

**STANDING COMMITTEE ON DEFENCE
(2016-2017)**

(SIXTEENTH LOK SABHA)

MINISTRY OF DEFENCE

[Action taken by the Government on the Observations / Recommendations contained in the Nineteenth Report (16th Lok Sabha) of the Committee on Demands for Grants of the Ministry of Defence for the year 2016-17 on General Defence Budget, Civil Expenditure Of Ministry Of Defence (Demand No. 20) And Defence Pensions (Demand No. 21)]

TWENTY-FOURTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2017/Phalguna, 1938 (Saka)

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Presented to Lok Sabha on 09.03.2017

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT

NEW DELHI

March, 2017/Phalguna, 1938 (Saka)

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(i)

COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2016-17)

Maj Gen B C Khanduri, AVSM (Retd) - Chairperson

Lok Sabha

2. Shri Dipak Adhikari (Dev)
3. Shri Suresh C Angadi
4. Shri Shrirang Appa Barne
5. Shri Thupstan Chhewang
6. Col Sonaram Choudhary(Retd)
7. Shri H D Devegowda
8. Shri Sher Singh Ghubaya
- 9.* Shri B. Senguttuvan
10. Dr Murli Manohar Joshi
11. Km Shobha Karandlaje
12. Shri Vinod Khanna
13. Dr Mriganka Mahato
14. Shri Rodmal Nagar
15. Shri A P Jithender Reddy
16. Shri Ch Malla Reddy
17. Shri Rajeev Shankarrao Satav
18. Smt Mala Rajya Lakshmi Shah
- 19.# Shri Partha Pratim Ray
20. Shri Dharambir Singh
21. Smt Pratyusha Rajeshwari Singh
- 22.** Shri G Hari
- 23.\$ Capt Amarinder Singh

Rajya Sabha

1. Shri K R Arjunan
2. Shri A U Singh Deo
3. Shri Harivansh
- 4.^ Shri Rajeev Chandrasekhar
5. Shri Madhusudan Mistry
6. Shri Praful Patel
7. Shri Sanjay Raut
8. Dr Abhishek Manu Singhvi
9. Smt Ambika Soni
10. Dr Subramanian Swamy
- 11.@ Shri Om Prakash Mathur

* Nominated w.e.f on 13.02.2017

** Ceased to be Member of the Committee w.e.f. 13.02.2017

\$ Ceased to be Member of the Committee w.e.f. 23.11.2016

Nominated w.e.f. 02.01.2017

@ Ceased to be Member of the Committee w.e.f. 10.10.2016

^ Nominated w.e.f. 10.10.2016

(iii)

SECRETARIAT

1	Smt Kalpana Sharma	-	Joint Secretary
2	Shri TG Chandrasekhar	-	Director
3	Smt Jyochnamayi Sinha	-	Additional Director
4	Smt Preeti Negi	-	Executive Assistant

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2016-17), having been authorized by the Committee, present this Twenty-fourth Report of the Committee on 'Action Taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2016-17 on General Defence Budget, Civil Expenditure Of Ministry Of Defence (Demand No. 20) And Defence Pensions (Demand No. 21)'

2. The Nineteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 3 May, 2016. The Report contained 108 Observations/Recommendations. The Ministry of Defence furnished Action Taken Replies on all the Observations/Recommendations in December, 2016.

3. The Report was considered and adopted by the Committee at their Sitting held on 16 January, 2017.

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

5. An analysis of Action taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (16th Lok Sabha) of the Standing Committee on Defence is given in Appendix II.

**New Delhi;
1 February, 2017
12 Magha, 1938 (Saka)**

**Maj Gen B C Khanduri, AVSM (Retd)
Chairperson,
Standing Committee on Defence**

REPORT

CHAPTER I

This report of the Standing Committee on Defence deals with Action Taken by the Government on the Observations/Recommendations contained in the Nineteenth Report (16th Lok Sabha) on 'Demands for Grants of the Ministry of Defence for the year 2016-17 on General Defence Budget, Civil Expenditure Of Ministry Of Defence (Demand No. 20) And Defence Pensions (Demand No. 21)' which was presented to Lok Sabha and laid in Rajya Sabha on 3 May, 2016.

2. The Committee's Nineteenth Report (16th Lok Sabha) contained 108 Observations/Recommendations on the following aspects:-

Para No.	Subject
1-9	Growth of Defence Budget
10-14	Depleting Force levels
15-19	Defence Preparedness
20-21	National Maritime Authority
22-24	Appointment of Chief of Defence Staff (CDS)
25-29	Lower Budgetary Allocations for BRO
30-31	Financial guidelines affecting the work of BRO
32-33	Required (Authorised) and existing (Held) force level in Border Roads Organisation
34-35	Shortage of Equipment in BRO
36-38	Progress of Construction of Roads in Border Areas
39-41	Plan and Achievement of targets in regard to Construction of Roads
42-44	Status of Construction of Roads in Difficult Areas
45-51	Pending Forest and Wild Life Clearance Cases
52-53	Difficulties faced by BRO in Construction and Maintenance of existing Roads
54-57	Budgetary Provisions for Coast Guard
58-59	Lower Capital Budget Allocation affecting the force levels
60	Setting up of Air Enclaves
61	Shortage of Manpower in ICG
62-64	Military Engineering Services
65-68	Pending Projects
69-70	Canteen Stores Department
71-76	Directorate General Defence Estates (DGDE)
77-79	Performance of Defence Public Sector Undertakings(DPSUs)

80-83	Cost and time slippages
84	Modernization of DPSUs
85	Expenditure on R&D
86-90	Shortfall in achieving targets
91	Resettlement of Retired Officers and PBORs
92	Fixed tenure for the Secretary ESM Welfare
93-97	Lateral induction of Ex-servicemen in Central Para Military Forces and State Police Forces
98-99	Reservation of ESM in Group B and C posts
100	Enhancement of Upper Age Limit for ESM on Re-employment.
101-104	Uniformity in Financial assistance to (i) World War Veterans and (ii) Gallantry Medal Winners
105	Defence Pensions
106-108	One Rank One Pension (OROP)

3. Action Taken Replies have been received from the Government in respect of all the Observations/Recommendations contained in the Report. The replies have been examined and the same have been categorised as follows:-

(i) (a) Observations/Recommendations which have been accepted by the Government:

Recommendation Nos. 7, 8, 9, 33, 36, 37, 38, 42, 44, 45, 46, 47, 48, 49, 50, 51, 60, 61, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81,82, 83, 84, 86, 87, 88, 89, 90, 99, 105,106,107 and 108

(45 Recommendations)

These may be included in Chapter II (A) of the Draft Report.

- (b) Observations/Recommendations which have been accepted by the Government and to be commented upon:

Recommendation Nos. 1, 2, 3, 4, 5, 6,10,11,12, 13, 14, 15, 16, 17, 18, 19, 22,23,24,32, 43, 58, 59, 62, 63, 64, 65, 66, 67, 85, 93, 94, 95, 96, 97,101 and 104

(37 Recommendations)

These may be included in Chapter II (B) of the Draft Report.

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

Recommendation No. 20 and 21

(02 Recommendations)

These may be included in Chapter III of the Draft Report.

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

Recommendation Nos. 25, 26, 27, 28, 29, 30, 31, 34, 35, 39, 40, 41 and 92

(13 Recommendations)

These may be included in Chapter IV of the Draft Report.

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

Recommendation Nos. 52-57, 91, 98, 100, 102 and 103

These may be included in Chapter V of the Draft Report.

(11 Recommendations)

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

A. Growth of Defence Budget

Recommendation (Para Nos. 1 to 6)

5. The Committee had recommended as under:

'As indicated in the General Budget, the provision for Defence Services under Demand Nos. 23 to 28 for the year 2015-2016 at the stage of Budget Estimates (BE) was Rs. 2,63,395.38 crore (Gross) and Rs. 2,46,727.00 crore (Net). The allocation at Revised Estimates (RE) was Rs. 2,43,563.59 crore (Gross) and Rs. 2,24,636.00 crore (Net). On a net basis, the RE for 2015-16 is indicative of a reduction of Rs. 22,091.00 crore over the BE 2015-2016. The net Revenue budget for BE 2015-16 i.e Rs. 1,52,139.00 crore has been reduced by Rs. 8,903.00 crore to bring the RE to Rs. 1,43,236.00 crore. Further, the Capital Outlay has witnessed a decrease from Rs. 94,588.00 crore at the BE stage to Rs. 81,400.00 crore at the RE stage, i.e., by Rs. 13,188.00 crore!'

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

'This Ministry had projected an amount of Rs. 2,50,381.69 crores in RE 2015-16, which comprised of Rs. 1,52,640.07 crores under Revenue budget and Rs. 97,741.62 crores under Capital Budget. However, Ministry of Finance decreased the allocations, details of which are mentioned above. This Ministry is bound by budgetary ceilings conveyed by Ministry of Finance. Though reference was made to Ministry of Finance for augmentation of ceilings conveyed by them, no positive response is received in this regard.'

7. The Committee had recommended as under:

'The Committee note that Budget Estimates for the year 2016-17, are for Rs. 2,49,099 crore(Net) and Rs. 2,70,487.84 crore (Gross). During the presentation before the Committee, the Ministry submitted that BE 2016-17 consists of Revenue Expenditure of Rs. 1,62,759 crore and Capital Expenditure of Rs. 86,340 crore. The BE 2016-17 amounts to an increase of only Rs. 2372 crore over BE 2015-16 and Rs. 24463 crore over RE 2015-16. In percentage terms, this increase is merely to the extent of 0.96 per cent and 10.89 per cent respectively! During the course of deliberations, the Defence Secretary admitted before the Committee that the amount allocated is not as per requirements of the Services. The Committee express agreement with the Ministry that this growth in the budgetary allocation is NOT SUFFICIENT and is woefully inadequate for the projects and modernization of the services.'

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

'This Ministry is in agreement with Committee's observation that the funds allocated are not adequate to meet the requirement of Services. This fact has also been brought to the notice of Ministry of Finance but no positive response is received in this regard.

It may, however, be added that all efforts will be made to ensure that critical requirements of Services do not suffer due to want of funds.'

9. The Committee had recommended as under:

'From the data supplied by the Ministry, it is evident that Defence Expenditure as percentage of Central Government Expenditure has NOSE DIVED from the level of 15.24 percent in 2000-2001 to 12.59 percent in BE 2016-17 thereby giving an impression that the Government is not paying attention in providing sufficient allocations to the Ministry of Defence. This is highly ALARMING and needs to be rectified.'

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

'It is agreed that in percentage terms there is a decreasing trend in Defence Expenditure vis-à-vis Central Government Expenditure. It may, however, be added that every year there has been increase in Defence Expenditure. Defence Expenditure is Non-Plan and hence it may not be appropriate to equate it with Central Government Plan Expenditure. Fluctuations in Defence Expenditure are largely attributable to varied pattern of Capital expenditure. Some years may see jump in expenditure due to fructification of large scale projects / schemes and in other years there may be dip in expenditure.

The Committee is assured that every effort is made to ensure that sufficient funds are available to meet the critical requirements of the Services.'

11. The Committee had recommended as under:

'The Committee understand that under the Revenue account, provision is first made for salaries and other obligatory expenses. The balance allocation available is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. Allocations are reviewed at Revised Estimates stage to cater for requirements which cannot be met under the BE allocations. In so far as the "Capital" segment is concerned, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year. The remaining allocation is distributed to meet the projected requirement for other items. The procurement plan for Capital modernization schemes may have to be reviewed and re-prioritized, based on available funds. Consequently, only a little amount remains available for making acquisitions and compromises are made. The Committee observe that due to reduced budgetary allocation against the projections made by

the Services and other Organizations/Departments, many compromises are likely to be made in the current year as well which will affect the operational preparedness of the Forces.'

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

'This Ministry is in agreement with the recommendation in so far as it relates to procedure being adopted while allocating funds. It may however be added that projections made by the Services are forwarded to Ministry of Finance for consideration. If Ministry of Finance conveys reduced allocations, the same is passed on to the Services. It is agreed that due to reduced allocations, certain adjustments may be made but not to the extent that it affects operational preparedness of the Forces. All efforts are made to ensure that sufficient funds are available to meet the critical requirements of the Services.'

13. The Committee had recommended as under:

'Considering the obligatory charges to be paid like Pay and Allowances to the Services and other personnel, the Committee note that 0.96 percent growth in Revenue segment and 10.89 percent growth in Capital segment of the Budget is miniscule. The Committee also feel concerned to note that the allocation does not account for the annual inflation and fall in the value of Rupee. While not questioning the wisdom of the Defence Budget Planners and Financial Advisors in making and presenting the budget figures, the Committee nevertheless cannot help express being wary of the fact that such a MEAGER INCREASE IN THE BUDGET DOES NOT IN ANY WAY, FULFILL THE BASIC REQUIREMENTS OF THE FORCES, let alone the modernization aspect. Therefore, the Committee feel it necessary that if additional budget is not provided to the Forces as per the demand/projection, than the efficiency of spending should be improved for better utilization of available resources.'

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

'This Ministry is in full agreement with the recommendation made by the Committee. There is a continuous monitoring of the expenditure progress and prioritisation of the most urgent requirements. This helps to ensure that limited resources are devoted to the most critical requirements. The Committee may be assured that no operational requirement will be shelved for want of funds.'

15. The Committee, in their various Reports, have repeatedly recommended for adequate allocation of funds to the Ministry of Defence and have also stressed at financial discipline and optimum utilisation of funds by the Ministry. The Committee are distressed to note that no positive response has been received from the Ministry of Finance regarding augmentation of budgetary allocation to the Ministry of Defence. Although time and again, the Ministry of Defence assures the Committee that all efforts will be made to ensure that critical

requirements of Services do not suffer due to want of funds, the Committee cannot help but assert that there is no way in which inadequate funds do not adversely affect our defence preparedness and well-intended plans for modernisation and acquisition for the Defence Services. Therefore, the Committee reiterate their earlier recommendation and desire that the Ministry of Defence pursue this matter with the Ministry of Finance while conveying this Committee's recommendations to the Ministry of Finance.

B. Depleting Force Levels

Recommendation (Para Nos. 10 to 14)

16. The Committee had recommended as under:

'The Committee note from the data supplied by the Ministry that over the years there has been shortage of Officers as well as Personnel Below Officer's Ranks(PBOR). As per the current figures, there is a shortage of 9106 Officers and 30988 officials of other ranks. The situation is grim in the Navy too which has a shortage of 1526 Officers and 10508 sailors. The only exception is Air Force which has an Authorised Strength of 11978 Officers and 11975 Held Strength. However, the Air Force is short of 8016 Airmen.

The Committee note that with a view towards addressing the problem of shortage of officers and jawans in the Armed Forces, Government has taken a number of measures to encourage the youth to join the Armed Forces, including conduct of recruitment rallies, media campaigns etc. Further, Government has taken various steps to make Armed Forces jobs attractive for youngsters. These include improvements in pay structure, providing additional family accommodation through Married Accommodation Project and improving the promotion prospects in the Armed Forces.

The Committee note from the information furnished that Force accretion of the Armed Forces and development of their combat capabilities to tackle the entire spectrum of security challenges is an ongoing process, dictated primarily by capabilities to be achieved, threat perceptions, prevailing external strategic security environment and emerging technologies. The Armed Forces periodically review the Security challenges based on threat perception and undertake necessary updation in the warfare doctrines. Necessary emphasis is also being given by the Armed Forces to developing greater jointness among them. Measures are being taken to ensure that the Armed Forces are appropriately equipped to tackle the range of challenges. The Force accretion programme is being pursued in accordance with the Long Term Integrated Perspective Plan and the 12th Defence Plan (2012-17). Induction of the equipment including tanks, aircraft, aircraft carrier etc. in the inventories of the Armed Forces is an ongoing process which is reviewed from time to time and necessary steps taken.

The information provided by the Ministry is silent on the required(Authorized) and existing (Held) level of armaments equipment, aircraft etc. for each of services. Thus, the extent of

deficiency in this respect is not known and the Committee are unable to comment on this aspect.

The Committee are of the view that the shortage of Officers and Personnel below Officer Rank (PBOR) is perennial and there is no improvement in the situation since long. This shows that the current measures are not sufficient to draw the youth to join Armed Forces. Therefore, additional steps need to be taken in consultation with Defense Institute of Psychological Research (DIPR) or other agencies concerned so as to make the Armed Forces more attractive. During examination of Demands for Grants of the Ministry of Defence for the year 2015-16, in response to the Committee's recommendation for providing five years compulsory military service to such aspirants wanting to directly join Central and State Government Gazetted service, the Ministry, in reply, stated that since this would need a major policy decision, the matter would need careful examination and deliberation in consultation with all concerned. The Committee desire that this recommendation should be taken seriously with a view to not only avoid shortage of Officers but also to have disciplined civil servants who are aware of the life and challenges of the Services personnel and can consider the problems of Services personnel hailing from their native places compassionately. The Committee desire that the progress in this aspect should be intimated to them within three months of presentation of this Report.'

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

'There has been a progressive improvement in the position with regard to shortage of officers. The overall shortage of 26% in 2010 has come down to 17% now which is a significant improvement. As on 01.07.2015, the shortage in the officer rank was 9106 which has been reduced to 8176 as on 01.01.2016. It may be appreciated that there will always be a backlog between the occurrence of release of service personnel after superannuation or completion of fixed tenure and recruitment which is a long drawn process and does not occur throughout the year. The efforts need to be in the direction of keeping the shortage to the minimum level. In this direction, the Government is constantly making efforts to expedite the recruitment process, increase training facilities and to undertake publicity campaign to attract youth for inducting in the Armed Forces.

However, the recommendation regarding the idea of providing compulsory military service to those aspirants who want to directly join Gazetted Central and State Government service in order to overcome shortage of officers in Armed Forces, is still under consideration in consultation with all concerned.'

18. The Committee note that the Government is constantly making efforts to expedite the recruitment process for Officers and Personnel below Officer Rank (PBOR), increase training facilities and to undertake publicity campaign to attract youth for inducting in the Armed Forces. The Committee in their original Report had recommended for providing five years compulsory military service to such aspirants wanting to directly join Central and State

Government Gazetted services. In their response, the Ministry of Defence have submitted that this recommendation is still under consideration with all concerned. Taking serious note of the perennial and alarming situation of shortage of Officers and PBOR in Armed Forces, the Committee opine that it is high time the Ministry considered their recommendation seriously and expedited the process of its implementation and apprise them of the progress.

C. Defence Preparedness

Recommendation (Para Nos. 15 to 19)

19. The Committee had recommended as under:

“The Committee are NOT satisfied with the information provided by the Ministry on Defence Preparedness. It merely states that modernization and capability development of the Armed Forces is a dynamic and continuous process based on operational requirements and threat perception and that the Government was fully seized of the security needs of the Country. Appropriate steps are taken to ensure that the security concerns pertaining to the borders are adequately addressed through various measures including accretion of manpower, procurement of right mix of modern and conventional weapons & equipment, ammunition and infrastructure development. These are prioritized and progress of expenditure is closely monitored. Ideal mix of State of Art, Current & Vintage weapon/equipment is 30:40:30 and efforts are made to achieve it.

This reply is only bureaucratic in nature and does not convey anything about specific actions taken or proposed. The Committee find the response/information furnished by the Ministry to be of a routine nature. Instead of giving a detailed plan as envisaged by the Ministry alongwith the shortcomings, it appears that the Ministry has tried to conceal the information. The Committee are concerned to note that the Army is operating with large scale "vintage" equipment. Furthermore, there is deficiency in number of vehicles, small arms/infantry specialist weapons, sight and surveillance equipment, signal/communication equipment, Radars & power equipment and generators etc. Navy has huge requirement for Capital induction as it is short of vessels, aircraft and helicopters. In addition to this, manpower shortage and presently prevalent inadequacies in training can also not to be ignored. Therefore, reduction in share of Naval Budget is not desirable, especially in view of the fact that India's larger chunk of trade takes place through sea routes. Besides this, the new challenges of Navy are enormous, as the hostilities in sea by neighbouring countries have increased over the years.

So far as Air Force is concerned, there are a lot of projects piled up for contract during the FY 2016-17. These relate to Rafale fighter aircraft, Medium Lift Helicopter Upgrade, Transport Aircraft along with Associated Equipment as Avro Replacement, Additional Mi-17 V5, Manoeuvrable Expendable Aerial Targets (MEAT), Additional Akash missile system, New Generation Precision Guided Munitions, Reconnaissance Pods for Su-30 MKI, Weapons for Advance Light Helicopters for Advance Light Helicopter etc.

On one hand the LTIPP is finalized with intricate participation of the Services and the Ministry of Defence and on the other, the Ministry of Defence does not appear to be realistic in budget allocation! The current Budget of DRDO may not suffice even for ongoing projects and revenue commitments and major projects for meeting the future technology requirements have been put on hold due to pending allocation of funds. Also, as the infrastructure activities planned for future need additional funding, therefore, DRDO would require, year on year sustained annual commitment for taking up new project.

The facts as narrated above, clearly depict that accretion of manpower, procurement of right mix of modern and conventional weapons and equipment, ammunition and infrastructure development, are perennial problems and no concrete action seems to have been initiated to resolve them. The Committee desire that they may be apprised of the efforts made to achieve, the so called ideal mix of State of Art, Current & Vintage weapons/equipment, which is 30:40:30.'

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

'Procurement of defence weapons and equipment is an ongoing process in which Government acquires equipment and technologies keeping in view, inter alia, the security situation, the equipping requirements of the Armed Forces, technology advances and available budgetary resources.

During the last two financial years, 108 contracts with a total value of Rs. 112736.81 Crore have been signed for capital procurement of defence equipment including Ships, Missiles, Frigates, Rockets, Simulators, Aircrafts, Helicopters and Radars. In addition, in the last two financial years, the Defence Acquisition Council has accorded 'Acceptance of Necessity' (AoN) for 114 cases with a total value of Rs. 2,25,022 Crore. These include AoNs for 155mm Gun systems, Helicopters and Warships.

To cater to the equipping requirements of the Armed Forces, the Defence Procurement Procedure 2016 has been promulgated with effect from 01.04.2016, which has specific provisions to facilitate swift decision making, promote self-reliance and improve transparency and accountability in procurements.'

21. The Committee note that to cater to the equipping requirements of the Armed Forces, the Defence procurement procedure 2016 has been promulgated with effect from 1.4.2016, which has specific provision to facilitate swift decision making, promote self reliance and improve transparency and accountability in procurements. The Committee may be apprised of the impact of DPP 2016. The Ministry has not specifically responded to the Committee's recommendations with regard to the efforts made to achieve the so called ideal mix of State of Art, current and vintage weapons/equipment i.e. in the ratio of 30:40:30. The Ministry may detail the same while furnishing the further Action Taken Replies.

D. Appointment of Chief of Defence Staff (CDS)

Recommendation (Para Nos. 22 to 24)

22. The Committee had recommended as under:

The Committee, in their earlier reports, had recommended creation of a post of Chief of Defence Staff (CDS) for better co-ordination among the Services. The Committee note from the reply submitted by the Ministry that a Group of Ministers (GoM) was constituted by the Government to review the national security system in its entirety and in particular, to review the recommendations of the Kargil Review Committee and to formulate specific proposals for implementation. The GoM, in its report 'Reforming the National Security System', had inter alia, recommended the establishment of the post of CDS. The recommendations made in the report of the GoM was approved by the Government on May 11, 2001, with the stipulation that a view on the recommendation relating to the creation of the post of the CDS, will be taken, after consultation with various political parties. The process of consultation with the political parties was initiated in March 2006, with Raksha Mantri writing to the leaders of various political parties, to obtain their views on the creation of the post of CDS; only 10 out of 24 political parties have replied!

The Committee also note that in the interim, the Naresh Chandra Task Force (NCTF) on National Security, set up by the Government in May 2011, had in their report recommended the establishment of a permanent Chairman, Chiefs of Staff Committee (CoSC). MoD's views in this regard have since been conveyed to NSCS. The recommendation has been considered and was placed before the CCS on 29th April 2014. NSCS vide letter No. C-182/1/135/2014-NSCS (NGO) dated 14th May 2014, had conveyed the approval of the CCS for other recommendations of the Naresh Chandra Task Force (NCTF) pertaining to MoD and requested initiation of necessary action for their implementation. NSCS has not yet communicated any decision of CCS on the issue of Permanent Chairman, CoSC. Thus, presently there are two proposals, viz for the establishment of CDS and Permanent Chairman, CoSC respectively under consideration. It is expected that at the time of a final decision of Cabinet Committee on Security on the recommendation of NCTF, both the proposals will be taken note of and the final decision would settle both the proposals, soon.

The Committee are of the view that in contemporary times, war cannot be fought by any individual Service on its own strength and has to be a multi-service endeavour, in synchronization with each other. To achieve this goal, permanent CDS, who has the bird's eye view and objectivity may integrate the Services for a common cause better. The Committee desires that CDS should be appointed at the earliest, as he may also be helpful in avoiding duplication in purchase of equipment common to all the three Services and effective functioning of our higher defence organization in both peace and war.'

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

'The Group of Ministers (GoM) constituted by the Government to review the recommendations of the Kargil Review Committee and to formulate specific proposals for implementation, had inter-alia, recommended in its report, the establishment of the post of Chief of Defence Staff (CDS). The recommendations made in the report of the GoM was approved by the Government on May 11, 2001, with the stipulation that a view on the recommendation relating to the creation of the post of the CDS, will be taken, after consultation with various political parties. The process of consultation with the political parties was initiated in March 2006, with RakshaMantri writing to the leaders of various political parties, to obtain their views on the creation of the post of CDS. Replies were not received from all political parties.

2. In the interim, the Naresh Chandra Task Force (NCTF) on National Security, set up by the Government in May 2011, had in their report recommended establishment of a Permanent Chairman, Chiefs of Staff Committee(COSC). MoD's views in this regard have already been conveyed to NSCS. The recommendations were considered and placed before the CCS on 29.04.2014. NSCS had conveyed the approval of CCS for other recommendations for implementation. However, NSCS has not yet communicated any decision of CCS on the issue of establishment of Permanent Chairman, COSC.

3. Considering that there are two live proposals, for the establishment of CDS and Permanent Chairman, CoSC respectively, it is expected that at the time of a final decision in CCS on the recommendations of the NCTF, both proposals will be taken note of and the final decision would settle both the proposals.'

24. The Committee note that the Group of Ministers (GoM) constituted by the Government to review the recommendations of the Kargil Review Committee, had inter-alia, recommended in its report, the establishment of the post of Chief of Defence Staff (CDS). The recommendations made in this regard were approved by the Government on May 11, 2001, with the stipulation that a view on the recommendation relating to the creation of the post of the CDS, will be taken after consultation with various political parties. However, replies were not received from all political parties. The Naresh Chandra Task Force (NCTF) on National Security, set up by the Government in May 2011, had in their report recommended establishment of a Permanent Chairman, Chiefs of Staff Committee (COSC). In this regard, the Ministry has submitted that considering that there are two live proposals for the establishment of CDS and Permanent Chairman, CoSC, it is expected that at the time of a final decision in Cabinet Committee on Security on the recommendations of the NCTF, both proposals will be taken note of and the final decision would settle both the proposals. The Committee hope that a decision in this matter would be taken at the earliest and the much needed synergy and integration among the Armed Forces is realised in the interest of our

Nation. The Committee desire that the Ministry of Defence should constantly update the Committee regarding this matter.

