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STANDING COMMITTEE  
ON DEFENCE  
(2014-2015)

SIXTEENTH LOK SABHA

MINISTRY OF DEFENCE

DEMANDS FOR GRANTS  
(2015-2016)

ARMY  
(DEMAND NO. 23)

SEVENTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2015/Vaisakha, 1937 (Saka)*



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(SIXTEENTH LOK SABHA)

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DEMANDS FOR GRANTS  
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(DEMAND NO. 23)

*Presented to Lok Sabha on 27.04.2015*

*Laid in Rajya Sabha on 27.04.2015*



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2015/Vaisakha, 1937 (Saka)*

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## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE (2014-2015) .....	(iii)
INTRODUCTION .....	(v)

### REPORT

#### PART I

CHAPTER I Introduction .....	1
CHAPTER II Ex-Servicemen Contributory Health Scheme .....	20
CHAPTER III Directorate General Quality Assurance .....	24
CHAPTER IV National Cadet Corps .....	28

#### PART II

Recommendations/Observations .....	37
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#### APPENDIX

Minutes of the sittings of the Standing Committee on Defence held on 23.03.2015, 24.03.2015, 25.03.2015, 06.04.2015 and 24.04.2015 .....	50
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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE  
(2014-2015)

Maj Gen BC Khanduri, AVSM (Retd)—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Suresh C Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col Sonaram Choudhary (Retd)
7. Shri HD Devegowda
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17. Shri Rajeev Satav
18. Smt Mala Rajya Lakshmi Shah
19. Capt Amarinder Singh (Retd)
20. Shri AP Jithender Reddy
- \*21. Shri Hemendra Chandra

---

\* Sad Demise on 05.09.2014

\*\*22. Shri Rajyavardhan Singh Rathore

§23. Smt. Pratyusha Rajeshwari Singh

*Rajya Sabha*

24. Shri KR Arjunan

#25. Shri Anand Sharma

26. Shri Rajeev Chandrasekhar

27. Shri AU Singh Deo

28. Shri Harivansh

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30. Shri Hishey Lachungpa

31. Shri Madhusudan Mistry

32. Smt Ambika Soni

33. Shri Tarun Vijay

@34. Shri Narendra Budania

SECRETARIAT

- |                     |   |                             |
|---------------------|---|-----------------------------|
| 1. Shri P K Misra   | — | <i>Additional Secretary</i> |
| 2. Shri D S Malha   | — | <i>Director</i>             |
| 3. Shri Rahul Singh | — | <i>Under Secretary</i>      |

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\*\* Ceased to be Member of the Committee on 09.11.2014.

§ Nominated *w.e.f.* 22.12.2014.

# Nominated *w.e.f.* 08.10.2014.

@ Ceased to be Member of the Committee on 08.10.2014.

## INTRODUCTION

I, the Chairperson of the Standing Committee on Defence (2014-15), having been authorised by the Committee to submit the report on their behalf, present this Seventh Report on 'Demands for Grants of the Ministry of Defence for the year 2015-16 on Army (Demand No. 23)'.

2. The Defence Services Estimates were laid on 13 March 2015 in Lok Sabha. The Committee took evidence of the representatives of the Ministry of Defence on 23 and 25 March 2015. The Committee contemplated over the views expressed by the representatives of the Ministry of Defence for inclusion in reports on Demands for Grants at their sitting held on 06 April 2015. The draft Report was considered and adopted by the Committee at their sitting held on 24 April 2015.

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, the recommendations/ observations of the Committee have been printed in bold letters in Part-II of the report.

NEW DELHI;  
24 April, 2015  
04 Vaisakha, 1937 (Saka)

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



## REPORT

### CHAPTER I

#### ARMY

#### DEMAND NO. 23

##### **Introductory**

The changing global geo-political dynamics presents the Nation with multiple security challenges. While constantly reviewing its Operational preparedness/postures to meet the perceived security challenges, the Indian Army (IA) is committed to the defence of the country from external and internal threats across the entire spectrum of warfare. Also, in times of disaster/natural calamities, the Indian Army is at the forefront, providing aid and succour to the affected people.

1.2 Keeping in view the “Threat Perception” as worked out by the Government, Indian Army needs to be an optimally equipped, weaponised and responsive force, with the capability to operate effectively in a Joint Services environment across the entire spectrum of conflict.

1.3 The Army, alongwith other Central Armed Police Forces, has responsibility to guard vast geographical boundaries *e.g.* Pakistan–3323 Km, China – 3488 Km, Nepal – 1751 Km, Bhutan – 699 Km, Mayanmar–1643 Km and Bangladesh – 4097 Km.

##### **Budget of Army**

1.4 Demand No. 23 caters budget for Pay and Allowances of Army, Pay and Allowances and miscellaneous expenses of Auxiliary Forces, Pay and Allowances of Civilians, Transportation, Ex-Servicemen Contributory Health Scheme, Inspection Organization, Stores, Works, Rashtriya Rifles, National Cadet Corps and other expenditure. The total allocated budget under this head is Rs. 1,03,315.91 crore. The Capital Budget of all the

three Forces which is under Demand No. 28 has been examined separately but for the matter of convenience and reference, Capital Budget of Rs. 27,342.42 crore specific to Army and other heads under Demand No. 23 has also been examined in this Report.

1.5 Details regarding the projections made by the Army, allocations made at Budget Estimate (BE) and Revised Estimate (RE) stage and the expenditure incurred during the last five years, separately for capital and revenue, are as follows:—

### Revenue

(Rs. in crore)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	62,234.60	56,769.11	63,917.31	59,941.83	62,383.60
2011-12	77,350.49	63,609.80	74,252.98	70,810.98	69,133.47
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	*88,661.45
2015-16	1,09,758.22	1,03,315.91			

\*Expenditure upto end of February 2015.

### Capital

(Rs. in crore)

Year	BE		RE		Expenditure
	Projected	Allocated	Projected	Allocated	
2010-11	21,633.04	17,250.84	19,177.55	15,641.16	15,856.08
2011-12	25,611.68	19,210.69	20,641.69	16,005.69	14,947.82
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	*14,843.37
2015-16	31,938.67	27,342.42			

\* Expenditure upto end of February 2015.

1.6 The Ministry submitted the following data with regard to percentage share of allocation of capital and revenue outlay for Army out of the total Defence budget for the Eleventh Plan as a whole and for each year of the Eleventh Plan and Twelfth Plan:—

(Rs. in crore)

Year	BE	Army (Revenue)	% age share	Army (Capital)	%age share
2010-11	1,47,344.00	56,769.11	38.53%	17,250.84	11.71%
2011-12	1,64,415.49	63,609.80	38.69%	19,210.69	11.68%
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%

1.7 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.

1.8 In so far as the capital segment is concerned, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year. The remaining allocation is distributed to meet the projected requirement for other items. Reduced allocation is likely to delay initiation of new projects.

Capital and Revenue ratio allocated since 2007-08 is given below:—

Year	Service	Revenue	Capital
2007-08	Army	74	26
2008-09	Army	73	27
2009-10	Army	76	24
2010-11	Army	77	23
2011-12	Army	77	23
2012-13	Army	80	20
2013-14	Army	82	18
2014-15	Army	78	22
2015-16	Army	79	21

1.9 The details of additional allocation sought by Army under RE 2014-15 are as under:—

(Rs. in crore)

	BE 2014-15	Projected RE 2014-15	Additional Requirement
Revenue (Net)	91,844.02	99,420.15	7,576.13
Capital	26,533.60	23,832.67	-2,700.93
Total	1,18,377.62	1,23,252.82	4,875.20

1.10 The total budget of Army during last five financial years is:—

(Rs. in crore)

Financial Year	BE Projection (Rev + Cap)	BE Allotted (Rev + Cap)	Actual Exp. (Rev + Cap)
2011-12	1,02,962.17	82,820.49	84,081.297
2012-13	1,12,096.22	96,564.83	91,450.51
2013-14	1,18,883.46	99,003.03	99,464.21
2014-15	1,46,774.03	1,18,377.62	*103504.82
2015-16	1,41,696.89	1,30,658.33	

\* Expenditure upto end of February 2015.

1.11 Out of the BE 2015-16 allocation of Rs. 1,30,658.33 crore, the Army proposes to spend Rs. 1,03,315.91 crore to meet Revenue expenditure, including Rs. 74,171.36 crore for Pay and allowances, and the balance for other revenue expenditure including stores, works, transportation and miscellaneous items, as per details given below:—

(Rs. in crore)

Minor Heads	BE 2015-16
101-P&A-ARMY	60,548.18
103-P&A-Aux. Forces	1,172.20
104-P&A-Civilians	4,893.80
105-Transportation	2,828.10
106-Military Farms	354.10
107-ECHS	2,639.00
110-Stores	16,697.84
111-Works	8,289.00
112-Rashtriya Rifles	5,453.00
113-National Cadet Corps	1,016.39

1.12 The Ministry submitted that during the year 2014-15, Rs. 7,874 crore in the Capital Head could not be utilised due to several reasons like cut by Ministry of Finance, slippages in Committed Liabilities, Non-fructification of 14 Schemes at Competent Financial Authority (CFA) stage, underutilisation by Director General Ordnance Factories (DGOF) etc. However, in the Revenue Head, there was an additional achievement like additional requirement of newly raised units were met, Railway liabilities of approximately Rs. 600 crore were cleared and funds of approximately Rs. 80 crore was provided to ECHS and Welfare schemes of Kendriya Sainik Board.

1.13 From the data supplied, it may be seen that overall Allocation was 8.53% less than projected Budget Estimates. In the Revenue Head 5.28% lesser allocation is made than projected one, while the allocation in Capital Head is 18.93% less than projected BE.

