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STANDING COMMITTEE ON DEFENCE

(2016-2017)

(SIXTEENTH LOK SABHA)

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS (2017-18)

ARMY, NAVY AND AIR FORCE

(DEMAND NO. 20)

TWENTY NINTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

March, 2017 / Phalguna, 1938 (Saka)

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ARMY, NAVY AND AIR FORCE

(DEMAND NO. 20)

Presented to Lok Sabha on 09 .03.2017

Laid in Rajya Sabha on .03.2017



LOK SABHA SECRETARIAT

NEW DELHI

March, 2017 / Phalguna, 1938 (Saka)

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

Maj Gen B C Khanduri, AVSM (Retd)

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Lok Sabha

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4. Shri Shrirang Appa Barne
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11. Km Shobha Karandlaje
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21. Smt Pratyusha Rajeshwari Singh
- 22.** Shri G Hari
- 23.\$ Capt Amarinder Singh

Rajya Sabha

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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**

SECRETARIAT

- | | | | |
|---|-------------------------|---|-------------------------|
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| 2 | Shri T.G. Chandrasekhar | - | Director |
| 3 | Smt. Jyochnamayi Sinha | - | Additional Director |
| 4 | Smt Rekha Sinha | - | Sr. Executive Assistant |
| 5 | | | |

INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2016-17), having been authorised by the Committee, present this Twenty-Ninth Report on 'Demands for Grants of the Ministry of Defence for the year 2017-18 pertaining to Revenue Budget of Army, Navy and Air Force (Demand No. 20)'.

2. The Demands for Grants of the Ministry of Defence were laid on 9 February, 2017 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 22 and 23 February, 2017. The draft Report was considered and adopted by the Committee at their Sitting held on 3 March, 2017.

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

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

New Delhi
07 March, 2017
16 Phalguna, 1938 (Saka)

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

REPORT
PART I
INTRODUCTORY

This report examines the Budgetary Grant to Army, Navy and Air Force. Army, Navy and Air Force, which till Financial Year 2015-16 were covered under Grant Nos. 23, 24 and 25 respectively for their revenue expenditure, were brought together under Grant No. 22 (Defence Services - Revenue in Financial Year 2016-17). In this Financial Year 2017-18, the grant number has been revised by the Ministry of Finance. The revised Demand number for the Revenue allocation to the three Services viz. Army, Navy and Air Force is Grant No. 20 (Defence Services - Revenue).

The Capital Budget of Army, Navy and Air Force is a part of Grant No. 21 (Capital Outlay on Defence Services). Capital Budget caters to critical procurements/acquisitions of the Defence Forces. Therefore, for convenience and reference, Capital Budget specific to the above three Services has also been examined in this Report.

CHAPTER - I

ARMY

The Indian Army is the land-based branch and the largest component of the Indian Armed Forces. The units and regiments of the Indian Army have diverse histories and have participated in a number of battles and campaigns across the world, earning a large number of battle and theatre honours.

1.2 The primary mission of the Indian Army is to ensure national security and nationhood unity, defending the nation from external aggression and internal threats, and maintaining peace and security within its borders. It conducts humanitarian rescue operations during natural calamities and other disturbances. It is a major component of national power alongside the Indian Navy and the Indian Air Force. Apart from conflicts, the army has conducted large peace time exercises and it has also been an active participant in numerous United Nations peacekeeping missions.

Budget Army

1.3 The total allocation for Army including Revenue and Capital Budget is Rs.1,49,368.64 crore in the current year budget against a projection of Rs. 1,96,185.93 crore. This Budget also include budget of Includes allotment to Director General Ordnance Factories (DGOF), Research and Development (R&D), National Cadet Corps (NCC), Director General Quality Assurance (DGQA) and Rashtriya Rifles which were shifted to modified Grant No.20-MoD(Miscellaneous) in FY 2016-17, but have been transferred back to Defence Services Estimates in FY 2017-18.

1.4 Details regarding the projections made by the Army, allocations made at Budget Estimates (BE) and Revised Estimates (RE) stage and the expenditure incurred during the last five years along with BE for the FY 2017-18, separately for Capital and Revenue Heads, are as follows:

REVENUE

(Rs. in Crore)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2012-13	83,861.62	77,327.03	83,120.33	75,520.20	76,689.82
2013-14	93,355.38	81,119.20	91,294.13	85,516.45	85,030.92
2014-15	1,04,837.88	91,844.02	99,420.15	97,501.40	95,973.22
2015-16	1,09,758.22	1,03,315.91	1,04,408.45	1,00,106.78	1,02,847.18
2016-17#	1,15,561.78	1,13,732.22	1,34,870.40	1,18,908.19	90,008.66*
2017-18#	1,53,685.00	1,24,114.32			

* Expenditure upto end of December 2016

(# Includes allotment to DGOF, R&D, NCC, DGQA, Military Farms, Rashtriya Rifles and ECHS which were shifted to modified Grant No. 20-MoD(Miscellaneous) in FY 2016-17, but have been transferred back to Defence Services Estimates in FY 2017-18, with the exception of Military Farms and ECHS, for the purpose of comparison with previous as well as future years).

1.5 Under the revenue segment, provision is first made for salary and other obligatory expenses. The balance allocation available is distributed to meet the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works and maintenance, etc. These areas are likely to be impacted when allocation is lower than projection.

CAPITAL

(Rs. in Crore)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2012-13	28,234.60	19,237.80	18,971.09	15,749.30	14,760.69
2013-14	25,528.08	17,883.83	19,271.59	14,967.25	14,433.29
2014-15	41,936.15	26,533.60	23,832.67	21,933.54	18,586.73
2015-16	31,938.67	27,342.42	27,845.33	24,230.47	20703.70
2016-17#	37,960.18	26,943.08	34,706.12	24,026.86	17,205.64
2017-18#	42,500.93	25,254.32			

* Expenditure upto end of December 2016

(# Includes allotment to DGOF, R&D, NCC, DGQA, Military Farms, Rashtriya Rifles and ECHS which were shifted to modified Grant No. 20-MoD(Miscellaneous) in FY 2016-17, but have been transferred back to Defence Services Estimates in FY 2017-18, with the exception of Military Farms and ECHS, for the purpose of comparison with previous as well as future years).

1.6 In so far as the capital segment is concerned, funds are first set aside to meet the projected Committed Liabilities likely to materialise during the year. The remaining allocation is distributed to meet the projected requirement for other items. Reduced allocation is likely to delay initiation of new projects. The representatives of Army, during the oral evidence, submitted that the priority as far as capital procurement is concerned is the committed liability which is existing and the committed liability which is being carried forward from 2016-17 to 2017-18. This itself will amount to Rs. 23,000 crore.

Share of Army Budget

1.7 Percentage share of capital and revenue allocation for Army in comparison with the total Defence budget for the last five years is given below:

(Rs. inCrore)

Year	BE (Total Defence Service Estimates)	Army (Revenue)	%age share	Army (Capital)	%age share
2012-13	1,93,407.29	77,372.03	39.98%	19,237.80	9.95%
2013-14	2,03,672.12	81,119.20	39.83%	17,883.83	8.78%
2014-15	2,29,000.00	91,844.02	40.11%	26,533.60	11.59%
2015-16	2,46,727.00	1,03,315.91	41.87%	27,342.42	11.08%
2016-17	2,49,099.00#	1,13,732.72\$	45.65%	26,943.08	10.82%

1.8 During the 11th Plan period, share only for capital budget for Army in comparison with total Defence budget is given below:

(Rs. in Crore)

Year	BE(Total Defence Service Estimates)	Army (Capital)	%age share
<i>Xlth Plan</i>			
2007-08	96,000.00	11,634.18	12.12%
2008-09	1,05,600.00	13,331.48	12.62%
2009-10	1,41,703.00	18,019.94	12.72%
2010-11	1,47,344.00	17,250.84	11.71%
2011-12	1,64,415.49	19,210.69	11.68%
Total	6,55,062.49	79,447.13	12.13%

1.9 As regards the impact of budget deficiency, the representatives of Army submitted before the Committee, as under:

'As the hon. Members are aware, for the Northern borders, for the capability development along the Northern borders, there was a requirement of around Rs. 64,000 odd crore over the next eight years. We have been allotted so far just around Rs. 4,000 crore. If the balance money has to come from the Budget allotted to the Army, it would be at the expense of the existing capabilities. The impact of this has been that the reduced budget has not catered for the inflation, let alone the modernization requirements. Therefore, we have had to spend from the budget allotted for the normal functioning of the Army. I would not be wrong entirely to state that this would affect the Defence preparedness in the days ahead.'

Budget Review 2016-17

1.10 The details of additional allocations sought by Army under RE 2016-17 are as under:-

	(Rs. in Crore)			
	BE 2016-17	Projected RE 2016-17	Additionality projected	RE allocated
Revenue (Net)	113,732.72	1,34,870.40	21,137.68	1,18,908.19
Capital	26,943.08	34,706.12	7,763.04	24,026.86
Total	140675.80	169576.52	28,900.72	1,42,935.05

1.11 On the issue of cut in RE budget, the MoD further informed that under Capital segment, RE allocation is insufficient not only to cater for existing committed liabilities but also for some of the following major schemes at CFA stage that may get finalised.

1.12 Further, in context of shortage in Revenue Budget, the Ministry of Defence submitted that the allocation at RE stage in Revenue is inadequate to the requirements under Ration, FOL, AOC Stores, Works and Emergency Powers. Capability development along Northern Borders will suffer due to this inadequate fund allocation. Despite sanctioned GSL, no additional funds have been made available for the same. Thus equipment and Stores are being issued to New Raising Units (part of Capability Development along Northern Borders) from existing stocks creating systemic hollowness. Contracts with cash outgo have been signed under Emergency powers and this Committed Liability requires additional allocation. Funds over above the allocation are required for putting up Smart Fence along the LC in J&K to restrict infiltration.

1.13 The Ministry also submitted that deferment of above payments will impinge on budgetary allocation in next financial year. Last year, we have had a cut of around Rs. 3000

crore from the RE. This also will have an additional burden on this year's budget. Further, in regard thereto, the following submission was made by the representatives of Army:

'The current allocation of Budget had an adverse impact on the morale and I only hope that we get our dues so that the national security is not compromised. Therefore, my recommendations are that we need to get an additional allocation of Rs. 13000 crore for the Army's capital procurements and around Rs. 14000 crore for the revenue procurements.'

1.14 On the issue of lesser allocations to Army, the Ministry submitted as under:

'that while conveying the reduced ceilings, Ministry of Finance(MoF) did not given any reason. In spite of taking up the matter of reduced allocations with the Ministry of Finance at the highest level, the request of this Ministry for additional funds was not acceded to by the Ministry of Finance. However, during budget discussion with MoF, the slow pace of expenditure was cited by MoF as the reason for reducing allocations/ not granting additional allocations.'

Under Spending

1.15 The allocations for Capital acquisition and actual expenditure for Army during 11th Plan and 12th Plan have been as follows :-

11th Plan

Year	BE	RE	Expenditure
2007-08	8521.10	8,676.80	9,128.81
2008-09	10,194.07	8,032.57	7,739.80
2009-10	13,153.95	9,486.64	11,694.52
2010-11	12,383.36	10,841.36	11,724.88
2011-12	14,252.49	10,832.87	10,865.93

12th Plan

2012-13	13,864.14	11,568.76	10,871.79
2013-14	13,327.04	10,401.46	10,426.49
2014-15	20,935.41	14,803.29	13,867.41
2015-16	22,054.50	17997.59	14434.59
2016-17	21,135.00	-	13,375.00 (upto- Dec,2016)

1.16 With regard to the slow pace of spending, the representatives of Army, deposed before the Committee that there are many proposals pending in Ministry of Finance for approval. Therefore, they had not been able to spend the money on desired projects.

Planning

1.17 The acquisition of Weapon Systems and equipment for the Armed Forces flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability desired to be achieved by the Armed Forces over the 15 years duration from 2012 to 2027. The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan (SCAP 2012-17), covering a five year period.

1.18 From the Services Capital Acquisition Plan (SCAP), a list of equipment and weapon systems required to be procured immediately is listed in the form of the Annual Acquisition Plan (AAP). The AAP is a 2 year roll on plan. Presently AAP 2015-17 is in vogue and contains 147 schemes which are at various stages of procurement.

1.19 During the 11th Plan period, 180 numbers of contracts have been signed with cumulative value of Rs. 63172.80 crore and in the 12th Plan period 103 numbers of contracts (upto December,2016) have been signed so far with cumulative value of Rs.52486.66 crore for Capital Acquisitions of Army. The equipment procured during the 12th plan includes Tanks, UAV, Rockets, Radars, Howitzers and Missiles.

1.20 As regards, the cost and time overruns taking place in various procurements/acquisitions of Army, the Ministry of Defence submitted as under:

'there are no cost increases after the commercial bids are opened and post signing of the contracts, except on account of exchange rate variation or variation in taxes, if provisions for such variations are included in the contracts. Timelines get extended in procurement cases due to several reasons, such as insufficient and limited vendor base, non-conformity of offers with Request for Proposal (RFP) conditions, lengthy field trial requirement, complexities in contract negotiations and stakeholder consultations. Further, cases involving indigenization and design & development require a long lead time. MoD and Army Headquarters are working in unison to ensure timely procurement action as per the DPP.'

Modernization of Army

1.21 Details of additional funds sought by the Army for modernisation (Capital Acquisition) during Eleventh Plan and Twelfth Plan are given below:

(Rs. in Crore)

Year	BE Allocation	RE projection	Additional / reduced projection	RE allocated
2007-08	6,937.20	6,365.20	-572.00	6,224.20
2008-09	7,607.67	7,655.67	48.00	5,740.03
2009-10	9,821.07	9,821.16	0.09	6,254.35
2010-11	8,876.88	8,876.89	0.01	7,433.23
2011-12	10,740.02	8,982.91	-1757.11	4,950.02
2012-13	13,724.14	13,515.87	-208.27	11,568.76
2013-14	13,327.04	13,921.98	594.94	10,801.46
2014-15	20,935.41	18,585.48	-2,349.93	16,927.35
2015-16	22,054.50	20,466.79	-1,587.71	17,997.59
2016-17	21,535.26	27,476.22	5,940.96	17,966.46

1.22 On this account, the representatives of Army deposed before the Committee as given:

'As regards Indian Army's capability, the allotment of the budgets over the years as had an adverse effect on its modernization programmes. As against 30 per cent of equipment which should normally be the state-of-the-art, we are much below that level right now. The hon. Members may be also aware of the shortage of ammunition that we have had recently. so far as the modernization schemes are concerned, we have 13 schemes for CCS approval as on date. That is on track. Again, budget is a problem. For the modernization requirement this year, there is an inescapable requirement of around Rs. 4,045 crore.'

Acquisition from indigenous sources

1.23 The Committee sought details of the acquisitions made from indigenous sources and the outlay spent on indigenous acquisitions during the Eleventh and Twelfth Plan Periods. The Ministry stated as under:

'The indigenous equipment holding of the Indian Army varies from one type of equipment to another. Depending on the initial procurement scheme, indigenisation and ability of the Ordnance Factory Board to absorb Transfer of Technology (ToT), indigenous holding of equipment in Indian Army varies between 20% to 90% for different type of equipments.

The expenditure on Capital Acquisition for Army for orders placed on Indian vendors during the 11th Plan period was Rs. 43271.36 crore, out of the total expenditure of Rs 51153.94 crore. During the last three financial years, 50 contracts for Capital Acquisitions of Army were signed with Indian vendors with total contract value of Rs 20,564.84 crore. During the current financial year (2016-17), 5 contracts have been signed with Indian vendors with total value of Rs. 6687.48 crore. The expenditure on capital acquisition in respect of orders placed on Indian vendors during 2014-15 and 2015-16 was Rs. 21844.48 Crore (77.18%). During the current financial year (upto Jan 2017) , DAC has accorded Acceptance of Necessity for 8 capital procurement cases involving an estimated cost of Rs. 19,120.89 crore, out of which 4 cases are under 'Buy

Indian' category at the cost of Rs. 16,469.14 crore and 2 cases are under 'Buy (Indian-IDDM) at cost of Rs. 1,684.13 crore.

Capital procurement of Defence procurement is carried out as per the Defence Procurement Procedure. A number of measures have been adopted to achieve self-sufficiency in meeting Defence requirements by harnessing the capabilities of both, the public and the private sector. These measures include according priority and preference to procurement from Indian vendors under the Defence Procurement Procedure (DPP) 2016 and liberalization of the licensing regime.'

1.24 With regard to the indigenisation efforts being undertaken by Army, the following input was placed before the Committee during the oral evidence:

'In fact the Ministry of Defence hon. Minister himself has been actually campaigning for 'Make in India' and I have Deputy Chief P&S next to me. He has been singularly taking this task on himself. He has been visiting various stations, various industries, he had been having interaction with the various industrial groups, visiting IITs and telling them as to what the army is looking for and I am happy to inform the House that we have also created something called Army Design Bureau separately headed by a Major General who would be interacting with the industry telling them as to what our requirements are and our effort is to create and to make sure that most of what we need is produced in house so that we do not face a situation as we faced recently in having to go all around to buy ammunition for the country.'

Bullet Proof Jackets

1.25 The Committee had been taking up the issue of shortage of Bullet Proof Jackets in Army for last many years. In this regard, the Committee were informed that the approval of Defence Acquisition Council for purchase of desired BPJs was obtained on 19.10.2009. However, the necessary procurements could not be made due to various reasons.

1.26 In the Action Taken Replies on 20th Report 16th Lok Sabha, the Ministry of Defence had furnished the following information on procurement of BPJs:

'that Ballistic Evaluation of samples provided by the vendors under RFP for quantity 1,86,138 BPJs issued on 07 December 2012 was conducted at Terminal Ballistics Research Laboratory (TBRL), Chandigarh from 12th March 2015 to 16th June 2015. The RFP was later retracted on 05th October 2015 due to rejection of all samples in the trials conducted by the Indian Army. Analysis revealed lack of technology and manufacturing expertise as the reasons behind sample failure on evaluation. RFP for procurement of quantity 1,86,138 BPJs as per revised GSQR No. 1438 has been re-issued on 04 April

2016. TEC commenced w.e.f 1st August 2016 and was completed on 19th September 2016. The trials will commence post approval of TEC report. Further progress of the case will be guided as per Defence Procurement Procedure (DPP). Meanwhile, an immediate requirement of quantity 50,000 BPJs is being met through Revenue route and the complete quantity is likely to be received by April 2017 based upon earlier GSQR (GSQR 878). The procurement through Revenue Route on GSQR 878 has been undertaken to ensure the availability of BPJs till the procurement of BPJs as per new GSQR (GSQR 1438) fructifies and is available for issue.'

1.27 Intimating further on the present position on BPJs progress made in procurement of BPJs, the Ministry submitted that based on the new recruitment and emerging threats, the requirements of the BPJs are on the increase. However, as on date, the total authorisation of BPJs in Army is 3,53,765. The case for procurement of BPJs (quantity 1,86,138) as per new GSQR 1438 is presently at trial stage. Elaborating further, the Ministry of Defence furnished the following information:

'In response to the RFP for procurement of 1,86,138 BPJs issued on 04.04.2016, five vendors have submitted their bids each offering two models of BPJs. All the vendors were found to be technically qualified to participate in trials, which are likely to commence in March 2017. In this regard, the Ministry further submitted that Mishra Dhatu Nigam Limited (MIDHANI), a DPSU under Department of Defence Production, had earlier developed Bullet Proof Jacket made of steel. However, the same was not meeting the requirement of user.

2. The state-of-the-art Bullet Proof Jackets are manufactured from the fabric made up of the fibres such as 'Aramid' or 'Ultra High Molecular Weight Polyethylene (UHMWPE)', which is light weight, strong and comfortable to wear. The technology for fibre/fabric manufacture is not available in the country, however, there are a few foreign manufacturers having this technology.

3. The downstream technology for further processing of fabric into material for BPJ manufacture exists with Indian private sector.

4. MIDHANI has now initiated the process to acquire technology for making fibres such as 'Aramid' or 'Ultra High Molecular Weight Polyethylene (UHMWPE)' within the country, in collaboration with concerned foreign companies.'

1.28 The Committee desired to be apprised about the procurement of 50,000 BPJs (GSQR 878) for immediate requirement. In this connection, the MoD submitted as under :

'The procurement of 50,000 BPJs was contracted in March 2016 in order to meet immediate requirement. The delivery of BPJs has already commenced and 30,000 BPJs have so far been received. Delivery of the balance 20,000 BPJs is likely to be completed by March 2017. No complaints have been received from the users regarding the quality of these BPJs.'

1.29 As regards the quality of Bullet Proof Jackets being supplied to Indian Army, the Committee desired to be given a comparative analysis regarding weight, protection to cover lethality coverage area on body, price etc. of BPJs available with Army, to be procured and available with Armies of developed countries. In this regard, the Ministry of Defence gave the following details:

1.30 The comparison of the existing BPJ with the BPJs of Armies of developed countries and in open market is as under:

Ser No	Details	Existing BPJ	To be Procured	US	UK	Open Market
(a)	Wt	5.5 kg	10.1, 10.4 & 11.3 kgs	13.6-5.9kgs	13–15 kgs	10-12kgs
(b)	Protection	Level III-A	III Plus	III	III & IV	III & III Plus
(c)	Coverage Area on Body	1500 cm ²	4800 cm ² (med size)	4300 cm ²	4300 cm ²	4300-5000 cm ²
(d)	Price (Approx)	Rs 20,000	Rs 60,000	Rs 1 lac	Rs 1 lac	Rs 65,000

Shortage of arms and ammunition

1.31 The Committee, in their course of examination, noted that the Army endures with huge deficiency in arms & ammunition. The Committee desired to be educated on how the Ministry of Defence plans to mitigate the shortage on weapons, equipments and ammunition. On this issue, the Ministry of Defence submitted the following information:

(a) **Weapons and Equipment**. The deficiencies of 'in-service' weapons and equipment are identified every year through Annual Provision Review and procurement cases re initiated through Revenue procedure for all except armoured fighting vehicles, rockets and missiles. Items under the product range of OFB are indented to OFB and other are procured through trade / ex-import.

