	0	0	0	0	0	0	0
26	Odisha	0	0	0	0	0	0	0	0	0	0
27	Punjab	2966	129.1130	23	56.9841	2	28.1500	1	10.0000	2940	33.9789
28	Rajasthan	1019	25.7945	8	0.3768	0	0.0000	0	0.0000	1011	25.4177

29	Sikkim	0	0	0	0	0	0	0	0	0	0
30	Tamil Nadu	2117	35.8976	9	1.19 90	0	0.0000	0	0.0000	2108	34.698 6
31	Telangana	674	60.4318	6	10.2 645	0	0.0000	1	1.8000	667	48.367 3
32	Tripura	0	0	0	0	0	0	0	0	0	0
33	Uttar Pradesh	9058	998.9111	72	66.1 640	1	0.6000	39	230.213 0	8946	701.93 41
34	Uttarakhand	276	15.5761	3	5.45 00	0	0.0000	0	0.0000	273	10.126 1
35	West Bengal	444	90.6622	0	0.00 00	1	2.0000	0	0.0000	443	88.662 2
Total		29832	4266.3491	232	731. 9084	7	69.899 7	644	1797.95 55	28949	1666.5 855

4.27 On a query regarding steps taken to evict the encroachments, the Ministry through written replies informed as under:

- (i) "Regular inspection of Defence Lands is carried out by the concerned officers and they are required to submit annual certificates as per rules regarding encroachments that have taken place and action taken for their removal.
- (ii) Defence land records have been digitized.
- (iii) Survey of defence lands has been completed on 31.12.2021.
- (iv) A Land Management System has been put in place wherein GIS layers of encroachments have been developed for monitoring of progress on removal of encroachments.
- (v) Defence Land Audit has been institutionalized from 2011-12 as a continuing process.

- (vi) A methodology for evaluating “Threat” of encroachment on defence lands has been devised and SoP based on the Threat value has been circulated for compliance by all field officers.”

Expert Committee on Working of Cantonment Boards

4.28 The Committee have been apprised that the Ministry of Defence had constituted an Expert Committee on the Working of Cantonment Boards, under Chairmanship of Shri Sumit Bose, IAS (Retd), which submitted its report to the Ministry in February, 2019. The recommendations of the committee regarding facilitating permission for repair/maintenance of houses by defining “repairs” and permission for construction of a WC/toilet in existing building within authorized tenements have been implemented. Further, the action is being taken with regard to other recommendations like Revision of Building Bye Laws of Cantonments, Grants under XVth Finance Commission and necessary instructions have been issued in respect of Multi-level car parking, Land use classification and Land Use Zoning regulations/Zoning exercise/Prohibitive activities in zones and Planning and Development unit in DGDE etc. and the progress is being monitored by Directorate General Defence Estates.

Implementation of Central Government Schemes in Cantonment Boards

4.29 The Committee have been given to understand that The Centrally Sponsored Schemes such as Smart Cities Mission, Swachh Bharat Mission, AMRUT, etc. are to be implemented by the State Government/UTs in their respective areas of jurisdiction. In this regard, DGDE, in July, 2018, had requested the Chief Secretaries of the all concerned State Governments for issuing necessary instructions to all concerned Government departments for uniform implementation of various Central/State sponsored schemes in the Cantonments situated in their respective State. MoD has also taken up the matter with the Chief Secretaries of all concerned State Governments vide its letter dated 05.11.2019 to issue suitable instructions to institutionalize implementation of Centrally Sponsored Schemes in Cantonment areas.

4.30 A two day webinar on implementation of Centrally Sponsored Schemes in Cantonment areas was inaugurated by Hon'ble RakshaMantri and successfully organized from 25-26 August, 2020 with active participation from the officers of 5 central Ministries (Ministry of Housing and Urban Affairs, Ministry of Health and Family welfare, Ministry of Education, Ministry of Social Justice and Empowerment and Ministry of Women and Child Development), State Government officials of Uttar Pradesh, Madhya Pradesh, Maharashtra, Uttrakhand and Himachal Pradesh, the Principal Directors, Defence Estates (PDsDE), Presidents Cantonment Boards (PCBs), Vice Presidents (VPs) and Chief Executive Officers (CEOs). A roadmap for implementation of CSS in Cantonments was formulated and is being pursued for effective implementation of CSS in Cantonments. A Dashboard for effective monitoring of implementation of CSS has also been created.

Commercial use of non-sensitive Defence Lands

4.31 The Committee desired to know whether the MoD was exploring the options of commercialisation of non-sensitive defence lands such as leasing lands to commercial establishments etc. to increase source of revenue. In this regard, the Ministry replied as under:

“The proposal for creation of non-lapsable defence modernisation fund is under consideration of the Government. The option of land monetisation as a source of revenue for the said fund is also being explored.”

Resolution of bottlenecks/disputes pertaining to Defence Lands

4.32 The Committee, during deliberations on DFG 2022-23, raised the issue of various challenges being faced by the civilians residing in the Cantonment areas. Issues of land dispute w.r.t. a 102 year old school in Hebbad and a piece of land near Taj Yashwantpur Airport in Bengaluru and willingness of the State Government to give alternative land to Defence also came up during the discussion. The Defence Secretary, in this context, deposed as under:

“Sir, as you have rightly stated, from Bengaluru we have a number of demands for land transfer, for infrastructural development. Over the period, 18 sanctions have already been given. What was agreed to was that, in lieu of the Defence land equal value land will be given by the State Government. As you said,

Anekal was one of the areas. Almost all these lands have already been transferred, and the equal value land is yet to be given by the State Government. Some balance is remaining. Action has been taken, implemented on ground. There are a couple of things which are pending.

On certain lands the Ministry of Defence has record to state that the land belongs to the Ministry of Defence. Whereas, as per the record held by the State Government, as per the old Maharaja's land, they feel that the land belongs to them. This issue is remaining because of which a couple of problems, like a school, are yet to be resolved. For this, a Committee has already been constituted. We will have to wait for the report of the Committee.”

4.33 In line with the discussion, the Committee further pointed out the bottlenecks/unresolved disputes, such as hindrances in expanding the roads connecting to airports, between civilians and the Ministry of Defence in certain Cantonments/areas of the country. In response, the DGDE submitted as under:

“सर, इसमें एक सबमिशन यह था कि कंटोनमेंट बोर्ड की लैंड तो केवल 1 लाख 60 हजार एकड़ है, जो बाकी लैंड 16 लाख 40 हजार एकड़ के आस-पास है, वह तो कैंट बोर्ड के बाहर है। ऐसा नहीं है कि कैंट की वजह से यह प्रॉब्लम है, यह प्रॉब्लम तो हमारा जो नियम है कि हमें आर्मी को ए-वन लैंड देनी है, ए-वन लैंड पर उनकी रिक्वायमेंट पूरी करनी है, उसकी वजह से भी आती है और पब्लिक को दिक्कत है। आज की डेट में जो पॉलिसी मिनिस्ट्री ऑफ डिफेंस ने बनाई है, उसमें इन्फ्रास्ट्रक्चर के सारे केसेज हम एक महीने में प्रोसेस कर रहे हैं।

अगर हम पिछले वर्षों से तुलना करें, तो हम ने इस साल 45 से ज्यादा केसेज को सैंक्शन दिया है। हम पूरी कोशिश कर रहे हैं कि बॉटलनेक्स दूर हो। कैंट बोर्ड का इश्यू अन्य लैंड की इश्यू से सेपरेट है।“

Amendment in Cantonment Act, 2006

4.34 The Committee have found that after coming into force of the Constitution of India, administration of Cantonments became a Union subject. As per entry 3 of the Seventh Schedule to the Constitution of India, Parliament is the competent legislature to make laws

for delimitation of Cantonment areas, local self-government in such areas, the constitution and powers of Cantonment authorities in such areas and the regulation of house accommodation including the control of rents in such areas.

4.35 74th amendments of the Constitution necessitated a de-novo look into administration of Cantonments and the role of Cantonment Boards under the Cantonments Act, 1924. Accordingly, the Cantonments Act, 2006 was enacted to consolidate and amend the law relating to the administration of Cantonments with a view to impart greater democratization, improvement of their financial base, to make provisions for development activities and for other connected matters. The new Cantonments Act, 2006 came into force on 18.12.2006.

4.36 The draft Cantonments Bill, 2020 was made available in public domain on 28.05.2020 for inviting suggestions from all stakeholders and general public. In response, suggestions/objections were received from public. After considering and incorporating relevant public views, the draft Bill was finalised. The same is under consideration of the Government.

4.37 The Committee, during discussion on DFG 2022-23, desired to know about the main features of the draft Cantonment Bill 2021 and when was it going to be introduced in the Parliament. In this regard, during oral evidence, the Defence Secretary deposed as under:

“ ...ड्राफ्ट बिल बन गया है और उसकी फाइनल एग्जामिनेशन चल रही है, उसकी salient features यह है कि इसमें इलेक्टेड मेम्बर्स को ज्यादा पावर देने का प्रावधान है। जैसे Vice President का election direct किया जाएगा और elected member की एक सीट बढ़ रही है, उसके साथ-साथ एक nominated member को बढ़ाया जा रहा है, ताकि पैरिटी बनी रहे।

दूसरा, वाइस प्रेसिडेंट को कुछ फाइनेंशियल पावर दी जा रही है। तीसरा यह है कि इसके अंदर जो असेसमेंट प्रॉपर्टीज का करते थे, एक सीईओ को प्रॉपर्टी असेस करने की पूरी पावर थी, लेकिन अब इसको भी डेमोक्रेटिक प्रॉसेस में ला कर एक इलेक्टेड बॉडी बनाई जाएगी, जो असेसमेंट करेगी, जिसमें वाइस प्रेसिडेंट उसको चेयर करेंगे। इसकी transparency and objectivity को

ठीक करने के लिए पूरा floor area, unit value method को लेकर आ रहे हैं, जोकि Modern Municipal Acts के हिसाब से बना है। इसमें पब्लिक का रिप्रजेंटेशन बढ़ रहा है। जैसे Civil Area Committee को पहले केवल recommendatory power थी, अब इसमें और पावर बढ़ाई जा रही हैं। अभी हम ई-छावनी जैसे प्रोजेक्ट्स लाए हैं, इनको statutory रूप दिया जा रहा है। इसमें बहुत सारे ऐसे प्रोविजन्स थे, जिनका आज की डेट में कोई रिलेवेन्स नहीं थी । उनसे जनता को काफी दिक्कत होती थी। उनको खत्म किया जा रहा है। कुल मिला कर इसमें यह कहना होगा कि इसमें modernization एवं आज जो ease of living का concept है, उसको लिया जा रहा है और democracy को देखते हुए जो democratic structure है, इसमें पावर इलेक्टेड मेम्बर्स को शिफ्ट की जा रही है, from the executive. This is the main provision.”

CHAPTER V

DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUs)

Introduction

The Committee have learnt that the Union Cabinet decided, to corporatize functions of 41 production units (Ordnance Factories) of the Ordnance Factory Board on 16th June, 2021. The management, control, operation and maintenance of 41 production units was handed over to newly formed 7 Defence Public Sector Undertakings (DPSUs) namely Munitions India Limited (MIL), Armoured Vehicles Nigam Limited (AVNL), Troop Comfort Limited (TCL), India Optel Limited (IOL), Advanced Weapons and Equipment India Limited (AWEIL), Yantra India Limited (YIL), Gliders India Limited (GIL) w.e.f 1st October, 2021. Presently, there are 16 Defence Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence.

5.2 This chapter contains examination of the following 9 DPSUs under the administrative control of the Department of Defence Production, Ministry of Defence:

- (i) Hindustan Aeronautics Limited (HAL)
- (ii) Bharat Electronics Limited (BEL)
- (iii) Bharat Dynamics Limited (BDL)
- (iv) BEML
- (v) Mishra Dhatu Nigam Limited (MIDHANI)
- (vi) Mazagon Dock Shipbuilders Limited (MDL)
- (vii) Garden Reach Shipbuilders and Engineers Limited (GRSE)
- (viii) Goa Shipyard Limited (GSL)
- (ix) Hindustan Shipyard Limited (HSL)

The other 7 DPSUs (erstwhile Ordnance Factories) are examined in detail in the 30th Report (17th Lok Sabha) of the Committee.

Defence Industry in the country: Reforms and Achievements

5.3 The Committee, during deliberations on the Demands for Grants for the year 2022-23, were apprised of the state of Defence Industry as under:

“आज हम अगर डिफेंस इंडस्ट्री के ओवर ऑल प्रोडक्शन वॉल्यूम्स को देखें तो लगभग 85,000 करोड़ रुपये का ब्रॉडली हम डिफेंस में प्रोडक्शन करते हैं। जिसका ब्रॉड ब्रेकअप लगभग 68,000 करोड़ रुपये पब्लिक सैक्टर में है और 17,000 करोड़ रुपये के करीब प्राइवेट सैक्टर में है। ऑलमोस्ट 80-20 का आज की तारीख में हमारे यहां रिप्रेजेंटेशन है। हमारी दो कंपनीज़ – हिंदुस्तान एरोनॉटिक्स लिमिटेड और भारत इलेक्ट्रॉनिक्स लिमिटेड 42वें और 66वें पोज़िशन पर आती हैं, अभी ओवरऑल अगर हम टॉप 100 ग्लोबल कंपनीज़ की सूची को देखें। एक बहुत मूल परिवर्तन, जो हाल ही में देखा गया है, हमारे डिफेंस लाइसेंसिज़, जोकि हम प्राइवेट सैक्टर को, डिफेंस सैक्टर में बिज़नेस करने के लिए देते हैं, उसमें काफी इंप्रूवमेंट आया है, and today 566 companies have taken defence licence to show the attractiveness of this sector to the industry, including the MSMEs.”

5.4 Further, the Committee have learnt about the following reforms and achievements in the field of Defence production:

- i. Inclusion of 2 Indian DPSUs i.e. HAL and BEL in SIPRI's top 100 (Report 2020, published in 2021)
- ii. Defence licenses have been given to 566 companies from 2001 till date
- iii. Rapid growth of exports from ₹ 1520 crore in 2016-17 to ₹ 8435 crore in 2020-21
- iv. Facilitation of Defence exports through various initiatives
- v. Identification of nearly 1000 Startups in Defence and Aerospace sector
- vi. Startups promotion through 'Innovations through Defence Excellence (iDEX)'
- vii. Increase in vendor base from 8000 in 2019-20 to 13000 as on date
- viii. Indigenisation of weapons and platforms
- ix. Impetus to innovation
- x. Investments in Defence corridors

xi. Liberalization of FDI Policy

These reforms and achievements have been elucidated in the succeeding paragraphs of the Report.

Defence Exports and exports by DPSUs

5.5 During the oral evidence of the representatives of the Ministry, the Committee were apprised about the achievements of the country under Defence Exports. In this regard, the Additional Secretary (Defence Production) deposed as under:

“सर, साथ ही हमारे एक्सपोर्ट्स काफी बढ़ रहे हैं। In 2016-17, where we had only ₹1500 crore export performance, today it is about ₹9000 crore, which is almost a six time increase during these years. सर, साथ ही मैंने अपने आपसे कहा कि हमारा एक जो कार्यक्रम स्टार्टअप्स को जोड़ने के लिए है, उसमें आज जितने भी हमारे प्रोग्राम्स चलते हैं, चैलेंजिस होते हैं, आज लगभग एक हजार स्टार्टअप्स के साथ हम लोग जुड़ पाए हैं और साथ ही जो हमारी वेंडर बेस है, जो कि प्राइमरीली हमारे एमएसएमईज़ रहते हैं, उसकी संख्या में भी बहुत इंप्रूवमेंट आया है। आज हमारे पूरे इकोसिस्टम में लगभग 13,000 एमएसएमईज़ काम कर रहे हैं। सर, साथ ही यह जो रिफॉर्म्स और अचीवमेंट्स की बात है, आज हमारा जो डिफेंस सैक्टर है, वह पहले जहां एक इंपोर्टर के तौर पर we used to face ignominy, आज ग्लोबली टॉप 25 एक्सपोर्टर्स की लिस्ट में हमारे देश का नाम आया है।”

5.6 In line with the discussion, it was further submitted as under:

“एक्सपोर्ट्स में, हमारे अचीवमेंट्स, जो पूरा बिजनेस प्रोसेस री-इंजीनियरिंग करके इंडस्ट्रीज को रिफॉर्म्स का प्रोसेस देकर काफी किया गया है, जिससे कि हमारे एक्सपोर्ट्स पिछले पाँच सालों में छः गुना बढ़े हैं और आज हम दुनिया भर में 84 देशों को विभिन्न प्रोडक्ट्स, कॉम्पोनेंट्स और प्लेटफॉर्म्स का एक्सपोर्ट कर पा रहे हैं। डिफेंस एक्सपोर्ट को बढ़ावा देने के

लिए ये सारे सुधार किए गए थे। इसमें मुख्य बात यह है कि हमारी एम्बैसीज में जो डिफेंस अटैशेज़ नियुक्त हैं, पहले डिफेंस एक्सपोर्ट के बिजनेस में उनका कोई रोल नहीं था, अब उनको भी हमने इस प्रोग्राम में ऑर्गेनिकली लिंक कर दिया है और इस सबका यह नतीजा है कि कई हमारे मेजर प्लेटफॉर्मस एक्सपोर्ट होने लगे हैं। हाल ही में हमने फिलीपिन्स की सरकार के साथ भी एक इंटर गवर्नमेंटल एग्रीमेंट करके हमने ब्रह्मोस के एक्सपोर्ट का कॉन्ट्रैक्ट साइन किया है।

सर, ये हमारे कुछ मेजर प्रोडक्ट्स हैं, जो विभिन्न देशों को एक्सपोर्ट हो रहे हैं। यह स्लाइड यह दिखाती है कि जहां पहले एक्सपोर्ट करने के लिए जब ऑथोराइजेशंस दिए जाते थे, तो एवरेज जहां पर तीन महीने का समय लगता था, अब वह टाइम साइकल घटकर 35 दिन रह गई है। पाँच साल पहले, only 254 applications used to be disposed of in the Department for export, but now it is going up to almost 1,000.”

5.7 The Committee, during course of oral evidence of the representatives of the Ministry of Defence, have been informed of the position regarding Defence exports by the DPSUs. The salient points, collated from the deposition of the representatives of the DPSUs and written replies of the Ministry, have been tabulated as under:

DPSU	Update regarding Exports	Value of exports in FY 20-21 (in ₹ crore)
BEL	<ul style="list-style-type: none"> ➤ Acquired Export orders worth USD 56.57 million during 2020-21 ➤ New Overseas Offices at USA (New York), Singapore, Oman, Sri Lanka, Vietnam, Myanmar (Shortly opening offices in Nigeria, Brazil, Kazakhstan & Armenia) ➤ Total orders acquired during 2021-22 till date is USD 251.65 million. 	376.46
HAL	<ul style="list-style-type: none"> ➤ Mauritius: 1 no. Passenger variant Do-228 and 1 no. ALH Mk.III ➤ Philippines: 7 ALH Mk.III to Coast Guard is under consideration ➤ Malaysia: Progressed evaluation of LCA proposal (18 nos. LIFT) ➤ Maldives: Price reasonability study completed for 1 no. Do-228 MR 	194
BEML	Talks going on for exports in Rail & Metro and Defence sector	463(includes Deemed Exports towards supply of motor cars)

MDL	<ul style="list-style-type: none"> ➤ Bagged an export order for refit of MT MANDALA ➤ Talks going on with Argentinean Coastguard and a Hungarian company 	Nil
GRSE	<ul style="list-style-type: none"> ➤ One Fast Patrol Vessel (FPV) exported to Seychelles in 2020-21 ➤ Export orders - 06 Patrol cum Surveillance Boats for Bangladesh and 01 Ocean Going Vessel for Guyana (total value 14.55 million USD) 	87.49
GSL	Big market available for GSL products in South-east Asia, East and West African nations	Nil
HSL	<ul style="list-style-type: none"> ➤ Export: Repaired 2 foreign Ships & earned a Revenue of Rs 4.17 Cr 	Nil
BDL	<ul style="list-style-type: none"> ➤ Export Orders - Light weight Torpedo(TAL-XP), Counter Measures Dispensing System from Airbus, Spain and MRSAM Integration from Israel 	145
MIDH ANI	Expected to achieve exports amounting to ₹ 50-60 crore	19.42

5.8 When enquired about the value of profit achieved in the last two years, the Additional Secretary (Defence Production) submitted as under:

“..the export performance is both of the public sector and the private sector. In 2017, we used to export the products worth ₹ 1500 crore in 2016-17, now export numbers are ranging to about ₹ 10,000 crore. These exports are broadly going to 84 countries in which different kinds of products, platforms, components and sub-assemblies are also involved. Respective companies export their products. ...

.....every company which exports definitely gets some profit because it is a business decision which that company takes.

... Obviously, most of the companies will not export unless they make profit. So, both public as well as private sector have been exporting. One big difference that we have noticed from this 1500 crore to 10,000 crore rise in the export that has happened in the last three years, which is almost six times increase in the export numbers, is that earlier the entire export business was done by the public sector but now 90 per cent of our export is being done by the private sector. For example, if we have done 10000 crore last year, 90 per cent of that is coming from private sector consisting smaller players, medium-sized players and even some bigger players. So, the performance is now coming in from the private sector. We are very happy about it because they are earning precious foreign exchange and their companies are also

becoming globally competitive. Even on exports we are expecting a good turnaround and increase during this year. “

Indigenization efforts

5.9 In his deposition before the Committee in connection with examination of Demands for Grants for the year 2022-23, the Additional Secretary (Defence Production) apprised the Committee of the following steps taken and progress achieved towards indigenisation of Defence weapons/equipment/platforms:

“अपने आप में इंडस्ट्री को क्लियर संकेत है that going forward we are not going to be importing something that we can produce or develop within our country. ऐसे कई प्रोसेसिस किए गए हैं, जैसे कि इंडस्ट्री को मिलिट्री इक्यूपमेंट डिज़ाइन करने के लिए भगीदारी दी गई है। उसमें एक जो सबसे इंप्रूवेंट प्रोग्राम है, उसको हम मेक-2 के नाम से जानते हैं। इस प्रोग्राम में इंडस्ट्री को एक क्लियर एश्योरेंस दिया जाता है that this particular item with these qualitative requirements will be purchased from them. इंडस्ट्री अपने फंड से उसका प्रोटोटाइप बनाती है। उस प्रोटोटाइप का जब ट्रायल कम्पलीट हो जाता है, तो उसके बाद में जो वह एश्योरेंस दिया जाता है, उसको फुलफिल किया जाता है। सर, इमसें काफी अच्छी प्रगति हुई है। लगभग 24,000 करोड़ रुपये के काम, 62 डिफ्रेंट प्रोडक्ट टेक्नोलॉजीस आज इंडस्ट्री हमारे सर्विसेज़ के साथ मिल कर बना रही हैं। इनमें से दो कॉन्ट्रैक्ट भी हाल ही में कम्पलीट हुए हैं और अब यह एक पूरी पाइपलाइन एक बड़ी डायनेमिक तरीके से आगे बढ़ रही है और आने वाले समय में ये सारे प्रोजेक्ट्स अपने आप में कनवर्ट होंगे और देश का जो यह इकोसिस्टम बन रहा है, आगे बढ़ाने में यह हमारे लिए कारगर साबित होगा। ये कुछ प्रोडक्ट्स हैं, जिनका हाल ही में कॉन्ट्रैक्ट किया गया है, ये प्रोटोटाइप्स पहले बनाए गए। इनका पूरा ट्रायल हुआ, फिर टेस्टिंग हुई। वह सब कम्पलीट करने के बाद ये सब आइटम्स ऐसे हैं, जो कि अगर हम नहीं बनाते तो या तो हम बाहर से

खरीदते आ रहे थे, या आने वाले समय में हम इनको बाहर से और खरीदते रहते। सर, साथ ही इस इंडिजनाइजेशन को और सशक्त और इंडस्ट्री के साथ में एक इंटरफेस को बनाने के लिए हमने एक पोर्टल को लॉन्च किया है, जिसको हम सृजन के नाम से जानते हैं। सर, इसमें हमने यह किया कि जितने भी आइटम्स हमारी कंपनीज़ देश में बहार से पहले खरीदती थी, जिनकी वैल्यू लगभग 30,000 करोड़ रुपये थी, 18,400 ऐसे आइटम्स को हमने अपने इस पोर्टल पर लॉन्च किया, पोर्टल पर डाला और हमने इंडस्ट्री से कहा कि इनमें से किन आइटम्स में उनको लगता है कि अगर वे देश में बना सकते हैं, तो वे अपना इंटेस्ट दिखाएं। उस इंटेस्ट के बेसिस पर हम उनको वह काम एलॉट करते हैं। सर, इसमें बड़े हर्ष की बात यह है कि 3,200 आइटम्स ऑलरेडी इंडीजनाइज़ किए गए हैं। इंडस्ट्री ने लगभग 4000 हज़ार आइटम्स में अपना इंटेस्ट दिखाया है। इससे आने वाले समय में हमें बहुत व्यापक एडवांटेज हमारे सैक्टर को मिलने वाले हैं।

सर, हाल ही में एक और प्रक्रिया शुरू की गई है, जिसमें अब हम Major Line Replaceable Units, like systems which can be installed in various platforms, जो हम अभी विदेश से खरीदते हैं, ऐसे कई मेजर एलआरयूज़ और सब-सिस्टम्स को भी हमने जो इंडस्ट्री लेड डिज़ाइन एंड डेवलपमेंट एफर्ट है, उसको लाने के लिए इस प्रोसेस को शुरू किया गया है। यह भी अपने आप में एक मेजर माइलस्टोन के तौर पर हम अपने इंडीजनाइज़ेशन एफर्ट्स में देखते हैं। “

5.10 The Committee have also been informed that, in addition to the above, following measures have been taken to increase self-reliance in Defence Sector:

- Notification of two Positive lists of Indigenisation of Weapons & Platforms – 209 items
- Notification of Positive lists of Indigenisation of DPSUs of assemblies/sub-assemblies

- ✓ 2,500 items already indigenised; 351 items to be indigenised in 3 years
- ✓ Expected to save ₹ 3,000 crore per year
- Buy Indian (IDDM) given preference in Procurement
- For FY 2022-23, 68 percent of total procurement budget is dedicated to domestic procurement.”