1.14 During presentation before the Committee, it was noticed that funds for DGOF allocation was short of Rs. 1420 crore for ammunition and were not available within Army Revenue Budget allocation. Therefore, to mitigate the problem, a representative of Army stated that an early sanction is required to procure ammunition for capability building from Capital Head and additional allocations should be provided based on progress of expenditure, latest by September to avoid excessive pressure during last quarter.

1.15 The Army projected an allocation of Rs. 5,665.49 crore for New Schemes, however, only Rs. 1,541.06 crore were allocated. In reply to a question, the Ministry has stated that some of the New Schemes which are at an advanced stage are likely to be affected due to reduced allocation. The products include Hand Held Thermal Imager with Laser Range Finder, 2 x Pinaka Regiments, Brahmos 4th Regiment, Weapon Locating Radar, Milan 2T Missiles, 3rd Generation Anti Tank Guided Missiles, Ammunition for 84mm Rocket Launchers Mark-III, Medium Range Surface to Air Missiles, Advanced Light Helicopters Maintenance Reserve and Strike Off Wastage (MR&SOW), 155mm/52 Calibre Tracked Self Propelled Guns, Close Quarter Battle Carbines, etc.

### **Spectrum of Threats**

1.16 Spectrum of threats as envisaged by Indian Army are:

#### **External Threats**

- (i) Traditional Land Centric Threat.
- (ii) Sub-Conventional Threats.

- (iii) Space and Cyber Threats.
- (iv) Maritime/Regional Threats.
- (v) Nuclear Environment.

### **Internal Challenges**

- (i) Proxy war in J&K.
- (ii) North East Insurgency.
- (iii) Left Wing Extremism.

### **Operational Preparedness**

1.17 The Ministry has stated that Indian Army operationally prepared to counter all possible threat scenarios and constant vigil along line of control has been ensured.

1.18 During presentation before the Committee, a representative of the Army apprised that the 11th Plan projects (infrastructure and roads) were being expedited, however, land acquisition and environmental clearances remained a problem.

1.19 The Committee were further informed that 12th Plan projects were still awaiting Government approval. It was also came to the notice of the Committee that operational control of the Indo-Tibetan Border Police (ITBP) should rest with Army.

1.20 During oral evidence of the representatives of the Ministry of Defence, the Committee were informed about the thrust areas as envisaged by Army are as under:—

- (i) Overcome slippages of 11th Army Plan;
- (ii) Improvement in capability, *vis-à-vis* neighbouring nations, including raising of Mountain Corps;
- (iii) Upgradation of infrastructure along Northern Borders;
- (iv) Modernization of Armour, Firepower, Infantry, Air Defence, Aviation, Engineers and Night Vision Devices;
- (v) Enhancement of Aviation assets.

## **Critical Shortages leading to Priority Procurement**

1.21 During oral evidence, some of the critical shortages and vintage of equipment noticed by the Committee include Artillery Guns, Infantry Weapons, Sights and Fire Control Equipment, Engineer Equipment, Air Defence Equipment and War Wastage Reserves. The reasons given for the shortages were inadequate production capacities of Ordnance Factories, Defence Public Sector Undertakings as well as procurement process delays.

### **Ammunition**

1.22 On the shortage of ammunition with Army, Defence Secretary apprised the Committee as under:—

“The second issue regarding ammunition, if I may say that over the last three-four years, not just current year, there has been an improvement in the availability of the ammunition. It is not adequate because there are several critical items which are still required. They are available but the quantity is not enough as per the requirements which have been projected by the Army. The ammunition availability and ordering is being reviewed literally on a monthly basis along with the Army.

I must inform you, Sir, that on most of the critical ammunitions and their procurements, in some cases we have placed orders. For example, for the FSAPDS ammunition we have placed orders but it will take time to mature. I must submit that ammunition deficiencies or equipment deficiencies do not arise in one year and they cannot be finished off in one year. Therefore, the effort which we are making in very close coordination with the Army is that both on Capital purchases as well as on the ammunition purchases we must make adequate progress to satisfy their needs. In most cases, there is a progress, but I submit again, the deficiencies have arisen over a period of time and you have noticed the time periods over which the deficiencies have arisen. It is not as if I am trying to handle 2013 or 2010 problem. These problems have existed for a longer period.”

### **Bullet Proof Jackets**

1.23 The Committee during the course of examination of Demands for Grants have noted that there was deficiency of 1,86,138 units of Bullet

Proof Jackets. Even when the approval of Defence Acquisition Council was obtained on 19.10.2009 for purchase of the requisite number of BPJs during the Eleventh Plan, the issue of purchase of desired BPJs was fraught with various complications. In reply to a question regarding availability of Bullet Proof Jackets and comparison with those available in the world market, the Ministry submitted as under:—

“To expedite availability of BPJs, a RFP for procurement through capital route of 186,138 qty. of BPJs was issued on 07 December, 2012 to 39 vendors out of which six vendors have responded. The case is at trial stage. Efforts are on to complete the acquisition process as early as possible.

In the international market a variety of Bullet Proof Jackets are available depending on the unique operational and technical requirements of the users of military/police/law enforcement agencies. The BPJs under procurement for the Indian Army conform to latest technology in this field.”

1.24 During oral evidence, a representative of Army apprised the Committee about the availability of BPJs at present:—

“At present, bullet-proof jackets are there as per entitlement. The issue is, after next year they are going to come to the end of their shelf life. For that, procurement procedure is on fast track procurement of bullet-proof jackets before the shelf life of the present ones expires... the Ministry of Defence has made a fast track procurement procedure and enhanced the powers.”

### **Procurement of Rifles**

1.25 The Ministry was asked to provide a brief on the problems faced by the Army in handling Indian Small Arms System (INSAS) and other existing weapon and whether Defence Research and Development Organization (DRDO) has been involved in improvement of INSAS Rifles. The Committee also asked the Ministry to give details of the cost of development and improvement of INSAS Rifle and the reason of failure of DRDO in living upto the expectations of the Forces. In reply to above questions, the Ministry submitted the following, avoiding major part of question:—

“The first consignment of 5.56mm INSAS Rifle was handed over to Army in 1994. Thereafter, four versions of INSAS Rifle have



been introduced with improvements in each variant. The latest version is an improvement over the previous versions and a large number of the drawbacks noticed in the weapon earlier have been addressed. DRDO has developed the INSAS weapon system and improvements are carried out by Ordnance Factory Board (OFB) in coordination with DRDO. The INSAS Rifle developed against the Army's GSQR had fully met the Qualitative Requirements (QRs) and thus inducted into the Service."

### **Main Battle Tank (MBT)**

1.26 The Ministry was asked whether DRDO is in the process of developing any new tank for the Army. The Ministry submitted the following information:—

"Defence Research and Development Organisation (DRDO) has been developing Arjun Main Battle Tank (MBT) Mk-II, which has about 75 tank fittable improvements over and above Arjun MBT Mk-I. These improvements have been arrived at in mutual consultation with all the stakeholders.

The major improvements have been carried out and Arjun MBT Mk-II is under evaluation by the users."

### **Modernization of Army**

1.27 The Ministry provided following details on the budgetary allocations under Modernisation head of Army for the last three years:—

(Rs. in crore)

BE 2012-13	BE 2013-14	BE 2014-15	BE 2015-16
13,724.14	13,327.04	20,935.41	22,054.50

1.28 On the utilization of budgetary allocations made during 2014-15, the Ministry submitted:—

"The utilisation of the budget for 2014-15 will become clear after the end of the financial year and the closure of accounts. It may, however, be noted that the Army's modernisation budget had to be reduced at the RE stage due to cut imposed by the Ministry of Finance on the Defence capital budget."

1.29 The BE allocation also includes provision of Rs. 27,342.42 crore of which Rs. 22,054.50 crore is earmarked for modernisation, as per details given below:—

(Rs. in crore)

Minor Heads	BE 2015-16
Land	377.00
Works	4,863.92
Military Farms	12.00
ECHS	30.00
National Cadet Corps.	5.00
Other Expenditure	0.00
Total – Other than Acquisition	5,287.92
Aircraft	2,365.35
Vehicles	1,783.83
Other Equipment	17,335.22
Rolling Stock	364.02
Rashtriya Rifles	90.97
Development under Make Procedure	115.11
Total – Acquisition	22,054.50
Total Capital	27,342.42

1.30 Details of outlay allocated and spent for modernisation of the Army during the Eleventh Plan and Twelfth Plan are as given below:—

(Rs. in crore)

Year	BE Allocation	Expenditure
2007-08	8,521.10	9,128.81
2008-09	10,176.07	7,714.78
2009-10	13,153.95	11,651.76
2010-11	12,383.36	11,717.09
2011-12	14,252.49	10,865.93
2012-13	13,724.14	10,871.79
2013-14	13,327.04	10,426.49
2014-15	20,935.41	*10,990.27

\* Expenditure upto end of February, 2015.

1.31 The major contracts concluded during the 11th Plan and first two years of the 12th Plan include:—

- i. SMERCH.
- ii. UAV Heron.
- iii. BRAHMOS Missile Systems.
- iv. Project Shakti.
- v. Additional T-90 tanks.
- vi. Advanced Light Helicopters.
- vii. KONKURS Missiles.
- viii. Radio Sets STARS V 25W.
- ix. BLT T-72 Tanks Chassis.
- x. T-90S/SK Tanks.
- xi. 3D TC Radar.
- xii. Akash Missile Systems.
- xiii. Automated Battlefield Surveillance System (Project SANJAY Ph-II).
- xiv. Armoured Recovery Vehicle.
- xv. 3 UBK Invar Missiles.
- xvi. 125mm APFFDS AMK for T-90.
- xvii. Night Vision for T-72.

