

**44**

**STANDING COMMITTEE ON DEFENCE  
(2023-24)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF DEFENCE**

**[Action Taken by the Government on the Observations/Recommendations contained in the Thirty-sixth Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)']**

**FORTY-FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2023 / Agrahayana 1945 (Saka)**

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**(2023-24)**

**(SEVENTEENTH LOK SABHA)**

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**[Action Taken by the Government on the Observations/Recommendations contained in the Thirty-sixth Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)']**

*Presented to Lok Sabha on 20.12.2023*

*Laid in Rajya Sabha on 20.12.2023*



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**December, 2023 / Agrahayana 1945 (Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2023-24)**

**SHRI JUAL ORAM**

**-**

**CHAIRPERSON**

**Lok Sabha**

|    |   |
|----|---|
| 2  | Shri Durai Murugan Kathir Anand           |
| 3  | Kunwar Danish Ali                         |
| 4  | Shri Nitesh Ganga Deb                     |
| 5  | Shri Rahul Gandhi                         |
| 6  | Shri Reddeppa Nallakonda Gari             |
| 7  | Shri Devaragunda Venkappa Sadananda Gowda |
| 8  | Shri Annasaheb Shankar Jolle              |
| 9  | Choudhary Mehboob Ali Kaiser              |
| 10 | Shri Suresh Kumar Kashyap                 |
| 11 | Prof. (Dr.) Ram Shankar Katheria          |
| 12 | Dr. Rajashree Mallick                     |
| 13 | Shri Jugal Kishore Sharma                 |
| 14 | Dr. Shrikant Eknath Shinde                |
| 15 | Shri Prathap Simha                        |
| 16 | Dr. Amar Singh                            |
| 17 | Shri Brijendra Singh                      |
| 18 | Shri Mahabali Singh                       |
| 19 | Shri Durga Das Uikey                      |
|    | Vacant*                                   |
|    | Vacant@                                   |

**Rajya Sabha**

|    |                                   |
|----|-----------------------------------|
| 20 | Dr. Ashok Bajpai                  |
| 21 | Shri Prem Chand Gupta             |
| 22 | Shri Sushil Kumar Gupta           |
| 23 | Shri Venkataramana Rao Mopidevi   |
| 24 | Shri Kamakhya Prasad Tasa         |
| 25 | Dr. Sudhanshu Trivedi             |
| 26 | Smt. P.T. Usha                    |
| 27 | Shri G.K. Vasani                  |
| 28 | Lt. Gen. (Dr.) D. P. Vats (Retd.) |
| 29 | Shri K.C. Venugopal               |

\*Shri Anumula Revanth Reddy ceased to be member of the Standing Committee on Defence w.e.f. 8<sup>th</sup> December, 2023 vide Lok Sabha Secretariat notification no 21/1(3)/2023/T(B) dated 8<sup>th</sup> December, 2023.

@ Shri Uttam Kumar Nalamada Reddy ceased to be member of the Standing Committee on Defence w.e.f. 13<sup>th</sup> December, 2023 vide Lok Sabha Secretariat notification no 21/1(5)/2023/T(B) dated 13<sup>th</sup> December, 2023.

## **SECRETARIAT**

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Tirthankar Das - Director
3. Shri Rahul Singh - Deputy Secretary

## **INTRODUCTION**

I, the Chairperson of the Standing Committee on Defence (2023-24), having been authorized by the Committee, present this Forty-fourth Report (17<sup>th</sup> Lok Sabha) of the Committee on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-sixth Report of Standing Committee on Defence (17<sup>th</sup> Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)'.

2. The Thirty-sixth Report (17<sup>th</sup> Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 21<sup>st</sup> March, 2023. The Report contained 68 Observations/ Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in August, 2023.

3. The Report was adopted at the Sitting held on 18<sup>th</sup> December, 2023.

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

5. An analysis of Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-sixth Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;  
18 December, 2023  
27 Agrahayana, 1945 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**

**REPORT**  
**CHAPTER-I**

This Report of the Standing Committee on Defence deals with Action Taken by the Government on the observations/recommendations contained in the Thirty-Sixth Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)', which was presented to Lok Sabha and laid in Rajya Sabha on 21.03.2023.

2. The Thirty-Sixth Report (17<sup>th</sup> Lok Sabha) of the Committee contained 68 observations/ recommendations on the following topics under their relevant headings:-

| <b>Para No.</b>  | <b>Subject</b>  |
|--|---|
| <b>Army</b>  |   |
| 1-2  | Budget  |
| 3  | Percentage Share of Army Budget   |
| 4-7  | Budget for Modernization  |
| 8-10   | Planning and Procurement  |
| 11-13  | Indigenization  |
| 14   | Vintage and other category of equipment                                     |
| <b>Air Force</b>                                       |   |
| 15-18  | Budgetary Provisions  |
| 19   | Percentage Share of Air Force Budget  |
| 20   | Budget for Modernization  |
| 21   | Planning and Procurement  |
| 22   | Indigenization  |
| 23-27  | Force Level   |
| 28   | Modernisation of Air Field Infrastructure (MAFI) Project Phase-II (MAFI-II) |
| 29   | Manpower  |
| <b>Indian Navy</b>                                     |   |
| 30-33  | Budget  |
| 34   | Indigenisation  |
| 35-36  | Operational Preparedness and threat perception                              |
| 37   | Manpower  |
| 38-39  | Induction of Third Aircraft Carrier   |
| <b>Joint Staff</b>                                     |   |
| 40-43  | Budget  |
| 44   | Theaterisation of Armed Forces  |
| <b>Ex-Servicemen Contributory Health Scheme (ECHS)</b> |   |
| 45   | Budget  |
| 46-48  | Vacancies in ECHS Polyclinics   |
| 49-50  | Payment of pending bills by ECHS to empanelled private hospitals            |
| 51   | Integrated complex at ECHS polyclinics for Ex-servicemen during the         |

|                       |  |
|-----------------------|--|
|                       | treatment  |
| 52-53                 | ECHS in far-flung areas  |
| 54                    | Other Relevant Issues - establishing an ECHS polyclinic at Vatakara taluk, Kozhikode, Kerala |
| <b>Sainik Schools</b> |  |
| 55-56                 | Budget   |
| 57                    | Challenges and constraints faced by Sainik Schools   |
| 58                    | Renovating old Infrastructure  |
| 59-61                 | Infrastructure for girl students in the Sainik Schools                                       |
| 62-66                 | Standardized curriculum in new Sainik Schools under Public-private partnership               |
| 67                    | Appointment of Retired Army Officers as Principals   |

3. Action Taken Replies have been received from the Government in respect of all the 68 observations/recommendations contained in the Thirty-Sixth Report (17<sup>th</sup> Lok Sabha) of the Standing Committee on Defence on Demands for Grants of the Ministry of Defence for the year 2023-24 on 'Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)'. The replies have been examined and categorized as follows:-

**(i) Observations/Recommendations which have been accepted by the Government (Chapter II):**

**Para Nos. 1,3,4,5,6,7,8,9,10,11,12,13,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,45,47,48,49,51,52,53,54,55,56,57,58,59,60,61,62,63,64,65,66,67 and 68. (Total - 63)**

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

**Para Nos. 2**

**(Total - 01)**

**(iii) Observations/Recommendations in respect of which reply of Government have not been accepted by the Committee (Chapter IV):**

**Para Nos. 46 and 50**

**(Total - 02)**

**(iv) Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V)**

**Para Nos. 14 & 44**

**(Total - 02)**

4. The Committee desire that final Action Taken Notes in respect of comments contained in Chapter I should be furnished to them at the earliest and in any case, not later than six months of the presentation of this Report.



5. The Committee will now deal with the action taken by the Government on some of the observations/recommendations made in the Thirty-Sixth Report of the Committee in the succeeding Paragraphs.

## **A. Budget**

### **Recommendation (Para No. 1)**

6. The Committee had recommended as under:

‘The Committee note that the Army is the land component of the Armed Forces. Indian Army strengthens the idea of India and lives by national values. Dedicated to preserving national interests, safeguarding sovereignty, territorial integrity and unity of our Nation. The challenges before the Army include thwarting proxy wars, defeating/arresting internal threats, assist the Government and the people of India during all needs and crises including natural and manmade disasters. To perform all the duties with perfection, the Army needs Revenue as well as Capital Budget as per the projection. For the financial year 2023-24, the Army projected for Rs. 1,84,989.60 Crore and surprisingly very close to the projection, allocated Rs. 1,81,371.97 Crore, just Rs. 3,617.63 Crore less than the projection. During the financial year 2022-23, against the projection of Rs 1,74,038.35 Crore, it was allocated only Rs. 1,63,713.69 Crore, which was reduced by Rs. 10,324.66 Crore. In the RE same year, the Army made a projection of Rs.1,80,526.71 Crore but the allocation was Rs 1,73,335.62 Crore. The Committee find that until December, 2022, the Army is able to spend only Rs 1,27,935.76 Crore and Rs 45,399.86 Crore is to be spent in the coming three months. This in the opinion of the Committee, would require prudent fiscal planning and concerted efforts. The Committee would like to know the final outcome in this regard from the Ministry consequent to the end of Financial Year while furnishing the Action Taken Notes. The Committee understand that a major portion of the budget head primarily goes for salary expenses which is a fixed expenditure. The non-salary expenditure caters to the expenses on stores, ration, transportation, fuel, etc., which are essential for regular training and operational preparedness of the Army, therefore, the Committee recommend that the trend which has been introduced with favourable allocation this year under the Revenue Head should be continued in the coming years also. It is needless to state here that regular interactions may be held with the Ministry of Finance as soon as the proposals for the subsequent budget are formed.’

### **Reply of the Government**

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

‘In FY 2022-23, Army has incurred an expenditure of Rs. 1,69,936.33 Crore under Revenue Head as per March(Pre), 2023, which is 98.45% of MA allocation of Rs. 1,72,616.32 Crore. Further, the recommendation of the Committee has been noted for compliance.’

8. The Committee appreciate the fact that in the Financial Year 2022-23, the Army has incurred an expenditure of Rs. 1,69,936.33 crore under the Revenue Head as of March(Pre), 2023, which is 98.45% of Modified Allocation of Rs. 1,72,616.32 crore, which is a definite improvement over the earlier years. However, the Committee feel that since the non-salary expenditure caters to varieties of expenses such as stores, ration, transportation, fuel, etc., which are essential for regular training and operational preparedness of the Army, they, therefore, would like to reiterate their earlier recommendation to upkeep the trend, that has been introduced with favourable allocation this year under the Revenue Head, in the coming years also. The Committee's emphasis on 'regular interactions with the Ministry of Finance as soon as the proposals for the subsequent budget are formed' be taken with utmost seriousness so that gap between demand and allocation is arrived at a minimal level and the preparedness of the Army is not affected due to lack of availability of resources.

## **B. Planning and Procurement of Army**

### **Recommendation (Para No. 10)**

9. The Committee had recommended as under:

‘The Committee understand that conventional wars were fought in only three modes i.e. land, air and water, but recently there is a paradigm shift in the technology used in fighting a war. There have been innovations and experiments in western countries, and the use of drones, space, cyberspace etc has increased the sphere of war, which can fight from very distant locations in a remote controlled mode. In this regard, the Committee desire that the country should develop a robust digital infrastructure besides improvement of the existing weaponry.’

### **Reply of the Government**

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

‘DRDO is pursuing R&D in the areas of Drones, Space and Cyber Space and developing robust digital infrastructure.

DRDO has developed various drone based systems and anti-drone systems based on the requirements of User Agencies. DRDO has developed a comprehensive integrated Anti-Drone System, which comprises of detection, identification and neutralization (both Hard Kill and Soft Kill) of a drone.

Armed Forces have already placed 23 orders on industry for manufacturing of these Anti-Drone Systems developed by DRDO.

Also, DRDO is working in the area of Cyber Space enabled with AI towards the Cyber Space requirements. Information and Communication Security are built for Systems for Advanced Net Centric Decision Support Systems. These technologies and systems are delivered and deployed by Defence Services, which act like force multiplier that greatly enhance their war fighting capabilities.’

11. The Committee note that the Armed forces have placed 23 orders on the industry for manufacturing of Anti-drone Systems developed by DRDO. The Committee also appreciate that DRDO is pursuing R&D in the areas of Drones, Space and Cyber Space and developing robust digital infrastructure. It has also built Security Systems for Advanced Net-Centric Decision Support Systems. They are happy to note that these technologies and systems are delivered and deployed by Defence Services, which act like a force multiplier that greatly enhances their war-fighting capabilities.

However, keeping in view the recent ongoing wars in other continents that have awakened the world by surprise and wonder, especially in use of platforms which have proven lethal and were hitherto unheard of. To keep ourselves abreast with such technologies, the Committee desire that the Armed Forces should keep on updating their knowledge-base regarding new innovations in the field of armament technologies and warfare tactics and give their feedback to DRDO accordingly to develop their new state-of-the-art warfare systems and weaponry in order to encounter any unforeseen eventualities in future.

### **C. Planning and Procurement of Air Force**

#### **Recommendation (Para No 21)**

12. The Committee had recommended as under:

‘The Committee note from the data supplied on the acquisitions planned for the years 2023-24 and 2024-25 include Basic Trainer Aircraft (BTA) (HTT-40), Medium Power Radar (MPR) (Arudhra), Indoor Free Fall Simulator (Vertical Wind Tunnel), Close in Weapon System (CIWS), Additional Mirage 2000 Aircraft (Twin Seater), Ground Based System (Khoj), High Power Radar (Replacement), Design and development of Foldable Fiber glass Mat (FFM) for rapid Runaway Repair for IAF, Six Additional Dornier-228 Aircraft, AL-31 Aero Engine for Su-30, Wet Lease of Flight Refueling Aircraft (FRA), High Frequency (HF) Trans receiver Static, DR-118 RWR for Su-30 MKI Aircraft, RD-33 Aero Engines for MiG-29 Aircraft, Technical Position (TP) for BrahMos Missile at AF Station Thanjavur and Wind Profiler. The Committee wish that the Ministry of Defence negotiate and finalise the plan to contain the deficit of equipment and aircraft.’

#### **Reply of the Government**

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

(a) ‘Planned acquisitions for the years 2023-24 and 2024-25 include Indoor Free Fall Simulator (Vertical Wind Tunnel), Close in Weapon System (CIWS), Additional Mirage 2000 Aircraft (Twin Seater), Ground Based System (Khoj), High Power Radar (Replacement), Design and development of Foldable Fiberglass Mat (FFM) for rapid Runaway Repair for IAF, AL-31 Aero Engine for Su-30, Wet Lease of Flight Refueling Aircraft (FRA), High Frequency (HF) Trans receiver Static, RD-33 Aero Engines for MiG-29 Aircraft, Technical Position (TP) for BrahMos Missile, LUH (LSP), LLTR and Wind Profiler.

(b) Following contracts mentioned in the planned acquisitions (for the year 2023-24) have been signed:

(i) Contract for procurement of 08 MPR (Arudhra) was signed with M/s Bharat Electronics Limited on 23 March, 2023.

(ii) Contract for procurement of 70 HTT-40 BTA (Basic Trainer Aircraft) was signed with M/s HAL on 6 March, 2023.

(iii) Contract for procurement of 06 Additional Dornier 228 Aircraft was signed with M/s HAL on 10 March, 2023.

(iv) Contract for procurement of Qty 129 DR-118 RWR for Su-30 MKI Aircraft was signed with M/s BEL on 23 March, 2023.

(v) Acquisitions, which are ongoing process, are carried out as per Defence Acquisition Procedure, 2020. Integrated Capability Development Plan (ICDP) is under formulation, based on the capability gaps/voids.'

