

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE
LOK SABHA
UNSTARRED QUESTION NO. 3398
TO BE ANSWERED ON 05th August, 2022

PERFORMANCE AND EFFICIENCY AUDIT OF ARMED FORCES

3398. SHRI SUDHEER GUPTA:
SHRI RAVI KISHAN:
SHRI RAVINDRA KUSHWAHA:
SHRI PRATAPRAO JADHAV:
SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:
SHRI BIDYUT BARAN MAHATO:
SHRI SHRIRANG APPA BARNE:
SHRI SUBRAT PATHAK:
SHRI SANJAY SADASHIVRAO MANDLIK:

Will the Minister of DEFENCE be pleased to state:

- (a) whether the Government has set up an apex committee to conduct “performance and efficiency” audit of the armed forces;
- (b) if so, the details and the aims and objectives thereof;
- (c) the details of areas included under the said audit and the manner in which it is going to be beneficial in the near future;
- (d) the measures advised/suggested by the Committee for overall improvement in strengthening of internal oversight and management framework in the functioning of his Ministry;
- (e) whether the country faces the challenges of modernisation and indigenisation of its military hardware to ensure self-sufficiency and harmonising its combat power; and
- (f) if so, the details thereof and the measures being taken by the Government to meet these challenges?

A N S W E R

MINISTER OF STATE
IN THE MINISTRY OF DEFENCE

(SHRI AJAY BHATT)

- (a): Yes, Sir.
- (b): The members of the committee include the Defence Secretary as Chairman, Vice Chiefs of the three Services, Secretary Defence (Finance)/FA(DS), Chief of Integrated Staff Committee (CISC), Controller General of Defence Accounts (CGDA), Director General (Acquisition) and other senior officials of Ministry of Defence and Defence Research and

Development Organisation (DRDO). Performance /Efficiency Audit will be aimed at providing valuable inputs to the Top Level Management by way of providing reliable, objective and independent information, highlighting shortcomings in planning, implementation, systems affecting outputs/outcomes in specific and quality of expenditure/management in general.

(c) & (d): The mandate to carry out Performance and Efficiency Audit was given to CGDA on 14th July, 2022. The broad areas that have been identified for the conduct of this Audit include Defence Capital Procurements, provisioning, logistics, inventory levels, maintenance of platforms/assets, role and performance of Authority Holding Sealed Particulars (AHSP) etc. The Apex committee can also recommend any other specific area for Performance and Efficiency Audit. This will constructively promote economy, effectiveness and efficiency in governance by creating the necessary environment of accountability and transparency in the organization and ensure that the operation are effectively carried out through continuous improvement.

(e) & (f): Modernization of Defence Armed Forces involves the acquisition of new state-of-the-art platforms, technologies and weapon systems to upgrade and augment Defence capabilities and is a continuous process based on threat perception, operational necessities and technological changes to keep the Armed Forces in a state of readiness to meet the entire spectrum of security challenges. Government attaches highest priority to ensure that the Armed Forces are sufficiently equipped to meet any operational requirement which is achieved through induction of new equipment and technological upgradation of capabilities.

The equipment requirements of the Armed Forces are planned and progressed through a detailed process which includes Ten Years Integrated Capability Development Plan (ICDP), Five Years Defence Capability Acquisition Plan (DCAP) and Annual Acquisition Plan (AAP) and deliberations by the Defence Acquisition Council chaired by the RakshaMantri.

Government is pursuing a large number of initiatives to achieve higher levels of indigenization and self-reliance in the defence sector by harnessing the capabilities of the public and private sector industries in the country. These measures include according priority and preference to procurement from Indian vendors and liberalization of the licensing regime.

The Defence Acquisition Procedure (DAP)- 2020 has been driven by the tenets of Defence Reforms announced as part of the Atmanirbhar Bharat Abhiyan of the Government of India by promoting indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems. DAP 2020 accords the highest priority to Buy Indian (Designed, Developed and Manufactured) (IDDM). To encourage production of these weapons/platforms in India, lists of weapons/platforms for ban on import have been notified. A new category of Buy (Global-Manufacture in India) has been introduced to enable ab-initio indigenization of spares. This category encourages Foreign Original Equipment Manufacturers (OEMs) to set up 'Manufacturing/ maintenance entities' through its subsidiary in India. The definition of Indian Vendor has also been aligned to the new FDI policy. The Government has introduced Make II & Make III categories with the objective of self-reliance by involving greater participation of Indian industrial eco-system including private sector. The simplified Make-II procedure has been notified for Industry funded development projects. Reservation on Orders up to Rs. 100 Crores/ year for MSMEs and Small Shipyards has been provided. Government has also promulgated the policy on Strategic Partnership in the Defence Sector to encourage broader participation of the private sector in manufacture of major defence platforms and equipment.