In addition to the above, payments were released and deliveries received in respect of contracts concluded in previous Plan periods.

1.32 The Ministry was asked to provide information on the specific measures which have been taken by the Ministry to modernise Army and also whether any timelines have been fixed for modernisation of Army. The Ministry in its reply has stated as under:—

“Modernization of the Army is a continuous process based on threat perception, operational challenges, technological changes and

available resources. Government constantly reviews the security scenario and accordingly decides to induct appropriate defence equipment to keep the Armed Forces in a State of readiness and remaining equipped with modern weapon systems. The process is based on a 15 year Long Term Integrated Perspective Plan (LTIPP), 5 years Service Capital Acquisition Plan (SCAP) and an Annual Acquisition Plan (AAP). Procurement of equipment and weapon systems is carried out as per the AAP.

The current LTIPP spells out the capability desired to be achieved by the Armed Forces over 15 years duration (2012-27). The LTIPP is translated into the SCAP, covering a five year period. The AAP of each service is a two year roll on plan for capital acquisitions and consists of the schemes from approved five year SCAP. Thus, the Long Term Plan (LTIPP) gets finally translated to Short Term Plans (AAP) and the cases included in the AAP are progressed for acquisition as per Defence Procurement Procedure.”

1.33 On the pending modernization projects of Army for the last ten years and probable date of completion, reason for non-completion etc., the Ministry submitted the following information:—

“During the 11th Plan, 180 numbers of contracts with cumulative value of Rs. 63172.80 crore had been signed and in the 12th Plan 69 numbers of contracts with cumulative value of Rs. 31787.41 crore have been signed so far for Capital Acquisitions of Army. Year-wise details are given below:—

(Rs. in crore)

Sl. No.	Plan	Year	No. of contracts	Value of contracts
1.	11th Plan	2007-08	46	19930.60
		2008-09	37	4447.54
		2009-10	45	11927.86
		2010-11	35	24016.93
		2011-12	17	2849.87
2.	12th Plan	2012-13	29	7222.48
		2013-14	23	16177.68
		2014-15 (Till 28 Feb., 2015)	17	8387.25

The Recast 12th Army Plan has a total of 719 Capital acquisition schemes and provides for Key Capability enhancements including

Fire Power, Battle Field Transparency, Maneuverability, Mobility, Command and Control and Electronic Warfare.

As an outcome, the contracted items are at various stages of induction into the Indian Army based on the terms of the contracts and delivery schedules. In addition, the contracted items post receipt and acceptance are being issued to the formations/troops based on the operational priority.

Pendencies sometimes occur in procurement cases due to several reasons, such as 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. Progress of procurement cases is regularly reviewed in SHQ and MoD.

Initiatives taken to further streamline the process include collegiate decision-making, identification of priority schemes, internal study to speed up trials, amendments to the DPP as and when required etc.”

1.34 Details of additional funds sought by the Army for modernisation during Eleventh Plan and Twelfth Plan are given below:—

(Rs. in crore)

Year	BE Allocation	RE Projection	Additional Projection
2007-08	8,521.10	8,539.57	18.47
2008-09	10,176.07	10,078.30	-97.77
2009-10	13,153.95	13,179.90	25.95
2010-11	12,383.36	13,352.80	969.44
2011-12	14,252.49	14,907.20	654.71
2012-13	13,724.14	13,515.90	-208.24
2013-14	13,327.04	13,922.00	594.96
2014-15	20,935.41	18,585.48	-2,349.93

1.35 The Ministry was asked about the proposed acquisition, delay in various acquisitions of Army during time and cost overrun during the Eleventh and Twelfth Plan. The Ministry was also asked to give details of each acquisition in terms of initially scheduled timeline, revised

timeline, initial cost and revised cost during the same period. The Ministry informed as below:—

“In accordance with the provisions of Defence Procurement Procedure (DPP) 2013, 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 15 years duration (2012-27). 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)(2014-16). The AAP is a 2 year roll on plan. Presently the AAP 2014-16 is in vogue and consists of schemes from the approved Army SCAP 2012-17. The AAP 2015-17 is at draft stage.

The 11th Plan had succeeded in addressing some priority areas. The Recast 12th Army Plan has a total of 719 capital acquisition schemes and provides for Key Capability enhancements including Fire Power, Battle Field Transparency, Manoeuvrability, Mobility, Command and Control and Electronic Warfare. During the 11th Plan, 180 numbers of contracts with Cumulative value of Rs. 63172.80 crore had been concluded and in the 12th Plan 69 numbers of contracts with cumulative value of Rs. 31787.41 crore have been concluded so far for Capital Acquisitions of Army. There are no cost increases after the commercial bids are opened and after signing of the contracts. Pendencies sometimes occur in procurement cases due to several reasons, such as insufficient and limited vendor base, non-conformity of the offers to the Request for 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 Army Headquarters are working in unison to ensure timely and unhindered procurement as per DPP-2013.”

1.36 During oral evidence on the state of modernisation of the Army, a representative of the Army candidly admitted:—

“We are behind in our modernisation and procurement schedules.”

1.37 During oral evidence on the availability of funds to procure essential items for modernisation of the Army, a representative of the Army apprised the Committee as under:—

“When you look at the cost of just these 20, it is so heavy that you know even in terms of cash outgo the money is not there. So, even if you reach the end of the procurement cycle and only the CFA sanction is required and goes to the Ministry of Finance, they are well aware of the financial condition, how much money is there in the overall budget and they start applying their checks, even though we show you that something which is close to fruition. ....So, when these things go to the Ministry of Finance, we find that there is a slowing down and the money would not come. That is what we have shown. Yes, a lot needs to be modernised. We are aware of it. We have got our plans but finally there is a funds crunch. That is being reflected in the way funds get sanctioned on the ground. That is why we have put in the way forward that we would request your assistance in making sure that this additional money is given and the procedures are being made in such a manner that it enables us to reach the end of this procurement cycle.”

1.38 He further apprised:—

“We also know that if we do not buy them, the money lapses, there is no carry forward and we start a new set for the next year. So, essentially, if you look through this entire presentation, the crunch is that you do not have the money.

Just because the money is not there, there is a certain slowing down when it comes up to that level of sanction, the big projects because all the big projects go to the Finance Ministry and tend to slow down. So, if the money is there, I am sure the things would fall into place.”

### **War Wastage Reserves (WWR)**

1.39 The Ministry was asked about the significance of War Wastage Reserves (WWR) in Army in case of war and its authorised and held strength in Army. It supplied the following written information:—

“War Wastage Reserves (WWR) in respect of equipment and ammunition are reserves that a Nation sets apart for making up anticipated expenditure of ammunition for the anticipated duration

of War and, at the end of which, the Armed Forces should continue to remain operationally equipped.

WWR are intended to meet the requirements of weapons, ammunition and equipment of the expected duration of operations or until indigenous production can get into stride, or other arrangements are made for procurement of the same.

During War there are losses in human life, weapons, equipment, ammunition and other resources. Such resources need to be replenished, to ensure battle worthiness of the Armed Forces.

WWR is authorised for all major weapons/equipment of the Army. Authorisation is based on the aspects mentioned at above. WWR of various weapons/equipment from Tanks to Generators is held at various levels. 100% of authorised WWR is held in respect of major weapon systems/equipment. However, WWR in respect of some other weapon systems/equipment are held at various levels below 100% authorisation. Efforts are on to make up the deficiencies of WWR."

### **Rashtriya Rifles**

1.40 The Ministry was asked to state the reasons for increase in the Revenue Head allocations and decrease in the Capital Budget of Rashtriya Rifles for the year 2015-16. It submitted the following:—

"The revenue allocation for Rashtriya Rifles has been increased under BE 2015-16 mainly to meet requirements for expenditure in respect of Pay and allowances. The capital allocation for Rashtriya Rifles under BE 2015-16 has been made to meet estimated expenditure on committed liabilities and new schemes."

### **Mountain Strike Corps**

1.41 On the status of raising of Mountain Strike Corps and provision of budget of this corps for the same, the Ministry supplied the following information:—

"Raising of a Mountain Strike Corps has already been sanctioned by the Government in 2013. The sanctioned raisings have commenced with effect from December, 2013 and are progressing as per schedule. All actions as per laid down procedures have been



initiated and concomitant processes have been set into motion. The raisings are planned over eight years and will be completed by 2021.

The Government had indicated Rs. 3934 crores from within the existing budget of FY 2014-15 under Capital Head. No additional allocation under 'Revenue Head' was made for raising of Mountain Strike Corps."

1.42 The Ministry was further asked why separate allocation has not been made in the Defence Budget for raising of Mountain Strike Corps, it submitted the following:—

"The Defence Budget is not categorised in terms of individual projects, but around generic objects of expenditure like pay, stores, works, etc. The budget requirement for raising of the Mountain Strike Corps is included into these various heads."

### **Shortage of Officers**

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

**"Officers:** As on 01.01.2015, the authorized strength is 49737 and held strength is 40095 with a shortage of 9642 (excluding Army Medical Corps, Army Dental Corps and Military Nursing Services).

The Ministry has been continuously taking measures aimed at reducing shortage of officers in the Army. These include introduction of Time-based promotion to the substantive rank of Captain, Major and Lieutenant Colonel after 2, 6 and 13 years of reckonable service respectively, increase in tenure of SSC officers from 10 years to 14 years; upgradation of posts to the ranks of Colonel, Brigadier, Major General and Lieutenant General.

The implementation of recommendations of the VI Central Pay Commission with substantial improvement in the pay structure of officers of Armed Forces has made the Services more attractive.