5.11 During the course of the examination of the subject, the Committee desired to be apprised of the percentage of indigenous content in the equipment/products/platforms being produced and manufactured by DPSUs. In response, the Additional Secretary (Defence Production) submitted as under:

“आपने जो स्पेसिफिक पूछा है, इसमें कितना इंडीजिनाइजेशन लैवल है, आने वाले समय में क्या रोडमैप है, बता देंगे। इसमें कुछ महत्वपूर्ण कम्पोनेंट्स हैं, जो शायद हमारे देश में नहीं बनते हैं और इसकी वजह से परसेंटेज थोड़ा कम रहता है। हम इसकी जानकारी भी डिटेल् में भिजवा देंगे।”

5.12 When enquired about the efforts being made/contemplated for indigenization of Defence production by DPSUs, the Ministry submitted as under:

“**HAL:** HAL has taken many steps for indigenization of defence products under Make in India / Atmanirbhar Bharat in line with GoI initiatives 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. Following are the efforts being made/contemplated for indigenization of defence production by HAL:

- **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.

- **Hosting of Govt Test Facilities for utilization by Private Vendors:** HAL has hosted more than 85 types of test facilities available at HAL for utilization by Industries on payment basis. These facilities are being extensively utilised by both govt organizations and Indian private companies.
- **Uploading of imported items in SrijanDefence Portal:** MoD has developed and launched SrijanDefence Portal (an indigenization portal) to support Indian Industries with opportunities for Make in India in Defence. With an objective of wider participation of Indian industry in Defence Sector, HAL has uploaded details of imported items in the SrijanDefence Portal created by MoD to let Indian vendors know the items being imported by HAL and thereby provide them an opportunity to become a part of supply chain.
- **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 over the period of next 5 years to contribute to the growth of the UP Corridor and an amount of approx. ₹ 988 Crs is spent till Dec 2021. HAL is outsourcing components through the vendors situated in the Defence Corridor of Tamil Nadu.
- **Hosting of items in HAL Website:** Apart from items identified under Make-II, HAL has hosted around 300 imported systems and sub systems of mechanical, electrical, avionics, instrumentation categories in HAL's website under 'Make in India' to enable private industries to take up for indigenization through HAL's extant indigenisation procedure. Contact details of division wise nodal officer for each item are also provided in the website www.hal-india.co.in under Make in India.
- **Implementation of Third Party Inspection (TPI):** To further 'Make in India' efforts, Policy Document on utilization of Third Party Inspection (TPI), released in Dec 2018. Six TPI agencies have been approved and empaneled jointly with DGAQA. This will help in reduction in time for Inspection and clearance of items drastically. Contracts are being awarded by HAL Divisions to these agencies for inspection related work.

- **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. The PPP-MII, Order 2017-Revision dt. 4th June 2020 indicates that all procurements upto value ₹200 Crs. need to be taken up only from local supplier i.e., Class-I & Class-II local Suppliers. Further, it says foreign supplier and also non-local supplier (i.e. local content less than or equal to 20%) should not be considered for procurement. In case, due to inadequate availability of Class-I & Class-II local suppliers, the Foreign supplier can be considered for inclusion with prior approval of Competent Authority designated by Department of Expenditure (DoE) i.e., Defence Secretary for MoD requirements. This will help in reduction in import content and encourage/ create local aerospace ecosystems in the country.
- **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 by showcasing the LRUs and other items required to be indigenized.
- **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. Through such hand holding efforts HAL has been instrumental in developing an aerospace manufacturing ecosystem in the country, mature enough to not only manufacture critical machined components but also deliver major structural assemblies like fuselages, wings, empennages, control surfaces etc. of LCA, Su-30MKI etc.

BEL:In line with Government's "Make in India" policy, BEL has been taking several initiatives to achieve Self-Reliance through strong thrust on In-house R&D and Indigenization, Increased outsourcing from Indian Private industries, Public Private Partnerships, Joint Ventures, Capacity expansion, Infrastructure Development & modernization etc. Major initiatives taken towards achieving the goals of indigenization & self-reliance include:

- Continuous product development through In-house R&D efforts, Joint development by partnering with DRDO, National R&D Labs & Academia and Collaborative R&D

partnership with Indian private sector (MSMEs/Start-ups) & foreign OEMs/Design houses.

- ToT based In-depth manufacturing from foreign OEMs.
- Import substitution of critical sub-systems through in-house/domestic vendor development.
- New Joint Venture Company with Thales, France (BEL-Thales Systems Limited) for manufacture of Civil & select Defence Radars (Air Traffic Management, Air Surveillance, Multi Static Passive, Over The Horizon etc.).
- Three years R&D plan for Indigenous development
- Added 18900 Domestic vendors including 3180 MSMEs in Approved Vendor Directory.
- Long term Outsourcing & Vendor Development Policy
- Test facilities for use by Indian Private entities
- Exclusive Web-link on Make in India created in BEL Website listing Items for Indigenization, Items for Procurement from MSMEs, Test Facilities, Collaborative R&D, Start-ups etc.

Development under Make-II Procedure. EOI for 69 items under Make-II published on BEL's e-Procurement portal to attract capable/prospective domestic manufacturers for indigenization. Besides, 868 items have been uploaded on 'Srijan Portal'.

BEML:The Company is also working towards 'Atmanirbhar Bharat' policy of Gol and has planned for indigenisation of 1458 items, starting from FY 2020-21 to FY 2024-25. As on date, Development orders have already been placed for 405 items & 198 items have been indigenized. Further, efforts are on for indigenous development of balance items.

To boost indigenous content, BEML has entered into ToT with renowned MNCs for local production of High Mobility Cabin and plans are afoot for entering into JV for high value metro car aggregates.

For improving the geo-strategic reach and increasing exports, BEML is working on various business opportunities in Defence, Mining & Construction and Rail & Metro segments in SAARC and Africa.

BEML is in continuous discussion with Indian Embassies / DAs w.r.t. business promotion / Engaging Local Representative and has already appointed representatives

in Bangladesh, Tunisia, Cameroon, Thailand and in the process of appointing more representatives across the globe. Also, BEML is conducting various Webinars and e-meetings through Indian Mission abroad to promote BEML Products. Webinars have been conducted through Indian Mission in countries such as Kenya, Senegal, Zambia, Sri Lanka, Saudi Arabia, Abu Dhabi, Oman.

KENYA region has been allocated to BEML by MoD. BEML has registered branch office in Kenya.

BDL:BDL has identified 80 items for indigenisation under Make-II- Indigenization of products like Konkurs-M ATGM, Invar –ATGM, Milan -2T ATGM, LWT XP and Varunastra has been established by 96.3%, 87.9%, 71%, 91% and 86% respectively.

MIDHANI:MIDHANI has been extensively contributing towards AtmaNirbhar Bharat. Details of the same in FY 20-21 is given below.

- Dispatched first consignment comprising 75% indigenous content of high temperature alloy for Kaveri dry engine program powering Unmanned Combat Aerial Vehicle (UCAV).
- Indigenous development of Rolled Homogenous Armor steel for Penetration Test of Missiles.
- Indigenously manufactured impellers (Superni 600) for Uranium processing, an import substitute item.
- Supplied first consignment of Superfer 800 (Alloy 800) Steam Generator Tubes for 700 MWe PHWR for the first item in India using indigenous material.
- Supplied material for production of LRSAM Missiles for Indian Navy. 'Certificate of Appreciation' presented by Secretary DD(R&D) & Chairman DRDO to MIDHANI.
- Completed supply of 40 sets of high-pressure compressor disc for aeroengine to HAL.

Indigenisation roadmap of MIDHANI is given below.

S.No	Item	Annual import value (Rs Cr.)	Mode of Indigenization	Target Year
1	Titanium Investment Casting	Not imported by MIDHANI	In-house	2021 (Indigenized)
2	Titanium alloys for gas turbine engine	Not imported by MIDHANI	In-house	2021 (Indigenized)
3	Aero engine disc	Not imported by MIDHANI	In-house	2022
4	Cobalt Metal	60 Cr	Make-II	2023
5	LC Fe Cr	10 Cr	Make-II	2023

MDL:

- i. The Committee have learnt that MDL has set up a dedicated Department of Indigenisation in Oct 2015 to boost and strengthen the indigenisation effort and to provide focussed impetus to the Hon'ble Prime Minister's vision of "Make –in-India " Since setting up of Indigenisation Department. MDL has been able to successfully indigenize some of the critical defence equipment/items required for warships and submarines. The major items indigenized till date include Battery Loading Trolley ,Air-Conditioning Plants, Sacrificial Zinc Anode flanges, Non-HLES Electrode & filler Wire, Self Adhesive E-Glass Fibre Cloth, NBR O-Ring, Annealed Copper Gasket for Scorpene Submarines and Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, High Temperature Gaskets, Flame/Control/Smoke Dampers for HVAC System, Chladon Gas for Magazine Fire Fighting system(MFFS) for Ships.
- ii. During the last two years, MDL has launched a separate "Atmanirbhar Bharat " Web page in MDL website. The process of Indigenisation, various items /equipment indigenised, items required to be indigenised(EOI's) are displayed under the Webpage. The Webpage is being regularly updated.

- iii. During the last two years, MoD /DDP has developed an indigenization portal, srijandefence.gov.in, as “opportunities for Make in India in Defence”, which will give information on items that can be taken up for indigenization by the Indigenous vendors. On this portal, DPSUs /SHQs can display their items which they have been importing or are going to import. The Indian Industry will be able to show their interest by responding and can design, develop and manufacture as per their capability.

MDL has uploaded 404 imported items worth Rs 2034 Cr Crores on the Srijan portal for which indigenisation is in progress for some of the items (e.g Shock Mounts).

50 nos. of industries have shown interest till now. For 02 no. of item (Shock Mount & Polychloroprene Rubber Band) indigenisation process is in advanced stage. For 05 no. of items EOIs are being floated. For balance 43 items communication has been sent to firms for NC NC (No cost No commitment) development as there are no requirement for current ongoing projects.

GRSE: During the last 61 years of existence as a DPSU, GRSE has been a forerunner in the field of indigenisation, having delivered 107 warships (including 2 export ships) to the Maritime forces. These ships have been designed either fully by the inhouse design teams of the shipyard or in conjunction with the Indian Navy’s Directorate of Naval Design.

The shipyard is primarily involved in building of warships for the Indian Navy and Indian Coast Guard. Majority of the equipment to be installed on board these ships such as Weapons & Sensors, Navigation & Communication Systems and Propulsion Systems are customer nominated and as the “platform integrator”, the shipyard has limited role in indigenising these equipment, as they are to be procured from the OEMs nominated by the customer as per the contractual provisions.

Ship borne items can be divided into the following three categories, namely, Category A (mostly Fight), B (mostly Move) & C (Float). The selection of Category C items are fully within the scope of shipyard, and here, over 99% indigenisation has been achieved.

Despite these limitations, 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 in recently completed projects. While focused efforts are being put in to reduce imports, it is pertinent to mention that the import content mostly comprises Buyer Nominated Equipment (BNE) which the Shipyard as an Integrator is bound to procure from the customer nominated OEMs.

Further, GRSE has a 5 Year Indigenisation Plan aimed towards AATMA NIRBHAR BHARAT for presently imported equipment which are primarily project specific and are also planned for incorporation & utilization for various upcoming projects. The target & achievement against '5 Year Indigenisation Plan' is tabulated below:-

FY	NO OF EQUIPMENT / SYSTEMS	VALUE (₹ In Cr)
Achievement		
2019-20	02	1.67
2020-21	11	143.98
Target		
2021-22	03	48.25
2022-23	01	144
2023-24	01	10

As per directive of GoI, a number of imported items have been identified for indigenisation and uploaded in Srijan Portal. Interaction with several interested domestic vendors is underway towards fruitful indigenisation of the items.

GSL: Efforts being made/ contemplated for indigenisation of defence production by GSL:

- (a) To achieve the self-reliance in defence production equipment under 'Make in India' scheme, GSL has been putting consistent efforts in indigenisation such that the dependencies on overseas firms could be reduced.
- (b) GoI has notified the first list of 101 Defence Weapons /Platforms for Import embargo, which is envisaged to give fillip to indigenous manufacture and supply and boost domestic economy. GSL has taken steps to support the Govt. of India

initiatives and has indigenously developed several designs of following ships/platforms included in list of 101 items:

- (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
- (c) From the above indigenously developed designs, GSL has constructed and delivered Offshore Patrol Vessels, Waterjet Fast Attack Crafts and Survey Vessels to Indian Navy, Indian Coast Guard and exported to Navies of Friendly Foreign Nations.
- (d) To give further impetus to this initiative of self-reliance, on 31 May 2021 the GoI has notified second 'Positive Indigenisation List' of 108 items that must be compulsorily procured from indigenous sources. Among the list of 108 items, GSL has indigenous development capability of following ships/platforms:
- (i) Next Generation Corvette
 - (ii) Composite sonar dome for ships
 - (iii) Submarine Damage Control, Fire Fighting & Training Facility (SDVFFTF)
 - (iv) Pontoon Mid-stream bridging system
- (e) The above indigenous development of ships/ platforms by GSL would encourage the local suppliers to take up in-house manufacturing of Defence equipment/ sub assemblies/ components required for ships/ platforms.

HSL: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 uploaded 63 items worth Rs772 Cr for indigenization on Srijan Portal. Out of which, 13 vendors have shown interest for 15 items uploaded by HSL. HSL has issued one work order to interested Vendor for indigenous development of HP Air valves upto 200 Bar. Total, 12 items worth Rs 77.19 Cr have been Indigenized so far by HSL (FY 2020-21: 11 items worth Rs 76.19 Cr; & FY 2018-19: 1 items worth Rs 1.00 Cr). HSL is continuously interacting with firms who have shown interest and providing assistance on technical and policy matters. HSL has planned for indigenisation of 4 items worth Rs 52 Cr during FY 2021-22. Further, to encourage the private industry for taking up indigenisation of imported items, HSL has taken up the following initiatives:-

- (i) Public Procurement Order policy has been introduced in our procurement manual. Accordingly purchase preference to Indian vendors is offered with 50 % indigenous content to Class-I vendors and 20% Indigenisation Content to Class-II vendors. The policy has enabled us to Indigenise a major equipment such as
 - Marine Incinerator worth 11.6 million INR
 - Flight Data recorder worth 1.2 million INR
- (ii) Relaxation of norms (prior experience and prior turnover) for MSMEs and start-ups in all public procurements, subject to meeting quality and technical specifications for Indigenisation.
- (iii) Alignment to payment terms i.e; provision of advance payments to MSMEs for Indigenisation.
- (iv) Deemed registration of vendors (Vendors registered in other Defence PSUs are to be considered as deemed Registered).
- (v) Efforts are being made to identify Tier-I & Tier-II Vendors so as to facilitate development of import substitutes.”

Defence Startups

5.13 During the evidence the Committee have been informed of the following measures being taken for promotion of Defence startups in the country:

“यह जो इनोवेशंस डिफेंस एक्सिलेंस है, सर, पहले हमारे देश में स्टार्टअप का इकोसिस्टम बहुत बढ़ रहा है। Arguably, we are the third largest Start Up ecosystem in the world. स्टार्टअप्स अब हमारे देश के कई कमर्शियल सैक्टर में बहुत तेज़ी से आगे बढ़ रहे हैं। यह एक कोशिश की गई थी कि स्टार्ट अप्स को हम डफेंस एण्ड एयरोस्पेस सैक्टर, जो कि उसके पहले टच नहीं हुआ था, इन एंटरप्राइज़ेस के द्वारा उससे जोड़ा जाए। Four years ago during Def-Expo 2018, the hon. Prime Minister launched this programme. बड़े हर्ष की बात यह है कि इस प्रोग्राम के आने से हम न केवल स्टार्ट अप्स को डिफेंस के साथ जोड़ पाए, लेकिन आगे एक स्लाइड में आपको दिखाई देगा कि ऐसे कई प्रोडक्ट्स जो पहले शायद अगर हम उनके साथ न बनाते तो हम बाहर से खरीदते और उनकी क्रिएटिविटी, उनकी इंजेनुएटी, उनके इनोवेशन को हम डिफेंस और मिलिट्री प्रॉब्लम्स को सॉल्व करने के लिए इस्तेमाल कर सकें।

सर, अभी तक हम लोगों ने इसका डिफेंस इंडिया स्टार्ट अप चैलेंज के नाम से ऐसे चैलेंजिस लॉन्च करते हैं जहां स्टार्ट अप्स को हम वे प्रॉब्लम्स देते हैं। हमने 51 प्रॉब्लम्स ओपन किए और लगभग हजार स्टार्ट अप्स ने अलग-अलग प्रॉब्लम्स को दूर करने की इच्छा ज़ाहिर की। उसके उपरांत 114 स्टार्ट अप्स के साथ हमारा एंगेजमेंट चल रहा है। हमने 64 कॉन्ट्रैक्ट्स कर लिए हैं। कई कॉन्ट्रैक्ट्स में प्रोक्योरमेंट हो रहा है। एक नई स्कीम को भी लॉन्च किया गया है, जिसमें कि 500 करोड़ रुपये इस प्रोटोटाइप्स को बनाने के लिए आने वाले पांच सालों में इस्तेमाल किया जाएगा। सर, साथ ही हर्ष की यह बात है कि अब स्टार्ट अप्स के लिए और आइडेक्स के लिए जो हमारा यह डोमेस्टिक कैपिटल का बजट है, उसमें भी एक पार्टिक्युलर अमाउंट को इयरमार्क किया गया है ताकि वह पार्टिक्युलर अमाउंट हम स्टार्ट अप्स के ही द्वारा डेवलप किए गए प्रोडक्ट्स को खरीदें। इस साल हम लोगों ने हजार करोड़ रुपये उन्हीं के द्वारा खरीदने के लिए आवंटित किया है। आने वाले वर्षों में भी हम इसको प्रोग्रेसिवली इनक्रीज़ करते जाएंगे। ऐसे कई प्रोडक्ट्स हैं, जो इस चित्र में हम आपके सामने

प्रस्तुत कर रहे हैं, जब यह कार्य शुरू हुआ था, तब ये इनोवेटिव लैवल के सिर्फ एक आइडियाज़ थे और उन आइडियाज़ को हमारे स्टार्ट अप्स ने अपने इंजेनुएटी से, अपनी इंटेलिजेंस से, अपनी क्षमता से डेवलप किया है और ये सारे प्रोडक्ट्स अब आने वाले समय में हमारे प्रोक्योरमेंट सिस्टम में शामिल होंगे।“

Impetus to Innovation

5.14 The Committee have further been apprised that Mission Raksha Gyan Shakti has been launched in 2018 to train the staff of DPSUs in Intellectual Property Rights (IPR) related issues. In this regard, 2704 IP assets have been created and 36322 staff has been trained in IPRs. Also 23 Defence specific Artificial Intelligence Products have been developed by DPSUs.

Defence Corridors

5.15 The Committee have learnt that to support the growth of the Defence sector and enhance manufacturing capacity in the sector, two Defence Industrial Corridors are being set up in Uttar Pradesh and Tamil Nadu. Intimating the progress of the Defence Corridors, the Additional Secretary (Defence Production) submitted as under:

“उत्तर प्रदेश में और तमिलनाडु में दो कॉरिडोर्स की हमने स्थापना की है। जब हमने इनकी स्थापना की थी तो हमने लक्ष्य रखा था कि लगभग 10,000 करोड़ के इंवेस्टमेंट हम आने वाले चार-पाँच सालों में लेकर आएंगे। इसमें काफी प्रगति उल्लेखनीय है। ..उत्तर प्रदेश में लगभग 8,600 करोड़ रुपये के डिफरेंट एम.ओ.यूज़. हमने साइन किए हैं, जिसमें कई एम.एस.एम.ईज़. भी शामिल हैं। उनको यहां पर स्टेट गवर्नमेंट ने अपनी डिफेंस एण्ड एयरोस्पेस की पॉलिसी के तहत लैंड्स एलॉट की है। साथ ही, उनके साथ समझौते किए हैं और इसमें काफी कार्य तेजी से चल रहे हैं। उसी आधार पर तमिलनाडु में हमारा 10,000 करोड़ रुपये के इंवेस्टमेंट का टारगेट है। There also, the State Government has signed investment MoUs worth ₹ 11,000 crore and more than 40 industries have participated in these MoUs and they would be investing in these two corridors.”

5.16 On being enquired whether it is proposed to establish Defence Corridors in other parts of the country as well, the Additional Secretary (Defence Production) submitted as under:

“जहां तक फैसिलिटीज़ का सवाल है, उत्तर प्रदेश और तमिलनाडु में डिफेंस कोरिडोर्स की स्थापना करने का निर्णय लिया गया है। डिफेंस इन्फ्रास्ट्रक्चर पूरे देश में लोकेटेड है। 13000 एमएसएमईज़ देश में काम कर रहे हैं। They are located at the nook and corner of the country. There are 41 ordnance factories. हम 41 ऑर्डिनेंस फैक्ट्रीज़ के बारे में प्रेजेंटेशन करेंगे। सात नई कंपनियों की लोकेशन देखेंगे, they are spread across multiple States. Similarly, the new expansion that is taking place also is going around, for example, MIDHANI set up their plant in Rohtak recently in the State of Haryana. So, we are trying to diversify their portfolio and diversify their spread. The important thing now is that whatever programmes that we are taking for indigenisation and indigenous procurement will have an overall impact on the growth of the domestic industry. लगभग जितने कांटेक्ट्स पिछले साल साइन किए गए हैं, अगर इसका अनुपात देखें तो 90 परसेंट इंडीजिनियस है। In the coming times, almost 68 per cent of our total defence budget is going to be spent on domestic procurement. यह प्रोग्रेसिवली बढ़ना ही है। So, this will have an overall impact on the country and the ecosystem. ”

5.17 On being enquired regarding employment generation through these Defence Corridors, the Additional Secretary (Defence Production) submitted as under:

“The corridors have actually been created in Tamil Nadu and Uttar Pradesh with the primary intention to provide a focussed attention to the defence and the aerospace sectors and bring in investments. Obviously, when the investment comes in multiple employment opportunities get created. In the State of Tamil Nadu, the State has

brought out Tamil Nadu Defence and Aerospace Policy. These corridors are not going to be developed by the Central Government alone. It is a collaboration between the Central Government and the State Government. So, both UP and Tamil Nadu have brought in very attractive defence and aerospace policies. In their policies they are trying to attract investments. We have also created certain nodes in various States. For example, in Tamil Nadu we have created five nodes where we focussed attention on the development of the defence and the aerospace industries. In Tamil Nadu, the State Government has signed MoUs with various companies and roughly around ₹11,000 crore of investment has been promised. Now they are also trying to locate various other facilities within these corridors which include the testing infrastructure. As regards the kind of orders which are being given, for example on the order given to HAL for Tejas, which is about ₹48,000 crore, a lot of the supply chain is in the State of Tamil Nadu. So, when these orders come in, the overall impact is felt in the supply chain, business happens, business creates employment opportunities, and that exactly is the core objective of creating the corridors in these two States.”

5.18 The Committee, from oral submission of the Defence Secretary, have also learnt that the model of this Defence corridor is that the State Governments are incentivising the investment in these corridors. Both UP and Tamil Nadu have come out with very attractive schemes for investment in these corridors. Also, the Government of India has provided additional multiplier under the offset scheme for Defence industrial corridors.

Liberalisation of FDI Policy

5.19 The Committee have learnt that Foreign Direct Investment (FDI) in the Defence manufacturing sector has been enhanced from 49 to 74 percent under Automatic route and 100 percent under Government route.

Achievement of Targets by DPSUs

5.20 When asked to furnish data with regard to targets fixed and achieved during last five years for each DPSU and reasons for unachieved targets, if any, the Ministry furnished the following information:

“HAL:

HAL has been rated ‘Excellent’ against the MOU signed with MoD for the last five years. In fact the company has been achieving ‘Excellent’ rating consecutively for the past 20 years including for FY 2020-21. Sales targets fixed in the MoU and actuals for the last five years are depicted below:

(Rs in Crs)

Year	Parameter	Target (Excellent)	Actual
2016-17	Revenue from Operations	17100	17950
2017-18	Revenue from Operations	17900	18519
2018-19	Revenue from Operations	18400	20008
2019-20	Revenue from Operations	20000	21438
2020-21 #	Revenue from Operations	21500	22755

BEL:

The Targets fixed and achieved during the last 5 years is as below:

Year	Target (Revenue from Operations-Net of Excise Duty)	Actuals
2016-17	7300	8825
2017-18	8600	10085
2018-19	9700	11789
2019-20	12000	12608
2020-21	12500	13818

BEML:

The Targets fixed and achieved during the last 5 years is as below:

(₹ in Cr.)

Year	Target	Achieved
2016-17	3150	2499
2017-18	2900	3246
2018-19	3000	3481
2019-20	3500	3029
2020-21	3300	3557

The Company could not achieve the MoU targets for the years 2016-17 due to the Market Situation and Business Environment arised in Mining & Construction Business Group, Constraints in execution of Orders in Defence Business and No Rail Coach Order in Rail & Metro Business Group.

For the year 2019-20, the spread of COVID-19 Pandemic and subsequent lockdown in the last week of March 2020, has impacted the Company's turnover and production due to the closure of Company's manufacturing facilities, disruption in spares & service business, non-receipt of materials due to global Covid impact even before the lockdown in the Country on account of supply chain disruptions, restrictive movements / non-availability of required trailers etc

BDL:

BDL last five years' sale targets and actual is as below:

Sl.No.	Year	Target in ₹ Cr.	Actuals in ₹ Cr.
1	2016-17	4400	4887
2	2017-18	5300	4588
3	2018-19	4600	3069
4	2019-20	4200	3105
5	2020-21	4500	1914

Reasons for not achieving targets:

2017-18: Problems encountered during batch acceptance of Akash booster grain, production got held up by designer. Also delay in receipt of import material from Russia got effected the production of ATGMs.

2018-19: Delay in Akash is due to change in polymerisation time of Booster Grains and failures in proof firing of ATGMs production delayed.

2019-20: Delay in receipt of input material due to Covid-19 from OEM, Russia for ATGMs and Design and testing problems encountered during vibration checks of Varunastra torpedo and due to non-receipt of Akash Order from IAF.

2020-21: BDL has been given higher targets despite of lower executable orders.

1. Changes/Amendments in drawings and ATPs, technical issues in Varunastra Project surfaced during integration and testing of torpedoes.

2. MRSAM Project, the designer, IAI, could not qualify additional vendors due to COVID-19 & non receipt of FIMS from RCI and Israel.

MIDHANI:

The details of MoU target and achieved are given below.