(b) **Ammunition**. Ammunition shortages are being made up as follows:-

- (i) **Five Year Roll ON Indent**. A Five Year Roll on Indent for ammunition has been placed on OFB for the period 2014-19.
- (ii) **Ammunition Road Map**. Ammunition Road Map for ex-import / trade ammunition was prepared and approved by Hon'ble RM in June 2013. Procurement cases for ammunition are under process at various stages of procurement before contract finalization.
- (iii) **Emergency Procurement**. MoD had accorded Emergency Procurement Powers to VCOAS under Schedule 23 of DFPDS 2016. This will enable to fast-track the procurement. However, the build-up of stocks will depend on vendors capacity to supply the ammunition being procured.
- (iv) **Manufacturing of Ammunition for Indian Army by Indian Industry**. Eight types of ammunition have been identified for manufacture by Indian Industry. RFI has been uploaded and responded by 23 vendors. Preparation of RFP is under progress.
- (v) **Full Power for Critical Levels**. MoD has delegated the powers for procurement to SHQ in order to maintain minimum levels of critical ammunition (10(i) levels of WWR) and critical spares.'

1.32 The Committee desired to be informed about pending cases of procurement for various categories of ammunition for the Army. In this regard, the Ministry submitted as under:

'Out of 30 cases for procurement approved by the Hon'ble RM in July 2013, 19 cases are in various stages of procurement, 04 cases being retendered and procurement in 07 cases have been pended for reasons mentioned below:

- (a) **300mm SMERCH (04 Cases)**. Deliveries for last import contract concluded in Nov 14 are in progress. A joint venture (JV) between OFB and OEM (ROE, Russia) is under negotiation for future production in India. Balance requirements will be sourced indigenously after establishment of JV.
- (b) **122mm GRAD BM 21 ER (01 Case)**. Ex-import deliveries for last contract of quantity 15,000 signed in Aug 14 are in progress. DRDO has developed the rocket and are in the process of production of the same indigenously.
- (c) **125mm HE and 125mm HEAT (02 Cases)**. 02 cases of import have been pended as OFB production which was held up due to QA/QC problems, has recommenced after corrective measures.'

1.33 As regards the alleviation of shortage of ammunition, the Ministry of Defence further, informed the Committee during oral evidence as below:

'As regard ammunition, we are probably on the right track with the delegation of powers which have been allotted. But, yet, even for the money which had to be paid this year, there is a deficit. Overall, in the next five years, we will require around Rs. 6,000 odd crore in case the ammunition requirement is to be made up.'

Procurement of Rifles

1.34 The Ministry was asked to provide a brief on the procurement of different types of Assault Rifles. The following information was furnished:

(i) Dual Calibre Assault Rifle: DAC vide decision dated 20.11.2009 had accorded AoN for procurement of Assault Rifles under 'Buy& Make' category with ToT to OFB. Request for Proposal (RFP) was issued for procurement of dual calibre Assault Rifle in November, 2011. However, as the equipment fielded for trials did not fulfil General Staff Qualitative Requirement (GSQRs), the RFP was retracted in June, 2015.

(ii) 5.56 mm Assault Rifle: A new 5.56 Assault Rifle was developed by Armament Research and Development Establishment (ARDE), Pune, DRDO and OFB. The weapon prototypes were subjected to technical trials in Sept and Oct 2015 and User evaluation trials were carried out in Nov & Dec 2015. In Feb, 2016 Alteration Committee approved modifications in the existing INSAS 1 B rifle.

(iii) 7.62x51mm Calibre Assault Rifle: Request for Information (RFI) for New Assault Rifle (7.62x51mm) was hosted on MoD website. Presently GSQR is under formulation. Simultaneously, the OFB was directed to develop and produce a prototype for Army's requirement. OFB is in the process of development of the Weapon and the same is planned to be fielded for user evaluation by March 2017.'

Main Battle Tank

1.35 The Committee were keen to know about induction of MBT Mark-II in the Army. On this issue, the Committee furnished the following information:

'A total of 124 MBT Arjun Mark-I have been inducted into the Indian Army. Two Regiments have been equipped with these tanks. Some of the issues affecting the satisfaction with the tanks include the weight of MBT Arjun Mark-I (being a heavy tank, its utility is limited and affects deployment in all sectors), incidents of barrel burst/bulge/chipping, shortage of ammunition affecting practice/training and deficiency of spares for maintenance of the existing fleet of Arjun Mk-I. Further, MBT Arjun Mk-II has so far not been inducted into the Indian Army as the tank with upgrades is under Trial Evaluation by the Indian Army.'

Shortage of Manpower

1.36 The Ministry furnished the following information in respect of required and existing manpower of Army:

	Authorised strength	Held Strength	Deficiency
Officers	49,939	41,569	8,370 (16.76%)
JCOs/OR	11,95,152	11,82,468	12,684 (1.06%)
Total Manpower	12,45,091	12,24,037	21,054

1.37 When asked how the Ministry proposed to fill these gap, the Ministry apprised the Committee as under :

'The present deficiency of officers in the Indian Army stands at 17% and is planned to be reduced @ 1% per year.

The overall deficiency of JCOs/OR is nominal (1.06%). 84,069 recruits (7.03%) are already under training and would be sufficient to make up the deficiency.

Moreover, shortage of officers in the Indian Army is mainly due to deficiency in intake of support cadre. The intake of support cadre has been lower than allocated vacancies. In order to ensure enhanced induction of Support Cadre, the proposal of making Short Service Commission (SSC) attractive is being pursued.'

CHAPTER - II

NAVY

The Indian Navy (IN) is the prime element of India's maritime power. With 7516 kms of coastline and 1382 number of islands, India is primarily a maritime nation. Approximately 90% of India's international trade by volume and over 70% by value is carried over seas. Moreover, protection of mercantile marine is an important charter. Therefore, India's economic resurgence is linked to supremacy in seas. Along with security and safety, benign roles of Navy is also multi-faceted.

Budget Review

2.2 Data on projections and allocations of Budget Estimates (BE), Revised Estimates (RE), Modified Appropriation (MA) and actual expenditure in respect of the Navy (including Joint Staff) for the last five years including 2017-18 is as follows:

(Rs. in Crore)

Year	BE		RE		MA	Actual Expenditure
	Projection	Allocation	Projection	Allocation		
2012-13	44,478.90	37,314.44	40,768.63	29,668.33	28468.33	29593.53
2013-14	52,940.22	36,343.46	42,349.79	33,582.92	32549.56	33393.21
2014-15	47,823.78	37,808.46	38,656.82	32,442.86	35742.62	35948.53
2015-16	44,814.71	40,528.88	40,990.50	34,375.24	34706.86	34866.73
2016-17	48,725.87	39,424.88	41,878.27	37,410.27	-	25174.18*
2017-18	51,065.20	37,841.98				

* upto December, 2016.

Revenue Budget

2.3 The details of the Revenue allocation along with projections for the year 2017-18 is as stated below:

(Rs. in Crore)

Head	BE		Allocation wrt Projection
	Projected	Allocated	
Pay and allowances	9393.79	8571.57	91.25%
Other heads	10339.39	7927.63	76.67%
Total	19733.18	16499.20	83.61%

Revenue Budget Overview

- Maintenance, training, repairs, works, and administrative expenditure met from OTPA
- 55 percent of OTPA accounts for fuel, ammunition, spares for machinery, weapons and sensors
- Growth in Revenue Budget needs to factor for inflationary trends
- Additional burden due to Customs Duties, Emergency procurements and rising cost of fuel & spares

2.4 The Ministry of Defence informed that Pay and allowances (about 53% and other than Pay and Allowances (OTPA) 47%). First time, in 25 years that the P&A component has exceeded the OTPA.

Capital

2.5 The details of the Revenue allocation along with projections for the year 2017-18 is as stated below:

(Rs. in Crore)

Scheme	BE	
	Projected	Allocated
Modernization	26,221.49	18004.76
Committed Liabilities	22479.55	14004.76
New Schemes	4141.94	4000.00
Land and Works	925.00	598.95
Total Capital Budget	27546.49	18603.71

Implications of Reduced Budget

Major contracts targeted in XII Plan not fructified

- 6xP75 (I) submarines - 127 x Helicopters
- 4xLanding Platform Dock - 16 x ASW Shallow Water Craft
- 5x Fleet Support Ship - 4 x Survey Vessel Large
- 12 x Mine Counter Measure Vessels
- Capital allocations insufficient to meet Modernization efforts
- Revenue allocations insufficient to met day to day operations and maintenance

2.6 The representatives of Navy submitted before the Committee that BE17-18 is less than Committed Liabilities. This year, the allocation is Rs. 18,000 crore in the capital budget whereas the committed liabilities itself is Rs. 22,000 crore.

Budget Review 2016-17

2.7 The details of additional allocation sought by Indian Navy under RE 2016-17 are as under:-

(a) Navy (including Jt. Staff)

(Rs. in Crore)

	BE 2016-17	Projected RE 2016-17	Additionality projected	RE allocated
Revenue (Net)	17,424.79	19,348.23	1,923.44	17,813.99
Capital	22,000.09	22,530.04	529.95	19,596.28
Total	39,424.88	41,878.27	2,453.39	37,410.27

2.8 The Ministry of Defence informed that while conveying the reduced ceilings, Ministry of Finance did not given any reason. In spite of taking up the matter of reduced allocations with the Ministry of Finance at the highest level, the request of their Ministry for additional funds was not acceded to by the Ministry of Finance. However, during budget discussion with MoF, the slow pace of expenditure was cited by MoF as the reason for reducing allocations/ not granting additional allocations.

2.9 On the issue of reduced allocations, the representatives of Ministry of Defence further stated that Schemes under Committed Liabilities were aligned as per funds made available. Navy revised the outgo at RE 16-17 stage based on progress of schemes and certain slippages in projects. RE 16-17 allocated under the modernization segment was reduced from BE allocations. Since Navy would have to meet its Committed Liabilities, the reduction will affect the New Schemes which are at CFA approval and advanced CNC Stage. As a result, Navy would not be able to either conclude the contracts or make the advance payments as per the contracts. Delaying these schemes will not only have a cascading effect on the budget of FY 17-18, but also result in delays in acquiring capability towards modernization and bridging existing capability gaps.

Percentage of Naval share

2.10 The percentage of naval share of total Defence Budget has declined over the years. The details in this regard are as follows:

Year	Percentage share of Defence Budget (BE stage)
2012-13	18.12
2013-14	16.79
2014-15	15.37
2015-16	15.32
2016-17	14.55
2017-18	13.39

Naval Base Karwar

2.11 The Committee desired to be apprised about the modernization of Naval Base in Karwar. In this connection, following information was placed before the Committee:

'Naval Base, Karwar (Phase I). The setting up of a Major Naval Base at Karwar, as Project Seabird, was approved by the Gol in 1985, at a cost of Rs. 350 Crs. All major works envisaged as part of Phase I of the Project have been completed. Phase I caters for infrastructure for 10 ships/ submarines and 10 yard craft. The existing infrastructure includes the following:

- (a) A Naval Ship Repair Yard.
- (b) Berthing facility for 10 ships/ submarines.
- (c) Ship lift of 10,000 T capacity.
- (d) 141 bed hospital.
- (e) Armament facility.
- (f) Residential Accommodation.
- (g) Logistics complex encompassing Material Organisation, Base Victualing Yard and Weapon Equipment Depot.
- (h) Sports and recreational facilities.

1. Naval Base, Karwar (Phase II A). The Naval Base is being further augmented and upgraded as part of Phase IIA. The CCS sanction was accorded on 06 Dec 12 for Rs. 13,161 Crs on Jan 2010 rates for augmentation of infrastructure and other facilities over a ten year period (Rs. 19603 Crs with 6% escalation). Phase II A of Project Seabird caters for basing of 32 ships/ submarines, 12 FICs, and 23 yard craft along with all associated facilities and infrastructure. The Project Management Consultant (PMC) has since been appointed in Nov 2014, to undertake overall Project Management, undertake detailed design of Marine Works, Covered Dry Berth, Other Works and Security & Communication packages. The major scope of work will be executed in 13 Work Packages and includes the following:

- (a) 10 Operational Piers (additional 3605 m of berthing space)
- (b) Dockyard & Fleet Base Buildings
- (c) Naval Air Station
- (d) Augmentation of Naval Armament Facilities
- (e) Augmentation of Residential Facilities
- (f) Augmentation of Security & Communication Facilities
- (g) Augmentation of Naval Hospital to 400 bedded capacity
- (h) Other Works (Water, Power, Sewage, Roads & Bridges, Hill Slope Stability and Flood Mitigation)

2. Present Status – Phase IIA. As part of early works, nine surveys/site investigations/ studies have been ordered, of which four have been completed. The Letter of Acceptance for the first major critical work package MWC 1 (Dredging, Reclamation, Revetment and Quarrying) has been issued on 16 Jan 17. In 2017, RFPs for the following packages are planned to be issued:

- (a) DB 1 Package (Residential Accommodation for service personnel at Site A).
- (b) MWC 2 Package (Construction of Northern Piers and support services).
- (c) MWC 3 Package (Construction of Northern Piers and support services).
- (d) DB 3 Package (Residential Accommodation for civilians in Site B)
- (e) DB 2 Package (Residential Accommodation for service personnel and augmentation of hospital).'

Coastal Security

2.12 There are many agencies/stakeholders working in maritime domain. Therefore, coastal security requires ample coordination among all the agencies. These agencies include Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Coastal State Governments, IB, R&AW, Min of Agriculture/Fisheries, DG/Ministry of Shipping, Port and Customs Authorities, Ministry of P&NG, Private operations, CISF etc. Indian Navy is the Lead Agency responsible for coastal security. The Committee desired to be apprised on various measures being undertaken towards ensuring fool-proof coastal security. In this regard, the Ministry submitted that many measures have been undertaken. These include 146 exercises conducted since 2009 to validate surveillance and multi-agency response capability, JOC with IN-ICG-Marine Police at four commands, 191 interactions held with fishing community in 2016 to develop them as eyes and ears etc Conduct of Coastal Security Exercises, establishment of Sagar Prahari Bal and Induction of 57 fast track for crafts, Training of CISF, BSF and Marine police personnel, creation of National Maritime Authority and National Command Control Communication and Intelligence Network & Information Mgt & Analysis Centre (IMAC).

Force Level

2.13 The Committee were informed by Ministry of Defence that Emergency Cabinet Committee report of 1964 approved Force Level of 138 ships and submarines. Meanwhile maritime security environment has undergone considerable changes. Keeping this in view, in 2012, DAC approved 198 ships and submarines by 2027. The present force level with Navy is 121 ships, 15 submarines and 232 aircraft.

2.14 The Committee enquired about the undergoing efforts to achieve desired force level. In this regard, the Committee were informed that the following focus areas are under consideration/progress at various levels:

MAJOR PROJECTS

- 41 Ships/ Submarines & 01 FDN under construction
- CSL - IAC-1

MDL

- 04 Destroyers
- 04 Frigates
- 06 Submarines

GRSE

- 03 Frigates
- 02 Corvettes
- 01 WJFAC
- 07 LCUs
- Private/PSU-05 NOPVs, 03 CTS, 05 Survey Ships & 01 FDN

FOCUS AREAS -SHIPS

- Impetus to replace ageing platforms
- Induction of Indigenous Aircraft Carrier, { 158 and P 17A Ships
- Induction of Mine Counter Measure Vessels (MCMVs)
- Current six MCMVs over 27 years old & due for de-induction by 2018
- Case for induction of 12 MCMVs ex-Goa Shipyard Ltd being progressed to meet the capability shortfall

FOCUS AREAS - SUBMARINES

- Force level Planned 18 (Conventional)
- Present 14 conventional Submarines - 17 to 31 years old
- Six P-75 submarines under construction at MDL
- Medium Refit Life Certification (MRLC) of submarines
- Case for six P-75 1 submarines pending decision on Strategic Partnership model

FOCUS AREAS

AIRCRAFT/HELICOPTERS

Critical for ASW, Surveillance & Stand-off Targeting

Deficiency of 61 integral helicopters on existing ships

Case for Multi Role Helicopter under consideration of Ministry of Defence and a critical operational void

Mid Life Upgrade of 10 Kamov-28 Helicopters, 04 P81 aircraft (Option Clause) and 12 Dornier aircraft

16 ALH, 08 Chetak, 09 MRMR aircraft and 111 NUH (pending due to Strategic Partnership model)

Accident data of Navy

2.15 All cases of accidents which occurred during the 11th Plan and first four years of 12th Plan were investigated and a Board of Inquiry was convened, as per laid down procedures. The details are as follows:

<u>Ser</u>	<u>Date</u>	<u>Incident</u>	<u>Cause of Accident</u>	<u>Outcome of Investigation</u>
(a)	07.01.07	Incident of KM 569 of Kunjali II	Material Malfunction (Intermittent)	01 officer was found culpable and disciplinary action against him has been completed .
(b)	11.01.07	Accident of UAV Searcher (US-901) at NAS (R)	Crew Resource Management Failure	01 officer was found culpable and disciplinary action against him has been completed .
(c)	25.01.07	Incident of Heron UAV 921 of INS Garuda	Inadequate operational support	01 officer was found culpable and disciplinary action against him has been completed .
(d)	28.02.7	Accident of SK 521 of Kunjali II	Material Failure	04 officers and 02 sailors were found culpable and disciplinary action against them has been completed .
(e)	05.04.07	Accident of Sea Harrier– 651 of INS Hansa	Undetermined	No individual or organisation was held blameworthy for the incident. Deaths of 01 naval personnel were considered as attributable to service.
(f)	19.06.07	Touching bottom of LCU L – 33 at Nan Cowry Harbour	Error of Judgment by Crew	02 officers were found culpable and disciplinary action against them has

been **completed**.

- (g) 20.06.07 Grounding of INS Sindhuraj while entering Harbour Error of Judgment by Crew 01 officer was found culpable and disciplinary action against him has been **completed**.
- (h) 02.08.07 Damage to propellers of INS Pralaya Presence of sandbars not known to the ship at the time of incident and later established through survey No individual or organisation was held blameworthy for the incident.
- (j) 08.09.07 Accident of SH 608 of INS Viraat Non – adherence of laid down norms of training for the aircrew 01 officer was found culpable and disciplinary action against him has been **completed**.
- (k) 23.10.07 Incident on SU 535 of INS Dega Material Failure 02 officers were found culpable and disciplinary action against them has been **completed**.
- (l) 24.12.07 Accident of SH 613 of INS Hansa Support Lapse (Maintenance) No individual or organisation was held blameworthy for the incident.
- (m) 12.01.08 Propellers touching the bottom and consequential damages of FAC - 84 Error of Judgment by Crew 02 officers were found culpable and disciplinary action against them has been **completed**.
- (n) 20.01.08 Collision of INS Sindhughosh with MV Leeds Castle Crew error 02 officers were found culpable and disciplinary action against them has been **completed**.
- (p) 01.02.08 Accidental venting of H2S Gas Compartment and loss of lives onboard INS Jalashwa Failure to establish safe working practices, non-compliance of organisational procedures for record keeping, not undertaking routines and not sensitizing/ training crew adequately 04 officers and 03 sailors were found culpable and disciplinary action against them has been **completed**. Deaths of all 06 naval personnel were considered as attributable to service.

- (q) 09.05.08 Touching of bottom by INS Mahish Error of Judgment by Crew 02 officers were found culpable and disciplinary action against them has been **completed**.
- (r) 04.06.08 Touching in sand bank by INS Vindhyagiri leaving Kochi Harbour Organisational failure on the bridge of the ship 04 officers were found culpable and disciplinary action against them has been **completed**.
- (s) 14.08.08 Ground accident of KM 562 of INS Hansa Human error 02 officers were found culpable and disciplinary action against them has been **completed**.
- (t) 27.08.08 Belly fire on SH 616 of INS Hansa Material Failure (premature) No individual or organisation was held blameworthy for the incident.
- (u) 28.08.08 Parting of under carriage left leg weld seam on CH 478 of INS Rajali Material Failure (Fatigue) No individual or organisation was held blameworthy for the incident.
- (v) 15.09.08 Bending and cracking of port upper attachment point on CH 438 of INS Rajali Operational hazard (Training Hazard) No individual or organisation was held blameworthy for the incident.
- (w) 13.10.08 Accidental bursting of detonator during demonstration session onboard INS Sindhuvijay Procedural lapses by crew 02 officers and 01 sailor were found culpable and disciplinary action in respect of officers has been completed against them. No disciplinary action was initiated against the sailor as the sailor was released from service on 31 Jan 09.
- (x) 17.10.08 Ground accident of KM 566 of INS Hansa Maintenance error (neglect) 02 officers and 05 sailors were found culpable and disciplinary action against them has been **completed**.
- (y) 23.01.09 BOI- Damage of both propellers of INS Godavari. Crew Error 06 officers were found culpable and disciplinary action against them has been **completed**.
- (z) 17.07.09 BOI- Incident of fire on board INS Agray. Systems failure 04 officers and 04 sailors were found culpable and disciplinary action against

them has been **completed**.