**Other Ranks (ORs):** In ORs, authorized strength is 11,69,854 and held strength is 11,45,498 with 24,356 deficiency (excluding Army Medical Corps, Army Dental Corps and Military Nursing Services)

as on 1 January 2015 against which 66,502 are already under training. There is no problem of shortage in Other Ranks in Army.”

1.44 The Ministry apprise the Committee that it is taking following measures to fill these gaps during the Twelfth Plan:—

“Army has undertaken sustained image projection and publicity campaign to create awareness among the youth on the advantages of taking up a challenging and satisfying career. Awareness campaigns, participation in career fairs and exhibitions, advertisements in print and electronic media, motivational lectures in schools, colleges are some of the measures in this direction.”

### **Recruitment Rallies**

1.45 Recruitment rallies are conducted in different parts of the country to recruit jawans in Army. However, a number of times, media reported large scale arson/sabotage by the candidates due to mismanagement by recruiting authorities as well as District Administration. Therefore, the Committee desired to know about the steps being taken to prevent such mishaps. The Ministry has supplied the information as under:—

“Recruitment rallies are conducted after due deliberation, planning and detailed coordination with civil administration after ensuring that all basic amenities such as infrastructure and adequate police arrangements are made available by the civil administration. In conducting rallies, Army undertakes recruitment, whereas, the crowd control and management is the responsibility of civil administration and police. Such incidents have occurred mainly on account of overcrowding and inadequate police arrangements for crowd management.

The issue of recurrence of incidents of violence during recruitment rallies has been reviewed by the Ministry. Army Headquarters have taken/initiated a number of measures to obviate recurrence of such incidents. The steps to ensure smooth conduct of rallies and to reduce crowding to obviate recurrence of such incidents include:—

- (i) Holding smaller rallies covering select number of tehsils.
- (ii) Spreading the rallies over a longer duration to reduce overcrowding;

- (iii) Ensuring timely dispersal of candidates on daily basis;
- (iv) A pilot project for online registration and filtering applications is planned.”

1.46 On the number of reports in the media about taking performance enhancing drugs by the candidates appearing in recruitment rallies, the Ministry informed:—

“No specific incident regarding any candidates having taken performance enhancing drugs has been reported. However, internal instructions have been issued by Army as a precautionary measure to ensure checking of the same.”

The Ministry was further asked whether the medical tests conducted by Army include tests for performance enhancing drugs. The reply is still awaited from the Ministry.

## CHAPTER II

### EX-SERVICEMEN CONTRIBUTORY HEALTH SCHEME

The Ex-Servicemen Contributory Health Scheme (ECHS) was launched with effect from 01 April 2003. With the advent of this scheme, Ex-servicemen pensioners and their dependents who were only entitled for treatment in Service hospital are now authorized treatment, not only in Service hospitals, but also in those civil/private hospitals which are specifically empanelled with the ECHS. The Scheme is financed by Government of India.

2.2 The ECHS Central Organization is located at Delhi and functions under the Chief of Staff Committee (COSC) through AG and DGDC&W in Army HQ. The Central organization is headed by Managing Director, ECHS, a serving Major General. There are 28 Regional Centres of ECHS sanctioned and functional and 426 sanctioned and 414 functional ECHS Polyclinics. ECHS is also an attached office of Department of Ex-Servicemen Welfare (DoESW), Ministry of Defence (MoD) as are Directorate General Resettlement (DGR) and Kendriya Sainik Board (KSB). There are five types of ECHS Polyclinics *i.e.* Type 'A', 'B', 'C' 'D', and 'E'. Authorization of Contractual Staff in each type of ECHS Polyclinic is based on the load capacity of ECHS Polyclinic.

#### Budget

2.3 The allocations made during the last five years are as under:—

#### Revenue

(Rs. in crore)

Financial Year	Projection	Budget Estimate	Revised Estimate	Modified Appropriation	Expenditure (CGDA)
2010-11	1180.00	901.04	1061.04	1061.04	1055.31
2011-12	1600.00	991.14	1109.95	1225.95	1224.22
2012-13	1860.00	1400.00	1473.86	1450.98	1430.78
2013-14	2082.95	1476.46	1776.46	1789.46	1781.38
2014-15	2489.21	1420.58	2470.58	-	*1506.27
2015-16	3532.12	2639	-	-	-

\*CGDA booking as on 28 February 2015.

## Capital

(Rs. in crore)

Financial Year	Projection	Budget Estimate	Revised Estimate	Modified Appropriation	Expenditure (CGDA)
2010-11	44.00	37.00	2.50	3.60	2.82
2011-12	37.00	37.00	7.00	3.00	2.96
2012-13	37.00	37.00	6.50	5.43	2.67
2013-14	50.00	30.00	14.00	12.45	10.91
2014-15	50.00	20.41	5.91	-	*4.80
2015-16	50.00	30.00	-	-	-

\*CGDA booking as on 28 February 2015.

2.4 During the examination of DFG 2014-15, the Committee had learnt that a large number of bills of various empanelled hospitals were pending with ECHS. In this respect the Ministry was asked to submit the status of pending bills. The Ministry submitted the following command wise information regarding bills:—

Service HQ/Command	Balance Manual Bills (As on 28 February 2015)	
	Count	Amount in crore
Air Force	7376	18.50
Navy	2861	8.11
HQ Southern Command	23073	27.07
HQ Eastern Command	383	1.85
HQ Western Command	35274	106.30
HQ Central Command	47191	101.14
HQ Northern Command	909	1.89
HQ South Western Command	7385	8.54
Total	124452	273.40

2.5 The attention of the Ministry further drawn to the allocation of the minor head of ECHS during 2015-16, wherein an amount of Rs. 2639 crore is provided for Revenue, while for Capital only Rs. 30 crore has been provided. The Ministry was asked whether this amount

is sufficient for paying the pending bills of ECHS patients. It submitted the following:—

“(a) The total allotment of budget is Rs. 2669 crore. The factorization of Budget Estimates 2015-16 is as under:—

### Revenue Budget

(i)	Pay and Allowances – Contractual Staff	Rs. 200 Crore
(ii)	Total Revenue (excluding Salary) to include Transportation, Stores, Information Technology Medical Treatment Related Expenditure, Misc. and Revenue Works	Rs. 2439 Crore
(iii)	Capital Budget (to include Purchase of Land, Construction of Buildings and purchase of Equipment)	Rs. 30 Crore

(b) The present allotment would be adequate for the ensuing Financial Year. The capital allotment of Rs. 30 crore is adequate.”

2.6 The Ministry further stated: —

“In case the allotment is lower than the projection then the funds will be judiciously utilized by adopting First in First Out (FIFO) technique, so as to keep the average age of claims as minimum as possible.”

2.7 The Committee were informed about the following difficulties ECHS faces in giving medical facilities to the subscribers of this scheme:—

“(a) **Medicine:** Director General of Armed Forces Medical Services (DGAFMS) is mandated to procure and provide medicines through Armed Forces Medical Store Deptt. (AFMSD) and Senior Executive Medical Officer (SEMO). The satisfaction level of supply of medicine has been hampered by irregular allotment of funds, time consuming procurement procedures. Non-military Polyclinics have additional power of local purchase which have proved inadequate to meet the shortfall.

(b) **Empanelled Facilities:** 178 Polyclinics do not have an empanelled facility/Armed Forces Medical Services hospital in its near vicinity. The process of empanelling more eligible hospitals is in progress.”

2.8 The Committee were desirous to know the reason for non-payment of such bills, the Ministry replied as under:—

- “(a) The allotment of funds for medical treatment was Rs. 854.58 crore at BE stage. The additional allotment of Rs. 860 crore under this head was subsequently provided in three instalments on 10th November, 2014, 23rd December, 2014 and 9th February, 2015.
- (b) The Bill Processing Agency (BPA), *i.e.* UTI, ITSL is the agency that has been given the responsibility for online processing of medical claims *vide* Department of Ex-Servicemen letter No. 22A(10)/10/US(WE)/D(Res.) dated 23 Feb., 2012. Pendency of the bills clearance has also resulted due to lack of adequate processing manpower. The agency has confirmed that they are undertaking expeditious actions. The BPA has assured of adequate measures being instituted to ensure faster, smoother and more efficient processing of bills, thereby assuring of transparency and prevention of misuse of Government funds.
- (c) Delay in submission of replies by the empanelled hospitals to the queries raised by BPA.”

### **Empanelment of Hospitals**

2.9 During deliberations, the matter regarding problems faced by Ex-servicemen due to non-empanelment of hospitals, one of the representatives of ECHS, explained as under:—

“Sir, we are making efforts to streamline this procedure of empanelment.”

2.10 At few places, doctors are not available, therefore, the Committee wanted to know the reason for the same, a representative of ECHS submitted as under:—

“....there is one in Tehri also. Unfortunately, there is no doctor coming at the salary at which a doctor is employed. We even offered from our welfare funds to give additional money for a doctor to be positioned there. But for the last about eight months, we have been trying to get a doctor even at an enhanced compensation more than what the Government has authorized.”

## CHAPTER III

### DIRECTORATE GENERAL QUALITY ASSURANCE

DGQA Organisation is responsible for Quality Assurance of Defence Stores produced by Ordnance Factories, public, private sectors and ex-import. The organisation takes all the actions necessary to ensure that the Defence Forces of the country get the entire range of arms, ammunition, equipment and stores of the desired quality that will enhance the combat efficiency and effectiveness of the fighting forces and they are able to easily maintain and fully exploit the equipment and stores.