**14. The Committee are happy to note that the Ministry has planned acquisitions for the years 2023-24 and 2024-25, which include Indoor Free Fall Simulator (Vertical Wind Tunnel), Close in Weapon System (CIWS) and Additional Mirage 2000 Aircraft (Twin Seater) etc. They are also happy to learn that the contracts mentioned in the planned acquisitions for 2023-24 have already been signed. The Committee are of the considered view that the Air Force plays a pivotal role in any country's defence and hence, planning and procurement is all the more important to galvanize the force. They, therefore, recommend that the Ministry should ensure that Integrated Capability Development Plan (ICDP) be finalised at the earliest so that the planned acquisition be executed within the given timeframe. They also hope that the planned acquisitions for the year 2024-25 should be worked out in a meticulous manner to translate the planning of acquisitions into tangible accomplishments. The Committee may also be informed of the developments in this regard.**

#### **D. Force Level of Air Force**

##### **Recommendation (Para No. 23)**

15. The Committee had recommended as under:

'During a presentation before the Committee, a representative of the IAF informed that the authorized strength of the IAF is 42 fighter squadrons, however, as on date it has 33 active fighter squadrons. Considering approximately 20 aircraft per squadron, the country needs at least 180 fighter aircraft in the present circumstances. The Air Force also has an ageing fleet of MiG 21 and other aircraft which are soon going to phase out from the services, making rapid depletion in squadron strength of the force. The Committee are of the view that as the country is inching towards global leadership, security threats from neighbours has also become more prominent, which should be suitably addressed, therefore, they desire that IAF should always be combat-ready to counter a two-front collusive threat.'

## Reply of the Government

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

(a) 'The IAF currently has 31 Fighter Aircraft Squadrons against authorized strength of 42. Though, the IAF faces a challenge with respect to draw-down of its number of fighter squadrons, it is at present fully capable of defending the nation. IAF has strived to arrest the draw-down of its fighter fleet and is currently in the process of gradually building it up. The shortage in number of fighter squadrons is being addressed through multipronged approaches to ensure that this is realised within time, budget and under 'Make-in-India' initiative. IAF has already inducted Rafale fighter aircraft and indigenously developed Light Combat Aircraft (LCA).

(b) As part of the acquisition plan of fighter aircraft the following proposals are being progressed:-

(i) IAF is procuring 83 LCA Mk 1A for which contract was signed with HAL on 25 January, 2021. Cost of the contract is Rs.49,729.35 Cr (including support equipment + Taxes + Infrastructure cost and ADA D&D Cost). As per the contract, the deliveries will start from 2024 and be completed by 2029.

(ii) DRDO is working towards the indigenous development of LCA Mk2 and a fifth generation fighter aircraft called the Advance Medium Combat Aircraft (AMCA).

(iii) IAF also plans to induct Multi Role Fighter Aircraft (MRFA) in a phased manner. The case is being progressed under 'Make in India' provisions of DAP-2020.'

**17. In the original reports of the Committee, they were concerned about the depleting strength of squadrons. Gleaning through the action taken replies submitted to the Committee, they are informed that IAF is procuring 83 LCA Mk 1A for which a contract was signed with HAL on 25 January, 2021 and as per the contract, the deliveries will start from the year 2024 onwards and be completed by the year 2029. Further, DRDO is working towards the indigenous development of LCA Mk2 and a fifth-generation fighter aircraft called the Advance Medium Combat Aircraft (AMCA) and IAF also plans to induct Multi-Role Fighter Aircraft (MRFA) in a phased manner. The Committee appreciate the measures taken by the Ministry, nevertheless, they expect that the gap will soon be bridged and IAF will empower itself with renewed strength with 45 squadrons in the shortest possible time.**

### **E. Force Level of Air Force**

#### **Recommendation (Para No. 24)**

18. The Committee had recommended as under:

'The Committee find that there has been considerable delay in the supply of 40 LCA from HAL to IAF and as on date, 38 aircraft have reached the Air Force. The case of procurement of 114 Multi-Role Fighter Aircraft, in advanced

stage, in case it also goes LCA or Kaveri ways, the Government should consider buying state of the art fifth generation fighter aircraft over the counter without losing time to keep the force in a comfortable position.'

### **Reply of the Government**

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

(a) 'Light Combat Aircraft (LCA). Details of various categories of LCA are as follows:

(i) **LCA [Initial Operational Clearance (IOC)]**:- The contract was signed on 31.03.2006 for procurement of 20 LCA in IOC configuration (16 Fighter +04 Trainer Aircraft). 16 Fighter aircraft have been delivered. Delivery of 04 Trainer aircraft is expected in 2023-24.

(ii) **LCA [Final Operational Clearance (FOC)]**:- The contract was signed on 23.12.2010 for procurement of 20 LCA in FOC configuration (16 Fighter + 04 Trainer Aircraft). 16 Fighter aircraft have been delivered. Delivery of 04 Trainer aircraft is expected in 2023-24.

(iii) **LCA Mk 1A**:- The contract was signed on 25.01.2021 for procurement of 83 LCA Mk 1A (73 LCA Tejas Mk 1A fighter aircraft + 10 LCA Tejas Mk 1A Trainer aircraft). Delivery is scheduled to commence from February, 2024 and completed by January, 2029.

(iv) **Multi-Role Fighter Aircraft (MRFA)**. Case for procurement of 114 aircraft is under progress in consultation with all stakeholders'.

20. The Committee note that contracts for LCA [Initial Operational Clearance, LCA [Final Operational Clearance (FOC) and LCA Mk 1A have been signed and the delivery of 04 trainer aircraft in each case is expected in 2023-24. They have been given to understand that delivery of LCA Tejas Mk 1A fighter aircraft is scheduled to commence from February, 2024 and completed by January, 2029 and case for procurement of 114 Multi-Role Fighter Aircraft (MRFA) is under progress in consultation with all stakeholders. Expressing their concern over the existing Force level in the Air Force, the Committee desire that all out efforts be made to expedite supply of LCA (IOC & FOC), which is stated to take place in 2023-24. The Committee would like to be intimated of the developments taking place in this regard. They would also like to urge the Ministry to make a time bound programme and execute the same within the targeted schedule.

### **F. Force Level of Air Force**

#### **Recommendation (Para No. 27)**

21. The Committee had recommended as under:

‘As far as helicopters are concerned, the Committee were given to understand that medium lift main helicopters Mi-17 will be upgraded and except Apache and Chinuk helicopters, all other inducted helicopters are made in India. In this regard, the Committee are of the view that for these aircraft and helicopters also a comprehensive database of phasing and replacing must be ready with the Air Force so that if capital budget is not being utilized for fighter aircraft, these machines could be purchased and capital budget does not lapse.’

### **Reply of the Government**

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

‘IAF presently has Chetak/Cheetah/Cheetal, Mi-17/Mi-171V/Mi-17 V5, Mi-26, Mi-35, ALH, LCH, Chinook and Apache helicopters in its inventory. Out of these Chetak/Cheetah and Mi-17 helicopters are planned to be phased out in the near future. Chetak/Cheetah are planned to be replaced by HAL made Light Utility Helicopters (LUH) and Mi-17 are planned to be replaced by Indian Multi Role Helicopter (IMRH) being developed by HAL or any other equivalent platform.’

**23. The Committee are happy to note that in consonance with their recommendation, Chetak/Cheetah are planned to be replaced by HAL made Light Utility Helicopters (LUH) and similarly, Mi-17s are planned to be replaced by Indian Multi Role Helicopter (IMRH) in near future. The Committee desire that all old inventories should be phased out gradually and be replaced by the most modern helicopters with the finest engines capable of flying in all weather conditions. This, the Committee feel, will certainly add enhanced strength to the already existing capabilities of the Indian air Force.**

### **G. Indigenisation and Operational Preparedness and threat perception of Indian Navy**

#### **Recommendation (Para Nos. 34 &35)**

24. The Committee had recommended as under:

#### Indigenisation

‘During the course of the examination of DFG, the Committee were apprised of the efforts made by the Navy towards indigenization. In the last five years 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22, total of 78 capital acquisition contracts for the Indian Navy worth ₹ 57156.82 crore were signed with the Indian vendors. However, on the perusal of the list of Acquisitions made by the Navy from Indigenous sources during the last five years, it is evident that contract value is continuously going down from Rs 27809.58 crore in the year 2018-19. In the year 2019-20, it became Rs. 18231.81 crore then in the year 2020-21, it went down to Rs. 4845.09 crore and in the year 2021-22, it further went down to Rs. 4527.91 crore. Although the trend of acquisition seems to be not healthy as it should, the assurance given by the Ministry that 70:30 per cent

ratio earmarked towards procurement from indigenous sources and foreign sources, raises the hope that in the long run, the country would become self-reliant in defence production. The Committee wish and hope that the Ministry would work towards achieving this goal in a short span of time’.

#### Operational Preparedness and threat perception

‘The Committee note that 35 Schemes worth Rs 1,20,797.31 crore have been accorded Acceptance of Necessity (AoN) for acquisition. Out of these, 32 Schemes worth Rs 1,16,382.10 crore are planned through Indian vendors and only 03 Schemes worth Rs 4415.21 crore are planned through a Global vendor. The contract for these schemes are likely to be signed during FY 2023-24 and FY 2024-25. The present Force level of Indian Navy includes more than 130 ships and submarines. To augment the surface force levels, 43 ships/ submarines are under construction at various shipyards. Further, AoN also exists for the indigenous construction of 51 ships and 06 submarines and 111 Naval Utility Helicopters (SP Model) to be built indigenously. As stated by the Ministry, the capacity and capability development/ modernisation of the Indian Navy is being undertaken in accordance with the Long- Term Integrated Perspective Plan (LTIPP). The Committee also note that the number of assets required for various types of aircraft, is calculated based on Indian Navy’s envisaged tasks and missions, available surface assets, areas of interest and other factors, as promulgated in LTIPP 2012-27. However, there is a shortfall of planes and helicopters for reconnaissance and transport, which is being mitigated through progressive procurement. The Committee in this regard want to state that the Ministry should assess the threat perception which has increased many folds in view of hostile nations in the neighbourhood and the increase in trade in the Indian Ocean Region. The Committee desire that necessary steps should be taken so that all the envisaged procurements progress well within the schedule and our Navy becomes omnipotent in Indian Ocean Region.’

#### **Reply of the Government**

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

‘During the last five years (from 2017-18 to 2021-22), total 146 contracts were concluded, out of which 93 Capital Contracts were concluded with Indian vendors and 53 contracts were concluded with Foreign vendors (64:36). Thus the ratio between Indian to Foreign source of procurement between FY 2018-19 to FY 2021-22 has been close to 70:30 except for the period during Covid Pandemic induced issues in the FY 2019-20 when ratio was 48:52. Further, during FY 2022-23, the ratio of 69.65 : 30.35 between Indian and foreign sources has been achieved in line with Ministry’s Assurance given for the ratio of 70:30.

In order to augment the capacity and capability development for strengthening the Maritime Security of the nation as envisaged in LTIPP (2012-27), IN has taken the following steps:-

- i. During FY 2022-23, contracts for construction of 22 ships worth Rs.22,571.03 Cr have been signed.



- ii. During FY 2022-23, Defence Acquisition Council (DAC) has accorded AoN worth Rs.37317 Cr for construction of 10 ships under Buy (Indian-IDDM) category.
- iii. All efforts are made for timely procurement of equipment/platforms and also to ensure that contractual timelines are met.'

**26. The Committee note that the ratio between Indian to Foreign source of procurement between FY 2018-19 to FY 2021-22 has been close to 70:30 except for the period during Covid Pandemic induced issues in the FY 2019-20 when ratio was 48:52. They are happy to note that during FY 2022-23, the ratio of 69.65 : 30.35 between Indian and foreign sources has been achieved in line with Ministry's Assurance given for the ratio of 70:30. Expressing their hope that the country would become self-reliant in defence production in the near future, the Committee would like to urge upon the Ministry to leave no stone unturned to achieve this goal in a short span of time.**

**With respect to operational preparedness of the Navy, the Committee had desired that the Ministry should assess the threat perception in view of our hostile neighbours and recognizing the ongoing developments of geo-politics in the Indian Ocean Region, take necessary steps to ensure that all the envisaged procurements are accomplished well within the schedule and our Navy become omnipotent in the Indian Ocean Region. From the action taken replies submitted by the Ministry, the Committee note that during the Financial Year 2022-23, contracts for the construction of 22 ships worth Rs.22,571.03 crore have been signed and the Defence Acquisition Council (DAC) has accorded Acceptance of Necessity (AoN) worth Rs.37317 crore for construction of 10 ships under Buy Indigenously Designed, Developed and Manufactured (Indian-IDDM) category. While appreciating the measures taken by the Ministry, the Committee desire that proper and periodical monitoring should be done by the Ministry to avoid any delay in achieving the targets.**

## **H. Vacancies in ECHS Polyclinics**

### **Recommendation Para No. 46**

27. The Committee had recommended as under:

‘The Committee find that there is a gap between authorised and actual manpower at ECHS Polyclinics. There are 182 Medical specialists against the Authorised Manpower of 200, in the field of Radiology, there are 61 Radiologists authorised but only 4 Radiologists are available, in Gynaecology against the authorised strength of 61, only 57 are available. In the field of Dental, against the authorised strength of 471, only 425 are available. However, as per the Ministry, there has been no shortfall in the existing authorised manpower. The unutilised vacancies are due to the non-availability of Specialists in small towns and remote areas. The Committee do not concur with the view of the Ministry that this is a dynamic figure and rationalization within existing authorisation is undertaken accordingly. We all are oblivious of the fact that there are numerous number of medical colleges both that of Government and private which give post graduate degrees and every year accretion in the number of super specialists is recorded. Here the Committee can only recommend that very planned and concerted efforts may be undertaken by the Ministry to appoint Super Specialists in the polyclinics in the small towns and remote areas with the Committee’s recommendation to enhance their salaries which is contained in the succeeding paragraphs, the Committee have every reason to believe that super specialists would come forward to join these polyclinics. While recommending so, the Committee would like to have a factual note containing inter-alia as to what kind of attempts were made during the last five years to appoint super specialists in small towns and remote areas and what were the number of applicants, procedure of selection etc.’

### **Reply of the Government**

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

(a) ‘No data held with this Department as the recruitment process is carried out by Stn HQs through Board of Officers (BOO) constituted by Stn Cdr as per guidelines. However, data has been sought from respective Stn HQs.

(b) Advertisement of vacancies are being published in newspaper for vacant posts of specialist doctors by Stn HQs.’

**29. While taking note of the Action Taken Reply furnished by the Ministry in regard to the above specific recommendation, the Committee Express their deep concern over the wide gap between authorized and available manpower. The Committee had, in no unequivocal terms, recommended that planned and concerted efforts may be made by the Ministry to appoint Super Specialists in the polyclinics in the small towns and remote areas. The Committee had also desired to have a factual note containing inter-alia the efforts made**

during the last five years to appoint super specialists in small towns and remote areas and the number of applicants, procedure of selection etc. They, therefore, would like to reiterate their earlier recommendation and desire that efforts made by the Ministry to fill the gap between authorized and available manpower and complete data w.r.t. number of applications received etc as mentioned in the original report must be provided to them within three months of presentation of this report. It goes without saying that all out efforts may be undertaken to fill up the vacancies locally as is being done at many stations on contractual or periodical basis.

#### **I. Payment of Pending Bills by ECHS to Empanelled Private Hospitals**

##### **Recommendation Para No. 50**

30. The Committee had recommended as under:

“While lauding the efforts taken by the Ministry in clearing the pending bills, the Committee are aware that the issue of pendency surfaces before the Committee during the examination of DFGs every year. In this regard before commenting anything substantial the Committee would like to be apprised on the following sets of information:-

- (i) The numbers of ESM/Dependents who approached all the polyclinics combined during the last three years;
- (ii) The number of ESM who approached all defence hospitals combined for treatment of themselves and the dependent during the last three years; and
- (iii) The number of ex servicemen/dependent who were referred for super specialty treatment in private hospitals.

The idea to gather such statistics is to come to a conclusion as to arrive at a comparable figure whether more referrals were done or they were treated in polyclinics/defence hospitals. These figures may be supplied while furnishing the Action Taken Notes to the Committee.

On the issue of checking fake bills, though the Ministry has taken various measures like a proper referral from ECHS Polyclinic, checking of number issued, ECHS photo card swiping system etc. but the suspicion regarding raising such bills always exists. In this regard, the Committee recommend that a robust constant monitoring mechanism should be developed using the latest software and Artificial Intelligence to foolproof the system and to check this menace of fake bills which if succeed gives a loss to the exchequer.”

##### **Reply of the Government**

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

“(i) Details of ESM/Dependents who approached all the polyclinics combined during the last three years are as under:-

| Year               | OPD             | Dental         |
|--------------------|-----------------|----------------|
| 2020               | 5404578         | 469177         |
| 2021               | 11077864        | 1288221        |
| 2022               | 13633496        | 1646308        |
| <b>Total</b>       | <b>30115938</b> | <b>3403706</b> |
| <b>Grand Total</b> | <b>33519644</b> |                |

(ii) Data being ascertained and compiled.