(₹ in crore)

Year	Target	Achieved
2016-17	700	773.28
2017-18	780	661.69
2018-19	750	710.85
2019-20	800	712.88
2020-21	715	813.23

Reasons for shortfall

2017-18 : Breakdown of critical equipment for significant period of time resulting in affecting production & sales

2018-19 : During the year, orders from defence sector reduced significantly (~10 % of total order)

2019-20 : CoVID-19 lockdown has affected the final inspection, certification and shipment of materials in the month of March 2020. Due to this, Company's sales were Rs 20,363.36 Lakh during the last quarter of FY 2019-20 vis-à-vis Rs 33,643.24 lakh in last quarter of FY 2018-19, which is a decline of 39%.

MDL:

Targets fixed and achieved during last five years for MDL is as below:

Financial Year	Revenue from Operations		Reasons for unachieved targets
	Targets	Achieved	
FY 2020-21	₹ 4977 Cr.	₹ 4047.82 Cr.	Performance was affected due to Covid-19.
FY 2019-20	₹ 4700 Cr.	₹ 4978 Cr.	-
FY 2018-19	₹ 4500 Cr.	₹ 4649 Cr.	-
FY 2017-18	₹ 4500 Cr.	₹ 4409.59 Cr.	-
FY 2016-17	₹ 4500 Cr.	₹ 3529.74 Cr.	-

GRSE:

The targets are fixed through MoUs signed with the Administrative Ministry (MOD/DDP).
The details are as follows

(inRsCrore)

Year	Target	Achieved
2016-17	1800	929*
2017-18	1350	1346.52
2018-19	975	1386.42
2019-20	1425	1433.29
2020-21	1100	1140.84

* The company achieved a Turnover of ₹ 929.32 Cr as against ₹ 1800 Cr. (MOU Very Good target) was primarily due to the fact that the projects were in the final stages of execution wherein conventionally the rate of increase in Value of Production tends to saturate. Moreover, the delay in delivery of ASW Corvette & LCU projects due to reasons beyond the control of the Shipyard (Design Modifications, delay in supply of major equipment from nominated vendors, introduction of new technology like of integration of Steel Hull with Carbon Fiber Composite etc.) also affected VoP.

GSL:

MoU target fixed vis-à-vis achieved during last 5 years is as under:

(₹ in crore)

Year	Target	Achieved
2016-17#	760	1055.45
2017-18	1000.00	1373.43
2018-19##	950.00	905.61
2019-20	905	931.27
2020-21	860	860.50

From FY 2016-17 onwards, the target for turnover was fixed in terms of Revenue from Operations which is equal to the sum of Value of Production and Other Operating Income.

Reason for not achieving target for FY 2018-19:

- (i) Early delivery of SLN OPV-2 in FY 2017-18 which was contractually scheduled to be delivered in FY 2018-19 for which VoP was accounted in FY 2017-18 which otherwise would have been accounted in FY 2018-19.
- (ii) Saving on the SL OPV project on account of savings in material /service cost which has to be recognised at the end of the Project in the financial year in

which the project is concluded, was accounted in FY 2017-18 which otherwise would have been accounted in FY 2018-19.

HSL:

(a) HSL Value of Production (VoP) target and achievements during last five years is as below:-

Year	Target VoP	Achieved VoP
2016-17	600	629.04
2017-18	600	644.78
2018-19	620	595.00
2019-20	700	573.54
2020-21	618	477.95

(b) The decrease in Value of Production during FY 2018-19 is mainly attributable to extremely low shipbuilding order book position of Rs 132.17 Cr as on 31 Mar 2018. However, with the signing of contracts for construction of 2 Nos. Diving Support Vessels worth Rs 2390 Cr and 4 Nos. 50 T BP Tugs worth Rs 260 Cr for Indian Navy in the end of FY 2018-19, the order book position of the shipyard has improved.

(c) The decrease in Value of Production during FY 2019-20 is mainly because the ongoing projects 2 Nos. Diving Support Vessels, 4 Nos 50 T Tugs and 3 Nos Flap Gates are at the initial stages of construction and not much VoP can be realized.

(d) The decrease in Value of Production during FY 2020-21 is mainly due to lack of submarine refit orders. Post timely completion of Normal Refit of INS Sindhuvir on 31 Jan 2020, the Submarine refit facilities have been lying idle. Nil business in submarine Business Unit has led to a VoP loss of nearly Rs 200 Cr during the FY 2020-21 to HSL.”

Efficiency and profitability of the DPSUs

5.21 The details of DPSUs, as furnished by the Ministry of Defence that have registered profit/loss during each of the last 5 years are as under:

(₹ in crores)

DPSU	2016-17	2017-18	2018-19	2019-20	2020-21
HAL	2616	1987	2346	2842	3232.96
BEL	1548	1399	1927	1794	2065
BEML	84.44	129.45	63.49	68.38	74.8

BDL	524.06	528.15	422.59	534.90	257.76
GRSE	11.47	92.40	109.94	163.48	153.47
GSL	117.40	217.33	131.52	197.77	127.91
HSL	53.77	20.99	36.23	13.03	(14)*
MDL	548.99	439.93	517.28	408.48	479.57
MIDHANI	126.31	131.26	130.56	159.73	166.29
Total	5630.44	4945.51	5684.61	6181.77	6543.76

* HSL has incurred loss during FY 2020-21 due to lack of submarine refit orders which reduced the estimated contribution worth Rs 43 crore from Submarine division. Further, the production was also affected to some extent due to COVID-19 pandemic which has resulted in loss in shipbuilding projects.

5.22 During oral evidence, to a specific query regarding profitability of BEML Mysuru Plant, the Additional Secretary (Defence Production) responded as under:

“overall, all our public sector companies have been earning profits and have been paying dividends to the Government. We also lay their Annual Reports. Of course, the employees, there are a lot of people. But the increasing trend in all our companies is to go for more and more outsourcing and become system integrators. Earlier, even a small component also was being manufactured in these companies but now we have tried to push them towards outsourcing so that smaller industries can develop and our bigger players can then become system integrators. Then only they become competitive.”

5.23 In response to the query mentioned above, the CMD, BEML also submitted as under:

“We do make profits but I agree the margin of profits is not much. That is because we are in a very competitive environment, especially in the mining and construction. For whatever is manufactured in Mysuru, we have to take orders under reverse auction and all that. So, the margins are very less. Whatever margins we make is in the spares and service. Regarding the 190 tonne dump trucks, we already had orders from Coal India and we have supplied nine 190 tonne trucks and eight 150 tonne trucks. Tenders for further requirement also have been floated by Coal India and we have participated in the tender.”

Efforts for Product diversification and increasing competitiveness by the DPSUs

5.24 Apprising the Committee of the efforts for product diversification and increasing competitiveness being made by DPSUs, the Additional Secretary (Defence Production) submitted as under:

“..we have been laying stress on product diversification, product development. A company can earn future profits only if they start investing in future technologies, future products. Defence is a monopoly and it is a single buyer situation. They do not sell in commercial market. Of course, many of our companies have diversified. For example, MIDHANI’s defence is only 20 per cent. Even BEML’s defence business is only 20 to 30 per cent. That is how they can stay competitive. Good news is, there is nothing that is given on nomination basis even by the Defence Ministry. They have to compete in the market and in many of these competitions they have to outbid the private sector. In fact, yesterday itself CMD Goa Shipyard is here, in a major project of offshore patrol vessels he was L1 and in comparison the private sector player was at almost 50 per cent more than his price. The quoted price was almost 50 per cent more than his price. So, all these companies have to be competitive, they have to compete in the market. That is why, export is also one barometer for us. If they are able to export in the global market, that means they are competitive both on cost and quality. ... In fact, all these companies invest a lot of money in R&D. Earlier they were not doing it so much because bulk of our R&D work was happening in DRDO. But now many of these companies out of their surpluses they earn, have set up their own development centres. The OPV that I am talking about is Goa Shipyard’s own design.

Many of our companies are designing their products. Now we are also laying stress on new product development and many of these companies are participating in the procedure which we call Make-II which is designed by the industries themselves. I think all these processes will ensure that the industry remains competitive. The good news is that none of these companies are dependent on Government support right now. In fact, they are all giving us dividends which is a healthy sign. All of them have

a fairly good order book barring a few companies. At the same time, they are also focusing on getting multiple orders from outside the country. There is competition to get more export numbers. All this will ensure that all these companies stay competitive. That is why we are also telling them to provide more and more outsourcing opportunities. In fact, almost 50 per cent of the overall business that these companies do is now outsourced to the smaller players and smaller players bring the private sector's efficiency and then only they can stay competitive. So, the process is on and all these companies are very healthy. Even BEML which is being disinvested is not being disinvested because it is making losses; it has again turned in profits. Attempts are being made to list all these companies on stock market and bring the stock market discipline and create awareness in them that they have to stay competitive and the trends are showing similar direction.”

5.25 The Committee, through written submission of the Ministry, have learnt that a visioning exercise on devising a 'Business cum Growth Model' for each DPSU is under way under the supervision of Department of Defence Production. The vision exercise will come with the long term perspective planning for the DPSUs so as to make them financially viable and their products globally competitive and gain business opportunities. As part of the ongoing visioning exercise, 'Benchmarking of DPSUs' is being done with global leaders in Defence Manufacturing in the respective fields.

Submarines

5.26 During oral evidence of the representatives of the Ministry of Defence and the DPSUs, the Committee desired to know about the submarines being constructed/built by the DPSUs. In this connection, a representative of MDL submitted as under:

“We have till now built two different types of submarines, SSK which was in collaboration with SGW, Germany, with two in India and another two in Germany. They are diesel-electric submarines. Presently, we are constructing six Scorpion submarines in collaboration with Naval Group, France. Four of them have already been delivered. One more will be delivered this year and the sixth one will be delivered next year. This is again diesel-electric submarine which means it is

powered by diesel which charges the batteries and batteries run the main propulsion motor which rotates the propellers. The prospective ones under P-75I category will additionally have an air-independent propulsion system which is fuel cell based and in which traditional lead acid batteries would be replaced by lithium-ion batteries.”

Order Book position of the DPSUs

5.27 The data regarding order Book status of DPSUs (as on 16.2.2022), as provided by the Ministry, is as under:

Defence PSU	Order Book Value (Rs. Crore)
Bharat Electronics Limited (BEL)	57,700
Bharat Earth Movers Limited (BEML)	10,180
Hindustan Aeronautics Limited (HAL)	79,229
Mazagon Dock Shipbuilders Ltd (MDL)	47,023
Garden Reach Shipbuilders & Engineers Ltd (GRSE)	24,605
Goa Shipyard Ltd (GSL)	14,327
Hindustan Shipyard Ltd (HSL)	2,673
Mishra Dhatu Nigam Limited (MIDHANI)	1,350
Bharat Dynamics Limited (BDL)	11,400
Grand Total	2,48,487

5.28 The Committee have been apprised that following steps have been taken by the Ministry to strengthen the order book of DPSUs:

- “(i) DAP 2020 under Capital Acquisition, preference is being given to Buy (Indian-Indigenously Designed, Developed and Manufactured).
- (ii) Reforms promoting defence exports:

- a) Scheme for funding marketing activities by Defence Attaches for promoting exports.
- b) Scheme for testing and certification of industry goods for export.
- c) Grant of “Fit for Indian Military Use” certificate to eligible industry to facilitate export.
- d) Fully automated export portal and electronic sharing of export leads with relevant industry.
- e) Dispensing with the requirement of End User Certificate by Government for exports of parts/ components.
- f) SOP formulated to facilitate exports of ‘Munitions List’ under category 6 of SCOMET by DGFT.
- g) Streamlining export using Line of Credit for items already sold to Indian military.
- h) Open General Export Licence (OGEL) for export of certain parts & components and intra-company transfer of technology to select countries. The OGEL is a one-time export licence to be granted to a company for a specific period (two years initially)
- i) Creation of a High Level Committee (HLC) for faster clearance of Defence Exports to Friendly Foreign countries.

(iii) **Defence Offset Reforms:** Reforms in Offset policy have been included in Defence Acquisition Procedure (DAP) 2020, with thrust on attracting investment and Transfer of Technology for Defence manufacturing, by assigning higher multipliers of 2 to MSMEs.

(iv) **Online Export Authorization:** An end to end online export authorization portal has been established to grant export authorization. This has resulted in substantial reduction in the time to issue export authorization.

(v) **Reforms promoting indigenization:**

(a) As part of the efforts to achieve self-reliance in Defence manufacturing two Positive Indigenisation lists comprising of 209 items have been notified by MoD for placing these items under import embargo with specified timelines. In addition, to minimize imports by the DPSUs, a positive indigenisation list has been notified by the Department. The list contains 2,500 imported items which have already been indigenised and 351 high value imported items which will be indigenised in next 3 years. These items will only be procured from Indian industry after the timelines indicated in the list. This would result in reduction in import bill to the tune of ₹ 3,000 every year.

(b) An indigenization portal namely SRIJAN has been launched in August 2020 for DPSUs/OFB/Services with an industry interface to provide development support to MSMEs/Startups/Industry for import substitution. As on date, more than 18000 items, which were earlier imported by DPSUs have been displayed on the portal. Industry has expressed interest in indigenising 3781 items.

(vi) **Reforms towards ease of doing business in defence:**

(a) Third Party Inspection system approved in Land Systems and Aero platforms for effective administration of inspection function of out-sourced work with involvement of third parties for inspection services.

(b) Scheme for awarding self-certification approved wherein Defence PSUs have been delegated the responsibility of certifying the quality of products to the manufacturer on behalf of purchaser.

(c) Public Procurement Order for 112 items have been notified, thereby giving preference to domestic manufacturers in these items.

(vii) **Supporting Technology, Innovation, Research and Development in DPSUs:**

(a) Mission RakshaGyanshakti, launched in 2018-19, with the objective of creating greater Intellectual Property in defence production ecosystem. As a result, 4116 IPRs have been filed till date, out of which 1131 IPRs have been granted.

Further, DPSU-wise comments are as under:

HAL:

The major part of existing orders for supply of aircraft and helicopters will be liquidated shortly with the major manufacturing order of Su-30MKI completed in 2020-21. The 12 additional Su-30MKI order under process to avoid production break-up considering the raw materials/LRUs ordering lead time.

There is no firm order currently available on the company for platform manufacturing beyond 2022-23, except the 83 Light Combat Aircraft (LCA) Mk1A order received in Feb 2021.

In the rotary wing segment, HAL has an established production capacity of 24 helicopter per annum. Additionally the Tumakuru facility is also being set up with a planned annual capacity of 30 helicopter per annum in the first phase. The present available firm orders for helicopters are getting completed by 2022-23. If sufficient orders are not available in time, HAL rotary wing facility faces the threat of idling starting from next year onwards. Even the

utilisation of the Tumakuru plant is dependent on the orders for Light Utility Helicopter (LUH). LUH has attained operational clearance both for the IAF and Army variants. LSP orders for the platform are still awaited while Lol for only 12 helicopters have been received and production activities have commenced by HAL. The Tumakuru plant is planned to be operationalised by Mar 2022 in line with the commitment to PMO, however manufacturing orders are yet to be received. Though Light Combat Helicopter (LCH) has attained operational clearance for IAF version in 2017 and Army variant in 2019, order for 15 LSP against quote submitted in Mar 2018 is still awaited. In the meantime against Lol for 10 helicopters, 6 LCH has already been produced by HAL. Further, additional orders for the series production phase for LCH beyond the current 15 in the pipeline, for LUH beyond the 12 LSP for which AoN is available currently as well as more orders for ALH platform (RFP received for 25 ALH in Dec 2021) needs to be expedited to utilise the established capacity at HAL as well as at the supply chain partners in the Indian Private sector.

The Transport Aircraft Division, Kanpur facilities are currently being utilised for production of 7 Do-228 aircraft in the civil version with internal funding in anticipation of the orders as all the firm orders for Do-228 were completed in 2020-21. Do-228 variant is also civil certified, and thus can be used for UDAN scheme.

HAL Aircraft Division Bangalore has completed production orders of Hawk trainer aircraft and the assembly line is idling. Further, HAL has also indigenously upgraded the Hawk platform with incorporation of weapons, avionics, Real Time Operating System (RTOS) etc. This is HAL's internally funded program offering the Indian Armed Forces an upgrade and combat capability for the Hawk, transforming it into an Advanced Jet Trainer providing training on sensors and weapons in peacetime into a potent combat platform during conflict. Recently Smart Anti Airfield Weapon (SAAW), the indigenous stand-off weapon system, was test fired successfully from the upgraded Hawk aircraft. HAL awaits production order for Hawk aircraft and fleet upgrade order for the same.

Also, with completion of SU-30MKI aircraft production, further order for AL-31FP engines will be required immediately to HAL Engine Division at Koraput, to avoid production break.

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

The following initiatives have been taken by the Government to boost the defence production in the country:

Processing of Orders in Pipeline: Following are the future upcoming programs at HAL for production in-line with 'Make in India'.

SI No	Defence Equipment	Quantity	Present Status
1	LCA Mk1A	83 nos	Contract awarded in Feb 2021.
2	Light Combat Helicopter (LCH) – Limited Series Production (LSP)	15 nos	<ul style="list-style-type: none"> • Quotation for supply of 15 LSP helicopters submitted in Mar 2018. Order awaited. • Letter of Intent (LoI) for 5 LCH each for IAF and Army were received in Nov 2020 and Dec 2020 respectively and 6 produced so far.
3	HTT-40 Basic Trainer Aircraft	70 nos + Addl. 36 nos	<ul style="list-style-type: none"> • RFP has been received during Aero India 2021. • Response of RFP submitted on 13th Apr 2021.
4	Su-30 Mkl	Addl.12 nos.	<ul style="list-style-type: none"> • RFP for addl. 12 Su-30 MKI aircraft with new systems received and response submitted on 31st Aug 2021.
5	Light Utility Helicopter (LUH)	12 nos	<ul style="list-style-type: none"> • LUH HAL has attained Operational Clearance on 7th Feb 2020. • Letter of Intent (LoI) received for 12 LUH. Awaiting RFP.
6	AI-31FP engine	72 nos.	<ul style="list-style-type: none"> • Balance engines on current order will be completed by 2021-22. • BQ submitted for Qty-133, Qty-72 and Qty-104 engines. • RMSO awaited.
7	RD-33 Engine	60 nos.	<ul style="list-style-type: none"> • Manufacturing against available order completed. BQ submitted for Qty-60 engines. RMSO awaited.

BEL:

BEL is engaged in Design, Development, Manufacturing, Supply & Maintenance of Strategic Electronics to cater to the needs of Defence customers at large as well as select Civilian segment. The business portfolio comprises of Radars, Weapon/Missile Systems, EW & Avionics, Network Centric Systems, Communication, Naval Systems, Electro-Optics, Tank Electronics/Gun Upgrades, Arms & Ammunitions, Space Electronics/Systems, Energy Products/Solutions, Homeland Security, UAV, Railways & Metro Solutions, Cyber Security, Software, Healthcare Solutions and EVM etc. Various Products/Systems in these areas are being manufactured at 9 Units located at Bengaluru (Karnataka), Ghaziabad (UP),

Kotdwara (Uttarakhand), Panchkula (Haryana), Pune & Navi Mumbai (Maharashtra),
Hyderabad (Telangana), Machilipatnam (AP) and Chennai (TN).

BEL need orders pertaining to the products given below to meet production targets set by MoD during current/ coming years:

BEL Unit/ SBU	Product/System
Military Communication, Bengaluru	Communication & Network Security System–Radio Communication, Crypto furnished Modules, Software Defined Radio (SDR) Portables
EW&A, Bengaluru	EW Suite for D29 , MSWS for Mi-17 upgrade
Strategic Communication & Un-manned System, Bengaluru	Satellite Communication & Un-manned System, Tropo Upgrade, MCT-CIWS
Military Radar, Bengaluru	Close-in-Weapon-System (CIWS)
Missile System, Bengaluru	Akash Missile System) 7 SQDN, Akash Prime 3 rd & 4 th Regiment (Main Equipment)
Naval Systems (Sonars & Communication Systems), Bengaluru	Communication Suite for project SEABIRD
Naval Systems (Radar & Fire Control Systems), Bengaluru	Electro-optic IR Search & Track, Lynx U2 FCS (NGOPV, NGMV, NGC, CTS), EON-51 (NGOPV), Digital Coast Guard, EON upgrade (P17, NOPV Fleet Tanker)
Advance Defence System - Navy Bengaluru	MRSAM System, MF*RA-Shivalik, Talwar, TAG, Class of Ships & MSRAM for NG Corvettes, Repair facility at ND(V)
Radar-Ghaziabad	Arudhra-MPR, HPR, Aslesha-Multi-faceted Ground Based S-band 3D Low Level Light Weight Surveillance Radar
Defence Communication & Control System, Ghaziabad	Combat Management System for P15B Ship
Satellite Communication & Control System, Ghaziabad	LTE 16 Corps, ICNS upgrade
Hyderabad	Himashakti, IEWR, Varuna&Nayan for ASW CSL, SHAKTI EW Systems(Split version) for FRIGATES-GSL
Machilipatnam	Commander TI for T-90, Un-cooled weapon sights for MMG, Assault Rifles, PNVG, PNVB, PNS, Gunner-Sights for T-90, HHTI with LRF.
Chennai	BMP-II Upgrade
Navi Mumbai	NBC, Shelters

BEML:

At present, BEML Limited is having an order book position of over ₹ 10,000 Cr. (as on 01.01.2022) which will be executed by 2024-25. Further orders are required from MoD and Indian Railways for having continuity in production and low utilisation of National facilities.

Further, constraint regarding execution of ARV project are being resolved and order worth ₹ 1400 Cr. will commence from 2022-23 onwards and completed by 2025-26.

BDL:

BDL is not facing any problem in declining in order book position. At present order book position is ₹9000 Crore (approx), which are to be executed by 2023-24. Further, few more orders are in the pipeline by which BDL could able to utilise its full capacity. Invar order will be closed by March 2022 and BDL is pursuing with customer for continuation of further order.

MIDHANI:

Currently there is no lack of orders in defence sector. In FY 18-19, contribution from defence sector had reduced to 10%. Consistent efforts in the last 3 years coupled with defence budget allocation have improved the orders from defence sector.

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

Defence % Contribution

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

MDL: MDL's present balance order book of ₹ 47, 728 crore will be completed in next 5 to 6 years.

Further, MDL has augmented necessary infrastructure for shipbuilding & submarine construction through modernisation project.

Post modernisation, Submarine building capacity has been even further enhanced substantially through two parallel submarine construction lines to construct 11 submarines concurrently at various stages of construction. Further shipbuilding capacity has been enhanced to undertake 10 warships concurrently.

Following is the status of idling capacities of Shipbuilding and Submarine Division:

➤ **Submarine Division:**

- i. Submarine hull fabrication facilities are lying under-utilised since 2012. Specially trained manpower being re-deployed for lower skill jobs.
- ii. Manpower skill set acquired idling since Dec'12.
- iii. Highly skilled/qualified welders are under-utilized & will be almost idle by end 2021.
- iv. Structural Fabrication & outfitting will be fully idle by end 2021.
- v. Pipe fabrication facility will be fully idle by 2021.
- vi. Augmented infrastructure Viz. New Wet basin, Cradle Assemble Shop(CAS) and Submarine Section Assembly(SSA) will be un-utilized.
- vii. The submarine division, after having delivered balance 4 submarines by 2024, would become fully idle thereafter.

- viii. In addition, local vendors have been developed for complex and high quality fabrication and outfitting jobs. The skilled workforce of MDL and vendors have additional capacities and are ready to take on new challenges in submarine construction.

➤ **Shipbuilding Division:**

- a. The Shipbuilding fabrication and assembly facilities has started idling from the current year and will gradually increase further.

- b. Considering the completion of existing ship construction projects in phased manner during next 4 to 5 years, the idling of ship construction facilities and infrastructure would increase to a substantially high level.

Apart from the orders in hand, MDL is yet to bag fresh orders in the field of construction of ships. MDL is undertaking aggressive bidding for vessels of all kinds in defense sector and also in commercial sector. Agents are appointed overseas to bring export orders for ship building. Market study being undertaken with in-house expertise and with help of external sources to win competitive bids. Quotes submitted with penetrative pricing to enter into new arena in both ship refit and ship building.

GRSE: Order Book position of GRSE as on 30 Sep 2021 is tabulated below: -

(₹ In Crs.)

DIVISION / DEPTS.	Indian Navy	Indian Coast Guard	Others	Closing order Value as on 30.09.2021
	1	2	3	4=1+2+3
Ship Division	24,607.97	75.01	103.92	24,786.90
Engineering Division				
Bailey Bridge			30.69	30.69
Deck Machinery & Pump	18.73		68.00	86.73
Total Engg. Divn.	18.73	-	98.69	117.42
Engine Division	3.23	7.35	155.94	166.52
Total GRSE	24,629.93	82.36	358.55	25,070.84

Currently GRSE has an executable order book of ₹ 25,070.84 Crs, and the Shipyard has capacity to build 20 ships (08 large & 12 small) concurrently with the state-of-the-art infrastructure spread over 3 shipbuilding units namely Main Works, Fitting Out Jetty and Raja Bagan Dockyard. While the pre-launch activities are carried out at the Main Works and Raja Bagan Dockyard, at the Fitting Out Jetty the ships are outfitted and made ready for trials and delivery.

GSL:

The current order book of GSL is adequate and healthy with balance executable order book of approxRs 14,200 Cr. GSL is presently executing the Missile Frigate project and Pollution Control Vessels, construction of which are in design stage and also executing contract for supply of 12 specialized boats to Indian Army. 05 CGOPV order will be liquidated by next month with delivery of fifth & last vessel of the series. GSL has emerged lowest bidder in the tender issued by Indian Coast Guard for 08 Fast Patrol Vessels. The contract for the same is likely to be concluded shortly. These orders will ensure sustainability of the Yard in near future.

HSL:

(a) At present, the order book position of HSL is low when compared with other Defence shipyards resulting in under-utilization of the installed capacity of the shipyard.

The balance order book value is Rs 2672.73 Cr as on 31 Dec 2021 and it comprises of the following projects:-

SNo	Shipbuilding Projects	Balance as on 31 Dec 2021 (in Rs Cr)
1	2 Nos Diving Support Vessel for Indian Navy (VC 11190-91)	2184.42
2	1 No Sem-Submersible Pontoon (VC 11199)	479.00
3	1 No 50T BP Tugs for Indian Navy (VC 11194)	9.31
	Total	2672.73

(b) The balance orders are scheduled to be completed by end of Mar 2024. HSL is vigorously participating in all competitive tenders issued by Indian Navy, Coast Guard, other Govt / private organizations in order to secure more contracts and thereby improve declining order book position.