#### **Responsibilities**

3.2 The responsibilities of DGQA can be broadly classified into the three stages as under:—

- (a) **Pre-Production/Pre-Procurement Stage:** During pre-production and pre-procurement stage, DGQA organisation assists in formulation of Staff Qualitative Requirements (SQRs) and Request For Proposals (RFPs) by providing technical inputs. Associates in Field Trials by Users and carries out DGQA evaluation for establishing conformance to technical and environmental parameters based on DGQA Acceptance Test Procedure (ATP). The organisation associates during developmental stages in projects undertaken by DRDO, OFB and PSUs. Also, carries out Shelf Life Assessment of ammunition store through Intensified Simulated and Accelerated Test (ISAT).
- (b) **Production/Procurement Stage:** During production and procurement stage, DGQA formulates Quality Assurance Plans, Standards, Acceptance Criteria and Procedures such as evolving Sampling Plans, laying down Defect Classification List and Acceptance Quality Level, Carry out Quality Assurance as per stipulated plan for equipment, arms, ammunition and stores during various stages of production and ensuring conformance to laid down specifications through



Final Acceptance Tests. The organisation is also responsible for managing the configuration of all products by control of specifications and drawings, incorporating changes/modifications necessitated for improved performance. Quality improvement and consistency is ensured by regular process and products audits.

- (c) **Post-Production/Post-Procurement Stage:** During-post production and post-procurement stage, DGQA carries out tests for Shelf Life Extension of ammunition, missiles and NBC protective stores. Based on feedback from users DGQA carries out defect investigation to take remedial measures for future and suggest improvements in design. It publishes Tech. Documents such as Ammunition Maintenance Instructions, User Hand Books, Catalogue of Ordnance Stores, Complete Equipment Schedule, Equipment History Sheet, Assignment Lists for introduction and any change. DGQA is also responsible for obsolescence management.

3.3 The DGQA projected its budgetary requirements as under:—

### Budget

(Value in crore)

Year	Head	Projected	BE	RE	Expended
1	2	3	4	5	6
2010-11	Revenue	620.55	565.38	596.48	590.76
	Capital	15.00	11.96	16.96	15.01
	Total	635.55	577.34	613.44	605.77
2011-12	Revenue	755.05	649.25	675.79	670.03
	Capital	30.00	20.00	16.00	7.10
	Total	785.05	669.25	691.79	677.13
2012-13	Revenue	847.23	796.33	674.62	697.36
	Capital	25.00	20.00	5.00	4.94
	Total	872.23	816.33	679.62	702.30
2013-14	Revenue	798.05	724.73	776.19	760.96
	Capital	15.53	5.45	12	11.12
	Total	813.58	730.18	788.19	772.08

1	2	3	4	5	6
2014-15 (upto Jan. 2015)	Revenue	886.04	832.80	851.89	638.99
	Capital	26.00	6.19	6.19	3.76
	Total	912.04	838.99	858.08	643.73
2015-16	Revenue	1008.30	851.04	-	-
	Capital	12.00	7.12	-	-
	Total	1020.30	858.16	-	-

RE—Revised Estimates.

BE—Budget Estimates.

3.4 The Ministry was asked to clarify how products of inferior quality passed out of Ordnance Factories despite DGQA its quality inspection units there. The Ministry submitted the following information:—

“DGQA has its quality assurance establishments in the Ordnance Factories. These are called Senior Quality Assurance Establishments. DGQA has a well established Quality Assurance procedure to ensure that products passing out of Ordnance Factories, which have been Quality Assured by DGQA, are permitted for issue strictly after ensuring conformance to laid down specifications. During the production stages and Final Acceptance Inspection, in case certain defects are noticed, the product is returned for rectification and re-offered for inspection and acceptance. For stores which are manufactured in large quantities, the inspection is carried out on sampling basis as per the laid down standards.”

3.5 On the measures taken by DGQA so such incidents do not recur, the Ministry submitted the following:—

“It is reiterated that, in all cases where Quality Assurance by DGQA is involved, there is no scope of inferior products being allowed for issue by the Ordnance Factories. However, as part of continual improvement of its quality assurance procedures the following steps have been taken by DGQA:—

- (i) Based on the feedback from the Users and analysis of defect investigations, manufacturing processes which require improvements are identified and detailed audit is carried out. Improvements are recommended to the manufacturer for implementation to ensure improvement and consistency in the quality of products.

- (ii) Input material procured by the Ordnance Factories is audited to ensure that only conforming material is used for production.
- (iii) Online Data sharing between the Ordnance Factories and DGQA for effective monitoring of production activities.”

## CHAPTER IV

### NATIONAL CADET CORPS

The National Cadet Corps (NCC) was established under the NCC Act, 1948. It has completed 65 years of existence. The 'Aims' of the NCC laid out in 1988 have stood the test of time and continue to meet the requirements expected of it in the current socio-economic scenario of the country. The NCC aims at developing character, comradeship, discipline, a secular outlook, the spirit of adventure and ideals of selfless service amongst young citizens. Further, it aims at creating a pool of organized, trained and motivated youth with leadership qualities in all walks of life, who will serve the Nation regardless of which career they choose. Needless to say, the NCC also provides an environment conducive to motivating young Indians to join the armed forces. The motto of NCC is "Unity and Discipline".

#### Budget

4.2 The budget of NCC for the last five years is as under:—

*(Rupees in crore)*

Year	BE	RE	Actuals
2011-12	984.01	898.48	713.81
2012-13	1128.80	821.65	791.81
2013-14	887.12	954.06	874.03
2014-15	1025.17	954.10	927.42 (Upto Feb. 15)
2015-16	1021.39	-	-

4.3 The Ministry was asked to apprise the Committee about the areas where it proposed to spend the allocations. The Ministry supplied the following information:—

Sl. No.	Head of Account	Details of expenditure	Amount (in crore)
1	2	3	4
(a)	Salary	Pay and allowances of service personnel and civilian personnel	832.79

1	2	3	4
(b)	Transportation	To hire civil transport for move of personnel/stores (training stores, ammunition, clothings, backloading of discarded vehicles), expenditure on cost of warrants and Military Credit notes and foreign travel under Youth Exchange Programmes.	15.60
(c)	Stores	This sub-head caters for requirement of clothing, equipments, motor vehicles and other stores. Delivery against Supply Order for Poly Viscose Dope Dyed Uniform worth Rs. 80 Crs. and track suits worth Rs. 20 crores is likely to be finalized in 2015-16. Also Supply Order worth Rs. 51.41 crore has begun for Boot Anklets Leather DVS, Shoe Oxford DMS and Accoutrements. Against RE allocation of Rs. 22.46 crore, till Feb. 2015 an expenditure of Rs. 24.43 crore has been booked. There will be a carryover liability of 18.95 crore for FY 2015-16. Similarly, Supply Order for Motor Cycles and Mini Buses worth 3.70 crore placed in Aug and Oct 2014. Out of it, 1.40 crore will be the committed liability in 2015-16. Supply Order for procurement of Gypsies, Light Commercial Vehicle and Car Ambassador worth 15.20 crore is likely to be placed by Aug 2015. Also a case for procurement of Tent age at OEF rates worth 37.60 crore is under process. Out of which 15.00 crore would be required in 2015-16. Demand has been projected to Army for issue of .22 ammunition worth 17.00 crore on book debit basis. Indent for supply of .22 Rifles worth 5.0 crore is also being placed. Therefore, the BE of 47.86 crore will be fully utilized. In fact, there may be requirement of additional funds under this head.	47.86
(d)	Revenue Works	Hiring of Office accommodation, payment of rentals, water and electricity charges of officers' accommodation, revenue minor works, maintenance and special repairs.	7.00

1	2	3	4
(e)	Expenditure on Training	This sub-head caters for camp expenditure (1861 camps), Expenditure on Trek, Expedition and other Training activities (29 Treks, 1 Camel safari and 2 mountaineering expeditions) and Office Contingency Grant (Misc. Expenditure) of HQ DG NCC and 17 State NCC Directorates and two Officer Training Academies.	108.80
(f)	Information Technology	This sub-head caters for expenditure on Information Technology, Hardware, Software, Maintenance, Stationery and consumables and Training in respect of HQ DG NCC and 17 State NCC Directorates and two Officer Training Academies.	3.34
(g)	Charged Expenditure	This caters for expenditure towards compensations awarded by Courts of Law in MACT cases, death during firing/training and arbitration cases etc.	1.00

4.4 The reasons for reduction in BE 2014-15 from Rs. 1019.67 crore in Revenue head to Rs. 953.10 crore (difference of Rs. 66.57 Crore) are as under:—

Sl. No.	Head of Account	Details of expenditure
(a)	Transportation	Less expenditure incurred by 17 State NCC Directorates in Movement of Personnel/Stores and restriction on foreign travel due to economy measures.
(b)	Stores	Supply Orders for expenditures towards clothing and vehicles (Mini Bus) as mentioned at Sl.No. (c) of para (i) above were placed only in August, November and December 2014 after obtaining sanctions.
(c)	Expenditure on Training	Revisions in the rates of allowances like Daily Allowance, Petrol Oil and Lubricants and Rank Pay for Camps and Honorarium, outfit, outfit maintenance allowance to Associate NCC Officers are under consideration.
(d)	Information Technology	Lesser expenditure incurred by 17 State NCC Directorates.

4.5 The Ministry supplied the information on the areas where compromises have been made or likely to be made due to reduced budgetary allocation as under:—

“Budgetary allocations in the previous years had been adequate”.