- (aa) 04.08.09 BOI- Collision between Ranvir and Kuthar Material Failure of steering gear feedback mechanism onboard ship 02 officers were found culpable and disciplinary action against them has been **completed**.
- (ab) 04.01.10 BOI- Damage to the ships multi beam Sonar while docking INS Sarvekshak Error by Docking Crew. 03 officers and 02 civilians were found culpable and disciplinary action against them has been **completed**.
- (ac) 26.02.10 Battery pit explosion onboard INS Sindhurakshak Crew Error 04 officers and 01 sailor were found culpable and disciplinary action against them has been **completed**. Death of sailor was considered as attributable to service.
- (ad) 26.11.10 BOI- Fire onboard INS Delhi in Officer's Galley Electrical Short Circuit in hot plate 04 officers were found culpable and disciplinary action against them has been **completed**.
- (ae) 20.01.11 Collision of J3 sailing Boat with INS Kalpeni Crew Error 02 officers were found culpable and disciplinary action against them has been **completed**.
- (af) 30.01.11 Collision between Nordlake and Vindhyagiri MV Matter Subjudice INS 10 officers and 07 sailors were found culpable. Disciplinary action has been completed against 09 officers and 07 sailors. At present the case of collision is pending with **Admiralty Court and is thus subjudice**. Disciplinary action against one Officer can only be taken after court ruling on the case.
- (ag) 30.05.11 Fire in Galley onboard INS Deepak Electrical fire in deep fat fryer 05 officers and two sailors were found culpable and disciplinary action against them has been **completed**.
- (ah) 11.03.12 Fire on board LCU Heat from the weld 01 officer and 02 sailors

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surface owing to continuous hot work onboard. were found culpable for incident and disciplinary action against them has been **completed**.

- (aj) 08.10.12 Fire in engine room - INFAC 83 Material failure (dislodging of 'Air Purging Plug'). No individual or organisation was held blameworthy for the incident.
- (ak) 15.10.12 Crash of CH 405 (Chetak Helicopter) of INS Shikra Material Failure of servo units in air leading to sudden un-commanded pitch up and roll to right. No individual or organisation was held blameworthy for the incident. Deaths of all 03 naval personnel were considered as attributable to service.
- (al) 19.12.12 Fire in AFT battery pit onboard INS Shankush Material failure (Electrical spark in the Battery pit) No individual or organisation was held responsible for the cause of fire and the incident was treated as an accident.
- (am) 14.07.13 Fire onboard INS Tarasa Crew Error 03 officers and 04 sailors were found culpable and disciplinary action against them has been **completed**.
- (an) 05.03.13 Crash of CH 440 of INS Dega (Chetak Helicopter) Material failure No individual or organisation was held blameworthy for the incident. Deaths of all 02 naval personnel were considered as attributable to service.
- (ap) 26.07.13 Damage to StbdHelo hangar and other fittings of INS Delhi by Yard 12701 (Kolkata) Error of Judgment by Crew 02 officers were found culpable and disciplinary action against them has been **completed**.
- (aq) 14.08.13 Explosion in INS Sindhurakshak Organizational and Individual lapses 02 officers were found culpable. 01 officer was absolved of the charges against him and disciplinary action against 01 officer has

been **completed**. The death of 18 member crew was considered as attributable to Service.

- | | | | | | |
|------|----------|--|--------------|---|---|
| (ar) | 22.09.13 | Fire onboard Viraat | INS | Material Failure (Internal short circuit inside the split AC onboard) | 05 officers and 01 sailor were found culpable and disciplinary action against them has been completed . |
| (as) | 04.12.13 | Fire onboard Konkan | INS | Non-Compliance of Extant Orders. | 04 officers and 02 sailors were found culpable and disciplinary action against them has been completed . |
| (at) | 19.12.13 | Scraping of Tarkash shipside on SBW Knuckle | INS | Error of Judgment by Crew | 02 officers were found culpable and disciplinary action against them has been completed . |
| (au) | 23.12.13 | Collision of Talwar with fishing boat | INS
unlit | Failure of AIO Ops Room Organisation onboard ship | 04 officers and 02 sailors were found culpable and disciplinary action against them has been completed . |
| (av) | 08.01.14 | Crack on sonar dome of INS Betwa | | Error of Judgment by Crew | 03 officers were found culpable and disciplinary action against them has been completed . |
| (aw) | 17.01.14 | Suspended movement of INS Sindhughosh while securing to alongside berth | INS | Incorrect tidal predictions promulgated in ITT 2014 version I | 01 officer was found culpable and disciplinary action against him has been completed . |
| (ax) | 23.01.14 | Sea water ingress into tiller flat through a crack/hole in Ship side of INS Vipul. | | Unethical work practices by subcontractors, poor quality control, inadequate preservation, failure of supervisory/ monitoring agencies, poor refit management and contravention of laid down orders/ SOPs | 05 officers were found culpable and disciplinary action has been completed . |

- (ay) 30.01.14 Damage to Port propeller of INS Airavat whilst entering Harbour. Non-adherence of laid down SOPs in pilotage water 02 officers were found culpable. Disciplinary action against them has been **completed**.
- (az) 26.02.14 Incident of fire in third compartment and death of two officers onboard INS Sindhuratna Electrical short circuit in cables 07 officers were found culpable and disciplinary action against them is being processed at IHQ MoD(N). Deaths of all 02 naval personnel were considered as attributable to service.
- (ba) 07.03.14 Accident onboard Yard 12701 (Kolkata) under construction at MDL while carrying out trials of Engine Room firefighting system Material Failure No individual or organisation was held responsible for the cause of incident and the incident was treated as an accident. The death of the officer is considered as attributable to Service.
- (bb) 06.04.14 Incident of Smoldering and thick smoke in Armoury during Hot Work of INS Matanga Lack of preparation, poor refit management and contravention of laid down orders by dockyard staff/contractors 02 officers were found culpable. Disciplinary action against them has been **completed**.
- (bc) 28.06.14 Damage to port propeller of INS Kuthar while coming alongside at Port Blair. Non-adherence of laid down SOPs in pilotage water 07 officers and 01 sailor were found culpable and disciplinary action against them has been **completed**.
- (bd) 02.07.14 Touching bottom of INS Cheetah while entering Kochi Harbour Lack of cohesion between the Bridge SSD/ pilotage organisation 04 officers were found culpable. Disciplinary action against them has been **completed**.
- (be) 31.10.14 Collision of INS Kora with MV Madeleine Rickmers at Sea Error of Judgment by Crew 02 officers were found culpable and disciplinary action against them has been **completed**.

- (bf) 06.11.14 Sinking of TRV-72 BOI under process Disciplinary action against 02 officers and 03 sailors is being processed. Disciplinary action against 02 officers has been **completed**. Deaths of all 05 naval personnel were considered as attributable to service.
- (bg) 25.03.15 Ditching of IN Dornier aircraft at Sea INDO 240 BOI under process 01 officer was found culpable and disciplinary action against him has been **completed**. Deaths of all 02 naval personnel were considered as attributable to service.
- (bh) 23.05.15 Minor damage on port quarter of INS Kumbhir while coming alongside. Possible malfunctioning of Port Main Engines Controls. No individual or organisation was held responsible for the cause of accident.
- (bi) 27.02.15 Scraping of STBD propeller of INS Satpura whilst casting off from GMB jetty at Porbandar. Inadequate information regarding depths alongside the Northern edge of the GMB jetty and non-notification of the underwater obstructions at the location by the Port Authorities. No individual or organisation was held responsible for the cause of accident.
- (bj) 19.02.15 Sustaining of damage to forward periscope and Ramka Mast of INS Sindhugosh on 18 Feb 15. Combination of inadequate situational awareness, failure to assess that a close quarter situation/ collision was developing/ imminent and inadequate avoiding actions. 03 officers were found culpable and disciplinary action against them has been **completed**.

(bk)	19.10.15	Damage to STBD propeller blades of INS Kolkata.	Chance impact with either some metallic object/ hard flotsam or metallic/ concrete sinkers sometime used with fishing gear	No individual or organisation was held responsible for the cause of accident.
(b)	21.12.15	Explosion in SRGM mounting of INS Sahyadri at sea.	Faulty ammunition which led to the explosion.	No individual or organisation was held responsible for the cause of accident.
(bm)	21.01.16	Fire and subsequently sinking of FIC 304 off Chennai.	BOI under process	A BOI was constituted to investigate the incident and at present, Board proceedings are being examined at IHQ MoD (Navy) for causative analysis and approval thereafter.
(bn)	18.03.16	Accident of IN "HV 923" on 18 Mar 16 off Kochi.	BOI under process	A BOI was constituted to investigate the incident and at present, Board proceedings are being examined at IHQ MoD (Navy) for causative analysis and approval thereafter.

2.16 The recommendations of the Boards of Inquiry (Bsol) have identified the causes of the incident, and the recommended disciplinary action against the culpable, where applicable. Further, the Bsol has also recommended measures for mitigating the recurrence of these accidents in the future.

2.17 A number of steps have been by the Navy to strengthen the 'Safety Mechanism'. These include augmentation of the Safety Organisation by taking the following major initiatives:-

- (a) A number of Safety Class Authorities (SCAs) have been setup to provide 'policy' at the Apex level to mitigate such incidents/ accidents.
- (b) Safety Audit of ships, submarines and aviation units have been institutionalised wef 27 Feb 14 and are being undertaken on a regular basis by designated audit teams of respective Commands/ Operational Headquarters. The feedback from the President of the Audit Boards and Command/ Operational Headquarters is being monitored at IHQ MoD(N) for suitably addressing mitigation measures.
- (c) Incident Study and Analysis Cells (ISACs) have been set-up at professional schools wherein lessons learnt from previous accidents/ incidents are incorporated into professional training.
- (d) Any incident/ accident of serious nature is reported formally for further investigation and all actions are taken to prevent recurrence in future.

2.18 The following additional measures have been implemented to inculcate a 'Safety Culture' in the Navy:

- (a) All units have incorporated measures to sensitise personnel on safety aspects. These include displaying safety posters, dissemination of safety instructions etc.
- (b) Industrial unit in the Commands have undertaken awareness programs for civilian workers and employees on safe working practices.
- (c) The audit of Fire Fighting/ Damage Control equipment and organisation onboard ships and establishments of the Commands is revalidated through snap audits by the Command Headquarters staff.
- (d) Safety Stand Down drills have been institutionalised.
- (e) Safety aspects are also checked during the Sea Training undertaken by the Flag Officer Sea Training (FOST) and during various Inspections.
- (f) Lessons learnt from Boards of Inquiry are being implemented in letter and spirit.
- (g) Safety procedures and professional checks to counter risks inherent to working onboard, are being re-emphasized periodically at all levels of training in the Navy.

2.19 Regular advisories from IHQ MoD(N) are being issued for adherence to Standard Operating Procedures. The advisories inter-alia focuses on the following:

- (a) Concerted efforts required to be put in at all levels towards ensuring that a 'safety culture' is created and nurtured onboard all units.
- (b) Maintenance of high standards of proficiency of equipment operators.
- (c) Professional training in training establishments to further reinforce the basic skills of individuals in watch-keeping, bridge work and navigation.
- (d) Examination of crew knowledge and drill relating to safety aspects in equipment/ machinery operations along with material preparedness.
- (e) Audit of safety practices and review of orders at regular intervals to make them contemporary.

2.20 Implementation of Safety Consciousness is a process in continuation. However, the above remedial measures facilitate improvement in the working environment from the safety point of view, without curbing the traditional naval ethos of initiative and boldness. The Navy continues to keep safety at work and in operations in prime focus and constantly endeavours to minimise accidents/ incidents through the established process of sensitisation of personnel, adherence to safety check lists/ procedures and proper briefings/ debriefings.

Manpower and Training

2.21 As regards, shortage of manpower, the following information was submitted before the Committee:

2.22 The status of the required and the existing manpower (Officer and PBOR ie Sailors) as on Dec 16 is as follows:

Ser		Sanction (Required) Strength	Borne (Existing) Strength	Shortage	%
(a)	Officers	11553	10023	1530	13.20
(b)	Sailors	69761	57871	11890	17.04

2.23 **Outcome of Initiatives Undertaken in XI and XII Plan Periods.** The initiatives taken during the XI (2007-12) and ongoing XII (2012-17) Plan Period have resulted in reduction in shortages in both Officers and Sailors. In case of officers the shortage as on 31 Dec 16 has reduced to **13.2%** from **21.46%** in 2011. In case of sailors the shortage as on 01 Dec 16 has been reduced to **17.04%** from **22.65%** in 2011. The details are as follows:-

(a) **Officers.**

Year (as on 31 Dec)	Sanction Strength	Borne Strength	Shortage	%
2007	8913	7420	1493	16.75
2008	9065	7502	1563	17.24
2009	9263	7690	1573	16.98
2010	9732	7899	1833	18.83
2011	10405	8172	2233	21.46
2012	10452	8392	2060	19.70
2013	10690	8850	1807	16.90
2014	10848	9237	1578	14.50
2015	11215	9712	1503	13.40
2016	11553	10023	1530	13.20

(b) **Sailors.**

Year (as on 31 Dec)	Sanction Strength	Borne Strength	Shortage	%
2007	51313	48036	3277	6.39
2008	52021	48225	3796	7.30
2009	53931	47659	6272	11.63
2010	58267	47961	19306	17.69
2011	63130	48833	14297	22.65
2012	64214	49702	14512	22.60

2013	64217	52264	11953	18.61
2014	65468	54358	11110	16.97
2015	67659	57151	10508	15.53
2016 (01 Dec 16)	69761	57871	11890	17.04*

*The increase in shortage from 15.53% to 17.04% from 2015 to 2016 is due to a one-time sanction of 1800 sailors in Nov 16, on accretion basis.

Training

2.24 The details of Training Institutes for officers/ sailors are as follows:

<u>Ser</u>	<u>Designation</u>	<u>Location</u>	<u>Officers/ Sailors (O/S)</u>
(a)	INS Dronacharya	Kochi	O/S
(b)	ASW School	Kochi	O/S
(c)	ND School	Kochi	O/S
(d)	Signal School	Kochi	O/S
(e)	Diving School	Kochi	O/S
(f)	Seamanship School	Kochi	O/S
(g)	NIETT	Kochi	O/S
(h)	School of Naval Oceanography & Meteorology (SNOM)	Kochi	O/S
(j)	Naval Institute of Aeronautical Technology (NIAT)	Kochi	O/S
(k)	Observer School	Kochi	O/S
(l)	School for Naval Airmen (SFNA)	Kochi	O/S
(m)	INS Hamla	Mumbai	O/S
(n)	Institute of Naval Medicine (INM)	Mumbai	O/S
(p)	Naval Special Warfare Tactics and Training Centre (NSWTTC)	Mumbai	O/S
(q)	Naval School of Music (INS Kunjali)	Mumbai	O/S
(r)	Naval Institute of Hydrography (NIH)	Goa	O/S
(s)	INPT School	Goa	O/S
(t)	Naval Provost & Regulating School (NP&RS)	Goa	O/S
(u)	INS Valsura	Jamnagar	O/S
(v)	INS Shivaji	Lonavala	O/S
(w)	NBCD School	Lonavala	O/S
(x)	INS Satavahana (Submarine School and Escape Training School)	Vizag	O/S
(y)	School of Advance Undersea	Vizag	O/S

<u>Ser</u>	<u>Designation</u>	<u>Location</u>	<u>Officers/ Sailors (O/S)</u>
	Warfare (SAUW)		
(z)	INS Vishwakarma	Vizag	O/S
(aa)	Indian Naval Academy (INA)	Ezhimala	O
(ab)	Naval War College (NWC),	Goa	O
(ac)	Maritime Warfare Centre (MWC)	Mumbai	O
		Vizag	
		Kochi	
(ad)	Centre for Excellence for Leadership and Behavioural Studies	Kochi	O
(ae)	Naval Constructor Wing	Kochi	O
(af)	INS Agrani	Coimbatore	S
(ag)	INS Chilka	Chilka	S
(ah)	School of Medical Assistants (SOMA)	Mumbai	S

2.25 Training in the Indian Navy is a dynamic and ongoing process. Training is aimed both to achieve and retain the skill sets to meet the desired combat standards for operating modern platforms in Service. The review of the training content and processes is constantly undertaken by Headquarters, Southern Naval Command (HQSNC) which is the *IN's* Training Command, in consultation with IHQ MoD(N). The following are relevant to training in the Indian Navy:

(a) **Periodic Reviews.** Periodic review of training in terms of changes in the training pattern/ procedures due to decommissioning/ discontinuation of platforms/ upgradation of equipment are carried out regularly. It is pertinent to mention that the training content and procedures for both officers and sailors, are being reviewed regularly, commensurate with the changes in technology and technical upgradations by the Headquarters, Southern Naval Command (HQSNC) (*IN's* Training Command) and this is being closely monitored by IHQ MoD(N). A major review of the Sailor's training pattern and curricula was undertaken in Feb 2014. A review of officers' courses has also been undertaken in 2015. Review of training curricula is undertaken through various fora as enumerated below:

(i) **Annual Training Conference (ATC).** Issues requiring policy changes at the highest level are decided during the Annual Training Conference (ATC) held annually. The ATC is chaired by FOC-in-C (South) and attended by Chief of Personnel (COP) along with all other stakeholders including the Command Training Officers of all Commands, COs/OsIC of training units and HQSNC staff. All the emergent changes in training are discussed to keep the training relevant and contemporary, especially issues which have long term implications. **The ATC for 2016 was conducted on 05 Aug 16.**

(ii) **Annual Training Meeting (ATM)**. The ATM is chaired by FOC-in-C (South) and is conducted every year to review training policies, methodologies and content with participation from representatives of IHQ MoD(N). The training issues that are not discussed in ATM but require deliberations are discussed in ATM. **Last ATM was conducted on 05 Aug 16.**

(iii) **New Induction Training Committee (NITC)**. The NITC formulates a comprehensive plan for the training curriculum for planned new inductions/acquisitions and ensures timely availability of training aids to ensure that training remains contemporary and relevant. The committee is chaired by the Principal Director Naval Training and meets twice a year. **The next meeting of NITC is scheduled in Feb 17.**

(iv) **Review of Job Specifications**. In addition to the periodic reviews, the job specification of *IN* personnel, ie the desired proficiency at the end of training period which an officer/ sailor is expected to attain, is also periodically reviewed (every five years/ on change of job profile).

(b) **Lessons Learnt from Accidents/ Incidents-Incident Study and Analysis Cells**. The study and analysis of navigational accidents such as collision and grounding has been institutionalised through setting up of the Collision and Grounding Analysis Cell (CAGAC) at Navigation and Direction School. CAGAC analyses various navigation related accidents of ships/submarines and prepares training material and Computer Aided Instructional (CAI) packages for dissemination of lessons learnt during various courses including Pre Commissioning Training (PCT) classes. Similar measures have been institutionalised in other professional schools for aviation, submarine, technical, logistics, armament, etc so as to learn lessons and disseminate them during training. Towards this end, Incident Study and Analysis Cells (ISACs) have also been established at 11 other professional training schools across the Navy.

(c) **Upgradation to B Tech**. Modern naval warfare hinges on exploitation of complex technology in all three dimensions. Therefore, *IN* personnel today are required to be trained to effectively and efficiently operate modern naval platforms/ assets which employ a wide array of high technology systems and equipment. To ensure the officer cadre is better equipped to operate and maintain these technology intensive equipment, B Tech curriculum (instead of only BSc as hitherto) has been introduced as the basic qualification for officers in the *IN* wef 2009. The first batch of B Tech officers following the revised training pattern have graduated from the Indian Naval Academy (INA) in May 2013. Similarly, B Tech for National Defence Academy has also commenced wef Jul 16.

(d) **CO/EXO PCT and Submarine CO Qualifying Courses**. Pre-Commissioning Training (PCT) is also conducted for all Commanding Officers/ Executive Officers before they are appointed to tenant these very critical and demanding appointments on board

ships. The PCTs are a refresher course that updates these officers on the aspects specific to ships that they will command as well as disseminates lessons learnt from incidents on similar ships in the past to ensure that the officers are fully geared up for these important assignments. Similarly for Submarine Commanding Officers and Executive Officers separate and special courses are conducted before they take up these assignments. Further these officers are also examined by a board of senior submarine specialist officers before certifying them fit for their assignments on submarines. Aviation training for pilots and observers is also very exacting and stringent with emphasis on high professional standards. Pilots and observers are put through periodic tests/exams and checks to ensure that they retain their professional competence.

(e) **Training Infrastructure**. Effective training in the *IN* is also dependent on availability of requisite training infrastructure to impart contemporary training to naval personnel. To mitigate the infrastructure shortage at various training establishments, the Maritime Infrastructure Perspective Plan (MIPP) 2013-27, has been drawn up by IHQ MoD(N) and is being executed through the AMWP/ Project route. The plan comprehensively caters for the envisaged civil and other works for all future training infrastructure requirements of the Indian Navy including those required for Indian Coast Guard and foreign trainees up to the year 2027. The cases are being progressed with MoD for the MIPP to keep training contemporary and up-to-date with advancements in naval technology to meet roles and missions of the Indian Navy as tasked by the nation. A case for infrastructure augmentation of INS Chilka at an approximate cost of Rs. 205.27 Crs has been approved by the MoD in Sep 2015. Similarly, Phased upgradation of the Indian Naval Academy in Kerala is also progressing at an approximate cost of Rs. 340 Crs.

(f) **Training Aids/Simulators**. In keeping with the advancements in technology, modern and sophisticated training aids which are actual working models of the real equipment are being inducted into the Navy. Additionally, modern simulators for ships, submarine and aviation systems have also been installed. For example, Damage Control Simulator is being extensively used for imparting training on simulated damage control and flooding exercises at Lonavala and Kochi; a Fire Fighting Simulator is being utilised at Lonavala; high end Ship Handling and Rules of Road (ROR) simulators for simulated training to hone navigational and ship-handling skills are being effectively utilised at INA, ND School and in the Fleet, etc. Aircraft simulators for Sea King helicopter, Sea Harrier fighters and Mig-29K fighters etc are being extensively used. Likewise, two axis motion submarine simulators are also installed and being used. In addition, computer-based training packages are being extensively exploited for imparting training in all professional schools for both officers and sailors across the Navy.