E. Financial guidelines affecting the work of BRO

Recommendation (Para Nos. 25 to 31)

25. The Committee had recommended as under:

'From the data supplied by the Ministry, in year 2011-12, for General Staff Works, BRO projected a demand of Rs. 3000 crore and the amount was allocated, out of which expenditure incurred was Rs. 2634.66 crore, in the year 2012-13, Rs. 3500 crore was the projection for General Staff Works but only Rs. 3300 crore was allocated. In the year 2013-14, also the same figures of allocation were repeated. In the year 2014-15, BRO projected as demand of Rs. 4000 crore but the allocation made was Rs. 3223.49 crore which was further reduced to Rs. 2819 crore, at final allotment stage. In the year 2015-16, Border Roads organisation Projected Rs. 4056 crore for General Staff works but again the Ministry Made a reduction and Rs. 3030.57 crore was provided. This year, at BE 2016-17 stage, Border Roads Organisation projected a demand of Rs. 5044 crore for General Staff works and once again, cut of Rs. 1968.27 crore was made! This is incomprehensible and needs to be explained.'

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

'The expenditure ceiling in respect of Border Road Organisation is provided by Ministry of Finance. Consequent to the transfer of BRO from Demand of Ministry of Road Transport & Highways to Demand of Ministry of Defence from Financial Year 2015-16 onwards, Ministry of Finance vide note dated 02.02.2015 provided funds to the tune of Rs. 3030.57 crore for BE 2015-16 to BRO under Non-plan against their projection of Rs. 4056 crores. In this regard, Hon'ble RM had written a DO letter dated 01.01.2015 to Hon'ble FM for allotment of Rs. 3379 crore for financial year 2014-15 and Rs. 4056 crore for BE 2015-16 under GS Non plan budget for BRO without imposing any cut, so that BRO can continue the works smoothly. However, Hon'ble FM conveyed vide DO letter dated 17.02.2015 that "The ceiling of BRO in RE 2014-15 in the current year and BE 2015-16 have been decided on the basis of actual requirement of BRO, expenditure trend and absorptive capacity of the organization and available resources and fiscal space. The same could be reviewed on the basis of pace of execution of works in the next financial year and additional provision, if required shall be suitably provided".

2. Further, vide ID dated 13.02.2015, this Ministry requested Ministry of Finance to consider the allotment of funds to the tune of Rs. 4056 crore to BRO for BE 2015-16 instead

of Rs. 3030.57 crore in view of the strategic requirement and to ensure progress of work in Border Areas. However, Ministry of Finance did not accept the request and conveyed vide their OM dated 16.02.2015 that "it is not possible for this Ministry to consider request for any additionality at this stage". Further, the matter of allotment of additional funds to the tune of Rs. 1096 crore to BRO over approved BE 2015-16 of Rs. 3030.57 was taken up with Ministry of Finance by this Ministry vide OM dated 18.05.2016 so as to enable the BRO to commence the pending works immediately. However, Ministry of Finance conveyed vide their OM dated 29.05.2015 that "as additional funding requires Parliamentary approval it is not possible to provide additional funds at this juncture. Ministry of Defence may adjust within the existing budget. Necessary proposal for additionality may be sent with the first batch of supplementary demands for Grant for consideration". The proposal along with justification for allotment of funds to the tune of Rs. 1096 crore to BRO was forwarded vide ID dated 30.06.2015 to Ministry of Finance in first batch of supplementary for Demands for Grants for FY 2015-16. However, the said proposal of BRO for additionality was not included by Ministry of Finance in the statement of First Batch of supplementary for the approval of Parliament.

3. The projections of Rs. 3787.00 crore for RE 2015-16 and Rs. 5044.00 crore for BE 2016-17 against the approved BE 2015-16 of Rs. 3030.57 crore for the General staff works were submitted/recommended to Ministry of Finance for their consideration. However, Ministry of Finance fixed/provided the expenditure ceiling of Rs. 3028.42 crore for RE 2015-16 and Rs. 3075.73 crore for BE 2016-17. Regarding RE 2015-16, a DO letter from Hon'ble RM was written to FM for allotment of additional funds of Rs. 100.00 over approved RE 2015-16 of Rs. 3075.73 crore for Border Roads Organisation in Revenue section. However, the same was not accepted by Ministry of Finance.

4. Thereafter, the proposal for the allotment of additional amount of Rs. 1420.00 crore to BRO was forwarded to Ministry of Finance in the first batch of supplementary demands for the FY 2016-17. In this context, a DO letter dated 04.07.2016 was written by Secretary (Defence/Finance) to Finance Secretary, Ministry of Finance for allotment of additional budget to the tune of Rs. 1020 crore to BRO under Non-plan. However, Ministry of Finance did not included the same into the statement of first batch of supplementary for the approval of Parliament.

5. However, Ministry of Defence has provided vide ID dated 16.08.2016 funds of Rs. 400 crore to Border Roads Organisation under the Grant no. 23- Capital budget: Army through re-appropriation from Army's capital budget. Out of Rs. 400 crore, Rs. 200 crore has been provided under Minor Head 202-Construction of works-Rohtang Tunnel Project and Rs. 200 crore Construction Work-Construction of CSG Roads.'

27. The Committee had recommended as under:

'The Ministry informed that with a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance and snow clearance grants. The revision of maintenance grant and snow clearance grant are under process by DGBR. From BE 2015-16, funds are being made available to BRO by the Ministry of Defence (Civil) instead of Ministry of Road Transport and Highways, as BRO is now under Ministry of Defence.

The Committee note that lower allocations to BRO will affect original works Planned on roads, resurfacing works, maintenance and snow clearance of roads etc. Besides, as BRO is a work charged Organisation, the Pay and Allowances of BRO Personnel's is kept as liability for the next financial year and full utilization of resources is not done within the financial year. Also, payment for the procurement of Vehicles/Equipment /Plants which is kept as liability for the next financial year may also not fructify.

The Committee also note that as there was a reduction in the allocation of budget for BE 2015-16; a case was taken with the Finance Minister by RM for an additional grant of Rs 1096 Crores for BRO. The FM intimated that allotment could be reviewed on the basis of pace of execution of next Financial year and additional provision, if required, shall be suitably provided. Again a case was taken up with MoF in the month of May 2015 for additional allocation of funds of Rs.1096 Crs for FY 2015-16. In response, MoF intimated that the proposal for additional funds may be sent with the first batch of supplementary demand for grants. Accordingly, additional demand of Rs.1096 Crs was submitted in the first batch of supplementary demand for grant.

The Committee note that though the issue of lower allocation of budget to BRO was taken up at the highest level, which is appreciable, it appears that no positive outcome has emerged! Considering the strategic nature and importance of roads, in border areas, any cut made to the BRO would directly affect the security of the Nation. Therefore, the Committee desire that the matter may be taken up once again, if needed, at the highest level in the Government.'

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

'The expenditure ceiling in respect of Border Road Organisation is provided by Ministry of Finance. The projection of Rs. 5044.00 crore for BE 2016-17 for the General staff works was submitted/recommended to Ministry of Finance for their consideration. However, Ministry of Finance fixed/provided the expenditure ceiling of Rs. 3075.73 crore for BE 2016-17.

Further, a proposal for the allotment of additional amount of Rs. 1420.00 crore to BRO was forwarded to Ministry of Finance in the first batch of supplementary demands for the FY 2016-17. In this context, a DO letter dated 04.07.2016 was written by Secretary (Defence/Finance) to Finance Secretary, Ministry of Finance for allotment of additional budget to the tune of Rs. 1020 crore to BRO under Non-plan. However, Ministry of Finance did not include the same into the statement of first batch of supplementary for the approval of Parliament.

3. Ministry of Defence has provided vide ID dated 16.08.2016 funds of Rs. 400 crore to Border Roads Organisation under the Grant no. 23- Capital budget: Army through re-appropriation from Army's capital budget. Out of Rs. 400 crore, Rs. 200 crore has been provided under Minor Head 202-Construction of works-Rohtang Tunnel Project and Rs. 200 crore Construction Work-Construction of CSG Roads.'

29. The Committee had recommended as under:

'The Committee note that during the RE/ BE preparation, Ministry of Finance has issued various guidelines from time to time. One of the main considerations while allocating funds is adherence to stipulations of balance pace of expenditure for which, not more than one – third (33 per cent) of Budget Estimate may be spent in the last quarter of the financial year. Besides this, during the month of March the expenditure should be limited to 15 per cent of the Budget estimate.

The Committee express agreement with the views expressed by the Ministry that due to the nature of works undertaken, it would not be possible for the BRO to meet the stipulation laid down in the guidelines. Further, the pace of work and expenditure depends on the “Working Season”. Consequently, imposition of ceiling on the Budget for BRO each year is NOT CORRECT. The Committee desire that the case which has been submitted to the Ministry of Finance for providing budgetary allocation to BRO without imposing a ceiling on RE/BE demand of BRO should be considered seriously, as the construction of strategic roads is akin to acquisitions. This is also necessary for Defence preparedness on account of the fact that BRO has very limited working season due to high altitude area related challenges. The views expressed by the Committee in this regard may be conveyed to Ministry of Finance.'

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

'In this context, it is stated that expenditure ceiling and guidelines in r/o RE and BE and Expenditure Management are being issued by Ministry of Finance. As per Ministry of Finance OM no. 7(2)/E. Coord./2013 dated 18.09.2013 in Budget circular 2016-17, Ministry of Finance, Department of Expenditure has been issuing austerity Instructions from time to time with a view to containing non-development expenditure and releasing additional resources for priority schemes. Such measures are intended at promoting fiscal discipline without restricting the operational efficiency of the Government. The instructions regarding Cut in Non-plan Expenditure and Balanced pace of expenditure under Expenditure Management Economy Measures and Rationalization of Expenditure issued by Ministry of Finance along with budget circular 2016-17 contains “ As per the extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides the stipulation that during the month of the March the expenditure should be limited to 15% of the Budget Estimates is reiterated”. However, due to the nature of works undertaken by BRO and less working session, the matter has already been taken up with the Ministry of Finance for providing budget to BRO without imposing a ceiling on RE/BE demand of BRO & exemption from above stipulation laid down in the guidelines. But, no reply has been received so far from Ministry of Finance in this regard.'

31. The Committee are dismayed to note that although the Ministry of Defence has reportedly taken up the matter with the Ministry of Finance for providing budget to border Roads Organisation (BRO) without imposing a ceiling on RE/BE demand of BRO and exemption from the instructions regarding Cut in Non-plan Expenditure and Balanced pace of expenditure under Expenditure Management Economy Measures and Rationalization of Expenditure issued by Ministry of Finance alongwith budget circular 2016-17, the response of the Ministry of Finance is still awaited. The Committee in this regard reiterate their stance that

the Ministry of Finance should seriously consider the matter for providing budgetary allocation to BRO without imposing a ceiling on RE/BE demand as the construction and operational maintenance of strategic roads is essential for our Defence preparedness as well as socio-economic development of inhospitable regions and far flung border areas. The Ministry of Finance should also keep in mind the fact that BRO has very limited working season due to high altitude area related challenges. Therefore, the Committee recommend that the Ministry of Defence should again take up the issue of providing adequate budgetary resources without any ceiling to BRO at the highest level and apprise the Committee of the same.

F. Required (Authorised) and existing (Held) force level in Border Roads Organisation

Recommendation(Para No. 32)

32. The Committee had recommended as under:

'Required (Authorized) and existing (Held) force level in Border Roads Organization: The Committee note that from 2011-12 to 2014-15, the authorized strength of officers in BRO was 1899. However, the held strength fluctuated between 1291 to 1307 officers, during the said period. In the year 2015-16, the authorized strength was 1851 and held strength was 1336, thereby indicating a shortage of 515 officers. In the case of subordinate employees, authorized strength has been constant at 40707 personnel over the years, but at present, only 33723 personnel, resulting in the shortage to the extent of 7024 personnel. The reason cited by BRO that certain vacancies remain in the organization due to retirement, resignation etc. is not convincing because BRO must have perceived, at least the retirement part, and recruitment process must have been initiated beforehand.'

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

'BRO is a work charged organization due to which the deployment of manpower and resources is done within the available budget. The deficiency details of subordinates as on 01 April 2015 are given below:-

Authorisatio	Held	Under	Posting	Deficiency
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n		Plan	
37499	30771	4281	2447

However, to reduce the deficiency of manpower, the recruitment has been done by BRO during the last one year for the following critical trades:

S/No	Trade	Nos of persons recruited
i	Operator Earth Machine (OEM)	39
ii	Driver	399
iii	Vehicle Mechanic	155
iv	Lower Division Clerk	25
v	Junior Engineer (Civil)	370
vi	Junior Engineer (Elect & Mechanical)	23
Total		1011

In addition to above, BRO has intimated the vacancies to Staff Selection Commission (SSC) for recruitment for the following trades:-

S/No	Trade	Nos. of vacancies
i	Junior Engineer (Civil)	651
ii	Junior Engineer (Elect & Mechanical)	134
iii	Upper Division Clerk	10
iv	Store Keeper Technical	40
v	Hindi Translator	5
vi	Lower Division Clerk	122
Total		962

34. The Committee note that as of 1 April, 2015, out of authorised strength of 37,449 subordinate employees in Border Roads Organisation, the current strength is 30,771. 4281 subordinate employees are under 'posting plan'. 1011 personnel belonging to 'critical trade' were recruited by BRO during the last one year. In addition, BRO has intimated 962 vacancies to Staff Selection Commission (SSC) for recruitment for various other trades. Needless to say that shortage of manpower adversely affects functioning of BRO and its commitment towards security of the country. The Committee understand that due to the nature of work undertaken by BRO, it does not attract as much number of individuals as compared to the other Armed forces. Hence, the Committee recommend that special pay packages and perks may be provided to BRO employees to address the problem of shortage of manpower. Further, utmost priority should be given to the recruitment process of BRO by the Government. The

Committee also desire to be apprised of the efforts taken by the Ministry of Defence to curtail the problem of shortage of manpower in BRO within three months of the presentation of this Report.

G. Shortage of equipment in BRO

Recommendation (Para Nos. 34 and 35)

35. The Committee had recommended as under:

'The Committee note that requirement of equipments in BRO is assessed on the basis of planned targets in a particular financial year. From the data supplied by the Ministry, it is seen that there has been substantial shortage of equipment with BRO all these years. During 2011-12, there was a shortage of 346 Dozer-II/Equivalent, which came down to 284 in 2012-13, but again reached a new high of 402 in 2013-14. At present, the shortage is of 339 numbers. One more essential equipment is Stone crushers. In 2011-12, there was a shortage of 350 stone crushers, which rose to 544 in 2015-16. Road Roller, another essential item required for construction of roads, was short by 290 numbers in 2011-12, and as per the requirement in 2015-16, the BRO is still short of 131 numbers. There was a shortage of 273 Air Compressors in 2011-12, which rose to 305 in 2015-16. Hot Mix Plants which were short by 19 in number, continue to be deficient in number, with the shortage rising to 101. Shortage of Tippers, which was to the extent of 2120 in 2011-12 rose 2505 in 2015-16. Similarly, there has been shortage of Wet Mix Plants and Paver Finishers also all these years.

The Committee are aghast with these revealing figures of shortage given by the Ministry. These shortages pertain to very basic items needed for work related with road construction and are not critical technology items to be sourced from foreign countries. The Committee are of the view that one must not question the pace of work of BRO, when it is struggling with deficiencies in terms of equipment and manpower as well as budget. The Committee expect an immediate action on this, and be informed soon.'

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

'The requirement of V/E/P in BRO is assessed on the basis of planned targets in a particular year. The targets of BRO are planned based on the number of functional units/task forces held and their capability of executing works departmentally. Accordingly, the budgetary requirement is assessed and projected to ministry of Finance.

After the transfer of budget of BRO from Ministry of Road Transport and Highways (MoRT&H) to Ministry of Defence (MoD) unlike other previous years, there was no reduction in budget allocation to BRO by Ministry of Finance (MoF) at RE (2015-16) stage. The allocation of

budget to BRO for FY 2016-17 under Non Plan (NP) is Rs 3075.73 crores and under Plan is Rs 450.00 crores. The details of demand versus allocation of budget for BE 2016-17 is given below:

Srl No	Major Head	Demand (Rs in Crores)	Allotment (Rs in Crores)
Non Plan			
i	2052	491.00	509.73
ii	3054	1089.25	644.00
iii	5054	3463.75	1922.00
Total (Non Plan)		5044.00	3075.73
Plan			
i	3601	70.00	63.00
ii	5054	384.00	342.00
iii	2552		7.00
iv	4552		38.00
Total (Plan)		454.00	450.00
G/Total (Non Plan and Plan)		5498.00	3525.73

Since there was a reduction in allocation of budget to BRO, additional allocation of budget for inclusion under the first batch of supplementary Demands for Grants to be considered during the current monsoon session of the Parliament has been submitted to MoD (Fin) under Non plan for FY 2016-17 amounting to Rs 1420 Crs for Border Roads Organisation.'

37. The Committee have been informed that the allocation of budget to Border Roads Organisation (BRO) for FY 2016-17 under Non-Plan head was Rs. 3,075.73 crore against the demand of Rs. 5,044 crore and under the Plan head, the allocation was Rs. 450 crore against the demand of Rs. 454 crore. Further, request for additional allocation of budget for inclusion under the first batch of Supplementary Demands for Grants to be considered during the monsoon session of the Parliament was submitted to MoD (Finance) under Non plan for FY 2016-17 amounting to Rs. 1,420 crore for Border Roads Organisation. The Committee would like to be apprised whether this allocation of funds to the tune of Rs. 1,420 crore which would be adequate for BRO was sanctioned.

38. The Committee further note that the requirement of Vehicles/Equipments/Plants in BRO is assessed on the basis of planned targets in a particular year. The targets of BRO are planned based on the number of functional units/task forces held and their capability of executing works departmentally. Accordingly, the budgetary requirement is assessed and projected to Ministry of Finance. The Committee do not agree with this contention of the Ministry and fail

to understand the budgetary planning of the Ministry of Defence regarding BRO where adequate allocation of funds is not made to BRO, which in turn affects in meeting the targets and based on details of performance, the Ministry assesses BRO's budgetary requirement. As a consequence, the Committee feel that BRO is somehow trapped in the vicious cycle of inadequate allocation of funds and 'non/underperformance'. Hence, the Committee recommend that keeping in mind the difficult working conditions of BRO and the contribution of the organisation to defence preparedness, adequate allocation of funds should be made to BRO.

H. Plan and Achievement of targets in regard to Construction of Roads

Recommendation (Para Nos.39 and 40)

39. The Committee had recommended as under:

`The Committee note that as per planning, BRO is lagging behind in construction of roads. In 2012-13, it planned for 2374 km of formation, but the achievement was only 1669 km. Same year, in surfacing work, it planned for 3705 km but achievement was just 2421 km. For resurfacing, it planned for 2837 km but completed only 1738 km. So was the case with Major bridges. Out of 3862 meters, BRO was able to complete only 2462 meters in length. As this phenomenon has been repeating year after year, all the projects are far behind the scheduled work.

The Committee note that 73 roads are identified as strategic Indo-China border roads, out of which 61 roads have been entrusted to BRO with a length of 3417 Km, which were planned to be completed by 2012. Only 21 roads of length 661.59 Km have been completed. As per the revised completion scheduled by 2016, 6 roads, by 2017, 8 roads, by 2018, 12 roads, by 2019, 8 roads and by 2020, 8 roads will be completed. *The Committee, in this regard express the need on the part of BRO to explain the reasons for the "Shortages" in meeting the targets.'*

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

`There are certain delays in execution of road projects mainly due to the following reasons:-

73 roads are identified as strategic Indo-China border roads (ICBR), out of which 61 roads have been entrusted to Border Roads Organisation (BRO) with a length of 3417 km which were planned to be completed by 2012. Out of which 22 roads of length 707.24 km are completed. The revised completion schedule of 39 ICBRs is as under:

- (i) 2016 - 5 Roads

- (ii) 2017 - 8 Roads
- (iii) 2018 - 12 Roads
- (iv) 2019 - 8 Roads
- (v) 2020 - 6 Roads'

41. **The Committee note that 81 roads with a length of 3417 km entrusted to BRO were planned to be completed by 2012. Out of these 22 roads of length 707.24 km are completed. Now BRO has submitted a revised schedule for completion of the remaining roads. The delay in execution of the road projects is attributable to the following reasons : - (i) Delay in Forest/Wild life clearance; (ii) Hard rock stretches; (iii) Limited Working season; (iv) Difficulties in availability of construction materials; and (v) Delay in land acquisition. The Committee do not accept the rescheduling of the strategic Indo-China border Roads particularly on accounts of the fact that China has reportedly built roads in the Far Flung difficult areas. Therefore, the Committee wish to reiterate their earlier recommendations to make concerted efforts to complete the building of the roads at the earliest.**

Recommendation (Para No. 41)

42. The Committee had recommended as under:

`As highlighted in the earlier report of the Committee, the BRO has certain deficiencies in major area, which include the budget. In this regard, the Committee would suggest that as technology in each and every field is changing very fast, BRO should also explore the possibility of using State-of-the-Art equipment for swift construction of roads; and revise the timelines accordingly for being adhered to.'

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

`BRO has been regularly reviewing/ updating the technical specification in order to keep with the latest available technology. Further, to introduce the latest technology in BRO, the following steps are taken:

- (i) Collaborative measures have been initiated to establish a multi-discipline-expert group with experts from Ministry of Science and Technology (CRRRI, CSIR, GSI etc) to assist BRO in technical matters.
- (ii) Technology initiatives in BRO guidelines have been approved.
- (iii) In order to get acquaintance with the latest art of technology being used by various developed Countries, officers of BRO are being sent on training to various foreign countries.

(iv) Based on the revised requirement of BRO, a revised Long term Equipment Plan (LTEP) 2014-15 to 2018-19 for the induction of modern Vehicle/Equipment/Plants in BRO has been approved for Rs 4116.70 Crores.'

44. **Keeping in mind the strategic nature of border roads which have direct ramifications on security of our country, and the limitation of working season, the Committee had recommended exploring the possibility of using State-of-the-Art equipment for swift construction of roads and adhere to the timelines for completion of execution of works. In response to this, the Ministry has stated that collaborative measures have been initiated to establish a multi-discipline-expert group with experts from Ministry of Science and Technology (CRRI, CSIR, GSI etc) to assist BRO in technical matters. Technology initiatives have been approved. In order to get acquaintance with the state-of-the-art technology being used by various developed Countries, officers of BRO are being sent on training to various foreign countries. Based on the revised requirement of BRO, a revised Long term Equipment Plan (LTEP) 2014-15 to 2018-19 for the induction of modern Vehicles/Equipment/Plants in BRO has been approved for Rs. 4,116.70 Crores.**

The Committee appreciate the steps undertaken in this direction. However, they are disheartened to note that these measures have not yielded the required result as it is evident in the Action Taken Reply to Recommendation No. 40 that out of 61 Indo China Border Roads (ICBR) entrusted to BRO, construction of 39 roads have been rescheduled. Therefore, the Committee desire that BRO should ensure compliance with the proposed guidelines and complete the construction of the roads in a time-bound manner.

I. **Status of construction of roads in difficult areas**

Recommendation (Para No. 43)

45. The Committee had recommended as under:

The Committee find that presently two Border Roads Task Forces are deployed for construction of Nimmu-Padam-Darcha road and expected time frame for completion is the year 2019. From Shimkula Tunnel and the Wangtu-Pooh-Sumdo-Chumar-Nyoma Upshi-Leh Road, Approval in Principle to carry out feasibility study of Shinkula tunnel of 4.15 Km on Nimmu-Padam-Darcha has been accorded. For the Balipara-Charduar-Tenga-Tawang (Main

Axis) road, which is also under progress, formation 193.22 Km and surfacing of 149.46 Km has been completed as on January, 2016. What surprises the Committee in this regard is that following the mooting of proposal in 1999, the construction is proposed to be completed in 2019. Thus, it will take full 20 years in completing this road! The Committee understands that there must be challenges of various nature, but a time period of 20 years for completing the work is far too much. The Committee desire that Ministry should explain the reason behind such delay.

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

‘The present status of various proposals formulated to establish all weather connectivity between Himachal Pradesh and Ladakh is mentioned below:

(i) Road Darcha-Padam- Nimmu-Leh

(a) Road Nimu- Padam – Darcha: The road Nimu-Padam-Darcha, of length 258.93 Km is presently under construction. Out of which 30.14 Km of formation and 13.56 km of surfacing to double lane specifications has been completed. Further, 95.27 Km of formation and 58.02 of surfacing has been completed to single lane specifications.

(b) Road Darcha-Shinkunla: The road Darcha –Shinkunla of length 39.60 Km is presently under construction to double lane specification. Out of which 35.94 Km formation and 10.27 Km surfacing work has been completed.

(ii) Road Manali-Sarchu-Upshi-Leh

(a) Out of the total length of 470.01 km of this road, 349.92 km formation and 276.24 km surfacing has been completed to double lane specifications.

(b) Construction of 8.800 Km long Rohtang Tunnel is under progress and 6.92 km progress of heading is achieved.

(c) Approval for feasibility study and framing up of DPR for construction of Barlach La, Tanglang La and Lachung La Tunnels has been accorded. Tendering action for feasibility study is under progress.

(d) Development of balance road stretch on Manali-Sarchu-Leh to NHDL specifications has been proposed for taking up through International Consortium and approval for preparation of detailed project report has been accorded.

(iii) Road Balipara-Charduar-Tenga-Tawang: Construction/development works to National Highway Double lane (NHDL) specification on this road of length 317.52 km is under progress and the progress is as under:

(a) Formation – 197.88 km

(b) Surfacing - 149.46 km

The main reasons for delay in completion of this road are as under:

- (i) Delay in finalization of land acquisition cases for Dirang and Jang by pass by Government of Arunachal Pradesh
- (ii) Delay in grant of forest clearance
- (iii) Non allotment of stone /sand quarries
- (iv) Poor performance of local contractors'

47. The Committee had observed that BRO took full 20 years in completing the assigned construction work on the roads. Now they have been apprised that the work on the Road Nimu-Padam-Darcha, Darcha – Shinkunla and the Road Manali-Sarchu-Upshi-Leh is under progress. The main reasons attributed for the delay are as under:

- (i) Delay in finalization of land acquisition cases for Dirang and Jang By Pass by Government of Arunachal Pradesh;**
- (ii) Delay in grant of forest clearance;**
- (iii) Non allotment of stone /sand quarries; and**
- (iv) Poor performance of local contractors.**

The Committee feel that the delays are indicative of the casual attitude of BRO who have assigned the important construction work to local contractors without taking proper cognizance of their credentials. Therefore, they strongly desire that BRO should be caution while outsourcing the works to local contractors and fix the responsibility in case of delays and poor quality of construction.