(iii) Details of ESM/ Dependents who were referred for super specialty treatment in private hospitals during the last three years are as under:-

| SI. No.                        | FY           | Self Beneficiary Count | Dependent Beneficiary Count | Total Beneficiary Count |
|--------------------------------|--------------|------------------------|-----------------------------|-------------------------|
| <b>Empanelled Hospital</b>     |              |                        |                             |                         |
| (a)                            | 2020-2021    | 376728                 | 506198                      | 882926                  |
| (b)                            | 2021-2022    | 397596                 | 517330                      | 914926                  |
| (c)                            | 2022-2023    | 423129                 | 592931                      | 1016060                 |
|                                | <b>Total</b> | <b>1197453</b>         | <b>1616459</b>              | <b>2813912</b>          |
| <b>Non-Empanelled Hospital</b> |              |                        |                             |                         |
| (a)                            | 2020-2021    | 100172                 | 94387                       | 194559                  |
| (b)                            | 2021-2022    | 118276                 | 119227                      | 237503                  |
| (c)                            | 2022-2023    | 104944                 | 112102                      | 217046                  |
|                                | <b>Total</b> | <b>323392</b>          | <b>325716</b>               | <b>649108</b>           |

On the basis of checking fake bills, the recommendation of the Committee regarding developing a robust constant monitoring mechanism using the latest software and Artificial Intelligence is noted. The above issue is also being addressed in the comprehensive IT infrastructure study of ECHS currently being undertaken by a team of technical consultants. Besides this, the possibility of onboarding ECHS on to National Health Authority (NHA) IT platform or developing a separate module/mechanism for this aspect is also being explored.”

**32. The reason behind the recommendation made by the Committee in their original report was to gather statistics with regard to numbers of ESM/Dependents who approached all the polyclinics combined during the last three years; the number of ESM who approached all defence hospitals combined for treatment of themselves alongwith the dependent during the last three years; and the number of ex servicemen/dependent who were referred for super specialty treatment in private hospitals. This statistics would help the Committee in getting a broader spectrum and towards further improvement of existing procedure. However, as complete information is not provided by the Ministry, the Committee desire that rest of the information should, atleast now be provided to them within three months of the presentation of this report. This**

**information would be used by the Committee in their ensuing examination of the Demands for Grants of the Ministry.**

## **CHAPTER-II**

### **Observations/Recommendations which have been accepted by the Government**

#### **ARMY: Budget**

##### **Recommendation No. 1:**

The Committee note that the Army is the land component of the Armed Forces. Indian Army strengthens the idea of India and lives by national values. Dedicated to preserving national interests, safeguarding sovereignty, territorial integrity and unity of our Nation. The challenges before the Army include thwarting proxy wars, defeating/arresting internal threats, assist the Government and the people of India during all needs and crises including natural and manmade disasters. To perform all the duties with perfection, the Army needs Revenue as well as Capital Budget as per the projection. For the financial year 2023-24, the Army projected for Rs. 1,84,989.60 Crore and surprisingly very close to the projection, allocated Rs. 1,81,371.97 Crore, just Rs. 3,617.63 Crore less than the projection. During the financial year 2022-23, against the projection of Rs 1,74,038.35 Crore, it was allocated only Rs. 1,63,713.69 Crore, which was reduced by Rs. 10,324.66 Crore. In the RE same year, the Army made a projection of Rs.1,80,526.71 Crore but the allocation was Rs 1,73,335.62 Crore. The Committee find that until December, 2022, the Army is able to spend only Rs 1,27,935.76 Crore and Rs 45,399.86 Crore is to be spent in the coming three months. This in the opinion of the Committee, would require prudent fiscal planning and concerted efforts. The Committee would like to know the final outcome in this regard from the Ministry consequent to the end of Financial Year while furnishing the Action Taken Notes. The Committee understand that a major portion of the budget head primarily goes for salary expenses which is a fixed expenditure. The non-salary expenditure caters to the expenses on stores, ration, transportation, fuel, etc., which are essential for regular training and operational preparedness of the Army, therefore, the Committee recommend that the trend which has been introduced with favourable allocation this year under the Revenue Head should be continued in the coming years also. It is needless to state here that regular interactions may be held with the Ministry of Finance as soon as the proposals for the subsequent budget are formed'.

##### **Reply of the Government**

In FY 2022-23, Army has incurred an expenditure of Rs. 1,69,936.33 Crore under Revenue Head as per March(Pre), 2023, which is 98.45% of MA allocation of Rs. 1,72,616.32 Crore. Further, the recommendation of the Committee has been noted for compliance.

## **Percentage Share of Army Budget**

### **Recommendation No. 3**

From the data supplied by the Ministry, the Committee note that there has been a constant decline in the percentage share of the Army in the Defence Budget. The Army was given 45.49 per cent of the Defence Revenue budget in the year 2018- 19, which declined to 42.48 per cent in the year 2022-23. In the capital budget segment, the share declined from 9.60 per cent in 2018-19 to 8.33 per cent in 2022- 23. The overall percentage also declined from 55.09 per cent in the year 2018-19 to 50.82 in 2022-23. The Committee are aware of the fact that the Army is responsible for the security of vast land borders and operating as an agency for counterinsurgency, therefore, the Committee recommend that the share of the Army in the total Defence Budget should not decline.

### **Reply of the Government**

The Committee may be apprised that funds are allocated to the Services based on trend of expenditure, projections made by the Services, Committed Liabilities to be fulfilled, inter-Services priorities and allocations/earmarking for critical projects etc. In BE 2023-24, Army has been allocated Rs. 1,81,371.97 Crore (i.e. an increase of Rs. 17,658.28 Crore over BE 2022-23) under Revenue Head and Rs. 37,341.54 Crore has been allocated (i.e. an increase of Rs. 5,226.28 Crore over BE 2022-23) under Capital Head.

2. Further, efforts will be made to ensure that share of Army may be maintained, however, it may be appreciated that it may also depend on requirements of other Services as well.

## **Budget for Modernisation**

### **Recommendations Nos. 4-7**

The Committee note from the replies submitted that in the Defence Services Estimates (DSE), there is no separate allocation of funds for Committed Liabilities (CL) and New Schemes (NS). In the Financial Year 2022-23, an amount of Rs. 25,908.85 Crore was allocated to Army at BE stage under Capital Acquisition (Modernization) Head. Further, earmarking between Committed Liabilities and New Schemes is carried out by Service HQrs based on a prioritization among the projects/schemes and the progress of contractual milestones. Against these allocations, an expenditure of Rs. 18,503.87 Crore (upto December, 2022) has been incurred in Financial Year 2022-23. The Committee further note that keeping in view the pace of expenditure, additional funds to the amount of Rs. 1,142.15 Crore were allocated to the Army in RE 2022-23 over BE 2022-23.

### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

### **Recommendation No. 5:**

The Committee also note that under Modernisation (Capital Acquisition) Head, Army had sought additional allocation of Rs. 16,293.19 Crore in the first supplementary and Rs. 13,400.08 Crore in the second and third supplementary stages in Financial Year 2018-19. However, the Army did not receive any additional allocations at the Supplementary stages. During the Financial Years 2019-20, 2020-21 also Army did not receive any additional allocations at the Supplementary stages. As no allocations were made all these years for meeting expenditure on account of Committed Liabilities for HAL projects; cash outgo for Apache; vehicles being procured ex-trade by MGO; emergency power procurement and critical 10(i) and Committed Liabilities of existing contractual terms and liabilities including the impact of Countering America's Adversaries Through Sanctions Act (CATSAA), foreign Committed Liabilities, DPSUs, Brahmos and Pvt. Vendors and procurement of critical vehicles to meet the operational requirements is seen by the Committee as a scenario which may affect the operational preparedness of the Army, which could have been avoided by allocating a certain amount at the Supplementary Grant's stage.

### **Reply of the Government**

This Ministry submits the requirements projected by the Services, including Army, to Ministry of Finance for favourable consideration. While allocating funds, Ministry of Finance analyses past absorption capacity of the Services, pace of expenditure in the current Financial Year, overall resource envelope available and pressing demands from other quarters etc. Based on the overall ceilings conveyed by M/o Finance, Ministry of Defence allocates funds among the Services and Organisations under MoD, including Army, taking into account Inter-Services priorities, pace of expenditure, pending committed liabilities etc.

2. The Committee may be assured that all efforts are made to obtain additional funds projected by Army at Supplementary/RE/MA stage under Capital Head. Further, the allocated funds are optimally utilized towards operational activities. If required, the schemes are reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

### **Recommendation No. 6:**

The Committee are happy to note that the Army had sought no additional allocation at the first, second and final Supplementary stages in Financial Years 2021-22 and 2022-23. In this regard, the Committee are of the view that allocations at Supplementary Grant's stage are very crucial as by that time all the liabilities are in the last stage and funds are needed for it, therefore, the Committee recommend that Army may be given additional funds at the supplementary grants stage so that the capital acquisitions are not hampered leading to deferred payments ultimately inviting legal implications/ penalties and country's preparedness remains intact.



## **Reply of the Government**

In BE 2023-24, Army has been allocated Rs. 30,163.00 Crore (i.e. an increase of Rs. 4,254.15 Crore over BE 2022-23) under Capital Acquisition (Modernisation) Segment. Further, the Committee may be assured that all efforts are made to obtain additional funds projected by Army at Supplementary/RE/MA stage under Capital Head.

## **Recommendation No. 7**

The Committee understand that the Committed Liability refers to payments anticipated during a financial year in respect of contracts concluded in previous years. Under the Defence Services Estimates, Committed Liabilities constitute a significant element in respect of the Capital acquisition segment, since one project may span several financial years. New Schemes include new projects/proposals, which are at various stages of approval and are likely to be implemented in near future. As mentioned in the first para, there is no separate allocation and these are catered through Capital Acquisition (Modernization) budget, however, for clarity and better planning, the Committee desire that separate allocation should be earmarked for Committed Liabilities and New Schemes.

## **Reply of the Government**

Committed Liability (CL) refers to payments anticipated during a financial year in respect of fulfilment of milestones for contracts already concluded. New Schemes (NS) include new projects/proposals which are at various stages of approval and are likely to be implemented in near future. New Schemes once implemented forms part of committed liabilities and expenditure towards the same is met under the Capital Acquisition Head. The recommendation of the Committee for creation of a separate Code Head for Committed Liabilities and New Schemes was taken up with the Services. The Services are of the view that present system in vogue may be continued due to following reasons:-

(i) Assignment of funds specifically for a separate Head for New Schemes/ Committed Liabilities would result in limiting the flexibility of usage of funds, thereby hampering the progress of expenditure and timely utilisation of resources.

(ii) The projections made for New Schemes for a particular year are estimates which may or may not fructify during the year owing to various stages involved in Contract finalisation. Similarly, amounts planned against the CL are based on projections depending on milestones likely to be achieved as per the contract. These milestones may encounter slippages resulting in the requirement to carry forward the CL to next/ succeeding year.

(iii) Every existing Committed Liability had earlier been a New Scheme and every New Scheme would transform into a Committed Liability. Hence, introduction of separate Heads for Committed Liabilities and New Schemes would require amendment of the sanctioned Code Head when a New Scheme become Committed Liability on a later date. The frequent changes between Code Heads may lead to accounting complexities and planning problems.

2. In view of the above, the Committee may consider continuing with the existing system of earmarking between Committed Liabilities and New Schemes under Capital Acquisition, as is being carried out by Service Hqrs presently.

## **Planning and Procurement**

### **Recommendation No. 8-10:**

The Committee find that Defence Capital acquisition is carried out in accordance with the Defence Procurement Procedure (DPP)/Defence Acquisition Procedure(DAP) and undertaken through Ten years Integrated Capability Development Plan(ICDP), Five Years Defence Capability Acquisition Plan (DCAP) and Annual Acquisition Plan (AAP).The cases listed in the approved Annual Acquisition Plan (AAP) are progressed as per the DPP/DAP provisions and funds allocated and budgeted under the capital Acquisitions heads of concerned Service for the given financial year. 29 Acceptance of Necessity (AoN) worth about Rs. 60678.67 crore have been accorded during the last financial year 2021-22 and current financial year2022-23 (upto Dec, 2022) which are under various stages of the Acquisition process for induction of the equipment in the services in subsequent years.

### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

### **Recommendation No. 9**

The Committee were informed during the oral evidence that emergency procurement powers were assigned to the Indian Army with effect from October 2022, which has enhanced the fighting capability of troops.

### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

### **Recommendation No. 10**

The Committee understand that conventional wars were fought in only three modes i.e. land, air and water, but recently there is a paradigm shift in the technology used in fighting a war. There have been innovations and experiments in western countries, and the use of drones, space, cyberspace etc has increased the sphere of war, which can fight from very distant locations in a remote controlled mode. In this regard, the Committee desire that the country should develop a robust digital infrastructure besides improvement of the existing weaponry.

### **Reply of the Government**

DRDO is pursuing R&D in the areas of Drones, Space and Cyber Space and developing robust digital infrastructure.

DRDO has developed various drone based systems and anti-drone systems based on the requirements of User Agencies. DRDO has developed a comprehensive integrated Anti-Drone System, which comprises of detection, identification and neutralization (both Hard Kill and Soft Kill) of a drone.

Armed Forces have already placed 23 orders on industry for manufacturing of these Anti-Drone Systems developed by DRDO.

Also, DRDO is working in the area of Cyber Space enabled with AI towards the Cyber Space requirements. Information and Communication Security are built for Systems for Advanced Net Centric Decision Support Systems. These technologies and systems are delivered and deployed by Defence Services, which act like force multiplier that greatly enhance their war fighting capabilities.

### **Indigenization**

#### **Recommendations Nos. 11-13:**

The Committee find from the replies submitted by the Ministry that during the last five financial year (2017-18 to 2021-22) and the current Financial year 2022-23 (upto December, 2022), a total of 90 capital acquisition contracts have been signed for capital procurement of defence equipment for Army, out of which 62 contracts worth about 84% of total contracts value, have been signed with Indian Vendors for capital procurement of defence equipment.

#### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

#### **Recommendation No. 12:**

During oral evidence also, a representative of the Army apprised the Committee that the Atmanirbharta initiative of the Government of India is fully supported by the Indian Army through multiple initiatives and outreach to the academy and industry through the Army Design Bureau, the Directorate of Indigenization, the Army Technology Board and a host of other establishments like Srijan Application, Department of Defence Production and the Innovations for Defence Excellence i.e. iDEX initiative. This modernization through the induction of indigenous weapons and platforms led to Acceptance of Necessity i.e. AoNs worth Rs. 99,569 crore for procurement of new equipment and weapons from indigenous sources in the current Financial Year.

#### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

#### **Recommendation No.13:**

The Committee appreciate the efforts made by the Ministry towards indigenisation and expect that this would continue and the country would see 100 percent Contract value going to Indian vendors for indigenously produced items in the year ahead to come.

#### **Reply of the Government**

Appreciation by the Standing Committee for the efforts/measures being undertaken to achieve the Government of India initiatives in achieving Atmanirbharta has been noted. The Government has taken several policy initiatives in the past few years and brought in reforms to encourage indigenous design, development and manufacture of defence equipment, thereby promoting self-reliance in defence manufacturing & technology in the country. These initiatives, inter-alia include, according priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020; Notification of four 'Positive Indigenization Lists' of total 411 items of Services and four 'Positive Indigenization Lists' of total 4666 items of Defence Public Sector Undertakings(DPSUs), for which there would be an embargo on the import beyond the timelines indicated against them; Launch of an indigenization portal namely SRIJAN to facilitate indigenisation by Indian Industry including MSMEs; Simplification of Industrial licensing process with longer validity period; Liberalization of Foreign Direct Investment(FDI) policy allowing 74% FDI under automatic route; Launch of Innovations for Defence Excellence (iDEX) scheme; Implementation of Public Procurement (Preference to Make in India) Order 2017; Establishment of two Defence Industrial Corridors, one each in Uttar Pradesh and Tamil Nadu; Opening up of Defence Research & Development (R&D) for industry, startups and academia with 25 percent of defence R&D budget; and Progressive increase in allocation of Defence Budget of military modernization for procurement from domestic sources, etc.

Due to concerted efforts of MoD, all 36 contracts signed towards Capital Procurement /Platform of defence equipment during FY 2022-23 have been signed with Indian entities.