2.26 The mandated role of Joint Staff include providing intelligence and advice to Prime Minister's Office, National Security Advisor, Intelligence Bureau, R&AW, foreign secretary and home secretary. It also provides Ministry of Defence an interface with IB and R&AW, satellite images and interpretation provided to various agencies. They also maintain an updated intelligence Data Bank.

Budgetary Provisions

2.27 The details of the Revenue Budget given to Joint Staff is as follows:

Sub Heads	Actual Expenditure			RE	BE	% Incr over
	13-14	14-15	15-16	16-17	17-18	16-17
Salary	968.99	1068.58	1148.25	1521.92	1628.45	7.00
Other than Salary	459.17	567.48	662.69	766.17	766.17	0.00
Total	1428.16	1636.06	1810.94	2288.09	2394.62	4.66

✓ Average incr in expdr during last 03 years under Other Than Salary has been 19.36 %.
 ✓ RE 15-16 & BE 16-17 – Jump of 17.87%. Between RE 16-17 & BE 17-18, an increase of ZERO percentage under Other Than Salary.
 ✓ Additional funds will be critical at RE stage.

2.28 The details of capital budget is as follows:

FY	Actual Expenditure			RE	BE	% Incr over
	13-14	14-15	15-16	16-17	17-18	16-17
Acquisition	340.38	280.05	286.26	369.00	390.54	5.84
Other Than Acquisition (OTA)	310.95	364.22	434.89	485.10	353.91	-27.04
Total	651.33	644.27	721.15	854.10	744.45	-12.84

✓ Under Capital - Over all decr of 12.84%.
 ✓ Under OTA, 27.04% decr over RE 16-17 is HIGH.
 ✓ Under OTA would need addl funds at RE.

National War Museum and National War Memorial

2.29 The Committee were informed during the presentation that Cabinet approval was received for creation of National War Memorial and National War Museum. Separate Code Head 951/49 has been created to monitor allotment and expenditure. During the current FY Rs. 2.50 crore is likely to be expended. The estimated requirement in the year 2017-18 would be around Rs. 50 Cr.

CHAPTER - III

AIR FORCE

Indian Air Force (IAF) is one of the World's largest Air Force. The main roles of IAF include safeguarding Indian territory and national interests. Apart from this, providing humanitarian assistance at the time of disasters and working in conjunction with civil administration also remain an important task of IAF.

Budgetary Provisions

3.2 Data on projections and allocations of BE/RE, MA and actual expenditure in respect of the Indian Air Force (IAF) for the last six years including 2017-18 is as follows:

(Rs. in Crore)

Year	BE		RE		MA/ Final grant	Actual Exp.
	Projection	Allocation	Projection	Allocation		
2011-12	56,201.56	46,209.98	46,405.19	43,872.16	44471.66	45614.01
2012-13	56,838.25	48,220.26	57,941.98	47,621.67	49839.06	50509.13
2013-14	90,530.48	57,503.94	88,331.20	57,033.71	57991.69	57708.63
2014-15	89,481.74	54,217.52	61,316.75	53,896.54	46722.08	52537.48
2015-16	75,824.24	56,686.24	58,780.87	50,819.24	51319.24	52219.27
2016-17	66,995.01	53,451.25	60,330.17	52057.38	-	38878.85
2017-18	92,496.14	59,672.50				

Note: 2016-17 actual exp. is upto December, 2016

Revenue Budget

3.3 The Revenue budget projection, allocation and expenditure for IAF for the last seven years is as follows:

(Rs in Crore)

Revenue Budget			
	Projection	Allocation	Shortfall
Salary	15,520	15,054	467
Non-Salary	14,927	11,049	3,878
	30,447	26,102	

- Inability to procure spares & fuel
- Shortfall in training
- Affecting serviceability - older systems require more maintenance
- affects operational preparedness

Capital Budget

3.4 The Capital Budget projection and allocation for IAF is as follows:

(Rs in Crore)

	Projection	Allocation	Shortfall
Committed Liabilities + work	46,706	29,570	17136
New Scheme	15,343	4000	11,343
	62049	33570	28479

- Slow Down of Modernization
 - Erosion of IAF's superiority over our adversaries
 - Resultant Assymetry in capability with respect to envisaged threat perception
 - Flight safety concerns due to obsolescence issues

3.5 Equipment procured through Capital Budget are usually and mostly high value items which are not readily available for delivery. These equipment are manufactured / fabricated only after signing of the contract and supplied to Air Force as per delivery schedule agreed in the contract. Mechanism is in place both at IAF and MoD to ensure compliance to the delivery schedule and to deal with the cases of delays. The Status of 36 Capital Contracts signed during 12th Plan (Upto 31st Jan 2017) with value above Rs. 50 Cr is as under :-

S.No.	Status	Number of Schemes
1.	Deliveries completed	07
2.	Trial stage	02
3.	Deliveries to commence	26
4.	Part Delivery Received	01
	Total	36

Budget Review 2016-17

3.6 The details of additional allocation sought by Indian Air Force under RE 2016-17 are as under:-

(Rs. in Crore)

	BE 2016-17	Projected 2016-17	RE	Additionality projected	RE allocated
Revenue (Net)	23655.83	23817.22		161.39	23,817.52
Capital	29795.42	36512.95		6717.53	28,239.86
Total	53451.25	60330.17		6878.92	52,057.38

3.7 The Ministry of Defence, in connection with reduced allocation, submitted as under :

'While conveying the reduced ceilings, Ministry of Finance did not given any reason. In spite of taking up the matter of reduced allocations with the Ministry of Finance at the highest level, the request of this Ministry for additional funds was not acceded to by the Ministry of Finance.

However, during budget discussion with MoF, the slow pace of expenditure was cited by MoF as the reason for reducing allocations/ not granting additional allocations.'

Humanitarian Assistance Disaster Relief (HADR)

3.8 The following HADR activities were undertaken by IAF during the current FY:

15 July 16, 154 Citizens evacuated: Jubba, South Sudan

POST FLOOD RESCUE

- Bihar - 20-23 Feb 16, 539 PAX & 28TONs
- Sri Lanka - 21-23 May 16, 51 TONs
- Post Fire Rescue/Fire Fighting
- Puttingal Temple, Kollam, Kerla - 27 MSN
- Utrakhand Forest Fire - 95 MSN
- Sikkim Forest Fire - 19 MSN

Post Cyclone Rescue

- Vardha Cyclone, DEC 16, A&N Islands
- 34 MSN, 295 Citizene

Modernization Budget for Air Force

3.9 Budget allocation for modernisation of IAF and actual expenditure during Eleventh and Twelfth Plan is as tabulated below: -

AIR FORCE CAPITAL BUDGET: MODERNISATION				
FY	BE	RE	MA	ACTUALS
XI th PLAN				
2007-08	15909.00	13334.00	12634.00	12641.00
2008-09	18281.42	16108.82	15626.23	15660.99
2009-10	18814.65	17506.19	17506.19	17437.62
2010-11	23482.43	22567.50	22127.16	22181.55
2011-12	28412.74	26033.92	26640.53	27164.09
XII th PLAN				
2012-13	28533.00	30792.85	30896.38	31053.00
2013-14	37049.06	36645.64	37043.62	36917.99
2014-15	31818.39	31627.39	30805.39	30809.39
2015-16	31510.62	28643.10	28643.10	29045.67
2016-17	34242.85	27556.02	28218.83	22222.34*
*Expenditure as on 31st Dec 2016				

3.10 Equipment procured through Capital Budget are usually and mostly high value items which are not readily available for delivery. These equipment are manufactured / fabricated only after signing of the contract and supplied to Air Force as per delivery schedule agreed in the contract. Mechanism is in place both at IAF and MoD to ensure compliance to the delivery schedule and to deal with the cases of delays.

3.11 The Status of 36 Capital Contracts signed during 12th Plan (Upto 31st Jan 2017) with value above Rs. 50 Cr is as under :-

S.No.	Status	Number of Schemes
1	Deliveries completed	07
2	Trial stage	02
3	Deliveries to commence	26
4	Part Delivery Received	01
	Total	36

3.12 The modernization is based on the approved LTIPP for 2012-2027, is a vision to be enforced for maintaining and enhancing the war fighting potential of IAF. This included modernization, building of assets and upgrade of the existing resources. However, depending on the threat perception, global environment scan, fiscal situation and indigenization plans, priorities are reviewed and redefined from time to time to ensure requisite capabilities are acquired in a given time frame. All procurement cases are initiated well in time so as to avoid creating the void and ensure that critical capability is available to execute entrusted task. The Capital Procurement of the IAF is undertaken in accordance with the Defence Procurement Procedure (DPP). In an effort to strengthen the indigenous Defence production base, the Government has put in place a Defence Production Policy which endeavors to enhance Defence Research and Development base of the country. The recently issued DPP 2016 includes several initiatives to encourage local Research & Development and increase in indigenous content in Defence procurement. The 'Make' procedure of DPP-2016 seeks to address the multiple objectives of self-reliance, wider participation of Indian industry, impetus to MSME sector, sound implementation, transparent execution and timely induction of equipment into the Indian Armed Forces. A new category of procurement i.e. 'Buy (Indian-IDD)' has been introduced in DPP-2016 and will be the most preferred acquisition category, above the existing 'Buy (Indian)' category. Periodic reviews are undertaken at all levels at MoD to ensure that the procurement schemes progress as per the laid down time lines and the final product is operationally capable while being technologically relevant.

3.13 Additionally, the Budget Estimates are projected based on the capabilities that are required to be developed/procured during the Financial Year. These capabilities are also part of Annual Acquisition Plan of IAF. Based on the Budget allocation the schemes are prioritized to

ensure that urgent and critical capabilities are acquired. Inadequacy of budget allocation would result in deferment of certain procurement, thereby creating a capability deficit.

Some of the special projects streamlined for 2017-18 include:

- NEW GENERATION HARDENED AC SHELTERS (NGHAS)
- Specialized Structure to protect Combat Aircraft from Direct HIT of 2000 LBS BOMB
- 108 NGHAS at Cost of 5400 crore proposed.
- DCN has been submitted to Ministry of Defence along with Phasing Plan and cash outflow.
- Proposed cash outflow for 2017-18 : 270 CR
- Phase-I work services for 36 NGHAS

SPECIAL PROJECTS 2017-18

RUNWAY RESURFACING PROJECTS

- Runway resurfacing in progress at seven bases (Suratgarh, Kanpur, AFA, Awantipur, Tembaram, Allahabad and Bakshi-Ka-Talab)
- Cases with Ministry of Defence - Current Financial Year - Two (Barrackpore and Bagdogra)
- Resurfacing works in Financial Year 2017-18 - Three (Purnea, Hasimara and Bidar)
- Sanctions of Addl two taken up with Ministry of Defence - (Jammu and Chabua)

SPECIAL PROJECTS 2017-18

Air Force Academy - Enhancement of TRG capacity

- 632 Crores in Annual Major Works Programme (AMWP) 2017-18 has been approved by RM
- Phase-I (258 Cr) being projected in AMWP 2017-18

SCHEDULE 21 - IMPACT OF EMERGENCY PROCUREMENT

- Spares - 30 contracts - \$361.33 M
- Weapons- 3 contract - \$185.5 M
- Under extended timelines one weapons procurement is under progress
- 10i procurement under VCAS's powers will help enhance combat potential

Planning

3.14 The acquisition of Weapon Systems and equipment for the Armed Forces flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability

desired to be achieved by the Armed Forces over the 15 years duration from 2012 to 2027. The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan (SCAP 2012-17), covering a five year period. From the Services Capital Acquisition Plan (SCAP), a list of equipment and weapon systems required to be procured immediately is listed in the form of the Annual Acquisition Plan (AAP). The AAP is a 2 year roll on plan.

3.15 During the 11th Plan period, 98 numbers of contracts have been signed with cumulative value of Rs.134960.5crore and in the 12th Plan period 55 numbers of contracts (upto December, 2016) have been signed so far with cumulative value of Rs.139740.58 crore for Capital Acquisition of IAF. The Capital Procurement of the IAF is undertaken in accordance with the Defence Procurement Procedure (DPP), which lays down timelines for various stages of the procurement process. All efforts are made to adhere to these laid down timelines. In most cases under categories of “Buy (Indian)”, “Buy & Make (Indian)”, “Buy & Make”, “Buy (Global)”, there are no cost increases after the commercial bids are opened and with signing of the contracts on firm and fixed cost basis. Slippages in timelines sometimes occur in procurement cases due to several reasons, such as insufficient and limited vendor base, non-conformity of the offers to the Request of Proposal (RFP) conditions, long field trials, complexities in contract negotiations, stakeholder consultations and long lead time for indigenization, design and development projects etc. MoD and Air Hqrs. are working in unison to ensure timely procurement as per the Defence Procurement Procedure (DPP). To counter systemic and institutional delays, procedures are continuously reviewed and refined on the basis of the experience gained from the environment during the procurement process. Periodic reviews are carried out at all levels in Air HQ as well as at MoD to ensure that the procurement schemes progress as per the laid down time lines and the final product is operationally capable while being technologically relevant.

3.16 Budget is allocated to each Ministry/ Department by M/o Finance keeping in view priorities and assessment of resources. Fund allocation is reviewed by M/o Finance at the RE stage. The Annual Action Plan (AAP) 2016-18,(AAP is a two year roll on plan) has 187 schemes which are at various stages of procurement as tabulated below:-

1.	Total No. of Schemes	187
2.	No. of contracts signed	10
3.	Schemes at CFA stage	03

4.	Schemes at CNC stage	11
5.	Schemes at FET stage	04
6.	Schemes at TEC stage	06
7.	Schemes at RFP issued	06
8.	AoN granted RFP under finalisation	10
9.	RFP withdrawn	06
10.	Schemes dropped	14
11.	Pre AoN stage	117

Strategic Objectives

3.17 The Strategic objectives of Air force are as tabulated below:

Deterrence on two fronts along with an Offensive Defensive posture	The capability with respect to the western adversary has been bolstered with the induction of Su-30 MKI aircraft and latest radar systems. The continued induction of Su-30 MKI aircraft, Akash Surface-to-Air missiles and the latest radar systems into the North-East region is part of the process to provide IAF with deterrent as well as offensive/defensive capability in the North-East as well. Rafale, and Tejas aircraft are planned to be inducted to arrest the draw down and maintain credible deterrence.
Enhanced Presence	The induction of strategic airlift aircraft (C-17) and Special Operations aircraft (C-130 J) during the 12th Plan has enabled the IAF to respond to National requirements with the least response time and with the maximum effect.
Enhanced Air Defence Capability	The 12th Plan has seen the induction of the Akash Missile systems. The induction of other missile systems will commence shortly. These coupled with the Medium and High Powered Radars will boost the Air Defence Capability of the IAF. Induction of AEW/C and AWACS aircraft will also boost air Defence capability.
Enhance Combat Force Levels	The induction of the LCA and signing of the contract for the Rafale will pave the way for the IAF to arrest the drawdown in the fighter sqn strength. The 12th Plan would also see the induction of additional Medium Lift Helicopters. During this period, the upgraded MiG-29, and Mirage-2000 aircraft would commence induction and add to the combat capability of the IAF.
Increased Surveillance and automation of Air Defence	AWACS and AEW&C aircraft, in conjunction with additional IACCS nodes, would enhance surveillance and automation of the Air Defence network. Medium Power Radars, Low Level Tracking Radars (LLTR), Low Level Light Weight Radars (LLLWR) inducted in 12th plan have added to Air Defence capabilities of IAF. GBMES will be deployed for

passive electronic surveillance.

Indigenization

3.18 The details of contracts signed with Indian vendors during the 11th and 12th Plan periods is as follows:

Year	No. of contracts signed	Value in crore
2007-08	24	15069.54
2008-09	09	25688.55
2009-10	11	13757.98
2010-11	18	21458.61
2011-12	07	2322.24
2012-13	10	23691.15
2013-14	02	20.13
2014-15	05	1211.87
2015-16	10	10537.11
2016-17*	03	268.10
*as on 31st Dec 16		

Force Level

3.19 With regard to the present Force Level in the Indian Air Force (IAF), the information was submitted as under:

' present requirement of has projected a requirement of at least 45 fighter squadrons to counter a two front collusive threat. However, IAF today has 33 active fighter squadrons as against Government authorised strength of 42 squadrons.

There is a gap in the force level since the rate at which fighter aircraft are retiring after completion of their total technical life exceeds the rate at which their replacements are being inducted into the IAF.'

3.20 With regard to the filling of gaps, the Ministry submitted that Capability gap cannot be filled up in the 12th Plan period as it is going to end shortly on 31 March, 2017. However, the capability deficit of current Plan Period is being carried forward in the next Plan Period (13th Plan 2017-22). Adequate Budgetary allocation over next two plan period will ensure that the capability gap is reduced.

Trainer Aircraft

3.21 Trainer Aircraft held by IAF currently include Basic Trainer Aircraft (BTA), Intermediate Jet Trainer (IJT) and Advanced Jet Trainer (AJT). The existing trainer aircraft strength is 268 as against the sanctioned strength of 388. Simulators have also been provided for each type of aircraft. IAF has a requirement of 183 Basic Trainer Aircraft (BTA). At present IAF have 75 x PC-7 Mk-II BTA. Acceptance of Necessity was granted for procurement of additional 38 PC-7 MK II aircraft. At present scheme is TEC stage and the contract is likely to be concluded in the next financial year (2017-18). Additionally, HAL has been tasked to make 70 BTAs (HTT-40) for the balance requirement. The Kiran (IJT) aircraft have already started retiring and were planned to be replaced by the HAL built IJT. However, the IJT has been under development since 1999. In view of the above, the IAF is looking for other available options for Intermediate Flying Training. This could include use of the BTA to also undertake the Intermediate stage training syllabus (Stage-II Flying). HAL in conjunction with RCMA (A/C) has carried out life extension studies on Kiran aircraft. The phase out will now commence from end of 2019.

A total of 106 Hawk Mk-132 AJT aircraft contracted earlier have been delivered to the IAF in the year 2016. In addition, a case for procurement of 20 additional Hawk aircraft HAL from is under negotiation and likely to be concluded in the Financial Year 2017-18. The procurement of simulators is built into the contracts of all aircraft and the IAF is now procuring accordingly. This includes Fixed Base Full Mission Simulators, Cockpit Procedure Trainers, Avionics Part Task Trainer, Flight Training Devices (FTD) and Computer Aided Learning Systems. All the aircraft in the IAF are utilised till completion of their Total Technical Life (TTL)/ Total Calendar Life (TCL) and are phased out on completion of TTL/TCL. Up gradation of aircraft and equipment in the IAF is carried out in order to ensure that the aircraft remain contemporary and operationally relevant with changing environment. Residual Life of aircraft and extent of upgradation required forms the contours of any upgrade programme. The phasing out of Kiran aircraft has already been started in 2016-17. The phasing out of Hawk, and PC-7 aircraft will commence from 2037 and 2043 respectively.

Transport Planes and Helicopters

3.22 The IAF has in its inventory, helicopters viz Mi-8, Mi-17, Mi-17 1V, Mi-17 V5, Mi 25, Mi 35, Mi 26, ALH MK-I, ALH MK-III, ALH MK-IV, Chetak, Cheetah, Cheetal. The life span of some of these helicopters is based 'on condition'. Generally it varies from 5000 to 18000 hours and the period from 15 to 35 years.

As regards the transport fixed wing aircraft, IAF has AVRO, BBJ, Boeing 737-200, Embraer, Dornier, IL-76, IL-78, AN-32, C-130J and C-17. The life span of these aircraft ranges from about 20000 to 100000 hours.

3.23 With regard to the phasing out of these planes and helicopter, the following information was submitted before the Committee:

'The phasing out of all the transport planes and helicopters is undertaken as per their stipulated life spans. In some cases, depending on the condition and utilisation of the fleet, intensive life extension studies are conducted and the lifespan of the aircraft extended. No aircraft which has completed its operational life is in use with the IAF.'

With regard to the air fleet, the Ministry of Defence, submitted that the following should be inducted;

- Essential to Induct adequate number of fighter Aircraft to maintain Force Levels
- Expeditious Induction of Surface to Air Missiles for effective Air Defence
- Replacements for ageing AVRO fleets
- Increased AC availability through efficient spares procurement

Modernisation of existing Air Force bases

3.24 The IAF is in the process of upgrading the navigational facilities at all its airfields under the Modernisation of Airfield Infrastructure (MAFI) project. Project MAFI involves installation of modern navigational aids at all the IAF airfields to improve the operational environment and enhance aerospace safety. This turnkey project is being executed in two phases. The contract for Phase-I was signed with M/s TATA Power SED on 16 March 2011 for the modernisation of 30 IAF airfields. Under the MAFI Project, modernisation of 12 airfields has been completed and the commissioning of another six airfields is in progress. The modernisation of the rest of the

airfields under Phase-I is scheduled to be completed in a time-bound manner. The implementation of MAFI Phase-II which involves 37 airfields of IAF, Navy, Coast Guard and Ministry of Home Affairs, has also been approved and the contracting process has been initiated.