J. Lower Capital budget allocation affecting the force levels in Indian Coast Guard

Recommendation (Para Nos. 58 and 59)

48. The Committee had recommended as under:

`The Committee note that in the Action Taken Note on the sixth report, it is stated that the funds allocated under the Capital Section for 2015-16 for the Indian Coast Guard (ICG) is short of the projected requirement by near about 50 percent viz., the allocated amount being Rs.1200.00 crore as compared to the projected requirement of Rs.2050.00 crore. Again due to the budgetary cut imposed by the Ministry of Finance, the ICG is carrying over a liability of Rs.675 crore from the previous year 2014-15. Concurrently, the projected requirement under the Capital Head for various new schemes of the ICG is said to be Rs.4225.00 crore. The Committee also note from the Action Taken Reply that by February 2015, against a Budget

allocation of Rs.1200 crores under Capital Head (Acquisition of Ships, Aircraft and Fleet) a total of Rs.1191.98 crore i.e. 99.26 per cent was utilized. The Committed liabilities of Rs.535 crore towards ships acquisition, which were under construction at various shipyards, is carried forward to financial year 2016-17. In addition, the Committed liabilities of Rs. 85 crore for the projects during financial year 2015-16 for leasing of berthing/Jetty infrastructure & land acquisition is carried forward to financial year 2016-17.

The Committee further note that the existing force level is 119 surface platforms (55 Ships, 18 ACVs & 46 boats) and 62 aircraft. The planned force level is 150 ships including boats and 100 aircraft by 2018 and 2020 respectively. The Committee find the allocation of Capital Acquisition Budget for ICG has been well below the projected requirement all these years. The reduction at RE stage in FY 2014-15 and further low allocation in BE 2015-16 has slowed the progress of new acquisition schemes. Due to insufficient funds under Capital Head, ICG is going to have to carry forward liabilities of over Rs. 500 crores for committed liabilities from current FY 2015-16. The allocation of Rs. 1200 crores for capital acquisition for FY 2016-17 will be barely sufficient to meet the Committed Liabilities and therefore 'Nil' funds will be available for New Schemes/ Contracts. As a result, the critical/ operational acquisition schemes like 150 ships including boats and 100 aircraft, which are to be procured by 2018 and 2020 respectively will either have to be deferred or slowed down till matching budget is allocated. Therefore, the Committee recommend that to make Coast Guard fully prepared to face any eventuality and perform its role well, adequate budget to purchase assets should be provided.'

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

'Observation of Committee regarding the need of an adequate budget to purchase the surface and air assets for Indian Coast Guard has been noted. To ensure an adequate budget and timely purchase of assets, ICG has sought additional allocation of funds at First Supplementary Demand stage for FY 2016-17.

The details of additional funds sought are as follows:

(a) Capital -	Rs. 1500.00 Crore
(b) Revenue-	Rs. 0150.00 Crore
<hr/>	
Total	Rs. 1650.00 Crore'
<hr/>	

50. The Committee have been informed that Indian Coast Guard (ICG) sought additional allocation of funds of Rs. 1,650 crore at First Supplementary Demand stage for FY 2016-17. The Committee note that Indian Coast Guard is a multi-mission organization and it has a wide range of task capabilities for both surface and air operations. The Committee, therefore, hope that the Ministry of Defence would have enhanced the allocation sufficiently at the time of First Supplementary Demand stage for ICG so as to aid it in providing Exclusive Economic

Zones Security, Coastal Security, Offshore Security, Marine Safety, Marine Environment Protection etc..

K. Pending Projects in MES

Recommendation (Para Nos. 62 to 67)

51. The Committee had recommended as under:

The Committee note that the Military Engineering Services (MES) is one of the pillars of Corps of Engineers of the Indian Army which provides rear line engineering support to the Armed Forces. It is one of largest construction and maintenance agencies in India. The MES is responsible for the design, construction and maintenance of all buildings, airfields, dock installations, etc. along with accessory Services such as military roads, bulk water and electricity supply, drainage, refrigeration and furniture, required by the Army, Navy and Air Force in India. The role of MES is dual i.e. to render both engineering advice and also to execute the works. Budget provided to MES is distributed among the services and other organizations based on demand for major works in progress and new major works depending upon actual and anticipated liabilities in the financial year. MES considers carry over liabilities of running projects and anticipated expenditure of new projects which are likely to be sanctioned during the financial year.

From the information supplied by the Ministry, the Committee note that except the year 2011-12, where Rs. 6300.29 crore was allocated to MES against the projection of Rs. 6341.14 crore, in all the years after that, allocations were short, to the extent of Rs. 1349.09 crore in the year 2012-13, Rs. 1328.93 crore in 2013-14, Rs. 1345.13 crore in 2014-15 and Rs. 324.89 crore in 2015-16. Surprisingly, the MES projected a demand of Rs. 8973.81 crore, which is only Rs. 6.91 crore more than last year's BE indicating that MES has not made any development plans or there is no further new project to execute.

The Committee are happy to learn that the funds projected for MES works have been met in full and no work has been compromised due to constraints of funds. Pending Projects.

The Committee, during the examination of Demands for Grants 2014-15 and 2015-16, had learned that works of thousands of crores were planned to be carried out by MES. Therefore, the Committee desired to know the future plans of MES for carrying out these works. From the reply submitted by MES, the Committee note that once administrative approvals are given, the works are taken up for design and tender action before execution. The works held up in MES are primarily due to tree cutting, slow progress or default of the contractors and deficiency in manpower within MES for planning and supervision of works, post contracting. While QMG's Branch is addressing the issue of tree cutting in consultation with the Command HQs and DEO, the MES is holding regular meetings with Builders Association of India (BAI) to adopt modern construction practices in order to improve quality and performance. Outsourcing through consultancy services is also being pursued vigorously, to narrow the gap in tendering backlog. Case for making up for deficiencies in manpower and additional accretions for MES has already been initiated and is presently under consideration of the Ministry of Defence.

During oral evidence, the Committee was apprised that a huge number of vacancies exist in MES. At Supervisory level, it is 2474 (33.47 percent), other basic level, 25073 (65.36 percent) and Industrial, 32417 (44.34 percent). Thus, in total there are 59964 vacancies or say 50.45 per cent deficiency.

The Committee recommend that the Ministry should find out the reasons leading to such a huge shortage where more than half of the work force is not there, and also, whether any corrective measures have been taken to address the situation. The steps so taken for filling up the vacancies may also be communicated to the committee at the earliest.'

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

'(a)The large deficiencies in MES occurred over a period of time due to following reasons:-

- (i) Reduction in manpower due to Annual Direct Recruitment Plan (ADRP) scheme where 2/3rd of yearly wastage vacancies were deducted from 2001-09.
- (ii) Due to prolonged recruitment process through Local Recruitment Sanction (LRS) and also poor intake especially at JEs ie supervisory staff.

The data for last three years in case of JEs is as under :-

SSC EXAM – 2012						
Post	No of Vacs notified to SSC	Dosier Recd	Reported	Net Reported	Resigned	Net Joined
JE(Civil)	699	681	374	261	52	322
JE(E/M)	395	294	194	93	18	176
JE(QS&C)	438	292	206	64	24	182
SSC EXAM – 2013						
JE(Civil)	353	345	236	101	16	220
JE(E/M)	354	354	275	79	5	270
JE(QS&C)	189	142	82	44	0	82
SSC EXAM – 2014						
JE(Civil)	166	117	22	45	0	22
JE(E/M)	24	12	2	5	0	2
JE(QS&C)	61	58	16	31	0	16
Note : Candidates against SSC Exam-2014 are in the process of joining.						

(b) To make up the deficiency of staff in MES, following steps were taken :-

- (i) **Deputation cum Re-employment (DCRE) of Retiring Service Personnel.** Provision for recruitment of retiring service personnel (Corps of Engrs) through amendment in RRs has been done in case of JEs, Clerks and draftsman. The DCRE quota for JEs has been increased to 20% from 10%. Another case for further increasing the DCRE quota for JEs to 40% has been processed to MoD.
- (ii) **Outsourcing Case for JEs.** Case file for outsourcing of JEs is presently under process.
- (iii) **Outsourcing of Other Staff.** Sanction has been taken to outsource subordinate staff for housekeeping/ maintenance of installations. This to some extent has alleviated the problem of industrial staff.

(c) A number of MES accretion cases for officers and subordinate staff for MES have been taken up for sanctioning. These are as follows :-

- (i) **Infrastructure Development on Northern Borders.** Case for MES accretions of 1 x Additional Director General, 4 x Chief Construction Engineer and 24 Project Managers comprising 105 officers and 627 subordinates submitted on 23 Sep 14 and 24 Sep 14.
- (ii) **Modernisation of 46 Military Hospitals.** MES accretions for 5 x Chief Engineers (HP) and 36 x Project Managers comprising 103 officers and 607 subordinates (including 426 for outsourcing) has been submitted.
- (iii) **High Altitude Area Project.** Proposal for execution of project for improvement of habitat and living conditions in High Altitude Area through accretions of 02 x Chief Construction Engineers and 05 x Project Managers comprising 25 officers and 110 subordinates has been processed by CCE(COD).
- (iv) **Coast Guard Accretion cases.**
 - (aa) **MES Organisation for Coast Guard.** To provide effective works support to Coast Guard, MES accretions of 1 x Chief Engineer, 7 x Garrison Engineer(I) and 3 x Assistant Garrison Engineer(Independent) comprising 136 officers and 1335 subordinates was proposed through Coast Guard Headquarters.
 - (ab) **Chief Engineer (Project) for Indian Coast Guard (ICG) Academy.** Proposal for 1 x Chief Engineer (Project) and 1 x Garrison Engineer (Project) comprising 13 officers and 68 subordinates for execution of Indian Coast Guard Academy project was submitted by Coast Guard HQ for sanction.

- (v) **Chief Construction Engineers for Air Force.** Proposal for raising 2 x Chief Construction Engineers and 6 x Project Managers comprising 32 officers and 110 subordinates has been projected by Air HQ on 12 Sep 14.
- (vi) **MES Accretions for Infrastructure Development in ANC.** A proposal for MES accretions of 2 x CCEs (one each for Northern Group of Islands and Southern Group of Islands) and 18 x PMs comprising 68 officers and 436 subordinates has been forwarded to HQ IDS through E2W(Navy) for obtaining the sanction.
- (vii) **National War Memorial and War Musuem.** A statement of case for accretion for CCE for construction of National War Memorial and National War Museum was forwarded to HQ IDS. The proposal involves raising of 01 x Chief Construction Engineer, 01 x Project Manager comprising 07 officers and 29 subordinates through accretions.
- (viii) **Project Indian National Defence University (INDU).** A proposal for MES accretions of 01 x Additional Directorate General Works, 01 x Chief Construction Engineer and 02 Project Managers comprising 21 officers and 82 subordinates has been forwarded to Director (INDU) for obtaining sanction.'

53. **The Committee in their original Report had highlighted the fact of 50.45 percent deficiency of manpower in Military Engineer Services (MES) and recommended corrective measures to address the situation. They note that the Ministry of Defence have taken some steps to make up for the deficiency of staff in MES which include, proposal for outsourcing the staff, deputation cum re-employment of Retiring Service Personnel and sanctioning of accretion cases for officers and subordinate staff for MES. However, the Committee would like to see these measures resulting in concrete solution to the problem of deficiency of Officers and staff in MES. Therefore, the Committee desire to be apprised of the sanctioned and current strength of personnel in various cadres in MES following the Ministry's steps to address the shortage of manpower.**

54. **The Committee are surprised to note that as against 1532 and 896 vacancies notified to Staff Selection Commission in years 2012 and 2013 for recruitment of Junior Engineers (Civil, Electrical/Mechanical and Quality Surveying & Contracts) in MES, only 680 and 572 candidates, respectively, reported for joining. It implies that young people do not consider jobs in MES as worthwhile. Hence, the Committee recommend that the Ministry of Defence should take concrete steps to popularize career opportunities in MES to attract youth and talent of our country.**

L. Expenditure of R&D

Recommendation (Para No. 85)

55. The Committee had recommended as under:

'The Committee note that HAL is spending 6.31 percent, BEL 8.0 percent, BEML 2.05 percent, BDL 0.76 percent, GRSE 0.60 percent, GSL 0.74 percent, HSL 1.0 percent, MDL 1.13 percent, MIDHANI 0.80 percent of value of production. Percentage wise there is lot of variation ranging from 8 percent to just 0.60 percent. While tendering oral evidence, Secretary, Defence Production also admitted that this was a weak point of Defence Public Sector Undertakings. The Committee desire that such weak points should be rectified and overcome for consistent improvement in products and for innovation. The DPSUs need to invest significantly on R&D, so that the country could be benefitted with State of the Art quality products.'

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

'**HAL:** R&D Expenditure of HAL as a percentage of turnover over the past five years is as follows:

(All data in percentage (%))

Year	2011-12	2012-13	2013-14	2014-15	2015-16 (provisional)
% R&D Expenditure	6.81	13.6	7.16	6.70	7.06

HAL incurs R & D expenditure of about 6-7% of turnover. During the year 2012-13, this was of the order of 13% of turnover due to completion of PD Phase activities of Fifth Generation Fighter Aircraft (FGFA).

R&D is a thrust area at HAL and the company sets aside 10% of the Profit After Tax annually as R&D corpus fund to promote Technology Development. HAL has an extensive R&D set up with 11 R&D Centres for Aircraft, Helicopters, Engines, Systems, Avionics and Upgrade, co-located with the respective Production Divisions. Technology Development projects have been launched to increase self reliance in critical areas like the Aircraft Display systems, Mission Computers, Automatic Flight Controls for helicopters, Aircraft Accessories and avionics. Over the past seven decades, HAL has established proficiency in every field of aviation viz, Design, Development, Production and Overhaul of aircraft, helicopters, aero engines, avionics and accessories and has produced 16 types of aircraft from indigenous Design and Development, the latest being HTT-40 whose maiden flight took place on 31 May 2016.

BEL: BEL is focusing its Research & Development (R&D) effort towards design, development & supply of products and systems to Defence and other Government customers. BEL has been spending 8 to 9 % of its turnover on R&D. Around 80% of BEL's turnover is mainly from products through in-house R&D & joint development with DRDO.

Product Development & Innovation Centre (PD&IC), a new facility is being created to focus development of new products to meet future Defence requirements.

BEL has created the post of Chief Technology Officers (CTO) for the areas of Communication, Electro –Optics and Radar & Weapon Systems to constantly review strategy on development of new Technology and products.

BEML: The R&D expenditure for the last 3 years is given below:

(Rs. in Cr.)

Year	Gross VoS	R&D expenditure	R&D expenditure as % of Sales
2013-14	3262.20	86.23	2.64
2014-15	3129.65	82.92	2.65
2015-16	3426.02	66.63	1.94

More than 50% of Company's Sales Turnover is through in-house developed R&D products. R&D expenditure as a percentage of sales is on an average **2.40%** of the sales in the last 3 years which is in line with the International standards in the sectors it operates.

BDL: BDL has been producing Missile Systems through Transfer of Technology (ToT) from foreign OEMs and DRDO. R&D activities in BDL have been primarily focusing on indigenisation of components for the ToT based missiles. Subsequently, BDL has designed and developed Missile Launchers, Test Equipment & Simulator for Missile Systems and Counter Measures Dispensing System. These products have been designed and developed effectively with less expenditure.

BDL is planning to enhance R&D expenditure by 2018-19 as it is estimated that the missile development projects will gain momentum by 2018-19.

MIDHANI: The R&D expenditure of MIDHANI shows an increasing trend. For the year 2015-16 MIDHANI has spent Rs. 24.21 crore (prov) including Capital Expenditure which is 3.57% of the value of production of Rs. 678.79 crore (Excluding Excise Duty) (prov.).

MDL: In case of MDL, R&D expenditure has been rising consistently during last 3 years in absolute terms, but the ratio with respect to VOP reflects near stationary decreasing trend as VOP is rising at a much faster rate.

GRSE: The observation of Committee has been noted and efforts are on to increase the spending on R&D in future.

GSL: The R&D expenditure is mainly towards development of new designs of high technology stealth ships to meet the expected requirements of the Indian Defence forces as well as friendly neighbouring countries. In the coming years, R&D efforts will be focused towards design and development of high technology GRP vessels and its components and other high technology vessels with stealth features. These include the vessels with missile capabilities.

Considering the above, in the coming years also GSL is committed to progressively increase the R&D expenditure.

HSL: HSL's Design Department has been recognized as in-house R&D unit by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology.

HSL has proven design for IPVs, Tugs and OPVs. In its ongoing R&D efforts, HSL is now involved in conceptualization, functional detailed engineering of VC 11184, Diving support vessel, fleet support ships and survey vessels for Indian Navy.'

57. The Committee note that except Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL) who are spending 7.06% and 8 to 9% respectively of their turnover on R&D, other Defence Public Sector Undertakings (DPSUs) are spending marginal percentage of turnover on R&D. Although the percentages are increasing, this is not in the required manner. Therefore, the Committee, once again, emphasize the fact that the DPSUs need to invest significantly on R&D, so that the Country can achieve self reliance in Defence production and thereby reduce the dependency on foreign suppliers.

M. Fixed tenure for the Secretary Ex-Servicemen Welfare (ESW)

Recommendation (Para No. 92)

58. The Committee had recommended as under:

'From the data supplied by the Ministry, the Committee note that Secretary, ESW Welfare always had a very short tenure and during last 10 years, 10 incumbents were posted in the Department and their tenure was, at times, less than a year, which obviously not only affected the long-term planning, grievance redressal and strategy but is also indicative of lack of seriousness of Government towards welfare of Ex-servicemen. The Committee are of the view that the tenure of Secretary of Department of ESM should be a fixed one so as to ensure accountability and better implementation of policies. The Committee desire to have a response in this respect within three months of the presentation of this report.'

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

'Comments of DoPT:- The recommendation of the Committee was conveyed to the Department of Personnel & Training as appointment to the post of Secretary ESW is made by them. The comments received from DoPT are as follows:-

“As per the existing provision of FR 56(a), every Government servant is to retire from service on attaining the age of sixty years. Further, FR 56(d) provide that: No Government servant shall be granted extension in service beyond the age of retirement of sixty years provided that the Central Government may, if it considers necessary in public interest so to do, give extension in service to the Defence Secretary, Home Secretary, Director, Intelligence Bureau, Secretary, Research and Analysis Wing and Director, Central Bureau of Investigation for such periods as it may deem proper on case to case basis, subject to the condition that the total term of the incumbent of the above posts, who are given such extension in service, does not exceed two years”.

Comments of MoD:- There is no provision for extension in service beyond the age of 60 years in case of Secretary, Department of Ex-Servicemen Welfare. Further, it may not be difficult to find empanelled officers at the level of Secretary who have two years of service left. Therefore, extension of service beyond 60 years may not be necessary.'

60. **Keeping in view long-term planning and grievance redressal of welfare of Ex-Servicemen, the Committee in their original Report had recommended that the tenure of Secretary of Department of ESM should be a fixed one. In response, the Ministry of Defence has submitted that there is no provision for extension in service beyond the age of 60 years in case of Secretary, Department of Ex-Servicemen Welfare (ESW). Therefore, extension of service beyond 60 years may not be necessary. However, the Committee had recommended for fixed tenure of the Secretary ESW, and not for extension of the tenure of the incumbent officer. Therefore, the Ministry of Defence should approach the Committee's recommendation in the right perspective and raise this issue at the highest level in order to enable in fulfilling its commitment towards welfare of Ex-Servicemen.**

N. Lateral induction of Ex-servicemen in Central Para Military Forces and State Police Forces

Recommendation (Para Nos. 93 to 97)

61. The Committee in their Observation/ Recommendation Nos. 93-97 had recommended as under:

'The Committee have been recommending in their various reports regarding lateral induction of Ex-servicemen in Central Armed Police Forces and State Police Force. The Committee note from the information submitted by the Ministry that a Working Group under the Chairmanship of the then Adjutant General, Army Hqrs with Joint Secretary (Police), Ministry of Home Affairs (MHA) representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transferring Army personnel to CAPFs. The Working Group submitted its Report in March, 2002. The Report envisaged lateral transfer of army personnel into CAPFs after 7 years of colour service in the Army. The Report of the Working Group was not signed by the representatives of the MHA as the proposed lateral transfer was not acceptable to them.

The Committee also note that a meeting was taken on the matter by the Home Secretary on 2nd November, 2006. As per the decision taken in the meeting, a Committee under the Chairmanship of Director General, Border Security Force was constituted to work out the modalities for such transfer.

MHA submitted the report of DG BSF to the Cabinet Secretariat in February, 2011 with a copy endorsed to the Ministry of Defence. The recommendations in the Report were in respect of re-employment of ex-servicemen and no recommendation was made for lateral transfer of armed forces personnel in CAPFs and after submission of Report of DG BSF as stated above, a meeting was held in Cabinet Secretariat on 29.11.2011, which was attended by representatives of MHA/CAPFs. DoP&T and Deptt.of Expenditure besides MoD/AHQ. Cabinet Sectt.desired that MHA and MoD may explore and examine options for achieving lateral transfers from the Army to CAPFs whereby Army personnel are incentivized to join and the interests of resident CAPFs are protected, such as option based lateral transfer with the incentive of longer duration of service but foregoing of seniority. In this regard, Ministry of Home Affairs (MHA) were requested to suggest a framework under which lateral transfer of Army personnel to CAPFs could be made keeping in view the suggestions of Cabinet Secretariat.

The Committee further note that in a meeting held with MHA in MoD, a suggestion was made to MHA that, to begin with, lateral induction of service personnel into CAPFs may be commenced on a pilot basis (say about 1000 Nos. initially). A new cadre/sub cadre could be created in the CAPFs for such lateral inductees, which will obviate inter-se seniority issues etc. The above proposal has been conveyed to Cabinet Secretariat and MHA on 02.07.2013.

The Committee are surprised that the issue is pending in the Cabinet Secretariat and MHA since 2013 and no tangible progress has been made by them till date. The Committee, therefore, reiterate their recommendation that the Ministry of Defence should have high level meetings regularly with the Ministry of Home Affairs so that guidelines regarding recruitment could suitably be amended to give seniority to ESM while providing employment in CAPFs. The Committee desire that quota in respect of ESM should be increased in Central Armed Police Forces and they should be given seniority or pay protection so that the Ministry of Home Affairs can have disciplined and trained manpower. Meanwhile, as suggested, lateral induction of service personnel into CAPFs may be commenced on a pilot basis. The Committee desire to be apprised of the progress made in this direction within one month of the presentation of this Report to Parliament.'

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

'The Committee is informed that point no. 93 to 96 above appears to be statement referring to the issue in detail. Recommendation on the issue is at point no. 97 and reply thereto is given in succeeding paragraphs.

There is no provision of lateral induction of Ex-Servicemen (ESM) in Central Para Military Forces and State Police Forces. However, in accordance with Ex-Servicemen (Re-employment in Central Services and Posts) Rules, 1979 as amended from time to time, 10% of the vacancies in the posts upto the level of Assistant Commandant in all Central Para Military Forces to be filled by direct recruitment in any year shall be reserved for being filled by Ex-Servicemen. Applying for such vacancies is voluntary and depends on the willingness of individual ESM.

A meeting was convened under the Chairmanship of Joint Secretary (Police-II), Ministry of Home Affairs (MHA) on 21 Jan 2016 to discuss the issues regarding filling up of vacancies reserved for ESM in Central Armed Police Forces (CAPFs) and to ascertain reasons for the low percentage of ESM finally getting selected in the recruitment for posts of Constables and Sub-Inspector/Assistant Sub-Inspectors in CAPFs. The reasons that were highlighted were non availability of pay and seniority protection, and compulsion of qualifying Physical Standard Test (PST)/Physical Eligibility Test (PET). It was decided in the meeting that due publicity and advertisement be given regarding recruitment of ESM in CAPFs and CAPFs/Staff Selection Commission (SSC) were directed to keep Directorate General of Resettlement (DGR) and Ministry of Defence (MoD) in their mailing list. SSC was also requested in the meeting to provide details of number of ESM who had applied and were finally selected and the details regarding reservation provided for ESMs in various recruitment done for CAPFs.

As decided in the meeting, a Committee was formed by MHA consisting of a team of Officers headed by DIG, Central Reserve Police Force (CRPF), and two members from DGR, to look into the matter of poor representation of ESM in CAPFs under the prescribed quota of 10% to submit its report to the Ministry. Following issues were brought to the notice of DIG, CRPF by DGR which has since been communicated to the MHA:

- a) Protection of pay and seniority of ESM in CAPFs;
- b) Syllabus of written examination to be made more job-oriented than academic;
- c) Armed Forces Personnel could be made to do only a Refresher Course/Orientation Training in view of their previous Training in the Armed Forces;
- d) Lower Standards for selection for ESM as per Department of Personnel & Training (DoP&T) Orders to be ensured.

As regards the issue of commencement of lateral induction of service personnel into CAPFs on a pilot basis, MoD is pursuing the matter with MHA at appropriate level from time to time. However, implementation of the proposal is contingent upon acceptance by MHA.'

63. The Committee note that the latest development in the case of lateral induction of Ex-Servicemen (ESM) in Central Armed Police Forces (CAPFs) and State Police Forces is formation of a Committee by Ministry of Home Affairs consisting of a team of Officers headed by DIG, Central Reserve Police Force (CRPF) and two members from Directorate General Resettlement, to look into the matter of poor representation of ESM in CAPFs under the prescribed quota of 10%. The issues regarding protection of pay and seniority of ESM, job-oriented syllabus of written examination, prescribing only a Refresher Course/Orientation Training for ESM and lower Standards for selection for ESM have been brought to the notice of DIG, CRPF by DGR which have since been communicated to the MHA. The Ministry of Defence has also informed that it is pursuing the issue of commencement of lateral induction of service personnel into CAPFs on a pilot basis with MHA at appropriate level from time to time, implementation of the proposal being contingent upon acceptance by MHA. The Committee, in this regard, desire that the MoD should tirelessly and sincerely pursue the cause of welfare of ESM with MHA while expediting consultation with all stakeholders. The Committee hope that the issue of lateral induction of Ex-Servicemen (ESM) in Central Armed Police Forces (CAPFs) and State Police Forces – an issue which is intricately connected with welfare and resettlement of those who have served our Nation - is resolved at the earliest and the Committee be apprised of the developments.

O. Uniformity in Financial assistance to (i) World War Veterans and (ii) Gallantry Medal Winners

Recommendations (Para No. 101 and 104)

64. The Committee had recommended as under:

Considering the unevenness in the financial assistance provided to World War Veterans by the States in 2009, the Department of Ex-servicemen Welfare was asked to take up the matter of enhancing the assistance to a minimum of Rs. 3000 P.M. with the State Governments/Union Territory Administrations. The Committee were informed in this regard that the States of Andhra Pradesh, Bihar, Chandigarh, Chhattisgarh, Delhi, Goa, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Puducherry, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh and Uttarakhand and A & N Islands were paying in the range of Rs. 3000 to Rs. 6000 per month. On the other hand,

states such as Assam, Haryana, Himachal Pradesh, J&K, Kerala, Mizoram, Odisha, Punjab and West Bengal were paying the veterans /war medal awardees a meagre sum of Rs. 500 to Rs. 1500 per month. The Committee in this regard, desire to reiterate their earlier recommendation that a decent amount ranging from Rs. 6000 to Rs. 10000 may be provided to each veteran awardee so to help them in sustaining their livelihood in their old age. The Committee, in this regard also wish to be informed of the number and average age of the war veterans who continue to be in receipt of financial assistance.'