4.6 In the current financial year, there may be a requirement of additional funds of Rs. 175.49 crore under the Revenue Head at the RE stage on following item:—

(a)	Central Procurement Clothing (01/543/02)	Rs. 74.95 crore
(b)	Central Procurement Vehicles (01/545/02)	Rs. 11.60 crore
(c)	Central Procurement Equipment (01/544/02)	Rs. 33.37 crore
(d)	Central Procurement IT Hardware	Rs. 2.20 crore
(e)	Revenue Works (01/549/01)	Rs. 6.87 crore
(f)	Participation of all NCC Cadets in Yoga on International Yoga Day (21 Jun 15)	Rs. 46.45 crore
	TOTAL	Rs. 175.44 crore

### Central Government

4.7 Central Government provides for Pay and Allowances of Central Government employees including Armed Forces Personnel, Clothing, Weapons, Ammunitions, Vehicles and Equipment. It also gives amenity grant to units, adventure activities and 75% of camp expenditure and 50% Messing allowances to ANOs during Pre-commission/Refresher Training. Hiring of office accommodation, office contingency and IT expenditure of State Dtes/OTAs. Budget for Revenue and Capital works is also provided by Central Government.

### State Governments

4.8 State Governments provide for Pay and Allowances of State Government Staff in NCC Gp HQ and Units, 50% messing allowance during PRCN/refresher training to ANOs, 40% ATG to units 25% of Camp expenditure, Institutional Training *e.g.* Refreshment, Washing and Polishing Allowance to Cadets, Honorarium, Outfit/Outfit Maintenance Allowance to ANOs, Caretaker Allowance and provision of Infrastructure for Training and hiring of office accommodation/contingency POL for Gp HQ and units.

## Expansion Plan of NCC

4.9 The total number of educational institutions at present covered by NCC are 10397 schools and 5511 colleges. 4892 schools and 2955 colleges have applied for NCC. Government has approved an expansion plan for NCC in 2010 to increase the cadet strength of NCC from 13 lakhs to 15 lakhs in five phases of 40,000 cadets in each phase. First two phases involving increase of 80,000 cadets have been completed. It has 17 State Directorates, two OTAs one at Kamptee and another at OTA Gwalior. It has 96 Group HQs, 800 Units (Army 677, Navy 62, AF 61).

4.10 The Ministry has informed that in addition to it the Government has sanctioned expansion in five phases, which is as follows:—

Phase	Gp HQ	Army Units	Naval Units	Air Force Units
I	01	09	01	02
II	01	11	01	-
III	01	07	07	-
IV and V	02	16	04	03

4.11 The plan includes priorities for new raisings, Increase Naval Units in Coastal Areas with special emphasis on the Western Sea board, enhance coverage in areas affected by Left Wing Extremism and Insurgency, increase in NCC activities in border areas.

4.12 The representatives of NCC had given the following data during presentation before the Committee in September, 2014:—

Cadet Strength	Army	Navy	Air Force	Total
Junior Division/Junior Wing	6,69,928	49,612	55,001	7,74,541
Senior Division/Senior Wing	3,73,520	13,816	11,152	3,98,488
Total				11,73,029

4.13 However, during the presentation before the Committee on 23.03.2015, the representatives of NCC provided the following information:—

Cadet Strength	Army	Navy	Air Force	Total
Junior Division/Junior Wing	6,73,060	48,009	52,160	7,73,229
Senior Division/Senior Wing	3,35, 492	12,242	10,120	3,57,854
Total				11,31,083

Girls - 2,90,422 (26%)



4.14 During presentation, the representatives of NCC provided following information in respect of number of institutions covered and waiting list.

**(i) No. of Institutions Covered**

Schools	10,397
Colleges	5,511
Total	15,908

**(ii) Waiting List**

Schools	4,892
Colleges	2,955
Total	7,847

4.15 The Members of the Committee were keen to know the reason behind the long waiting list for NCC. Director General, NCC during the oral evidence apprised the Committee as under:—

“...Amongst the core areas, this is one of the primary core areas to meet the aspirations of the youth and as seen, more than 7900 institutions are in the waiting list. .... Firstly, the phased programme of expansion is on-going. We are now in the third phase for which the in-principle approval has been given and is under consideration. This will increase the strength by 40,000 cadets in every phase and also reduce the waiting list to some extent. Similarly, there will be phase four and five in the coming years. With this, the strength of NCC will go up to 15 lakhs. Besides this, we have made a plan which is very exhaustive one. It is on a much larger scale to increase the strength of the NCC further to more than about ten lakhs. This plan we have presented to the hon. Defence Minister and we are fine tuning the nitty-gritty if this plan. We will make it functional in the next couple of months. So, this will meet the aspirations of the youth.”

4.16 A representative of the NCC further apprised the Committee:—

“The question pertaining to the number of schools and colleges in the waiting list, it is about 7,900. The NCC organisation is structured to take on a given number of cadets. For example, normal battalion

which, at the maximum, can undertake seven companies and 24 troops. Each company can take 160 cadets and each troop can take 100 cadets. So, one unit at its maximum can take 3,520 cadets. The organisation of this unit is made accordingly. With the current strength of the organisation, we can only take care of those 15,900 institutions. That is what I said that to meet the aspirations of the youth we have had this plan for expansion in which we will add about 12 units every year. We are in the third phase and two more are yet to come. 40,000 cadets will be increased so that will take care of this waiting list.”

### **Youth Exchange Programme**

4.17 During presentation before the Committee, the representatives of the NCC apprised the Committee that NCC is having Youth Exchange Programme with 10 countries *e.g.* Russia, Singapore, Kazakhstan, Vietnam, Turkmenistan, Sri Lanka, Maldives, Bangladesh, Nepal and Bhutan. The efforts are being made to Expand Programme to other countries also.

### **Adventure Training**

4.18 The cadets of NCC are given Mountaineering Courses, Mountaineering Expeditions, Boys and Girls expeditions, Para Basic Courses, Para Sailing, Snow Skiing, Trekking, White Water Rafting, Sailing Expeditions, Yachting Regatta and Desert Camel Safari.

### **Perspective plan of NCC**

4.19 The representatives of NCC, while making presentation before the Committee informed that the following priorities have been set by them:—

- i. Raising of NCC Units. Reduce Waiting List.
- ii. Increase in the ratio of girl cadets.
- iii. Selection of Cadets in Armed Forces.
- iv. Set up NCC Academies.
- v. Improvement in living and office accommodation.
- vi. Automation of Enrolment and Budget Monitoring.

4.20 The Ministry informed that following avenues available for NCC cadets in joining Armed Forces:—

“1. NCC cadets having ‘C’ Certificate are given benefits in terms of joining Armed Forces. In Officers cadre, the following vacancies are reserved for them:—

**(a) Officers Training Academy, Chennai :**

Men — 100 vacancies per year (50 per course)

Women — 8 vacancies per year (4 per course)

**(b) Indian Military Academy, Dehradun :**

50 vacancies per year (25 per course)

**(c) Air Force Academy :**

10% vacancies on pilot course

**(d) Indian Naval Academy :**

12 vacancies per year (6 per course)

2. For other ranks the following benefits are given:—

**(a) Army**

**(i) Soldier General Duty**

(ai) ‘C’ certificate—Exempted from appearing in written examination

(aii) ‘B’ certificate—8% bonus marks

(aiii) ‘A’ certificate—5% bonus marks

**(ii) Soldier Technical/Store Keeper (Technical)/Clerk/  
Nursing Assistance**

(ai) ‘C’ certificate—10% bonus marks

(aii) ‘B’ certificate—8% bonus marks

(aiii) ‘C’ certificate—5% bonus marks

**(b) Navy**

- (i) 'C' certificate - 6 bonus marks
- (ii) 'B' certificate - 4 bonus marks
- (iii) 'A' certificate - 2 bonus marks

**(c) Air Force**

- (i) 'C' certificate - 5 bonus marks
- (ii) 'B' certificate - 4 bonus marks
- (iii) 'A' certificate - 3 bonus marks

## RECOMMENDATIONS/OBSERVATIONS

### Budget

1. The Committee note that during the year 2015-16, Army has been allocated Rs. 1,30,658.33 crore, against the projection of Rs. 1,41,696.89 crore. Under the Revenue Head, the Army projected a demand of Rs. 1,09,758.22 crore but only Rs. 1,03,315.91 crore were allocated. The Committee note that under the revenue segment, provision is first made for pay and allowances and other obligatory expenses and the balance allocation 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, forcing the Army to cut in the expenditure of crucial ordnance stores, works and maintenance, which may affect the overall preparedness of the Army. The Committee are of the view that as the maintenance of the "Armed System" is a very important function of the Army, hence, the cut may prove expensive, in the long run, to the security of the Nation. Therefore, they desire that allocation as projected should be provided to Army under this Head.

2. Under the Capital Head, the Army was allocated only Rs. 27,342.42 crore, which is Rs. 4596.25 crore less than the projected amount of Rs. 31,938.67 crore. In the Capital segment, funds are first set aside to meet the projected Committed Liabilities likely to materialize during the year and then the remaining allocation is distributed to meet the projected requirement for other items. In comparison to the total Defence budget, the Committee note that the consistent decline in the Capital Budget of Army from 11.71% in the year 2010-11 to 11.08% this year. This will delay initiation of new projects, which is not desirable.

3. The Committee are baffled to note that for New Schemes, which is a part of Capital Budget, the Army projected an allocation of Rs. 5,665.49 crore. However, only 27% of the projection, an amount of Rs. 1,541.06 crore, was allocated. It is beyond imagination of the Committee, how the big ticket projects of Army, which are at an advanced stage of procurement like 2 x Pinaka Regiments, Brahmos

4th Regiment, Weapon Locating Radar, Milan 2T Missiles, 3rd Generation Anti Tank Guided Missiles, Hand Held Thermal Imager with Laser Range Finder, Ammunition for 84mm Rocket Launchers Mark-III, Medium Range Surface to Air Missiles, Advanced Light Helicopters Maintenance Reserve and Strike Off Wastage (MR&SOW), 155mm/52 Calibre Tracked Self Propelled Guns, Close Quarter Battle Carbines, etc. will fructify with meagre amount of Rs. 1,541.06 crore. Therefore, the Committee recommend that the Ministry of Defence (including with Ministry of Finance) should seriously look into this aspect and provide sufficient allocation at the time of revised estimate stage under Capital Head and New Schemes.