3.25 Details of plan infrastructure development work for the last five years is given below:-

Year	No. of Works sanctioned	Cost of the work (in crore)
2011-12	695	2235.12
2012-13	661	2438.29
2013-14	570	3113.18
2014-15	948	3881.40
2015-16	1043	4072.24

3.26 The details of the allocation made and the expenditure incurred alongwith the physical targets and achievements made during the 11th Plan and first four years of 12th Plan in this regard:

Financial year	Allocation of Fund (in Crore)	Expenditure (in Crore)
11th Plan		
2007-08	995.12	850.73
2008-09	918.63	937.21
2009-10	1128.88	1113.16
2010-11	1457.88	1442.29
2011-12	1691.27	1676.96
12th Plan		
2012-13	1838.96	1927.11
2013-14	1704.80	1696.92
2014-15	2088.61	1987.03
2015-16	2149.05	2169.66

3.27 The cash outgo towards MAFI depends on the milestone achieved as spelt out in the contract. The annual cash outgo towards this project since signing of contract on 16 March, is tabulated below:-

FY	Cash Outgo towards MAFI (Rs. in Cr)
2010-11	182.44
2011-12	67.08
2012-13	121.63
2013-14	Nil

2014-15	103.16
2015-16	67.00

3.28 The Committee desired to be apprised about the manner in which the modernisation is being done. The Ministry of Defence replied as given:

'Under MAFI Project, modernization of 30 IAF airfields is undertaken in Phase-I and 37 airfields (inclusive of the 24 IAF airfields and airfields of Navy, Coast Guard and MHA) are in Phase-II. MAFI project comprises of installation, integration, calibration and commissioning of following equipment/facilities at each airfields:-

- (a) Air Traffic Management (ATM) System
- (b) ILS Cat-II with low power DME
- (c) DVOR and high power DME
- (d) TACAN and RVR equipment
- (e) Air Field Lighting System Cat-II
- (f) Power rings
- (g) Data ring
- (h) Two each LMVs, Light Trucks and Bush Cutters
- (j) Personal Communicators

In addition, the modernization is being done in the existing Air Force bases by executing the following works:-

- (i) Resurfacing and extension of runways and modernization of airfield lighting systems.
- (ii) Creation and up-gradation of weapon storage areas.
- (iii) Enhancement of security infrastructures.
- (iv) Creation of Op, Maint and Adm infrastructure.
- (v) Construction of married accommodation.
- (vi) Creation of infrastructure for induction of new equipments.
- (vii) Provisioning of basic amenities, sports & recreations facilities, rainwater harvesting and external services.
- (viii) Land acquisition for various projects.
- (ix) Increase in infrastructure development work by way of increase in expenditure from 850.73 Cr in 2007-08 to Rs. 2169.66 Cr in 2015-16 (155% increase in expenditure).
- (x) Upgradation of ALGs in Arunachal Pradesh and infrastructure in the north East.
- (xi) Activation of Panagarh Air Force Base and creation of 31 Wg in support of Mountain Div at Panagarh.'

3.29 Further, it was added that under MAFI Project, modernisation of 30 IAF airfields is undertaken in Phase-I and 37 airfields - inclusive of the left over IAF airfields and airfields of Navy, Coast Guard and MHA are in Phase-II. Phase-I of MAFI project comprises of installation, integration, calibration and commissioning of following equipment/facilities at each airfields:

- (a) Air Traffic Management (ATM) System
- (b) ILS Cat-II with low power DME
- (c) DVOR and high power DME
- (d) TACAN and RVR equipment
- (e) Air Field Lighting System Cat-II
- (f) Power rings
- (g) Data ring

3.30 The AoN for Modernization of Airfield Infrastructure (MAFI) Phase-II under 'Option Clause' consisting of 37 airfields of IAF, IN, CG and ARC has been accorded by DAC on 28th September 2016. Accordingly, Letter of Intent has been issued to M/s TATA Power SED on 15th December 2016. The PDC for completion of MAFI Phase-II is envisaged to be 36 months from the date of signing of the contract.

Deterrence capabilities

3.31 The Committee desired to be apprised about the deterrence capabilities of Indian Air Force. In this connection, the following information were submitted:

'Test firing of Akash missile - The Akash missiles were test fired successfully by Indian Air Force (IAF) teams with 6th squadron deliverable equipment in two missions. In first mission, two Akash missiles intercepted the two para barrel targets deployed by AN-32 air craft in multiple target mode. In the second mission, one Akash missile is launched on simulated electronic target. The backup guidance logic is perfectly executed by onboard computer of missile demonstrating the missile performance in the event of deliverable switch off of ground radar transmission.

Test firing of ASTRA missile – ASTRA missile has undergone 4 Captive Flight Trials on Sukhoi aircraft and 8 Air Launch Trials from Sukhoi aircraft. The Captive Flight trials have proven the aero-structural integrity of the missile mounted on the aircraft, the avionics interfacing and seeker performance in captive mode. The air launch trials have proven the successful and safe separation from the Sukhoi aircraft and subsequent

engagement of the target, Pilotless Target Aircraft (PTA) with very low miss distance. 20 Ground Trials completed. Four Phases of Captive Flight Trials with 70 sorties completed. 14 Air Launch Trials Completed (4 Trials were against real targets).

On induction of Astra, a State-of-the-Art Beyond Visual Range (BVR) missile with better kill capability against enemy aircrafts, will be available to Indian Air Force. The induction of Akash missile will also increase the Defence capability against the enemy air targets within short range. These classes of missiles are not available with the Indian Armed Forces and their induction will enhance their Defence preparedness.'

Accident Data of Indian Air Force

3.32 The number of accidents has reduced from an average of 13 accidents per year in 11th plan to an average of 7.2 accidents per year in 12th plan (till 30 Jan17). The number of accidents from FY 2007-08 to FY 2016-17(till 30 Jan 17) is appended below:

S. No.	FY	No of Accidents
1.	2007-08	12
2.	2008-09	13
3.	2009-10	14
4.	2010-11	13
5.	2011-12	13
6.	2012-13	05
7.	2013-14	07
8.	2014-15	10
9.	2015-16	06
10.	2016-17 (till 31.01.2017)	08

Manpower and Training

3.33 Officers & Airmen. Establishment and Strength of officers (except Medical & Dental branch) and airmen in IAF, as on 01 Jan 2017, is as follows:

	<u>Establishment</u>	<u>Strength</u>	<u>Deficiency</u>
Officers	12458	12021	437
Airmen	141623	128622	13001

(a) In case of officers, inductions have been meticulously planned to cater for shortages and accretions fructified in the past so as to bridge the gap between the sanctioned establishment and present strength.

(b) In case of airmen, during the last 10 years (11th and 12th plan), a gradual increase in the induction strength had reduced the deficiencies considerably. Further, the training capacity has been increased from 5000 per annum in 2015 to 6200 per annum in 2017 by which the IAF will be able to bring the strength at par with the authorised establishment in due course.

3.34 The details of the Training Institutes for pilots in the Air Force are as follows:

SI No	Stage	Name
(a)	Stage - I	Air Force Academy (AFA) (Dundigal, Hyderabad)
(b)	Stage-II (F) Stage-II (H)	Fighter Training Wing (FTW) and Helicopter Training School(HTS) at AF StnHakimpet, Hyderabad.
(c)	Stage- III (F)	AF StnBidar
(d)	Stage -II (T) & III (T)	Fixed Wing Training Flight (FWTF), AF StnYelahanka, Bengaluru.
(e)	Stage – III(H)	112 Helicopter Unit (HU), AF StnYelahanka, Bangaluru
(f)	Army Pilot Course	Basic Flying Training School (BFTS), Allahabad
(g)	Qualified Flying Instructors Course(QFIC)	Flying Instructors School (FIS), AF StnTambaram, Chennai
(h)	Stage-III (F)	Operational Conversion Unit 'A' and Unit 'B' at Air Force Station, Kalaikunda, West Bengal.

3.35 In connection with the existing pilot to cockpit ratio, the Ministry of Defence did not supply the information citing it as 'Secret'.

Observations/Recommendations

Security of Defence Personnel and Establishments

1. The Committee have taken note of the recent terror attacks on military bases, Defence establishments, critical facilities and even family quarters of soldiers. They are perturbed at such acts of cowardice and condemn the incidences in one voice. The Committee unanimously believe that safety and security of our soldiers along with their families are primary concern and any compromise in this regard is unacceptable. The security of the Nation is paramount and safety of those defending the country cannot be left in lurch. Any sort of ignorance or casual approach could create loopholes leading to serious security threats as witnessed in the recent incidences of terrorist / insurgent attacks.

2. In view of the above, the Committee observe that the threat perception has transformed and accordingly our Defence mechanism needs modification. Security arrangements in military establishments are dynamic in nature and need periodic review. In this backdrop, the Committee opine that cardinal two major aspects have to be stressed upon. Firstly, our Defence Forces should be equipped with latest state-of-the-art weapons, machineries, bullet proof jackets etc. This will assist the Forces in maintaining a robust and effective response mechanism to counter emerging threats. However, the budgetary provisions made under the Demands-For-Grants (DFG) 2017-18 as well as the dismal status of capital procurements do not reciprocate the seriousness required towards meeting Defence needs. These areas have been examined in detail in the forthcoming paragraphs in the Report.

3. Secondly, a lot of impetus has to be given to upgrade surveillance systems and networks. Promptness in monitoring and precision in detection of potential threats will help in tracking the insurgent elements well in advance. In this manner, the trouble can be identified and nipped in the bud itself before it actually causes any damage. For this purpose, the Ministry of Defence should take measures for introducing the latest and best available global standards of surveillance technologies. Mere dependence on manual surveillance will no longer suffice the need. Along with installation of the equipments, commensurate emphasis should be laid upon intellectual inputs and technology driven software based detection practices.

4. The Committee urge upon the Ministry of Defence to implement the above measures in order to strengthen the security of various military establishments across the country. The establishments include cantonment areas, institutions, living quarters etc. belonging to the three Services, Army, Navy and Air Force. In addition, the Committee desire that Para-military Forces like Border Security Force (BSF) may also be taken into confidence for introducing appropriate surveillance technologies as the terrorist/insurgent elements make use of porous borders for infiltration. Implementation of the aforesaid measures would require induction of more funds during the year, 2017-18. The Committee desire and hope that the concerns and opinions expressed are taken with due seriousness and progressively implemented. The Committee wish to be kept apprised of the developments in this regard.

ARMY

Army Budget 2017-18

5. The Budgetary Grant to Army for the Financial Year (FY) 2017-18 is a part of the Grant No. 20 (Defence Services - Revenue). The Capital Budget of all the three Forces is a part of Grant No. 21 (Capital Outlay on Defence Services). For the current year, 2017-18 the Budget Grant to Army also includes the allocation to Director General Ordnance Factories (DGOF), Research and Development (R&D), National Cadets Corps (NCC), Director General Quality Assurance (DGQA) and Rashtriya Rifles which were a part of the modified Grant No. 20-MoD(Miscellaneous) in FY 2016-17. These have been transferred back to Defence Services Estimates in the current FY 2017-18.

6. In the Budget Estimates (BE) 2017-18, the total budget allocation to Army (including Revenue and Capital Budget) is Rs. 1,49,368 crore. This allocation has been made against a projection of Rs. 1,96,185.93 crore made by Army thereby totaling to a shortfall of Rs. 46,817.93 crore or a 'budget deficit' of nearly 25 per cent vis-à-vis the projection. The resources that would be available the exclusive use of Army would be further reduced as the BE for the current year includes the allocations required for organizations such as NCC, Rashtriya Rifles, DGQA etc. It is also observed in this regard that, as there has been a cut of about Rs. 3,000 crore from RE allocation of the previous year i.e. 2016-17, there will be an additional burden on Army on account of the shortfall in current year's budget.

7. The Committee observed that the Budgetary provisioning to Army is critically short and is likely to affect adversely the modernization process as well as operational preparedness of the Force. As per the submission made by the representatives of Army, the shortage in allocation would adversely affect the Defence preparedness in the

days ahead. Therefore, it is an utmost necessity that adequate resources are made available to Army. A separate assessment of the Revenue and Capital portion of the budget is given in the succeeding paragraphs.

Revenue Budget

8. The Revenue allocation to Army in BE 2017-18 is Rs. 1,24,114.32 crore. This allocation is made against a projection of Rs.1,53,685.00 crore, which amounts to a shortfall of Rs. 29,571.68 crore vis-à-vis the projection. As the Revenue Budget Grant to Army in BE 2017-18 also includes the allocation for National Cadets Corps (NCC), Director General Quality Assurance (DGQA) and Rashtriya Rifles etc., the resources that would be available to the Army under the Revenue allocation would be even lower.

9. The revenue segment includes two main components - salary and non-salary accounts. Firstly, the budget needed for salary expenditure is kept aside and then the balance budget is provided to meet other obligatory expenses. As most of the resources under the Revenue Head would be routed for salary expenditure, the amount that would be left for meeting expenditure pertaining to other purposes such as the requirement of stores (including ordnance), transportation (of personnel and stores), revenue works, maintenance, etc. would be limited. Additionally, this will impact on new Raisings & Accretions, maintenance of existing weapons & equipment and replenishment of War Wastage Reserve Ammunition, maintenance and repair of infrastructure etc. The Committee are of the view that these areas which are vital for all time operational preparedness of Army are likely to be affected as the allocation is much lower than the projection. There is every possibility that any sort of deficiency in the facilities, which include provision of basic amenities like food, clothing, shelter etc. may adversely affect the morale of our soldiers. Therefore, the Committee desire that

necessary funds be provided to Army under Revenue Head. This could be by way of providing additional grants in the course of the FY 2017-18.

Capital Budget

10. The capital allocation to Army in BE 2017-18 is Rs. 25,254.32 crore. This allocation is made against a projection of Rs. 42,500.93 crore, thereby amounting to a shortfall of Rs.17,246.61 crore. The capital budget allocated is approximately to the tune of only 60 per cent of the resources sought. Moreover, the amount of Rs. 25,254.32 crore is also intended for requirements pertaining to National Cadets Corps (NCC), Director General Quality Assurance (DGQA), Rashtriya Rifles etc. Thus, the actual capital allocation that would be available for the exclusive use of the Army would become even lower. In so far as the capital segment is concerned, funds are first set aside to meet the Committed Liabilities that are likely to materialize during the year. The remaining resources are distributed to meet the requirements envisaged for other capital acquisitions/procurements etc. The Committee note in this regard that the priority, as far as capital expenditure is concerned, is for meeting the existing committed liabilities and the liabilities which are being carried forward from 2016-17 to 2017-18. The likely expenditure on this count itself viz. committed liabilities is said to be amounting to Rs. 23,000 crore.

11. Since Committed Liabilities are already in the pipeline for being met, the reduction in the allocation is expected to delay the process of initiation of new projects. This, in the opinion of the Committee, will certainly hamper the modernization process of Indian Army. Therefore, the Committee recommend that the additional funds to the tune of Rs. 13,000 crore at least, as demanded by the Army be made available to them during the FY 2017-18.

Percentage share of Army Budget to Defence Budget

12. In the course of examination of the Demands, the Committee noted that during the Eleventh and Twelfth Plan Periods, out of the total Defence budget, there is an increase in the revenue share of Army budget vis-à-vis the total Defence Budget. Simultaneously, the percentage share of the capital budget has witnessed a steady decline. The Revenue share of Army Budget was 39.98% in the year 2012-13, 39.83% in 2013-14, 40.11% in 2014-15, 41.87% in the year 2015-16 and 45.65% in 2016-17. On the other hand, the capital share has declined during the 12th Plan period especially when compared to the Eleventh Plan period. It was 12.13% during the five years of Eleventh Plan Period and 10.38% during the Twelfth Plan Period. The Committee cannot help noting in this regard that the trend of budgetary allocation with a decline in capital share is indicative of inadequate emphasis being given on modernization and technological up-gradation. The Army faces critical shortage of good quality Bullet Proof Jackets (BPJs), Arms & Ammunition, Assault Rifles, Battle Tanks and surveillance & monitoring networks etc. The Committee are of the view that capital funding merits serious attention and provision of adequate funds under the Capital Head is an inevitable need that needs to be met. Accordingly, the Committee desire that necessary emphasis be given to Army during the current FY 2017-18 as well as the years to follow.

Budget comparison (2016-17 and 2017-18)

13. As compared to the BE allocation of Rs. 1,13,732.22 crore made to the Army in 2016-17, this year's BE allocation totals to Rs. 1,24,114.32 crore. While the Revenue

component of the Budget was Rs.1,09,024 in BE 2016-17, it is Rs.1,18,670 crore in BE 2017-18, which amounts to an increase of Rs. 10,482.10 crore. However, as for the Capital part, the BE 2017-18 allocation is only Rs. 25,193 crore as compared to Rs.26,892 crore of the previous year, 2016-17. The Committee note in this regard that while the increase in the allocation on the Revenue side would meet the requirements of increase in salary expenditure on account of the implementation of the 7th Pay Commission's recommendations, the increase on account of non-salary revenue expenditure would be negligible. More significantly, in the capital component, there is a noticeable decrease of Rs. (-) 1,699 crore in the allocation, which is 6 per cent less than the BE allocation of the previous year, 2016-17. The Committee are of the view in this regard that the reduced budgetary allocation does not even cater to meet the likely increase in expenditure on account of the inflation, let alone the modernization requirements. As the normal functioning of the Army could be hampered, the Committee would once again emphasise on ensuring that adequate resources are made available to them.

Budget Review 2016-17

14. During the year 2016-17, at Revised Estimates (RE) stage, Army had projected an amount of Rs. 1,69,576.52 crore which is Rs. 28,900.72 crore more than BE 2016-17 allocation of Rs. 1,40,675.80 crore. However, the amount finally allocated in RE 2016-17 was Rs. 1,42,935.05 crore. In this regard, the Ministry has also stated that in spite of taking up the matter of reduced allocations at the highest level in the Ministry of Finance, the request for additional funds was not acceded to. While conveying the allocations at a reduced level, the Ministry of Finance (MoF) had also not given any

reasons for the same. The Committee, in this regard, desire that the Ministry of Finance needs to be taken into confidence at the highest level and the issue of provision of adequate / additional funds must be pursued continuously.

15. In the case of Revenue Budget of 2016-17, at RE stage, Army had projected a requirement of Rs. 1,34,870.40 crore which is Rs. 21,137.68 crore more than BE 2016-17 (Rs.1,13,732.72 crore). However, the amount finally allocated in RE 2016-17 was Rs.1,18,908.19 crore. The representatives of the Ministry of Defence informed the Committee in this regard that the slow pace of expenditure has been cited by the Ministry of Finance as the reason for reducing allocations / not granting additional funds.

16. In case of Capital Budget of 2016-17, Army had projected an amount of Rs.34,706.12 crore which is Rs. 7,763.04 crore more than BE 2016-17, i.e. Rs. 26,943.08 crore. However, the amount finally allocated in RE 2016-17 is only Rs. 24,026.86 crore.

17. Further, in the context of the Revenue Budget being lower than the projected requirement, the Committee have been informed that the allocation provided would be inadequate even for meeting the requirements of Ration, Stores, Works and Emergency Powers. Further, capability development along the Northern Borders would suffer due to this inadequate fund allocation. Despite sanction no additional funds have been made available for the purpose. Thus, equipment and Stores are being issued to New Raising Units (part of Capability Development along Northern Borders) from existing stocks, thereby creating systemic hollowness. Contracts with cash outgo have also reportedly been signed under Emergency powers and this 'Committed Liability' requires

additional allocation. Funds, over and above the allocated amount are said to be required for putting up the Smart Fence along the LoC in J&K to restrict infiltration.

18. The Committee have also learnt that for capability development along the Northern borders, there was a requirement of about Rs. 64,000 crore over the next eight years. However, the Army has so far been allocated only about Rs. 4,000 crore. If the balance amount required has to come from the Budget allocation made to Army, it would be at the expense of the existing capabilities. The cuts imposed by the Ministry on the Army in RE 2016-17 would also be an additional burden to be carried forward in the ensuing FY. Therefore, the Committee earnestly desire that the Army is provided its rightful due for enabling smooth functioning, undertaking modernization programmes and maintaining an appropriate deterrence level.

Under Spending

19. The Committee note that there has been a continuous trend of under spending during the 11th and 12th Plan Periods. Especially, during the 12th Plan Period, the under spending is more evident. During the first four years of the 12th Plan Period, the allocation made to Army for capital acquisition was Rs. 55,771.10 crore whereas the expenditure incurred was Rs. 49,600.28 crore. Hence, Rs. 6,170.82 crore remained unutilized over a span of four years. The Twelfth Plan Period envisaged many critical acquisitions for Army including Bullet Proof Jackets, ammunition items and latest weapons. However, the under-utilization of the allocated amount is indicative of adopting an apathetic attitude towards equipping soldiers with latest-state-of-the-art equipments. This, in turn can lead to increased instances of harm, including casualties

amongst soldiers. The Committee regret the grim situation and earnestly desire that necessary steps be taken towards critical acquisitions/procurements for Indian Army.

20. While enquiring on the aspect of under spending and the slow pace of expending the budgeted amounts, the Committee were surprised to note that there were many proposals pending in the Ministry of Finance for approval. Therefore, the Army has not been able to spend the money on the projects planned. The Committee take serious note of the fact that while on one hand, the Ministry of Finance cites the aspect of slow pace of spending as the reason for making lesser allocations, on the other, there are some crucial proposals lying with the Ministry and are pending approval. The Committee, in this regard, would emphasise on ensuring that this scenario is changed to yield place to an objective and transparent budgeting system. The Committee desire that this issue be pursued with the Ministry of Finance at the highest level so as to rectify the prevailing situation.

Reduction in RE vis-à-vis BE

21. During the 11th plan period, BE for 5 years was Rs. 58,474.97 crore while RE was Rs. 47,870 crore. During the 12th Plan Period BE allocation was Rs. 91,116.09 crore whereas the RE allocation was Rs. 78,997.94 crore. The Committee are astonished by this pattern of funding. At one stage, the Service is assigned a certain amount of money while at a later stage during the FY, some portion of the amount is denied. Upon observing the funding pattern, the Committee can only arrive at the conclusion that there is ad-hocism and a casual approach towards up-gradation of Indian Army. The Committee regret the approach and desire that necessary steps be taken to rectify the situation.