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

`In pursuance of the direction of the Standing Committee on Defence (16thLokSabha), Secretary (ESW) requested States/Union Territory Administrations to enhance the Financial Assistance to WW veterans and their widows to at least Rs.6000/- to Rs.10,000/- per month vide his D.O letter no. 8(1)/2011-D(Res-II) dated 3rd March 2015. Hon'ble Raksha Mantri has also requested to all the States/UTs to pay Rs. 6000/- to Rs. 10,000/- per veteran per month during the interaction with representatives of all States/UTs in July this year and in no case less than Rs. 3000/-.

A detailed States/UTs wise list of financial assistance, number and average age of WW Veterans is placed at **Annexure-I**.

Annexure-I

Sl. No.	States/UTs	WW Veterans receiving financial assistance from State Govts./UTs		
		Number	Average Age (in years)	Monthly Financial Assistance being provided by States/UTs
1.	Andhra Pradesh	124	90	5000
2.	Arunachal Pradesh (No world war Veterans)	-	-	-
3.	Assam	06	87-90	3000
4.	Bihar	18	90-100	5000
5.	Chhattisgarh	15	80-92	3000
6.	Delhi	19	90	3000
7.	Goa	-	-	-
8.	Gujarat	03	90	3500
9.	Haryana	428	90-95	4500
10.	Himachal Pradesh	139	80-100	3000
11.	Jammu & Kashmir	81	>80	3000

12.	Jharkhand	13	86-90	5000
13.	Karnataka	572	85-90	3000
14.	Kerala	379	92-95	4000
15.	Madhya Pradesh	29	93	4000
16.	Maharashtra	235	>80	3000
17.	Manipur	16	>90	1200
18.	Meghalaya	06	90	5000
19.	Mizoram	99	90	1200
20.	Nagaland	63	90-110	6000
21.	Orissa	05	96	1000
22.	Punjab	427	96	2000
23.	Rajasthan	304	85	4000
24.	Sikkim	22	87	6000
25.	Tamil Nadu	398	90	4500
26.	Tripura	04	85	3000
27.	Telangana	37	90	6000
28.	Uttarakhand	74	80-85	4000
29.	Uttar Pradesh	590	95-100	6000
30.	West Bengal	67	85	1500
31.	Andman & Nicobar (UT)	09	88	6000
32.	Chandigarh (UT)	02	94	7500
33.	Puducherry (UT)	11	90	6000

66. From the State-wise data as furnished by the Ministry of Defence, the Committee observe that the States/UTs viz. Nagaland, Sikkim, Telangana, Uttar Pradesh, Andaman & Nicobar (UT), Chandigarh (UT) and Puducherry (UT) are paying financial assistance worth Rs. 6000. Other States/UTs are paying financial assistance which ranges from Rs. 1000 to Rs. 5000. The Committee desire the Ministry of Defence to take up the matter with the State/UT Governments with due seriousness so as to increase the amount to sustain the livelihood of the veterans. The Ministry may furnish the information in progress made in this direction in the further Action Taken Replies.

67. The Committee had recommended as under:

'The Committee understand that it is the prerogative of the State Governments to decide on the financial/ cash awards for Gallantry awardees, nevertheless it would be in the fitness of things for the Ministry to impress upon the State Governments/ Union Territory Administrations to follow a uniform method of providing monetary allowances. This would contribute immensely to the prestige and dignity of the awardees. The Committee desire that the Ministry of Defence take up the matter appropriately with the State Governments at the earliest.'

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

'Hon'ble Raksha Mantri has also advised the representatives of all States/UTs during an interaction in July this year, that the amount paid to Gallantry/ Non- Gallantry Awardees by States/UTs should be comparable. All the States/ UTs have already been requested in this regard vide our letter no. 2(2)/GA/KSB/A dated 3rd July' 2015.'

69. **The Committee observe that Hon'ble Raksha Mantri has also advised the representatives of all States/UTs during an interaction in July this year, that the amount paid to Gallantry/ Non-Gallantry Awardees by States/UTs should be comparable. All the States/ UTs have already been requested in this regard vide our letter no. 2(2)/GA/KSB/A dated 3rd July' 2015. The Committee may be apprised of the progress made in this regard.**

Chapter II

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

Recommendation No. 7

The Committee also desire to see and be apprised of the impact of the rationalization of Demands for Grants done by the Ministry by bringing Army, Navy and Air Force under one Revenue Head to enable re-appropriation of budget. The Committee, in this regard, express the necessity of taking due care before transferring of funds from one head of account to other. THE RESPECTIVE SERVICE CHIEFS SHOULD NECESSARILY BE TAKEN INTO CONFIDENCE ON THIS ASPECT.

Reply of the Government

Normally re-appropriation proposals are taken up in the last quarter of financial year when expenditure trend becomes clearer. By resorting to re-appropriation, anticipated savings in one head is shifted to other heads in which funds are required, to achieve optimum utilization of scarce resources.

In the rationalized structure, three Revenue grants separately for Army, Navy and Air Force have been clubbed into one Revenue Grant. However, the three Services are under separate Major Heads. The impact of rationalization of Demands for Grants will be known by the end of the financial year.

The Committee may be assured that re-appropriation will be resorted to with due diligence and consent of stakeholders.

Recommendation No. 8

Thus, it is evident that since 2010-11, the Services have not been provided the amounts projected as being needed by them, which has affected their long and short term programmes, apart from hampering acquisition and training plans.

Recommendation No. 9

The Committee are of the view that while the Services project their requirement of funds after much research and by assessing the needs of the coming years, the cut imposed by the Ministry of Defence or Finance, disturb their planning process. Consequently, they are compelled to re-prioritize their requirements as per what they get. As the Services normally have long term plans, the additional allocation, if any, given at RE stage does not help them either. The Committee are aware that the Services need ammunition for training their personnel and for use in the eventuality of a War. For moving the Forces from one place to another and to maintain the equipment and weapon systems, the money comes from the Revenue Head. The Committee are of the view that the Ministry should not underestimate the importance of non-salary Revenue budget in maintaining and running the major resources bought with the amounts provided under the Capital Budget. Any deduction can jeopardize the security of the Nation. Therefore, they desire that the Ministry should provide the budget after deliberations as per the agreed projection so that the Services do not suffer due to want of funds under both the Heads i.e. Revenue and Capital. Allocation intended for any Defence programme should not come under any duress on account of factors which may include availability of resources.

Reply of the Government

This Ministry is in full agreement with the recommendation made by the Committee. There is a continuous monitoring of the expenditure progress and prioritisation of the most urgent requirements. This helps to ensure that limited resources are devoted to the most critical requirements. The Committee may be assured that no operational requirement will be shelved for want of funds.

Recommendation No. 33

During oral evidence, it came to the notice of the Committee that BRO personnel are posted at a height of 8000-10000 feet throughout the year, which leads to High Altitude related diseases. Therefore, the Committee recommends that the BRO personnel should be rotated between projects in high and low altitude areas at specific intervals of time.

Reply of Government

The existing policy of Posting for GREF personnel is mentioned below:

(a) **Officers:** Officers posted in high altitude areas are being rotated regularly on completion of their tenures.

(b) **Subordinates:** Subordinates except those who are medically downgraded are posted to high altitude for not more than three tenures during their entire service on rotation basis. The cooling off period for posting to high altitude area is 6 years. After completion of prescribed tenure in

high altitude area personnel are given choice posting to units in area other than high altitude to the extent possible. The three prescribed tenures for posting to high altitude are as under:

- (i) 1st tenure for a period of 30 months with physical mandatory service of 26 months high altitude area.
- (ii) 2nd tenure for a period of 24 months with physical mandatory service of 22 months in high altitude area.
- (iii) 3rd tenure for a period of 18 months.

Progress of construction of roads in border areas

Recommendation No. 36

The Committee note that some measures have been taken to overcome the impediments and to facilitate smooth progress of work in construction of roads in border areas. In the meeting of National Security Council (NSC) held on 1.11.2013, it was decided that BRO would focus on core strategic functions on the Northern Border, the Ministry of Defence (MoD) & Ministry of Road Transport and Highways (MoRT&H) will work out modalities of separating BRO's strategic road building functions from infrastructure development in Left Wing Extremism affected areas and internal roads. Further, it was decided in a meeting held with National Security Advisor (NSA) on 23.8.2013 that in order to reduce BRO's work load, MoRT&H and BRO will jointly examine and prioritize the roads which are necessarily to be constructed by the BRO in Uttarakhand, J&K and North East. MoRT&H will make alternate arrangements for remaining roads. Accordingly, 28 roads of 2904 Kms length were identified for transfer to various agencies. Roads are being handed over by BRO to other agencies. As on date, 20 roads of length 1795 km have been handed over to other agencies by BRO.

Recommendation No. 37

Considering the strategic importance of roads in border areas and the fact that no other agency has expertise similar to BRO to maintain the roads in hilly and difficult terrains, the Committee urge upon the Ministry to review the proposal pertaining to handing over of National Highways and other roads directly feeding the strategic roads and to provide for retaining them with the BRO only.

Recommendation No. 38

The Committee also recommend that BRO, unlike civil engineering agencies, e.g. PWD and CPWD, has been assigned specific role to play and work under hostile conditions. The BRO has been manned and equipped accordingly. Therefore, BRO should be given responsibility of construction/maintenance of Strategic Roads right from the rail-head up to the border.

Reply of Government

BRO, unlike other agencies such as PWD and CPWD, has been assigned specific role and work under hostile conditions. The organisation has been structured, manned and equipped accordingly and based on the operational requirement of Army, the road projects are entrusted to BRO. Accordingly, a revised Border Roads Development Board (BRDB) programme comprising of 852 roads of length 30118 km has been entrusted to BRO. Out of these 852 roads, 530 roads of

length 22803 km are part of the five year (2015-2020) Long term Roll on Works Plan (LTRoWP) which are to be constructed / improved by BRO.

Recommendation No. 42

Status of construction of roads in difficult areas

The Committee note that 73 roads are identified as strategic Indo-China border roads, out of which 61 roads have been entrusted to BRO with a length of 3417 Km. 21 roads of length of 661.59 Km have been completed. From the information supplied, the Committee find that progress of work n 12 roads in the state of Uttrakhand and 16 roads in Arunachal Pradesh *is far from satisfactory*. The Committee find that on two roads, work is yet to commence due to pending wildlife clearance on Road Flag Hill – Dokala and alignment issue of MHA Road Thimbu-Mago-Chuna. Army has endorsed the present alignment of MHA with lower priority and asked BRO to complete at first, Ramasapar-Mago-Chuna (Southern alignment) as a GS road. The decision regarding Thimbu-Mago-Chuna (Northern alignment) is awaited from MHA. The Committee are surprised that despite the single window clearance system for Wild Life for Forest Clearance cases the issue has not been resolved.

Reply of Government

Out of the total 73 roads identified as ICBRs, 61 roads of length 3417.50 km have been entrusted to BRO. BRO has completed 22 roads of length of 704.24 kms. Work on the balance road stretches are under progress and in different stages of completion. The status of connectivity is as under:

Agency	Total		Completed		Balance			
	No	km	No	km	No	km	Connected	Unconnected
GS	33	1898.71	11	427.51	22	1471.20	15	7
CSG	13	1092.42	06	214.35	07	878.07	1	6
ITBP	15	426.37	05	65.38	10	360.99	5	5
Total	61	3417.50	22	707.24	39	2710.26	21	18

Connectivity (formation works completed) has been achieved in respect of 21 roads. Of remaining 18 roads, works are under progress on 16 roads while works on 2 roads are yet to commence as wildlife clearance was recently accorded in March 2016 and forest clearance is under process for one road (Road Flag Hill-Dokala in Sikkim) and due to non-finalization of the alignment by MHA (Road Timbu-Mago-Chuna in Arunachal Pradesh). Physical progress of works up to 20th June 2016 is as under:-

Agency	length (km)	Formation completed (km)	Surfacing completed (km)
GS	1898.71	1563.89	1249.92
CSG	1092.42	923.27	676.55
ITBP	426.37	286.07	138.60
Total	3417.50	2773.23	2065.07
% Completion		81%	60 %

In order to resolve the issues pertaining to Border Roads Organisation the States of Sikkim, Arunachal Pradesh, J&K, Himachal Pradesh and Tripura have constituted the Empowered Committee.

Further, in order to expedite the progress of road projects in the border areas, during the last Financial year, Final approval for **Forest Clearances** for 11 cases (non-ICBR) and 3 cases (ICBR) has been accorded as per the details mentioned below:

(Non-ICBR)

Arunachal Pradesh – 5 NOS

- i) Lungro La Ajayspur-Vasurock (km 0 to 7 km)
- ii) Chaktsang GG PT 4594 (km 0 to 4.5 km)
- iii) Lungro La Triple HTS (km 0 to 6.2 km)
- iv) Lungro PT 4720 (km 0 to 4 km)
- v) Akajan-Likhabali-Bame (km 22 to 40 km)

Uttarakhand – 1 NO

- i) Simli-Gwaldam (SH-II) (km 87 to 140 km)

Jammu & Kashmir – 3 Nos

- i) Army check – BSF check (km 0 to 3.1 km)
- ii) FDL 427-Vehicle Gate-FDL 471 (km 0 to 1.5 km)
- iii) Loren-Dholewall-Barapather (km 0 to 15 km) JamalwaliGali-Basamgali

Sikkim – 2 Nos

- i) Satyabase-Tangkarla (km 0 to 2.8 km)
- ii) Ratangarh-Raigarh (LTPP) (km 0 to 1.6 km)

(ICBR)

Arunachal Pradesh- 3Nos

- i) Balipara-Charduar-Tawang (km 106.38 to 116.10 km)
- ii) Balipara-Charduar-Tawang (km 119.65 to 121.50 km)
- iii) OKSRT (km 58 to 82 km)

Further, during last financial year ,11 cases of **wild life clearance** has been cleared by National Board of wild life/CEC/SC, out of which 2 Nos are for ICBRs and 9 Nos for Non ICBRs as per the details mentioned below :-

Arunachal Pradesh -2 Nos

- i) Balipara-Charduar-Tawang (km 50 to 88 km)
- ii) Roing-Hunli (km 2 to 6 km)

Uttarakhand – 3Nos

- i) Mendi-Tsangchokla (Gangotri National Park)
- ii) Nilapani-Mulingha (Gangotri National Park)
- iii) Sumla-Thangla (Gangotri National Park)

Jammu & Kashmir – 1 No

- i) Loren-Barapathar-JamianwaliGali (Gulmarg Wild life sanctuary)

Manipur – 1 No

- i) Border Fencing work between Pillar No.79 and 81 (YangonPokpi-Lakchao wild life sanctuary)

Sikkim – 3 Nos

- i) Flag Hill-Dokhala (Km 0 to 33.80, Pangolakh Wild life sanctuary)
- ii) Kupup-Tr Junction (Pangolakh Wild life sanctuary)
- iii) Kyangosla-Pt 4122 (LTPP) (km 0 to 5.5 km,Pangolakh Wild life sanctuary)

West Bengal – 1 No

- i) Bagpool-Kalijhora (km 0 to 4 km, Mahananda wild life sanctuary)

Recommendation No. 44

The Committee desire that priority should be accorded to the roads as mentioned in the preceding para and all out effects should be made to complete Orang – Kalaktang – Rupa – Shergaon – Morshing - Phudung-Mandala Debrabu-Naga GG-BJ Gompa-Lagamche GG-Mukto-Teli-Bomdir-Tawang (Alternate Axis) road, Pinjoli-Buragaon-Dibbin-Mathow-Tungri-Chhangla-Pangila-Pota-Tsela Mago (Third Axis) road and other roads in Tawang area.

Reply of Government

At present status of three axis are planned for construction to establish all weather connectivity up to Tawang is as mentioned below:-

(i) **Axis-I: Road Balipara-Charduar-Tenga-Tawang (Main Axis):** Construction /development works to National Highway Double lane (NHDL) specification on this road of length 317.52 km is under progress which are planned to be completed by 2016 and the progress is as under:

(a) Formation – 197.88 km

(b) Surfacing - 149.46 km

(ii) **Axis-II: Road Orang-Kalaktang-Rupa-Shergaon-Morshing-Phudung-Mandala-Debrabu-Naga GG-BJ Gompa-Lagamche GG-Mukto-Teli-Bomdir-Tawang (Alternate Axis):** The total length of this axis is 376.11km, out of which 172.52 km is required to be developed to NHDL, 57.81 km is already an existing single lane road and further upgradation is not required and 145.7 km is to be developed to single lane specification. The progress of the axis stretch wise is given below:

Name of Stretch	Length (km)	Present Staus
Orang-Shergaon	134	131 KM completed to NHDL specification. Bypass to Shergaon is under progress.
Shergaon- Mandela	57.81	Existing road and not required to be further upgraded.
Mandela –Naga GG	38.52	4.43 Km formation completed to NHDL specification and works are in progress.
Naga –GG- BJ – Gompa- LGG- Mukto-Teli	145.78	115.59 Km formation and 58.73 km surfacing to single lane specification completed.
Total	376.11	

Connectivity on road Orang –Kalaktang –Rupa –Shergaon-Tenga has already been established and trial convoy run done by the Army successfully. Balance works on this are under progress. This axis is planned to be completed in 2021.

(iii) **Axis-III: Pinjoli-Buragaon-Dibbin-Mathow-Tungri-Chhangla-Pangila-Pota-Tsela-Mago (Third Axis):** The total length of this axis is 297.40 km, out of which only 20 km is part of the LTRoWP and works will be taken up once the construction of main axis is completed.

Pending Forest and Wild Life clearance cases

Recommendation No. 45

The Committee note from the following data supplied by the Ministry that there are 14 Forest Clearance cases pending in respect of Indo-China Border Roads (ICBRs) in Arunachal Pradesh, Assam, Himachal Pradesh and Sikkim.

S/ No	STATE	Case Pending With					
		AIP Accorded	MoEF	Regional Office of MOEF	State Nodal Officer	CEC/ NBWL/ SBWL	Total Pending Cases
a	Arunachal Pradesh	7			1		8
b	Assam	2	-	-	-	-	2
c	Himachal Pradesh	2	-	1	-	-	3
d	Sikkim	-	-	-	1	-	1
	TOTAL	11		1	2	-	14

Recommendation No. 46

The Committee are happy to note that at least no forest clearance cases are pending with Ministry of Environment and Forests (MoEF). The Committee also note that in these States, in total, 5 cases of Wild Life clearance for Indo China Border Roads (ICBRs) are pending.

Recommendation No. 47

The Committee also note that in respect of roads other than ICBRs, in total 183 cases are pending for Forest Clearance at different levels in Arunachal Pradesh, Uttarakhand, Jammu & Kashmir, Himachal Pradesh, Manipur, Mizoram, Tripura, Andaman & Nicobar, Punjab, Rajasthan, Sikkim and West Bengal. However, only 3 cases pertaining to roads other than ICBRs are pending for Wild Life Clearance.

Recommendation No. 48

The Committee further note that as for the reasons for non-clearance of such cases, it has been submitted that clearances are at various stages of processing and this delay is being caused due to completion of procedural formalities by respective offices, like conducting of joint survey on ground, assessment of forest products and biodiversity impact assessment etc.

Recommendation No. 49

The Committee also note the steps taken by the Ministry of Defence to expedite cases such as, constitution of Empowered Committees consisting of Chief Secretaries of State Governments of Arunachal Pradesh, Assam, J&K, Himachal Pradesh, Manipur, Nagaland, Sikkim, Tripura with Principal Secretaries of Revenue, Forest, Mining, PWD and Power Departments along with the PCCF and Chief Engineers of BRO as members to resolve issues. States of Sikkim, Arunachal

Pradesh, Jammu & Kashmir, Himachal Pradesh and Tripura have constituted the Empowered Committee.

Recommendation No. 50

The Committee further note that the Ministry has taken various other steps such as, constitution of working group under the chairmanship of Secretary, Ministry of Environment and Forest (MoEF) for expediting the forest clearance cases, setting up of single window system at State level for speedy clearance, exemption of Compliance of Scheduled Tribe and other Forest Dwellers (Recognition of Forest Rights) Act 2006 to avoid delay in clearance of road projects within states of Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Uttarakhand and Sikkim. It is also informed that approval for working permission for tree cutting and commencement of work, if required compensatory levies as per conditions stipulated in the principle approval are realized from the user agency and where necessary for compensatory afforestation, transfer and mutation of non-forest/revenue forest land in favour of state Forest Department is affected.

Recommendation No. 51

The Committee desire that the states of Uttarakhand, Manipur, Nagaland and Mizoram be impressed upon for constituting the Empowered Committees for smooth facilitation of clearance cases which would enable in construction of the roads at the required pace.

Reply of Government

The State Government of Uttarakhand, Manipur, Nagaland and Mizoram have again been requested to constitute the empowered Committee for the smooth facilitation of various clearance required by BRO for construction of roads.

Recommendation No. 60

The Committee note that the Indian Coast Guard had 02 Air Stations, 02 Air Enclaves and 04 independent Air Squadrons as on November 2008. Post 26/11, Government sanctions were obtained for setting up of 01 Air Station at Ratnagiri, 11 Air Enclaves at Goa, Kochi, Kolkata, Vizag, New Mangalore, Tuticorin, Bhubaneswar, Minicoy, Puducherry, Mumbai & Trivendrum. Of these, 04 Air Enclaves at Goa, Kochi, Kolkata and Bhubaneswar have been established taking the strength of air establishments to 02 Air Stations, 06 Air Enclaves and 01 independent Air Squadron. Upon setting up of the remaining establishments, there will be a total of 16 air establishments (03 Air Stations and 13 Air Enclaves) functioning from strategic locations along the coast. The Committee desire that to give air supremacy to carry out its mandated task of enforcement of anti-poaching measures, monitoring and surveillance of Deep sea Fishing Vessels etc remaining 7 air enclaves should be established at the earliest and the Committee may be apprised of the progress made in this regard.

Reply of the Government

The observation of the committee regarding expeditious establishment of CG assets has been noted. Government is taking necessary measures towards infrastructure development of Coast Guard establishments for which a status regarding the Air Stations/Enclaves is as follows:

- Coast Guard Air Enclave, New Mangalore is likely to be activated in the current year.
- The acquisition of land, hangars, and creation of works pertaining to Air Station/CGAEs is in progress at various stages with AAI, State Governments and other agencies. The Air Stations/ CGAEs will be activated as soon as the requisite land is acquired and minimal infrastructure to sustain operational need is created.
- At few places, acquisition of land is delayed pending formalisation of compensation package as per New LA Act 2013.

Recommendation No. 61

The Committee note from the supplied data that like other services, the Indian Coast Guard is also short of sanctioned strength. Presently the sanctioned strength in respect of Officers is 2108 but availability is just 1563. Shortage is to the extent of 545 officers or say 25.85 per cent of the sanctioned strength. Non Commissioned personnel are short by 2017 in numbers and Civilians by 509 numbers. The Committee are not happy with such shortages where a force responsible for the security of our coasts is short by one fourth of the sanctioned strength of officers. Therefore, the Committee desire that immediate measures should be taken to fill the gap and a long term policy should be formulated so that such deficiencies may not occur in future.

Reply of the Government

Observation/recommendation of the Committee regarding gap between the sanctioned and borne strength of CG personnel and necessity for a long-term strategy to fill this gap has been noted. The present average intake in Indian Coast Guard is about 140 Officers and 720 Enrolled Personnel per year. Further, it is worth mentioning that induction of officers and EPs in service is subject to availability of vacancies in Indian Navy (IN) Training Establishments. In addition, following measures have also been institutionalised to overcome the shortages:

- a) Re-employment of IN Short Service Commission Officers in the rank of Comdt (JG) and below.
- b) Re-employment of Law Officers from Army/Navy/Air Force.
- c) Short term deputation of IN Officers against vacant Officers billets.
- d) Induction of Commercial Pilot Licence (CPL) holders as pilots under Short Service Appointment Scheme.

In case of Civilian Staff, Staff Selection Commission has been liaised with to sponsor the candidates and recruitment action for filling up of vacancies on deputation/ direct recruitment basis has also been initiated.

Recommendation No. 68

The Committee also note that works held up due to tree cutting or default of the contractors is of routine nature. MES should take due care before awarding the contracts and only reputed and well established contractors should be given priority so the work assigned to MES by Ordnance Factories and other departments can be completed on time and undue delays can be avoided.

Reply of the Government

Present Status

(a) **Tree Cutting Cases.** Instructions have been issued by the QMG Branch as well as E-in-C's Branch to ensure that tree cutting is carried out before a tender is accepted for execution. It is the responsibility of the Station HQ/ 'Q' Staff in close consultation with PDDE/ DEO office to ensure tree cutting. In fact stringent conditions are being proposed in revision of DWP where administrative approval would not be given without availability of encumbrance free site.

(b) Selection of Tenders & Tendering process is in accordance with CVC guidelines and all eligible class contractors can bid for any work advertised by MES and as per existing guidelines, the accepting officer cannot select contractors for a work. However, despite all out efforts, certain works are delayed due to default of the contractors and are dealt as per the Contract Provisions. The performance of contractor is watched during currency of work and adequate ban is imposed on the contractors from bidding for further works if a particular contractor is not performing.

(c) Notwithstanding the above, various methods have been institutionalized including formation of project management group to ensure smooth progress of work.

Canteen Stores Department

Recommendation No. 69

The Committee note that CSD is a revenue neutral Department of the Government of India and entrusted with the responsibility of providing consumer goods and other household articles of common use to the personnel of the Defence Services and other entitled personnel at a price lower than the prevailing market price. CSD charges a marginal average profit of 6.5 per cent on the goods sold to meet the operational cost as well to generate revenue for the Government and grants to the Defence Services for their welfare activities.

Recommendation No.70

The Committee finds that huge sums are collected by CSD as penalty imposed on account of deficiencies in quality of goods supplied. This amount has risen from Rs. 28, 96,639 in the year 2012-13 to Rs. 5, 70, 66,461 in the year 2014-15. The Committee would like to know the reason for the increasing number of defaulters and are of the view that only branded and good quality products should be purchased by CSD and no compromises should be made with the health of our Defence personnel. The Committee also desire that stricter norms should be imposed to tackle instances of supply of substandard items so that it will act as a deterrent on the erring companies.