(c) Idling of Submarine refit facilities of HSL. The Normal Refit of INS Sindhuvir has been completed by HSL on 31 Jan 2020 i.e. 9 days ahead of the contractual schedule of 09 Feb 2020. Since then, the submarine refit facilities of the shipyard are lying idle. Nil business in submarine Business Unit has led to a revenue loss of nearly Rs 200 crores during the financial year 2020-21 to HSL. HSL has requisite capability, infrastructure & spare capacity for executing EKM class submarine refits. As part of capability enhancement, HSL has signed a comprehensive MoU with USBC of Russia to provide complete technical-logistics support for such works / refits / upgrades. HSL has requested IHQ, MoD (N) to consider the shipyard for issue of RFP for MR-MLU/MR/NR/SR of all Russian origin ships/ submarines.

(d) With a view to improve order book position, HSL has been nominated by MoD for construction of 5 Nos Fleet Support Ships (FSS) for Indian Navy worth Rs 22,000 Cr. The shipyard has finalized M/s Anadolu Shipyard as design collaborator and supply of Key Machinery Equipment. Technical and Commercial bid have been submitted by HSL to IHQ MoD (Navy). The contract is expected to be signed in the 4th quarter of FY 2020-21 post price negotiations.”

Challenges encountered by DPSUs

5.29 The Committee, through submission of the representatives of the DPSUs, have learnt that certain challenges are being encountered by the DPSUs.

These are tabulated as under:

DPSU	Challenges being faced
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BEL	<ul style="list-style-type: none"> i. Shortage of semi-conductor chips ii. Delayed clearances by stakeholders in Turnkey projects
BEML	<ul style="list-style-type: none"> i. Enhancing exports ii. Retention of talent iii. 25% procurement through Government e Marketplace (GeM)
HAL	<ul style="list-style-type: none"> i. Supporting platforms for 40 - 50 years or beyond which involves high cost ii. Extensive testing and Economy of scale has made indigenisation challenging iii. Competition from long term established players in export market
MDL	<ul style="list-style-type: none"> i. Idling of facilities mainly of warships and submarines
HSL	<ul style="list-style-type: none"> i. Submarine refit facilities idling since last two years ii. Carry forward legacy liabilities including negative Net-worth
MIDHANI	<ul style="list-style-type: none"> i. Project timelines delayed due to COVID-19 ii. Price of imported input raw material volatile & availability is limited
BDL	<ul style="list-style-type: none"> i. Permission from Foreign Original Equipment Manufacturer (FOEMs) to export missiles

Impact of COVID pandemic

5.30 The Committee, during deliberations on the subject, desired to know of the impact of COVID pandemic on the targeted production of DPSUS as well as steps taken for upgradation of manufacturing and production. In this regard, the Additional Secretary (Defence Production) apprised the Committee as under:

“Sir, we have definitely been impacted by COVID for the last two years, not just in the factory premises, but also impacted by the problems faced by the supply chain because most of the companies are actually system integrators. They get a lot of products coming in from the supply chain that is spread all over the country. One

good thing is that when we accumulated the entire numbers, of course, many of our companies went down but some companies compensated. So, at least, last year also, our overall production figures for 2021 were better than 2019-20 with around ₹ 5000 crore increase. But this year, it is expected that it is going to be a record value production and highest turnover figures are expected. I think the COVID is behind us now. Some of the companies also had problems because of the recording of the final product because sometimes, there will be one component which is yet to be received from somewhere while rest of the value of production is all done, but because that component is not brought in, the sales do not take place and some of these impacts were also there. However, we are sure that this year is going to give one of our record turnovers and value of production. ”

Disinvestment

5.31 The Committee, through written submission of the Ministry, have been apprised on the matter of disinvestment of DPSUs as under:

“Policy of disinvestment of minority stake without transfer of management control is being followed for priority sector including defence CPSUs to unlock value, promote public ownership, to meet the minimum public shareholding norms of SEBI and for ensuring higher degree of accountability. For non-priority sector where competitive markets have come of age, the policy of strategic disinvestment is followed. Moreover, the decision to decrease shareholding in DPSUs is taken by the Department of Investment and Public Asset Management (DIPAM) in consultation with the Administrative Ministry.”

5.32 During oral evidence of the representatives of the Ministry and the DPSUs, the Committee desired to know about the update regarding proposal of disinvestment of BEML. In response, the Additional Secretary (Defence Production) submitted as under:

“This proposal is under active consideration. The Department of Public Assets Management is handling that.....this is now at a very advanced stage. Expressions of Interest have also been invited, the bids have also been received. I think now it is in the final stage of its disinvestment. ”

CHAPTER VI

CANTEEN STORES DEPARTMENT (CSD)

Introduction

Canteen Stores Department (CSD), attached office of the Ministry of Defence, is committed to the welfare of troops of the Army, Navy and Air Force and their families, through easy access to quality Products of daily use at less than market prices. The governing body of the Canteen Services in India is the Board of Control for Canteen Services (BOCCS) which is headed by Raksha Rajya Mantri (RRM) and has the Defence Secretary, Secretary Defence (Finance), the Quarter Master General (QMG), COP (Naval HQ), AOA (Air HQ) as members.

Budgetary provisions

6.2 The Committee have learnt that against the projection of ₹ 26,868.55 crore, CSD has been allocated an amount of ₹ 19,802.09 crore for BE 2022-23.

6.3 In a written submission; the Ministry provided following information regarding projection and allocation of budget for CSD for the last five years:

(₹ in crore)

FY	Projection for BE	BE Allocation	RE Allocation	MA Allocation	Actual Expenditure
2016-17	18330.83	15005.84	18391.14	17527.04	
2017-18	20206.63	17729.06	17004.16	17005.83	
2018-19	18698.94	17506.05	16510.18	16510.13	
2019-20	21978.86	18305.78	19552.55	19552.37	
2020-21	22240.10	20100.38	18002.02	17973.23	
2021-22	25877.72	19802.09	-	-	11794.36 (till Nov 21)
2022-23	26868.55				

6.4 The Committee have been apprised that there is no concept of dividend distribution for CSD. Canteen Trade Surplus earned at the end of the financial year is distributed equally between Government and the Service Headquarters for welfare of troops as per MoD guidelines. 50% of the Canteen Trade Surplus (CTS) goes to the Consolidated Fund

of India (CFI). The details of last five years CTS deposited in CFI are as under: -

(₹ in crore)

Year	Total CTS	Deposited in CFI
2016-17	₹ 295	₹ 147.5
2017-18	₹ 654.05	₹ 327.03
2018-19	₹ -780.53###	₹ 0###
2019-20	₹ 586.90#	₹ 293.45#
2020-21	₹ 123.41#	₹ 61.705#

Unaudited provisional figures, Annual Accounts have been submitted to CDA, CSD and RAC(C&AG) for audit and audit certification is awaited.

The loss sustained in FY 2018-19 is not an operational loss but due to directions of O/o DGADS to set off the yesteryears pension liability of 40 years (since 1977 to 2017) for which formal budget was not granted by govt and creation of additional provisions for the sundry creditors. This was a onetime exercise. All corrective actions advised by O/o DGADS have been incorporated to ensure that losses do not occur in future.

Online Service of CSD

6.5 The Committee have been informed that an online portal for sale of Against Firm Demand (AFD) items was launched on 8th January, 2021. To a query of the Committee regarding response of the users to this portal, the Ministry of Defence submitted as under:

“The hassle-free procedure to purchase AFD items through AFD portal has received positive response from beneficiaries; more so, during Covid protocols in place since beneficiaries do not have to frequently visit URCs/Depots. The huge number of beneficiary registrations nearly 4.20 lakhs on AFD portal, is indicative of positive response of the beneficiaries”

6.6 The Committee have learnt that as on 31st December, 2021, CSD beneficiaries had purchased AFD-I items worth ₹ 6,185 crore consisting of 81,046 Four Wheelers, 48,794 Two Wheelers and 9,702 White Goods. ₹ 30.93 crore (approximately) is the profit earned towards sales through AFD Portal.

6.7 The Ministry, in a written submission, has informed about the development of e-commerce platform of CSD, which is as under:

“In order to ensure full spectrum visibility of supply chain management and accounting/payments, the development of E-commerce platform is under process. Currently, RFP has been floated to hire aggregator to carry out e-commerce activity. The response from prospective bidders is awaited. Following pertinent aspects of ongoing CSD Automation are also brought out:-

- The objective of the online portal is to enable out 45 lakhs beneficiaries (serving and retired), who will be able to purchase non-AFD items through online mode from the comfort of their home.
- The users also have the benefit of seeing the complete inventory of non-AFD items on the E-commerce platform and make the payment online for their purchases.
- In addition to ensuring transparency & accountability, the project will also boost the Govt. of India’s vision of promoting digital India.”

Goods and Services Tax (GST) on CSD items

6.8 During oral evidence of the representatives of the Ministry of Defence in connection with Demands for Grants 2022-23, the Committee desired clarification on GST levied on various CSD items. In this regard, the General Manager, CSD replied as under:

“...it (GST) has been levied since 2017. All the beneficiaries pay only 50 per cent of GST that one normally pays on civil site.

....prior to the GST regime, there was the VAT regime and that was different in different States and ever since the GST has been in vogue, the price you pay in Leh is same what you pay in Andamans. It is one price across the country for all the goods.

.....On liquor, the VAT continues to remain as per the State Excise Policy. On other items, other than liquor, there has been 50 per cent exemption. There has been no change in policy in this regard.”

Provision of combat uniforms for the Forces through CSD

6.9 The Committee have learnt that for officers in the Army, the new stitched combat uniforms will be provided through the Canteen Stores Department (CSD), which will also cater to the additional uniforms the JCOs and jawans may require. In this connection, the

Committee desired to know whether foolproof mechanism has been devised by CSD to ensure that the new stitched combat uniforms are provided to genuine users i.e. Armed Forces personnel and are not misused. In response, the Quarter Master General, Army submitted as under:

“इसे मद्देनजर रखते हुए, हमारा जो नया कॉम्बैट यूनिफॉर्म बनाया जा रहा है, उसे हम केवल कैंटीन के लिए ही रखेंगे ताकि कोई इसको बाजार में न बेच सके। भविष्य में जो भी हमारा यूनिफॉर्म रहेगा, हम प्रयास कर रहे हैं कि उसे कैंटीन के माध्यम से ही बेचा जाए।”

Challenges

6.10 In a written reply, the Ministry submitted that following challenges and constraints are being faced by the CSD:

“After successful completion of first phase of automation i.e. implementation of AFD Portal, the next phase of implementing E-commerce platform to home-deliver the non-AFD items (e.g. groceries, general stores) to beneficiaries is under progress. To achieve this, the requisite budgetary support needs to be continued in the next financial year also. The enhanced budgetary support as per projections made by CSD will be helpful in liquidating the past committed liabilities & contractual obligations and also pave the way for the modernization of existing warehouses including hiring/outsourcing of technically qualified manpower so that the AFD portal and e-commerce platform for non-AFD items function in a hassle-free environment.”

CHAPTER VII

WELFARE OF EX-SERVICEMEN

The Committee did take note of the fact that in view of the ever expanding population of Ex-Servicemen (ESM), there were persistent demands from Service Headquarters and various associations for a separate department to look after the welfare, resettlement and rehabilitation of ESM, war widows and their dependents. In 1986, a decision was taken to create an independent resettlement division in the Department of Defence. Accordingly, a new Department of Ex-servicemen Welfare (ESW) was set up in September, 2004 within the Ministry of Defence. This Department formulates various policies and programmes for the welfare and resettlement of ESM in the Country.

7.2 This Department has two Divisions viz., the resettlement Division and the Pension Division and has 3 attached offices namely (i) Secretariat of Kendriya Sainik Board (KSB), (ii) Directorate General of Resettlement (DGR) and (iii) Ex-servicemen Contributory Health Scheme (ECHS) Organisation.

7.3 Welfare of the Ex-Servicemen and their dependents is the joint responsibility of the Centre and the States / UTs. Like the Kendriya Sainik Board at the Centre, the Rajya / Zila Sainik Boards are responsible for policy formulation and implementation of resettlement and welfare schemes for Ex-Servicemen, widows and their dependents residing in their respective States / UTs / Districts. To assist the Central Government in this regard, there are 33 Rajya Sainik Boards and 403 Zila Sainik Boards in the country.

Role of Directorate General of Resettlement (DGR)

7.4 The Committee have learnt that the role of DGR is to empower retiring/ retired service personnel with additional skills and assist them in choosing a second career. This is achieved through the following modalities:—

- (a) Seeking suitable employment for Ex-Servicemen (ESM) as also upgrading their skills by imparting training, to take on new jobs.
- (b) Provide opportunities:
 - (i) Government / Quasi Government / Public Sector Organisation.

- (ii) Corporate Sector.
- (c) Jobs through schemes for self-employment.
- (d) Assistance in entrepreneurial ventures.
- (e) Act as the interface between retired service personnel, dependents and the outside environment for resettlement / second career.

7.5 The Committee are further informed about the functions of DGR, which are as follows:

- (i) To organize re-settlement training in Central Govt/ State Govt and other approved Institutions for retiring / retired service personnel
- (ii) To evolve & implement policies / schemes for employment / Self-employment of ESM
- (iii) To liaise with Central/ State Govt(s)/ Corporate Sector to seek greater employment opportunities for ESM
- (iv) To act as the interface between retiring/retired service personnel and environment for their re-settlement / second career.

Budget utilisation

7.6 The Ministry of Defence submitted the following details of projection & allocation as under:-

Details of projection and allocation of budget and actual expenditure during last five years and the projected and allocated BE for 2022-23 to Kendriya Sainik

Board (KSB) for Welfare under Major Head 2076, Minor head 800B(s), Code Head 583/00 of the Defence Service Estimates (DSE) is tabulated as under :

Budget projection and allocation and expenditure out of DSE budget allotted to KSB under Major Head 2076, Minor head 800B(s), Code Head 583/00 (Amount in ₹ Crore)							
S/no.	Description	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1	Budget Projection	169.01	172.41	266.39	302.93	486.79	203.40
2	Budget allocation	89.96 [Armed Forces Flag Day Fund (AFFD) 19.660]	62.88 (AFFD 25.755)	53.27 (AFFD 25.755)	234.08 (AFFD 59.295)	420.00# (AFFD 25.755)	NYA@
3	Actual Expenditure	89.96	61.59	53.27	234.08	97.80*	

* as on 19.01.2022

@ Not yet earmarked by DGFP

#Rs 320.00 Crore allocated in Revised Estimate on 17 Jan 2022.

7.7 Further, the Ministry apprised the Committee that “In addition to Rs 100 crore allocated in Budget Estimates, additional ₹ 320 crore have been provided in Revised Estimates for Financial Year 2021-22, thereby raising the total allocation to Rs 420 crore vide DGFP Letter No 88896/Gen/GS/FP-2 Dated 17 January, 2022.”

Avenues of resettlement of retired officers and Personnel Below Officers Rank (PBOR)

7.8 For the perusal of the Committee, the Ministry of Defence has furnished following information regarding avenues of resettlement available to retired Officers and Personnel Below Officers Rank (PBOR):-

Resettlement Opportunities

1. Job Opportunities For ESM In Central Government. The Central/State Govts have provided reservation in jobs for Ex-Servicemen. As per DOP&T Notification No. 36034/1/ 2006-Estt. (Res) dated 04 Oct 2012 amending DOP&T Ex-Servicemen (Re-employment in Central Civil Services and Posts) Rules, 1979, 10% of vacancies in the posts up the level of the Assistant Commandant in all Para-Military Forces, 10% of the vacancies in Group 'C' posts, and 20% of the vacancies in Group 'D' posts, including permanent vacancies filled initially on a temporary basis and temporary vacancies which are likely to be made permanent or are likely to continue for three months and more, to be filled by Direct recruitment in any year shall be reserved for being filled by ESM. As per Govt of India Min of Finance (BPE) OM No. 6 /55/ 79- BPE (GM I) dated 13 Mar 80, 14.5% vacancies in Group C posts and 24.5% vacancies in Group D posts are reserved for ESM in Central Public Sector Undertakings. This includes 4.5% for disabled Ex-Servicemen and dependants of those killed in action. As per Govt of India, Min of Finance (Banking division) letter No. F 2/11/79/ SCT (B) dated 09Jun 1980 and letter No. F 201/15/87-SCT(B) dated 11 May 1988, 14.5% vacancies in Group C posts and 24.5% vacancies in Group D posts are reserved for ESM in action in Public Sector Banks / Financial Institutions. This includes 4.5% for Disabled Ex-Servicemen servicemen and dependants of servicemen killed in action.

2. Job Opportunities For ESM In State Government. Likewise State Governments have also reserved State / UT Govt Jobs for Ex-Servicemen. The

percentage and Groups in which these job have been reserved for Ex-Servicemen by the State Governments varies from State to State.

Placement Assistance through DGR

3. Directorate General Resettlement (DGR) sponsors Ex-Servicemen (Officers/ JCOs/OR) to various Government organizations, Public Sector Undertakings, Corporate Houses, Private Sector, Central Para Military Forces etc based on their requisition for re-employment of ESM. In the recent past ESM have been employed with Armed Forces Tribunal, Enforcement Directorate, Central Bureau of Investigation, Bureau of Immigration, Government Organisations as well as Government PSUs, Banks (including Private Banks and Financial Institutions), LIC and Legal Vacancies of various State and Central undertakings, and vacancies in corporate sectors in a plethora of sectors, most prominently being in middle and senior level opportunities of HR, Adm and Logistics etc.

DGR Sponsored Schemes Govt Schemes

4. Govt Security. The DGR empanels / sponsors ESM run Private Security Agencies, and State ESM Corporations for providing security guards to various CPSEs, Corporate Houses, Private sector Undertakings etc. The scheme offers self-employment opportunities to retired officers and adequate employment opportunity to retired JCO/Ors and equivalent in a field, where they have sufficient expertise. Presently there are approximately 1800 operational Security Agencies running 60000 guards Pan India. Status upgraded to skilled and highly skilled from semi skilled and skilled labour respectively vide gazette notification dated 19 Jan 2017. Accordingly wages of guards pan India has been substantially increased by approximately 50% to 60% approximately. As the present scale of the unarmed skilled worker has been increased from Rs 414.00/- to 637.00/- (Rupees Four Hundred Fourteen to Six Hundred Thirty Seven) per day in Class 'A' Areas.

5. ESM Coal Loading and Transportation Companies. This scheme is linked with the ESM Coal loading and transportation scheme. Desirous ESM who enrol for this scheme are allotted to Coal transportation companies to own and attach a tipper truck. They are required to deposit seed money for buying the tipper truck. The scheme is offered for a max period of five years. No fresh registrations are being carried out since the unilateral withdrawal of Coal India Ltd. The matter for revival is sub-judice.

6. Tipper Attachment for widows and disabled ESM. Widows upto age of 65 and disabled soldiers having 50% or more disability are also allowed to enrol for this scheme. However they do not own any tipper but deposit ₹ One Lac with the ESM Coal Transportation Company. The widow / disabled soldiers are paid a monthly sum of ₹ 3,000/- (Three Thousand) per month for a period of five yrs. At the end of five years the principal amount is returned back. Benefit of the scheme was given to 20 widows/disabled in the year 2021.

7. Issue of Eligibility Certificate for Allotment of Oil Product Agencies. The Ministry of Petroleum and Natural Gas has 8% reserved quota for allotment of Regular/Rural Retail Outlet Dealership under 'CC1' category. The said category includes personnel of the Para Military Forces/Central Govt /State Govt and Central /State PSU employees and Defence Personnel. The defence personnel eligible include widows/dependents of those members of Armed Forces who died in war or in harness due to attributable or aggravated causes to Military Service, ex-servicemen who are war disabled/disabled in peace due to attributable or aggravated causes to Military Service. Eligible applicants can only apply when a newspaper advertisement under the above category is published by the oil companies. The office of DGR issues eligibility certificate to the above entitled ESM/Widow/Dependent which is required to be submitted in original at the time of interview/selection. Able bodied ex-servicemen are also eligible for the said

scheme and are required to apply directly to the Oil Company with a copy of their Discharge Order or Pension Order. Selection of a Distributor/ Dealer is done through draw of lots by the concerned oil company of all eligible applicants. A total of seven Eligibility certificates were issued to ESM in 2021.

8. Sponsorship for COCO Retail petroleum outlets of Oil Product Agencies.

As per the policy of MoP&NG, Company Owned Company Operated (COCO) Retail Outlets are made available for Management by Retired Defence officers & JCOs on contractual basis for a maximum period of three years. The scheme is operational Pan India. ESM Officers and JCOs should not be above 60 years of age at the time of sponsorship and should be willing to provide bank guarantee as per company's requirement. Officers are sponsored by the office of DGR and JCOs through their respective RSBs. Oil Company pays Rs 30000/- (Rupees Thirty Thousand) pm as fixed remuneration plus incentive on sale of oil product. The policy guidelines are available in the form of brochure on the website of all major Oil Companies namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited & Hindustan Petroleum Corporation Limited. 20 ESM Offrs/JCO were sponsored for the year 2021.

9. Sponsorship for CNG (COCO) Retail outlets of IGL in Delhi/NCR & MNGL in Pune.

DGR has a tie up with IGL in New Delhi & MNGL in Pune and it provides a panel of retired defence officers for managing the services and front court operations of all the CNG (COCO) retail outlets of IGL in NCR. On receipt of requisition from IGL, desirous ESM(O)s registered in the scheme are sponsored in a ratio of 1:1.2. The interview and selection is carried out by IGL staff with a member of DGR in attendance. The selected ESM (O) is contracted for a period of five years on a yearly renewable contract basis. The monthly remuneration ranges from ₹52,000/- to ₹1,18,000/- with incentives. This is a very sought after scheme for officers today approx 137 ESM being currently functioning as retail outlet operators in Delhi/NCR. With effect from 2015 a similar scheme has been launched with MNGL in Pune(Mah), three pumps are functional as on date. Efforts are ongoing for increasing the scope of the scheme with additional CNG COCO outlets of IGL being sponsored for Kanpur, Hapur,

Muzaffarnagar, Dadri, Ajmer & Karnal. Scope of scheme has been increased for JCOs in Nashik. 39 Officers and 02 JCOs have availed the benefit of the scheme in 2021.

10. Sponsorship for Allotment of Mother Dairy Outlets / Safal Outlets for Retd JCO/OR. This scheme is based on an MoU between DGR and Mother Dairy wherein fully furnished shops are offered by Mother Dairy to ESM (personal below officer rank) for sale of milk and fruit, fresh vegetables. The desirous ESM are required to register for Milk / SAFAL (Fruit and Vegetable booths separately. On receipt of requisition from Mother Dairy the ESM are sponsored in the ratio of 3:1. The selected ESM are required to sign an agreement with Mother Dairy and deposit a security deposit of ₹ One lac (refundable). They are imparted two weeks of training and allotted booths on their turn. A security deposit amount of ₹ 100,000/- approx. is also required at the time of allotment of booth. The ESM earns a commission on all the products sold, the commission is revised from time to time by Mother Dairy. However an assured amount of ₹ 15000/- (Fifteen Thousand) per month through out in terms of commission is ensured by Mother Dairy for Milk booths and Rs 23000/- (Twenty Three Thousand) per month (for first six months only) for SAFAL booths. In addition to above amount for SAFAL the mother dairy also gives an amount of ₹ 5000/- (Five Thousand) per month for employing a helper (first six months only). The ESM is allowed to run booths up to age of 60 years and extendable by two years for ESM who are exceptionally good. As on date approx 800 Mother Dairy milk booths and 380 SAFAL fresh fruit and vegetable outlets are being run by ESM. 299 ESM have been sponsored in 2021.

11. Provision of "Technical Service" by ESM Manpower/ Agencies Sponsored By DGR. ESM as an individual is highly loyal, disciplined, cultured, responsible and youthful. During their active service, the ESM handle complex systems of Aircraft, Ships, Submarines, Guns, Tanks, Weapons systems, Heavy Vehicles & Machineries and Complex Systems in Civil Defence. The skills acquired during service are enhanced and reoriented to suit the requirements of civil industries by virtue of undergoing resettlement courses at the time of retirement facilitated

by DGR. A number of Government establishments / complexes outsource the requirement of skilled manpower (temporary on contractual basis) for Operations and Maintenance of technical equipment to Civilian Agencies (unregulated). DGR provide Ex-servicemen manpower as 'Maintenance & Support Staff' on contractual basis for Operations and Maintenance of technical equipment (Heavy duty Plant, Mechanical Equipments, Vehicles & Electrical machinery) to the Government Est/ Complexes through empanelled State ESM Corporations. This scheme is recently introduced vide Govt of India, Ministry of Defence, Deptt of ESW OM No. 28(138)2019/D(Res-I) dated 06 Feb 2020.

12. DGR Ex-Servicemen Seminar cum Job Fairs. Based on the Memorandum of Understanding (MoU) signed between DGR and the Confederation of Indian Industry (CII) in August 2014, DGR Ex-Servicemen Job Fairs are being organized Pan India with the support of all the three Service Headquarters. This initiative has been well received by the environment and the 'Corporate Sector'. It offers a direct interface between the Employer and the prospective candidate that includes on the spot skill test, interview and offer letter for employment in the Corporate Sector. Efforts are also underway to sign a MoU with Federation of Indian Chambers of Commerce and Industry (FICCI) to increase representation of 'Corporate Sector' in Job Fairs for increasing their employment avenues/ vacancies for ESM. A total of 29 Job fairs have been conducted since September 2014 at various locations pan India, in which 1055 Corporate Employers and 38223 ESMs participated and 43671 jobs were offered.

13. Resettlement Training. Training Directorate at DGR is responsible for organizing and conducting Resettlement / Skill Development Training Courses for retiring/retired personnel of Indian Armed Forces. The primary objective of conducting such courses is to prepare them for appropriate civil sector employability once they retire from active services.