Modernization

22. The Committee believe that in this era of rapid technological advancement, modernization of the Army needs to be a continuous strive. During the year 2016-17, Rs. 21,535.26 crore was allocated for modernization of Army. In RE, the Service demanded Rs. 27,476.22 crore i.e. Rs. 5,940.96 crore of additional amount. However, the allocation made in RE 2016-17 was only Rs. 17,966.46 crore. This amount is much less than the BE allocation and is indicative of an indifferent attitude towards enhancing the capabilities of the Army. As apprised by the Ministry, the acquisitions planned for the year 2016-17 are included in Draft Annual Acquisition Plan (AAP) 2016-18. Major schemes in the draft AAP include Missiles, Artillery Guns, Assault Rifles, Bullet Proof Jackets, Helicopters and Tanks. The Committee cannot help inferring in this regard that these acquisitions may have been derailed due to cash crisis.

23. During the 11th Plan period, 180 contracts with cumulative value of Rs. 63,172.80 crore were signed and in the 12th Plan period, 103 contracts (upto December, 2016) have been signed with cumulative value of Rs. 5,286.66 crore for Capital Acquisitions of Army. The equipments procured during the 12th plan include Tanks, UAV, Rockets, Radars, Howitzers and Missiles. The Committee observe that lesser amount had been spent during the 12th Plan as compared to the 11th Plan term.

24. Further, as regards Indian Army's capability, the Committee have been briefed that the inadequate budget allocation over the years has had an adverse impact on its modernization programmes. As against the normally accepted figure of 30 per cent of

the equipment being of the state-of-the-art variety, Army is presently much below the prescribed level on this count. Further, as far as the modernization schemes are concerned, 13 schemes are awaiting approval from the CCS as on date. For the modernization requirement this year, there is an inescapable requirement of about Rs. 4,045 crore.

25. The Committee are of the view that the figures cited above reveal an indifferent attitude towards enhancing the capabilities of the Army. The Army is expected to meet the vast responsibilities of ensuring external and internal security. To serve the purpose, it is quintessence that the Army personnel are equipped with latest state-of-the-art machineries, weapon systems etc. However, the plummeting trend of funds do not reciprocate with the huge expectations laid upon the Service. The Committee view this as a dichotomy and feel that the situation merits immediate attention and Ministry of Defence must ensure that essential capabilities are not hampered due to want of resources. The Committee expect to be intimated about the measures taken in this direction.

Planning

26. The acquisition of Weapon Systems and equipment for the Armed Forces flows from the Long Term Integrated Perspective Plan (LTIPP). The current LTIPP spells out the capability desired to be achieved by the Armed Forces over the 15 years duration from 2012 to 2027. The LTIPP is translated into specific assets to be acquired, in the form of Services Capital Acquisition Plan (SCAP 2012-17), covering a five year period. From the Services Capital Acquisition Plan (SCAP), a list of equipment and weapon systems required to be procured immediately is listed in the form of the Annual

Acquisition Plan (AAP). The AAP is a 2 year roll on plan. Presently AAP 2015-17 is in vogue and contains 147 schemes which are at various stages of procurement.

27. The Committee have been given to understand that there are no cost increases after the commercial bids are opened and post signing of the contracts, except on account of exchange rate variation or variation in taxes, if provisions for such variations are included in the contracts. Timelines get extended in procurement cases due to several factors, such as, insufficient and limited vendor base, non-conformity of offers with Request for Proposal (RFP) conditions, lengthy field trial requirement, complexities in contract negotiations and stakeholder consultations. Further, cases involving indigenization and design & development require a long lead time. MoD and Army Headquarters are reportedly working in unison to ensure timely procurement action as per the DPP.

28. Factors, as enumerated in the preceding paragraph being known in advance, at the time of planning itself, not keeping them in mind would only be indicative of lack of seriousness and adopting a lackadaisical approach. The Committee desire that the issue relating to availability of funds, vendor base, technologies and broad policy framework should be taken cognizance of while drafting the blueprint of the Army plan so that planning and execution go in unison and thereby enable in appropriately addressing issues of cost and time overruns.

Indigenization

29. On the issue of acquisition from indigenous sources, Ministry of Defence submitted that 'Buy Indigenously Designed Developed and Manufactured (IDDM)

category' has been introduced in the latest Defence Procurement Procedure which is given the highest priority, thereby meaning that any cases on which are initiated after this 2016, the first category will be 'Buy IDDM'. This would mean, that one either has to go in for an 'IDDM category' or has to justify not going for it before moving on to a lower category. So, the 'Buy IDDM category' mandates that the design, development and manufacturing is all Indian. The Committee hope that this measure will help in boosting Indigenous procurements for Indian Army.

30. Further, while examining the issue of the scope and extent of indigenization in Indian Army, the Committee observed that the expenditure on Capital Acquisitions for Army on account of orders placed on Indian vendors during the 11th Plan period was Rs. 43,271.36 crore, out of the total expenditure of Rs. 5,11,53.94 crore. During the last three years viz. 2013-14, 2014-15 & 2015-16, 50 contracts for Capital Acquisition for Army were signed with Indian vendors with total contract value of Rs. 20,564.84 crore. In 2016-17, 05 contracts have been signed with Indian Vendors (including DPSUs and OFB) for total contract value of Rs. 6687.48 Crore. The items contracted include Radars, Tanks, missiles and simulators. The expenditure on capital acquisition in respect of orders placed on Indian vendors during 2014-15 and 2015-16 was Rs. 21844.48 Crore (77.18%). During the current financial year (upto Jan 2017) , DAC has accorded Acceptance of Necessity (AoN) for 8 capital procurement cases involving an estimated cost of Rs.19,120.89 crore, out of which 4 cases are under 'Buy Indian' category at the cost of Rs.16,469.14 crore and 2 cases under 'Buy (Indian-IDDM)' at a cost of Rs. 1,684.13 crore.

31. On this count, the Committee were further intimidated by the representatives of Ministry, while taking evidence, that Army has also created a unit termed, 'Army Design Bureau', which is separately headed by a Major General who would be interacting with the industry on specific requirements of the Service. The Committee appreciate the measure initiated towards creating a Research and Development hub within the country and ensuring that most of the Army's needs are produced in-house so that Army does not have to continue to explore various avenues for buying crucial Defence equipments and face criticalities.

Bullet Proof Jackets

32. The Committee, during the course of examination of Demands for Grants had noted that there was serious deficiency of Bullet Proof Jackets(BPJs). Even when the approval of Defence Acquisition Council was obtained on 19.10.2009 for purchase of desired BPJs, the necessary purchases could not be made due to various reasons. The Committee came to know that BPJs currently held by Indian Army are based on GSQR No. 878. This GSQR has since been revised and further procurement of BPJs in the Army is being undertaken as per revised GSQR, i.e. GSQR No. 1438. The new GSQR No. 1438 is at par with the world standards being followed and allows addition/removal of external attachments to / from the BPJ as per operational requirement.

33. As regards the present position in regard to BPJs and progress made in procurement of BPJs, the Committee were intimidated that, based on the emerging threats, the requirement of the BPJs is on an increase. However, as on date, the total authorisation of BPJs in Army is to the tune of 3,53,765 pieces. The case for

procurement of BPJs (quantity 1,86,138) as per new GSQR 1438 is presently at trial stage.

34. With regard to the procurement of BPJs of GSQR No. 1438, the Committee were informed that in response to the RFP for procurement of 1,86,138 BPJs issued on 04.04.2016, five vendors have submitted their bids each offering two models of BPJs. All the vendors were found to be technically qualified to participate in trials, which are likely to commence in March 2017.

35. In this regard, the Ministry further informed that Mishra Dhatu Nigam Limited (MIDHANI), a DPSU under Department of Defence Production, had earlier developed Bullet Proof Jackets made of steel. However, the same did not meet the requirement of the user. The state-of-the-art Bullet Proof Jackets are manufactured from the fabric made up of the fibres such as 'Aramid' or 'Ultra High Molecular Weight Polyethylene (UHMWPE)', which is light weight, strong and comfortable to wear. The technology for fibre/fabric manufacture is not available in the country. However, there are a few foreign manufacturers having this technology. The downstream technology for further processing of fabric into material for BPJ manufacture exists with Indian private sector. MIDHANI has now initiated the process to acquire technology for making fibres such as 'Aramid' or 'Ultra High Molecular Weight Polyethylene (UHMWPE)' within the country, in collaboration with concerned foreign companies.

36. While analyzing the information submitted by the Ministry on comparison of BPJs available with Indian soldiers and other developed countries, the Committee also noted the aspect of the lesser body coverage area existing in Indian BPJs as compared to the

BPJs of other developed nations. The Committee hope that new BPJs are designed and made keeping in mind the aspect of ensuring maximum body coverage.

37. The Committee have also taken note of the advancements made in regard to procurement of 50,000 BPJs (GSQR 878) for meeting the immediate requirement. As a matter of some respite, it was observed that the procurement of 50,000 BPJs was contracted for in March 2016. The delivery of BPJs has already commenced and 30,000 BPJs have so far been received. Delivery of the balance 20,000 BPJs is likely to be completed by March 2017. The Committee desire that the procurement of BPJs is completed by March 2017 and supplied to the soldiers. The Committee desire to be kept apprised of the progress made in this regard.

38. By way of concluding the analytical account as brought out above, the Committee regret that even after the approval by the DAC in 2009 and a lapse of 8 years since then, our soldiers continue to suffer due to the 'insufficiency' of BPJs. Further, the Committee observe that when the trial is rejected, all the expenditure incurred from sanction of the procurement to trial stage goes in vain. Therefore, there is a need to conduct extensive research before tendering for the BPJs. At the same time, the decision should be more specific and timely so that delays in procurement do not occur.

39. In any case, the Committee sternly wish and hope that the procurement of 1,86,138 BPJs of GSQR No. 1438 is made within a stipulated time frame even though a huge deficiency of BPJs would continue to remain in the Army as compared to the requirement. The Committee, therefore, recommend that efforts should be made towards procuring the balance BPJs also, as the lives of our soldiers cannot be left in danger. The Committee would like to be apprised of the developments in this direction.

Shortage of arms and ammunition

40. The Committee, while examining the Demands, learnt that the Army endures with a huge deficiency of arms & ammunition. The Committee's examination of the matter of the shortage on weapons, equipments and ammunition, revealed that deficiencies of 'in-service' weapons and equipment are identified every year through Annual Provision Review and procurement cases re-initiated through Revenue procedure for all equipment, leaving apart armoured fighting vehicles, rockets and missiles. Items under the product range of OFB are indented to OFB and others are procured through trade / ex-import.

41. With regard to the issue of shortage of ammunition, the Committee understand that a Five Year Roll on Indent for ammunition has been placed on the OFB for the period 2014-19. Further, MoD had accorded Emergency Procurement Powers to VCOAS under Schedule 23 of DFPDS 2016. This will enable in fast-tracking the procurement. However, the build-up of stocks will depend on the vendors capacity to supply the ammunition being procured. Eight types of ammunition have been identified for manufacture by Indian Industry. RFI has been uploaded and responded to by 23 vendors. Preparation of RFP is under progress. MoD has delegated the powers for procurement to SHQ in order to maintain minimum levels of critical ammunition (10(i) levels of WWR) and critical spares.

42. Upon further examination, the Committee have also learnt that 'Out of 30 cases for procurement approved by the Hon'ble RM in July 2013, 19 cases are in various stages, 04 cases are being re-tendered and procurement in 07 cases have been pended for various reasons'. On the issue of budget requirement for meeting the ammunition requirement, the Committee have been informed that, overall, in the next five years,

Army will require about Rs. 6,000 crore. Here, the Committee are concerned to observe that although the measures like increasing vendor base within the country and delegation of powers are good, inadequacies of budget continue to be a major roadblock. The Committee wish that the concern expressed in this regard is addressed and appropriate allocation is made available. This would be essential as insufficiency of quantity and quality of ammunition can be detrimental to the overall capabilities of the Army.

Procurement of Rifles

43. Along with ammunition, Rifles have also been a cause of concern for Indian Army. In relation to procurement of rifles, the Committee were briefed that Defence Acquisition Council (DAC), vide decision dated 20.11.2009, had accorded Acceptance of Necessity (AoN) for procurement of Assault Rifles under 'Buy& Make' category with Transfer of Technology (ToT) to OFB. Request for Proposal (RFP) was issued for procurement of dual calibre Assault Rifle in November, 2011. However, as the equipment fielded for trials did not fulfill the General Staff Qualitative Requirement (GSQRs), the RFP was retracted in June, 2015. The Committee regret such a dismal state of affairs.

44. A new 5.56 Assault Rifle was developed by Armament Research and Development Establishment (ARDE), Pune, DRDO and OFB. The weapon prototypes were subjected to technical trials in Sept and Oct 2015 and User evaluation trials were carried out in Nov & Dec 2015. In Feb, 2016, Alteration Committee approved modifications in the existing INSAS 1 B rifle. In addition to this, Request for Information (RFI) for New Assault Rifle (7.62x51mm) was hosted on MoD website. Presently, GSQR is under formulation. Simultaneously, the OFB was directed to develop and produce a prototype for Army's requirement. OFB is in the process of development of the Weapon and the same is

planned to be fielded for user evaluation by March 2017. The Committee desire that all the rifles are acquired within stipulated time frame under intimation to the Committee.

Main Battle Tank

45. On the issue of induction of Main Battle Tanks in Indian Army, the Committee were informed that a total of 124 MBT Arjun Mark-I have been inducted into the Indian Army. Two Regiments have been equipped with these tanks. Some of the issues affecting the satisfaction level with the tanks include the weight of MBT Arjun Mark-I (being a heavy tank, its utility is limited and affects deployment in all sectors), incidents of barrel burst/ bulge/chipping, shortage of ammunition affecting practice/training and deficiency of spares for maintenance of the existing fleet of Arjun Mk-I.

46. The Committee have also been keen to be updated on the status of induction of MBT Arjun Mk-II. In this regard, the Committee have been told that MBT Mk-II has so far not been inducted into the Indian Army as the tank with upgrades is under Trial Evaluation by the Indian Army. The Committee are unhappy to find that the progress with regard to induction of MBT-II is slow and tardy. MBT-I is grappled with many shortcomings. Therefore, it becomes all the more imperative that early induction of MBT-II takes place. However, at the same time, it should be ensured that unlike MBT-I, MBT-II fully serves the purpose of Army.

Manpower

47. The Committee while deliberating on the Demands for Grants 2017-18, found that Army is facing shortage of manpower. In case of officers, the sanctioned strength is 49,939 whereas the held strength is 41,569. This accounts to a shortage of 8,370

(16.76%) personnel. With regard to JCOs/OR the existing strength is 11,82,468 against an authorised strength of 11,95,152, thereby resulting into a shortage of 12,684 (1.06%).

48. The Committee further came to know that the present shortage of officers in the Indian Army stands at 17% and is planned to be reduced @ 1% per year. In this manner, the Committee opine that it will take many years to overcome the shortfall. Further, they have been given to understand that shortage of officers in the Indian Army is mainly due to deficiency in intake of support cadre. The intake of support cadre has been lower than allocated vacancies. The Committee take note of the situation and desire that various methods should be incorporated to ensure enhanced induction of Support Cadre. The Committee would like to be updated on the measures taken in this regard.

49. As regards filling up the vacancies of JCOs/OR, the Committee have been apprised that 84,069 recruits (7.03%) are already under training and would be sufficient to make up the deficiency. The Committee, while appreciating this, desire that training of candidates should be taken proper care of and it should be based on latest technological up gradations.

Indian Navy

Budget Grant Budget Estimate 2017-18

50. In Budget Estimate 2017-18, the projection made by Navy and allocation given by Ministry of Defence are Rs. 51,065.20 crore and Rs. 37,841.98 crore respectively. There is a deficit by Rs. 13,223.22 crore. In the contemporary times, safety and security of the country is far more dependent on sea frontiers. Besides security aspect, benign roles of Navy are also multi-faceted which include, humanitarian assistance during natural

disasters. Therefore, a potent and capable Navy is essential not only for Defence purpose but also economic and diplomatic edge of the country. To attain this, long term budgetary support is pre-requisite. On the contrary, a budget deficit of nearly 25% will indeed have cascading affect on operational preparedness and technological upgradation of Navy. It is therefore desirable that required funds are provided to Indian Navy.

51. Revenue Allocation in BE 2017-18, consists of Rs. 16,499.20 crore made against a projection of Rs. 19,733.18 crore. Out of the total Revenue Budget, Rs. 8511.57 crore is meant for Pay and Allowances. This accounts for 53 per cent of allocation. Thus, Rs. 7927.63 crore is left for non-salary expenses which include stores, fuel, etc. these components are extremely crucial for the 'Preparedness' of the Service. The Committee believe that the budget crunch would also affect the training and maintenance aspects which are essentially critical as inadequacies on this front may lead to accidents and causalities. Besides, growth in Revenue Budget needs to factor for inflationary trends also. The Committee found that for the first time in 25 years, the Pay and Allowances component has exceeded the Other Heads. The Committee regret the not-so-happy state-of-affairs prevailing and desire that additional allocation must be made available to Navy under Revenue Head.

52. The Capital part of the Budget is Rs. 18,603.71 crore made against a projection of Rs. 27,546.49 crore. The Capital segment comprises of two main components of Committed Liabilities and New Schemes. The representatives of Navy submitted before the Committee that BE 2017-18 is even less than the amount required on account of existing Committed Liabilities. This year, the allocation is Rs. 18,000 crore in the capital budget whereas the committed liabilities itself is to the extent of Rs. 22,000 crore. On

this point, the Committee are worried that if the Committed Liabilities are not managed during the current year, it will spill over to the next year automatically which would mean that Navy's new schemes to be finalized during the next year will get affected. This is tended to become cyclic. The Committee would like the Ministry of Defence to ensure that appropriate measures are taken to rectify the situation by way of assuring adequate Budgetary provisioning to Navy.

Budget Review 2016-17

53. In the year 2016-17, the projected Revised Estimate of Indian Navy was Rs. 41,878.27 crore while allocation stood at Rs. 37,410.27 crore. The Budget Estimate 2016-17 was Rs. 39,424.88 crore. The Revised Estimate allocation is even less than Budget Estimate allocation leave aside the additional projection. The Committee have learnt, in this regard, that the Ministry of Defence took up the matter with Ministry of Finance for additional payments. However, the Ministry of Finance did not accede to the requirement. It has further been informed that slow pace of expenditure was cited as a reason on this count. Out of this amount, Rs. 19,348.23 crore was projected under Revenue Head while Rs. 17,813.99 crore was allocated. In Capital segment, Rs. 22,530.04 crore was projected and Rs. 19,596.28 crore was allocated. The Committee regret the trend of deficiency in the budgeting for the Service. Allocating a sum of money and then cutting it down will only lead to ad-hocism in the budgeting process. Further, it adds on to fiscal deficit in ensuing FYs. The apparent inadequacies in the approach towards Defence funding especially during the years 2016-17 and 2017-18 are regrettable. The Committee, therefore, desire that the budget system to be more specific and realistic.

Percentage of Naval share

54. The Committee were updated by the representatives of Navy that the percentage of share of Navy to total Defence budget has declined over the years. From a level of 18.12 percent in the beginning of Twelfth Plan Period i.e. 2012-13 it gradually came down to 13.39 per cent in the current year. The Committee would like to emphasise here that the challenges in Maritime Domain require a capable and modern Navy. In order to achieve this, it is desirable that Indian Navy is provided requisite budgetary support of at least 18 per cent of a growing Defence budget for planned modernisation.

Naval Base Karwar

55. The Committee desired to be apprised about the modernization of Naval Base in Karwar. In this connection, the Committee have been told that all major works envisaged as part of Phase I of the Project have been completed. Phase I caters for infrastructure for 10 ships/ submarines and 10 yard craft. The Naval Base is being further augmented and upgraded as part of Phase IIA. The CCS sanction was accorded on 06 Dec 12 for Rs. 13,161 Crs on Jan 2010 rates for augmentation of infrastructure and other facilities over a ten year period (Rs. 19603 Crs with 6% escalation). Phase II A of Project Seabird caters for basing of 32 ships/ submarines, 12 FICs, and 23 yard craft along with all associated facilities and infrastructure. The Project Management Consultant (PMC) has since been appointed in Nov 2014, to undertake overall Project Management. By way updating further on the progress made in this area, the Committee have been apprised that as part of early works, nine surveys/site investigations/ studies have been ordered, of which four have been completed. The Letter of Acceptance for the first major critical work package MWC 1 (Dredging, Reclamation, Revetment and Quarrying) has been issued on 16 Jan, 17. While applauding the efforts being made, the Committee feel that

the said Naval base is very crucial from strategic point of view. The landmarks achieved in this area should be furnished to the Committee in the Action Taken Replies (ATR).

Coastal Security

56. There are many agencies/stakeholders working in maritime domain. Nevertheless, it is incumbent upon Indian Navy, being the lead agency responsible for coastal security to take all possible measures towards ensuring coastal security. One of the essentialities is ample coordination among all the agencies. These agencies include Indian Navy, Indian Coast Guard, Ministry of Home Affairs, Coastal State Governments, IB, R&AW, Min of Agriculture/Fisheries, DG/Ministry of Shipping, Port and Customs Authorities, Ministry of P&NG, Private operators, CISF etc. The Committee should be informed about the measures taken to enhance coordination and collective response mechanism by various agencies.