Reply of the Government

- a In case of food and liquor items, immediately on receipt of adverse test report from Composite Food Laboratory (CFL) or any complaint, preliminary penalty at the rate of 10% on the average monthly sale of the items at the wholesale rate is levied. The actual penalty is calculated only on receipt of details of the affected lot/ batch quantity with documentary confirmation in respect of both food and liquor items declared unfit by the CFL and levied accordingly.
- b To bring greater accountability of the supplier, the penalty amount in respect of liquor items has been increased from 10% to 25% to act as a deterrent.
- c Because of the increased awareness of the consumers and the proactive measures being taken and the stringent testing norms, the penalty amount had increased in 2014-15.
- d Moreover, the number of indices has increased in CSD every year which implies more number of items sent for testing. The sale in CSD has also increased by approximately 3000 crores between the year 2012-13 and 2014-15 which also leads to variations in penalty amounts.
- e It is also submitted that in most cases penalty was imposed on quantity deviations than quality deviations. The quantity deviation for liquor item in 2012-13 was 11 Nos and 2014-15 was 41 Nos.
- f_____The quality control measures being adopted by CSD are stringent and due care is being taken to supply only good quality products. The quality tests are conducted at Govt labs, National Test House (NTH), Composite Food Laboratory (CFL) to ensure, tests are done as per the latest ISI specifications.

Directorate General, Defence Estates (DGDE)

Recommendation No. 71

The Committee note that DGDE provides advisory inputs on all Cantonments and Land matters to the Ministry of Defence and Service Headquarters ie Army, Navy, Air Force and other organizations under Ministry of Defence. Acquisition of land, resettlement and rehabilitation of displaced persons, hiring and requisitioning of land and buildings, are some of the responsibilities of DGDE.

Recommendation No. 72

The Committee also note that DGDE is plagued with financial problems due to limitations of tax and non tax resource base; exemption provided to government properties from property tax; inelastic tax base due to restrictive land use/construction policy; non sharing of tax/other revenue proceeds as well as benefits of Centrally Sponsored Schemes by the States. Also, the Smart Cities Mission is not being extended by States to the Cantonments.

Recommendation No. 73

On the problems pertaining to management of funds by DGDE, The Committee note from the statement of FA (DS), that the Ministry of Finance, had in the last year, reduced the Budget from Rs. 325 crore in the BE 2015-16 to about Rs. 50 crore in RE, thus, making it difficult for giving grants to some of the Cantonments like Secundarabad in Telangana, which although fetches good revenue to the DGDE, does not get matching resources in return.

Recommendation No. 74

The Committee desire that measures be taken for modifying the expenditure pattern in such a way that high revenue generating Cantonments also get matching grants so as to facilitate their residents by way of enhanced public amenities and infrastructure.

Reply of the Government

Presently Grant-in-Aid (General) is released by the Ministry to deficit Cantonment Boards to meet the gap between their income & expenditure. Further, some grant is also released for specific projects for creation of capital assets. However, no Grant-in-Aid (General) is released to other Cantonment Boards. The recommendation of the Committee to release matching grant to high revenue generating Cantonments to enhance public amenities & infrastructure may be accepted.

Recommendation No. 75

The Committee further note that Rs. 11,507 crore arrears as Service Charges are from the Army and Rs. 214 crore from Air Force. The cumulative arrears are several times more than the total budget of DGDE. The Committee desire that, as admitted by the Defence Secretary, a separate head of account be created in the Ministry of Defence paying such charges to DGDE and to avoid any controversies between two wings of the Services.

Reply of the Government

The methodology of calculation of Service Charge is governed by Ministry of Finance letter No. 4(7)-P/65 dated 29.03.1967. The letter takes cost of land at the time of acquisition into consideration for arriving at capital value of land. In 1984, Govt. of India/Ministry of Defence vide letter No. 9/5/C/L&C/72 Vol-II dated 14.09.1984 modified the methodology for calculating the capital value of the land. This significantly increased the Service Charges being claimed from Army Revenue Budget and the same has become a bone of contention between the Army and DGDE. A proposal regarding opening of separate head for service charge is under examination.

2. Presently, Service Charges are released to DGDE under Defence Service Estimates from the budget of the services.

Recommendation No. 76

The Committee also take note of the problems faced by the residents of Cantonments where roads are blocked by the Defence Authorities due to security reasons, etc. The Committee are of the view that the Ministry should seriously look into the matter for amicably resolving such problems by the way providing alternative routes etc. to the residents.

Reply of the Government

The Ministry, vide MoD ID dated 07.01.2015 has issued directions to AHQ and DGDE to ensure that no public road (outside unit lines) in a Cantonment shall be closed by any authority other than the Cantonment Board, for any reason other than security, and without following procedure laid down u/s 258 of the Cantonments Act, 2006. It has inter-alia been decided that roads already closed without following the procedure as delineated in Section 258 of the Cantonment Act, 2006 shall be opened forthwith and closed again, if such closure is required after following the laid down procedure and obtaining the statutory approval. Accordingly, necessary instructions have been issued for compliance.

Defence Public Sector Undertakings(DPSUs)

Performance of DPSUs

Recommendation No. 77

The Committee note that from 2010-11 to 2014-15, some of the Defence Public Sector Undertakings, like BEL, BDL and MIDHANI were registering incremental profits, but profits of some of the DPSUs like HAL, BEML, GRSE, GSL and MDL remained inconsistent all these years. Another Defence Public Sector Undertaking, HSL, has always been in the red except for the year 2010-11. The reason given for the inconsistency in profits of BEML during the year 2012-13 centers on inadequacy of orders. For GSL, which has reported a loss amounting to Rs 61.09 crore during the Financial Year 2013-14, the reasons are insufficient Order Book, under utilization of Capacity, unaccounted Liabilities of Naval Offshore Patrol Vessels (NOPVs) on Completion of Contract in Jan.2014 (Rs 39.01 Cr) and loss on account of Coast Guard Offshore Patrol Vessels (CGOPVs) Delivered prior to FY 2013-14 (Rs.18.14 Cr). In respect of HSL, the reasons attributed for losses over the past 4 years are low order book position, lack of working Capital, aged infrastructure etc.

Recommendation No. 78

It is a fact that these Defence Public Sector Undertakings have the support of the Government by way of getting assured orders for the Services. The Committee are not convinced with the reasons given by the Ministry on the variations in the performance of Defence Public Sector Undertakings. The Committee are of the view that, if orders are not forthcoming from the Government, the DPSUs should gear themselves up to explore Indian and Foreign markets to sell their products and earn profits.

Recommendation No. 79

The performance of BEML is the most shocking amongst the other Defence Public Sector Undertakings. While, during the year, 2010-11, the company made a profit of 186.75 crore, it came down to Rs. 66.46 crore in 2011-12 and in 2012-13, the company made a Loss of Rs. 122.33 crore. For the last two years, viz., 2013-14 and 2014-15, the profits are Rs. 9.08 crore and Rs. 6.91 crore respectively. The Committee would like to know the reasons, as to why, a diversified company which provides numerous products to the Civilian Sector as well has turned into a loss making unit.

Reply of the Government

The Company has been consistently making profits since inception, except for the year 2012-13 due to various issues faced with respect to two Business verticals as given below:

A. :

i) Mining & Construction vertical:

The sales turnover of M&C Business was down and stood at `1528 crore in the year 2012-13 which has severely affected both top and bottom line of the Company.

- ❖ Mining & Construction vertical contribute to over 50% of Company's revenue
- ❖ More than 90% of its sales turnover is from orders obtained through competition mode.

The main attributes which affected the profit are as under:

- **Recession** in Mining & Construction segment both in domestic and global markets.
- Due to the above production was modulated, considering FGI on hand and aligning with market requirements which had direct impact on profitability.
- Rope Shovel and Walking Dragline equipment Business was lost as our Collaborator Company was taken over by our competitor. Hence, pursuing with Coal Companies for development of indigenous Rope Shovels.

ii) Defence vertical:

The constraints faced in the Defence vertical since 2012-13 severely affected the Business. The main attributes which affected the profit are as under:

- Constrains regarding BEML Tatra
- The constraints in respect of Armoured Recovery Vehicle (ARV) contract execution.

B. The Company made only marginal profits for the years 2013-14 & 2014-15.

i) Mining & Construction vertical:

- Continued recession in Mining & Construction segment both in domestic and global markets.
- Due to the above production was modulated, considering FGI on hand and aligning with market requirements which had direct impact on profitability.

ii) Defence vertical:

The constraints faced in the Defence vertical continued to severely affect the Business. The Defence Business dropped to a turnover of `148 crore in 2013-14 (5% of the Company's turnover) & remained at almost same level in the year 2014-15 to `164 crore (5% of the Company's turnover) .

The reasons attributable for small profit are as follows:

- Continued constrains regarding BEML Tatra
- The constraints in respect of Armoured Recovery Vehicle (ARV) contract execution.

iii) Rail & Metro vertical:

- ❖ The Rail & Metro vertical offers Passenger vehicles, EMUs, Metro Cars, Maintenance & Utility vehicles etc.,
- ❖ The Rail & Metro Business that had achieved a sales turnover of `1370Crore in the year 2013-14 (44% of Company's turnover)

dropped down to a turnover of `1032 Crore. in 2014-15 (35% of the Company's turnover.

- ❖ The Company completely depends on orders for Rail Coaches & EMUs from Indian Railways which has severely affected the financials of the Company. The reason is due to the following:

- **No Rail coach order from Indian Railways.** BEML used to execute over 600 Nos valued around `400 crore with a contribution of over `100 Crore. against an established capacity for producing around 720 coaches every year.

The issue was taken up with Indian Railways at the highest levels repeatedly. The matter is being pursued. Further, the Company has made a profit before tax of `64.27 crore during 2015-16.

Cost and time slippages

Recommendation No. 80

The Committee note that HAL is supplying Su-30 MKI fighter aircraft, Light Combat Aircraft, Advanced Jet Trainer Hawk, Dornier Do-228, Advanced Light Helicopters, ALH and Chetal helicopters for the Defence Forces. As these supplies are against firm and fixed contracts, there is no slippage of cost. However, as admitted by the Ministry, due to reasons which are unforeseen and beyond the control of HAL, there are instances of rescheduling of deliveries in consultation with the customers. Considering the long delay of LCA and IJT in particular, the Committee are of the view that HAL has to take necessary steps to improve its delivery schedules of Aircraft.

Recommendation No. 81

The Committee note that the reasons attributed by BEL as reasons for delays are, accord of Bulk Production Clearance (BPC), changing customer requirements, site readiness, platform readiness etc. The Committee desire that the Ministry should look into the matter of availability of platforms to BEL and also impress upon the users to not change their requirements frequently.

Recommendation No. 82

The Committee find that the main cause of product and cost delays by BDL in respect of Konkurs-M ATGM are the increase in cost of imported items from OEMs which is not being reimbursed. Also, products like Milan -2T ATGM, Konkurs-M ATGM, Akash SAM were delivered beyond the scheduled time. The reason attributed is delay in receipt of Kits from Foreign Original Equipment Manufacturer for products like Konkurs-M and Milan- 2T. Akash SAM got delayed due to delay in supply of input material from vendors. The Committee desire that the company should look into the aspect of developing vendors within the country for making kits indigenously. The Committee hope that the new initiatives of DDP like IDDM will be beneficial in such cases.

Reply of the Government

BDL has taken-up indigenisation of all its products like Konkurs-M, Invar, Milan 2T and Akash.

In case of Konkurs-M and Invar, All-Time-Imports (ATI) contains mainly explosive compositions for Rocket Motors and warheads. These items are being indigenized through HERML, Pune and OF Board and are under testing at different levels. Once results are found to be satisfactory then BDL will procure from indigenous sources only and not from OEM.

In the case of Akash SAM, at present explosive composition (OCTOL) is being imported and this has also been taken-up for indigenisation. Other than explosives all sub-systems are being procured from indigenous sources.

Development of alternate sources of supply for components /sub-system for all products is being done so that production and delivery schedules can be adhered to for timely delivery. The capacity enhancement of vendors is also being pursued.

Recommendation No. 83

The Committee find that there are cost or time slippages in respect of GRSE, HSL and MDL due to one or other reason. One of the reasons given by MDL for slippage in time is non availability of quality steel. In this respect the Committee desire that possibility of securing the same from DRDO, which has developed light weight material to be used in the construction of ships may be explored. The Committee desire that the Ministry should monitor regularly the working of DPSUs and resolve the bottlenecks in the processes so as to avoid cost and time slippages. Delays in building and delivering ships, submarines, missiles and aircraft may cost the country very dearly.

Reply of the Government

HSL: The revised Fresh Financial Restructuring (FFR) proposal for Rs. 1209.81 crore had been submitted to MoD. The proposal was referred to MoD(fin) who linked it to the improvement in order book. A decision was taken in the meeting of Hon'ble RM held on 4th March, 2015 that if HSL is to be revived in its present form, it would be necessary to consider giving sizeable order to HSL on nomination so as to reach the breakeven order book position of at least Rs. 5000 crore which is at present Rs. 1500 crore. HSL has earlier been nominated for 2 SOVs and LPD each and has also been nominated for a new project (Fleet Support Ships) at an estimated cost of Rs. 9000 crore. More high value orders are also being considered to be given to HSL which may improve the financial position of the company. However, these orders will take time to be reflected in order book position.

GSL: GSL is delivering all ships on schedule/ ahead of schedule. With innovative practices coupled with infrastructure augmentation & close monitoring of projects, GSL has been able to successfully reduce the build period of ships. Following are the deliveries made in FY 2015-16:

Project	Customer	Contractual Delivery	Actual delivery/ Launching date	Remarks
CG OPV – 1	Indian Coast Guard	8 Nov 2015	30 Oct 2015	Vessel delivered ahead of schedule
CG OPV – 2	Indian Coast Guard	8 May 2016	23 Mar 2016	Vessel delivered 45 days ahead of schedule

GRSE: During FY 2015-16, GRSE has delivered 01 No. ASW Corvette (Yd. 3018) on 26th Nov 2015. This is the second ship of Project 28 and the delivery got delayed by 28 months from the contractual delivery date. However, main delay of 26 months was due to cascading effect of delay in delivery of Yard- 3017 (first ship) besides, delay in supply of Valves, DG Trials and delay in Basin Trial. So, out of 28 months, delay of 02 months is actually on account of different reasons at shipyard.

MDL: As mentioned by the committee, there is no cost escalation in the projects handled at MDL. However, there are slippages of time in deliveries, one of the major reason was the non availability of quality steel procured from Russia for Frigates (P17) & Destroyers (P15A).

For current projects P15B (4 ships) and P17A (4 ships), MDL along with Indian Navy has spearheaded Import substitution of this special steel required for warship construction with the development of DMR249A grade indigenised steel comprising of plates and bulb bars. Two Indian firms i.e M/s Essar Steel and Steel Authority of India (SAIL) have developed the marine grade steel required for the warships construction. Non-availability of steel shall not be a reason for delay in these projects.

Recommendation No. 84

The Committee appreciate the fact that except HSL and GRSE, all other Defence Public Sector Undertakings appear to be having their modernisation plan on track. The Committee desire that funds should be allocated to HSL and GRSE for modernizing of their shipyards.

Reply of the Government/ Action Taken

HSL: In the year 2010, details of essential requirements for replacement / refurbishment / renewal of age-old plant, machinery and infrastructure had been worked out to an extent of Rs. 457.36 crore. Accordingly, MoD had sanctioned Rs. 457.36 crore for Refurbishment & Replacement of Machinery and Infrastructure (RRMI) under Landing Platform Dock (LPD) Project to HSL. The RRMI activities are being carried out expeditiously to meet the requirement for construction of futuristic warships.

GRSE: The major modernisation programme of the company was completed in Jun 2013 at a cost of Rs. 605 crore through which the shipbuilding capacity has almost doubled. This Major Modernisation Programme was intended to create modern shipbuilding infrastructure as its main works, which is aimed at implementing advance shipbuilding technology in the form of modular ship construction techniques. Consequent to the capacity augmentation through modernisation, GRSE has now taken

up construction of advanced stealth Frigates required by Indian Navy, under Project 17A. The capacity of the company is also augmented as a continual process through induction of capital equipment, systems and up gradations at other units of the company mainly for shipbuilding requirements against board approved yearly budgets. The CAPEX Expenditure targeted for the year 2016-17 is Rs. 50 crore. GRSE is making all efforts to achieve necessary capacity/production growth to meet the requirement of Indian Navy and Indian Coast Guard.

Shortfall in achieving targets

Recommendation No. 86

The Committee note that reasons attributed by HAL for the ALH shortfall centres on updating of various designs, non-supply of MGB housing which was outsourced to L&T by the vendor, identification of alternate sources and stabilization of supplies, taking up of Air Data Unit for development by SLRDC, which was declared obsolete by OEM (Thales) and Technology assimilation for over 30 critical parts including commissioning of High Speed Balancing facilities for Engine Shaft etc of Shakti Engines.

Recommendation No. 87

In case of BEL, the reasons for shortfall are, partial receipt of Launchers & Missiles from consortium partner of Akash Missile System, delay in accord of BPC for systems, changes in customer requirement and non receipt of anticipated orders. The reasons given for BEML are, continuous recession in Mining and Construction segment (both Domestic & Global) while the Tatra Vehicle could not be produced for the Defence because of a temporary ban on dealing with foreign equipment manufacturers and lack of demand for rail coaches from Indian Railways for the years 2014-15 and 2015-16.

Recommendation No. 88

In case of BDL, the reasons for unachieved targets are the numerous delays that arise in receipt of input material from vendors, kits from OEMs, input material from subcontractors etc. and taking extended time by the Project Team of DRDL to finalize the scheme. GRSE attributed the reason for unachievable targets to variation in actual VOP of Landing Craft Utility (LCU) project and non delivery of 1st ship of the project. For GSL, it is lack of sufficient orders.

Recommendation No. 89

HSL has attributed the shortfall to low order book position compared to installed capacity, severe financial problems and lack of working Capital and aged infrastructure which lead to frequent breakdown and work disruption; and in case of MDL, delays in availability of warship quality steel from Russia, finalization and delivery of weapon equipment from Russia, non receipt of critical equipment etc.

Recommendation No. 90

The Committee find that some of the reasons attributed by Defence Public Sector Undertakings for not achieving the set targets like extended time taken by the Project team of DRDL to finalize the scheme and lack of working Capital and aged infrastructure can easily be addressed. Therefore, the Committee desire that required steps should be taken to achieve the targets so that the Services can be sure of getting their requirements as per plan.

Reply of the Government

HAL: Currently, HAL is manufacturing Su-30 MKI fighter aircraft, Light Combat Aircraft, Advanced Jet Trainer Hawk, Dornier Do-228, Advanced Light Helicopters (ALH) and Cheetal helicopters for the Defence Forces against contracts concluded with the customers with stipulated delivery requirements. However, there are instances of rescheduling of deliveries in consultation with the customers, due to reasons which are unforeseen and beyond the control of HAL. Issues concerned with timely delivery of products have been addressed from time to time and remedial actions such as augmentation of facilities, increase in outsourcing, duplication of jigs etc. have been implemented. HAL also undertakes timely modernization of infrastructure facilities to improve efficiency and enhance productivity as a regular activity.

BEL: Adequate thrust is provided by all levels in the organization for Contract Management through continuous process improvement to enhance on-time delivery and meet customer commitments. Focused groups have been established at SBUs/Units for continuous monitoring and review of the projects to meet delivery commitments.

On the average, the on-time delivery of the company for last three years is around 80%. The reasons for delay is due to concurrent engineering, change in user requirement, specifications to incorporate additional features, first time inducted projects, site readiness, delay in accord of Bulk Production Clearance (BPC) etc. However, the reason for the delays is analyzed and necessary corrective & prevention actions are taken to minimize the same.

BDL: BDL as per MoU with MoD during the year 2015-16 has successfully delivered the products and even exceeded the MoU target by supplying required quantity.

For the year 2016-17, BDL is making all out efforts to meet the target set in MOU 2016-17. Supply chain management, infrastructure, modernization, man power etc., are being addressed to ensure that uninterrupted production targets are met within the timelines. Capacities to produce the missiles have been enhanced and proved. Order for outsourcing of the components and sub-assemblies are in place.

MIDHANI: MIDHANI has augmented its facilities with Ring Rolling Mill, 6000T Forge Press, VAR, 20T ESR, Electron Beam Melting Furnaces and 20T Arc Furnace with VD/VOD facilities. With these additional facilities, MIDHANI's production capacity has increased. These measures have enhanced capabilities to execute the orders in a timely manner.

MIDHANI has taken steps to outsource non critical production items to reduce the lead time for supply. MIDHANI has organized Partnership meets to understand future projects of the customers thereby enabling MIDHANI to visualize future requirements and plan accordingly.

MDL: DPSU shipyards are provided with inputs such as functional design, SOTRs & Buyer Furnished Equipment (BFE) by the Indian Navy (Services) for the Design & Construction of Warships. Delays have been observed in these inputs which have cascading effect on the delivery of

the vessel by the Shipyards. These delays can be reduced if the functional design & SOTRs are frozen prior to contract conclusion and procurement of all critical items is facilitated in a time bound manner through DPSU Shipyards.

Nominated Vendors play truant which in turn affects the shipyards meeting the timelines. Hence, Single Vendor Nomination equipment may be reduced to bare minimum or eliminated.

MDL did have limitations in outfitting and berthing facility, Assembly and handling heavier blocks, space for cradle workshop for submarine. However, to overcome the limitation, MDL had undertaken a major Modernisation project, to create new infrastructure facilities. This will contribute greatly in indigenous ship building, cost and time effectiveness in the forthcoming new projects, provided issues brought out above are addressed.

GSL: GSL is delivering all ships on schedule/ ahead of schedule. With innovative practices coupled with infrastructure augmentation & close monitoring of projects, GSL has been able to successfully reduce the build period of the ships. Following are the deliveries made in FY 2015-16:

Project	Customer	Contractual Delivery	Actual delivery/ Launching date	Remarks
CG OPV – 1	Indian Coast Guard	8 Nov 2015	30 Oct 2015	Vessel delivered ahead of schedule
CG OPV – 2	Indian Coast Guard	8 May 2016	23 Mar 2016	Vessel delivered 45 days ahead of schedule

Also, GSL has completed over Rs. 700 Cr Modernisation of yard and further Rs. 650 Cr Modernisation is planned to be done over the next three years.

HSL: In order to improve the working capital conditions, a revival plan was prepared and submitted to Ministry of Defence. An early action for placement of high value orders on nomination basis was also proposed in the revival plan.

For infrastructure up-gradation, MoD had sanctioned Rs. 457.36 crore for refurbishment & replacement of Machinery and Infrastructure (RRMI) under Landing Platform Dock (LPD) project. The RRMI activities are being carried out to meet the requirement for construction of futuristic warships.

Orders on nomination basis to HSL has been planned to reach the breakeven order book position of at least Rs. 5000 crore at the earliest. HSL has earlier been nominated for 2 SOVs and LPD each and has also been nominated for a new project (Fleet Support Ship) at an estimated cost of 9000 crore and normal refit of INS Sindhuvir. Release of fund towards Hudhud damages restoration works is under active consideration.

Welfare of Ex-servicemen

The Committee also desire on ensuring that family members of martyrs should be provided employment and the jobs given to compassionate appointees should be commensurate with their qualification.

Reply of the Government

Presently, there are no explicit provisions in the rule for the dependents of martyred Armed Forces personnel to be inducted as commissioned/non-commissioned officers, exclusively on compassionate ground. However, an age relaxation of four years from the upper age limit is being granted for widows of martyred Armed Forces personnel, for commissioning in Armed Forces, provided they possess the laid down the educational qualification and meet the selection criteria.

The family members of martyrs are also considered in Civilian group "C" posts in the three services in the Ministry of Defence as per the existing policy of Department of Personnel and Training on Compassionate Appointment.

Defence Pension

Recommendations No. 105

The Committee note that a sum of Rs. 82,332.66 crore has been allocated in BE 2016-17, which is Rs. 27832.66 crore more than BE 2015-16 and Rs. 22094.66 crore more in comparison to RE 2015-16. The defence pension budget is utilised to pay various elements of pension (i.e. Superannuation/Retiring Pension, Commutation, Family Pension, etc.) to Retired Officer and PBORs including Defence Civilians.

One Rank One Pension

Recommendations No. 106

The Committee note that One Rank One Pension (OROP) implies that uniform pension be paid to the Armed Forces personnel retiring in the same rank with the same length of service, irrespective of their date of retirement and any future enhancement in the rates of pension to be passed on to the past pensioners. This implies bridging the gap between the rate of pension of the current pensioners and past pensioners and also future enhancement in the rate of pension to be passed on to the past pensioners. In this respect the Government has issued orders for implementation of One Rank One Pension (OROP) for the Defence Forces Personnel w.e.f.1.7.2014 vide MoD letter No. 12(01)/2014/D(Pen/Pol)-Part-II dated 7.11.2015. The Government has also appointed one member Judicial Committee headed by Justice L. Narasimha Reddy, Retired Chief Justice of Patna High Court to look into anomalies, if any, arising out of implementation of OROP. The Committee will submit its report in six months.

Recommendations No. 107

The Committee also note that Annual Financial implication on account of grant One Rank One Pension would be Rs. 7488.7 crore. Budget Estimates for FY 2016-17 under grant no. 21-Defence Pension has been provided by Ministry of Finance to meet the expenditure of Defence Pension including commitments under OROP by the Govt. of India.

Recommendations No.108

The Committee, in this regard, desire that issues raised by various ESM organisations that remain to be addressed be looked into and appropriate action taken. The Committee also emphasise on ensuring that the beneficiaries of OROP get their rightful dues within the timelines framed and without any hardship.

Reply of the Government in r/o Recommendation No. 105-108

1. Government of India had taken historic decision to implement One Rank One Pension (OROP) in November 2015 and fulfilled the long standing demand of the Defence Forces personnel benefitting over 18 lakh Ex-Servicemen pensioners.

1.1 OROP implies that uniform pension be paid to the Defence forces personnel retiring in the same rank with the same length of service, regardless of their date of retirement by bridging the gap between the rates of pension of current and past pensioners at periodic intervals. In order to maintain parity in pensions of the Armed Forces Personnel of the same rank retiring in different period, the government took this decision to remove the anomaly in the pensions of the Armed Forces Personnel. OROP order was issued on 07 November 2015.

2. Justice Narasimha Reddy, Retired Chief Justice of Patna High Court has been appointed vide Govt. letter dated 14.12.2015 as Head of Judicial Committee on OROP to look into the anomalies, if any, arising out of implementation of OROP. The Terms of References of the Committee is as under:-

2.1 To examine and make recommendations on references received from the Central Government on the following matters:

- Measures for the removal of anomalies that may arise in implementation of the OROP Letter No. 12(1)/2014/D (Pen/Pol)/Part-II dated 7.11.2015.
- Measures for the removal of anomalies that may arise out of inter-service issues of the three forces due to implementation of OROP order *ibid*.
- Implications on service matters.
- Any other matter referred by the Central Government on implementation of the OROP or related issues.

2.2 In making its recommendations, the Committee shall take into account the financial impact of its recommendations. The Committee shall make its recommendations within six months of the date of its constitution. It may, if necessary, make interim reports on any of the matters mentioned in Paragraph 2.1 above.