Further, out of 4666 Defence items listed in 4 Positive Indigenization Lists of DPSUs, 2820 items having approximate import substitution value of Rs.2806 Cr have already been indigenized.

### **Budgetary Provisions**

#### **Recommendation No. 15-18:**

While examining Demand Nos. 19 & 20 in respect of the Air Force for the year 2023-24, the Committee find that in Revenue Section, Air Force projected Rs. 68,081.58 Crore against which an allocation of Rs. 44,345.58 Crore has been made. The allocation is deficient by Rs. 23,736 Crore and approximately 34 per cent lower than the projection. As informed the non-salary expenditure caters to the expenses on stores, ration, transportation, fuel, etc. which are essential for regular training and operational preparedness of the Air Force, therefore, a 34 per cent cut in the allocation would definitely hamper the training and operational preparedness of the Air Force, therefore, to avoid such situation, the Committee desire that during Supplementary Grants and Revised Estimate stages, the allocation as per the projection should be provided to the Air Force'.

#### **Reply of the Government**

The Committee may be assured that all efforts will be made to obtain additional funds projected by Air Force at Supplementary/RE/MA stage under Revenue Head.

Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

#### **Recommendation No.16:**

The Committee also note that in the year 2022-23, the final allocations made to Air Force at RE Stage was Rs. 44,728.10 crore whilst the expenditure incurred till Dec, 2022, was Rs. 29,214.45 crore. The Committee express the hope that the rest of 35 per cent funds will be spent in the last quarter and there would be no underspending.

#### **Reply of the Government**

The final allocation made to IAF Revenue Budget at RE Stage was Rs.44,728.10 Cr, which was fully utilised as on 31 March, 2023. Further, there is no unutilised fund under IAF Revenue Budget.

#### **Recommendation No.17:**

In the Capital segment case, the Committee find a considerable gap in projections made in the years 2022-23 and 2023-24. In the year 2022-23, the Ministry projected a sum of Rs. 85,322.60 crore, whereas, in the year 2023-24, the projection made is just Rs 58,808.48 crore. It is a known fact that the Capital Budget of a department chiefly provides for expenditure on modernisation, enhancement of force level, infrastructure development etc, a cut of Rs. 26,514.12 crore is a huge sum, though a representative of the Ministry during deliberations has stated that Russia-Ukraine war has affected some of the deliveries, as the country is sourced most of the supplies from indigenous sources, this sum seems to be on the upper side. Therefore, the Committee would like to comprehend the reason behind such a phenomenon and desire that a brief note may be submitted by the time of supplying the action taken replies. The little solace may be found in the financial figures of 2023-24, if it is not compared to any other year, as this year the projection under Capital Head is Rs. 58,808.48 crore and the allocation is just Rs. 539.77 crore short of that. The Committee are of the view that there should be no major gap between the two so that the Air Force can make long and short-term plans to acquire capital assets.

#### **Reply of the Government**

In the FY 2023-24, the projection of Rs.58,808.48 Cr has been made keeping in view of the Committed Liabilities (CL), OCPP and New Schemes (NS). During the previous FYs, the major portion of expenditure was pertaining to Rafale contract which has already been paid during the previous FYs. The optimum utilisation of allocation for FY 2023-24 will be ensured.

#### **Recommendation No.18:**

The Committee note that RE allocation for the year 2022-23 was Rs. 53,871.17 crore, however, the Air Force was able to spend only Rs. 27,631.50 crore up to December 2022, leaving almost the same amount of Rs. 26,239.67 crore to be spent in

the last quarter. In this regard, the Committee want to state that judicious use of money should be made by the Air Force through advanced planning and proactive approach and underspending should be avoided at any cost.

### **Reply of the Government**

The final allocation for FY 2022-23 was Rs. 53,871.17 Cr against which IAF Capital Expenditure was Rs.44,916.50 Cr. The unspent amount under capital acquisition budget is due to non-release of payment to Russian vendor because of ongoing Russia-Ukraine conflict.

### **Percentage Share of Air Force Budget**

#### **Recommendation No. 19:**

‘From the data supplied by the Ministry, the Committee note an evident decrease in the percentage share of the revenue budget of the Air Force, out of Defence Services Estimates. The budget of the Air Force decreased from a high of 10.32 per cent of DSE in 2018-19 to 8.53 per cent in 2022-23. At the same time, there is an increase in capital budget share from 12.81 per cent in 2018-19 to 14.75 per cent in 2022-23, but it was less than the allocation made in the year 2021-22 at 15.33 per cent. In this regard, the Committee desire that being a Capital intensive force it should have a lion’s share in the capital budget of DSE’.

### **Reply of the Government**

In BE 2023-24, Air Force has been allocated an amount of Rs. 58,268.71 Crore (i.e. an increase of Rs. 4,397.54 Crore over RE 2022-23) under Capital Head. Also, Air Force’s share is largest i.e. 35.84% amongst the Services/organization under Defence Services Capital budget. In this regard, it may also be relevant to mention that funds are allocated to Services depending upon inter-Services priorities, pace of expenditure, pending committed liabilities etc.

### **Budget for Modernization**

#### **Recommendation No. 20:**

‘The Committee note that in the Defence Services Estimates (DSE), there is no separate allocation of funds for Committed Liabilities (CL) and New Schemes (NS). Further, earmarking between Committed Liabilities and New Schemes is carried out by Service HQrs based on a prioritization among the projects/schemes and the progress of contractual milestones. The Committee also note that in the Financial Year 2022-23, an amount of Rs. 52,749.98 Crore was allocated at BE stage under Modernisation (Capital Acquisition) Head (which includes Committed Liabilities and New Schemes). However, no additional funds were allocated to Air Force in RE 2022- 23 over BE 2022-23. Against these allocations, an expenditure of Rs. 25,770.81 Crore (up to December, 2022) has been incurred in Financial Year 2022-23. As stated in the earlier para of the recommendation there is a huge gap between the projections for the year 2022-23 and

2023-24, therefore, the Committee are of the view that fund slated for modernization should always be incremental. The Committee also desire that there should be a separate allocation for Committed Liabilities and New Schemes, under the Modernisation/capital budget to figure out what goes for the Committed Liabilities and how much is left there for the purchase of new equipment. This will help in better planning and optimal utilization of available allocations’.

### **Reply of the Government**

Committed Liability (CL) refers to payments anticipated during a financial year in respect of fulfilment of milestones for contracts already concluded. New Schemes (NS) include new projects/proposals which are at various stages of approval and are likely to be implemented in near future. New Schemes once implemented forms part of committed liabilities and expenditure towards the same is met under the Capital Acquisition Head. The recommendation of the Committee for creation of a separate Code Head for Committed Liabilities and New Schemes was taken up with the Services. The Services are of the view that present system in vogue may be continued due to following reasons:-

(i) Assignment of funds specifically for a separate Head for New Schemes/ Committed Liabilities would result in limiting the flexibility of usage of funds, thereby hampering the progress of expenditure and timely utilisation of resources.

(ii) The projections made for New Schemes for a particular year are estimates which may or may not fructify during the year owing to various stages involved in Contract finalisation. Similarly, amounts planned against the CL are based on projections depending on milestones likely to be achieved as per the contract. These milestones may encounter slippages resulting in the requirement to carry forward the CL to next/ succeeding year.

(iii) Every existing Committed Liability had earlier been a New Scheme and every New Scheme would transform into a Committed Liability. Hence, introduction of separate Heads for Committed Liabilities and New Schemes would require amendment of the sanctioned Code Head when a New Scheme become Committed Liability on a later date. The frequent changes between Code Heads may lead to accounting complexities and planning problems.

2. In view of the above, the Committee may consider continuing with the existing system of earmarking between Committed Liabilities and New Schemes under Capital Acquisition, as is being carried out by Service Hqrs presently.

### **Planning and Procurement**

#### **Recommendation 21**

The Committee note from the data supplied on the acquisitions planned for the years 2023-24 and 2024-25 include Basic Trainer Aircraft (BTA) (HTT-40), Medium Power Radar (MPR) (Arudhra), Indoor Free Fall Simulator (Vertical Wind Tunnel), Close in Weapon System (CIWS), Additional Mirage 2000 Aircraft (Twin Seater), Ground Based System (Khoj), High Power Radar (Replacement), Design and development of

Foldable Fiber glass Mat (FFM) for rapid Runaway Repair for IAF, Six Additional Dornier-228 Aircraft, AL-31 Aero Engine for Su-30, Wet Lease of Flight Refueling Aircraft (FRA), High Frequency (HF) Trans receiver Static, DR-118 RWR for Su-30 MKI Aircraft, RD-33 Aero Engines for MiG-29 Aircraft, Technical Position (TP) for BrahMos Missile at AF Station Thanjavur and Wind Profiler. The Committee wish that the Ministry of Defence negotiate and finalise the plan to contain the deficit of equipment and aircraft.

### **Reply of the Government**

(a) Planned acquisitions for the years 2023-24 and 2024-25 include Indoor Free Fall Simulator (Vertical Wind Tunnel), Close in Weapon System (CIWS), Additional Mirage 2000 Aircraft (Twin Seater), Ground Based System (Khoj), High Power Radar (Replacement), Design and development of Foldable Fiberglass Mat (FFM) for rapid Runaway Repair for IAF, AL-31 Aero Engine for Su-30, Wet Lease of Flight Refueling Aircraft (FRA), High Frequency (HF) Trans receiver Static, RD-33 Aero Engines for MiG-29 Aircraft, Technical Position (TP) for BrahMos Missile, LUH (LSP), LLTR and Wind Profiler.

(b) Following contracts mentioned in the planned acquisitions (for the year 2023-24) have been signed:

- (i) Contract for procurement of 08 MPR (Arudhra) was signed with M/s Bharat Electronics Limited on 23 March, 2023.
- (ii) Contract for procurement of 70 HTT-40 BTA (Basic Trainer Aircraft) was signed with M/s HAL on 6 March, 2023.
- (iii) Contract for procurement of 06 Additional Dornier 228 Aircraft was signed with M/s HAL on 10 March, 2023.
- (iv) Contract for procurement of Qty 129 DR-118 RWR for Su-30 MKI Aircraft was signed with M/s BEL on 23 March, 2023.
- (v) Acquisitions, which are ongoing process, are carried out as per Defence Acquisition Procedure, 2020. Integrated Capability Development Plan (ICDP) is under formulation, based on the capability gaps/voids.

### **Indigenization**

#### **Recommendation No. 22:**

The Committee note that Air Force is vigorously pursuing indigenisation and expenditure is being done as per committed liabilities and internal earmarking of budget for domestic capital acquisition. The Committee are happy to note that Air Force procured Rs. 5,648.66 crore worth of goods in the year 2018-19, Rs. 16,461.54 crore in the year 2019-20, 36,638.14 crore in the year 2020-21, Rs. 29,911.37 crore in the year 2021-22 and Rs. 18,866.60 crore (upto 31 Jan 23) in the year 2022-23. During deliberations also, a representative of the Air Force apprised the Committee that though Air Force has signed a contract for the procurement of 114 aircraft from a foreign country but it would be manufactured in India. The Committee further note that Air Force has indigenized many components required for regular use through its Base Repair Depots. The Committee understand that 100 per cent indigenization is not possible and



feasible, however, they recommend that constant, continuous efforts should be made towards achieving whatever is achievable and making the country self-reliant.

### **Reply of the Government**

(a) The details of expenditure incurred on Domestic Procurement during FY 2018-19 to 2022-23 under Capital Acquisition Budget are as follows:

| <b>Financial Year</b> | <b>Domestic Expenditure (Rs in Crore)</b> |
|-----------------------|---|
| 2018-19               | 5,648.66                                  |
| 2019-20               | 16,461.54                                 |
| 2020-21               | 36,638.14                                 |
| 2021-22               | 29,911.37                                 |
| 2022-23               | 28,537.22                                 |

(b) Multi-Role Fighter Aircraft (MRFA). It is clarified that the case for procurement of 114 aircraft is under progress in consultation with all stakeholders. It has not been concluded as yet.

(c) Through these years, IAF has inducted various aircraft, radar and airborne platforms developed within the country. The induction of Light Combat Aircraft (LCA) (Tejas), Rohini Radars, Akash Surface to Air Missile, Advanced Light Helicopter (ALH) & further induction of Astra Air to Air Missile, Light Combat Helicopter (LCH) helicopters and HTT-40 Basic Trainer Aircraft are testimony of MoD's contribution to the national vision of Atama Nirbhar Bharat.

(d) It is the constant endeavour of the Government to enhance the indigenization in sustenance of existing fleets/squadrons of IAF. Efforts are being made to maximize the indigenization of critical Automatic Replenishment Store (ARS), Non-ARS spares & Tools, Testers and Ground Equipment (TTGE) etc. of various aircraft fleets like Mirage-2000, Basic Trainer Aircraft, MiG-29, Su-30 MKI, LCA, Rafale etc. and the fleets of helicopters like Apache, Chinook, Mi17 IV, Mi-17V5.

## **Force Level**

### **Recommendations Nos. 23-27:**

During a presentation before the Committee, a representative of the IAF informed that the authorized strength of the IAF is 42 fighter squadrons, however, as on date it has 33 active fighter squadrons. Considering approximately 20 aircraft per squadron, the country needs at least 180 fighter aircraft in the present circumstances. The Air Force also has an ageing fleet of MiG 21 and other aircraft which are soon going to phase out from the services, making rapid depletion in squadron strength of the force. The Committee are of the view that as the country is inching towards global leadership, security threats from neighbours has also become more prominent, which should be suitably addressed, therefore, they desire that IAF should always be combat-ready to counter a two-front collusive threat.

### **Reply of the Government**

(a) The IAF currently has 31 Fighter Aircraft Squadrons against authorized strength of 42. Though, the IAF faces a challenge with respect to draw-down of its number of fighter squadrons, it is at present fully capable of defending the nation. IAF has strived to arrest the draw-down of its fighter fleet and is currently in the process of gradually building it up. The shortage in number of fighter squadrons is being addressed through multipronged approaches to ensure that this is realised within time, budget and under 'Make-in-India' initiative. IAF has already inducted Rafale fighter aircraft and indigenously developed Light Combat Aircraft (LCA).

(b) As part of the acquisition plan of fighter aircraft the following proposals are being progressed:-

- (i) IAF is procuring 83 LCA Mk 1A for which contract was signed with HAL on 25 January, 2021. Cost of the contract is Rs.49,729.35 Cr (including support equipment + Taxes + Infrastructure cost and ADA D&D Cost). As per the contract, the deliveries will start from 2024 and be completed by 2029.
- (ii) DRDO is working towards the indigenous development of LCA Mk2 and a fifth generation fighter aircraft called the Advance Medium Combat Aircraft (AMCA).
- (iii) IAF also plans to induct Multi Role Fighter Aircraft (MRFA) in a phased manner. The case is being progressed under 'Make in India' provisions of DAP-2020.

### **Recommendation No.24:**

The Committee find that there has been considerable delay in the supply of 40 LCA from HAL to IAF and as on date, 38 aircraft have reached the Air Force. The case of procurement of 114 Multi-Role Fighter Aircraft, in advanced stage, in case it also goes LCA or Kaveri ways, the Government should consider buying state of the art fifth generation fighter aircraft over the counter without losing time to keep the force in a comfortable position.

### Reply of the Government

- (a) Light Combat Aircraft (LCA). Details of various categories of LCA are as follows:
- (i) **LCA [Initial Operational Clearance (IOC)]:-** The contract was signed on 31.03.2006 for procurement of 20 LCA in IOC configuration (16 Fighter + 04 Trainer Aircraft). 16 Fighter aircraft have been delivered. Delivery of 04 Trainer aircraft is expected in 2023-24.
  - (ii) **LCA [Final Operational Clearance (FOC)]:-** The contract was signed on 23.12.2010 for procurement of 20 LCA in FOC configuration (16 Fighter + 04 Trainer Aircraft). 16 Fighter aircraft have been delivered. Delivery of 04 Trainer aircraft is expected in 2023-24.
  - (iii) **LCA Mk 1A:-** The contract was signed on 25.01.2021 for procurement of 83 LCA Mk 1A (73 LCA Tejas Mk 1A fighter aircraft + 10 LCA Tejas Mk 1A Trainer aircraft). Delivery is scheduled to commence from February, 2024 and completed by January, 2029.
- (b) **Multi-Role Fighter Aircraft (MRFA).** Case for procurement of 114 aircraft is under progress in consultation with all stakeholders.