57. Along with coordination, it is equally important that Navy should procure latest world-class surveillance equipments. Since there are multiple agencies/stakeholders in the maritime domain, it is pertinent that identification of threat perception is accurate and verifiable. For this purpose, the most advance technologies available in the world for monitoring and tracking devices/software should be procured. This will help in tracking the threat targets before any trouble is created and nipping the threat in the bud itself.

Force Level

58. The Committee have been informed by the Ministry of Defence that Emergency Cabinet Committee report of 1964 approved Force Level of 138 ships and submarines. Meanwhile maritime security environment has undergone considerable changes.

Keeping this, in view, in 2012, Defence Acquisition Council (DAC) approved a strength of 198 ships and submarines by 2027. The presently held force level by Indian Navy is 123 ships, 15 submarines and 235 aircraft. The Committee note that there are huge deficiencies in authorized and existing level of ships, submarines and aircraft. Moreover, while examining the Demands-for-Grants of the Ministry of Defence 2016-17, the position with regard to the existing Force Level was exactly the same as it stands now. Not even a single increase in the strength of platform held by Navy has been witnessed. This depicts lackadaisical approach of the Ministry. The Committee view this as an unfortunate state-of-affairs for in the contemporary military parlance, Navy is required to be a potent and strong Force.

59. With regard to ships and submarines, the Committee have found that there are some major Projects in progress aimed at alleviating the capabilities gaps. These procurements/acquisitions programme include 46 Ships and Submarines under construction in India. The Committee have been further informed by the representatives of Navy that there is a need to give impetus to replace ageing platforms, Induction of Indigenous Aircraft Carrier, P 15B and P 17A Ships. The Committee wish that all the projects are progressed in time-bound manner and they would like to be apprised in detail about the progress of these projects in the Action Taken Replies.

60. Presently Navy is working with 15 submarines as against planned force level of 18 conventional submarines. Moreover, these submarines are 16 to 30 years old. In order to acquire the desired level, currently, six P-75 submarines are under construction at Mumbai Dockyards Limited, Mumbai. In addition to this, Medium Refit Life Certification (MRLC) of submarines is undertaken and case for six P-75 submarines

is being progressed as per directives of Ministry of Defence, under strategic partnership model. The Committee would like to be informed about the details of progress made with regard thereto.

61. As regards, Mine counter Measure Vessels (MCMVs), the Committee have been apprised that the six MCMVs in operation are over 26 years old. Therefore, rapid induction of MCMVs must be taken care of.

62. Aircraft/ Helicopters are critical for surveillance and Stand-off targeting at sea. Presently there is a deficiency to the extent of 61 integral helicopters on existing ships. In order to make up the deficiency, mid life upgrade of 28 Kamov helicopters is being undertaken. Also, case for multi role helicopters is being progressed. In addition to these, case for P81 Boeing aircraft is in an advanced stage of acquisition, and cases for 12 Dornier aircraft and Nine Medium Range Maritime Reconnaissance Aircraft are also in progress. The Committee wish that these cases proceed in right direction and at right speed. Details regarding their progress be made available to the Committee within three months.

Accident data of Navy

63. The Committee, while examining the subject, came to know that the accidents are a continuous feature in Navy. The Committee opine that the Ministry of Defence must take onus for this as either poor quality procurement or improper maintenance or inadequate training is responsible for occurrence of frequent accidents. It is needless to say that all possible measures should be taken to check occurrence of accidents in the Service. To ensure this, everything from right procurement, right maintenance, right training and right execution needs to be done. In case an accident take place,

appropriate penalty and punishment need to be metered out, if the mishap is found to be on account of deficiencies in maintenance etc.

Manpower

64. In case of officers, the borne strength is 10,023 against a sanctioned strength of 11,553. There is a shortage of 1,530 Officers. In case of sailors, the sanctioned strength is 69761 whereas the existing strength is 57,871. This accounts to a shortfall of 11,890 which is to the extent of 17.04 percent. The Committee observe that along with desired force levels trained manpower is equally significant for an efficient and powerful Navy. They wish that the Ministry of Defence take necessary steps towards mitigating the deficiencies of manpower. Adequate emphasis on up-gradation of training programmes based on latest technological developments also need to be incorporated.

Joint Staff - Budgetary Provisions

65. The Committee note that the Head Quarters - Integrated Defence Staff is a growing organisation. The role of the organisation is critical, particularly from the point of view of intelligence gathering and dissemination. Major requirement of funds is for the purpose of building infrastructure for 'new raisings' and to maintain the existing operational assets. The Revenue allocation for the 'joint staff' in 2017-18 is Rs. 2394.62 crore. Out of this allocation, the salary part is Rs. 1628.45 crore while non-salary part is Rs. 766.17 crore. The allocation in regard to 'non-salary expenditure' in RE 2016-17 was also Rs. 766.17 crore. Thus, there is no increase in the allocation. The Committee have been informed that additional funds will be critical at the stage of RE 2017-18. Accordingly, the Committee wish that necessary funds be released for the organisation.

66. The Capital allocation for the organisation in BE 2017-18 is Rs. 744.45 crore. At the stage of RE 2016-17, it was Rs. 854.10 crore. Hence, there is a decrease in budget by 12.84 per cent as compared to that of the previous year. Especially, in the segments of the Capital Budget that pertain to matters other than acquisition, the decrease is upto an extent of 27.04 per cent. In this connection, the Committee note that approval of the Cabinet has been received for building the National War Memorial and National War Museum, for which the estimated requirement in the year 2017-18 would be around Rs. 50 Cr. The Committee observe in this regard that additional funds under 'Capital Head – other than Acquisition' section would be inescapable at the RE stage. Therefore, it needs to be ensured that the funds necessary are channelised under this Head of account.

AIR FORCE

Budget, 2017-18

67. In the Budget Estimate 2017-18, the projection made by Indian Air Force (IAF) was Rs. 92,496.14 crore, while the allocation is Rs. 59,672.50 crore thus amounting to a shortfall of Rs. 42,823.64 crore or 35% vis-à-vis the projection. Hence, the Budget Estimate grant is merely 65% of the amount actually sought by Air Force. The Committee observe that the Budget Estimate allocation to IAF is severely short of their requirements. The Committee feel that this shortfall in the allocation vis-à-vis the amount projected as required by the Air Force would affect the operational preparedness and in achieving strategic objectives that include, enhanced Air Defence capability, enhanced combat force levels, increased surveillance and automation of Air Defence. IAF has been on a modernization trajectory, which needs to be sustained in the years to come. Also, important projects are at critical stages (CNC/CFA approval)

and slow pace of modernisation will have a cascading effect. As per the submission of the representatives of Air Force, inadequacy of budget allocation would result in deferment of certain procurements planned, thereby creating a capability deficit. Therefore, adequate budgetary support is necessary to ensure that these projects fructify.

68. Out of the total allocation in BE, the Revenue allocation in Budget Estimate 2017-18 is Rs. 26,102 crore against a projection of Rs. 30,447 crore. This accounts to a shortage of Rs. 4,345 crore. Out of the total Revenue allocation, Rs. 15,054 crore is allocated for Salary expenses. Thus, the amount that would remain available for non-salary expenditure is Rs. 11,049 crore. The amount projected as required by IAF for non-salary segment was Rs. 14,927 crore. Thus, Rs. 3,878 crore is the cut in allocation as compared to the projected requirement. The deficit in Revenue Budget would lead to inability to procure spares & fuel, gaps in training programs that would affect serviceability of older systems. This would also adversely affect operational preparedness and other amenities being provided to Air Force personnel. Therefore, it is desirable that necessary funds are provided to Air Force during the course of FY 2017-18.

69. The grant in Budget Estimate 2017-18 under Capital Head is Rs. 33,570 crore made against a projection of Rs 62,049 crore. This amounts to a shortfall of Rs. 28,479 crore. The Committee take serious note of the reduced allocation and feel that this may hamper the modernization drive of IAF. The budget allocated exclusively for 'new schemes' is only Rs. 4,000 core. Air force is a 'capital intensive' service as procurement of Aircraft and related equipments are of high-cost nature. Therefore, necessary funds must be made available to IAF under the capital segment.

70. In order to achieve the strategic objectives of IAF, which include, deterrence on two fronts along with an offensive Defence posture, enhanced Air Defence capability, enhanced combat force levels, increased surveillance and automation of Air Defence, the Ministry of Defence had informed that there is a need for continued induction of SU 30 Mki Aircraft, Akash-surface to Air missiles, latest radar systems, Rafale and Tejas Aircraft, etc. However, the Budget allocation does not resonate with the objectives of the Service. Therefore, the Committee cannot help inferring that the intent of the Government is not on the same trajectory as that of the Air Force. In order to achieve the planned targets, it is of utmost importance that Air Force is assigned essential funding in the FY 2017-18.

Budget, 2016-17 Review

71. For the Financial Year, 2016-17, under Capital Head, Revised Estimate projected was Rs. 36,512.95 crore. There was an additional requirement of Rs. 6,717.53 crore as compared to BE 2016-17 of Rs. Rs.29,795.42 crore. In the Action Taken Replies on the report on Demands for Grants 2016-17, Ministry of Defence had informed the Committee that additional funds had been sought and will be allocated to Air force. However, only Rs. 28,239.86 crore has been allocated to the IAF in the Revised Estimates 2016-17. This amount is even less than Budget Estimate grant of 2016-17. The Committee understand that under the Capital segment, Committed Liabilities have to be met first, thereby leaving very little or scanty funds for 'New Schemes' during the year. This would certainly upset the up gradation processes of Air Force.

72. The Committee found that there is a trend of providing lesser allocation in Revised Estimates as compared to Budget Estimate in the last few years. In 2013-14 Budget Estimate was Rs. 39,208.84 crore while Revised Estimate was Rs. 37,750.44

crore. In 2015-16, Budget Estimate was Rs. 33,686.75 crore while Revised Estimate was Rs. 30,442.15 crore. With regard to the lower allocations Revenue Budget of 2016-17, the Committee would like to be apprised about the actual expenditure incurred.

73. With regard to the lower allocations, the Committee have been informed that the Ministry of Finance did not cite any reasons for reducing the allocations and not acceding to the request for granting additional funds. It is surprising that an amount that is assigned at the initial stage is denied at a later stage. This would disrupt the procurement plans during the year. Therefore, more stringent and dedicated funding pattern should be developed. The Committee be informed of the measures taken towards this end.

Modernization

74. It has been emphasized upon to the Committee that modernisation is based on the approved LTIPP for 2012-27 which is a vision to the Budget Estimate enforced for maintaining and enhancing the war fighting potential of IAF. In an effort to strengthen the indigenous Defence production base, the Government has put in place a Defence production policy which endeavors to enhance Defence Research and Development base of the country.

75. During the 5 years of 12th Plan period i.e. from 2012-13 to 2016-17, the Budget Estimate grant for modernisation is Rs. 16,315,40.92 crore, Revised Estimate allocation was Rs. 15,5265.00 crore, while the Modified Appropriation (MA) was Rs. 15,4407.32 crore. The data reveals that allocation was less than Budget Estimate grants. Such deficiencies would result into asymmetry in capability with regard to envisaged threat perception. Also, flight safety becomes a concern due to obsolescence issues. The

Committee opine that modernisation of IAF is an utmost necessity, for which appropriate budgetary resources need to be provided for modernisation. The Committee believe that inadequacy of budget allocation would result in deferment of certain procurements, thereby further deepening the capability deficit.

Make in India

76. The Committee found that during the last 10 years, the number of contracts signed with Indian vendors for procurement by the Air Force has only declined. In 2007-08, 24 contracts worth Rs. 15,06,954 crore were signed, while in 2016-17 (upto Dec,16) it has come down to only 03 contracts worth Rs. 268.10 crore. The Committee are perturbed to observe that the statistics do not resonate with the conceptual emphasis of the Government on 'Make in India'.

77. In 2016-17, a total budget of Rs. 22,222,34 crore was actually spent on modernization. The Committee note in this regard that out of this amount, only Rs. 268.10 crore i.e. nearly 1% of the 'spending' was signed with Indian vendors. Therefore, the Committee recommend that the Ministry of Defence must pay real stress on design and development and the 'Make in India' initiative.

Planning

78. The acquisition of weapon systems and equipment for the Armed Forces flows from the LTIPP. The current LTIPP, 2012-27, covers 4 plan periods. Out of this, during the 12th Plan period 55 contracts (upto Dec. 2016) with cumulative value of Rs.

1,39,740.58 crore were signed for capital acquisition of IAF. During the 11th Plan period, 98 contracts with cumulative value of Rs. 1,34,960.5 crore were signed.

79. A list of equipment and weapon systems that are required to be procured immediately is listed in the form of Annual Acquisition Plan (AAP). AAP, 2016-18, has 187 schemes which are at various stages. The Committee are perturbed to find that out of 187 schemes, only 10 contracts could be signed and 14 schemes have been dropped. 117 schemes are at AoN stage. The Committee wish that Ministry of Defence actively participates in negotiating and finalizing deals. Air force has capability deficit and therefore, it is absolutely essential that further deficit is contained. Also, mitigation of existing gaps for developing capabilities of the Service for a 'two front war' is a necessity.

Force Level

80. The Committee have been informed that the present requirement of IAF is at least 45 fighter squadrons to counter a two front collusive threat. However, IAF as on date has 33 active fighter squadrons as against Government authorised strength of 42 squadrons. Further, the Committee are given to understand that this gap in the Force level is due to the rate at which fighter aircraft are retiring after completion of their total technical life which exceeds the rate at which their replacements are being inducted into the IAF. With regard to the issue of filling of gaps, the Ministry submitted that the capability gap cannot be filled up in the 12th Plan period which is going to end shortly. However, the capability deficit of current Plan Period is being carried forward. Adequate budgetary allocation over the coming years will ensure that the capability gap is reduced. However, mainly on account of the trend of reduced budgetary allocations at BE and RE stages in the recent years, the Committee are apprehensive about the

decrease in the capability gaps. The Committee take note of the requirements of Air Force in regard to acquisition of Aircraft in the coming years. Therefore, they recommend that the funds that are essential are channelized to Air Force for the purpose.

81. With regard to the present position of combat capabilities of IAF, during the presentation given by IAF, the Committee were informed that as 14 squadrons of MiG 21, 27 & 29 are due for de-induction in next 10 years, the present level of 33 squadrons will further go down to 19 by 2027, and may further reduce to 16 by 2032. In order to arrest the drawdown, the Committee have been informed by the representatives of Air Force that induction of Su-30, Tejas and Rafale Aircraft would help in addressing the problem. The Committee are worried at the prevailing state-of-affairs. They observe that the capital funding provided to IAF is not at all commensurate with the envisaged requirements. This could lead to erosion of existing capabilities to a large extent. In the light of these factors, the Committee urge upon the Ministry of Defence to take every step needed towards procuring the essential combat planes for Air Force.

New Generation Hardened Aircraft Shelters (NGHAS)

82. One of the important projects earmarked for 2017-18 includes New Generation Hardened Ac Shelters (NGHAS). This is a Specialized Structure to protect Combat Aircraft from Direct HIT of a 2000 LBS BOMB. There is a proposal for 108 NGHAS at a cost of Rs. 5400 crore. For this purpose, the cash outflow would be to the tune of

Rs. 270 crore for Phase-I work services, which involve construction of 36 NGHAS. The Committee note in this regard, that as the IAF is already short of combat strength, protection of existing fleet becomes even more crucial. Therefore, the project needs to be taken up at an appropriate pace and necessary funds provided.

Trainer Aircraft

83. The Committee have been informed by Ministry of Defence that IAF has a requirement of 183 Basic Trainer Aircraft (BTA). At present, IAF has 75 x PC-7 Mk-II BTA. Acceptance of Necessity (AoN) was granted for procurement of additional 38 PC-7 MK II aircraft. At present, the scheme is at TEC stage and the contract is likely to be concluded in the next financial year (2017-18). Additionally, HAL has been tasked to make 70 BTAs (HTT-40) for meeting the balance requirement. The Committee wish that all the procurements for basic trainer Aircraft should be done in time-bound manner.

84. With regard to the Intermediate Jet Trainer, the Committee were apprised that the Kiran (IJT) aircraft have already started retiring and were planned to be replaced by the HAL built IJT. However, the IJT has been in the process of being developed since 1999. In view of this factor, the IAF is looking at other available options for Intermediate Flying Training. This could include use of the BTA for undertaking the Intermediate stage training syllabus (Stage-II Flying). HAL, in conjunction with RCMA (A/C) has carried out life extension studies on Kiran aircraft. The phase out will now commence from the end of 2019. The Committee are unhappy with the performance of HAL on the issue of IJTs. The scenario has become so dismal that Kiran aircraft is being considered for 'extension' for mid-level training. Training is very crucial as any lacunae could result into fatalities. Therefore, the Committee desire that the Ministry of Defence identifies the

causes for non-performance by HAL with regard to making of IJTs. In this regard, adequate penalties be imposed on the DPSU as the Air Force has been made to suffer. Besides this, appropriate action needs to be taken to identify alternate Mid-level trainers for Pilots in Air Force.

Accidents

85. The number of accidents has reduced from an average of 13 accidents per year in 11th plan to an average of 7.2 accidents per year in 12th plan (till 30 Jan. 17). However, in the year 2016-17, a total of 08 accidents took place till 31.01.2017. Accidents are detrimental to overall health of the Service and every measure should be taken to contain the objective of turning the Air Force into a 'zero-accident zone'.

Modernisation of Air Fields

86. The Committee have been informed that Modernisation of IAF airfields is being undertaken through the Modernisation Air Field Infrastructure project (MAFI), the contract for which was signed in 2011 at a cost of Rs. 1,220 crore. In this project, modernization of 52 IAF airfields (excluding Kargil) is planned in two phases. Phase-I comprising of 30 IAF airfields is under execution in five batches of six airfields each. Further, it has been informed that pilot project at model base, 'Bathinda' and 14 other bases has been completed and three more bases were likely to be commissioned by February, 2017. The project is in progress at 06 Batch-IV airfields. The Committee, while deliberating on the DFG 2017-18 found that six airfields, namely Bhubaneswar, Ambala, Hashimara, Agra, Pathankot and Jaisalmer are targeted for completion by June, 2017. In addition to this, six airfields namely AFA (Dundigal), Sirsa Chandigarh, Chabua, Utterlai & Sullur are targeted for completion by July 2017.

87. The Committee note that the MAFI project was signed in 2011. After a passage of more than six years Phase-I is yet to be completed. The Committee would like to be apprised of the status in regard to completion of construction of remaining airfields under Phase-I. For runway resurfacing, Rs. 145.22 crore has been allocated in Revised Estimate 2016-17 while Rs. 235.22 crore has been allocated in BE 2017-18.

88. The Committee, while appreciating the pace at which the Phase-II work has started off, although after a delay, emphasise on ensuring that the targets are achieved.

Advance Landing Grounds

89. The Committee have been informed that six ALGs namely Along, Pasighat, Walong, Tuling, Mechuka and Ziro are operational in the North East. The Committee note in this regard that the North-Eastern ALGs have been completed. The work for ALG at Tawang is in progress and is to be completed by 30 June, 2017. The Committee desire that every step needed is taken to ensure that the work is completed in time, and the Committee be intimated of the same.

90. With regard to Vijayanagar ALG, the Committee have been informed that the work could not be taken up due to non-availability of road connectivity from Miao to Vijayanagar. Therefore, Vijayanagar ALG was removed from the sanctioned CCS work. The road is reportedly under construction now under Pradhan Mantri Sadak Yojana. The Committee would like the Ministry of Defence to take up the matter of speedy completion of the construction work and kept apprised of the progress.

Manpower

91. During deliberations on DFG 2017-18, the Committee have learnt that in the case of officers, the sanctioned strength is 12,458 while held strength is 12,021. Hence, there is a shortage of 437 officers.

92. In the case of Airmen, the present sanctioned strength is 1,41,623 while the held strength is 1,2,8,622. Thus, the shortage is to the extent of 13,001 personnel. The Committee wish that the gaps in officers & Airmen categories are filled.

93. Along with recruitment, adequate training facilities is equally important. In this regard, the Committee have been informed that in the FY 2017-18 there is proposal for enhancing training capacity at the Air Force Academy. The Committee view this as an inescapable requirement. The Ministry of Defence needs to take necessary action in this area.