3. Government has issued implementation orders, along with the OROP tables on 03 February 2016. Implementation orders containing 101 tables indicate the revised pension of different ranks and categories. A Public Notice for addressing the anomalies on OROP from defence pensioners/family pensioners, defence pensioners associations was called for vide MoD notice dated 13.4.2016 to submit their representations/views/suggestions by 29.04.2016 which was extended further up to 15.05.2016. Around 3200 references have been received from individuals/associations. References have been made to judicial committee for its examination and recommendations as per Terms of Reference.

Keeping in view of the work involved, the present tenure of the Judicial Committee on OROP has been extended by another six months.

As per the reports received from the CGDA, Rs. 3819.33 crores has been paid towards OROP arrears/ OROP revised pension to 18,90,635 Ex-servicemen/ family pensioners.

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

Recommendation No. 1

As indicated in the General Budget, the provision for Defence Services under Demand Nos. 23 to 28 for the year 2015-2016 at the stage of Budget Estimates (BE) was Rs. 2,63,395.38 crore (Gross) and Rs. 2,46,727.00 crore (Net).

The allocation at Revised Estimates (RE) was Rs. 2,43,563.59 crore (Gross) and Rs. 2,24,636.00 crore (Net). On a net basis, the RE for 2015-16 is indicative of a reduction of Rs. 22,091.00 crore over the BE 2015-2016. The net Revenue budget for BE 2015-16 i.e. Rs. 1,52,139.00 crore has been reduced by Rs. 8,903.00 crore to bring the RE to Rs. 1,43,236.00 crore. Further, the Capital Outlay has witnessed a decrease from Rs. 94,588.00 crore at the BE stage to Rs. 81,400.00 crore at the RE stage, i.e., by Rs. 13,188.00 crore!

Reply of the Government

This Ministry had projected an amount of Rs. 2,50,381.69 crores in RE 2015-16, which comprised of Rs. 1,52,640.07 crores under Revenue budget and Rs. 97,741.62 crores under Capital Budget. However, Ministry of Finance decreased the allocations, details of which are mentioned

above. This Ministry is bound by budgetary ceilings conveyed by Ministry of Finance. Though reference were made to Ministry of Finance for augmentation of ceilings conveyed by them, no positive response is received in this regard.

Recommendation No. 2

The Committee note that Budget Estimates for the year 2016-17, are for Rs. 2,49,099 crore(Net) and Rs. 2,70,487.84 crore (Gross). During the presentation before the Committee, the Ministry submitted that BE 2016-17 consists of Revenue Expenditure of Rs. 1,62,759 crore and Capital Expenditure of Rs. 86,340 crore. The BE 2016-17 amounts to an increase of only Rs. 2372 crore over BE 2015-16 and Rs. 24463 crore over RE 2015-16. In percentage terms, this increase is merely to the extent of 0.96 per cent and 10.89 per cent respectively! During the course of deliberations, the Defence Secretary admitted before the Committee that the amount allocated is not as per requirements of the Services. The Committee express agreement with the Ministry that this growth in the budgetary allocation is NOT SUFFICIENT and is woefully inadequate for the projects and modernization of the services.

Reply of the Government

This Ministry is in agreement with Committee's observation that the funds allocated are not adequate to meet the requirement of Services. This fact has also been brought to the notice of Ministry of Finance but no positive response is received in this regard.

It may, however, be added that all efforts will be made to ensure that critical requirements of Services do not suffer due to want of funds.

Recommendation Nos. 3 and 4

From the data supplied by the Ministry, it is evident that Defence Expenditure as percentage of Central Government Expenditure has NOSE DIVED from the level of 15.24 percent in 2000-2001 to 12.59 percent in BE 2016-17 thereby giving an impression that the Government is not paying attention in providing sufficient allocations to the Ministry of Defence.

This is highly ALARMING and needs to be rectified.

Reply of the Government

It is agreed that in percentage terms there is a decreasing trend in Defence Expenditure vis-à-vis Central Government Expenditure. It may, however, be added that every year there has been increase in Defence Expenditure. Defence Expenditure is Non-Plan and hence it may not be appropriate to equate it with Central Government Plan Expenditure. Fluctuations in Defence Expenditure is largely attributable to varied pattern of Capital expenditure. Some years may see jump in expenditure due to fructification of large scale projects / schemes and in other years there may be dip in expenditure.

The Committee is assured that every effort is made to ensure that sufficient funds are available to meet the critical requirements of the Services.

Recommendation No. 5

The Committee understand that under the Revenue account, provision is first made for salaries and other obligatory expenses. The balance allocation available is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. Allocations are reviewed at Revised Estimates stage to cater for requirements which cannot be met under the BE allocations. In so far as the "Capital" segment is concerned, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year. The remaining allocation is distributed to meet the projected requirement for other items. The procurement plan for Capital modernization schemes may have to be reviewed and re-prioritized, based on available funds. Consequently, only a little amount remains available for making acquisitions and compromises are made. The Committee observe that due to reduced budgetary allocation against the projections made by the Services and other Organizations/Departments, many compromises are likely to be made in the current year as well which will affect the operational preparedness of the Forces.

Reply of the Government

This Ministry is in agreement with the recommendation in so far as it relates to procedure being adopted while allocating funds. It may however be added that projections made by the Services are forwarded to Ministry of Finance for consideration. If Ministry of Finance conveys reduced allocations, the same is passed on to the Services. It is agreed that due to reduced allocations, certain adjustments may be made but not to the extent that it affects operational preparedness of the Forces. All efforts are made to ensure that sufficient funds are available to meet the critical requirements of the Services.

Recommendation No. 6

Considering the obligatory charges to be paid like Pay and Allowances to the Services and other personnel, the Committee note that 0.96 percent growth in Revenue segment and 10.89 percent growth in Capital segment of the Budget is miniscule. The Committee also feel concerned to note that the allocation does not account for the annual inflation and fall in the value of Rupee. While not questioning the wisdom of the Defence Budget Planners and Financial Advisors in making and presenting the budget figures, the Committee nevertheless cannot help express being wary of the fact that such a MEAGER INCREASE IN THE BUDGET DOES NOT IN ANY WAY, FULFILL THE BASIC REQUIREMENTS OF THE FORCES, let alone the modernization aspect. Therefore, the Committee feel it necessary that if additional budget is not provided to the Forces as per the demand/projection, than the efficiency of spending should be improved for better utilization of available resources.

Reply of the Government

This Ministry is in full agreement with the recommendation made by the Committee. There is a continuous monitoring of the expenditure progress and prioritisation of the most urgent requirements. This helps to ensure that limited resources are devoted to the most critical

requirements. The Committee may be assured that no operational requirement will be shelved for want of funds.

(Please see Para No. 15 of Chapter-I of the Report)

Depleting Force levels

Recommendation No. 10

The Committee note from the data supplied by the Ministry that over the years there has been shortage of Officers as well as Personnel Below Officer's Ranks(PBOR). As per the current figures, there is a shortage of 9106 Officers and 30988 officials of other ranks. The situation is grim in the Navy too which has a shortage of 1526 Officers and 10508 sailors. The only exception is Air Force which has an Authorised Strength of 11978 Officers and 11975 Held Strength. However, the Air Force is short of 8016 Airmen.

Recommendation No. 11

The Committee note that with a view towards addressing the problem of shortage of officers and jawans in the Armed Forces, Government has taken a number of measures to encourage the youth to join the Armed Forces, including conduct of recruitment rallies, media campaigns etc. Further, Government has taken various steps to make Armed Forces jobs attractive for youngsters. These include improvements in pay structure, providing additional family accommodation through Married Accommodation Project and improving the promotion prospects in the Armed Forces.

Recommendation No. 12

The Committee note from the information furnished that Force accretion of the Armed Forces and development of their combat capabilities to tackle the entire spectrum of security challenges is an ongoing process, dictated primarily by capabilities to be achieved, threat perceptions, prevailing external strategic security environment and emerging technologies. The Armed Forces periodically review the Security challenges based on threat perception and undertake necessary updation in the warfare doctrines. Necessary emphasis is also being given by the Armed Forces to developing greater jointness among them. Measures are being taken to ensure that the Armed Forces are appropriately equipped to tackle the range of challenges. The Force accretion programme is being pursued in accordance with the Long Term Integrated Perspective Plan and the 12th Defence Plan (2012-17). Induction of the equipment including tanks, aircraft, aircraft carrier etc. in the inventories of the Armed Forces is an ongoing process which is reviewed from time to time and necessary steps taken.

Recommendation No. 13

The information provided by the Ministry is silent on the required(Authorized) and existing (Held) level of armaments equipment, aircraft etc. for each of services. Thus, the extent of deficiency in this respect is not known and the Committee are unable to comment on this aspect.

Reply of the Government

Submissions of the Government have been noted by the Committee. No further action on part of the Government.

Recommendation No. 14

The Committee are of the view that the shortage of Officers and PBOR is perennial and there is no improvement in the situation since long. This shows that the current measures are not sufficient to draw the youth to join Armed Forces. Therefore, additional steps need to be taken in consultation with Defense Institute of Psychological Research (DIPR) or other agencies concerned so as to make the Armed Forces more attractive. During examination of Demands for Grants of the Ministry of Defence for the year 2015-16, in response to the Committee's recommendation for providing five years compulsory military service to such aspirants wanting to directly join Central and State Government Gazetted service, the Ministry, in reply, stated that since this would need a major policy decision, the matter would need careful examination and deliberation in consultation with all concerned. The Committee desire that this recommendation should be taken seriously with a view to not only avoid shortage of Officers but also to have disciplined civil servants who are aware of the life and challenges of the Services personnel and can consider the problems of Services personnel hailing from their native places compassionately. The Committee desire that the progress in this aspect should be intimated to them within three months of presentation of this Report.

Reply of the Government

There has been a progressive improvement in the position with regard to shortage of officers. The overall shortage of 26% in 2010 has come down to 17% now which is a significant improvement. As on 01.07.2015, the shortage in the officer rank was 9106 which has been reduced to 8176 as on 01.01.2016. It may be appreciated that there will always be a backlog between the occurrence of release of service personnel after superannuation or completion of fixed tenure and recruitment which is a long drawn process and does not occur throughout the year. The efforts need to be in the direction of keeping the shortage to the minimum level. In this direction, the Government is constantly making efforts to expedite the recruitment process, increase training facilities and to undertake publicity campaign to attract youth for inducting in the Armed Forces.

However, the recommendation regarding the idea of providing compulsory military service to those aspirants who want to directly join Gazetted Central and State Government service in order to overcome shortage of officers in Armed Forces, is still under consideration in consultation with all concerned.

(Please see Para No. 18 of Chapter-I of the Report)

Recommendation No. 15

The Committee are NOT satisfied with the information provided by the Ministry on Defence Preparedness. It merely states that modernization and capability development of the Armed Forces is a dynamic and continuous process based on operational requirements and threat perception and that the Government was fully seized of the security needs of the Country. Appropriate steps are taken to ensure that the security concerns pertaining to the borders are adequately addressed through various measures including accretion of manpower, procurement of right mix of modern and conventional weapons & equipment, ammunition and infrastructure development. These are prioritized and progress of expenditure is closely monitored. Ideal mix of State of Art, Current & Vintage weapon/equipment is 30:40:30 and efforts are made to achieve it.

Recommendation No. 16

This reply is only bureaucratic in nature and does not convey anything about specific actions taken or proposed. The Committee find the response/information furnished by the Ministry to be of a routine nature. Instead of giving a detailed plan as envisaged by the Ministry alongwith the shortcomings, it appears that the Ministry has tried to conceal the information. The Committee are concerned to note that the Army is operating with large scale "vintage" equipment. Furthermore, there is deficiency in number of vehicles, small arms/infantry specialist weapons, sight and surveillance equipment, signal/communication equipment, Radars & power equipment and generators etc. Navy has huge requirement for Capital induction as it is short of vessels, aircraft and helicopters. In addition to this, manpower shortage and presently prevalent inadequacies in training can also not to be ignored. Therefore, reduction in share of Naval Budget is not desirable, especially in view of the fact that India's larger chunk of trade takes place through sea routes. Besides this, the new challenges of Navy are enormous, as the hostilities in sea by neighbouring countries have increased over the years.

Recommendation No. 17

So far as Air Force is concerned, there are a lot of projects piled up for contract during the FY 2016-17. These relate to Rafale fighter aircraft, Medium Lift Helicopter Upgrade, Transport Aircraft along with Associated Equipment as Avro Replacement, Additional Mi-17 V5, Manoeuvrable Expendable Aerial Targets (MEAT), Additional Akash missile system, New Generation Precision Guided Munitions, Reconnaissance Pods for Su-30 MKI, Weapons for Advance Light Helicopters for Advance Light Helicopter etc.

Recommendation No. 18

On one hand the LTIPP is finalized with intricate participation of the Services and the Ministry of Defence and on the other, the Ministry of Defence does not appear to be realistic in budget allocation! The current Budget of DRDO may not suffice even for ongoing projects and revenue commitments and major projects for meeting the future technology requirements have been put on hold due to pending allocation of funds. Also, as the infrastructure activities planned for future need

additional funding, therefore, DRDO would require, year on year sustained annual commitment for taking up new project.

Reply of the Government

Submissions of the Government have been noted by the Committee. No further action on part of the Government.

Recommendation No. 19

The facts as narrated above, clearly depict that accretion of manpower, procurement of right mix of modern and conventional weapons and equipment, ammunition and infrastructure development, are perennial problems and no concrete action seems to have been initiated to resolve them. The Committee desire that they may be apprised of the efforts made to achieve, the so called ideal mix of State of Art, Current & Vintage weapons/equipment, which is 30:40:30.

Reply of the Government

Procurement of defence weapons and equipment is an ongoing process in which Government acquires equipment and technologies keeping in view, inter alia, the security situation, the equipping requirements of the Armed Forces, technology advances and available budgetary resources.

During the last two financial years, 108 contracts with a total value of Rs. 112736.81 Crore have been signed for capital procurement of defence equipment including Ships, Missiles, Frigates, Rockets, Simulators, Aircrafts, Helicopters and Radars. In addition, in the last two financial years, the Defence Acquisition Council has accorded 'Acceptance of Necessity' (AoN) for 114 cases with a total value of Rs. 2,25,022 Crore. These include AoNs for 155mm Gun systems, Helicopters and Warships.

To cater to the equipping requirements of the Armed Forces, the Defence Procurement Procedure 2016 has been promulgated with effect from 01.04.2016, which has specific provisions to facilitate swift decision making, promote self-reliance and improve transparency and accountability in procurements.

(Please see Para No. 21 of Chapter-I of the Report)

Appointment of Chief of Defence Staff (CDS)

Recommendation No. 22

The Committee, in their earlier reports, had recommended creation of a post of Chief of Defence Staff(CDS) for better co-ordination among the Services. The Committee note from the reply submitted by the Ministry that a Group of Ministers (GoM) was constituted by the Government to review the national security system in its entirety and in particular, to review the recommendations of the Kargil Review Committee and to formulate specific proposals for implementation. The GoM, in its report 'Reforming the National Security System', had inter alia, recommended the establishment of

the post of CDS. The recommendations made in the report of the GoM was approved by the Government on May 11, 2001, with the stipulation that a view on the recommendation relating to the creation of the post of the CDS, will be taken, after consultation with various political parties. The process of consultation with the political parties was initiated in March 2006, with Raksha Mantri writing to the leaders of various political parties, to obtain their views on the creation of the post of CDS; only 10 out of 24 political parties have replied!

Recommendation No. 23

The Committee also note that in the interim, the Naresh Chandra Task Force (NCTF) on National Security, set up by the Government in May 2011, had in their report recommended the establishment of a permanent Chairman, Chiefs of Staff Committee (CoSC). MoD's views in this regard have since been conveyed to NSCS. The recommendation has been considered and was placed before the CCS on 29th April 2014. NSCS vide letter No. C-182/1/135/2014-NSCS (NGO) dated 14th May 2014, had conveyed the approval of the CCS for other recommendations of the Naresh Chandra Task Force (NCTF) pertaining to MoD and requested initiation of necessary action for their implementation. NSCS has not yet communicated any decision of CCS on the issue of Permanent Chairman, CoSC. Thus, presently there are two proposals, viz for the establishment of CDS and Permanent Chairman, CoSC respectively under consideration. It is expected that at the time of a final decision of Cabinet Committee on Security on the recommendation of NCTF, both the proposals will be taken note of and the final decision would settle both the proposals, soon.

Recommendation No. 24

The Committee are of the view that in contemporary times, war cannot be fought by any individual Service on its own strength and has to be a multi-service endeavour, in synchronization with each other. To achieve this goal, permanent CDS, who has the bird's eye view and objectivity may integrate the Services for a common cause better. The Committee desires that CDS should be appointed at the earliest, as he may also be helpful in avoiding duplication in purchase of equipment common to all the three Services and effective functioning of our higher defence organization in both peace and war.

Reply of the Government

The Group of Ministers (GoM) constituted by the Government to review the recommendations of the Kargil Review Committee and to formulate specific proposals for implementation, had inter-alia, recommended in its report, the establishment of the post of Chief of Defence Staff (CDS). The recommendations made in the report of the GoM was approved by the Government on May 11, 2001, with the stipulation that a view on the recommendation relating to the creation of the post of the CDS, will be taken, after consultation with various political parties. The process of consultation with the political parties was initiated in March 2006, with Raksha Mantri writing to the leaders of various political parties, to obtain their views on the creation of the post of CDS. Replies were not received from all political parties.

2. In the interim, the Naresh Chandra Task Force (NCTF) on National Security, set up by the Government in May 2011, had in their report recommended establishment of a Permanent

Chairman, Chiefs of Staff Committee(COSC). MoD's views in this regard have already been conveyed to NSCS. The recommendations were considered and placed before the CCS on 29.04.2014. NSCS had conveyed the approval of CCS for other recommendations for implementation. However, NSCS has not yet communicated any decision of CCS on the issue of establishment of Permanent Chairman, COSC.

3. Considering that there are two live proposals, for the establishment of CDS and Permanent Chairman, CoSC respectively, it is expected that at the time of a final decision in CCS on the recommendations of the NCTF, both proposals will be taken note of and the final decision would settle both the proposals.

(Please see Para No. 24 of Chapter-I of the Report)

Recommendation No 32

Required (Authorized) and existing (Held) force level in Border Roads Organization: The Committee note that from 2011-12 to 2014-15, the authorized strength of officers in BRO was 1899. However, the held strength fluctuated between 1291 to 1307 officers, during the said period. In the year 2015-16, the authorized strength was 1851 and held strength was 1336, thereby indicating a shortage of 515 officers. In the case of subordinate employees, authorized strength has been constant at 40707 personnel over the years, but at present, only 33723 personnel, resulting in the shortage to the extent of 7024 personnel. The reason cited by BRO that certain vacancies remain in the organization due to retirement, resignation etc. is not convincing because BRO must have perceived, at least the retirement part, and recruitment process must have been initiated beforehand.

Reply of Government

BRO is a work charged organization due to which the deployment of manpower and resources is done within the available budget. The deficiency details of subordinates as on 01 April 2015 are given below:-

Authorisation	Held	Under Plan	Posting	Deficiency
37499	30771	4281		2447

However, to reduce the deficiency of manpower, the recruitment has been done by BRO during the last one year for the following critical trades:

S/No	Trade	Nos of persons recruited
i	Operator Earth Machine (OEM)	39
ii	Driver	399
iii	Vehicle Mechanic	155
iv	Lower Division Clerk	25

v	Junior Engineer (Civil)	370
vi	Junior Engineer (Elect & Mechanical)	23
Total		1011

In addition to above, BRO has intimated the vacancies to Staff Selection Commission (SSC) for recruitment for the following trades:-

S/No	Trade	Nos. of vacancies
i	Junior Engineer (Civil)	651
ii	Junior Engineer (Elect & Mechanical)	134
iii	Upper Division Clerk	10
iv	Store Keeper Technical	40
v	Hindi Translator	5
vi	Lower Division Clerk	122
Total		962

(Please see Para No. 34 of Chapter-I of the Report)

Recommendation No. 43

The Committee find that presently two Border Roads Task Forces are deployed for construction of Nimmu-Padam-Darcha road and expected time frame for completion is the year 2019. From Shimkula Tunnel and the Wangtu-Pooh-Sumdo-Chumar-NyomaUpshi-Leh Road, Approval in Principle to carry out feasibility study of Shinkula tunnel of 4.15 Km on Nimmu-Padam-Darcha has been accorded. For the Balipara-Charduar-Tenga-Tawang (Main Axis) road, which is also under progress, formation 193.22 Km and surfacing of 149.46 Km has been completed as on January, 2016. What surprises the Committee in this regard is that following the mooted proposal in 1999, the construction is proposed to be completed in 2019. Thus, it will take full 20 years in completing this road! The Committee understands that there must be challenges of various nature, but a time period of 20 years for completing the work is far too much. The Committee desire that Ministry should explain the reason behind such delay.

Reply of Government

The present status of various proposals formulated to establish all weather connectivity between Himachal Pradesh and Ladakh is mentioned below:

(i) Road Darcha-Padam- Nimmu-Leh

(a) **Road Nimu- Padam – Darcha:** The road Nimu-Padam-Darcha, of length 258.93 Km is presently under construction. Out of which 30.14 Km of formation and 13.56 km of surfacing to double lane specifications has been completed. Further, 95.27 Km of formation and 58.02 of surfacing has been completed to single lane specifications.

(b) **Road Darcha-Shinkunla:** The road Darcha –Shinkunla of length 39.60 Km is presently under construction to double lane specification. Out of which 35.94 Km formation and 10.27 Km surfacing work has been completed.

(ii) Road Manali-Sarchu-Upshi-Leh

(a) Out of the total length of 470.01 km of this road, 349.92 km formation and 276.24 km surfacing has been completed to double lane specifications.

(b) Construction of 8.800 Km long Rohtang Tunnel is under progress and 6.92 km progress of heading is achieved.

(c) Approval for feasibility study and framing up of DPR for construction of Barlach La, Tanglang La and Lachung La Tunnels has been accorded. Tendering action for feasibility study is under progress.

(d) Development of balance road stretch on Manali-Sarchu-Leh to NHDL specifications has been proposed for taking up through International Consortium and approval for preparation of detailed project report has been accorded.

(iii) Road Balipara-Charduar-Tenga-Tawang: Construction/development works to National Highway Double lane (NHDL) specification on this road of length 317.52 km is under progress and the progress is as under:

(a) Formation – 197.88 km

(b) Surfacing - 149.46 km

The main reasons for delay in completion of this road are as under:

(i) Delay in finalization of land acquisition cases for Dirang and Jang by pass by Government of Arunachal Pradesh

(ii) Delay in grant of forest clearance

(iii) Non allotment of stone /sand quarries

(iv) Poor performance of local contractors

(Please see Para No. 47 of Chapter-I of the Report)

Lower Capital budget allocation affecting the force levels

Recommendation No. 58

The Committee note that in the Action Taken Note on the sixth report, it is stated that the funds allocated under the Capital Section for 2015-16 for the Indian Coast Guard (ICG) is short of the projected requirement by near about 50 percent viz., the allocated amount being Rs.1200.00 crore as compared to the projected requirement of Rs.2050.00 crore. Again due to the budgetary cut imposed by the Ministry of Finance, the ICG is carrying over a liability of Rs.675 crore from the previous year 2014-15. Concurrently, the projected requirement under the Capital Head for various new schemes of the ICG is said to be Rs.4225.00 crore. The Committee also note from the Action Taken Reply that by February 2015, against a Budget allocation of Rs.1200 crores under Capital Head (Acquisition of Ships, Aircraft and Fleet) a total of Rs.1191.98 crore i.e. 99.26 per cent was utilized. The Committed liabilities of Rs.535 crore towards ships acquisition, which were under construction at various shipyards, is carried forward to financial year 2016-17. In addition, the

Committed liabilities of Rs. 85 crore for the projects during financial year 2015-16 for leasing of berthing/Jetty infrastructure & land acquisition is carried forward to financial year 2016-17.

Recommendation No. 59

The Committee further note that the existing force level is 119 surface platforms (55 Ships, 18 ACVs & 46 boats) and 62 aircraft. The planned force level is 150 ships including boats and 100 aircraft by 2018 and 2020 respectively. The Committee find the allocation of Capital Acquisition Budget for ICG has been well below the projected requirement all these years. The reduction at RE stage in FY 2014-15 and further low allocation in BE 2015-16 has slowed the progress of new acquisition schemes. Due to insufficient funds under Capital Head, ICG is going to have to carry forward liabilities of over Rs. 500 crores for committed liabilities from current FY 2015-16. The allocation of Rs. 1200 crores for capital acquisition for FY 2016-17 will be barely sufficient to meet the Committed Liabilities and therefore 'Nil' funds will be available for New Schemes/ Contracts. As a result, the critical/ operational acquisition schemes like 150 ships including boats and 100 aircraft, which are to be procured by 2018 and 2020 respectively will either have to be deferred or slowed down till matching budget is allocated. Therefore, the Committee recommend that to make Coast Guard fully prepared to face any eventuality and perform its role well, adequate budget to purchase assets should be provided.

Reply of the Government

Observation of Committee regarding the need of an adequate budget to purchase the surface and air assets for Indian Coast Guard has been noted. To ensure an adequate budget and timely purchase of assets, ICG has sought additional allocation of funds at First Supplementary Demand stage for FY 2016-17. The details of additional funds sought are as follows:

(a) Capital -	Rs. 1500.00 Cr
(b) Revenue -	Rs. 0150.00 Cr
<hr/>	
Total	Rs. 1650.00 Cr
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(Please see Para No. 50 of Chapter-I of the Report)

Military Engineering Services

Recommendation No. 62

The Committee note that the Military Engineering Services (MES) is one of the pillars of Corps of Engineers of the Indian Army which provides rear line engineering support to the Armed Forces. It is one of largest construction and maintenance agencies in India. The MES is responsible for the design, construction and maintenance of all buildings, airfields, dock installations, etc. along with

accessory Services such as military roads, bulk water and electricity supply, drainage, refrigeration and furniture, required by the Army, Navy and Air Force in India. The role of MES is dual i.e. to render both engineering advice and also to execute the works. Budget provided to MES is distributed among the services and other organizations based on demand for major works in progress and new major works depending upon actual and anticipated liabilities in the financial year. MES considers carry over liabilities of running projects and anticipated expenditure of new projects which are likely to be sanctioned during the financial year.

Recommendation No. 63

From the information supplied by the Ministry, the Committee note that except the year 2011-12, where Rs. 6300.29 crore was allocated to MES against the projection of Rs. 6341.14 crore, in all the years after that, allocations were short, to the extent of Rs. 1349.09 crore in the year 2012-13, Rs. 1328.93 crore in 2013-14, Rs. 1345.13 crore in 2014-15 and Rs. 324.89 crore in 2015-16. Surprisingly, the MES projected a demand of Rs. 8973.81 crore, which is only Rs. 6.91 crore more than last year's BE indicating that MES has not made any development plans or there is no further new project to execute.

Recommendation No. 64

The Committee are happy to learn that the funds projected for MES works have been met in full and no work has been compromised due to constraints of funds.