#### Variation in Revenue and Capital Ratio

4. The Committee also note that the Revenue and Capital allocation ratio is also going down from 73:27 in 2008-09 to 79:21 in 2015-16, clearly indicating that no new Capital procurements have been made in the recent years or expenditure on this point has been very low. This shows that the system is not attentive enough to correct this imbalance. The Committee desire that immediate and urgent measures must be taken to correct the Revenue and Capital Ratio in the favour of Capital expenditure for overall modernization and preparedness of the Army.

#### Under-utilisation of Funds

5. The Committee note from the submission made by the Ministry that during the year 2014-15, Rs. 7,874 crore under the Capital Head could not be utilised due to several reasons like cut by Ministry of Finance, slippages in Committed Liabilities, Non-fructification of 14 Schemes at Competent Financial Authority (CFA) stage, under utilisation by Director General Ordnance Factory (DGOF) etc. It is beyond comprehension of the Committee that slippages were allowed to happen in the committed liabilities also, which is an obligatory expense. The committee are of the view that since the allocation in the Capital Head is already less than the projection thereby, making availability of monetary resources scarce, therefore, the Committee desire that due care should be taken by the Ministry to avoid such under utilizations.

The Committee feel that there should be proper coordination between Civilian Bureaucracy in the Ministry of Defence and the Armed

Forces Personnel. In view of such happenings, as well as in the greater interest of the Nation, the Committee feel that the decision-making process may be expedited.

#### Non-availability of fund for ammunition under Revenue Head

6. The Committee are surprised to find that DGOF allocation was short of Rs. 1420 crore for ammunition and funds were not available within Army Revenue Budget allocation for buying ammunition! The Committee also ponder over one of the views expressed by a representative of Army that sanction may be given to procure ammunition for capability building from Capital Head as well as additional allocations should be provided based on the progress of expenditure. The Committee feel that items of vital importance such as ammunition, which serve as the most fundamental requirement and play a crucial role in conventional warfare, are not made available through Ordnance Factories due to non-availability of funds under the Revenue Head. Keeping in view, the crucial importance of ammunition, the Committee recommend that perspective planning for Revenue allocations should be done in such a way that little scope left in re-prioritizing the allocations from another head.

#### Land Acquisition and Environment Clearance

7. The Committee note that the 11th Plan projects of Army in respect of infrastructure and roads were being expedited. However, as per the information submitted by the representatives of Army, the Committee learn that land acquisition and environmental clearances still remained a problem. The Committee note that Army faces lots of difficulty in the field due to land acquisition and environmental clearances' issues hampering the progress of work to develop roads and infrastructure along the border. The Committee, therefore, recommend that the Ministry should look into the matter and resolve the issues at highest level in different Ministries and with the State Governments and the Action Taken Report be furnished to the Committee within three months. The Committee desire that the projects which involves National security, should be given concessions from the stringent measures taken by the Environment Ministry.

#### Non-finalization of 12th Plan projects

8. The Committee note that the 12th Plan projects were still awaiting Government approval even after a lapse of substantial period

of time. It also came to the notice of the Committee that operational control of Indo-Tibetan Border Police (ITBP) should rest with Army for cohesion in operation. The Committee desire that these projects should be given approval at the earliest. The Committee also desire that the reasons for non-approval of the 12th Plan projects, should be submitted for their perusal.

9. The Committee are of the view that the Ministry should give a serious thought in consultation with Ministry of Home Affairs to make Indo-Tibetan Border Police under the operational control of Army to facilitate joint operations to resolve the problems related to incursions etc.

10. The Committee also desire that slippages of 11th Plan should be made up in the 12th Plan and desired level of improvement in capability *vis-à-vis* neighbouring nations, upgradation of infrastructure along Northern Borders, modernization of Armour, Firepower, Infantry, Air Defence, Aviation, Engineers, Night Vision Devices and enhancement of aviation assets, should be achieved. Necessary steps must be taken so that the 12th Plan period does not meet the same fate as that of the 11th Plan.

#### Critical shortages leading to priority procurement

11. The Committee note that some of the critical shortages and vintage of equipment include Artillery Guns, Infantry Weapons, Sights and Fire Control Equipment, Engineer Equipment, Air Defence Equipment and Armoured Recovery Vehicles (ARVs). The reasons given by the Ministry for the shortages are inadequate production capacities of Ordnance Factories, Defence Public Sector Undertakings as well as procurement process delays. The Committee are of the view that delay in procurement process has adversely impacted Operational Preparedness of the Services and resulted in substantial cost-overruns of various projects. The delay has also proved disadvantageous to the interests of the Forces, which ultimately lead to obsolescence of equipment in the Army.

12. The Committee fail to understand the reason of holding vintage equipment with the Forces for such a long time, as with each passing year vintage equipment degenerates. This makes availability of ammunition as well as spares, difficult to find from the Original Equipment Manufacturer (OEM) sources. Thus non-accessibility to



ammunition and spares may sometimes lead to dangerous situation at the time of urgent necessity like war. The Committee recommend that critical shortages should be made up at the earliest and proclivity of passing the buck to Ordnance Factories/DPSUs/procurement process should be stopped. An action plan for capital acquisition should also be drawn to make the Army a fighting fit force.

#### Shortage of ammunition

13. The Committee have been informed about the shortage of ammunition with Army over the last three-four years. Although the ammunition are available with the Army but the quantity is not enough as per the requirements which have been projected by it. The Committee also note that the ammunition availability and ordering is being reviewed on a monthly basis by the Ministry alongwith Army. The Committee are surprised to know that despite a joint review, the shortages have remained with Army since a long time, indicating that something went wrong somewhere and procurement of ammunition was not done as envisaged. The Committee, therefore, recommend that immediate steps should be taken for procurement of ammunition from sources within or outside the country.

#### Bullet Proof Jackets (BPJs)

14. The Committee are perturbed to find that procurement of 1,86,138 Bullet Proof Jackets (BPJs), for which the approval of Defence Acquisition Council was obtained on 19.10.2009 and a Request For Proposal (RFP) through Capital route was issued on 07 December, 2012 are still not procured. The Committee are not at all satisfied with the reply of the Ministry that efforts are on to complete the acquisition process as early as possible! Despite knowing the importance of such a crucial life saving item and the Committee pointing its importance earlier also, it has taken more than six years to procure after the approval of Defence Acquisition Council.

It is an unpleasant surprise for the Committee that in spite of critical shortages of Bullet Proof Jackets being high-lighted in the previous report of the Committee also, no improvement in the situation has taken place, which is alarming. It needs an explanation.

During the deliberations also the matter regarding shortage of BPJs came up and Committee were shocked to learn that shelf life of

existing Bullet Proof Jackets was going to expire next year. It is inexplicable on the part of the Ministry that all these years, the Ministry could not find a source to procure BPJs. It is also a fact that after 2009, no new procurement proposal was made other than 1,86,138 BPJs, for which assessment for requirement was done prior to 2009.

15. The Committee are of the view that this is a “man-made”, “very serious” and not a major issue from planning and execution point of view. The Ministry should not play with the lives of Army personnel and not drag them in avoidable dangers, just by not providing them BPJs. It is the duty of the Government to provide proper gear to their soldiers before sending them to counter insurgency or war-like situations. Therefore, it is earnest desire of the Committee that procurement of BPJs should be done in fast track mode to make up present and near future shortages so as to save lives of thousands of soldiers. Action on this be intimated to the Committee within two months.

#### Procurement of Rifles

16. The Committee note that the first consignment of INSAS Rifle was provided to Army in 1994 and four versions of the same have also been introduced with improvements in each variant. The Committee have learnt that the Services are not happy with the present version. However, in its reply the Ministry avoided the question posed to them about the problems being faced by the Army in handling INSAS and other weapons. The Committee also note that the design of the INSAS was long approved, well before 1994 and at present there is no change in the design *per se* in the existing version. The Committee understand that better, lethal and compact rifles in comparison to INSAS, are available in the world over. Therefore, the Committee desire that DRDO should make improvements in the existing model or all together develop a new rifle for the satisfaction of forces in a “very early” “time-frame”. For the immediate requirement, the Ministry may also think of procuring the rifle from the foreign sources to suit the requirements of the Forces.

#### Main Battle Tank

17. The Committee note that Defence Research and Development Organisation (DRDO) has been developing Arjun Main Battle Tank (MBT) Mark-II, which has about 75 tank fittable improvements over

and above Arjun MBT Mark-I. These improvements have been arrived in mutual consultation with all the stakeholders. The Committee are of the view that Arjun Mark-II should be provided at the earliest to the Forces and after its user evaluation report, the large scale production of the same should be started. The Committee also desire that constant improvements may be made in the existing Mark-II and thereafter, each and every model should be improved and after a certain period of time it should be sent for production, without making Army wait perpetually for the so-called perfect tank.

#### War Wastage Reserves (WWR)

18. The Committee note that War Wastage Reserves (WWR) in respect of equipment and ammunition are reserves that a Nation sets apart to cater for the anticipated expenditure of ammunition for the anticipated duration of War and the "Threat Perception" and, at the end of which, the Armed Forces should continue to remain operationally equipped and 100% fit for war. However, they are surprised to learn that there are very serious deficiencies in WWR in respect of some of weapon systems/equipment and ammunitions held at various levels. This is an extremely worrying aspect.