#### Recommendation No. 25:

The Committee also observe that the capital funding provided to IAF is not at all commensurate with the envisaged requirements such as buying a large number of fighter aircraft. In light of this factor, the Committee urge upon the Ministry of Defence to take necessary steps in consultation with the Ministry of Finance to that procurement of fighter aircraft is not further delayed due to want of funds.

#### Reply of the Government

In BE 2023-24, Air Force had projected an amount of Rs. 58,808.48 Crore and the amount allocated has been Rs. 58,268.71 Crore i.e. 99.08% of projected requirement under Capital Head. The Committee may be assured that all efforts will be made to obtain additional funds projected by Air Force at Supplementary/RE/MA stage. Further, the allocated funds will be optimally utilized towards operational activities. If required, the schemes will be reprioritized to ensure that urgent and critical capabilities are acquired without any compromise to operational preparedness.

#### Recommendation No.26:

In respect of transport aircraft, the Committee are happy to note that the situation is improving. The Committee were informed that AN-32, the main transport plane presently available with Air Force is being replaced with C-295 planes. Aircraft like C-17, C-130 and Royal 76 are also increasing the power projection and quick transport of necessary equipment of the Air Force.

### **Reply of the Government**

A contract for acquisition of Qty 56 C-295 MW transport ac and associated equipment is signed with M/s Airbus Defence and Space S.A. Spain on 24 September, 2021. First 16 Aircraft shall be delivered by the M/s Airbus Defence and Space in fly away condition at Spain and remaining 40 Aircraft shall be manufactured in India by a TATA consortium led, Tata Advanced Systems Limited (TASL). The first Aircraft is scheduled to be delivered by Airbus in September, 2023.

### **Recommendation No.27:**

As far as helicopters are concerned, the Committee were given to understand that medium lift main helicopters Mi-17 will are being upgraded and except Apache and Chinuk helicopters, all other inducted helicopters are made in India. In this regard, the Committee are of the view that for these aircraft and helicopters also a comprehensive database of phasing and replacing must be ready with the Air Force so that if capital budget is not being utilized for fighter aircraft, these machines could be purchased and capital budget does not lapse.

### **Reply of the Government**

IAF presently has Chetak/Cheetah/Cheetal, Mi-17/Mi-171V/Mi-17 V5, Mi-26, Mi-35, ALH, LCH, Chinook and Apache helicopters in its inventory. Out of these Chetak/Cheetah and Mi-17 helicopters are planned to be phased out in the near future. Chetak/Cheetah are planned to be replaced by HAL made Light Utility Helicopters (LUH) and Mi-17 are planned to be replaced by Indian Multi Role Helicopter (IMRH) being developed by HAL or any other equivalent platform.

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

### **Recommendation No.28:**

The Committee note from the information supplied by the Ministry that for Modernisation of Air Field Infrastructure (MAFI) Phase –I, the Ministry has paid the contracted amount of Rs. 1215.35 crore. For the Phase-II of the project, the contract value has been reduced from Rs. 1189.44 crore to Rs 1187.17 crore after contract amendment No.03 dated 30 Sept 21. The Committee would like to know the reason for the same at the time of supply of Action Taken Replies. The Committee find some satisfaction in the reply of the Ministry that the modernization of 24 airfields [including Ojhar (HAL) and Vadodara (AAI) where Navigation aids required for military aviation are being installed], nine airfields of Indian Navy and two airfields each of Indian Coast Guard, and Aviation Research Centre (ARC) as a part of Project MAFI II has been sanctioned by Govt of India and the project is expected to be completed in October, 2024. The Committee, while appreciating the pace at which the Phase-II work has started off, emphasise that the targets are achieved within the given time frame. The Committee also desire that the project relating to Advance Landing Grounds as announced in the Union Budget 2023 should also be given priority and completed in time bound manner.

### **Reply of the Government**

- (a) Contract amendment No.3 dated 30 September, 2021 in the MAFI Phase-II contract signed vide Air HQ/S99754/59/C4ISR dated 08 May, 2020 with M/s Tata Advanced System Limited (TASL) pertains to the change of navigational equipment namely, TACAN (Tactical Air Navigation), DME LP (Distance Measuring Equipment Low Power) and DME HP (Distance Measuring Equipment High Power).
- (b) As per the contract, TACAN, DME (LP and HP) was to be supplied by M/s Moog Fernau, USA. However, due to unserviceability and poor product support issue, M/s TASL had requested MoD for the change of supplier from existing M/s Moog-Fernau to M/s KAC. The contract amendment was approved following due process.
- (c) The cost of new TACAN, DME (LP and HP) equipment supplied by M/s KAC was found to be cheaper as compared to those supplied by M/s Moog Fernau by Rs.2,27,93,716/- (Two crore twenty seven lakhs ninety three thousand seven hundred sixteen).
- (d) The total contract value of MAFI Phase-II contract thus reduced from Rs.1189,44,73,515/- (Rupees One thousand one hundred eighty nine crore forty four lakhs seventy three thousand five hundred and fifteen only) to Rs.1187,16,79,799/- (Rupees One thousand one hundred eighty seven crore sixteen lakhs seventy nine thousand seven hundred and ninety nine only).
- (e) Improving of regional air connectivity relating to Advance Landing Grounds as announced in the Union Budget 2023 is a matter of UDAAN.

### **Manpower**

#### **Recommendation No. 29**

During the deliberations before the Committee, a representative of the Air Force submitted that the shortage of officers is around 600 against the authorised establishment of around 12,606. The shortage of men as of today is 3 per cent of the authorised cadre, and it would increase around 10 per cent of the authorised in 2026 if we take the proposed accretions into account. The Committee note that about 9500 posts are lying with the Ministry of Finance for approval. In this respect, the Committee desire that the matter should be persuaded with the Ministry of Finance at the highest level so there would be no shortage of manpower essential for the operations of the Air Force.

#### **Reply of Government**

The IAF is actively pursuing all cases for accretions of manpower against new equipment acquisition for expeditious fructification. 2068 post have already been approved in 2022-22.

## **INDIAN NAVY: Budget**

### **Recommendations Nos. 30-33:**

The Committee understand that Indian Navy carries the phenomenal task of national defence as Indian Ocean Region have multiple security challenges and nearly 1,20,000 ships transit through various choke points and almost 13000 Ships are in IOR at any given point of time. In this regard, a representative of Navy during the presentation before the Committee stated that the Navy's share in the Defence budget has grown from 17.78 per cent in 2022-23 to 18.26 per cent in 2023-24.

### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

### **Recommendation No.31:**

The Committee on examination of the Demands for Grants of Navy for the year 2023-24, note that under Revenue segment Navy projected Rs. 36,605.046 Crore at BE stage, however, it was allocated only Rs. 32,282.20 Crore, resulting a gap of Rs. 4,320.84 Crore. Surprisingly, during evidence, the representative of the Navy termed this shortfall as a growth of close to 14 per cent on year to year basis. It is a known fact that the Revenue Budget caters for the salary of personnel, operation, training, maintenance, repairs and day-to-day functioning of the Navy, which are particularly for the preparedness of the Service. It seems while calculating the 14 per cent growth formula, the Navy did not factor for any inflation.

### **Reply of the Government**

The projection for Revenue Segment was made by IN based on yearly requirements catering for the salary of personnel, operation, training, maintenance, repairs and day-to-day functioning of the Navy duly factoring inflation. Allocations at BE stage (excluding Joint Staff) for FY 23-24 is Rs 28812.50 Cr as compared to Rs 22,961.75 Crs for FY 22-23. Further, shortfalls, if any, would be sought by IN at appropriate Budgetary allocation stages.

### **Recommendation No.32:**

The Committee note that in BE 2023-24 under Capital Head Navy projected Rs. 52,804.75 Crore as its annual expenditure. Against this projection, the Committee see that this year's allocation is pragmatic and supportive for the Navy as the Ministry actually allocated the same amount as projected, although, this projection is Rs. 14,818.21 Crore less than the projection it made in the year 2022-23. This also indicates that the requirements of Navy for new Schemes have decreased, and gone down which may affect its modernization drive. The Committee would also like to know the reason for the lower projection in comparison to last year.

### **Reply of the Government**

The projections are made in consultation with Contract Operating Authorities of IN under Capital Budget with due cognizance of outgo towards committed liabilities and New Schemes. The enhanced projection and allocation in BE 22-23 have enabled IN to liquidate high committed liabilities to a large extent. This has resulted in creating sufficient fiscal space to undertake modernization of Indian Navy, though conclusion of various new schemes in BE 22-23. In addition, through Maritime Capability Plan 2022-23 to 2036-37, Indian Navy is poised to grow into a strong blue water force balancing the requirement of committed liabilities and modernization goal.

### **Recommendation No. 33:**

The Committee recommend that from next year onwards a separate statement of the net budget be provided after taking into account the inflation as it is a recurring and unavoidable phenomenon in all aspects of economic theory which applies to Navy also.

### **Reply of the Government**

The Committee may be apprised that Services project funds as per the prevailing requirements which include inflation also. Further, it may also be added that modernization and acquisition plans of the Services/ Organisations proceed as planned and on the basis of additional requirements, 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.

### **Indigenisation**

### **Recommendation No. 34:**

During the course of the examination of DFG, the Committee were apprised of the efforts made by the Navy towards indigenization. In the last five years 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22, total of 78 capital acquisition contracts for the Indian Navy worth ₹ 57156.82 crore were signed with the Indian vendors. However, on the perusal of the list of Acquisitions made by the Navy from Indigenous sources during the last five years, it is evident that contract value is continuously going down from Rs 27809.58 crore in the year 2018-19. In the year 2019-20, it became Rs. 18231.81 crore then in the year 2020-21, it went down to Rs. 4845.09 crore and in the year 2021-22, it further went down to Rs. 4527.91 crore. Although the trend of acquisition seems to be not healthy as it should, the assurance given by the Ministry that 70:30 per cent ratio earmarked towards procurement from indigenous sources and foreign sources, raises the hope that in the long run, the country would become self-reliant in defence production. The Committee wish and hope that the Ministry would work towards achieving this goal in a short span of time.

## **Operational Preparedness and threat perception**

### **Recommendations Nos. 35-36:**

The Committee note that 35 Schemes worth Rs 1,20,797.31 crore have been accorded Acceptance of Necessity (AoN) for acquisition. Out of these, 32 Schemes worth Rs 1,16,382.10 crore are planned through Indian vendors and only 03 Schemes worth Rs 4415.21 crore are planned through a Global vendor. The contract for the schemes are likely to be signed during FY 2023-24 and FY 2024-25. The present Force level of Indian Navy includes more than 130 ships and submarines. To augment the surface force levels, 43 ships/ submarines are under construction at various shipyards. Further, AoN also exists for the indigenous construction of 51 ships and 06 submarines and 111 Naval Utility Helicopters (SP Model) to be built indigenously. As stated by the Ministry, the capacity and capability development/ modernisation of the Indian Navy is being undertaken in accordance with the Long- Term Integrated Perspective Plan (LTIPP). The Committee also note that the number of assets required for various types of aircraft, is calculated based on Indian Navy's envisaged tasks and missions, available surface assets, areas of interest and other factors, as promulgated in LTIPP 2012-27. However, there is a shortfall of planes and helicopters for reconnaissance and transport, which is being mitigated through progressive procurement. The Committee in this regard want to state that the Ministry should assess the threat perception which has increased many folds in view of hostile nations in the neighbourhood and the increase in trade in the Indian Ocean Region. The Committee desire that necessary steps should be taken so that all the envisaged procurements progress well within the schedule and our Navy becomes omnipotent in Indian Ocean Region.

### **Reply of the Government**

During the last five years (from 2017-18 to 2021-22), total 146 contracts were concluded, out of which 93 Capital Contracts were concluded with Indian vendors and 53 contracts were concluded with Foreign vendors (64:36). Thus the ratio between Indian to Foreign source of procurement between FY 2018-19 to FY 2021-22 has been close to 70:30 except for the period during Covid Pandemic induced issues in the FY 2019-20 when ratio was 48:52. Further, during FY 2022-23, the ratio of 69.65 : 30.35 between Indian and foreign sources has been achieved in line with Ministry's Assurance given for the ratio of 70:30.

In order to augment the capacity and capability development for strengthening the Maritime Security of the nation as envisaged in LTIPP (2012-27), IN has taken the following steps:-

- (i) During FY 2022-23, contracts for construction of 22 ships worth Rs.22,571.03 Cr have been signed.
- (ii) During FY 2022-23, Defence Acquisition Council (DAC) has accorded AoN worth Rs.37317 Cr for construction of 10 ships under Buy (Indian-IDDMM) category.
- (iii) all efforts are made for timely procurement of equipment/platforms and also to ensure that contractual timelines are met.

### **Recommendation No.36:**



The Committee understand that the construction of Air Craft Carriers taken an unduly long time due to the complexities involved. In view of the uncertain decision on the procurement, the Committee desire that the Government should think of developing our islands and land area of advantageous peninsular shape of the country as the bases of missiles and aircraft like stationary Air Craft Carriers.

### **Reply of the Government**

India's aspiration as a **regional power** to safeguard its interests, can be effected only through a **near continuous presence** in the Indian Ocean Region, Bay of Bengal and Arabian Sea. Accordingly, in MCPP 2022-37, it is envisaged that IN would need to undertake concurrent **sea control operations** by **three Carrier Task Forces(CTF)** in geographically separate locations. In addition, there exists a need to project power in the term of sea control well beyond the shores of India, across the entire Area of Operations spanning from Gulf of Hormuz in the West to Malacca Straits in the east, and right from the Territorial Waters of India to the Southern Indian Ocean. This can be achieved only through Carrier Battle Groups centred around the Aircraft Carriers, and fortified by destroyers, frigates and corvettes which through its three dimensional offensive capability wields power to affect, impact and influence behaviour of adversaries, whether prior, or during hostilities.

The flexibility, mobility and combat potential of an Aircraft Carrier group **cannot be matched** by land based capability. While airbases on shore, whether on mainland or islands, would invariably include an air defence role, the maritime expanse over which **shore based offensive air power can influence battle is limited**. Further, static airbases ashore also present themselves as **priority targets** well before the conflict, and are likely to be listed high on target list of any adversary thereby demanding greater attention to air defence to ensure survivability of available combat air power. In contrast, in the case of a CBG, due to mobility and speed as well as the prevailing dense air defence environment provided by multiple sensor-weapon networks of escorts, the targeting of a CBG remains extremely challenging to adversarial air force. Hence, while shore bases remain essential to defence of national airspace, the requirement of a CBG is vital to ensure power projection and protection of our interests in the maritime domain. Accordingly, the timely induction of Aircraft Carriers and their seamless operation is inescapable.

### **Manpower**

#### **Recommendation No. 37:**

The Committee find that sanctioned strength of officers in the Navy (excluding Medical & Dental officers) is 11911 whilst the Borne strength is 10344 leading to a shortage of 1567 officers, making it 13.2 per cent of total officers strength. In the case of sailors, the sanctioned strength is 76,243, while the borne strength is 65,153 which leads to a shortage of 14.55 percent. The Committee also note from the statement submitted by the Ministry that Indian Navy is making various efforts to fill up vacancies in a systematic and time-bound manner, which is a continuous process. Towards this, Indian Navy undertakes induction of officers and recruitment of sailors twice every year to fill up vacancies i.e. making Indian Navy Website attractive, visit to Schools/

Colleges, MoU with Common Services Centres, Permanent Commission to SSC Officers, Candidate Friendly Recruitment Process, Image Projection Campaign (IPC) and induction of NCC Cadets to join the Navy as Officers and Sailors. The Committee while appreciating extensive measures taken by the Navy desire that the Navy should keep on looking at innovative methods and projecting jobs of the Navy as challenging and attractive to draw the eligible youth to overcome the deficiency of manpower.

### **Reply of the Government**

1. The recommendations of the Committee is noted for compliance. In addition, measures taken by the Navy over the years towards decreasing deficiencies in Manpower is elucidated in the succeeding paragraphs.