14. Resettlement courses for officers are conducted generally in the field of management and JCOs/ OR and their equivalent generally undergo skill based

training programmes. These courses are conducted at Central Govt Institutes / State Govt Institutes / Institutes run by / aligned to Regulatory Bodies or Institutes aligned to National Skill Qualification Framework (NSQF). Course fee for JCO/OR and their equivalent is 100% subsidized by Gol while for officers, 40% of the course fee is borne by the individual officer. 3% seats for all resettlement training courses are reserved for widows of Officers/JCO/OR and their equivalents. Details of Resettlement Courses conducted during the last five years are as follows:-

Category	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 (Till Dec 2021)
Officers	464	556	441	225	349
JCOs/OR	7898	5908	6185	416	1563
Total	8368	6467	6626	644	1912

Note: - From the year 2016-17 onwards courses conducted at Regimental Centers are not sponsored by DGR. This has led to reduction in number of personnel undergoing DGR sponsored Training Courses.

Employment generated by the DGR under various Schemes

7.9 The Committee were further apprised of the details of employment generated for ESM during last five years which are as under:

DETAILS OF ESM SPONSORED/EMPLOYED DURING LAST FIVE YEARS: DGR

Sl.	Scheme	2017	2018	2019	2020	2021	Remarks										
(a)	Security Agency Empanelled. *	458	648	1289	625	932	Number of ESM Officers Registered with DGR (for all Schemes*)										
	Number of ESM Sponsored#	33394	35558	42289	32469	34338	<table border="1"> <thead> <tr> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>581</td> <td>1060</td> <td>1007</td> <td>1087</td> <td>856</td> </tr> </tbody> </table>	2017	2018	2019	2020	2021	581	1060	1007	1087	856
2017	2018	2019	2020	2021													
581	1060	1007	1087	856													
							* These figure are representing number of ESM registered with DGR for various schemes i.e. DGR Security Agency, ESM Coal Company, Management of CNG										

							and COCO Schemes. # ESM Guards are directly picked up by the Security Agency from the environment (ZSB/ Placement Cells). DGR only allocates the number of Guards to be employed based on the requisitions.
(b)	Coal Companies Sponsored/ ESM Sponsored#	04/ 21	16/ 80	05/ 28	Nil	Nil	# Approx 2700 ESM are registered for Tipper Scheme who will be allocated this re-settlement scheme based on demand from Coal India Ltd (CIL). CIL has recently withdrawn from the scheme and no new ESM (O) sponsorships have been done since Jul 2020.
(c)	ESM & Widows/ Disabled ESM attached in ESM Coal Companies.\$	194	361	250 (JCOs/ OR) 20 (Wido ws /Disabl ed)	51 (JCOs/ OR) 121 (Widows /Disabl ed)	00 (JCOs/ OR) 20 (Wido ws /Disabl ed)	\$ Age embargo for widows has been taken off and all widows registered with DGR get benefit of the scheme subject to fulfilment of QR. The sponsorship is based solely on the requisitions from CIL and resulting in formation of ESM Coal Company.
(d)	Management of CNG	35	40	57	45	39	This is an ESM (Officer Brigadier & below) based scheme and all those selected through an interview by IGL/ MNGL get the benefit of the scheme. DGR only sponsors names of registered officers as per the requisitions. Those not selected have the option to switch-over to other re-settlement scheme.
(e)	COCO Scheme (For BPCL/ IOCL/ HPCL)	66	21	14	149	20	This is an Officer/ JCOs (ESM) based scheme and all those selected through an interview by Oil Companies get the benefit of the

							scheme. While officers (ESM) register with DGR but JCOs (ESM) register their name for this OPA scheme through their parent Rajya Sainik Board / Zila Sainik Board. The sponsorship is based solely on the requisitions from the Oil Companies.
(f)	Issue of Eligibility Certificates for allotment Oil Product Agencies	384	180	146	07	07	Eligibility Certificates are issued to applicants who fulfill the QR. Thus, the numbers of ESM issued with Eligibility Certificates are the actual number of ESM registered for OPA Scheme under 8% reserved quota for allotment of Regular/Rural Retail Outlet Dealership under, 'CC1' category. The final allotment is done through a 'draw of lots'.
(g)	Mother Dairy Milk Booths/Safal Booth	320* 581#	329* 691#	354* 765#	340*	536*	This is an ESM (JCOs/ OR) and their equivalent centric scheme and all those selected through an interview get benefit of the re-settlement scheme. * Number of ESM Selected for Mother Dairy Milk Booth and Safal Fruit & Vegetable Shops. # Number of ESM registered for Mother Dairy Milk Booth and Safal Booth. All are sponsored by DGR for a/m two schemes.
(h)	ESM Placement by DGR (EmpDte)	9604	11315	9706	4157	26628	This re-employment scheme is based on requirements placed by PSU/Govt offices for both officers and JCOs/ OR and their equivalent in Air Force and Navy. DGR sponsors the names of all those

							who fulfill the QR to the Requisitioning Agency/ Deptt. Thereafter, ESM are selected through an interview. DGR directly receives names of applicant (officers), while JCOs/ OR (and their equivalents) names are selected/ routed through KSB/ RSB/ ZSB to DGR.
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New Avenues for resettlement of Ex-Servicemen

7.10 The Ministry submitted following information regarding new proposals being contemplated for opening of new avenues for the resettlement of Ex-Servicemen:

1. Women Centric {(ESM (W)) Schemes/ Initiatives proposed by DGR. Govt of India/ MoD has progressively sanctioned/ increased the quota of women (all ranks) in the three Services (*Army, Navy & Air Force*). On retirement, they will also enjoy the ESM status as authorised to Male Soldiers (All ranks on their Retirement). Retiring (*All Ranks*) Female soldiers *{hereafter referred to as ESM (W)}* would also be eligible to avail DGR sponsored welfare schemes. Apart from this, the Indian Army has recently started recruiting/ training women as a Soldier in the Corps of Military Police (CMP). Women officers serving in all three Services besides Lady Doctors (retiring from Service) would form bulk of the ESM (W). There will be ESM (W) also from CMP (Corps of Military police). Based on their skill level, DGR proposes to consider launching of following schemes:-

(a) Hospital Administration Scheme (HAS) for ESM (W). All Govt Hospitals (Centre/State) and Private Hospitals & Nursing Homes have a standing requirement of outsourcing for Hospital Administrative Services (both as Proprietors and Supervisors) in form of Nursing Doctors/ Administrative & Technical staff. ESM(W) officer will form a HAS Company/Agency that will have a composition of doctors, Nursing staff, technical & administrative staff.

Further, ESM (W) registered with DGR will be eligible for following jobs (on contract) through Hospital Administration Scheme :-

- (i) Doctors / Nursing Staff / Lab Assistant and medical support staff.
- (ii) Proprietors for provisioning of Hospital Administrative Services.
- (iii) Proprietor for Security Agency.
- (iv) Supervisors for Administration work.

ESM (W) will register themselves with DGR and get empanelled for Jobs. Based on type of requisition and inter-se seniority, ESM(W) will be sponsored to the Govt / Pvt Hospitals & Nursing Homes.

(b) Office cum House Keeping & Maintenance (OHK &M) for ESM(W). There is a growing demand / requirement from Corporate Houses / Corporates and other Departments (Govt& Civil) to outsource their requirement for office maintenance (*including House Keeping for the guest houses/rooms*). ESM (W) officer will form an OHK&M Company/ Agency that will have a composition of Vendors, Attendants and Guards etc. ESM (W) registered with DGR will be eligible for following jobs (on contract) through DGR for OHK&M Scheme:-

- (i) Suppliers for office requirement (*eg. Stationery related equipment/ items*)
- (ii) Provision of ESM (W) Guards / Attendants.
- (iii) Other logistics Requirements related Office and House Keeping.

ESM (W) will register themselves with DGR and get empanelled for jobs. Based on requisitions received by DGR–ESM(W) will be accordingly sponsored.

2. Self Employment (Corporate Initiatives). DGR office is in continuous communication with the major corporate like Apna.co, Linkedin, Teamlease and other online job sites to tie up for assured jobs for Ex-Servicemen based on the skill available with the Ex-Servicemen.

3. Project PUNAH STHAPAN. Project PUNAH STHAPAN is planned to be executed in three years. Stage I, an internal task of Armed Forces, has already been completed by CDM, Secunderabad in Mar 2020. This stage has been executed very well and all the objectives set by this Dte (sponsoring Dte) have been accomplished. Stage II is planned during the current financial year. Professional management consultants are being identified through tendering process. This stage has been delayed due to Covid-19 related restrictions. Stage III is planned to be undertaken by various Sector Skill Councils (SSCs) and NSDC during the next Financial Year. However, this stage will be initiated only on completion of Stage II. On successful completion, this project will pave way for better employability of ESM in Corporate Sector as well.

4. DGR Security Agency Scheme (New OM of Security Branch). The scheme at present is functioning under MoD/ DESW Guidelines for operation/ functioning of DGR empanelled ESM Security Services vide letter No 28(75) /2020-D/(Res- I) dated 13 May 2021 and corrigendum dated 23 June 2021. The process for migration of scheme to GeM Portal is under progress, a framework being jointly planned and designed by GeM/MoD/DGR. This will likely to increase the clientele (PE/PSU's) of guards from 60,000 to 2lac. This will increase the satisfaction level of the applicants in the scheme.

Significant Achievements

7.11 During their oral evidence before the Committee on examination of DFG 2020-21, the MoD enumerated following significant achievements w.r.t. Ex-Servicemen Welfare:–

“MoU signed between MoD and Ministry of Skill Development and Entrepreneurship on 13 July 2015 for initial term of five years and on 13 July 2020 it has been renewed for another term of five years.

Notification published on 13.02.2020 for grant of ESM Status to Short Service Commissioned Officers taking premature retirement after completing their initial period of engagement

'Project Punah Staphan' launched in three Phases by DGR to re-design 'Skill Development Courses' for JCOs/OR and their equivalent to meet the evolving requirements of the Environment. Phase I of Competency Mapping of Human Resources in Armed Forces completed (Mar 2020). Phase II of Comprehensive Study on Civil sector employability and skill gap analysis under process.

CNG(COCO) Station Allotment. Additional 08 Stations (06 ex IGL & 02 ex MNGL) have been offered to DGR for subscription."

Other Relevant Issues

7.12 During the course of evidence, the Committee came across an issue regarding reservation for Ex-Servicemen in Government Services/Organisations. In this connection, the Committee were informed by the Ministry, during the course of oral evidence that DGR provides:

- i) Reservation in Central Govt (10% in Group 'C' posts).
- ii) Reservation in PSUs/ Banks (14.5 % in Group 'C' & 24.5% in Group 'D' including 4.5% for disabled ESM/ dependents of servicemen killed in action).
- iii) Central Police Organizations/Para Military Forces -10% upto the rank of Astt Comdt.
- iv) Defence Security Corps (DSC)- 00%.
- v) Corporate / Private Organizations.

The reservation facility was not properly implemented for Ex-Servicemen, due to which, lots of unfilled vacancies were reported to exist in this category in several Government Organisations.

7.13 During the course of examination of Demands for Grants 2022-23, while interacting with the Department of Welfare of Ex-servicemen, the Committee also raised the issue regarding uneven amount of ex-gratia compensation/monetary benefits given to the martyrs by the Centre and various States.

CHAPTER VIII

DEFENCE PENSION

The Committee have been apprised that Pension Division in the Department of Ex-Servicemen Welfare (DESW) deals with pension policies for the Armed Forces personnel and redressal of their grievances. As on 1.4.2021, the total number of Defence pensioners in the country is 32,94,181 including 6,14,536 Defence Civilian Pensioners and 26,79,645 Armed Forces Pensioners.

Defence Pension Budget

8.2 The Committee found that Defence Pensions, under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including Defence civilian employees) of the three services viz. Army, Navy and Air Force and employees of erstwhile Indian Ordnance Factories etc. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc. The position of budgetary allocation under this head is as under:

(₹ in crore)

BE 2021-22	RE 2021-22	BE 2022-23
1,15,850	1,16,878	1,19,696

8.3 The Committee have been given to understand that additional requirement of ₹ 3846 crore for BE 2022-23 (₹ 1,19,696 crore) over BE 2021-22 (₹ 1,15,850 crore) is due to normal growth in pension and impact of dearness relief.

8.4 In a Power Point Presentation made before the Committee, the details of Defence Pension Budget for the last six years were submitted as under:

Defence Pension Budget (₹ in crore)

Year	Budget Estimate	Revised Estimate	Actual Expenditure
2016-17	82,332.66	85,625.96	87,825.80
2017-18	85,740.00	95,000	91,999.58
2018-19	1,08,853.30	1,06,775.14	1,01,774.61
2019-20	1,12,079.57	1,17,810.44	1,17,810.24
2020-21	1,33,825	1,29,000	1,28,065.88
2021-22	1,15,850	1,16,878	94,860 (upto Jan 2021)
2022-23	1,19,696	-	-

8.5 During course of examination of the subject, the Committee desired to be apprised of the reason for lower allocation for Defence Pension in 2022-23 compared to that of 2020-21. In this regard, the Financial Advisor (Defence Services) submitted as under:

“Regarding pension, there were a lot of areas in the year 2020-21. Our budgets of 2020-21 and 2021-2021 came down slightly because of the fact that DR (Dearness Relief) was frozen for one and a half years. Now, DR has been released. So, our allocation of ₹1,19,000 crore should suffice for the year 2022-23. If more funds are required, we can always request the Ministry of Finance to allocate more funds at RE stage. I must say that the Ministry of Finance that they have been very receptive to our proposals and at RE stage, they do give us additional funds as required. ”

Major Policy decisions w.r.t. Defence Pension

8.6 During oral evidence of the representatives of the Ministry of Defence in connection with examination of Demands for Grants (DFG) for the year 2022-23, the Committee were apprised of following major policy decisions w.r.t. Defence Pension:

- Life certification has been done away with for SPARSH (System for Pension Administration Raksha) processed cases.
- It has been decided that for the purpose of revision of Casualty Pensionary Awards i.e. Disability Pension/War Injury Pension/Special Family

Pension/Liberalized Family Pension of the pre-01.01.1996 retired Medical Officers of Armed Forces, NPA @ 25% to be added to minimum of scale of pay as on 01.01.1996 while determining casualty pensionary awards w.e.f. 01.01.1996. Similarly, for the purpose of revision of casualty pensionary awards of pre-2006 retired Medical Officers of Armed Forces, NPA @ 25% to be added to the minimum of the pay in the pay band plus the grade pay and Military Service Pay, where applicable while determining casualty pensionary awards w.e.f. 01.01.2006 (**Order dated 22.01.2021**).

- Non-Practice Allowance (NPA) at the rate as applicable as on 01.01.2016 to be added to notional pay worked out in terms of Para-4 of MoD letter dated 5.9.2017 to arrive at notional reckonable emoluments as on 01.01.2016 for calculation of pension/family pension of pre-01.01.2016 retired/died Medical Officers of Armed Forces, w.e.f. 01.01.2016. It is to be further revised w.e.f. 01.07.2017 by adding NPA @ 20% of notional pay in VIIth Central Pay Commission scale to the notional pay as on 01.01.2016, instead of NPA admissible as on 01.01.2016 (which was 25% of pre-revised scale) (**Order dated 22.01.2021**).
- Deserving cases of Battle Inoculation Training Exercises have been re-opened to grant Liberalized Family Pension [**MoD Order dated 02.09.2021**].
- Income ceiling for eligibility of family pension to mental or physical disabled child/sibling has been increased [**Order dated 28.09.2021**]
- Maximum ceiling limits of two family pension payable to a child/children in respect of both the parents have been enhanced [**Order dated 29.10. 2021**].
- Life Certificate acceptance methods have been simplified.
- Family pension has been allowed w.e.f. 16.06.2021 to other eligible family member if the first family pensioner charged with the offence of murdering the Government servant or for abetting in the commission of such an offence [**Order dated 05.01.2022**].

SPARSH-SYSTEM FOR PENSION ADMINISTRATION (RAKSHA)

8.7 The Committee have been informed that a web based interactive pension disbursement system SPARSH has been rolled out for Army, Navy, Air Force and 41 Defence Civilian organizations. SPARSH is single application software for pension sanction, disbursement, revision, budgeting and audit. It is the largest pension platform in Government covering 33 lakh pensioners with around 85,000 pensioners getting added each year. Under SPARSH, total 49,073 claims have been initiated and 36,556 sanctions

have been issued till date. Migration of legacy pensioners pertaining to 7th Central Pay Commission (CPC) retirees has been done for 4,84,650 pensioners from various Pension Disbursing Agencies (PDAs). Further, migration of remaining pensioners from existing banks is also in process.

8.8 During deliberations on the matter, the Committee were apprised that following benefits have been accrued after implementation of SPARSH:

- Centralized sanction, and disbursement of pension
- Paper less processing – 16 days average time taken in sanction
- Pensioner can verify their data even before sanction of pension
- Dedicated portal accounts for each pensioner – can track claims, raise requests / grievances
- Digital process for pensioner identification, removing requirement of multiple visits by pensioners
- Online submission of request for family pension after death of service pensioner
- Budget management and control through real-time expenditure tracking

8.9 During Power Point Presentation before the Committee, a representative of the Ministry elucidated on various aspects of SPARSH as under:

“SPARSH (System for pension administration) (Raksha) was announced in Budget speech of 2017-18. It is a web based interactive pension disbursement system for defence pensioners to reduce their grievances. अभी जब पीसीडीस, इलाहाबाद पेंशन पेमेंट के लिए ऑर्डर देते हैं, उसके बाद बैंक्स के पास जाकर हम लोगों ने बहुत सारे केसेज में ऑब्जर्व किया है कि उसके इम्प्लीमेंटेशन में 6-8 महीने तक इम्प्लीमेंट नहीं करता है तो उसमें एरियर्स बन जाते हैं। अभी सिंगल डाटाबेस में रेकॉर्ड ऑफिस, पेंशन सेंक्शनिंग अथॉरिटी और पेंशन ऑडिटिंग अथॉरिटी इन्क्लूडेड है, without the interaction of the bank, pension will be credited in the bank account as if like salary. इसमें हमारी उम्मीद और एक्सपीरियंस यही है कि पेंशनर्स का ग्रीवेंसेज बहुत कम होगा। It automates the entire pension process starting with initiation of claim to disburse and period revisions of pensions. अभी पेंशन क्लेम का प्रोसेस शुरू होने से पहले उनको 15 दिन का समय दिया जा रहा है। उनसे कहा जाता है कि आप अपना पूरा डिटेल चेक कर लीजिए। Majority of the cases फुल स्टॉप और कॉमा के चलते कोरिजेंडम इश्यू करना पड़ रहा है। स्पेशियली साउथ इंडियन नाम में बहुत दिक्कत होती है। वे उसको आगे-पीछे कर देते हैं। उससे प्रॉब्लम होती है। Then the

family pensioner and all have to move here and there and give affidavits and publish in the newspaper. ये सब करने से पहले उनको पूरा फुल स्टॉप और कॉमा चेक करके क्लीयरेंस देना पड़ता है। इस सिस्टम को स्पर्श में भी शामिल किया गया है। This is the largest pension platform in Government covering 33 lakh pensioners. इसमें हम आपको स्पेशियली एक चीज के बारे में अवगत कराना चाहेंगे कि बाकी सेंट्रल गवर्नमेंट डिपार्टमेंट में वही सिस्टम चल रहा है। पेंशन सैंक्शन अथॉरिटी के बाद पेंशन डिस्बर्सिंग अथॉरिटी में अभी भी बैंक का ही रोल है। मिनिस्ट्री ऑफ डिफेंस ने बहुत हिम्मत वाला काम उठाया है। हम उसको सक्सेसफुल भी कर रहे हैं। सैलरी टाइप सीधे अकाउंट में जमा करने के लिए हम स्पर्श के माध्यम से प्रयास कर रहे हैं। Single application software for pension sanction, disbursement, revision and budgeting and audit. यह वेब बेस्ड है। उसके आगे जाकर हम लोगों को ग्रीवेंसे रिड्रेसल के लिए भी We can create audit trails, किसके पास कब से पड़ा, इन सब चीजों को हम लोग बाद में इम्प्रूव कर सकते हैं। अभी इसमें तीन-चार एजेंसीज इन्वॉल्व्ड। यदि कोई ग्रीवेंस है, तो रेकॉर्ड ऑफिस के पास जाना पड़ेगा, क्योंकि रेकॉर्ड ऑफिस के पास पीसीडीए है। एक ही लाइन में विजिबिलिटी लाने के लिए सिंगल डाटाबेस बहुत काम आएगा। The work regarding migration of pensions from existing PDAs, banks and DPDOs is going on. हमने करीब-करीब 5 लाख पेंशनर्स का काम कर दिया है। So far 49,073 claims initiated and 36,556 sanctions issued till date. This SPARSH is catering to both armed forces and 41 civilian defence organisations. हमने इसमें करीब-करीब 8452 करोड़ का पेमेंट किया है। Migration for remaining pensioners from existing banks are also in the process. मैं एक बेनिफिट के बारे में आपको अवगत कराना चाहूंगा। पहले यह 4 से 6 महीने में सैंक्शन हो रहा था। अभी एवरेज 16 दिनों में सैंक्शन हो जाता है। फर्स्ट पेमेंट पहले 30 से 90 दिनों में हो रहा था। अब एक से दो दिनों में हो जाता है। छः महीने का कोरिजेंडम इम्प्लीमेंटेशन भी नेक्स्ट मंथ रीपेमेंट साइकिल में हो जाएगा। फैमिली पेंशन भी 15 दिनों में हो जाएगा। “

One Rank One Pension (OROP)

8.10 The Committee have learnt that OROP implies that uniform pension be paid to the Defence Forces Personnel retiring in the same rank with the same length of service, regardless of their date of retirement, which, implies bridging the gap between the rates of pension of current and past pensioners at periodic intervals. OROP was implemented w.e.f. 01.07.2014 vide MoD order dated 07.11.2015. The Committee have further learnt that approximately, ₹ 50,000 crore have been spent @ ₹ 7,123 crore per year for over seven

years on implementation of OROP. 20,60,220 Defence Forces Pensioners/Family Pensioners have been benefitted under OROP.

8.11 During the course of discussion on DFG 2022-23, the Committee desired to know about the matters of OROP which are subjudice in the Supreme Court. In this regard, a representative of the Ministry of Defence submitted as under:

“Against the order of 7.11.15 one particular group of ex-Servicemen has appealed saying इसको ऑटोमेटिड दिया जाए instead of five years and एवरेज नहीं है। मैक्सिमम ऑफ दी पेंशन में फिक्स किया जाए। वे लोग कुछ दो-तीन मुद्दों के लिए सुप्रीम कोर्ट गए हैं। अभी सुप्रीम कोर्ट में यह मैटर सब जुडिस है। सर, उसके अंतर्गत एक वन मेन ज्यूडिशियल कमेटी भी गठित की गई थी और उसकी रिपोर्ट सबमिट की गई है। उसके ऊपर गवर्नमेंट ने एक इंटरनल कमेटी कॉन्स्टिट्यूट की है। उसकी रिपोर्ट भी आ गई है, जिस पर स्टडी की जा रही है।

About the next revision of pension under OROP is due as per MoD order dated 07.1.2015, in future pension under OROP would be re-fixed in every five years. The pensioners retired between 01.07. 2014 would also be covered under OROP in next fixation which is due from 01.07.2019. Revision of pension under OROP is linked with Writ Petition filed in the Hon. Supreme Court and decision on OMJC recommendations. Presently, the policy letter of 07.11.2015 is *sub-judice* in Hon. Supreme Court. One ESM group is contesting the policy on methodology, period and weightage. As such, next revision shall take place based on final verdict of the hon. Supreme Court. “

Military Service Pay

8.12 The Committee, during deliberations on Demands for Grants, were informed that the Defence Forces personnel, in addition to their pay, are entitled to payment of Military Service Pay (MSP) for all ranks up to and inclusive of Brigadiers and their equivalents. MSP is also reckoned as Basic Pay for purposes of Dearness Allowance, as also in the computation of pension. In this context, the Secretary, Department of Ex-Servicemen Welfare admitted that MSP led to some anomalies due to which junior ranks got paid more

than senior ranks. The Committee were further informed that the matter is being discussed with CGDA and tried to be resolved within the timeline given by the Court.

Disability Pension

8.13 The Committee have learnt that Disability Pension consists of Service Element and Disability Element for both Officers as well Personnel Below Officer Ranks (PBORs). It is granted in invalidated out cases due to disability Attributable to or Aggravated by Military Service. As per existing policy, Service Element of Disability Pension is computed @ 50% of last emoluments drawn by the Armed Forces personnel. Disability Element for all the personnel is calculated @ 30% of reckonable emoluments for 100% disability. For lower percentage of disability, the disability element reduces proportionately. In other than invalidated out cases, disability element is granted for disability Attributable to or Aggravated by Military Service in addition to service pension, if otherwise admissible. No disability element shall be payable for disability assessed as less than 20%. The 7th CPC was of the considered view that the regime of percentage based disability element implemented post 6th CPC needs to be discontinued, and recommended a return to the slab based system. The 7th CPC, however, in respect of Civilian Employees of Central Government had not made any recommendation. Civilian Employees of Central Government were getting disability element under 6th CPC on percentage based system as such they will continue to get disability element on percentage based system. It created an anomalous situation. Therefore, the Service Hqrs requested to maintain *status quo* i.e to be continued the calculation method of disability element on percentage basis as per 6th CPC regime. The concerns of Services were examined in this Department and the matter was referred to Anomaly Committee on Pension through Department of Expenditure, Ministry of Finance.

Department of Expenditure, Ministry of Finance conveyed the approval of the Cabinet regarding recommendation of Anomaly Committee in the matter that parity with Civilian for grant of Disability Element which was granted to Defence Forces under 6th CPC regime, shall be maintained. This approval has been considered in this Ministry and MoD orders have been issued on 04.09.2017 for continuing Disability Element on percentage basis.

8.14 The Committee have been further apprised that there is no proposal under consideration in the Ministry to review the existing policy on Disability Pension.

8.15 To a written query of the Committee regarding information of such cadets who have been declared unfit to continue military service due to injuries during training in various Defence Training Academies/Institutions such as NDA, IMA, Air Force, Naval and Coast Guard Academies etc. and disability pension or any other financial support extended to such cadets, the Ministry simply submitted 'NIL' information. In this regard, the Committee, during the Sitting held in connection with examination of DFG, desired the explanation for submitting 'NIL' information. In response, Adjutant General , Army deposed as under:

“Sir, we will have to check the answer. But, on an average, for the last few years, we have approximately 11 to 12 boarding-outs because of disabilities both due to training attributable issues and non-attributable issues because of accidents etc. Now, a disabled person gets ₹ 9,000 per month to the Next of Kin (NoK) as financial assistance ex gratia along with DR.