Pending Projects

Recommendation No. 65

The Committee, during the examination of Demands for Grants 2014-15 and 2015-16, had learned that works of thousands of crores were planned to be carried out by MES. Therefore, the Committee desired to know the future plans of MES for carrying out these works. From the reply submitted by MES, the Committee note that once administrative approvals are given, the works are taken up for design and tender action before execution. The works held up in MES are primarily due to tree cutting, slow progress or default of the contractors and deficiency in manpower within MES for planning and supervision of works, post contracting. While QMG's Branch is addressing the issue of tree cutting in consultation with the Command HQs and DEO, the MES is holding regular meetings with Builders Association of India (BAI) to adopt modern construction practices in order to improve quality and performance. Outsourcing through consultancy services is also being pursued vigorously, to narrow the gap in tendering backlog. Case for making up for deficiencies in manpower and additional accretions for MES has already been initiated and is presently under consideration of the Ministry of Defence.

Recommendation No. 66 & 67

(a) During oral evidence, the committee was apprised that a huge number of vacancies exist in MES. At Supervisory level, it is 2474 (33.47 percent), other basic level, 25073 (65.36 percent) and Industrial, 32417 (44.34 percent). Thus, in total there are 59964 vacancies or say 50.45 per cent deficiency.

(b) The committee recommend that the Ministry should find out the reasons leading to such a huge shortage where more than half of the work force is not there, and also, whether any corrective measures have been taken to address the situation. The steps so taken for filling up the vacancies may also be communicated to the committee at the earliest.

Reply of the Government

(a) The large deficiencies in MES occurred over a period of time due to following reasons :-

(i) Reduction in manpower due to Annual Direct Recruitment Plan (ADRP) scheme where 2/3rd of yearly wastage vacancies were deducted from 2001-09.

(ii) Due to prolonged recruitment process through Local Recruitment Sanction (LRS) and also poor intake especially at JEs ie supervisory staff. The data for last three years in case of JEs is as under :-

SSC EXAM – 2012						
Post	No of Vacs notified to SSC	Dossier Rec d	Reporte d	Net Reporte d	Resigne d	Net Joined
JE(Civil)	699	681	374	261	52	322
JE(E/M)	395	294	194	93	18	176
JE(QS&C)	438	292	206	64	24	182
SSC EXAM – 2013						
JE(Civil)	353	345	236	101	16	220
JE(E/M)	354	354	275	79	5	270
JE(QS&C)	189	142	82	44	0	82
SSC EXAM – 2014						

JE(Civil)	166	117	22	45	0	22
JE(E/M)	24	12	2	5	0	2
JE(QS&C)	61	58	16	31	0	16
) Note : Candidates against SSC Exam-2014 are in the process of joining.						

(b) To make up the deficiency of staff in MES, following steps were taken :-

(i) **Deputation cum Re-employment (DCRE) of Retiring Service Personnel.** Provision for recruitment of retiring service personnel (Corps of Engrs) through amendment in RRs has been done in case of JEs, Clerks and draftsman. The DCRE quota for JEs has been increased to 20% from 10%. Another case for further increasing the DCRE quota for JEs to 40% has been processed to MoD.

(ii) **Outsourcing Case for JEs.** Case file for outsourcing of JEs is presently under process.

(iii) **Outsourcing of Other Staff.** Sanction has been taken to outsource subordinate staff for housekeeping/ maintenance of installations. This to some extent has alleviated the problem of industrial staff.

(c) A number of MES accretion cases for officers and subordinate staff for MES have been taken up for sanctioning. These are as follows :-

(i) **Infrastructure Development on Northern Borders.** Case for MES accretions of 1 x Additional Director General, 4 x Chief Construction Engineer and 24 Project Managers comprising 105 officers and 627 subordinates submitted on 23 Sep 14 and 24 Sep 14.

(ii) **Modernisation of 46 Military Hospitals.** MES accretions for 5 x Chief Engineers (HP) and 36 x Project Managers comprising 103 officers and 607 subordinates (including 426 for outsourcing) has been submitted.

(iii) **High Altitude Area Project.** Proposal for execution of project for improvement of habitat and living conditions in High Altitude Area through accretions of 02 x Chief Construction Engineers and 05 x Project Managers comprising 25 officers and 110 subordinates has been processed by CCE(COD).

(iv) **Coast Guard Accretion cases.**

(aa) **MES Organisation for Coast Guard.** To provide effective works support to Coast Guard, MES accretions of 1 x Chief Engineer, 7 x Garrison Engineer(I) and 3 x Assistant Garrison Engineer(Independent) comprising 136 officers and 1335 subordinates was proposed through Coast Guard Headquarters.

(ab) **Chief Engineer (Project) for Indian Coast Guard (ICG) Academy.** Proposal for 1 x Chief Engineer (Project) and 1 x Garrison Engineer (Project) comprising 13 officers and 68 subordinates for execution of Indian Coast Guard Academy project was submitted by Coast Guard HQ for sanction.

(v) **Chief Construction Engineers for Air Force.** Proposal for raising 2 x Chief Construction Engineers and 6 x Project Managers comprising 32 officers and 110 subordinates has been projected by Air HQ on 12 Sep 14.

(vi) **MES Accretions for Infrastructure Development in ANC.** A proposal for MES accretions of 2 x CCEs (one each for Northern Group of Islands and Southern Group of Islands) and 18 x PMs comprising 68 officers and 436 subordinates has been forwarded to HQ IDS through E2W(Navy) for obtaining the sanction.

(vii) **National War Memorial and War Musuem.** A statement of case for accretion for CCE for construction of National War Memorial and National War Museum was forwarded to HQ IDS. The proposal involves raising of 01 x Chief Construction Engineer, 01 x Project Manager comprising 07 officers and 29 subordinates through accretions.

(viii) **Project Indian National Defence University (INDU).** A proposal for MES accretions of 01 x Additional Directorate General Works, 01 x Chief Construction Engineer and 02 Project Managers comprising 21 officers and 82 subordinates has been forwarded to Director (INDU) for obtaining sanction.

(Please see Para Nos. 53 and 54 of Chapter-I of the Report)

Recommendation No. 85

The Committee note that HAL is spending 6.31 percent, BEL 8.0 percent, BEML 2.05 percent, BDL 0.76 percent, GRSE 0.60 percent, GSL 0.74 percent, HSL 1.0 percent, MDL 1.13 percent, MIDHANI 0.80 percent of value of production. Percentage wise there is lot of variation ranging from 8 percent to just 0.60 percent. While tendering oral evidence, Secretary, Defence Production also admitted that this was a weak point of Defence Public Sector Undertakings. The Committee desire that such weak points should be rectified and overcome for consistent improvement in products and for innovation. The DPSUs need to invest significantly on R&D, so that the country could be benefitted with State of the Art quality products.

Reply of the Government/ Action Taken

HAL: R&D Expenditure of HAL as a percentage of turnover over the past five years is as follows:

(All data in percentage (%))

Year	2011-12	2012-13	2013-14	2014-15	2015-16 (provisional)
% R&D Expenditure	6.81	13.61	7.16	6.70	7.06

HAL incurs R & D expenditure of about 6-7% of turnover. During the year 2012-13, this was of the order of 13% of turnover due to completion of PD Phase activities of Fifth Generation Fighter Aircraft (FGFA).

R&D is a thrust area at HAL and the company sets aside 10% of the Profit After Tax annually as R&D corpus fund to promote Technology Development. HAL has an extensive R&D set up with 11 R&D Centres for Aircraft, Helicopters, Engines, Systems, Avionics and Upgrade, co-located with the respective Production Divisions. Technology Development projects have been launched to increase self reliance in critical areas like the Aircraft Display systems, Mission Computers, Automatic Flight Controls for helicopters, Aircraft Accessories and avionics. Over the past seven decades, HAL has established proficiency in every field of aviation viz, Design, Development, Production and Overhaul of aircraft, helicopters, aero engines, avionics and accessories and has produced 16 types of aircraft from indigenous Design and Development, the latest being HTT-40 whose maiden flight took place on 31 May 2016.

BEL: BEL is focusing its Research & Development (R&D) effort towards design, development & supply of products and systems to Defence and other Government customers. BEL has been spending 8 to 9 % of its turnover on R&D. Around 80% of BEL’s turnover is mainly from products through in-house R&D & joint development with DRDO.

Product Development & Innovation Centre (PD&IC), a new facility is being created to focus development of new products to meet future Defence requirements.

BEL has created the post of Chief Technology Officers (CTO) for the areas of Communication, Electro –Optics and Radar & Weapon Systems to constantly review strategy on development of new Technology and products.

BEML: The R&D expenditure for the last 3 years is given below:

(Rs. in Cr.)

Year	Gross VoS	R&D expenditure	R&D expenditure as % of Sales
2013-14	3262.20	86.23	2.64
2014-15	3129.65	82.92	2.65
2015-16	3426.02	66.63	1.94

More than 50% of Company’s Sales Turnover is through in-house developed R&D products. R&D expenditure as a percentage of sales is on an average **2.40%** of the sales in the last 3 years which is in line with the International standards in the sectors it operates.

BDL: BDL has been producing Missile Systems through Transfer of Technology (ToT) from foreign OEMs and DRDO. R&D activities in BDL have been primarily focusing on indigenisation of components for the ToT based missiles. Subsequently, BDL has designed and developed Missile Launchers, Test Equipment & Simulator for Missile Systems and Counter Measures Dispensing System. These products have been designed and developed effectively with less expenditure.

BDL is planning to enhance R&D expenditure by 2018-19 as it is estimated that the missile development projects will gain momentum by 2018-19.

MIDHANI: The R&D expenditure of MIDHANI shows an increasing trend. For the year 2015-16 MIDHANI has spent Rs. 24.21 crore(prov) including Capital Expenditure which is 3.57% of the value of production of Rs. 678.79 crore(Excluding Excise Duty) (prov.).

MDL: In case of MDL, R&D expenditure has been rising consistently during last 3 years in absolute terms, but the ratio with respect to VOP reflects near stationary decreasing trend as VOP is rising at a much faster rate.

GRSE: The observation of Committee has been noted and efforts are on to increase the spending on R&D in future.

GSL: The R&D expenditure is mainly towards development of new designs of high technology stealth ships to meet the expected requirements of the Indian Defence forces as well as friendly neighbouring countries. In the coming years, R&D efforts will be focused towards design and development of high technology GRP vessels and its components and other high technology vessels with stealth features. These include the vessels with missile capabilities.

Considering the above, in the coming years also GSL is committed to progressively increase the R&D expenditure.

HSL: HSL's Design Department has been recognized as in-house R&D unit by Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology.

HSL has proven design for IPVs, Tugs and OPVs. In its ongoing R&D efforts, HSL is now involved in conceptualization, functional detailed engineering of VC 11184, Diving support vessel, fleet support ships and survey vessels for Indian Navy.

(Please see Para No. 57 of Chapter-I of the Report)

Recommendation No. 93

The Committee have been recommending in their various reports regarding lateral induction of Ex-servicemen in Central Armed Police Forces and State Police Force. The Committee note from the information submitted by the Ministry that a Working Group under the Chairmanship of the then Adjutant General, Army Hqrs with Joint Secretary (Police), Ministry of Home Affairs (MHA) representatives of Central Armed Police Forces (CAPFs) and National Security Council Secretariat as Members, was constituted to work out the modalities for reducing the colour service and laterally transferring Army personnel to CAPFs. The Working Group submitted its Report in March, 2002. The Report envisaged lateral transfer of army personnel into CAPFs after 7 years of colour service in the Army. The Report of the Working Group was not signed by the representatives of the MHA as the proposed lateral transfer was not acceptable to them.

Recommendation No.94

The Committee also note that a meeting was taken on the matter by the Home Secretary on 2nd November, 2006. As per the decision taken in the meeting, a Committee under the Chairmanship of Director General, Border Security Force was constituted to work out the modalities for such transfer.

Recommendation No. 95

MHA submitted the report of DG BSF to the Cabinet Secretariat in February, 2011 with a copy endorsed to the Ministry of Defence. The recommendations in the Report were in respect of re-employment of ex-servicemen and no recommendation was made for lateral transfer of armed forces personnel in CAPFs and after submission of Report of DG BSF as stated above, a meeting was held in Cabinet Secretariat on 29.11.2011, which was attended by representatives of MHA/CAPFs, DoP&T and Deptt.of Expenditure besides MoD/AHQ. Cabinet Sectt.desired that MHA and MoD may explore and examine options for achieving lateral transfers from the Army to CAPFs whereby Army personnel are incentivized to join and the interests of resident CAPFs are protected, such as option based lateral transfer with the incentive of longer duration of service but foregoing of seniority. In this regard, Ministry of Home Affairs (MHA) was requested to suggest a framework under which lateral transfer of Army personnel to CAPFs could be made keeping in view the suggestions of Cabinet Secretariat.

Recommendation No. 96

The Committee further note that in a meeting held with MHA in MoD, a suggestion was made to MHA that, to begin with, lateral induction of service personnel into CAPFs may be commenced on a pilot basis (say about 1000 Nos. initially). A new cadre/sub cadre could be created in the CAPFs for such lateral inductees, which will obviate inter-se seniority issues etc. The above proposal has been conveyed to Cabinet Secretariat and MHA on 02.07.2013.

Recommendation No.97

The Committee are surprised that the issue is pending in the Cabinet Secretariat and MHA since 2013 and no tangible progress has been made by them till date. The Committee, therefore, reiterate their recommendation that the Ministry of Defence should have high level meetings regularly with the Ministry of Home Affairs so that guidelines regarding recruitment could suitably be amended to give seniority to ESM while providing employment in CAPFs. The Committee desire that quota in respect of ESM should be increased in Central Armed Police Forces and they should be given seniority or pay protection so that the Ministry of Home Affairs can have disciplined and trained manpower. Meanwhile, as suggested, lateral induction of service personnel into CAPFs may be commenced on a pilot basis. The Committee desire to be apprised of the progress made in this direction within one month of the presentation of this Report to parliament.

Reply of the Government

The Committee is informed that point no. 93 to 96 above appears to be statement referring to the issue in detail. Recommendation on the issue is at point no. 97 and reply thereto is given in succeeding paragraphs.

There is no provision of lateral induction of Ex-Servicemen (ESM) in Central Para Military Forces and State Police Forces. However, in accordance with Ex-Servicemen (Re-employment in Central Services and Posts) Rules, 1979 as amended from time to time, 10% of the vacancies in the posts upto the level of Assistant Commandant in all Central Para Military Forces to be filled by direct recruitment in any year shall be reserved for being filled by Ex-Servicemen. Applying for such vacancies is voluntary and depends on the willingness of individual ESM.

A meeting was convened under the Chairmanship of Joint Secretary (Police-II), Ministry of Home Affairs (MHA) on 21 Jan 2016 to discuss the issues regarding filling up of vacancies reserved for ESM in Central Armed Police Forces (CAPFs) and to ascertain reasons for the low percentage of ESM finally getting selected in the recruitment for posts of Constables and Sub-Inspector/Assistant Sub-Inspectors in CAPFs. The reasons that were highlighted were non availability of pay and seniority protection, and compulsion of qualifying Physical Standard Test (PST)/Physical Eligibility Test (PET). It was decided in the meeting that due publicity and advertisement be given regarding recruitment of ESM in CAPFs and CAPFs/Staff Selection Commission (SSC) were directed to keep Directorate General of Resettlement (DGR) and Ministry of Defence (MoD) in their mailing list. SSC was also requested in the meeting to provide details of number of ESM who had applied and were finally selected and the details regarding reservation provided for ESMs in various recruitment done for CAPFs.

As decided in the meeting, a Committee was formed by MHA consisting of a team of Officers headed by DIG, Central Reserve Police Force (CRPF), and two members from DGR, to look into the matter of poor representation of ESM in CAPFs under the prescribed quota of 10% to submit its report to the Ministry. Following issues were brought to the notice of DIG, CRPF by DGR which has since been communicated to the MHA:

- e) Protection of pay and seniority of ESM in CAPFs;
- f) Syllabus of written examination to be made more job-oriented than academic;
- g) Armed Forces Personnel could be made to do only a Refresher Course/Orientation Training in view of their previous Training in the Armed Forces;
- h) Lower Standards for selection for ESM as per Department of Personnel & Training (DoP&T) Orders to be ensured.

As regards the issue of commencement of lateral induction of service personnel into CAPFs on a pilot basis, MoD is pursuing the matter with MHA at appropriate level from time to time. However, implementation of the proposal is contingent upon acceptance by MHA.

(Please see Para No. 63 of Chapter-I of the Report)

Uniformity in Financial assistance to

(i) World War Veterans and (ii) Gallantry Medal Winners

Recommendations No. 101

Considering the unevenness in the financial assistance provided to World War Veterans by the States in 2009, the Department of Ex-servicemen Welfare was asked to take up the matter of enhancing the assistance to a minimum of Rs. 3000 P.M. with the State Governments/Union

Territory Administrations. The Committee were informed in this regard that the States of Andhra Pradesh, Bihar, Chandigarh, Chhattisgarh, Delhi, Goa, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, Puducherry, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh and Uttarakhand and A & N Islands were paying in the range of Rs. 3000 to Rs. 6000 per month. On the other hand, states such as Assam, Haryana, Himachal Pradesh, J&K, Kerala, Mizoram, Odisha, Punjab and West Bengal were paying the veterans /war medal awardees a meagre sum of Rs. 500 to Rs. 1500 per month. The Committee in this regard, desire to reiterate their earlier recommendation that a decent amount ranging from Rs. 6000 to Rs. 10000 may be provided to each veteran awardee so to help them in sustaining their livelihood in their old age. The Committee, in this regard also wish to be informed of the number and average age of the war veterans who continue to be in receipt of financial assistance.

Reply of the Government

In pursuance of the direction of the Standing Committee on Defence (16th Lok Sabha), Secretary (ESW) requested States/Union Territory Administrations to enhance the Financial Assistance to WW veterans and their widows to at least Rs.6000/- to Rs.10,000/- per month vide his D.O letter no. 8(1)/2011-D(Res-II) dated 3rd March 2015. Hon'ble Raksha Mantri has also requested to all the States/UTs to pay Rs. 6000/- to Rs. 10,000/- per veteran per month during the interaction with representatives of all States/UTs in July this year and in no case less than Rs. 3000/-.

A detailed States/UTs wise list of financial assistance, number and average age of WW Veterans is placed at **Annexure-I**

Annexure-I

Sl. No.	States/UTs	WW Veterans receiving financial assistance from State Govts./UTs		
		Number	Average Age (in years)	Monthly Assistance provided by States/UTs
1.	Andhra Pradesh	124	90	5000
2.	Arunachal Pradesh (No world war Veterans)	-	-	-
3.	Assam	06	87-90	3000
4.	Bihar	18	90-100	5000
5.	Chhattisgarh	15	80-92	3000
6.	Delhi	19	90	3000
7.	Goa	-	-	-
8.	Gujarat	03	90	3500
9.	Haryana	428	90-95	4500
10.	Himachal Pradesh	139	80-100	3000
11.	Jammu & Kashmir	81	>80	3000
12.	Jharkhand	13	86-90	5000
13.	Karnataka	572	85-90	3000
14.	Kerala	379	92-95	4000
15.	Madhya Pradesh	29	93	4000

16.	Maharashtra	235	>80	3000
17.	Manipur	16	>90	1200
18.	Meghalaya	06	90	5000
19.	Mizoram	99	90	1200
20.	Nagaland	63	90-110	6000
21.	Orissa	05	96	1000
22.	Punjab	427	96	2000
23.	Rajasthan	304	85	4000
24.	Sikkim	22	87	6000
25.	Tamil Nadu	398	90	4500
26.	Tripura	04	85	3000
27.	Telangana	37	90	6000
28.	Uttarakhand	74	80-85	4000
29.	Uttar Pradesh	590	95-100	6000
30.	West Bengal	67	85	1500
31.	Andman& Nicobar (UT)	09	88	6000
32.	Chandigarh (UT)	02	94	7500
33.	Puducherry (UT)	11	90	6000

(Please see Para No. 66 of Chapter-I of the Report)

Recommendations No. 104

The Committee understand that it is the prerogative of the State Governments to decide on the financial/ cash awards for Gallantry awardees, nevertheless it would be in the fitness of things for the Ministry to impress upon the State Governments/ Union Territory Administrations to follow a uniform method of providing monetary allowances. This would contribute immensely to the prestige and dignity of the awardees. The Committee desire that the Ministry of Defence take up the matter appropriately with the State Governments at the earliest.

Reply of the Government

Hon'ble Raksha Mantri has also advised the representatives of all States/UTs during an interaction in July this year, that the amount paid to Gallantry/ Non- Gallantry Awardees by States/UTs should be comparable. All the States/ UTs have already been requested in this regard vide our letter no. 2(2)/GA/KSB/A dated 3rd July' 2015.

(Please see Para No. 69 of Chapter-I of the Report)

Chapter III

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

National Maritime Authority

Recommendation No. 20

The Committee note that presently, the task of coordination/ monitoring of Coastal Security issues is being dealt by the National Committee for Strengthening Maritime and Coastal Security (NCSMCS) under the Chairmanship of the Cabinet Secretary which meets at least twice a year. The last meeting of NCSMCS was held on 14.04.2016. The Committee are happy to note that the issues and aspects related to Coastal Security are also reviewed periodically by the Raksha Mantri. NHQ have forwarded a proposal for setting up of a 'National Maritime Authority'. This proposal is under examination in the Ministry in consultation with Ministry of Home Affairs (MHA) and the comments of MHA on the proposal are awaited.

Recommendation No. 21

“The Committee desire that the matter should be pursued vigorously with the MHA and ‘National Maritime Authority’ should be established at the earliest so as to ensure cohesive policy-making and effective coordination on coastal security among the multiple authorities dealing with maritime issues in the country.”

Reply of the Government

The decision on the above issue has been already communicated by D/o Border Management, Ministry of Home Affairs (MHA) vide letter dated 30.08.2016. It has not concurred with the proposal for setting up of National Maritime Authority (NMA) to be headed by Maritime Security Advisor (MSA) as the proposed roles for NMA and MSA are being looked after by D/o Border Management headed by Secretary (BM). It has further mentioned that National Committee on Strengthening Maritime and Coastal Security (NCSMCS) is the right forum for conflict resolution between all the stakeholders of coastal security and no other central authority can replace this forum. The proposal for setting up of MSA was considered by the CCS in 2009 and the same was not approved and the CCS created NCSMCS which has been functioning since then.

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE WHICH REQUIRE REITERATION AND COMMENTED UPON:

Lower Border budgetary allocations for BRO

Recommendation No. 25

From the data supplied by the Ministry, in year 2011-12, for General Staff Works, BRO projected a demand of Rs. 3000 crore and the amount was allocated, out of which expenditure incurred was Rs. 2634.66 crore, in the year 2012-13, Rs. 3500 crore was the projection for General Staff Works but only Rs. 3300 crore was allocated. In the year 2013-14, also the same figures of allocation were repeated. In the year 2014-15, BRO projected as demand of Rs. 4000 crore but the allocation made was Rs. 3223.49 crore which was further reduced to Rs. 2819 crore, at final allotment stage. In the year 2015-16, Border Roads organisation Projected Rs. 4056 crore for General Staff works but again the Ministry Made a reduction and Rs. 3030.57 crore was provided. This year, at BE 2016-17 stage, Border Roads Organisation projected a demand of Rs. 5044 crore for General Staff works and once again, cut of Rs. 1968.27 crore was made! This is incomprehensible and needs to be explained.

Reply of the Government

The expenditure ceiling in respect of Border Road Organisation is provided by Ministry of Finance. Consequent to the transfer of BRO from Demand of Ministry of Road Transport & Highways to Demand of Ministry of Defence from Financial Year 2015-16 onwards, Ministry of Finance vide note dated 02.02.2015 provided funds to the tune of Rs. 3030.57 crore for BE 2015-16 to BRO under Non-plan against their projection of Rs. 4056 crores. In this regard, Hon'ble RM had written a DO letter dated 01.01.2015 to Hon'ble FM for allotment of Rs. 3379 crore for financial year 2014-15 and Rs. 4056 crore for BE 2015-16 under GS Non plan budget for BRO without imposing any cut, so that BRO can continue the works smoothly. However, Hon'ble FM conveyed vide DO letter dated 17.02.2015 that "The ceiling of BRO in RE 2014-15 in the current year and BE 2015-16 have been decided on the basis of actual requirement of BRO, expenditure trend and absorptive capacity of the organization and available resources and fiscal space. The same could be reviewed on the basis of pace of execution of works in the next financial year and additional provision, if required shall be suitably provided".

2. Further, vide ID dated 13.02.2015, this Ministry requested Ministry of Finance to consider the allotment of funds to the tune of Rs. 4056 crore to BRO for BE 2015-16 instead of Rs. 3030.57 crore in view of the strategic requirement and to ensure progress of work in Border Areas. However, Ministry of Finance did not accept the request and conveyed vide their OM dated 16.02.2015 that "it is not possible for this Ministry to consider request for any additionality at this stage". Further, the matter of allotment of additional funds to the tune of Rs. 1096 crore to BRO over approved BE 2015-16 of Rs. 3030.57 was taken up with Ministry of Finance by this Ministry vide OM dated 18.05.2016 so as to enable the BRO to commence the pending works immediately. However, Ministry of Finance conveyed vide their OM dated 29.05.2015 that "as additional funding requires Parliamentary approval it is not possible to provide additional funds at this juncture. Ministry of Defence may adjust

within the existing budget. Necessary proposal for additionality may be sent with the first batch of supplementary demands for Grant for consideration". The proposal along with justification for allotment of funds to the tune of Rs. 1096 crore to BRO was forwarded vide ID dated 30.06.2015 to Ministry of Finance in first batch of supplementary for Demands for Grants for FY 2015-16. However, the said proposal of BRO for additionality was not included by Ministry of Finance in the statement of First Batch of supplementary for the approval of Parliament.

3. The projections of Rs. 3787.00 crore for RE 2015-16 and Rs. 5044.00 crore for BE 2016-17 against the approved BE 2015-16 of Rs. 3030.57 crore for the General staff works were submitted/recommended to Ministry of Finance for their consideration. However, Ministry of Finance fixed/provided the expenditure ceiling of Rs. 3028.42 crore for RE 2015-16 and Rs. 3075.73 crore for BE 2016-17. Regarding RE 2015-16, a DO letter from Hon'ble RM was written to FM for allotment of additional funds of Rs. 100.00 over approved RE 2015-16 of Rs. 3075.73 crore for Border Roads Organisation in Revenue section. However, the same was not accepted by Ministry of Finance.

4. Thereafter, the proposal for the allotment of additional amount of Rs. 1420.00 crore to BRO was forwarded to Ministry of Finance in the first batch of supplementary demands for the FY 2016-17. In this context, a DO letter dated 04.07.2016 was written by Secretary (Defence/Finance) to Finance Secretary, Ministry of Finance for allotment of additional budget to the tune of Rs. 1020 crore to BRO under Non-plan. However, Ministry of Finance did not included the same into the statement of first batch of supplementary for the approval of Parliament.

5. However, Ministry of Defence has provided vide ID dated 16.08.2016 funds of Rs. 400 crore to Border Roads Organisation under the Grant no. 23- Capital budget: Army through re-appropriation from Army's capital budget. Out of Rs. 400 crore, Rs. 200 crore has been provided under Minor Head 202-Construction of works-Rohtang Tunnel Project and Rs. 200 crore Construction Work-Construction of CSG Roads.