2. Induction of new platforms/ support infrastructure has increased the demand for training progressively over the years, which has not matched with increase in manpower. Numerous measures have been undertaken by the Indian Navy to fill the vacancies and encourage youth to join the Indian Navy viz. enhanced emphasis on improved Image Projection/ Publicity in audio, visual, print, internet, social media, holding of career fairs, exhibitions, motivational lectures in schools and colleges, computer-based online application filling examination. The details are as follows:-

(a) **Indian Navy Website.** The website [www.joinindiannavy.gov.in](http://www.joinindiannavy.gov.in) was revamped with enhanced functionalities, look & feel as well as increased capacity to make it more user friendly and attractive. This has facilitated implementation of recruitment management system and online (paperless) processing of applications for all officers and sailors entries.

(b) **Visit to Schools/ Colleges.** Indian Navy officers visit numerous schools and colleges across the country, especially their alma-maters to spread awareness.

(c) **MoU with CSC.** As a part of Digital India initiative, Gol has set up Common Services Centres (CSC) in all Panchayats across the country. The CSCs across the country are providing high quality and cost effective video, voice and data services. These also offer web enabled e-governance services, including submission of application forms, in the rural areas. Indian Navy has concluded a MoU with CSC on 27 Nov 17. By doing so, the Navy has extended its recruitment reach to all corners of the country through CSCs. Applicants can take the assistance of any CSC to fill up and submit their online applications against payment of a nominal service fee. This facility is highly beneficial for applicants in rural areas as also those without access to computers or internet.

(d) **Permanent Commission to SSC Officers.** The Government has approved grant of Permanent Commission prospectively to the Short Service Commission officers, for both men and women. As per the extant policy, SSC officers are being considered for the grant of Permanent Commission subject to the vacancies, merit and willingness in all the applicable branches/ cadres/ specialisations.

(e) **Sainik Schools/ Rashtriya Indian Military College (RIMC).** Naval officers are appointed to various Sainik Schools and RIMC to motivate the young students to choose Navy as a preferred career option.

(f) **Induction of NCC Cadets.** In order to make naval career more attractive to the country's youth, the Navy offers incentives to NCC Cadets opting to join the Navy as Officers and Sailors as follows:-

(i) **Officers' Entry.** A total of 12 vacancies out of the 90 annual vacancies of the Graduate Cadet Special Entry Scheme (GSES) are reserved for NCC 'C' certificate candidates. These candidates are exempt from appearing the Combined Defence Services Examination.

(ii) **Sailors' Entry.** The NCC candidates are given additional credit points which are added to the marks obtained in the written examination for preparation of merit. Additional credit of 6, 4 and 2 points are given to NCC 'C', NCC 'B' and NCC 'A' Certificate holders respectively.

(g) **Enhancing Scope of NCC Special Entry Scheme.** In order to encourage larger numbers of NCC cadets to join the Indian Navy, the additional provisions for NCC 'C' certificate holders have been introduced w.e.f May 21. The details are:-

(i) **For Only Men Candidates.** NCC 'C' certificate holders may apply for Direct Entry SSC in X (GS), Hydro, E (GS), E (AE), L (GS), L (AE) Branches.

(ii) **For Men and Women Candidates.** NCC 'C' certificate holder men and women candidates may apply for Direct Entry SSC in ATC, Observers, Logistics, IT, NAIC, Pilots, Sports, NA, Law, Musician and Education Branch.

(iii) Senior Division Army and Air Wing NCC 'C' certificate holders can also apply and avail the relaxations while applying for Direct Entry SSC schemes, in addition to the existing Naval Wing 'C' certificate holders.

(h) **Candidate Friendly Recruitment Process.** In order to connect with the young tech-savvy generation, the Indian Navy's recruitment website has been provided with the facility for filing online applications and forwarding of call up letters on email. Further, online access to admit cards, results and merit list has also been introduced. The facility has reduced timelines and enhanced candidate satisfaction, while projecting the Naval recruitment process as transparent and candidate friendly.

(j) **Women Officers.** Towards extending Permanent Commission to Women officers, induction of women aspirants through NDA after 12<sup>th</sup> class as cadets has commenced w.e.f Jun 22 NDA Batch. Till now, women were being inducted into the Navy, as Short Services Commission (SSC) officers in the Executive {Observer, Pilot, IT, Naval Armament Inspectorate Cadre, Air Traffic

Controllers (ATC), Law, Logistics, Sports, Musician and Provost (In-service), Education Branch and the Naval Architecture specialisation of the Engineering Branch.

(k) **B Tech Degree at INA and NDA.** Over the years Indian Navy has evolved into a technically sophisticated service. To operate in a highly technical environment a need was felt to upgrade the technical knowledge and skills of Naval personnel. Therefore, B Tech curriculum was introduced for officers at Indian Naval Academy (INA) in 2009. B Tech curriculum has also been introduced for cadets at NDA with effect from Jul 16. Award of B Tech degree to 10+2 cadets on completion of four years training at the INA has also helped to attract the youth.

(l) **Miscellaneous Actions.** The Navy celebrates the first week of December every year as the Navy Week. This opportunity is taken to connect with the population of our country. As part of this, the following activities are undertaken:-

(i) Ships and establishments are kept open to general public to give them an insight of the life on Naval ships and units.

(ii) Visits of school/college students are organised on board naval ships to educate them on career opportunities.

(iii) Visits by Naval ships are organised to small and medium ports of the country to facilitate visit by the local population who would otherwise not get this opportunity.

(iv) Medical Camps are organised at remote locations to make the Navy conspicuous and also render social service.

(m) **Image Projection Campaign (IPC).** The Indian Navy has been undertaking IPCs which are reviewed and refined every alternate year. **To reach out and connect to the youth and thereby inspire them to consider the Navy as a career option**, various communication mediums such as print, TV, radio, digital cinema, social media platforms, mobile games etc. are being utilised effectively. This has resulted in increased awareness about the Navy which is evident from the upward trend in the number of candidates responding to employment options as officers/ sailors.

(n) **Recruitment Publicity**. Following publicity actions are being undertaken to increase awareness about various entries and jobs in the Indian Navy:-

- (i) Advertisements in print and electronic media.
- (ii) Advertisements on job portals on the internet
- (iii) Advertisements are also being placed in popular magazines/papers with Quick Response (QR) codes.

### **Induction of Third Aircraft Carrier**

#### **Recommendations Nos. 38-39:**

The Committee are aware of the needs and requests of the Navy in regard to manufacturing a third aircraft carrier have been brought before them several times. They take note of the fact that given the geographical structure of India whereby we have Arabian Sea on West and Bay of Bengal on the East, two Aircraft Carriers are consistently required for meeting the threat perceptions and for preparedness/ augmenting striking capabilities during war. They are also aware of the fact that maintenance of an aircraft undertakes a long period. Depending on the type of short/ normal/ long/ midlife refit through which carrier undergo, it would definitely take a period ranging from six months to two years. Likewise, induction of an aircraft carrier is a long gestation exercise. The Committee are not oblivious of the fact that from the state of planning till complete operationalization, it may take a period ranging from ten to fifteen years. In the wisdom of the Committee, the entire budget for a carrier is not required in a single particular year but in a staggering manner which may be spread out till the eventual operationalization of the carrier. During the Study Visits and consequent to the visit to warships especially to the aircraft carrier Vikramaditya, the Committee find that they are very well equipped with the self defence and surveillance systems.

#### **Reply of the Government**

1. As a Blue-Water force, considering the vast area of operations, operational philosophy centered on sea control and growing threat in the IOR, the IN has a requirement of **three operational aircraft carriers at any time**. This is also important towards sustaining our Maritime Dominance in all three geographical expanse of the Indian Ocean Region.

2. INS Vikrant stands testimony to our nation's efforts towards complete indigenisation of our Armed Forces. With this India has become part of the elite group of Nations possessing the **niche capability to indigenously design and build an Aircraft Carrier**. The technical expertise gained in indigenous construction of INS Vikrant is precious and should be capitalised upon to accrue savings in terms of cost and time. **Therefore, induction of a third carrier through indigenous construction is being actively explored.**

3. Apart from the war fighting concepts, Aircraft Carrier can **provide impetus to 'Make in India' & Skill India**. Ship-building industry and warship acquisition has a

direct impact on the economic development of a nation. This project will create extensive jobs opportunities, encourage indigenous shipbuilding and business to MSMEs. The '**Plough Back Effect**' of projects of this magnitude to the economy are highly significant.

4. In so far as Capability development is concerned, perspective plans of the three services are periodically reviewed based on emerging threats and challenges. Currently, deliberations for a second indigenous Carrier are in progress and suitable decision will be taken by the Competent Authority after considering all the relevant factors.

#### **Recommendation No.39:**

The Committee while acquiescing with the logic of the Defence Secretary given during the deliberations that shipbuilding of this class gives a boost to the economy/employment and strengthens us in terms of retention of the acquired capabilities, the Committee in no uncertain words recommend that Ministry may take a final decision, chalk out a trajectory and start the planning process for the third aircraft carrier which would eventually enhance India's maritime capabilities. The progress made in this regard may kindly be intimated to the Committee at the time of furnishing the Action Taken Notes.

#### **Reply of the Government**

In order to meet enhanced operational maritime capabilities of Indian Navy, a proposal for acquisition of third Aircraft Carrier considering the indigenous expertise with respect to design and construction of IAC-1 (INS Vikrant) is being explored and may be progressed in due course of time.

#### **JOINT STAFF : Budget**

#### **Recommendations Nos. 40-43:**

The Committee note that in the Budget Estimates for 2023-24, Joint Staff has made a projection of Rs. 6,543.78 Crore against which an allocation of Rs. 6,060.45 Crore has been provided resulting into a shortfall of Rs. 483.33 Crore. However, during the deliberations before the Committee, a representative of Joint Staff apprised the Committee that BE allocation of 5,670.46 Crore, excluding SFC has been doubled in comparison to year 2022-23. As per information given, this allocation gives a satisfaction level of 92 per cent to Joint Staff.

#### **Reply of the Government**

This is factual information and Ministry has no comments to offer.

### **Recommendation No.41**

The Committee understand that Joint Staff act as single point organization for jointmanship in Ministry of Defence which integrates policy, doctrine, war-fighting and procurement and find that during the years role of Joint Staff has risen many folds. Presently, it supports financial aspects and capability building of more than 120 units. The Committee further note that Integrated Defence staff formulates policies and doctrines to coordinate, synergize, enhance and optimise operation capability, training and other functional aspects such as foreign cooperation, logistics, communications, medical, and harmonises identification and acquisition of modern capabilities and technologies by the three services.

### **Reply of the Government**

The role of Integrated Defence Staff has witnessed a significant increase, with a renewed focus on promoting jointness and integration in the recent years. A consultative mechanism has been adopted towards formulation of a number of policies and doctrines, aimed at enhancing the integration amongst the Services.

Pursuant to these endeavours, certain key initiatives aimed at enhancing Tri-Services synergy, whilst ensuring optimization of resources include: -

- (a) Operationalisation of the Defence Cyber Agency (DCyA), Defence Space Agency (DSA) and the Armed Forces Special Operations Division (AFSOD), which were established in 2018. These organisations provide niche capabilities to both protect and respond, to our national interests in these emerging domains.
- (b) As part of integration of the Tri-Services Logistics architecture, three Joint Logistic Nodes were established at Port Blair, Mumbai and Guwahati in 2020.
- (c) The Armed Forces modernization programme is being coordinated by HQ IDS for all the three Services. Therein, the capabilities required, with the associated platforms, have been identified and the ensuing implementation roadmap for all acquisitions is being undertaken part of five year Defence Capital Acquisition Plan (DCAP) and the two year roll on Annual Acquisition Plan (AAP).
- (d) HQ IDS is also steering the focused efforts to encourage indigenous defence manufacturing sector, as part of the Government's Atmanirbhar Bharat plan. Initiatives like iDEX (Innovation in Defence Excellence), TDF (Technology Development Fund) and encouragement for Make-I and Make-II projects under the Defence Acquisition Procedure (DAP)-2020, have been institutionalized to enlarge the indigenous defence manufacturing base in the country.
- (e) Integration of a Tri-Services communications network is being progressed through the Network for Spectrum (NFS) project. This project aims at providing a common communication and data architecture to all the three Services.

- (f) A concerted effort has been put in to progressively enhance the Joint Training. Five Joint Training Institutes (JTIs) have been established in the fields of CBRN (Chemical, Biological, Radiological and Nuclear), Intelligence, Law, Music and Catering. In addition, the training syllabi in the JTIs has also been revised, with a significant increase in the joint training content.
- (g) Progress has also been achieved in integrating and cross-utilisation of the existing maintenance and support infrastructure of the three Services.
- (h) In light of the growing defence cooperation with other nations, the international defence cooperation, including Joint Exercises with Friendly Foreign Countries (FFCs), is also being harmonized between the three Services.

#### **Recommendation No. 42:**

The Committee while appreciating the role and responsibilities of HQ Integrated Defence Staff/Joint Staff which has also been given indigenization aspect of our Defence Forces recommend that sufficient budgetary support without a cut as proposed in the projections must be provided to Joint Staff. It should also be ensured that budgetary allocations at the stage of RE and supplementary grants may also be given as per the projection as Joint Staff has been assigned with a crucial responsibility to keep an optimum level of coordination between the Forces during operations and has been entrusted with the dispensation of three major organizations namely Armed Forces Special Operation Division, Defence Cyber Agency and Defence Space Agency.

#### **Reply of the Government**

In BE 2023-24, Joint Staff has been allocated an amount of Rs. 6,060.45 Crore (i.e. an increase of Rs. 1,598.10 Crore over BE 2022-23) under Revenue and Capital Heads. Further, the Committee may be assured that all efforts will be made to obtain additional funds projected by Joint Staff at Supplementary/RE/MA stage.

#### **Recommendation No.43:**

The Committee also note that in the last financial year i.e. 2022-23, the Joint Staff had been able to utilize only Rs. 2958.76 crore till December 2022. Consequently, the resultant factor was that nearly Rs. 2539.63 crore out of Rs. 5498.39 crore allotted at RE stage still remained to be spent in the fourth quarter of the financial year. Here, the Committee would like to draw the attention of the Ministry on the prudent principles of Financial Expenditure Management, where bulk spending in last quarter is considered as an unhealthy trend. While recommending for enhancing the budgetary allocations for Joint Staff, the Committee also desire that budget allocated during BE and RE stages should also be spent fully and there should be no under spending.

#### **Reply of the Government**



The expenditure under Capital and Revenue is planned at the beginning of the F.Y. Thereafter, the cases are progressed so as to maintain an even flow of expenditure for the complete F.Y.

Periodic reviews are also undertaken to fine-tune the procedures and strengthen the processes. Furthermore, regular Budget Conferences are conducted with all stakeholders to monitor the expenditure state.

The data highlighted, includes the additional amount received at the RE Stage in the Fourth quarter, which was judiciously utilized during the Financial Year. In addition, the expenditure on salaries and major capital projects are spread throughout the F.Y.

Against the final allotment of Rs 4,733.37 crore (at Modified Appropriation Stage), HQ IDS ensured an expenditure state of Rs 4,611.65 Cr in the F.Y. 2022-23.

## **EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME (ECHS)**

### **Budget**

#### **Recommendation No. 45**

The Committee note that close to 55 lakh beneficiaries including ESM and their dependents are presently availing ECHS benefits. In the financial year 2021-22, against the projection of Rs. 5643.61 crore, ECHS was allocated Rs. 4870.75 crore but the actual utilization was Rs. 4864.66 crore. The next year projection and allocation both were raised and stood at Rs. 5777.51 crore and Rs. 5143.51 crore respectively and the organisation was able to spend Rs. 4347.74 crore by January 11, 2023. In the last two and half months it has to spend Rs. 795.77 crore, for that, the Committee are hopeful that it would achieve the target and that there would be no surrender of funds as witnessed in the year 2020-21.

#### **Reply of the Government**

In last FY 2022-23, ECHS was allotted Rs. 6929.07 crore against projection of Rs. 7583.01 crore at MA Stage (Mar 2023). It is confirmed that out of total allotment of Rs. 6929.07 crore, an amount of Rs. 6891.60 crore were completely utilised. However, for the current FY 2023-24, ECHS has been allotted Rs. 5431.56 crore.

### **Vacancies in ECHS Polyclinics**

#### **Recommendations Nos. 47-48:**

The Committee further note from the reply submitted by the Ministry that a case for De-Novo review of ECHS Polyclinics has already been carried out which would include the establishment of 17 new Polyclinics, upgradation of 42 ECHS Polyclinics, re-location of 19 Polyclinics with the placement of 91 new & conversion of 20 existing Type 'E' Polyclinics to Mobile Medical Units (MMUs). The establishment of new polyclinics and the upgradation of polyclinics will enhance the authorised number of contractual employees by around 2000. The proposal is under consideration with MoD.