In addition, disabled people with hundred per cent disability are authorized to ₹16,200 per month and DR. First of all, they are unlike the jawans of Indian Army. The officers are not recruited while in training. They are not governed by Army Act. They are governed by training rules. So, it is not pension, but ex gratia which is given. It is given till death and attendance allowance is also given.

In addition, we have also instituted from Army Group Insurance Fund (AGIF) certain insurance coverage for death. That is also being provided to them. The case is also under examination whether this can be made more robust based on a large number of cases. “

PART II
OBSERVATIONS/RECOMMENDATIONS

GENERAL DEFENCE BUDGET

Ministry of Defence Budget and Demands for Grants 2022-23:

A bird's eye view

The Defence Budget is categorised/grouped under four Demands for Grants viz. Demand No. 19 – Ministry of Defence (Civil), Demand No. 20– Defence Services (Revenue), Demand No. 21 – Capital Outlay on Defence Service and Demand No. 22 – Defence (Pension). Demand Nos. 19 and 22 come under Civil/Pension Estimates and Demand Nos. 20 and 21 fall under Defence Services Estimates. The Committee note that the requirements for the Civil expenditure of the Ministry of Defence Secretariat, Defence Accounts Department, Canteen Stores Department, Defence Estates Organisation, Coast Guard Organisation, Jammu & Kashmir Light Infantry (J&K LI), Border Roads Organization etc. are provided for in Demand No. 19- MoD(Civil). The Defence Services Estimates (DSE) reflects the detailed estimates for the Defence Services and Organizations/Services covered under Grant Number 20 and 21 of the Ministry of Defence. The Services and Organizations covered under DSE are Army (including National Cadet Corps, Director General Quality Assurance, Military Farms and Ex-Servicemen Contributory Health Scheme), Navy (including Joint Staff), Air Force, Defence Research and Development Organization (DRDO) and erstwhile Defence Ordnance Factories/Directorate of Ordnance (Coordination & Services) {7 newly created Defence Public Sector Undertakings}. Demand No. 22 provides for Pensionary charges {Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment etc.} in respect of retired Defence personnel (including Defence civilian employees) of the three Services viz. Army, Navy and Air Force. The Committee note that the total allocated budget for the Ministry of Defence for Financial Year 2022-23 is ₹5,25,166.15 crore. Out of this amount, the largest share of 73.38 percent, i.e. ₹3,85,370.15 crore has been allocated for Defence Services Estimates (Grant Number 20 and 21). The Capital Outlay on

Defence Services (Grant number 21) has been allocated an amount of ₹ 1,52,370 crore for the coming Financial Year. Defence Pensions (Grant Number 22) has secured 22.79 percent i.e. ₹ 1,19,696 crore of the total budget. The remaining 3.83 percent i.e. ₹ 20,100 crore of the total Defence budget have been allocated to Ministry of Defence (Civil) (Grant Number 19).

Projection and allocation under Defence Budget 2022-23

2. The Committee, after detailed analysis of the budgetary provisions of Defence, observe a shortfall of approximately ₹ 1 lakh crore in the allocated Defence budget i.e. ₹ 5,25,166.15 crore as compared to the projected amount of ₹ 6,33,346.02 crore for Financial Year 2022-23. The Committee note the Ministry's contention in this regard that during the last few years, allocations are lesser than the projections made. However, greater projections at Budget Estimates stage become a justification for enhanced allocation at Revised Estimates stage. Further, additional funds are allocated by the Ministry of Finance contingent upon spending capacity of the Ministries/Organisations. The Committee also note the assurance of the Ministry of Defence that operational preparedness of the Defence Services will not be affected and the Ministry of Finance will be approached for additional allocation of funds, if needed, at Revised Estimates stage. The Committee, in this context, are of the considered view that inspite of the Ministry's affirmation that operational preparedness of the Services will not be compromised due to want of funds and the additional funds, if needed, will be sought at Revised Estimates stage, the huge mismatch between projected and allocated funds is a cause of concern. They are of the considered view that as the Defence budget caters to the Revenue and Capital expenditure for the Forces, the tendency for greater projections in anticipation of greater allocation of funds at Revised Estimates stage is not desirable as it gives impression of huge gap between required and allocated Defence budget. Therefore, the Committee recommend that a method may be formulated by the Ministry of Defence in consultation with the Ministry of Finance for pragmatic budgetary projections. It is needless to say that this mechanism will also require cooperation and, to some extent, assurance of the Ministry of Finance for allocation of requisite

funds to the Ministry of Defence at both Budget and Revised Estimates stage so that combat preparedness of our Forces remain at an optimum level.

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

3. The Committee note that the as per Economic Survey 2021-22, Consumer Price Index-Combined (CPI-C) inflation moderated to 5.2 percent in 2021-22 (April to December, 2021) from 6.6 per cent in the corresponding period of 2020-21 and was recorded at 5.6 per cent (provisional) in December, 2021. The annual rate of inflation based on monthly Wholesale Price Index (WPI) increased to 12.5 percent (provisional) during 2021-22 (April-December). The Committee also note that the actual increase in percentage in Defence Budget at the stage of Revised Estimates 2021-22 over 2020-21 (Actuals) amounts to (-) 1.66 percent after adjusting inflation. The Committee recommend that considering the factor of inflation, the additional funds sought at the Revised Estimates stage in Financial Year 2022-23 should be allocated to the Ministry of Defence so as to ensure that planned Capital and Revenue Expenditure for the Forces continue unhampered.

Expenditure on Research & Development

4. The Committee note that Capital segment of the MoD (Civil) Budget has seen a jump of 55.60 percent from ₹ 5,173.41 crore in FY 2021-22 to ₹ 8049.99 crore in FY 2022-23. However, the Committee, on scrutiny of the documents provided by the Ministry of Defence in connection with examination of Demands for Grants for the year 2022-23, find that the expenditure on Defence Research & Development (R&D) has been dwindling over the past few years. This is evident from the fact that the expenditure on R&D in 2019-20, 2020-21 and 2021-22 (upto December 2021) stood at ₹ 17,779.24 crore, ₹ 16,075.07 crore and ₹ 11,668.79 crore, respectively. Surprisingly, the actual expenditure has been even lesser than BE allocation since 2019-20 pointing to underutilisation of funds under this head. The Committee are of the considered view that alongwith enhancement in Capital segment of the budget, requisite allocation and expenditure on Defence Research and Development is the key for realizing the Defence modernization plans of the Indian Armed Forces and

many initiatives under 'Make in India'. Therefore, keeping in view the need to equip our Armed Forces with state-of-the-art equipment/platforms/weapons and enable them to respond to evolving threat perception and global security scenario, the Committee recommend that urgent steps be taken to ensure full and prudent utilisation of the funds allocated for Defence Research & Development. They also desire that the figures regarding allocated amount at Revised Estimates stage and actual expenditure incurred on R&D for Financial Year 2021-22 may be intimated to the Committee at the earliest.

5. The Committee note that for Financial Year 2022-23, 25 per cent of the R&D Budget has been earmarked for private industries, start-ups and academia. It has been stated by the Ministry that private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with Defence Research and Development Organisations (DRDO) and other organisations through Special Purpose Vehicle (SPV) model. Besides, an independent nodal umbrella body will also be set up for meeting wide-ranging testing and certification requirements. The Committee also note that that the scheme of opening of R&D to private industry and academia and providing suitable assistance to them has to be formulated following the announcement in the Budget 2022-23. The Committee understand that this scheme of engagement of DRDO and other organizations with private industry and academia is in an embryonic stage, however, they recommend that a timeframe should be fixed for expeditious formulation of modalities of this scheme and establishment of nodal umbrella body for wide-ranging requirements of testing and certifications of defence systems so that budget reserved for this purpose is relevantly utilized in 2022-23. Further, the Committee desire that details of the schemes so formulated containing *inter alia* identification of willing and competent private industries, start-ups and academia, scope of revenue generation through assistance to such entities, infrastructure and manpower required etc. may be furnished to them at the earliest.

Initiatives taken under *Aatmanirbhar Bharat*

6. The Committee note that the share of domestic capital procurement which was earmarked at 58 percent and 64 percent in 2020-21 and 2021-22, respectively, has been enhanced to 68 percent of the Capital acquisition Budget of the Defence Services for the year 2022-23, which approximately amounts to ₹ 84,598 crore. As regards the quality of equipment/platforms/weapons being manufactured indigenously under *Aatmanirbhar* initiative, the Defence Secretary submitted that there is no change in standards of quality of items procured through other countries or under 'Make in India'. The Committee, while taking note of the submission of the Defence Secretary, urge upon the Ministry to continue strict monitoring of the quality of products being manufactured/produced under 'Make in India' initiative so that our Services are armed/equipped with world class products. In this regard, the Committee desire that the details of the complaints/grievances, if any, received in the last three years from the users i.e. the Armed Forces regarding the quality and standards of equipment/platforms/weapons produced indigenously be furnished to them at the earliest. The Committee also desire that estimates regarding cost involved in procurement and percentage of indigenous content in weapons/items/equipment, barring sophisticated and hi-technology ones, being manufactured /produced in domestic Defence sector may also be furnished to them.

7. With regard to the challenges being faced by the new entrepreneurs and suppliers in domestic Defence sector, the Defence Secretary has stated that to aid 'ease of doing business' for Indian entrepreneurs willing to enter Defence sector, steps such as simplification of process of granting industrial licences, transaction through Government e-Marketplace (GeM) to bring transparency and creation of Defence Industry Cell have been taken. The Committee, while taking note of these measures, recommend that concerted efforts on the part of all stakeholders i.e. the Ministry of Defence, the Services, DRDO etc. are required for removing the bottlenecks and hesitancy, if any, faced by the Indian entrepreneurs/small companies who want to participate in 'Make in India' initiative so as to make the country a giant and competitive Defence manufacturing hub in the world.

Integrated Theater Commands

8. The Committee note that the Department of Military Affairs has been entrusted with the onerous responsibility of spearheading the reforms within the military establishment towards enhancing synergy and jointness among the Services and ensuring optimum utilisation of resources. In this connection, renewed impetus has been provided to the establishment of Theatre/ Joint Commands to complete the process in a time bound manner. Presently, Lead Commanders-in-chief (C-in-Cs) have been nominated to work out the contours of respective Theatre/ Joint Commands in consultation with all stakeholders. Further, a study is also in progress by Headquarters Integrated Defence Staff (HQ IDS) to strengthen Joint structures to support these Theatre/ Joint Commands. The Committee cognizant of the fact that that establishment of Integrated Theatre/ Joint Commands is a gargantuan task, nevertheless, recommend that the creases in creation of Integrated Joint Commands need to be ironed out expeditiously so that the Services adopt a concerted approach in the event of any threat perception/war and the resources of manpower and infrastructure of the Services are synergized so as to make the nation a formidable force.

Maintenance of airports controlled by Defence Forces

9. During the Committee deliberations, the Committee's attention was brought to the issue of certain shortcomings in the airports controlled by the Defence Forces in the country. The Committee desire that details of Defence airports across the country, budget allocated and expenditure towards maintenance of these airports for the last five years, additional sources of revenue being accrued to the Ministry of Defense from such airports and steps instituted/being contemplated for maintenance and improvement of airport infrastructure be furnished to them so as to enable them to have a proper appraisal of the functioning of these Airports. The requisite information may be furnished within one month of the presentation of this Report.

BORDER ROADS ORGANIZATION (BRO)

Budgetary Allocation to BRO

10. The Committee note that for the year 2021-22, the final allocation to Border Roads Organization (BRO) under MoD (Civil) was ₹ 7,432.42 crore and the expenditure upto January, 2022 was ₹ 5,773.15 crore. For 2022-23, the BE allocation is ₹ 7,882.36 crore under MoD (Civil). The Committee also note that Capital Budget of Border Roads Organisation has increased by 40 percent to ₹ 3,500 crore in BE 2022-23 *vis-à-vis* ₹ 2,500 crore in BE 2021-22. The Committee appreciate that funds allocated to BRO under the Capital Section have been remarkably enhanced for BE 2022-23 which signifies the strategic role of BRO in developing and maintaining infrastructure in Border Areas as well as being the first responders to various natural calamities in the country. They also note BRO's salient achievements such as completion of 102 infrastructure projects, construction of Road over Umlingla Pass, adoption of new technologies such as Geo Cell for road works, Plastic coated aggregate, extended opening of Zojila and other major Himalayan Passes, automation of BRO, Government e-Marketplace (GeM) Procurement etc. in 2021. The Committee trust that the record increase in Capital Budget of BRO in FY 2022-23 would enable BRO to ramp up their scale and capabilities and equip them in better and speedy execution of works of construction and maintaining operational road infrastructure for the Forces in Border Areas as well as contributing towards the overall economic growth of remote border areas.

Required and existing number of equipment with BRO

11. The Committee note that based on the requirement of BRO, an Annual Procurement Plan (APP) amounting to ₹ 262.34 crore has been approved for FY 2021-22 for procurement of critical equipment, where 222 Dozer size II equivalent, 7 Hot Mix Plants and 10 Motor Graders would be procured. Out of the requirement of 222 Dozer size II equivalent, supply order for 90 equipment has been placed/procured. The Committee, while taking note of the mismatch between the required and existing critical equipment, would like to be apprised as to whether the quantity procured

under APP would be sufficient and meet their work requirements in the FY 2021-22. In this regard, the Director General BRO submitted that enhanced delegation of powers for procurement of equipment and machines would enable BRO to procure more equipment in 2022-23 and this would increase the progress of works undertaken by BRO by 25 percent. Keeping in view the enhanced capital budget of BRO for FY 2022-23, the Committee recommend that procurement of requisite critical equipment for operational needs of BRO should be expedited so as to ensure that execution of various infrastructure projects by BRO are not affected.

Creation of all Women Road Construction Company (RCC)

12. The Committee appreciate the initiative taken by BRO for creating the first ever all Women Road Construction Company (RCC) in their Organisation, which is an encouraging development and evidently would lead to empowerment of women and give recognition to the contributions made by them. The Committee hope and wish that such a move will definitely pave the way for other Government and Private Industries for providing more employment opportunities exclusively for women. It goes without saying that female-friendly facilities and infrastructure should be created at the place of posting/working.

INDIAN COAST GUARD

13. The Committee note that Indian Coast Guard (ICG) is an Armed Force of the Union constituted upon enactment of Coast Guard Act, 1978, under the Ministry of Defence, for protection of the country's maritime interests in the Maritime Zones of India. The Committee note that in the year 2021-22, against projection of ₹ 6400.00 crore under combined Revenue and Capital Budget, ICG received only ₹ 5244.72 crore which was revised to ₹ 6033.72 crore at RE allocation stage. In the budget of 2022-23, ICG had been allocated only ₹ 7310.29 crore *vis-à-vis* projections of ₹ 10803.85 crore. The Committee are aware that ICG is an armed force and primary law enforcement agency whose 24x7 presence in the ocean ensures safety in marine thereby having a direct impact on safety of maritime trade as well as checking

infiltrations through sea routes. The Committee also note that ICG envisages an increase of their current fleet from 158 to 190 ships and 72 to 80 aircrafts by 2025. The Committee are of the firm opinion that for facilitating timely materialization of targeted force level, a strong financial support is inevitable. Since this is an ongoing process and the Ministry is already aware of this expansion plan, the Committee at this stage, can only recommend that the projected demands of Coast Guard are given due weightage as the Committee can see the allocations for Coast Guard are far less than the projections both under capital and revenue heads. The Committee, therefore, recommend that the Ministry should vigorously pursue with the Ministry of Finance for securing additional allocations atleast at the RE/supplementary grants stage. The Committee would like to be apprised of the amount of additional allocation received by ICG in 2021-22.

14. The Committee are concerned to note that in 2021-22 only ₹ 4232.7316 crore have been utilized till 31st December, 2021 *vis-à-vis* RE allocation of ₹ 6033.7200 crore. It is apparent that an amount of ₹ 1,800.9884 crore remains unutilized in the last quarter of the FY i.e. 2021-22. The Committee cannot but recommend that prudent financial planning and strict monitoring of expenditure should be done so that such a scenario does not recur. The Committee learn that around 80 percent funds under Capital Head and 85 per cent under Revenue Head were utilized till the mid February 2022. The Committee were assured by the Ministry during the evidence that the unutilized allocated funds would be completely utilized by the end of this FY. The Committee trust that in view of the enhanced demands and allocations under BE for the year 2022-23, the Ministry would take appropriate measures in the right direction to utilize the rest of unutilized amount by the end of 2021-22 so that unutilized funds are not surrendered at the end of the financial year.

Induction of Anti-Drones and Drones in ICG

15. The Committee note that Indian Coast Guard's main duty and function is the protection of the Country's maritime interests in the Maritime Zones of India. To fulfill this purpose helicopters are used on the ships, which on one hand increase the search area and on the other decrease the surveillance time. The Committee are of the considered view that keeping in mind the contemporary technological developments taking worldwide and looking at the futuristic technology in the Armed Forces and the present security scenario in the country, usage of drones is an imperative need of the hour, as these are cost effective and will be useful in search and rescue operations, surveillance, traffic monitoring in the waters, firefighting and so on. Further these are evidently a cheaper option than the helicopters not only in their operations but also in procurement and maintenance. Operating drones can be mastered with more ease than training a helicopter pilot. The Committee were informed that a proposal for acquiring Drones and Anti-Drones is already under consideration of the Government. The Committee, therefore, recommend that the Ministry should take steps to expedite finalization of the proposal for induction of drones and anti-drones along with Drone Interceptors in the Indian Coast Guard Organisation and facilitate the ease in their procurement on urgent basis. The Committee would like to be informed of the steps taken in this regard within three months of the presentation of this Report to the Parliament.

Shortage of Manpower

16. The Committee note that there is around 17 per cent shortage of manpower in Coast Guard Organisation *vis-à-vis* sanctioned strength in the categories of Officers, Enrolled Personnel and Civilian Staff, which is 2344, 12,645 and 1970 respectively. The borne manpower (including deputation) in respect of Officers is 1977, for Enrolled Personnel it is 10748 and 1334 for Civilian Staff. The Committee observe that Indian Coast Guard is one of the largest coast guard organisation in the world that provides search and rescue operations in 4.6 million square kilometres of coastal waters around the Indian peninsula. The Organization is involved in tackling with cross-border terrorism, maritime transnational crimes, maritime safety and

environment protection to name a few. To accomplish these tasks and operations, it goes without saying that copious and adequate manforce to commensurate to the tasks it performs, is required at all levels. Taking into account the vast coverage area of the ICG as well as its multi - faceted roles and responsibilities, the Committee recommend that extensive publicity should be given to the recruitments in ICG at both at officers level as well as at the jawans level through electronic and print media, including local and regional languages so that youth in far flung villages and towns are made aware of the opportunities available in ICG. The Committee appreciate the efforts of the Ministry in introducing online examination and direct recruitment of the civilians and hope that this will aid in filling up the vacancies in the organisation in an expeditious manner. The Committee desire that ICG may explore the possibilities for giving due weightage to the local youth and regional representations while filling up the vacancies.

DEFENCE ESTATES ORGANIZATION

Budgetary provision

17. The Committee have been apprised that as against the projected amount of ₹ 1,101.98 crore for Directorate General Defence Estates (DGDE), an amount of ₹ 574.98 crore has been allocated in Budget Estimates 2022-23, i.e. a gap of ₹ 527 crore. Out of these, ₹ 401.95 crore and ₹ 173.03 crore have been allocated under Revenue and Capital Head, respectively. The Committee note that as against the projected amount of ₹ 1635.44 crore in BE 2020-21, the amount allocated to DGDE at Budget Estimates (BE) stage was ₹ 397.36 crore and the actual expenditure incurred was ₹ 409.19 crore. Further, in Financial Year 2021-22, ₹ 364.56 crore was allocated against the projection of ₹ 1927.46 crore, whereas the actual amount spent upto December 2021 was ₹ 201.79 crore. The Committee, on sifting and analyzing the data supplied by the Ministry, deduce that allocated funds at BE stage during the recent financial years suffice for functioning of DGDE. Thus, taking into account the trend of actual expenditure incurred by DGDE *vis-a-vis* the projections made at BE stage during the past few financial years, the Committee regret to note that there is lack of judicious financial planning by DGDE while projecting the Budget Estimates under Demands for Grants. The Committee would like to be apprised about the reasons for

projecting unrealistically high figures for Demands for Grants from 2020-21 onwards. The Committee urge upon the Ministry to streamline their procedures of financial planning so as to ensure that the projections made at BE stage are done prudently and realistically.

18. The Committee note that the Ministry of Defence (MoD) provides financial assistance to Cantonment Boards in the form of ordinary Grant-in-Aid to balance their budgets. Besides ordinary grant-in-aid, grants for creation of capital assets like under-ground sewerage system, water supply schemes, construction of hospitals and schools etc. are also being provided from 2012-13 onwards. The Committee also learn that the Cantonment Boards have powers to raise resources through taxation, fees, lease rentals in respect of lands under their management and rentals in respect of properties belonging to and vested in the Board. The main sources of income of a Cantonment Board are local taxes such as house tax, conservancy tax, water tax, lighting tax, trade and profession tax, Service Charges etc. During oral evidence, a representative of DGDE candidly admitted that the financial challenges encountered by the Cantonment Boards are due to limited trade and business activity and also due to Government ownership of the properties in the Cantonment areas. It was also submitted that amount of General Grant-in-Aid being given to the Cantonments has been showing a downward trend, declining from ₹ 361.60 crore in 2019-20 to ₹ 239.80 crore in 2021-22; while cost of running the establishments and maintenance of assets has been increasing over the years. In light of these facts, the Committee recommend that adequate financial support should be provided to the Cantonments to enable them to provide efficient civic services to the residents as well as to run various welfare schemes/initiatives in an unhampered manner.

Resolution of bottlenecks/disputes pertaining to Defence Lands

19. The Committee note that there are several cases relating to demands/requests of the State/ local Governemnt for land transfer from the Defence authorities to them for infrastructural development in various places in the country. The major reasons cited for these demands were use of roads passing through the Cantonments, use of schools etc. by the civil population. The Committee note from the submission of the Director General Defence Estates that one of the challenges in this context is the rule to provide A-1 category of land to Army according to their requirements. It was also submitted that as per present policy of the Ministry of Defence, cases pertaining to infrastructural development are being processed in one month. The Committee are cognizant of the fact that resolution of such disputes between civil dispensation and military authorities is an onerous task as it involves security concerns and legal implications. They also understand that proposals for transfer of equal value land in exchange for Defence lands by certain States are in the offing. In light of these facts, the Committee recommend that, wherever necessary, meetings with the State Governments, local military authorities and the Ministry of Defence may be organized in a periodical manner to enable the fast-tracking of resolution of the disputes pertaining to Defence lands. The Committee have come to learn about a case where a Government school, which is 102 year old, in Hebbal in Bengaluru is locked in ownership of land dispute with Defence authorities/establishment, which is lying unresolved. The representative of the Ministry in his deposition has stated that a committee has already been constituted to look into the problem and its report is awaited. The Committee recommend that the Ministry should pursue the matter vigorously and resolve the problem at the earliest.

Amendment in Cantonment Act, 2006

20. As per entry 3 of the Seventh Schedule to the Constitution of India, Parliament is competent to make laws for delimitation of Cantonment areas, local self-government in such areas, the constitution and powers of Cantonment authorities in such areas and the regulation of house accommodation including the control of rents in such

areas. 74th amendment of the Constitution necessitated a de-novo look into administration of Cantonments and the role of Cantonment Boards under the Cantonments Act, 1924. Accordingly, the Cantonments Act, 2006, which came into force on 18.12.2006, was enacted to consolidate and amend the law relating to the administration of Cantonments with a view to impart greater democratization, improvement of their financial base, to make provisions for development activities and for other connected matters. During the course of examination of DFG 2022-23, the Committee were informed that the new Cantonment Bill is under final examination. The salient features of the proposed new Bill *inter alia* include increase in number of elected members in the Cantonment Board, greater democratization and modernization of Cantonment structure, more financial power to the elected representatives, application of modern municipal act and consideration of 'ease of living' for the residents. The Committee understand that various exercises pertaining to the residents of the Cantonment areas and democratic functioning of the Cantonment Boards are contingent upon enactment of the new Cantonment Bill. One such exercise is holding elections in various Cantonment Boards in the country. The Committee have been informed that as on date, 61 Cantonment Boards, where elections are due, are varied under Section 13 of the Cantonments Act, 2006. The Committee can understand very well that varying the Cantonment Boards is an ad-hoc arrangement and regular elections are required for fair representation of the residents living in the Cantonment areas. The Committee understand that opinion was sought from various stakeholders in the yester years and based on that, a new draft Bill was put in the public domain. Keeping in view welfare of the residents in the Cantonment areas and maintenance of democratic structure in the Cantonment Boards in the country, the Committee recommend that the new Cantonment Bill may be finalized without any further loss of time and introduced in the Parliament at the earliest.

DEFENCE PUBLIC SECTOR UNDERTAKINGS (DPSUS)

Defence PSUs

21. The Committee note that the decision of corporatization of 41 production units (Ordnance Factories) of the Ordnance Factory Board was taken by the Union Cabinet on 16th June, 2021 and in pursuance thereof, the management, control, operation and maintenance of 41 production units was handed over to the newly formed 7 Defence Public Sector Undertakings (DPSUs) namely Munitions India Limited (MIL), Armoured Vehicles Nigam Limited (AVNL), Troop Comfort Limited (TCL), India Optel Limited (IOL), Advanced Weapons and Equipment India Limited (AWEIL), Yantra India Limited (YIL) and Gliders India Limited (GIL) w.e.f 1st October, 2021. Presently, there are 16 Defence Public Sector Undertakings under the administrative control of the Department of Defence Production, Ministry of Defence. The Committee find that out of overall production of ₹ 85000 crore by the country's Defence Industry, the contribution of public sector is ₹ 68,000 crore. They are pleased to learn that two DPSUs *viz* Hindustan Aeronautics Limited (HAL) and Bharat Electronics Ltd. (BEL) have secured 42nd and 66th position, respectively, in 'The Stockholm International Peace Research Institute (SIPRI) top 100 arms-producing and military services companies' report. The Committee are quite hopeful that with creation of new DPSUs, the overall volume of production by domestic Defence industry will be augmented and that the requirements of modernization of the Armed Forces will be fulfilled timely and in qualitative and cost effective manner, and more Indian companies would establish themselves globally as Defence manufacturing giants.