Recommendation No. 26

The Ministry informed that with a view to improve the quality of maintenance, DGBR has been delegated powers to fix rates for maintenance and snow clearance grants. The revision of maintenance grant and snow clearance grant are under process by DGBR. From BE 2015-16, funds are being made available to BRO by the Ministry of Defence (Civil) instead of Ministry of Road Transport and Highways, as BRO is now under Ministry of Defence.

Recommendation No. 27

The Committee note that lower allocations to BRO will affect original works Planned on roads, resurfacing works, maintenance and snow clearance of roads etc. Besides, as BRO is a work charged Organisation, the Pay and Allowances of BRO Personnel's is kept as liability for the next financial year and full utilization of resources is not done within the financial year. Also, payment for the procurement of Vehicles/Equipment /Plants which is kept as liability for the next financial year may also not fructify.

Recommendation No. 28

The Committee also note that as there was a reduction in the allocation of budget for BE 2015-16; a case was taken with the Finance Minister by RM for an additional grant of Rs 1096 Crores for BRO. The FM intimated that allotment could be reviewed on the basis of pace of execution of next Financial year and additional provision, if required, shall be suitably provided. Again a case was taken up with MoF in the month of May 2015 for additional allocation of funds of Rs.1096 Crs for FY 2015-16. In response, MoF intimated that the proposal for additional funds may be sent with the first batch of supplementary demand for grants. Accordingly, additional demand of Rs.1096 Crs was submitted in the first batch of supplementary demand for grant.

Recommendation No. 29

The Committee note that though the issue of lower allocation of budget to BRO was taken up at the highest level, which is appreciable, it appears that no positive outcome has emerged! Considering the strategic nature and importance of roads, in border areas, any cut made to the BRO would directly affect the security of the Nation. Therefore, the Committee desire that the matter may be taken up once again, if needed, at the highest level in the Government.

Reply of the Government

The expenditure ceiling in respect of Border Road Organisation is provided by Ministry of Finance. The projection of Rs. 5044.00 crore for BE 2016-17 for the General staff works was submitted/recommended to Ministry of Finance for their consideration. However, Ministry of Finance fixed/provided the expenditure ceiling of Rs. 3075.73 crore for BE 2016-17.

2. Further, a proposal for the allotment of additional amount of Rs. 1420.00 crore to BRO was forwarded to Ministry of Finance in the first batch of supplementary demands for the FY 2016-17. In this context, a DO letter dated 04.07.2016 was written by Secretary (Defence/Finance) to Finance Secretary, Ministry of Finance for allotment of additional budget to the tune of Rs. 1020 crore to BRO under Non-plan. However, Ministry of Finance did not include the same into the statement of first batch of supplementary for the approval of Parliament.

3. Ministry of Defence has provided vide ID dated 16.08.2016 funds of Rs. 400 crore to Border Roads Organisation under the Grant no. 23- Capital budget: Army through re-appropriation from Army's capital budget. Out of Rs. 400 crore, Rs. 200 crore has been provided under Minor Head 202-Construction of works-Rohtang Tunnel Project and Rs. 200 crore Construction Work-Construction of CSG Roads.

Financial guidelines affecting the work of BRO

Recommendation No. 30

The Committee note that during the RE/ BE preparation, Ministry of Finance has issued various guidelines from time to time. One of the main considerations while allocating funds is adherence to stipulations of balance pace of expenditure for which, not more than one – third (33 per cent) of

Budget Estimate may be spent in the last quarter of the financial year. Besides this, during the month of March the expenditure should be limited to 15 per cent of the Budget estimate.

(Please see Para No. 31 of Chapter-I of the Report)

Recommendation No. 31

The Committee express agreement with the views expressed by the Ministry that due to the nature of works undertaken, it would not be possible for the BRO to meet the stipulation laid down in the guidelines. Further, the pace of work and expenditure depends on the "Working Season". Consequently, imposition of ceiling on the Budget for BRO each year Is NOT CORRECT. The committee desire that the case which has been submitted to the Ministry of Finance for providing budgetary allocation to BRO without imposing a ceiling on RE/BE demand of BRO should be considered seriously, as the construction of strategic roads is akin to acquisitions. This is also necessary for Defence preparedness on account of the fact that BRO has very limited working season due to high altitude area related challenges. The views expressed by the Committee in this regard may be conveyed to Ministry of Finance.

Reply of the Government

In this context, it is stated that expenditure ceiling and guidelines in r/o RE and BE and Expenditure Management are being issued by Ministry of Finance. As per Ministry of Finance OM no. 7(2)/E. Coord./2013 dated 18.09.2013 in Budget circular 2016-17, Ministry of Finance, Department of Expenditure has been issuing austerity Instructions from time to time with a view to containing non-development expenditure and releasing additional resources for priority schemes. Such measures are intended at promoting fiscal discipline without restricting the operational efficiency of the Government. The instructions regarding Cut in Non-plan Expenditure and Balanced pace of expenditure under Expenditure Management Economy Measures and Rationalization of Expenditure issued by Ministry of Finance along with budget circular 2016-17 contains "As per the extant instructions, not more than one-third (33%) of the Budget Estimates may be spent in the last quarter of the financial year. Besides the stipulation that during the month of the March the expenditure should be limited to 15% of the Budget Estimates is reiterated". However, due to the nature of works undertaken by BRO and less working session, the matter has already been taken up with the Ministry of Finance for providing budget to BRO without imposing a ceiling on RE/BE demand of BRO & exemption from above stipulation laid down in the guidelines. But, no reply has been received so far from Ministry of Finance in this regard.

Shortage of equipment in BRO

Recommendation No. 34

The Committee note that requirement of equipments in BRO is assessed on the basis of planned targets in a particular financial year. From the data supplied by the Ministry, it is seen that there has been substantial shortage of equipment with BRO all these years. During 2011-12, there was a shortage of 346 Dozer-II/Equivalent, which came down to 284 in 2012-13, but again reached a new high of 402 in 2013-14. At present, the shortage is of 339 numbers. One more essential equipment is Stone crushers. In 2011-12, there was a shortage of 350 stone crushers, which rose to 544 in 2015-16. Road Roller, another essential item required for construction of roads, was short by 290 numbers in 2011-12, and as per the requirement in 2015-16, the BRO is still short of 131 numbers. There was

a shortage of 273 Air Compressors in 2011-12, which rose to 305 in 2015-16. Hot Mix Plants which were short by 19 in number, continue to be deficient in number, with the shortage rising to 101. Shortage of Tippers, which was to the extent of 2120 in 2011-12 rose 2505 in 2015-16. Similarly, there has been shortage of Wet Mix Plants and Paver Finishers also all these years.

Recommendation No. 35

The Committee are aghast with these revealing figures of shortage given by the Ministry. These shortages pertain to very basic items needed for work related with road construction and are not critical technology items to be sourced from foreign countries. The Committee are of the view that one must not question the pace of work of BRO, when it is struggling with deficiencies in terms of equipment and manpower as well budget. The Committee expect and immediate action on this, and be informed soon.

Reply of Government

The requirement of V/E/P in BRO is assessed on the basis of planned targets in a particular year. The targets of BRO are planned based on the number of functional units/task forces held and their capability of executing works departmentally. Accordingly, the budgetary requirement is assessed and projected to ministry of Finance.

After the transfer of budget of BRO from Ministry of Road Transport and Highways (MoRT&H) to Ministry of Defence (MoD) unlike other previous years, there was no reduction in budget allocation to BRO by Ministry of Finance (MoF) at RE (2015-16) stage. The allocation of budget to BRO for FY 2016-17 under Non Plan (NP) is Rs 3075.73 crores and under Plan is Rs 450.00 crores. The details of demand versus allocation of budget for BE 2016-17 is given below:

Srl No	Major Head	Demand (Rs in Crores)	Allotment (Rs in Crores)
Non Plan			
i	2052	491.00	509.73
ii	3054	1089.25	644.00
iii	5054	3463.75	1922.00
Total (Non Plan)		5044.00	3075.73
Plan			
i	3601	70.00	63.00
ii	5054	384.00	342.00
iii	2552		7.00
iv	4552		38.00
Total (Plan)		454.00	450.00
G/Total (Non Plan and Plan)		5498.00	3525.73

Since there was a reduction in allocation of budget to BRO, additional allocation of budget for inclusion under the first batch of supplementary Demands for Grants to be considered during the current monsoon session of the Parliament has been submitted to MoD (Fin) under Non plan for FY 2016-17 amounting to Rs 1420 Crs for Border Roads Organisation.

(Please see Para Nos. 37 and 38 of Chapter-I of the Report)

Plan and Achievement of targets in regard to construction of roads

Recommendation No. 39

The Committee note that as per planning, BRO is lagging behind in construction of roads. In 2012-13, it planned for 2374 km of formation, but the achievement was only 1669 km. Same year, in surfacing work, it planned for 3705 km but achievement was just 2421 km. For resurfacing, it planned for 2837 km but completed only 1738 km. So was the case with Major bridges. Out of 3862 meters, BRO was able to complete only 2462 meters in length. As this phenomenon has been repeating year after year, all the projects are far behind the scheduled work.

Reply of the Government

Submissions of the Government have been noted by the Committee. No further action on part of the Government.

Recommendation No. 40

The Committee note that 73 roads are identified as strategic Indo-China border roads, out of which 61 roads have been entrusted to BRO with a length of 3417 Km, which were planned to be completed by 2012. Only 21 roads of length 661.59 Km have been completed. As per the revised completion scheduled by 2016, 6 roads, by 2017, 8 roads, by 2018, 12 roads, by 2019, 8 roads and by 2020, 8 roads will be completed. *The Committee, in this regard express the need on the part of BRO to explain the reasons for the 'Shortages' in meeting the targets.*

Reply of Government

There are certain delays in execution of road projects mainly due to the following reasons:-

- (i) Delay in Forest/Wild life clearance
 - (ii) Hard rock stretches
 - (iii) Limited Working season
 - (iv) Difficulties in availability of construction materials
 - (v) Delay in land acquisition

73 roads are identified as strategic Indo-China border roads (ICBR), out of which 61 roads have been entrusted to Border Roads Organisation (BRO) with a length of 3417 km which were

planned to be completed by 2012. Out of which 22 roads of length 707.24 km are completed. The revised completion schedule of 39 ICBRs is as under:

- (i) 2016 - 5 Roads
- (ii) 2017 - 8 Roads
- (iii) 2018 - 12 Roads
- (iv) 2019 - 8 Roads
- (v) 2020 - 6 Roads

(Please see Para No. 41 of Chapter-I of the Report)

Recommendation No. 41

As highlighted in the earlier report of the Committee, the BRO has certain deficiencies in major area, which include the budget. In this regard, the Committee would suggest that as technology in each and every field is changing very fast, BRO should also explore the possibility of using State-of-the-Art equipment for swift construction of roads; and revise the timelines accordingly for being adhered to.

Reply of Government

BRO has been regularly reviewing/ updating the technical specification in order to keep with the latest available technology. Further, to introduce the latest technology in BRO, the following steps are taken:

- (v) Collaborative measures have been initiated to establish a multi-discipline-expert group with experts from Ministry of Science and Technology (CRRRI, CSIR, GSI etc) to assist BRO in technical matters.
- (vi) Technology initiatives in BRO guidelines have been approved.
- (vii) In order to get acquaintance with the latest art of technology being used by various developed Countries, officers of BRO are being sent on training to various foreign countries.
- (viii) Based on the revised requirement of BRO, a revised Long term Equipment Plan (LTEP) 2014-15 to 2018-19 for the induction of modern Vehicle/Equipment/Plants in BRO has been approved for Rs 4116.70 Crores.

(ix) (Please see Para No. 44 of Chapter-I of the Report)

Recommendation No. 92

Fixed tenure for the Secretary ESM Welfare

From the data supplied by the Ministry, the Committee note that Secretary, ESW Welfare always had a very short tenure and during last 10 years, 10 incumbents were posted in the Department and their tenure was, at times, less than a year, which obviously not only affected the long-term planning, grievance redressal and strategy but is also indicative of lack of seriousness of Government towards welfare of Ex-servicemen. The Committee are of the view that the tenure of Secretary of Department of ESM should be a fixed one so as to ensure accountability and better implementation of policies. The Committee desire to have a response in this respect within three months of the presentation of this report.

Reply of the Government

Comments of DoPT:- The recommendation of the Committee was conveyed to the Department of Personnel & Training as appointment to the post of Secretary ESW is made by them. The comments received from DoPT are as follows:-

“As per the existing provision of FR 56(a), every Government servant is to retire from service on attaining the age of sixty years. Further, FR 56(d) provide that: No Government servant shall be granted extension in service beyond the age of retirement of sixty years provided that the Central Government may, if it considers necessary in public interest so to do, give extension in service to the Defence Secretary, Home Secretary, Director, Intelligence Bureau, Secretary, Research and Analysis Wing and Director, Central Bureau of Investigation for such periods as it may deem proper on case to case basis, subject to the condition that the total term of the incumbent of the above posts, who are given such extension in service, does not exceed two years”.

Comments of MoD:- There is no provision for extension in service beyond the age of 60 years in case of Secretary, Department of Ex-Servicemen Welfare. Further, it may not be difficult to find empanelled officers at the level of Secretary who have two years of service left. Therefore, extension of service beyond 60 years may not be necessary.

(Please see Para No. 60 of Chapter-I of the Report)

CHAPTER V

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

Recommendation Nos. 52 to 57

Difficulties faced by BRO in construction and maintenance of existing roads

52. The Committee note that BRO faces adverse and harsh climatic conditions and also there is non availability of sufficient labour. The Committee also find that BRO also suffers on account of limited working seasons due to prolonged monsoons from May to September every year and repeated damages due to landslides, natural calamities i.e flash floods, cloud bursts, etc. The Committee also note that BRO faces the problem of non-allocation of stone/sand quarries by the State Governments, weak geological strata/formation especially in North Eastern region causing sinking/ formation breaches, insurgency in some areas, reduction in allocation of maintenance

budget which affects resurfacing works, maintenance and snow clearance of roads and issues related to land acquisition, environmental clearance, lack of quarries etc.

53. The Committee are of the view that some issues which relate to Nature can be solved by using very advanced State of the Art techniques. However, a majority of the problems can be resolved if the Ministry of Defence and State Governments concerned willingly involve themselves. The Ministry should through Empowered Committees try to speed up the process so that construction of motorable roads in important strategic areas turns into reality. Indian Coast Guard (ICG) Budgetary Provisions

Indian Coast Guard (ICG)

Budgetary Provisions

54. The Committee note that during the year 2010-11, Coast Guard was provided Rs. 2,016.07 crore at the final stage, which was 1.33 per cent of total Defence Budget of Rs. 1,51,581.69. This percentage of allocation rose to 1.48 per cent in the year 2011-12, wherein Coast Guard was allocated Rs. 2532.88 crore out of defence budget of Rs. 1,70,936.81 crore. However, after that, the budget of Coast Guard started sliding and it was 1.41 per cent in 2012-13, 1.02 per cent in 2013-14, 1.09 per cent in 2014-15, 1.22 per cent in 2015-16. This year, Coast Guard has been allocated Rs. 3,124.41 crore which is 1.25 per cent of the defence budget of Rs. 249099 crore.

55. The Committee also note that during the year 2012-13, Coast Guard projected an amount of Rs. 3037.21 crore but was allocated only Rs. 2771.21 crore at BE stage. In the year 2013-14, Coast Guard projected an amount of Rs. 2914.63 crore but the allocation was Rs. 2829.81 crore. Similarly, in the year 2014-15, Coast Guard projected Rs. 2828.96 crore, but was allocated a lower sum of Rs. 2680.26 crore. In the year 2015-16, Coast Guard projected an amount of Rs. 3692.86 crore but was again allocated a lesser amount of Rs. 3014 crore. In the year 2016-17, Coast Guard projected an amount of Rs. 5788.58 crore at BE stage but the allocation was Rs. 2664.17 crore less than the projection made, the amount allocated being Rs. 3124.41 crore.

56. From the submissions made by the Defence Secretary during oral evidence, the Ministry of Defence has not been in a position to make the money available during the re-appropriation as Coast Guard comes under a different budget head. The Defence Minister too was seized of the matter.

57. The Committee are unable to comprehend as to how the Ministry of Defence or Finance can make the Coast Guard deficient of such massive budgetary allocation which is 46 per cent of the projection made by this Service. Moreover, this Service is expected to carry out its duties effectively for the safety and protection of artificial islands and offshore terminals and installations, provide protection and assistance to fishermen at sea while in distress, preserve and protect maritime environment and prevent and control marine pollution. Also, the ICG assists the Customs and other authorities in anti-smuggling operations and such other matters, including measures for the safety of life and property at sea and collection of scientific data. The Committee desire that to let Coast Guard perform its expected role efficiently, efforts should be made for allocation as projected by it at RE or supplementary grants stage.

Recommendation No. 91

The Committee note that Resettlement and welfare of ESM and the widows is a joint responsibility of the Central and State Govts. The Central and State Govts have reservations for ESM in Central Govt. jobs and services like CMPF, Railways and respective States have laid down percentage of reservations in various jobs. On examination of information supplied by the Ministry, the Committee

found that number of ESM who were provided resettlement opportunities by DGR is going down and so is the sponsorship of Officers. The explanations given by DGR/ Ministry of Defence in this regard viz., sponsorship of officers is based as per the qualification required by the employers as well as also the availability of the Ex-Servicemen (Officers) [ESM (O)] for the posts is not convincing. The Committee desire that DGR should advertise the posts and have a policy to train the officers/PBOR to make them market ready.

Recommendation No. 98

Reservation of ESM in Group B and C posts

The Committee note that after implementation of 6th CPC Report, all Group 'D' posts have been upgraded to Group 'C' posts and certain Group 'C' posts were upgraded to Group 'B' posts in Central Government jobs and with the result the Department of Personnel & Training (DoPT) Notification dated the 4th October, 2012, for providing 20 per cent reservation in Group 'D' posts has no relevance and moreover it has resulted in an unintended loss of vacancies reserved for Ex-Servicemen (ESM) in Group 'C' posts. The proposal for making a provision of 10 per cent in Group 'B' posts and 20 per cent in Group 'C' posts in Government jobs for ESM in place of 10 per cent in Group 'C' and 20 per cent in Group 'D' posts, is under consideration since a long time. The Committee desire that the Ministry of Defence should take up the matter so as to provide reservation to the ESM on the posts accordingly.

Recommendation No. 100

Enhancement of Upper Age Limit for ESM on Re-employment

The Committee note that a proposal for enhancement of upper age limit for ESM in Public Sector Banks/ Financial Institutions has been accepted by the Ministry of Defence. The case has been forwarded to Ministry of Finance for amending the existing provision. The Committee desire that the matter should be pursued with the Ministry of Finance to reach finality at the earliest which would benefit scores of ESM. This move can also serve as an attraction to the youth to join the Services. The Committee desire that action taken in this respect may be submitted to the Committee for their perusal at the earliest.

Reply of the Government

The existing provisions regarding upper age limit in connection with re-employment for Ex-servicemen in Central Government jobs are as follows:

- (a) For appointment to vacancies reserved for Ex-servicemen in Group B (Non-Gazetted), Group C or Group D posts in Central Government, an Ex-servicemen shall be allowed to deduct the period of actual military service from his actual age and if the resultant age does not exceed the maximum age limit prescribed for the post for which he is seeking appointment by more than three years, he shall be deemed to satisfy the condition regarding age limit.

(b) For appointment to any vacancy in Group A and Group B services or posts filled by direct recruitment otherwise than on the result of an Open All India Competitive Examination, the upper age limit shall be relaxed by the length of Military service increased by three years in the case of Ex-servicemen and commissioned officers including Emergency Commissioned Officers or Short Services Commissioned Officers.

(c) For appointment to any vacancy in Group A and Group B services or posts filled by direct recruitment on the results of an All India Competitive Examinations, the Ex-Servicemen and commissioned Officers including Emergency Commissioned Officers or Short Services Commissioned Officers who have rendered at-least five years Military services and have been released:-

- (i) On completion of assignment(including those whose assignment is due to be completed within one year) otherwise than by way of dismissal or discharge on account of misconduct or inefficiency; or
- (ii) On account of physical disability attributable to Military service or on invalidment, shall be allowed maximum relaxation of five years in the upper age limit.

2. Upper age limit for re-employment of ESM in Central Public Sector Banks/Financial Institutions Ministry of Finance, Department of Economic Affairs(Banking Division) vide letter No. 201/16/89-SC(B) dated 30thMay'90, is as follow:

Sl.No	Name of the Post/Cadre	Existing age limit as per letter No201/16/89-SC(B) dated 30 th May'1990.
1.	Security Guard/Armed Guard	45 years
2.	Clerical Cadre	50 years
3.	Sub-Staff Cadre Other Than Security/ Armed Guard	50 years
4.	Chief Security Officer	55 years
5.	Security Officer	40 years

Since then a lot of changes in the Govt. Policies have

taken place. In the year 1998, the intake age of the soldiers in the Armed Forces was increased. Later, the retirement age of Central Govt. Servant including Armed Forces personnel has also been increased by two years. Hence, there was mismatch in the maximum re-employment age and the retirement age of Armed Forces personnel. Armed Forces personnel who were retiring earlier at an age of 42 years approximately are now retiring at an age of 45 years approximately. The terms of

engagement of Short Service Commission (SSC) Officers has also been increased from five + five years to ten + four years. Accordingly a case of enhancement of upper age limit for ESM for their re-employment in banks/ financial institutions has been recommended and forwarded to Ministry of Finance, Department of Financial Services for their approval. The said Department has been requested to expedite their decision in the matter.

Recommendation Nos. 102 and 103

The Committee had, in their earlier reports also recommended on ensuring uniformity in money given to Param Veer Chakra and other gallantry medal winners which varies from State to State. In some states like Punjab, Haryana and Uttarakhand, gallantry medal winners are handsomely rewarded while in some others, they are paid a very meager sum. This is pitiable and is needed to be rectified to provide for uniformity so that our brave soldiers do not feel let down. As such the Committee note that the soldiers being national heroes, the States should express conformity with the views of the Committee.

While the financial / cash rewards for Gallantry awardees varies from State to State, the Central Government has fixed uniform monetary allowances to the recipients of Gallantry Awards viz. Param Vir Chakra (PVC) Rs. 10,000, Ashok Chakra (AC) Rs. 6,000, MahaVir Chakra (MVC) Rs. 5,000, Kirti Chakra (KC) Rs. 4,500, Vir Chakra (Vr C) Rs. 3,500, Shaurya Chakra (SC) Rs. 3,000, Sena Medal / NavoSena medal / Vayu Medal (SM/NM/VM) – Gallantry Rs. 1,000 per month. The monetary allowances provided by the Central Government appear to have been fixed quite some time back and need to be revised upward so as to be in tune with the current times and befitting to the dignity, status and prestige of the brave soldiers.

NEW DELHI;
16 January, 2017
26 Pausa, 1938 (Saka)

MAJ GEN B C KHANDURI, AVSM (RETD),
Chairperson,
Standing Committee on Defence

APPENDIX I

STANDING COMMITTEE ON DEFENCE

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON DEFENCE (2016-17)

The Committee sat on Friday, the 16th January, 2017 from 1130 hrs. to 1400 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

MAJ GEN B C KHANDURI AVSM (RETD) - CHAIRPERSON
Lok Sabha

2. Shri H.D. Devegowda
3. Shri G. Hari
4. Shri Rodmal Nagar
5. Smt Pratyusha Rajeshwari Singh
6. Shri Partha Pratim Ray
7. Smt. Mala Rajya Laxmi Shah
8. Shri Shrirang Appa Barne
9. Col Sonaram Choudhary(Retd)
10. Km Shobha Karandlaje
11. Shri A P Jithender Reddy

Rajya Sabha

12. Shri Harivansh
13. Shri Madhusudan Mistry
14. Smt. Ambika Soni
15. Shri Sanjay Raut

SECRETARIAT

- | | | | |
|---|------------------------|---|---------------------|
| 1 | Smt Kalpana Sharma | - | Joint Secretary |
| 2 | Shri T G Chandrasekhar | - | Director |
| 3 | Smt Jyochnamayi Sinha | - | Additional Director |
| 4 | Shri Rahul Singh | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee and briefed about the Draft reports.

3. The Committee then took up for consideration the following draft Reports on the action taken by the Government on the Observations/Recommendations contained in the following:

- (i) Nineteenth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Defence (2016-17) on General Defence Budget, Civil Expenditure of Ministry of Defence (Demand No. 20) and Defence Pension(Demand No. 21);
- (ii) Twentieth Report (16th Lok Sabha) on Demands for Grants of the Ministry of Defence (2016-17) on Army, Navy and Air Force (Demand No. 22);
- (iii) Twenty-first Report (16th Lok Sabha) on Demands for Grants of the Ministry of Defence (2016-17) on Ministry of Defence (Miscellaneous) (Demand No. 20); and
- (iv) Twenty-second Report (16th Lok Sabha) on Demands for Grants of the Ministry of Defence (2016-17) on Capital Outlay on Defence Services, Procurement Policy and Defence Planning (Demand No. 23).

4. After deliberation, the Committee adopted the above Reports and authorized the Chairperson to finalize the Reports in the light of the suggestions as may be received from the Members within a week.

5. *

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

The Committee then adjourned.

* Does not pertain to this Report.

APPENDIX II

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE NINETEENTH REPORT (SIXTEENTH LOK SABHA) ON 'DEMANDS FOR GRANTS OF THE MINISTRY OF DEFENCE FOR THE YEAR 2016-17 ON GENERAL DEFENCE BUDGET, CIVIL EXPENDITURE OF MINISTRY OF DEFENCE (DEMAND NO. 20) AND DEFENCE PENSIONS (DEMAND NO. 21)'

- 1. Total number of recommendations **108**
- 2. Observations/Recommendations which have been accepted by the Government (please see Chapter II A):

Recommendation Nos. 7, 8, 9, 33, 36, 37, 38, 42, 44, 45, 46, 47, 48, 49, 50, 51, 60, 61, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81,82, 83, 84, 86, 87, 88, 89, 90, 99, 105,106,107 and 108

**Total : 45
Percentage: 42%**

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

Recommendation Nos. 1, 2, 3, 4, 5, 6,10,11,12, 13, 14, 15, 16, 17, 18, 19, 22,23,24,32, 43, 58, 59, 62, 63, 64, 65, 66, 67, 85, 93, 94, 95, 96, 97,101 and 104

**Total : 37
Percentage: 34%**

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

Recommendation Nos. 20 and 21

**Total : 02
Percentage: 2%**

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

Recommendation Nos. 25, 26, 27, 28, 29, 30, 31, 34, 35, 39, 40, 41 and 92

**Total : 13
Percentage: 12%**

6. Observations/Recommendations in respect of which Government have furnished interim replies/replies awaited (please see Chapter V):

Recommendation Nos. 52, 53, 54, 55, 56, 57, 91, 98, 100, 102 and 103

**Total : 11
Percentage: 10%**