#### **Reply of the Government**

Strengthening of Veteran Health Care System in a holistic manner is under examination of MoD.

#### **Recommendation No. 48:**

During the oral evidence, a representative of ECHS apprised the Committee that specialists are authorised to work in Type-A and Type-B polyclinics only where the concentration of the ESM population is above 20,000 and 10,000 respectively. The Committee were informed that Medical Specialist, and Radiologist Gynaecologist are given Rs one lakh per month as remuneration, which is much less than what they are paid outside, therefore, vacancies always exist. Considering the plight of old age ESM who gave their youth to the country, the Committee recommend that the remuneration of specialists should be matched with that of other hospitals and till the time alternate arrangement should be made for ESM.

#### **Reply of the Government**

Recommended, as less salary is the major issue due to which special doctors do not apply for appointment in Polyclinics.

#### **Payment of pending bills by ECHS to empanelled private hospitals**

#### **Recommendation No. 49:**

From the reply submitted by the Ministry to resolve perennial problem of unsettled ECHS medical bills of the private recognized hospitals, the Committee note that the Ministry is continuously monitoring Turn Around Time (TAT) with Bill Processing Agencies (BPA), monitoring response to 'Need More Information (NMI)' cases with empanelled hospitals for early processing and also demanded additional funds. ECHS has been allocated Rs 1000 Crore in the year 2022-23, from Contingency Fund in September 2022 and Rs 300 Crore in November 2022 under Medical Treatment Related Expenditure (MTRE). More allotment is expected at RE State to clear the unsettled medical bills. The Committee wish and hope that such regular allotments are being provided by the Ministry to the ECHS, so some of the predicament of ESM would be redressed, and the private hospital would not reject ESM for admission and treatment.

#### **Reply of the Government**

The recommendation of the Committee has been noted and every effort will be made to allocate, as far as possible, the funds required by ECHS.

## **Integrated complex at ECHS Polyclinics for Ex-Servicemen during the treatment**

### **Recommendation No. 51:**

The Committee are happy to learn that integrated complex for Ex-servicemen is being developed for ESM, wherein Offices, Polyclinics, transit accommodation etc would be placed in one place. This step would definitely help ESM who come for medicine and office work from far-flung areas. The Committee are of the opinion that this step would resolve most of the problems of ESM and, therefore, recommend that adequate budget should be provided to ECHS and work should be completed in time bound manner.

### **Reply of the Government**

On occasion of Azadi ka Amrit Mahotsava construction of 75 Polyclinics has been sanctioned. In addition, defence land for ECHS Polyclinics at 18 locations and State Govt land at six locations is available for construction of permanent building on approval. The construction of integrated complex can be undertaken in these areas where land is available.

## **ECHS in Far-Flung Areas**

### **Recommendations Nos. 52-53**

The Committee note that to increase the outreach of ECHS in far-flung areas, the Ministry has sanctioned 17 Mobile Polyclinics in the State of Uttarakhand, Karnakata, Himachal Pradesh, Assam, Arunachal Pradesh, Punjab, Madhya Pradesh, Jammu & Kashmir and West Bengal. These Mobile Polyclinics offer Medical Services to all beneficiaries including women & Children also. Soon facility of online Tele-consultation is proposed to be commenced. Besides this, the Performance Bank Guarantee (PBG) rates were reduced in non-CGHS areas/cities to facilitate more hospitals to empanel with the ECHS. And the Ministry has submitted a proposal for the establishment of 111 Mobile Medical Units (MMUs) including the existing 20 Type 'E' (Mobile) Polyclinics under consideration to increase the reach of ECHS to remote locations and hilly/mountainous terrain. In addition to that, a Fixed Medical Allowance (FMA) has been granted to all ECHS beneficiaries who are residing in far-flung areas where Polyclinics are not available.

### **Reply of the Government**

Establishment of 111 Mobile Medical Units (MMUs) is also a part of De-novo review of Polyclinics which is under examination.

### **Recommendation No. 53**

The Committee find some satisfaction that over the years with the increase in ESM the organization is growing and devising new methods to help ESM. The Committee hope that with these new proposed arrangements to be put in place in the

coming years, medical related problem of ESM would come to the lowest level, if not completely vanish.

### **Reply of the Government**

Establishment of 111 Mobile Medical Units (MMUs) is also a part of De-novo review of Polyclinics which is under examination.

### **Other Relevant Issues - Establishing an ECHS Polyclinic at Vatakara Taluk, Kozhikode, Kerala**

#### **Recommendation No. 54**

During deliberations, the Committee were apprised of the plight of more than 6000 ex-servicemen residing in Vatakara Taluk, an area spreading from the foothills of the Western Ghats to the seashore of the Arabian Sea under Kozhikode district of Kerala. The area consists of hamlets and villages in the east of the tehsil which is inaccessible by public transport. The Committee in this regard recommend that ECHS should establish a 'Type C' polyclinic as per the norms to mitigate the problems of ESM residing in this area. This exercise should be completed in a time bound manner under intimation to the Committee.

### **Reply of the Government**

New Polyclinic Type 'D' at Vatakara is proposed as part of re-location of 19 Polyclinics in De-novo review of ECHS Polyclinics and same is under examination.

### **Sainik Schools Budget**

#### **Recommendations Nos. 55-56:**

The Committee note that primary aim of the Sainik Schools is to prepare cadets for entry into the National Defence Academy and Indian Naval Academy. The next aim is to remove regional imbalance in the officers' cadre in the Armed Forces. To achieve the objective, expansion of Sainik Schools has started in a big way with the announcement of the opening of 100 new Sainik Schools in a new mode which has been brought out in the succeeding paragraphs. It is a well-known fact that such expansions need a budgetary support from the nodal Ministry, in this case Ministry of Defence. However, on the perusal of the data provided by the Ministry, it is revealed that in the year 2021-22, the Budget Projected by Sainik Schools under BE was Rs 137.68 Crore, which was revised to Rs 300.00 Crore and allocated by the Ministry. During the year 2022-23, Budget Projected under BE was Rs 170.87 Crore and RE for the same year was Rs 235.08 Crore, however, it was reduced by approximately Rs. 35 Crore and allocated to Rs. 200 Crore. This year (2023-24) Sainik School asked for a Budget of Rs 175.87 Crore, which is yet to be allocated by Director General of Financial Planning (DGFP). The Committee feel that bearing in mind the expansion and opening up of the new Sainik School, there should be no reduction in the budget, rather the Ministry should allocate more budget for a smooth transition of Sainik School from 33 in numbers to 133 in coming years.

### **Reply of the Government**

In BE 2023-24, Sanik School Society had projected Rs. 175.87 Crore, which has been fully allocated. Further, the Committee may be assured that, if required, additional funds will be sought at Supplementary/RE/MA stage.

#### **Recommendation No.56:**

The Committee are happy to learn that this year the State Government's share has been increased by almost double to Rs 22598.10 lakh in 2021-22 from Rs 10270.99 lakh in 2020-21, while the Central Government share has reduced from Rs. 31938.29 lakh in 2020-21 to Rs 11950.98 lakh in 2021-22. The Committee desires the Ministry to be more proactive and ensure that this trend continues in coming years also.

### **Reply of the Government**

The observations of the Committee are noted. Consistent follow-up with the respective State Governments are carried out to get the due funds released from the concerned State Governments.

### **Challenges and constraints faced by Sainik Schools**

#### **Recommendation No.57:**

The Committee note that post implementation of VI<sup>th</sup> CPC and VII<sup>th</sup> CPC pay scales, self-sustaining Sainik Schools are facing funds constraints especially related to payment of Pay and Pension to their Staff. The Government allocates additional grants for paying 100% additionality of pay and allowances, pension and family pension arising out of the difference between V<sup>th</sup>& VII<sup>th</sup> Central Pay Commission to the Staff of Sainik Schools. In this regard, the Committee recommend that the Ministry of Defence should extend the requisite financial support expeditiously to Sainik Schools to take the issue to a logical conclusion and to remove all pending anomalies as far as the pay and allowances are concerned. The Committee would also like to seek a clarification while furnishing the Action Taken Notes whether the issues of Pay and Pension of the staff pertains only to Fifth and Seventh CPC or Sixth CPC also recommended for the hike in such allowances.

### **Reply of the Government**

The requisite financial support is extended by Ministry of Defence for 100% additionality in pay and pension to the teaching and administrative staff of Sainik Schools and the same has been catered for in the budget. The pay and pension of staff pertains V<sup>th</sup>& VII<sup>th</sup> CPC which inherently includes the difference of VI<sup>th</sup> CPC.

## **Renovating old infrastructure**

### **Recommendation No.58:**

The Committee note that Sainik Schools are well endowed in the matter of land, buildings and infrastructure, however, few schools being more than 60 years old, their infrastructure have depleted over a period of time. In order to maintain the existing infrastructure, the Ministry provides Grant in aid to the tune of Rs. 1 Crore to each School every year as per their demand. The Committee further note that in addition, the Ministry provides grant in aid to these Sainik Schools from time to time for augmentation/ modernisation of their infrastructure. Towards this, the Ministry provided one-time grant in aid of Rs. 109 crore in 2020-21 to these Sainik Schools for construction of girls' hostel. Further, the Ministry has also taken steps to persuade States to provide their share of the infrastructure development of the Schools. The Committee appreciate that the measures taken by the Ministry has borne fruit wherein the States have provided Rs. 225 crore to the Schools during 2021-22 for augmentation/ maintenance/ construction of their infrastructure. However, the Committee would not hesitate to recommend that constant dialogue should be maintained with the State Governments so that instead of one-time exercise, it would become a permanent phenomenon and our Sainik Schools can match the best educational institutions not only in infrastructure but also in state-of-the-art learning tools.

### **Reply of the Government**

The observations of the Committee are noted. Consistent follow-up with the respective State Governments are carried out to get the due funds released from the State Governments on a regular basis.

## **Infrastructure for girl students in the Sainik Schools**

### **Recommendations Nos. 59-61:**

From the information supplied by the Ministry, the Committee note that funding of Rs. 109 Crore was set aside by the Ministry of Defence during 2020-21 for Sainik Schools for infrastructure creation of required facilities for girl students from Academic Year 2021-22. In this respect, separate hostel with barbed wire fencing is provided for the girl cadets to ensure their safety. Also to ensure the security and well-being of girl cadets in the hostel, one Physical Education Master/Physical Training Instructor Cum Matron (Female) who accompanies the girl cadets throughout the day in all the training activities. One Nursing Sister for the medical requirements of the cadets and two female General Employees for housekeeping and maintenance of Girls Hostel are also employed. Separate washrooms are provided to the girl cadets in the Hostel. Sports fields, auditorium, mess and academic block for their convenience and ease and also CCTV cameras are installed at various places for the safety of girl cadets.

### **Reply of the Government**

The observation made by the Hon'ble Committee is accepted as a matter of fact.

### **Recommendation No.60:**

The Committee are happy to note that the Ministry has taken measures to ensure that a minimum number of 10 girls in each school are enrolled and these seats must have a continual reservation 10 per cent out of the total seats in class VI for girls and in subsequent classes until class 12. The Committee find that the Ministry is making efforts to improve the infrastructure of each Sainik School and provided Rs.3.3 crore to 28 Sainik Schools for the construction of girls' hostel with all allied facilities and security measures. It is also informed that construction of girls' hostel is in progress in each school. As the girl cadets are to be trained along with the boy cadets in the same training pattern which involves Academics, PT, Games, Drill and other Co-curricular activities for their overall growth, the Committee recommend that issues related to girl cadets, whenever these come to the notice of School authorities, should be taken on priority so the confidence and belief in the system remains intact.

### **Reply of the Government**

The observations of the Committee have been noted. All issues relating to girl cadets are given top priority in Sainik schools. Specialised lady staff i.e. Matron, Ayah and Nursing Sister are appointed in Sainik schools for taking special care of girl cadets along with acting as a first line of counselling for the girl cadets. Also, all Sainik schools have constituted a committee for protection against sexual harassment and abuse of female staff & girl cadets of Sainik schools.

### **Recommendation No.61:**

The Committee in their previous report also advised that as the Sainik Schools had been "only Boys school" for a very long time and since the induction of girl students had been started recently, therefore an orientation training programme should be conducted for the faculty/officials and students so that they can be sensitized to accommodate and respect girls in the school. Consequent to this observation, the Committee recommend that such exercises shall be conducted on a regular basis and they would like to be apprised of the leap forward taken in this regard from the time of presentation of this Report and furnishing of Action Taken Note by the Ministry.

### **Reply of the Government**

Presentations/Seminars/Workshops are being regularly organized for staff and cadets of Sainik schools for gender sensitization. Multiple steps have been taken by Sainik Schools Society for the said purpose which are enclosed at **Appendix-A**.

### **Standardized curriculum in new Sainik Schools under Public-private partnership**

#### **Recommendations Nos. 62-66:**

The Committee note that in accordance with the Government of India decision, 100 Sainik Schools under PPP mode will be set up in the first phase. These schools will be located in all the States of the country. Out of 100, 18 new Sainik Schools are already functioning. The Committee also note that the Ministry of Defence has not laid any restriction on the new Sainik Schools to run only Sainik School pattern of education. New Sainik Schools can have separate vertical for Sainik Schools pattern as well as

non-Sainik Schools pattern. These new schools can be day schools or residential schools.

### **Reply of the Government**

The observation made by the Hon'ble Committee is accepted as a matter of fact.

### **Recommendation No.63:**

The Committee further note that the criteria for merit-based admission in the new Sainik Schools will be same as the existing 33 Sainik Schools wherein students will be given admission based on merit obtained in all-India level Common Admission Test conducted by the National Testing Agency.

### **Reply of the Government**

The observation made by the Hon'ble Committee is accepted as a matter of fact.

### **Recommendation No.64:**

The Committee while noting that the teachers of new Sainik Schools have undergone a centralized training at IITE, that is, Indian Institute of Teachers Education at Gandhinagar, recommend that there should be standardized uniform pattern of education and physical activities otherwise these schools will lose their relevance and identity.

### **Reply of the Government**

The aspect of Standardized uniform pattern of education in new Sainik schools (partnership mode) has been well taken care of by Sainik Schools Society as under:

- (i) Pre-determined conditions in respect of qualifications, recruitment and service rules in respect of staff of the schools are in place in the Rules & Regulations by which new Sainik schools are governed.
- (ii) Every new Sainik school is to comprise a school management committee for supervising the training, academics and co-curricular activities in the school.
- (iii) New Sainik schools will also impart training in accordance with the CBSE plus curriculum prepared by an expert council and prescribed by Sainik Schools Society.
- (iv) Additional Sainik school specific training will be planned from time to time by Sainik Schools Society for teachers of the new Sainik schools to help them adapt to a Sainik School Model.

Standardized uniform pattern of physical activities in new Sainik schools is ensured as follows:



- (i) Pre-determined conditions for outdoor physical activities have been incorporated in rules & regulations governing new Sainik schools which include one football ground, two basketball courts, one athletic track, two volleyball court, facility for table tennis and one hockey ground.
- (ii) Conduct of general sports activities for all students to develop sportsman spirit and to improve physical fitness, the new schools will undertake expert coaching of One Sport per School based on State wise priority sports discipline promulgated in line with MoYA&S guidelines and create necessary infrastructure towards the same.

#### **Recommendation No.65:**

The Committee also take note of the fact that five States viz. Sikkim, Tripura, Telangana, Goa & Meghalaya have no Sainik School. This in the opinion of the Committee is an imbalance which needs to be rectified by the Ministry by taking very concerted efforts and come out with a concrete plan within a specified time frame as to how at least one Sainik School can be established in each of the five States above. The Committee, therefore, recommend that all the developments initiated in this regard be communicated to them within three months in order to enable them to judge the progress made by the Ministry.

#### **Reply of the Government**

The Government of India has approved an initiative to set up 100 new Sainik Schools across the country in partnership mode with NGOs/Private/State Government Schools. Towards this, applications were invited across pan-India from desirous entities for opening new Sainik schools. No applications were received for opening new Sainik schools from states of Sikkim and Goa. Applications have been received from states of Tripura, Telangana and Meghalaya which are under consideration.