Order Book Status of DPSUs

22. The Committee note that cumulative order book status of the 9 DPSUs, as on 16th February, 2022, stands at ₹ 2,48,487 crore. After examining the data furnished by the Ministry regarding order book status of each DPSU, it is inferred that out of the nine DPSUs, Hindustan Shipyard Limited (HSL) and Mishra Dhatu Nigam Limited (MIDHANI) has considerably low order book value when compared to the other DPSUs. The order book value, as on 16th February, 2022, in respect of HSL and MIDHANI amounts to ₹ 2,673 crore and ₹ 1,350 crore, respectively. The Committee

also learn that in case of HAL, there is no firm order currently available with the company for platform manufacturing beyond 2022-23, except the 83 LCA Mk1A order received in February 2021. The major part of existing orders for supply of aircraft and helicopters will be liquidated shortly with the major manufacturing order of Su-30MKI completed in 2020-21. BEML is stated to be having an order book position of over ₹ 10,000 crore which will be executed by 2024-25. As regards MDL, the balance order book of ₹ 47,728 crore is slated to be completed in next 5 to 6 years. Admittedly, the order book position of HSL is low when compared with other Defence shipyards and the balance orders are scheduled to be completed by end of March 2024. In this connection, the Committee note that the steps taken by the Ministry for strengthening the order book of DPSUs, amongst others, include reforms in promoting exports, indigenization, ease of doing business in Defence and supporting Technology, Innovation, Research and Development in DPSUs. The Committee, after examination of the data provided in respect of the DPSUs, find that challenge of underutilization of production facilities and other resources in the coming years is also being faced by even well performing DPSUs such as HAL. The Committee also understand that due to complexities involved in the Defence procurement process, translation of an Acceptance of Necessity (AoN) into a concrete order for DPSUs takes time. Therefore, in order to ensure that the DPSUs maintain a healthy order book position, the Committee recommend that timely placement of orders and other requirements by the Services and long-term planning for maintaining financial viability of the DPSUs should be carried out by the Ministry in consultation with the DPSUs.

Profitability and efficiency of the DPSUs

23. On examination of the financial performance of the DPSUs in 2020-21, the Committee observe that except HSL which incurred loss of ₹ 14 crore due to lack of submarine refit orders and COVID pandemic, all DPSUs have registered profit in the said Financial Year. Amongst the profit making DPSUs, the low profit i.e. ₹ 74.8 crore was made by BEML in Financial Year 2020-21. With regard to profitability of BEML Mysuru Plant, the Chairman & Managing Director of BEML candidly admitted during evidence that margin of profits were less due to competitive environment, especially

in the mining and construction field. The Committee also note from the submission of a representative of the Ministry that albeit the number of employees is considerable in DPSUs, there is an increasing trend in the DPSUs to move towards outsourcing and becoming system integrators. The Committee are of the considered view that focus of the DPSUs should be on increasing and improving Research & Development so that *avant garde* technologies and platforms can be developed and offered to our Armed Forces and friendly countries, in the form of exports. This will ensure that the DPSUs remain relevant, profitable and combative amongst the current globally competitive environment. Therefore, the Committee recommend that alongwith vigorous efforts to promote Research & Development in the DPSUs, an exercise for pruning unproductive expenditure and rationalisation of manpower should be undertaken by the Ministry for each DPSU. Further, the Committee desire that a statement reflecting each DPSU's annual turnover, profit after tax, dividend paid in the last three years and the sanctioned versus held manpower and manpower deployed in core and non-core activities may be furnished to the Committee within three months of the presentation of this Report.

24. From written submission of the Ministry, the Committee understand that a visioning exercise on devising a 'Business cum Growth Model' for each DPSU is under way under the supervision of Department of Defence Production. The vision exercise will come with the long term perspective planning for the DPSUs so as to make them financially viable, making their products globally competitive and gain business opportunities. In this connection, the Committee recommend that the visioning exercise may be completed expeditiously and the findings thereof may be intimated to the Committee accordingly.

Challenges encountered by DPSUs

25. The Committee find that several challenges are being faced by the DPSUs which *inter alia* include shortage of semi-conductor chips, delayed clearances by stakeholders in Turnkey projects, retention of talent, procurement through Government e-Marketplace (GeM), supporting platforms for a long duration which

involves high cost, extensive testing and economy of scale, competition from long term established players in export market, idling of facilities and resources, delay in projected timelines due to COVID-19, volatility in price of imported input raw material volatile & limited availability, pending permission from Foreign Original Equipment Manufacturer (FOEMs) to export missiles. The Committee recommend that urgent and intensive focused efforts from the Ministry and the DPSUs are required in order to ensure that the DPSUs, besides fulfilling the requirements of the Armed forces, are able to achieve their targeted level of production and profits. The Committee desire that concrete measures be initiated/taken by the Ministry and the DPSUs to address and resolve each of the said bottlenecks being faced by the DPSUs and the outcome thereof may be apprised to them within three months of the presentation of this Report.

Disinvestment

26. The Committee note that Government is following the policy of disinvestment of minority stake without transfer of management control, for priority sector PSUs including Defence CPSUs to unlock their value, promote public ownership, meet the minimum public shareholding norms of Securities and Exchange Board of India (SEBI) and for ensuring higher degree of accountability. For non-priority sector PSUs where competitive markets have come of age, the policy of strategic disinvestment is being followed. Further, the decision to decrease shareholding in DPSUs is taken by the Department of Investment and Public Asset Management (DIPAM) in consultation with the administrative Ministry. The Committee learn that BEML is in final stage of disinvestment. The Committee note that since DPSUs are investing considerable amount in Research & Development, possess both core and non-core assets and many of them are registering profits over the last few years, besides laying emphasis on DPSUs' product expansion, investment in cutting edge technologies and increasing competitiveness in terms of cost and quality. They recommend that while pursuing the policy of strategic disinvestment, justified concerns pertaining to protection of national interest, DPSUs' future, comparison of disinvestment proceeds *vis-à-vis* profitability of the DPSU and employee welfare may be suitably addressed by the Ministry of Defence.

Defence Exports

27. The Committee learn that the value of Indian Defence Exports has increased to almost six times from ₹ 1500 crore to ₹ 9000 crore in the last five years. Further, as per Report of SIPRI 2020, India stands in the list of Top 25 countries in the Defence Exports. The participation of private sector in the exports currently stands at 90 percent. The Committee, after gleaning through the data furnished by the Ministry, observe that while value of exports by Mazagon Dock Shipbuilders Limited (MDL), Goa Shipyard Limited (GSL) and Hindustan Shipyard Limited (HSL) was 'Nil' for Financial Year 2020-21, the value of exports in Financial Year 2020-21 in case of BEL, HAL, BEML, GRSE, BDL and MIDHANI stood at ₹ 376.46 crore, ₹ 194 crore, ₹ 463 crore (including deemed exports), ₹ 87.49 crore, ₹ 145 crore and ₹ 19.42 crore, respectively. In their presentation, the DPSUs had apprised the Committee about various export orders received/in pipeline. The Committee, taking cognizance of the fact that Defence exports bring valuable foreign exchange and render the indigenous Defence industry more competitive, urge upon the Ministry to help DPSUs in increasing their exports. The Committee express the hope that BrahMos deal, which is the first major defence system export deal, between India and Philippines will prove to be a harbinger in the Defence exports. They, therefore, recommend that development of state-of-the-art equipment and platforms besides timely completion and delivery, superlative quality of the products/platforms/equipment should be ensured and followed by DPSUs so that they establish and emerge as very competitive and reliable destination of Defence products. In this regard, feasibility of creation of a separate wing in each DPSU, solely dedicated for realization of these objectives, may be mulled upon by the Ministry and the DPSUs.

Indigenization efforts and self reliance in Defence sector

28. The Committee note various steps being taken for realization of goal of self-reliance in Defence sector. These *inter alia* include notification of two Positive lists of indigenization of weapons and platforms, preference to 'Buy Indian Indigenously Designed Developed and Manufactured (IDDM)' in procurement and launching of SRIJAN portal for facilitation of private industry to become part of indigenization drive. Further, process has been initiated for identification of major Line Replaceable Units (LRUs) and Subsystems for industry led design and development. The Committee appreciate that various measures are being taken for major transformation in the entire Defence ecosystem so as to encourage maximum indigenization and visible results are also being seen in this regard, for instance, pursuant to notification of positive lists of indigenization of DPSUs of assemblies/sub-assemblies, 2500 items have already been indigenized and 351 items are to be indigenized in 3 years, resulting in expected savings of ₹ 3000 crore per year. The Committee find that some of the critical components are not being produced in the country and this resulted in decrease in the indigenous content in various equipment /platforms made by the DPSUs. The Committee, in order to gauge the contribution of the DPSUs in indigenization efforts, desire that a detailed note on the indigenous content *vis-a-vis* import content being used in manufacturing and production by the DPSUs may be furnished. The note should also contain the critical components which are not indigenously produced and the efforts being made by the Ministry and the DPSUs for local production of the same. The Committee, while understanding the need for import content, which is unavoidable in some cases so as to cater to various critical requirements of our Armed Forces, recommend that stringent and synergized efforts be taken by all stakeholders i.e. Ministry, DPSUs, Research and Development Institutions, academia etc. for realization of objective of '*Aatmanirbhar Bharat*' in Defence sector.

Defence Corridors

29. The Committee note that with a view to support the growth of the Defence sector and enhance their manufacturing capacity, the Government has set up two Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu. They also note that against the targeted investment of ₹ 10,000 crore by 2024-25 in both the Defence Industrial Corridors (DIC), the investment, as on date, in UP and Tamil Nadu DIC stood at ₹ 1,553 crore and ₹ 2,252 crore, respectively. Further, 62 Memorandum of Understanding (MoUs) worth ₹ 8,639 crore have been signed in respect of UP DIC. Similarly, an investment of ₹ 1,153 crore is anticipated in Tamil Nadu DIC through 40 industries by way of MoUs and other arrangements. While expressing their satisfaction over the progress being achieved in establishment of the two Defence Industrial Corridors, the Committee at this stage recommend that alongwith Defence infrastructure, development of allied infrastructure such as proper road/rail/air connectivity may be ensured wherever required. Further, regular interactions with all the stakeholders such as the DPSUs, private investors etc. may be held to remove the bottlenecks, if any, being faced in timely completion of the projects.

CANTEEN STORES DEPARTMENT (CSD)

Budgetary Allocations

30. The Committee understand that Canteen Stores Department (CSD), attached office of the Ministry of Defence, is committed to the welfare of troops of the Army, Navy and Air Force and their families, through easy access to quality Products of daily use at less than market prices. The Committee note that as against the projected amount of ₹ 26,868.55 crore in Budget Estimates 2022-23, an amount of ₹ 19,802.09 crore has been allocated to CSD, resulting in a shortfall of ₹ 7,066.46 crore. The Committee also note that the next phase of implementation of E-commerce platform of CSD for home delivery of the non-Against Firm Demand (AFD) items (groceries, general stores etc.) to the beneficiaries is under progress. Thus, admittedly, increased budgetary support is needed not only for liquidation of past committed liabilities and contractual obligations but also for modernization of

existing warehouses, hiring/outsourcing of technically qualified manpower, smooth operation of AFD portal and commencement of e-commerce platform for non-AFD items. Further, the Committee have been given to understand that Canteen Trade Surplus earned at the end of the financial year is distributed equally between Government and the Service Headquarters for welfare of troops as per the MoD guidelines. The Committee are of the considered view that modernization of CSD, proper working of AFD portal and commencement of e-commerce activities, alongwith betterment of the services for the beneficiaries would greatly enhance the trade surplus of the Government which in turn would lead to additional revenue generation for the Department. In light of these facts, the Committee recommend that funds allocated to Canteen Stores Department may suitably be enhanced at the Revised Estimates/Modified Appropriations Stage and the Committee be apprised consequently.

Provision of combat uniforms for the Forces through CSD

31. The Committee learn that the new stitched combat uniforms for officers in the Army is planned to be provided/supplied through the Canteen Stores Department (CSD). During deliberations on this issue, the Quarter Master General, Army submitted that the new combat uniform will be supplied only through CSD so that it cannot be sold in the open market. As the matter is intimately connected with security of the country and dignity and stature of our Forces, the Committee recommend that proactive and foolproof measures are needed to be put in place by the Ministry for mitigation of risk of misuse of the Forces' uniform. The Committee also desire that while ensuring the availability of uniforms, their quality and proper fitting should also be ensured so that it would not affect the smart turnout and dignified appearance of the Armed Forces personnel. The action taken in this regard may be intimated to the Committee within one month of the presentation of this Report to Parliament.

WELFARE OF EX-SERVICEMEN (ESW)

32. The Committee note that for the Welfare of Ex-Servicemen as against the sum of ₹ 486.79 crore projected in 2021-22, ₹ 420 crore was allocated at RE stage. Out of this only ₹ 97.80 crore could be utilized by 19 January, 2022, which means more than three-fourths of the allocated funds are yet to be utilised within less than a quarter of the financial year 2021-22. The Committee express their serious concern over the utilization of funds for the Welfare of Ex-Servicemen in the last quarter. As there are lots of Schemes and programmes running under the Department of Welfare of Ex-Servicemen, the Committee urge upon the Ministry to take concerted steps to fully utilize the allocated funds in 2021-22. They would like to be apprised about the steps taken by the Ministry in this regard.

33. The Committee note from the information supplied to them that reservations do exist for Ex-Servicemen in Central Govt (10% in Group 'C' posts), PSUs/ Banks (14.5 % in Group 'C' & 24.5% in Group 'D' including 4.5% for disabled ESM/ dependents of servicemen killed in action), Central Police Organizations/Para Military Forces (10% upto the rank of Astt Comdt., Defence Security Corps (DSC)- 100%) and also in some Corporate / Private Organizations. However, the reservation facility has not been properly implemented for Ex-Servicemen, due to which number of posts are stated to be unfilled and vacancies were reported to exist in several Government Organisations. The Committee note that under project 'Punh Sthaapan', MoUs have been signed between MoD and Ministry of Skill Development for employment of ESM. While appreciating this initiative, the Committee recommend that the Ministry should address the issue of filling up the vacancies earmarked for ESM with utmost seriousness and take appropriate steps in Government PSBs etc. in coordination with Government/ banks for sensitizing retiring Servicemen regarding availability of Government and private jobs, providing training for getting recruitment for the posts available for the Ex-servicemen.

34. The Committee note that due to merger of Group 'D' and 'C' posts as well as 'B' non-gazetted posts, the vacancies reserved for ESM have remained unfilled. In this regard, the Committee understand that the initiatives taken by Uttar Pradesh

Government can help the Ministry in finding a solution to the problem. The Committee, therefore, advise the Ministry to initiate talks with the Department of Welfare of Ex-Servicemen of Uttar Pradesh Government so as to expeditiously resolve this issue.

35. The Committee find that there is a total lack of uniformity regarding ex-gratia monetary benefits/compensation to the martyrs in the country, which ranges from State to State. In some of the States, ₹ 5 lakh is given to martyr's family, and in some states, ₹ 5 crore and a permanent job to a family member. The Committee are of the view that the services provided by the soldiers are common in nature and therefore recommend that the Ministry should make efforts to remove disparity in the amount of compensation. The Committee desire that Department of Welfare of Ex-Servicemen should take up this issue with utmost priority and make concerted efforts to recommend uniformity in the amount of ex-gratia monetary benefits as well as in employment to the families of the martyrs in all the States of the country.

36. It has been brought to the notice of the Committee that no exemption has been given to serving Defence personnel from payment of toll tax at various toll plazas in the country and they are required to pay tax despite their work stations located in the vicinity of toll plazas. Since Defence personnel have to pass through toll plazas for commuting to their work stations, the Committee recommend the Ministry of Defence to take up the matter with Ministry of Road Transport and Highways so that relief/exemption is provided to serving Defence personnel from payment, particularly at those toll plazas which fall between Defence work station and their places of residence. It is suggested that free passes or free passage on production of identity proof may be allowed to the service personnel at these toll plazas. The Committee would like to be apprised about the steps initiated in this regard at the time of submission of action taken replies.

DEFENCE PENSION

Budgetary Provisions

37. The Committee note that Defence Pensions, under the Ministry of Defence provides for Pensionary charges in respect of retired Defence personnel (including

Defence civilian employees) of the three services viz. Army, Navy and Air Force. It covers payment of Service pension, gratuity, family pension, disability pension, commuted value of pension, leave encashment amongst others. The Committee are informed that as on 1.4.2021, the total number of Defence pensioners in the country stood at 32,94,181 including 6,14,536 Defence Civilian Pensioners and 26,79,645 Armed Forces Pensioners. The Committee further learn that out of the total budget of ₹ 5,25,166.15 crore allocated to the Ministry of Defence in Budget Estimates (BE) 2022-23, an amount of ₹ 1,19,696 crore i.e. 23 percent of the entire Defence Budget has been earmarked for Defence Pensions. The Committee have been given to understand that additional requirement of ₹ 3846 crore for BE 2022-23 (₹ 1,19,696 crore) over BE 2021-22 (₹ 1,15,850 crore) is due to normal growth in pension and impact of dearness relief. The Committee, while expressing the hope that the funds allocated to the Ministry under Defence Pension Head for Budget Estimates 2022-23 would be sufficient to cover the pensionary requirements of Ex-Servicemen, and nevertheless, recommend that, after due assessment of escalation in pension amount on account of increase in number of pensioners and revised Dearness Relief, additional funds, if required, may be sought at the Revised Estimates stage.

SPARSH-SYSTEM FOR PENSION ADMINISTRATION (RAKSHA)

38. The Committee were informed that a web based interactive pension disbursement system namely 'SPARSH' has been rolled out for Army, Navy, Air Force as well as 41 Defence Civilian organizations. It is stated to be the largest pension platform in Government covering 33 lakh pensioners with around 85,000 pensioners getting added each year. Under SPARSH, a total of 49,073 claims have been initiated and 36,556 sanctions have been issued till date. Migration of legacy pensioners pertaining to 7th Central Pay Commission (CPC) retirees has been done for 4,84,650 pensioners from various Pension Disbursing Agencies (PDAs). Further, migration of remaining pensioners from existing banks is also in process. The Committee note that benefits such as centralized sanction and disbursement of pension, paper less processing, verification of pensioners' data even before sanction of pension, dedicated portal accounts for each pensioner, digital processing of pensioner identification, removing requirement of multiple visits by pensioners, budget management and control

through real-time expenditure tracking have been accrued/envisaged consequent to the implementation of SPARSH.

39. The Committee appreciate the mammoth task being undertaken in implementation of SPARSH for Defence Pensioners by the Ministry of Defence as it will give further impetus in accomplishing the mission of 'Digital India'. Further, SPARSH being single application software for pension sanction, disbursement, revision, budgeting and audit, will definitely lead to reduction in the number of Pension Disbursing Agencies (PDAs) and other authorities and streamline the whole pensionary exercise in addition to saving of precious resources and time. The Committee note, from the submission made by the representatives of the Ministry, that the work regarding migration of legacy pensioners from existing PDAs is going on in a phased manner. The Committee recommend that task of migration of the remaining pensioners should be accomplished at the earliest and inputs/feedback from the users of SPARSH be taken periodically to refine and upgrade the system. The Committee are not oblivious to the fact that a sizeable number of Defence pensioners and their Next of Kin (NoK) reside in rural and difficult terrains and do not have easy access to technological amenities. They, therefore, recommend that urgent and concrete steps be taken by the Ministry to aid such veterans and their families in migration to SPARSH and utmost care should be taken to ensure that such pensioners and their families do not suffer any financial loss due to want of technological awareness and ready access to digital facilities. Further, the feasibility of introduction of SPARSH as a mobile application may also be explored by the Ministry to enable the pensioners and their families to avail various services provided by SPARSH at their fingertips.

One Rank One Pension (OROP)

40. The Committee note that One Rank One Pension (OROP) implies that uniform pension be paid to the Defence Forces Personnel retiring in the same rank with the same length of service, regardless of their date of retirement, which implies bridging the gap between the rates of pension of current and past pensioners at periodic intervals. OROP was implemented w.e.f. 01.07.2014 *vide* MoD order dated 07.11.2015.

The Committee further note that approximately ₹ 50,000 crore have been spent @ ₹ 7,123 crore per year for over seven years on implementation of OROP and 20,60,220 Defence Forces Pensioners/Family Pensioners have been benefitted under this scheme. The Report of the Internal Committee to examine the recommendations of One Man Judicial Committee (OMJC) on OROP is under examination in the Ministry. The Committee have also been apprised that a plea has been filed in the Court of law by a group of Ex-Servicemen contending against periodic equalisation of pension every five years and a few other issues. In this regard, the Committee learn that the Supreme Court has reserved their judgment in the petition pertaining to OROP. In light of these developments, the Committee desire that judgment of the Supreme Court in the matter of OROP and the Ministry's corresponding course of action may be intimated to the Committee at the earliest but definitely at the time of submitting of Action Taken Replies. They also recommend that the examination of the report of the Internal Committee on OROP may be expedited and the Ministry take tangible and concerted steps to remove the anomalies in the pensions of the Armed Forces Personnel. It is needless to mention that the Ministry should address all justified concerns of all the stakeholders under intimation to the Committee.

Military Service Pay (MSP)

41. The Committee, during deliberations on Demands for Grants, have been informed that the Defence Forces personnel, in addition to their pay, are entitled to the financial benefits pertaining to Military Service Pay (MSP) for all ranks up to and inclusive of Brigadiers and their equivalent officers. MSP is also reckoned as Basic Pay for purposes of computation of Dearness Allowance and pension. The Committee note from the deposition of the Secretary, Department of Ex-Servicemen Welfare that MSP has led to some anomalies due to which junior ranks got paid more than senior ranks. The Committee further note that the matter is being discussed with Comptroller General of Defence Accounts (CGDA) and efforts are on to resolve this issue within the timeline given by the Court. As the matter is linked with the morale of the Forces and principle of protection of rights on the basis of seniority, the Committee recommend that the Ministry adhere to the timeline given by the Court for resolution of the matter at the earliest and apprise the Committee accordingly.

Welfare of the cadets boarded out of Defence Training Academies/Institutions on Medical Grounds

42. The Committee regret to note that in response to their written query in regard to the number cadets who have been declared unfit to continue in military service due to injuries during training in various Defence Training Academies/Institutions such as NDA, IMA, Air Force, Naval Academies etc. and whether disability pension or any other financial support is extended to such cadets, the Ministry has submitted 'NIL' information. The Committee, therefore, recommend that detailed information as sought by them should be furnished to them for their perusal. In the event of non-maintenence of such information, the Committee recommend that the Ministry undertake such exercise and intimate the Committee accordingly.

43. The Committee have been informed that during the last few years, on an average, approximately 11 to 12 cadets have been boarded out because of disabilities due to training attributable issues and accidents etc. The Ex-gratia benefits granted to the cadets on being medically boarded out include Ex-Gratia Disability Award (for 100% disability, reduced proportionately) of ₹ 16,200 per month plus Dearness Relief, monthly Ex-Gratia of ₹ 9000 plus Dearness Relief and Constant Attendance Allowance (for 100% disability only) of ₹ 6,750/- per month. In addition, Army Group Insurance Fund (AGIF) provides certain insurance coverage for death. The Committee have been informed that proposal to increase the insurance coverage under AGIF is under examination of the Ministry. The Committee are of the considered view that non providing of adequate financial benefits and other avenues for settlement/ rehabilitation of such disabled cadets/corps would not only discourage the youth from joining the Forces but would also add to the already existing numbers of vacancies in the Armed Forces. Exhorting the need for having a humanitarian approach towards such cadets who decided to serve the country by joining the Armed Forces but unfortunately were medically boarded out due to certain reasons, the Committee recommend that facilities of Ex-Servicemen Contributory Health Scheme (ECHS) and Canteen Stores Department (CSD) may also be extended to such cadets. The Committee also recommend that periodic

review of ex-gratia amounts to the medically boarded-out cadets based on the extant cost of living and inflation should be undertaken by the Ministry and the financial aid to such cadets be enhanced suitably. Based on the degree of disability, all out efforts should be made and all avenues be looked into by the Government in providing any kind of employment including civil jobs to such candidates who had taken risks and were inadvertently injured/harmed during training period.

New Delhi;
14 March, 2022
23 Phalguna, 1943 (Saka)

JUAL ORAM
Chairperson
Standing Committee on Defence

STANDING COMMITTEE ON DEFENCE (2021-22)

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

The Committee sat on Wednesday, the 16th February, 2022 from 1100 hrs to 1745 hrs in Committee Room C, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.) – Acting Chairperson

MEMBERS

Lok Sabha

2. Kunwar Danish Ali
3. Shri D.V. Sadananda Gowda
4. Shri Rattan Lal Kataria
5. Dr. T.R. Paarivendhar
6. Shri Prathap Simha
7. Shri Brijendra Singh
8. Shri Mahabali Singh

Rajya Sabha

9. Dr. Ashok Bajpai
10. Shri Sharad Pawar
11. Shri Kamakhya Prasad Tasa
12. Dr. Sudhanshu Trivedi
13. Shri K.C. Venugopal

SECRETARIAT

- | | | |
|-------------------------|---|------------------|
| 1. Shri M.K. Madhusudan | - | Joint Secretary |
| 2. Dr. Sanjeev Sharma | - | Director |
| 3. Shri Rahul Singh | - | Deputy Secretary |

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Lt Gen Anil Puri, Addl Secretary, DMA
3	Smt Nivedita Shukla Verma, Addl Secretary
4	Shri Sanjiv Mittal, Financial Advisor Defence Services
5	Shri Sanjay Jaju, Addl Secretary, DP
6	Radm Kapil Mohan Dhir, JS(Navy)
7	Maj Gen K Narayanan, JS(Army)
8	AVM H Bains, JS(Air)
9	Shri Rajesh Sharma, Addl. FA(RS) & JS
10	Shri Anurag Bajpai, JS(P&C)
11	Shri Surendra Prasad, JS(NS)
12	Shri Chandraker Bharti, JS(Aero)
13	Cmde Siddharth Mishra, Chairman & Managing Director (CMD), BDL
14	Shri R. Madhavan, CMD, HAL
15	Mrs. Anandi Ramalingam, CMD, BEL
16	Cmde Hemant Khatri, CMD, HSL
17	Shri Amit Banerjee, CMS, BEML
18	Cmde B.B. Nagpal, CMD, GSL
19	Radm VK Saxena, CMD, GRSE
20	Dr. Sanjay Kumar Jha, CMD, MIDHANI
21	Vadm Narayan Prasad, CMD, MDL
22	Shri Rakesh Mittal, JS(Lands)
23	Shri Ajay Kumar Sharma, DGDE
24	Lt Gen SS Mishra, Quarter Master General (QMG)
25	Maj Gen Sumit Talwar, ADG Land, Works & Environment
26	Smt. Meena B. Sharma, Sr. Addl. DG
27	Shri Valeti Premchand, Addl. DG
28	Shri Ravi Shankar, Addl. DG
29	Smt. Sonam Yangdol, Addl. DG
30	Smt. Vibha Sharma, Addl. DG
31	Maj Gen Ravi Murugan, ADG, MO(B)
32	Shri Dinesh Kumar, JS(AF)
33	Maj Gen YP Khanduri, GM & Chairman, BOA
34	Lt Gen Shantanu Dayal, DCOAS(CD&S)
35	Shri Satish Singh, JS(BR)
36	Lt Gen Rajeev Chaudhary, DGBR
37	DG VS Pathania, DGICG
38	ADG Rakesh Pal, ADGCG
39	DIG Manoj Bhatia, PD(Budget)
40	V Adm SN Ghormade, VCNS
41	R Adm CR Praveen Nair, ACNS(P&P)
42	Air Mshl BR Krishna, CISC

43	R Adm Manish Sharma, ACIDS(FP&Adm)
44	Lt Gen Samir Gupta, DG, FP
45	Maj Gen H Dharmarajan, ADG, FP
46	Maj Sunil Kumar Sharma, GSO-1, FP-4
47	Maj Gen Rajendra Bana, ADG, OS(B)
48	Lt. Gen Rakesh Kapoor, DG CD
49	Maj Gen Sandeep Jain, ADG CD (A)

2. At the outset, the Joint Secretary informed the Committee that Hon'ble Chairperson would not be able to attend the Sittings in connection with examination of Demands for Grants of the Ministry of Defence for the year 2022-23. He further stated that as per Rule 258, if the Chairperson is absent from any sitting, the Committee shall choose another Member to act as Chairperson for the sitting. In this connection, the Members requested Lt. Gen. (Dr.) D. P. Vats (Retd.) to Chair the Sittings.