**New Delhi;
03 March, 2017
12 Phalguna, 1938 (Saka)**

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

STANDING COMMITTEE ON DEFENCE (2016-17)

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

The Committee sat on Wednesday, the 22 February, 2017 from 1100 hrs. to 1740 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri, AVSM (Retd)

-

Chairperson

Lok Sabha

2. Shri Dipak Adhikari (Dev)
3. Shri Suresh C Angadi
4. Shri Thupstan Chhewang
5. Col Sonaram Choudhary(Retd)
6. Shri H D Devegowda
7. Km Shobha Karandlaje
8. Dr Mriganka Mahato
9. Shri Rodmal Nagar
10. Shri A P Jithender Reddy
11. Shri Ch Malla Reddy
12. Shri Rajeev Satav
13. Smt Mala Rajya Lakshmi Shah
14. Shri Partha Pratim Ray
15. Shri Dharambir Singh
16. Smt Pratyusha Rajeshwari Singh

Rajya Sabha

17. Shri Rajeev Chandrasekhar
18. Shri Madhusudan Mistry
19. Shri Sanjay Raut
20. Smt Ambika Soni
21. Dr Subramanian Swamy

SECRETARIAT

1. Smt Kalpana Sharma - Joint Secretary
2. Shri TG Chandrasekhar - Director
3. Smt Jyochnamayi Sinha - Additional Director
4. Shri Rahul Singh - Under Secretary

WITNESSES

REPRESENTATIVES OF THE MINISTRY OF DEFENCE

1. Shri G Mohan Kumar, Defence Secretary
2. Shri A.K Gupta, Secy(DP)
3. Shri Prabhu Dayal Meena, Secy(ESW)
4. Dr. S. Christopher Secy (R&D)
5. Shri Sunil Kumar Kohli, FA (DS)
6. Smt. Smita Nagaraj, DG(Acq)
7. Shri J.R.K. Rao, Addl. Secy.(J)
8. Ms. Surina Rajan, Addl. Secy. (DP)
9. Smt. Anuradha Mitra, FA (Acq)
10. Lt Gen Sarath Chand, VCOAS
11. Vice Admiral Karambir Singh, VCNS
12. Air Mshl SB Deo, VCAS
13. Air Marshal RKS Bhadauria, DCAS
14. Air Mshl HS Arora,DGAO
15. Air Vice Mshl J Chalapati, ACAS(Projects)
16. Air Vice Mshl Pothureddy Subhash Babu, ACAS(Fin Plg)
17. VAdm Ajit Kumar P, DCIDS(PP&FD)
18. Lt. Gen Vinod Vashisht, DG NCC
19. Lt Gen Nimbhorkar, MGO
20. Lt Gen PM Bali, DG PP
21. Lt Gen Subrata Saha, DCOAS
22. Shri J. Janardhan, Spl. DG
23. Shri Sanjay Prasad, JS(LS)
24. Shri Deepak Anurag, JS&AM(LS)
25. Shri Jayant Sinha, JS&AM(MS)
26. Shri Rajeev Verma, JS&AM(Air)
27. Smt Devika Raghuvanshi, JS(Navy)
28. Shri Vijayendra, JS(DOMW)
29. Shri A.N. Das, Addl FA & JS
30. Shri Subir Mallick, Addl FA & JS
31. Shri Ravi Kant, JS(ESW)
32. Shri Ashwini Kumar, Addl. FA(AK)& JS
33. Smt. Dharitri Panda, Addl. FA(DP) & JS
34. Shri R.K. Karna, Addl. FA(RK) & JS
35. Air Mshl HS Arora,DGAO
36. Air Vice Mshl J Chalapati, ACAS(Projects)
37. Air Vice Mshl BR Krishna, ACAS(Plan)
38. Air Vice Mshl Pothureddy Subhash Babu, ACAS(Fin Plg)
39. AVM H J Walia, Addl. Director General/NCC
40. Rear Admiral DK Tripathi, ACNS(P&P)
41. Maj Gen SS Hasabnis-TM (LS)
42. Maj Gen VS Sreenivas, ADG Proc
43. Maj Gen Sanjay Thapa, Offc DGFP
44. Maj Gen Anil Puri, DDG(A)

45. Maj Gen PM Vats, ADG WE
46. Smt. Amrita Sharan, DDG (P&B)
47. IG VD Chafekar, DDG(P&P)
48. Capt. Prakash Gopalam, DNP
49. Brig Sanjay Puri, DDG &PP(Plans)
50. Col Puneet Aggarwal, Dir PP (Lgs)
51. Smt. Maulishree Pande, Dir(Fin/Bud)
52. Shri A.N. Das, Addl FA & JS
53. Shri Ravi Kant, JS(ESW)
54. Shri S.C Bajpai, DGOF& Chairman/OFB
55. Shri Saurabh Kumar, Member (A&E)/OFB
56. Shri D.K. Mahapatra, Secretary/OFB
57. Sh. N.I. Laskar, Director(Budget), OFB
58. Ms Santosh, JS(Resettlement II, ESW)
59. Maj Gen A.P Bam, Managing Director, ECHS
60. Maj Gen Jagatbir Singh, DGR
61. Brig. M.H. Rizvi, Secretary
62. Lt Gen harish Thukral,DG(DC&W)
63. Cmde Gangesh Kumar, DGR Office
64. Gp Capt M Vijay, Director, DGR Office
65. Maj Gen Jagtar Singh, ADGAFMS(E&S)
66. Brig Subodh Mulgund, DDGAFMS(Stdn)
67. Shri Rajib Kumar Sen, Economic Advisor
68. Shri K.C Meena, DFA(Pension)
69. Smt Kusum Singh, JS(P&C)
70. Shri V Udaya Bhaskar, CMD
71. Dr. T. Suvarna Raju,CMD, HAL
72. Shri M. V Gowtama, CMD, BEL
73. RAdm (Retd) L V Sarat Babu, CMD,HSL
74. Shri D.K Hota, CMD,BEML
75. RAdm (Retd) Shekhar Mital, NM, CMD,GSL
76. CMDE R Ghosh (Retd), CMD,GRSE
77. Dr. D.K Likhi, CMD,MIDHANI
78. Cmde Rakesh Anand (Retd) CMD,MDL
79. Air Mshl HS Arora, DGAO
80. Shri DM Deshpande, CWP&A
81. Shri P Upadhyay, PDONA
82. Dr. JP Singh, Director, DPA
83. Brig Pradeep Arora, Dir,DoS
84. Shri V.K. Deshpande, AGM(Plg),GSL
85. Shri Sanjay Garg, JS(DIP)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them of the agenda for the Sitting. The Committee then invited the representatives of the Ministry of Defence and the Defence Services. The Chairperson welcomed the representatives

to the Sitting of the Committee and drew their attention to Direction 55(1) of Directions by the Speaker, Lok Sabha.

3. Thereafter, the Chairperson requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day. The Defence Secretary initiated the discussion by briefly touching upon Defence Services Estimates and other Demands for grants of the Ministry of Defence.

4. The Defence Secretary apprised the Committee about the steps taken by the Ministry to enhance allocation from the Ministry of Finance.

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

- (i) Inadequate budgetary provision to Defence in this year's Budget Estimates;
- (ii) Process of preparing the Budget, resource mobilization and allocation of funds and assessment of requirements of the Services and other organizations;
- (iii) Making Capital Budget as 'roll on and non- lapsable';
- (iv) Budget outlay on modernisation of Forces; and
- (v) Slow pace of expenditure by the Ministry of Defence as stated by the Ministry of Finance.

6. Thereafter, a Power Point Presentation on Defence Procurement Policy was made. This was followed by extensive discussion on the following points:

- (i) The newly-formulated Defence Procurement Procedure (DPP 2016);
- (ii) Strategic partnership with private sector;
- (iii) Roadmap for 'Make in India';
- (iv) Dependence on import for arms and other defence equipment; and
- (v) Support to Medium, Small and Micro Enterprises (MSME) in area of defence production.

7. Afterwards, the Ministry gave a Presentation on National Cadet Corps (NCC) and Sainik Schools in that order. This was followed by detailed discussions on the subjects and Members raised queries on the following issues:

- (i) Percentage of NCC cadets who choose Defence Forces as their career;
- (ii) Steps being taken to encourage students to join the Defence Forces;
- (iii) Waiting list of schools for NCC units; and
- (iv) Expansion of Sainik Schools.

The Committee took break for lunch and resumed the Sitting at 2:30 P.M.

8. After the lunch, the Vice Chief of Army Staff briefly touched upon the issue of threat perception from the point of view of the Army. Then, a Presentation was made on Army. This was followed by detailed discussions on the subject and Members raised queries on the following issues:

- (i) Allocation of funds in BE 2017-18, which was lesser than projection;
- (ii) Modernization process of the Services; and
- (iii) Approval of the proposals of the Ministry of Defence pending with the Ministry of Finance, etc.

9. Thereafter, a Presentation was made on Air Force and pursued with deliberations on the subject which included issues such as the following:

- (i) Inadequate Budgetary Provisions;
- (ii) Shortage of Squadrons; and
- (iii) Expansion of Training facilities; etc.

10. Thereafter, Presentation on Directorate General of Quality Assurance (DGQA) was made, which was followed by discussion on the following points:

- (i) Transfer of some functions of DGQA to the manufacturing organisations;
- (ii) Introduction of third party inspection agencies; and
- (iii) Monitoring of quality of defence products, etc.

11. Thereafter, a Power Point presentation on Defence Public Sector Undertaking and Ordnance Factory Board (OFB) was made. This was followed by extensive discussion on the subjects which included the following:

- (i) Benefit to DPSUs by the introduction of a new category of 'Buy Indian IDDM' in new procurement procedure;
- (ii) Updating the capabilities of DPSUs and OFB both in manufacturing and design;
- (iii) Quality and timely delivery of ammunition by OFB etc.; and
- (iv) Downward trend in financial performances of some of the DPSUs.

12. Thereafter, a presentation was made on Ex-Servicemen Welfare and Ex-Servicemen Contributory Health Scheme and pursued with deliberations on the subject which included issues such as the following:

- (i) Opening of ECHS Polyclinics in more parts of the country;
- (ii) Resettlement of Ex-Servicemen with specific reference to Lateral induction of Servicemen in Central Para Military Forces and State Police Forces;
- (iii) Non-payment of bills of private hospitals;
- (iv) Misuse of ECHS facilities, etc.

13. The representatives of the Ministry of Defence replied to various queries/observations of Members. The Chairperson directed the representatives of the Ministry of Defence to furnish written replies to all the queries at the earliest.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE (2016-17)

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

The Committee sat on Thursday, the 23 February, 2017 from 1100 hrs. to 1730 hrs.
in Committee Room No. 53, Parliament House, New Delhi.

PRESENT

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

Lok Sabha

2. Shri Suresh C Angadi
3. Shri Thupstan Chhewang
4. Col Sonaram Choudhary(Retd)
5. Shri H D Devegowda
6. Km Shobha Karandlaje
7. Dr Mriganka Mahato
8. Shri Rodmal Nagar
9. Shri A P Jithender Reddy
10. Ch Malla Reddy
11. Shri Rajeev Shankarrao Satav
12. Smt Mala Rajya Lakshmi Shah
13. Shri Partha Pratim Ray
14. Shri Dharambir Singh

Rajya Sabha

17. Shri Rajeev Chandrasekhar
18. Shri Madhusudan Mistry
19. Shri Praful Patel
20. Smt Ambika Soni
21. Dr Subramanian Swamy

SECRETARIAT

1. Smt Kalpana Sharma - Joint Secretary
2. Shri TG Chandrasekhar - Director
3. Smt Jyochnamayi Sinha - Additional Director
4. Shri Rahul Singh - Under Secretary

WITNESSES

List of Officers/representatives who attended the Sitting:-

1. Shri G Mohan Kumar, Defence Secretary
2. Air Marshal RKS Bhadauria, DCAS
3. Air Mshl HS Arora, DGAO
4. Air Mshl SB Deo, VCAS
5. Air Vice Mshl BR Krishna, ACAS(Plan)
6. Air Vice Mshl J Chalapati, ACAS(Projects)
7. Air Vice Mshl Pothureddy Subhash Babu, ACAS(Fin Plg)
8. AVM TP Singh, ACIDS(FP)
9. Brig Anurag Bhasin, DDG 'B', MAP
10. Brig K K Repswal, DDGW (PPC & Est)
11. Brig KC Panchanathan, DDG MO(C)
12. Brig Pradeep Arora, Dir,DoS
13. Brig Subodh Mulgund, DDGAFMS(Stdn)
14. Brig MH Rizvi, Secretary
15. Brig RK Sharma, DDG(TP)
16. Capt Satish Vasudevan, DNP
17. Cdr Praveen Varma, JDNP
18. Cmde Gangesh Kumar, DGR Office
19. Cmde Karunesh Kaushik, DACIDS(Bud)
20. CMDE R Ghosh (Retd), CMD,GRSE
21. Cmde Rakesh Anand (Retd) CMD,MDL
22. Col Rajeev Kapoor, Director(Budget)
23. Comdt Alok Negi, JD(Plans)
24. DIG Mukesh Purohit, PD(P&B)
25. Dr Subhash Chandra Sati, DG (NS & M)
26. Dr Zakwan Ahmed, CCR&D(R&M& Imp)
27. Dr Chitra Rajagopal, CCR&D (SAM)
28. Dr CP Ramanarayanan, DG(Aero)
29. Dr DK Likhi, CMD,MIDHANI
30. Dr G Athithan, DG (MED & CoS)
31. Dr G Satheesh Reddy, DG (MSS)
32. Dr Guru Prasad, CCR&D(PC& SI)
33. Dr JP Singh, Director, DPA
34. Dr Mala Iyengar, IFA (R&D)
35. Dr S Christopher Secy (R&D)
36. Dr Shashi Bala Singh, DG (LS)
37. Dr T Suvarna Raju,CMD, HAL
38. Dy Comdt Niranjan Pratap Singh, ADC to DGICG
39. Gp Capt M Vijay, Director, DGR Office
40. IG VD Chafekar, DDG(P&P)
41. Lt Gen AK Bhatt, DGMO
42. Lt Gen harish Thukral,DG(DC&W)
43. Lt Gen Sarath Chand, VCOAS
44. Lt Gen SK Shrivastava,DGBR
45. Lt Gen Suresh Sharma, E-in-C
46. LT GEN ASHOK AMBRE,DG LW&E
47. Lt Gen RV Kanitkar, QMG

48. Maj Gen AP Bam, Managing Director, ECHS
49. Maj Gen Jagatbir Singh, DGR
50. Maj Gen Jagtar Singh, ADGAFMS(E&S)
51. Maj Gen Manoj Pande, ADG MO(B)
52. Maj Gen Sanjay Agarwal, DG Works
53. Maj Gen Sanjeev Jain , DG MAP
54. Maj Gen SPS Kohli, ADGW
55. Maj Gen Digvijay Setia, ADG(LW&E)
56. Ms Santosh, JS(Resettlement II, ESW)
57. Ms J Manjula, DG (ECS)
58. Ms Nabanita R Krishnan, Director, P&C
59. Ms Surina Rajan, Addl Secy (DP)
60. RAdm (Retd) L V Sarat Babu, CMD,HSL
61. RAdm (Retd) Shekhar Mital, NM, CMD,GSL
62. Rear Admiral DK Tripathi, ACNS(P&P)
63. Sarath Chandran, Adhikari (RO)
64. Sh M Hafizur Rahaman, CC R&D (TM& HR)
65. Sh NI Laskar, Director(Budget), OFB
66. Shri AK Gupta, Secy(DP)
67. Shri AN Das, Addl FA(AN) & JS
68. Shri Ajay Kumar Sharma, Addl DG
69. Shri Ajay Singh, Chief Executive, CW&E
70. Shri AK Bhateja, Director, BF&A
71. Shri Ashwini Kumar, Addl FA(AK)& JS
72. Shri Bharat Khera, JS(Air/BR)
73. Shri DK Hota, CMD,BEML
74. Shri DK Mahapatra, Secretary/OFB
75. Shri DM Deshpande, CWP&A
76. Shri GS Rajeshwaran, Addl DG
77. Shri JRK Rao, Addl Secy(J)
78. Shri Jiwesh Nandan, JS
79. Shri Jojneswar Sharma, DG
80. Shri KC Meena, DFA(Pension)
81. Shri Kedar Burande, DDG(Adm)
82. Shri M V Gowtama, CMD, BEL
83. Shri P Daniel, Addl DG
84. Shri P Upadhyay, PDONA
85. Shri Prabhu Dayal Meena, Secy(ESW)
86. Shri Prachur Goel, Addl DG
87. Shri Pravin K Mehta, DG (ACE)
88. Shri RK Karna, Addl FA(RK) & JS
89. Shri Rajendra Singh, DG ICG
90. Shri Rajib Kumar Sen, Economic Advisor
91. Shri Ravi Kant, Addl Secy (R)
92. Shri Ravi Kant, JS(ESW)
93. Shri SC Bajpai, DGOF& Chairman/OFB
94. Shri Sanjay Garg, JS(DIP)
95. Shri Saurabh Kumar, Member (A&E)/OFB

96. Shri Subir Mallick, Addl FA & JS
97. Shri Sudhir Mishra, CCR&D (Brahmos)
98. Shri Sunil Kumar Kohli, FA (DS)
99. Shri Surya Praksh, Dir(L&C)
100. Shri V Udaya Bhaskar, CMD
101. Shri VK Deshpande, AGM(PIg),GSL
102. Shri Rahul Dua, Sr Addl DG
103. Smt Devika Raghuvanshi, JS (Navy)
104. Smt Kusum Singh, JS(P&C)
105. Smt Anuradha Mitra, FA (Acq)
106. Smt Dharitri Panda, Addl FA(DP) & JS
107. Smt Maulishree Pande, Dir (Fin/Bud)
108. Smt Shalini Pandey, DDG (C&Crd)
109. Smt Smita Nagaraj, DG(Acq)
110. VAdm Ajit Kumar P, DCIDS(PP&FD)
111. Vice Admiral Karambir Singh, VCNS

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the Sitting. The Chairperson welcomed the representatives to the Sitting of the Committee and drew their attention to Direction 55(1) of Directions by the Speaker, Lok Sabha.

3. The Chairperson initiated the discussion and requested the representatives of the Ministry of Defence to brief the Committee on various issues included in the agenda for the day.

4. The representatives of the Ministry of Defence commenced their briefing through a PowerPoint presentation on Defence Research and Development. This was followed by detailed deliberations on following issues:

- (i) Allocation of funds and expenditure,
- (ii) Accountability for scientists in DRDO,
- (iii) Efforts towards 'Make in India',
- (iv) Export of DRDO developed equipments,
- (v) grievance resolution mechanism,
- (vi) Involvement of private industry in Defence research, etc.

5. Thereafter, a presentation was given on Navy and Joint Staff which was followed by discussion on following points:

- (i) Shortfall between required and allocated budget,
- (ii) Inadequacies in capital budget,
- (iii) Shortage of manpower,
- (iv) Depletion in fleet strength,
- (v) Obsolescence,
- (vi) Delay in delivery of vessels by Shipyards,
- (vii) National War Memorial,
- (vii) Operational preparedness, etc.

6. Thereafter, a presentation on Coast Guard Organization was made before the Committee. This was followed by queries from Members on various issues which included shortfall in provision of funds of funds and state of coastal security.

The Committee took break for lunch and resumed the Sitting at 1430 hrs.

7. A presentation was made on Directorate General Defence Estate (DGDE) and pursued with deliberations on the subject. Members made various queries on the following points:

- (i) Blocking of roads used by ordinary citizens by DGDE,
- (ii) Encroachment of Defence Lands by civilians and removal of the same with the help of State Governments,
- (iii) Digitisation of records in DGDE,
- (iv) Financial problems of Cantonment boards,
- (v) Non-payment of service charges by Army,
- (vi) Dilapidated condition of schools in Cantonment Boards, etc.

8. The Ministry gave presentation on Military Engineer Services. This was followed by detailed discussions on the subjects and Members asked questions on the following issues:

- (i) Delay in completion of projects,
- (ii) Adoption of state-of-the-art technology, etc.

9. The Ministry made presentation on Married Accommodation Project. This was followed by detailed discussions on the subjects and Members asked questions on the following issues:

- (i) Progress of phase-II and phase-III of MAP,
- (ii) Amendments in MAP works procedure,
- (iii) Use of new technologies for construction of dwelling units, etc.

10. Thereafter, a presentation was made on Border Roads Organization (BRO) which was followed by discussion on the following points:

- (i) Status of Border connectivity,
- (ii) Financial crunch faced by BRO,
- (iii) Long Term Roll on Works Plan,
- (iv) Maintenance and snow clearance grants, etc.

11. The Chairperson directed the representatives of the Ministry of Defence to furnish written replies to all the queries at the earliest.

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

The Committee then adjourned.

STANDING COMMITTEE ON DEFENCE

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

The Committee sat on Friday, 03 March, 2017 from 1130 hrs. to 1215 hrs. in Committee Room 53, Parliament House, New Delhi.

PRESENT

Maj Gen B C Khanduri, AVSM (Retd)

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Chairperson

Lok Sabha

2. Shri Suresh C Angadi
3. Shri Shirang Appa Barne
4. Shri Thupstan Chhewang
5. Shri H D Devegowda
6. Shri B. Senguttuvan
7. Shri Rodmal Nagar
8. Shri Ch Malla Reddy
9. Shri Rajeev Shankarrao Satav
10. Smt Mala Rajya Lakshmi Shah
11. Shri Partha Pratim Ray
12. Shri Dharambir Singh
13. Smt Pratyusha Rajeshwari Singh

Rajya Sabha

14. Shri A U Singh Deo
15. Shri Harivansh
16. Shri Madhusudan Mistry
17. Shri Sanjay Raut
18. Smt Ambika Soni
19. Dr Subramanian Swamy

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 of the Committee and informed them about the agenda for the sitting. The Committee then took up for consideration the following draft Reports:-

- (i) Twenty-Eighth Report on 'Demands for Grants of the Ministry of Defence for the year 2017-18 on General Defence Budget, Border Roads Organisation, Indian Coast Guard, Military Engineer Services, Canteen Stores Department, Directorate General Defence Estates, Defence Public Sector Undertakings, Welfare of Ex-Servicemen, Defence Pensions and Ex-Servicemen Contributory Health Scheme (Demand No. 19 & 22)'.
- (ii) Twenty-Ninth Report on 'Demands for Grants of the Ministry of Defence for the year 2017-18 pertaining to Revenue Budget of Army, Navy and Air Force (Demand No. 20)'.
- (iii) Thirtieth Report on 'Demands for Grants of the Ministry of Defence for the year 2017-18 pertaining to Revenue Budget of Ordnance Factories, Defence Research and Development Organisation, Directorate General of Quality Assurance and National Cadet Corps (Demand No. 20)'.
- (iv) Thirty-First Report on 'Demands for Grants of the Ministry of Defence for the year 2017-18 on Capital Outlay on Defence Services, Defence Planning and Procurement Policy (Demand No. 21)'.

3. *.....

4. The Committee authorized the Chairperson to finalise the above draft Reports and present the same to the House on a date convenient to him.

The Committee then adjourned.

* Does not pertain to this report.

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