#### **Recommendation No.66:**

The Committee would like to seek one more clarification on the split pattern of establishing the Sainik Schools in the new PPP Mode. Their specific query is about the second vertical i.e. such schools can also be established in a non Sainik School Mode. The Committee would like to have more details on this mode and would like to be apprised how will this mode accomplish the very purpose of establishing the Sainik Schools.

#### **Reply of the Government**

The new Sainik School established under partnership mode can have two verticals in the same school, one for the students under the Sainik school model from class 6<sup>th</sup> onwards and other vertical i.e. non-Sainik school. After maintaining a mandatory Sainik school vertical, the new school may also have a non-Sainik School vertical. The classes and activities for both the verticals will be held separately. The norms for New Sainik Schools prescribed by Sainik Schools Society will be applicable to their Sainik school vertical only.

## **Appointment of Retired Army Officers as Principals**

### **Recommendations Nos. 67-68:**

During deliberations, the issues of Army Officers for appointment in new schools came up and a representative of Sainik Schools Society apprised the Committee that the same is not possible due to shortage of regular Army Officers for such appointments. In this respect, the Committee recommend that Ex-Army Officers/JCOs/NCOs especially from the Army Education Corps may be appointed as Principals, vice-principals, instructors and teachers in the new Sainik Schools or in old Sainik Schools where the vacancies are lying for a long time in want of regular Officers.

### **Reply of the Government**

There is no stipulation for appointing Ex-Army Officers/JCOs/NCOs as Principals, vice-principals, instructors and teachers existing in the rules & regulations governing schools under partnership mode. However, these schools are free to consider the above mentioned personnel while making appointment in their school.

### **Recommendation No.68:**

The Committee have observed that a good number of students passing out of the Sainik Schools do not join NDA. In this regard the Committee would like to have a detailed chart containing the figures for the last five years of each and every Sainik School clearly bringing out a comparative figure of how many students passed class 12 and how many out of them were selected for NDA or Naval Academy. Based on the information supplied by the Ministry, the Committee would examine this issue in depth subsequently.

### **Reply of the Government**

The detailed chart containing the number of cadets of Sainik Schools joining National Defence Academy (NDA) and Naval Academy (NA) in last five (05) years i.e. from 2018-19 to 2022-23 is enclosed as **Appendix-B** for kind perusal of the Hon'ble Committee. The chart contains data for cadets of only 25 Sainik schools as other 08 Sainik schools are relatively new and the cadets of these 08 schools were not eligible for NDA/NA entrance examinations till closure of academic session 2022-23.

## CHAPTER-III

### **Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government**

#### **Budget**

##### **Recommendation No. 2:**

Under Capital Head, in BE for the financial year 2023-24, Army's projection was Rs. 37,341.54 Crore and to the surprise of the Committee, the same amount has been allocated to it. There is no deduction allocation vis-a-vis demand, though it is quite less than BE 2022-23 projection of Rs. 46,844.37 Crore. In RE 2022-23, the projection of the Army was Rs. 32,598.49 Crore and there was no deduction in allocation. However, the expenditure in three quarters of FY 2022-23 i.e. upto December 2022 was only Rs. 21,600.25 Crore. The Committee understand that Capital Budget cardinaly provides for expenditure on modernisation, enhancement of force level, infrastructure development, etc, which are essential not only for the modernization of the Army but also to safeguard territorial integrity. The Committee feels that Capital Projection should be incremental in nature, invariably consistent and it should not be less than that of a previous year so to absorb the inflationary trends. During deliberations, the issue of increased defence spending of hostile neighbours was discussed and a parallel was drawn. In this regard, the Committee opine that though the expenditure on salaries of manpower deployed is fixed and an essential component, the budget should cater as to induct state-of-the-art weapon systems and development of other infrastructure at the borders which at any cost cannot be compromised. Our expenditure should be in proportion to the increase in defence spending of our neighbours, therefore, the Committee recommend that the Capital Budget of the Army should be increased to have a deterrent capacity to ward off at least two hostile neighbours. The issue of standardised three percent spending on Defence Budget out of the GDP, as discussed during the sittings and brought out in other portions of the Reports on DFG must be seen as a guiding principle.

##### **Reply of the Government**

In BE 2023-24, an amount of Rs. 37,341.54 Crore (i.e. an increase of Rs. 5,226.28 Crore over BE 2022-23) has been allocated to Army under Capital Head.

It may be relevant to mention that Defence Expenditure is the largest expenditure amongst the Central Ministries. Since, Government resources come with definite cost, resource allocation is made among various competing priorities. Thus, keeping a certain percentage of GDP for M/o Defence or comparing M/o Defence budget with that of other countries may not be appropriate considering the fact that the resource allocations are made on need basis. Based on expenditure during the year, pending committed liabilities and critical/operational requirements, threat perception etc., additional funds are sought at Supplementary/RE stage. The progress of expenditure is reviewed from time to time to ensure that the budgetary allocations are

utilized. All efforts are made to ensure that the allocated funds are optimally utilized towards operational activities. 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.

## CHAPTER-IV

### **Observations/Recommendations in respect of which reply of Government has not been accepted by the Committee**

#### **Vacancies in ECHS Polyclinics**

##### **Recommendation (Para No. 46)**

The Committee find that there is a gap between authorised and actual manpower at ECHS Polyclinics. There are 182 Medical specialists against the Authorised Manpower of 200, in the field of Radiology, there are 61 Radiologists authorised but only 4 Radiologists are available, in Gynaecology against the authorised strength of 61, only 57 are available. In the field of Dental, against the authorised strength of 471, only 425 are available. However, as per the Ministry, there has been no shortfall in the existing authorised manpower. The unutilised vacancies are due to the non-availability of Specialists in small towns and remote areas. The Committee do not concur with the view of the Ministry that this is a dynamic figure and rationalization within existing authorisation is undertaken accordingly. We all are oblivious of the fact that there are numerous number of medical colleges both that of Government and private which give post graduate degrees and every year accretion in the number of super specialists is recorded. Here the Committee can only recommend that very planned and concerted efforts may be undertaken by the Ministry to appoint Super Specialists in the polyclinics in the small towns and remote areas with the Committee's recommendation to enhance their salaries which is contained in the succeeding paragraphs, the Committee have every reason to believe that super specialists would come forward to join these polyclinics. While recommending so, the Committee would like to have a factual note containing inter-alia as to what kind of attempts were made during the last five years to appoint super specialists in small towns and remote areas and what were the number of applicants, procedure of selection etc.

##### **Reply of the Government**

- (a) No data held with this Department as the recruitment process is carried out by Stn HQs through Board of Officers (BOO) constituted by Stn Cdr as per guidelines. However, data has been sought from respective Stn HQs.
- (b) Advertisement of vacancies are being published in newspaper for vacant posts of specialist doctors by Stn HQs.

#### **Payment of Pending Bills by ECHS to Empanelled Private Hospitals**

##### **Recommendation (Para No. 50)**

While lauding the efforts taken by the Ministry in clearing the pending bills, the Committee are aware that the issue of pendency surfaces before the Committee during the examination of DFGs every year. In this regard before commenting anything

substantial the Committee would like to be apprised on the following sets of information:-

- (i) The numbers of ESM/Dependents who approached all the polyclinics combined during the last three years;
- (ii) The number of ESM who approached all defence hospitals combined for treatment of themselves and the dependent during the last three years; and
- (iii) The number of ex servicemen/dependent who were referred for super specialty treatment in private hospitals.

The idea to gather such statistics is to come to a conclusion as to arrive at a comparable figure whether more referrals were done or they were treated in polyclinics/defence hospitals. These figures may be supplied while furnishing the Action Taken Notes to the Committee.

On the issue of checking fake bills, though the Ministry has taken various measures like a proper referral from ECHS Polyclinic, checking of number issued, ECHS photo card swiping system etc. but the suspicion regarding raising such bills always exists. In this regard, the Committee recommend that a robust constant monitoring mechanism should be developed using the latest software and Artificial Intelligence to foolproof the system and to check this menace of fake bills which if succeed gives a loss to the exchequer.

### Reply of the Government

- (i) Details of ESM/Dependents who approached all the polyclinics combined during the last three years are as under:-

| Year               | OPD             | Dental         |
|--------------------|-----------------|----------------|
| 2020               | 5404578         | 469177         |
| 2021               | 11077864        | 1288221        |
| 2022               | 13633496        | 1646308        |
| <b>Total</b>       | <b>30115938</b> | <b>3403706</b> |
| <b>Grand Total</b> | <b>33519644</b> |                |

- (ii) Data being ascertained and compiled.

- (iii) Details of ESM/ Dependents who were referred for super specialty treatment in private hospitals during the last three years are as under:-

| SI. No.                    | FY           | Self Beneficiary Count | Dependent Beneficiary Count | Total Beneficiary Count |
|----------------------------|--------------|------------------------|-----------------------------|-------------------------|
| <b>Empanelled Hospital</b> |              |                        |                             |                         |
| (a)                        | 2020-2021    | 376728                 | 506198                      | 882926                  |
| (b)                        | 2021-2022    | 397596                 | 517330                      | 914926                  |
| (c)                        | 2022-2023    | 423129                 | 592931                      | 1016060                 |
|                            | <b>Total</b> | <b>1197453</b>         | <b>1616459</b>              | <b>2813912</b>          |

| <b>Non-Empanelled Hospital</b> |              |               |               |               |
|--------------------------------|--------------|---------------|---------------|---------------|
| (a)                            | 2020-2021    | 100172        | 94387         | 194559        |
| (b)                            | 2021-2022    | 118276        | 119227        | 237503        |
| (c)                            | 2022-2023    | 104944        | 112102        | 217046        |
|                                | <b>Total</b> | <b>323392</b> | <b>325716</b> | <b>649108</b> |

On the basis of checking fake bills, the recommendation of the Committee regarding developing a robust constant monitoring mechanism using the latest software and Artificial Intelligence is noted. The above issue is also being addressed in the comprehensive IT infrastructure study of ECHS currently being undertaken by a team of technical consultants. Besides this, the possibility of onboarding ECHS on to National Health Authority (NHA) IT platform or developing a separate module/mechanism for this aspect is also being explored.

## CHAPTER- V

**Observations/recommendations in respect of which final replies of the Government are still awaited**

### **Vintage and other category of equipment**

#### **Recommendation No. 14:**

The Committee while examining Demands for Grants of the Ministry for the year 2018-19 (41st Report of 16th Lok Sabha) had learnt that any modern Armed Forces should have one-third of its equipment in the vintage category, one-third in the current category and one-third in the state of the art category and noted that Indian Army had 68 per cent of equipment of vintage category, 24 per cent of the current category, and only eight per cent of the state-of-the-art category. During deliberations, a representative of the Army apprised the Committee that the ratio is 30:40:30. 30 per cent was to be new generation equipment, 40 per cent was to be current equipment and 30 per cent could be older generation equipment. Presently, the situation has improved and approximately, 15 per cent is new generation equipment, around 40 per cent is current equipment, and the balance is older generation equipment. Considering the efforts the Government is making for indigenization, the Committee wish and hope that Army would able to achieve this logical ratio in the coming years. However, the Committee at this stage can only recommend that steps so taken to accomplish this feat must be furnished to the Committee at the time of sending Action Taken Replies.

### **Theaterisation of Armed Forces**

#### **Recommendation no 44**

The Committee note that the plan for theaterisation of armed forces, or creation of integrated theatre commands has been considered by the forces at the highest level. The Committee concur with the views expressed by the Chief of Defence Staff regarding the early creation of theatre commands. The Committee are also of the view that synchronized efforts are needed as in a war-like situation, and therefore, recommend that tenacious integration of all the wings of armed forces is not only necessary but of paramount importance. In a war like situation such an integration would act swiftly, with precision and also in a cost saving manner by reducing the paraphernalia. This assimilation would definitely help in the optimal utilization of resources of armed forces and would bring down the defence expenditure in future, therefore, they recommend that theaterisation of armed forces should be completed by setting out pragmatic targets and if required in a phased manner. The Committee would like to be informed of the developments which will take place during the intervening period i.e. from the date of presentation of this Report till the submission of Action Taken Notes to the Committee.

**New Delhi;  
18 December, 2023  
27 Agrahayana, 1945 (Saka)**

**JUAL ORAM  
Chairperson  
Standing Committee on Defence**



**STANDING COMMITTEE ON DEFENCE (2023-24)**

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON  
DEFENCE (2023-24)**

The Committee sat on Monday, the 18<sup>th</sup> December, 2023 from 1500 hrs. to 1615 hrs. in Committee Room 'D', Parliament House Annexe , New Delhi.

**PRESENT**

**Shri Jual Oram - Chairperson**

**MEMBERS**

**Lok Sabha**

|    |                                  |
|----|----------------------------------|
| 2  | Shri Durai Murugan Kathir Anand  |
| 3  | Kunwar Danish Ali                |
| 4  | Shri Rahul Gandhi                |
| 5  | Shri Annasaheb Shankar Jolle     |
| 6  | Shri Suresh Kumar Kashyap        |
| 7  | Prof. (Dr.) Ram Shankar Katheria |
| 8  | Dr. Rajashree Mallick            |
| 9  | Shri Jugal Kishore Sharma        |
| 10 | Dr. Shrikant Eknath Shinde       |
| 11 | Shri Prathap Simha               |
| 12 | Shri Brijendra Singh             |

**Rajya Sabha**

|    |                                   |
|----|-----------------------------------|
| 13 | Dr. Ashok Bajpai                  |
| 14 | Shri Kamakhya Prasad Tasa         |
| 15 | Dr. Sudhanshu Trivedi             |
| 16 | Smt. P.T. Usha                    |
| 17 | Shri G.K. Vasan                   |
| 18 | Lt. Gen. (Dr.) D. P. Vats (Retd.) |

**SECRETARIAT**

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Tirthankar Das - Director

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the Sitting. The Committee then took up for consideration the following draft Reports:-

- i) **Draft Report on the subject 'A review of working of Defence Research and Development Organisation(DRDO)';**
- ii) **Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-fifth Report (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2023-24 on General Defence Budget, Border Roads Organisation, Indian Coast Guard, Defence Estates Organisation, Defence Public Sector Undertakings, Welfare of Ex-Servicemen and Defence Pension (Demand Nos. 19 and 22)';**
- iii) **Draft Report on Action Taken by the Government on the Observations/ Recommendations contained in the Thirty-sixth Report (17<sup>th</sup> Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2023-24 on Army, Navy, Air Force, Joint Staff, Ex-Servicemen Contributory Health Scheme and Sainik Schools (Demand Nos. 20 and 21)';**
- iv) **Draft Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-seventh Report on 'Demands for Grants of the Ministry of Defence for the year 2023-24 on Capital Outlay on Defence Services, Procurement Policy and Defence Planning (Demand No. 21)'; and**
- v) **Draft Report on Action Taken by the Government on the Observations/Recommendations contained in the Thirty-eighth Report on 'Demands for Grants of the Ministry of Defence for the year 2023-24 on Directorate of Ordnance (Coordination and Services)–New DPSUs, Defence Research and Development Organisation and National Cadet Corps (Demand Nos. 20 and 21)'.**

3. After some deliberations, the Committee adopted the above reports without any modifications. The Committee, then, authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.

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

The Committee then adjourned.

## APPENDIX II

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE THIRTY-SIXTH REPORT (17<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON DEFENCE ON DEMAND FOR GRANTS(2023-24)'on ARMY, NAVY, AIR FORCE, JOINT STAFF, EX SERVICEMEN CONTRIBUTORY HEALTH SCHEME AND SAINIK SCHOOLS'.**

**1. Total No. of Recommendations 68**

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

**Recommendation Para Nos. 1,3,4,5,6,7,8,9,10,11,12,13,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,45,47,48,49,51,52,53,54,55, 56,57,58,59,60,61,62,63,64,65,66,67 and 68.**

**Total - 63**

**Percentage: 92.65 %**

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

**Recommendation Para Nos. 2**

**Total : 01**

**Percentage:1.47 %**

**4. Observations/Recommendations in respect of which reply of Government has not been accepted by the Committee (Chapter IV):**

**Recommendation Para Nos. 46 and 50**

**Total : 02**

**Percentage:2.94 %**

**5. Observations/recommendations in respect of which final replies of the Government are still awaited (Chapter V):**

**Recommendation Para Nos. 14 and 44**

**Total : 02**

**Percentage:2.94 %**