3. Thereafter, the Acting Chairperson welcomed the Defence Secretary, General Officers, Senior Bureaucrats and other officers of the Ministry of Defence to the Sitting of the Committee convened to deliberate on various aspects relating to Demands for Grants of the Ministry of Defence for the year 2022-23. Before proceeding further, all present observed a minute's silence to honour General Bipin Rawat, 13 Defence officials and Ms. Madulika Rawat who died in a chopper crash in December 2021 and seven Defence personnel who died in a recent tragedy of avalanche near LAC.

4. The Chairperson informed all the agenda for the Sitting i.e. oral evidence of the representatives of Ministry of Defence in connection with examination of Demands for Grants for the year 2022-23 on the subjects 'General Defence Budget, Capital Outlay on Defence Services, Department of Military Affairs (DMA), Ministry of Defence (Civil), Defence Public Sector Undertakings (DPSUs), Directorate General Defence Estate (DGDE), Canteen Stores Department (CSD), Border Roads Organization (BRO), Coast Guard Organisation (CGO), Navy and Joint Staff' and requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day. He also drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha stipulating that the discussions in the Sitting are to be treated as confidential and are not to be made public till the Report of the Committee on the subject is presented to Parliament.

5. The Defence Secretary initiated the discussion by giving an overview of Defence Services Estimates and other Demands for Grants of the Ministry of Defence for 2022-23.

The highlights of the brief given by the Defence Secretary are as under:

- i. Increase of approximately 12.82 percent over the Financial Year 2021-22 in capital allocations pertaining to modernisation in infrastructure development of Armed Forces;
- ii. Enhancement of share of domestic capital procurement, which was earmarked at 58 per cent and 64 per cent in 2020-21 and 2021-22, respectively, to 68 per cent of the capital acquisition Budget of the Defence Services for the year 2022-23 which would roughly amount to Rs. 84,598 crore;
- iii. Earmarking of 25 per cent of the Defence Research and Development Budget for private industries, start-ups and academia;
- iv. Allocation of Rs. 60 crore and Rs. 23 crore, respectively, for Innovation for Defence Excellence (IDEX) and Defence Testing Infrastructure scheme in the Financial Year 2022-23 for enabling the Defence industrial eco-system in the country;
- v. Jump of 55.60 percent in capital segment of the MoD (Civil) Budget catering to organisations like Coast Guard, Border Roads Organisation, Directorate General of Defence Estates etc.;
- vi. Increase of 40 per cent in capital Budget of Border Roads Organisation in Financial Year 2022-23 *vis-à-vis* Financial Year 2021-22;
- vii. Enhancement of 60.24 percent in the capital Budget of Indian Coast Guard to Rs. 4,246.37 crore in FY 2022-23, *vis-à-vis* Rs. 2,650 crore in FY 2021-22;
- viii. Earmarking of Rs. 1,643 crore in Revised Estimates (RE) of 2021-22 and Rs. 1310 crore in Budget Estimates (BE) of 2022-23 for planned modernization of seven newly created Defence Public Sector Undertakings (DPSUs). Additional earmarking of Rs. 2500 crore in BE of 2022-23 and also in RE of 2021-22 as Emergency Authorisation Fund for these DPSUs; and
- ix. Implementation of SPARSH, an integrated system for automated sanction and disbursement of Defence pension, by the Ministry of Defence since July, 2021.

6. Then, a Power Point Presentation on General Defence Budget was made before the Committee. This was followed by detailed deliberations on the following issues:

- i. Growth of Defence Budget *vis-à-vis* inflation and Central Government Expenditure;
- ii. Static expenditure on Research & Development for the past few years;
- iii. Plans for coping with Defence modernization plans in view of the budgetary allocation for 2022-23;
- iv. Decrease in Pension Bill;
- v. Monitoring of quality of products/equipment manufactured under '*Aatmanirbhar Bharat*' initiative;
- vi. Major increase in allocation for Border Roads Organisation;
- vii. Scope of revenue generation in opening up of Defence Research and Development to private industry and academia;
- viii. Huge mismatch between projection and allocation in Defence Budget for the Financial Year 2022-23 and its effect on operational preparedness of the Forces, Modernisation plans and '*Aatmanirbhar Bharat*' initiative;
- ix. Progress of Defence Industrial Corridors in UP and Tamil Nadu and funds allotted to each corridor;
- x. Use of jamming technology in electronic warfare;
- xi. Maintenance of airports controlled by Defence Forces;
- xii. Utilization of funds under Capital Outlay on Defence Forces in FY 2021-22;
- xiii. Utilization of funds by the Services in FY 2022-23;
- xiv. Integrated Theater Commands;
- xv.
- xvi. Enhanced delegated financial powers to Armed Forces at field and headquarters level; and
- xvii. 'Ease of doing business' for entrepreneurs/suppliers willing to enter Defence sector.

7. After tea break, the representatives of the Ministry of Defence and the Defence Public Sector Undertakings (DPSUs) commenced their briefing on the subject 'Defence Public Sector Undertakings' through a Power Point presentation. This was followed by

detailed deliberations on the following issues:

- i. Steps taken by the Ministry for upgrading production and manufacturing in DPSUs, which was hit by COVID pandemic for the last two years;
- ii. Percentage of indigenous content in products/equipment being manufactured by the DPSUs;
- iii. Profit accrued due to exports in the last two years;
- iv. Profitability of BEML and plan for its disinvestment;
- v. Steps being taken for protection of DPSUs' future; and
- vi. Construction of submarines by DPSUs.

8. Thereafter, a Power Point Presentation by the representatives of the Defence Estates Organisation (DEO) was made. This was followed by extensive discussion on the following points:

- i. A case where a 102 year old Government school in Hebbal, Bengaluru is locked in ownership of land dispute with Defence authorities/establishment;
- ii. Demands/requests of the State/ local Government for transfer of land from the Defence authorities to them for infrastructural development;
- iii. Elections of Cantonment Boards; and
- iv. Salient features of draft Cantonment Bill, 2021.

9. Thereafter, a presentation was given by Canteen Stores Department (CSD) followed by discussion *inter alia* on Goods and Service Tax (GST) on products in CSD and provision/supply of new stitched combat uniforms for officers in the Army through CSD.

10. Followed by CSD, a Power Point presentation on Border Roads Organization (BRO) was made. The deliberations were held on the subject on following points:

- i. Appreciation of role of BRO;
- ii. Requirement of critical equipment by BRO; and
- iii. Raising of all women Road Construction Company (RCC).

11. Thereafter, the Chairperson invited representatives of the Coast Guard Organisation.

The representatives of the Coast Guard Organisation commenced their briefing through a Power Point presentation. This was followed by discussion on following points:

- i. Use of drones by Coast Guard Organisation;
- ii. Steps taken for helping the fishermen who stray into waters of other countries;
- iii. Manpower in the Coast Guard Organisation;
- iv. Utilization of allocated amount for FY 2021-22; and
- v. Training of marine police personnel.

12. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Navy. This was followed by detailed deliberations *inter alia* on the following issues:

- i. Allocation of funds *vis-à-vis* projections and plans on meeting the requirements as per the allocation;
- ii. Operational preparedness of Navy to counter threat perception;
- iii. Modernisation of Navy;
- iv. Percentage of import content which is unavoidable for modernization;
- v. Future roadmap to defend the Indian Ocean; and
- vi. Manpower strength in Navy.

13. Thereafter, a presentation on Joint Staff was made which was followed by discussion *inter alia* on following points:

- i. Special Operations Division;
- ii. Pace of expenditure and milestone payments in FY 2021-22; and
- iii. Air Defence Command and Maritime Theater Command.

14. The Chairperson, at the end, thanked the Defence Secretary, General Officers, Flag Officers, Senior Bureaucrats and Defence Officers for extensive discussion on the Demands for Grants and for responding to the queries of the Members. The Chairperson also requested the representatives to furnish information which was not readily available to the Secretariat expeditiously.

The witness then withdrew.

The Committee then adjourned.

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

SECRETARIAT

1. Shri M. K. Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Dr. G. Satheesh Reddy, Secretary, DDR&D
3	Lt Gen Manoj Pande, VCOAS
4	Lt Gen Anil Puri, Addl Secy, DMA
5	Smt Nivedita Shukla Verma, Addl Secy
6	Shri Sanjiv Mittal, FADS
7	Shri Rajesh Sharma, Addl. FA&JS
8	Shri Sanjay Jaju, Addl Secy, DP
9	Lt Gen SK Sharma, DCOAS (Start)
10	Lt Gen Shantanu Dayal, DCOAS(CD&S)
11	Lt. Gen CP Cariappa, MGS
12	Lt Gen Samir Gupta, DG, FP
13	Maj Gen K Narayanan JS (Army) & TA
14	Maj Gen Atul Rawat, Offg DG SP
15	Maj Gen H Dharmarajan, ADG, FP
16	Maj Gen S K Vidyarthi, ADG EM
17	Maj Gen K V Jauhar, ADG ADB
18	Lt. Gen Rakesh Kapoor, DG CD
19	Maj Gen Sandeep Jain, ADG CD
20	Lt Gen. Harpal Singh, E-in-C
21	Lt. Gen. S S Mishra, QMG
22	Maj Gen Ashok Kumar, DG Works
23	Shri Rakesh Mittal, JS(Lands)
24	Lt. Gen RK Malhotra, DG DGQA
25	Sh Rajeev Ranjan, ADG (Adm.)
26	Shri Mayank Tewari, JS (Med./ Trg.)

27	Lt. Gen Gurbirpal Singh, DG NCC
28	Shri Satish Singh, JS(BR)
29	Cmde Sandeep Chakravarti, Inspecting Officer, Sainik School Society
30	Air Mshl Sandeep Singh, VCAS
31	Air Mshl N Tiwari, DCAS
32	AVM N M Desai, Fin (P)
33	AVM H Bains, JS(Air)
34	AVM Arun Malik, ACAS (Proj)
35	Sh. K.S. Varaprasad, DS & DG(HR)
36	Sh. Hari Babu Srivastava, OS & DG (TM)
37	Ms Suma Varughese, OS & DG (MED & CoS)
38	Sh. G N Rao, OS & DG (PC &SI)
39	Dr. U K Singh, OS & DG (LS)
40	Shri Sangam Sinha, OS & DG (R&M)
41	Shri A D Rane OS & DG (BrahMos)
42	Shri Purusottam Bej, OS & Director, DFMM
43	Shri Vedveer Arya, Addl FA & JS
44	Dr. Ravindra Singh, Dir. DPARO&M
45	Dr. Sumit Goswami, Dir. DP&C
46	Shri Surendra Prasad Yadav, JS(NS)
47	Shri E R Sheikh, DG, DOO (C&S)
48	Shri Vijay Mittal, DDG
49	Shri N I Laskar, DDG
50	Shri Sanjeev Kishore, CMD (AVNL)
51	Shri Rajeev Puri, CMD (YIL)
52	Shri Sanjeev Kumar, CMD (IOL)
53	Shri Ravi Kant, CMD (MIL)
54	Shri Rajesh Choudhary, CMD (AWEIL)
55	Shri S. K. Sinha, CMD (TCL)
56	Shri V. K. Tiwari, CMD (GIL)

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was chosen as the Acting Chairperson for the Sitting by the Members of the Committee present during the Sitting under the Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson then welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the

Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The Vice Chief of Army Staff commenced the briefing by giving an overview on Army to the Committee and thereafter, a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- I. Budgetary allocation to Army;
- II. Efforts being made towards indigenisation by Indian Army
- III. Requirements for drones and soldiers
- IV. Shortage of Manpower
- V. Low Capital Allocation
- VI. Female Cadets in NDA
- VII. Need large allocation
- VIII. Contactless war
- IX. Indigenisation of Bullet Proof Jackets

5. Thereafter, a Power Point presentation was made by the representatives of Military Engineer Services (MES) covering the following issues:

- I. Under utilization of Revenue and Capital budget due to Covid-19
- II. New Defence works procedure has been started from 1 April 2021
- III. Special electricity slab for the Armed Forces
- IV. Implementation of green building norms in all the Defence Projects.
- V. Issues related to environment clearance
- VI. Need of high-end consultants for the big projects
- VII. Use of solar energy.

6. The Chairperson then invited representatives of Directorate General of Quality Assurance (DGQA). The representatives of DGQA commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- I. Investigation of defects and remedial measures
- II. Dip in inspection of Stores due to Corona
- III. Un utilization in Capital Expenditure
- IV. Private Industry partnership
- V. Utilization of proof ranges by private industry
- VI. Use of digital means to cut down processing time.
- VII. Technical Training programme of DGQA personnel
- VIII. Self Certification and Fit to Military Use certificates

7. Thereafter, the Chairperson invited representatives of the National Cadet Corps (NCC). They made a Power Point presentation before the Committee which was followed by discussion on following issues:

- I. Simulator based training to NCC cadets especially
- II. Waiting list of institutions
- III. Expansion of NCC in schools, colleges and in Coastal and Border Areas
- IV. Employment opportunities of NCC cadets in private Industries
- V. Preference to NCC Cadets in various schemes of state governments
- VI. Implementation of Self Financing Scheme(SFS) in schools and colleges
- VII. Issues related to recruitment of permanent Trainers
- VIII. Issues related to low selection rate of NCC cadets as officers in Armed Forces

8. The representatives of the Sainik Schools were invited next by the Chairperson. The representatives of the Sainik Schools commenced their briefing through a Power Point presentation which was followed by discussion on following issues:

- I. Introduction of girls Cadets in Sainik Schools
- II. Opening of 100 new schools in partnership with private sector
- III. Dedicated user-friendly web portal created for registration of Sainik Schools
- IV. Irregular supply of funds by the state Governments
- V. Need for additional funds for improvement of infrastructure in Sainik Schools
- VI. Shortage of quality staff in Sainik Schools

9. Subsequent to a briefing by the Vice Chief of the Air Staff regarding overview on modernization plan of Indian Air Force (IAF), a Power Point presentation was made. This was followed by detailed deliberations on following issues:

- I. Mismatch in Projected and allocated budget
- II. Accidents of MiG-21
- III. Medical facilities to the injured trainee pilots after the accident
- IV. Modernisation of Air Force
- V. Gestation period LCA
- VI. Very severe Shortage of Trainer Aircraft
- VII. Authorized strength of Squadron
- VIII. Infrastructure issue in North Eastern States
- IX. Dependency on HAL and BEL for maintenance and repair of different type of Aircraft.

10. Then, a Power Point presentation was made on Defence Research and Development which was followed by discussion on the following points:

- I. Export of Brahmos Missiles to Phillipines
- II. Coordination and technology transfer to private industries
- III. Use of test facilities of DRDO by Private Industry.
- IV. Projects developed by DRDO with Academic Institutes and their funding
- V. Opening of 10 Centre of Excellence Institute
- VI. Ballistic Missile Defence (BMD) programme
- VII. Indigenisation of products by DRDO
- VIII. Shortage of Scientists in DRDO

11. Thereafter, a Power Point presentation was made by the representatives of the Ordnance Factory Board (OFB), which was followed by discussion on the following points:

- I. Corporatization of Ordnance Factories
- II. Order Book position of new DPSUs
- III. Issue related to Employees of new DPSUS
- IV. Research and Development activities in new DPSUs
- V. Indigenisation programmes of new DPSUs

- VI. Steps taken by DPSUs for Export of their products
- VII. Issues related Challenges faced by all new DPSUs after corporatization
- VIII. Future planning by new DPSUs

12. The Chairperson directed the representatives of the Ministry to furnish written replies/information on the points raised by the Members at the earliest.

The witnesses then withdrew

The Committee then adjourned.

13. A copy of verbatim proceedings has been kept on record.

STANDING COMMITTEE ON DEFENCE (2021-22)

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

The Committee sat on Friday, the 18 February, 2022 from 1100 hrs. to 1345 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.) – **IN CHAIR**

MEMBERS

LOK SABHA

1. Kunwar Danish Ali
2. Shri Annasaheb Shankar Jolle
3. Shri Pratap Simha
4. Shri Brijendra Singh
5. Shri Mahabali Singh

RAJYA SABHA

6. Dr. Ashok Bajpai
7. Shri Prem Chand Gupta
8. Shri Sharad Pawar
9. Shri Kamakhya Prasad Tasa

SECRETARIAT

1. Shri M K Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

LIST OF WITNESSES

MINISTRY OF DEFENCE

Sl. No.	Name & Designation
1	Dr. Ajay Kumar, Defence Secretary
2	Shri B Anand, Secretary, ESW
3	Lt Gen Anil Puri, Addl Secy, DMA
4	Lt Gen Harsha Gupta, AG
5	Lt Gen Rakesh Kapoor, DGCD
6	Smt Nivedita Shukla Verma, Addl Secy
7	Shri Sanjiv Mittal, FADS
8	Maj Gen Sandeep Jain, ADG CD(A)
9	Maj Gen Raju Singh, DGMAP
10	Lt Gen SS Mishra, QMG
11	Lt Gen Adosh Kumar, DG LW&E
12	Shri Rajesh Sharma, Addl. FA(RS)&JS
13	VAdm SN Ghormade, VCNS
14	Shri Pankaj Agarwal, DG(Acq)
15	Shri Sanjay Jaju, Addl Secy(DP)
16	Air Mshl N Tiwari, DCAS
17	Lt Gen Atulya Solankey, DCIDS(PP&FD)
18	DG VS Pathania, DGICG
19	Smt Dipti Mohil Chawla, JS&AM(LS)
20	Shri Dinesh Kumar, JS&AM(MS)

21	Shri Sanjai Singh, JS&AM(Air)
22	Shri Chandraker Bharti, JS(Aero & DOMW)
23	RAdm R Sreenivas, ADG AT (M&S)
24	Maj Gen PK Saini, ADG AT (Army)
25	Dr. Pudi Hari Prasad, JS(ESW)
26	VAdm Dinesh K Tripathi, COP, Navy HQ
27	RAdm Arjun Dev Nair, ACOP(AC)
28	Maj Gen N R Indurkar, MD ECHS
29	Maj Gen Sharad Kapoor, DG(Resettlement)
30	Shri Rajnish Kumar, CGDA, New Delhi
31	Shri Praveen Kumar, Addl CGDA, New Delhi
32	Shri Himanshu Tripathi, DCDA(P), Prayagraj
33	Lt Gen Manoj Pande, VCOAS
34	Lt Gen SK Sharma, DCOAS(Strat)
35	Maj Gen Atul Rawat, Offg DG SP
36	Lt Gen Samir Gupta, DGFP
37	Maj Gen H Dharmarajan, ADG, FP
38	Maj Gen VK Sharma, ADG Proc(A)
39	Maj Gen K Narayanan, JS(Army & TA)
40	Shri R K Karna, Addl. FA & JS

2. As the Chairperson of the Committee was not able to attend the Sitting, Lt. Gen Dr. D P Vats (Retd.) was appointed as the Acting Chairperson for the Sitting, by the Members of the Committee present during the Sitting, citing Rule No. 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha on Parliamentary Committees.

3. The Acting Chairperson then welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence. The Chairperson welcomed them to the Sitting of the Standing Committee on Defence and requested them to brief the Committee on various issues

included in the agenda for the day and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha.

4. The representatives of the Ministry of Defence then gave a Power Point Presentation on Married Accommodation Project (MAP). This was followed by a detailed discussion on the subject and during deliberations following issues were discussed:

- i Budgetary provisions for MAP.
- ii Status of construction of Dwelling Units under Phase II and Phase III of MAP.
- iii Completion of Phase III of MAP through Annual Major Works Programme (AMWP).
- iv Proposal for increasing dwelling units under MAP in Kashmir Valley.
- v Accommodation for female officers in the Defence Forces.

5. Thereafter, the representatives of the Ministry of Defence commenced their briefing through a Power Point presentation on Defence Procurement Policy. This was followed by extensive discussion on following points:

- i Emphasis on Indigenisation of the Defence equipment and self reliance in Defence.
- ii Reduction in the time - line of the Procurement cycle from 5 years to 2-3 years.
- iii Decrease in the procurement of defence equipment from foreign industries and promotion of domestic industries.
- iv Revision of the Defence Acquisition Procedure.
- v Inclusion of more private industries under DAP 2020.

6. Next, a Power Point Presentation was made by the representatives of the Department of Ex-Servicemen Welfare. This was followed by detailed deliberations on following issues:

- i. Budgetary grants for the Department of Welfare of Ex-Servicemen;
- ii. Status of pending bills of the private empanelled hospitals with the Department of Ex-Servicemen Welfare under Contributory Health Scheme (ECHS);
- iii. Placement opportunities and the process of resettlement for Ex-Servicemen.
- iv. Filling up of vacancies in Group B and Group C Non-Gazetted posts which are reserved for Ex-Servicemen;
- v. Lack of uniformity in the States/UTs regarding ex-gratia monetary benefits/compensation to the martyrs in the country;
- vi. Exemption to serving defence personnel from payment of toll tax at various toll plazas in the country.

7. Subsequently, a Power Point Presentation was made by the representatives of the Ex-Servicemen Contributory Health Scheme (ECHS) under Ministry of Defence, which was followed by discussion on following issues:

- i. Budgetary grants and the utilization of funds under Ex-Servicemen Contributory Health Scheme (ECHS);
- ii. Provision for opening up of the services of the Armed Forces Hospitals to ECHS beneficiaries who are in need of urgent medical care;
- iii. Filling up the vacancies for the position of OIC, ECHS Polyclinics with the available Ex-Servicemen AMC/General Duty Medical Officer (GDMO);
- iv. Denial of services by the private empanelled hospitals to the ECHS beneficiaries.

8. Thereafter, a Power Point Presentation on Ministry of Defence-Pension was made by representatives of Ministry of Defence. This was followed by extensive discussion on the following issues:

- i. Various components of the Defence Pension;
- ii Implementation of SPARSH for defence pensioners;
- iii Issues related with One Rank One Pension (OROP);

- iv Redressal of grievances through online portal CPGRAMS-6 AND CPGRAMS-7;
- v. Issues related with Military Service Pay.
- vi. Issues relating to disabled cadets who are boarded out of Defence academics.

9. The Chairperson thanked the Defence Secretary, General Officers and other Officers for extensive discussion and directed the representatives of the Ministry of Defence and other organizations to furnish written replies to all the queries at the earliest.

The witnesses then withdrew.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2021-22)

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

The Committee sat on Monday, the 14 March, 2022 from 1500 hrs. to 1515 hrs. in Committee Room No. 'C', Parliament House Annexe, New Delhi.

PRESENT

Lt. Gen. Dr. D. P. Vats (Retd.) - Acting Chairperson

MEMBERS

LOK SABHA

2. Kunwar Danish Ali
3. Shri Nitesh Ganga Deb
4. Shri Rahul Gandhi
5. Shri D.V. Sadananda Gowda
6. Shri Rattan Lal Kataria
7. Shri Sridhar Kotagiri
8. Smt. (Dr.) Rajashree Mallick
9. Shri Uttam Kumar Reddy Nalamada
10. Shri Jugal Kishore Sharma
11. Dr. Shrikant Eknath Shinde
12. Shri Prathap Simha
13. Shri Brijendra Singh
14. Shri Durga Das Uikey

Rajya Sabha

15. Dr. Ashok Bajpai
16. Shri Prem Chand Gupta
17. Shri Venkataramana Rao Mopidevi
18. Shri V. Lakshmi Kantha Rao
19. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Shri M.K. Madhusudan - Joint Secretary
2. Dr. Sanjeev Sharma - Director
3. Shri Rahul Singh - Deputy Secretary

2. At the outset, the Joint Secretary informed the Committee that Hon'ble Chairperson would not be able to attend the Sitting for consideration and adoption of the draft Reports on Demands for Grants of the Ministry of Defence for the year 2022-23. He further stated that as per Rule 258, if the Chairperson is absent from any sitting, the Committee shall choose another Member to act as Chairperson for the sitting. In this connection, the Members requested Lt. Gen. (Dr.) D. P. Vats (Retd.) to Chair the Sitting.

3. Thereafter, the Acting 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 Reports:-

- (i) **Demands for Grants of the Ministry of Defence for the year 2022-23 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. 19 and 22)';**
- (ii) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Army, Navy, Air Force, Joint Staff, Military Engineer Services, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)';**
- (iii) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Capital Outlay on Defence Services, Procurement Policy, Defence Planning and Married Accommodation Project (Demand No. 21)'; and**
- (iv) **Demands for Grants of the Ministry of Defence for the year 2022-23 on 'Directorate of Ordnance (Coordination & Services)-New DPSUs, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand Nos. 20 and 21)'.**

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