The Committee desire that TOP MOST priority should be given to maintain WWR in respect of weapon, ammunition and supporting system as per the war scenario, worked out by the Government. The Committee are highly concerned and desire that making up of the shortages—both the weapons and ammunitions, be made up at the earliest. The Committee should be apprised about the action taken in this regard at the earliest.

#### Modernization of Army

19. From the information supplied by the Ministry, the Committee note that Modernization of the Army is a continuous process based on "Threat Perception" as decided by the Government, operational challenges, technological changes etc. The Government constantly reviews the security scenario and accordingly decides to induct appropriate Defence equipment and ammunition to keep the Armed Forces in a State of readiness and equipped with modern weapon systems. The process is based on a 15 year Long Term Integrated Perspective Plan (LTIPP), 5 years Service Capital Acquisition Plan (SCAP) and an Annual Acquisition Plan (AAP). Procurement of equipment and weapon systems is carried out as per the AAP.

20. The Committee also note that the current LTIPP spells out the capability desired to be achieved by the Armed Forces over 15 years duration (2012-27). The LTIPP is translated into the SCAP, covering a five year period. The AAP for each Service is a two year roll on plan for capital acquisitions and consists of the schemes from approved five year SCAP. Thus, the Long Term Integrated Perspective Plan (LTIPP) gets finally translated to Short Term Plans (AAP) and the cases included in the AAP are progressed for acquisition as per Defence Procurement Procedure.

21. The Committee further note that despite having the LTIPP, SCAP and AAP, several modernization projects of Army, during the Eleventh and Twelfth Plan, are pending, indicating the fact that all is not well with the planning process of Army. The Committee find that the reasons given such as limited vendor base, non-conformity of the offers to the Request For Proposal (RFP) conditions, long field trials, complexities in contract negotiations, stakeholder consultations and long lead time for indigenization, design and development projects etc. are not convincing. Therefore, the Committee desire that the Ministry should make an Action Plan to resolve the issues *i.e.* stakeholder consultation complexities in contract negotiations etc. at its end and promptly take effective steps to modernize the Army.

22. The Committee also note the candid admission of a representative of Army that they are behind modernization and procurement schedule. One of the reasons that came up for the consideration of the Committee is shortage of funds at the procurement stage, as money lapses after a certain period of time. The Committee are also of strong view that for modernization of Army, "Capital Head" should be made "Non-Lapsable" and "Roll-on" so that the Army and other Services do not end up buying second or third priority items as the allocated fund is lapsing. So that the Army and other Services do not end up buying second or third priority items as the allocated fund is lapsing.

#### Rashtriya Rifles

23. The Committee note that there was a decrease in the capital budget of Rashtriya Rifles for the year 2015-16 which will affect estimated expenditure on committed liabilities and new schemes resulting in obstruction of modernization of Rashtriya Rifles. Considering the importance of Rashtriya Rifles, the Committee desire that projected allocation should be provided to them.

## Mountain Strike Corps

24. The Committee note that raising of a Mountain Strike Corps has already been sanctioned by the Government in 2013. The sanctioned corps has commenced with effect from December 2013 and is progressing as per schedule. All actions as per laid down procedures have been initiated and concomitant processes have been set into motion. The raisings are planned over eight years and will be completed by 2021. The Committee also note that the Government had indicated Rs. 3934 crore from within the existing budget of FY 2014-15 under Capital Head. No additional allocation under 'Revenue Head' was made for raising of Mountain Strike Corps.

The Committee desire that Rs. 3934 crore which comes from the budget of Army should not be the part of this budget. Instead, a separate allocation be made for raising of this Corps so that projects of Army are not hampered by non-availability of money.

## Shortage of Officers

25. The Committee note that at present a shortage of 9642 officers, excluding Army Medical Corps, Army Dental Corps and Military Nursing Services, exist despite undertaking sustained image projection and publicity campaign to create awareness among the youth on the advantages of taking up this challenging and satisfying career. The Committee are of the view that the Ministry should devise innovative methods other than the existing one to attract the young minds to join the Forces. The Committee also desire that in this aspect help of Defence Institute of Psychological Research (DIPR) may be taken.

26. The Committee also desire that the Ministry should give a serious thought to the idea of providing five years compulsory military service to those aspirants who want to directly join Gazetted Central and State Government service in order to overcome the shortage of officers in Armed Forces.

## Recruitment Rallies

27. The Committee note that recruitment rallies are conducted in different parts of the country to recruit jawans in Army and in conducting rallies, Army undertakes recruitment, whereas, the crowd control and management is the responsibility of civil administration and police. Such incidents have occurred mainly on account of

overcrowding and inadequate police arrangements for crowd management. The Committee also note that the Ministry has taken number of steps to prevent mishap such as, holding smaller rallies covering select number of tehsils, spreading the rallies over a longer duration to reduce overcrowding; ensuring timely dispersal of candidates on daily basis; a pilot project for online registration and filtering applications is planned.

The Committee are not fully satisfied with the measures taken by the Ministry as the incidents are recurring. Therefore, they desire that effective crowd management should be given priority or candidates may be called directly to the permanent centres of recruitment every alternate days.

28. The Committee also desire that a strict watch and related tests should be conducted to know whether candidates are taking performance enhancing drugs before appearing in recruitment rallies.

#### Ex-Servicemen Contributory Health Scheme (ECHS)

29. The Committee note from the data supplied by the Ministry that only Rs. 2639 crore are allocated against the projection of Rs. 3532.12 crore in the Revenue Head of ECHS for the year 2015-16. The difference in the projection and allocation is substantial amount of Rs. 893.12 crore, which would affect the overall working of ECHS in the field of Transportation, Stores, Information Technology, Medical Treatment Related Expenditure and Revenue works etc.

30. The Committee also note that in the Capital Head, Rs. 20.41 crore were allocated during the year 2014-15 against the projection of Rs. 50 crore, however, ECHS could able to spend only Rs. 4.80 crore till 28 February 2015. The Committee would like to know the reason for not spending the allocated amount under this head. This year also, against the projection of Rs. 50 crore, ECHS is given only Rs. 30 crore. But gleaning through the utilization of last financial year projection, the Committee do not want to comment at this stage on the lower allocation.

31. The Committee note that ECHS faces difficulties in giving medical facilities to its subscribers due to irregular allotment of funds, time consuming procurement procedures and not having additional power of local purchase by non-military polyclinics. The Committee desire that funds should be provided to ECHS to mitigate the problems of the subscribers of ECHS.

32. The Committee also note that 178 Polyclinics do not have an empanelled facility/Armed Forces Medical Services hospital near their vicinity, therefore, the Committee desire that empanelment of hospitals in difficult areas like North-East, Sikkim, Uttarakhand, Himachal Pradesh etc. should be given priority and other cases relating to empanelment of hospitals pending with ECHS should be cleared at the earliest and intimated to the Committee.

33. The Committee further note that at some of the ECHS polyclinics doctors are not available to treat the patients. The Committee desire that necessary steps be taken to appoint doctors at each and every polyclinic. They also feel that a panel of retired doctors from the Army Medical Corps (AMC) could be created and they may be requested to offer their services in such areas.

34. The Committee are surprised to note that 124452 bills of empanelled hospitals are pending amounting to Rs. 273.40 crore in respect of various Commands of Army, Navy and Air Force. The Committee take a serious view of this laxity and desire that these bills should be cleared at the earliest so that the empanelled hospitals take due care in treating ECHS beneficiaries and sure of getting reimbursement. The progress on this be intimated to the Committee within three months.

#### Directorate General Quality Assurance

35. The Committee note that Directorate General Quality Assurance (DGQA) is responsible for Quality Assurance of Defence Stores produced by Ordnance Factories, Public and Private sector organisations and imported. DGQA takes all the actions necessary to ensure that the Defence Forces of the country get the entire range of arms, ammunition, equipment and stores of the desired quality, that will enhance the combat efficiency and effectiveness of the fighting forces and they are able to easily maintain and fully exploit the equipment and stores.

The Committee also note that one of the responsibility of Organisation is to manage the configuration of all products by control of specifications and drawings, incorporating changes/modifications necessitated for improved performance and quality improvement and consistency is ensured by regular process and products audits. This Organization also carries out tests for Shelf Life Extension of

ammunition, missiles and NBC protective stores. Based on feedback from users DGQA carries out defect investigation to take remedial measures for future and suggest improvements in design post production and post procurement stage as well.

36. The Committee appreciate the system of inspection by DGQA before inducting a weapon system, at production stage and also post production stage. But it is surprising for the Committee to know that despite this, how products of inferior quality are passed out from the Ordnance Factories belying the claim of elaborate system of inspecting. The Committee are of the view that taking such stringent inspection existing procedures should be further fine tuned to make them fail-safe so our Armed Forces are sure of quality of products they are getting.

#### National Cadet Corps

37. The Committee note that NCC aims at creating a pool of organized, trained and motivated youth with leadership qualities in all walks of life, who will serve the Nation regardless of which career they choose. It also provides an environment conducive to motivate young Indians to join the Armed Forces.

38. The Committee also note that during the year 2011-12, NCC were allocated Rs. 984.01 crore, however, the actuals were Rs. 713.81 crore; during the year 2012-13, NCC was allocated Rs. 1128.80 crore, however, the actuals were Rs. 791.87 crore, during the year 2013-14 NCC was allocated Rs. 887.12 crore, however, the actuals was Rs. 874.03 crore. During the year 2014-15 NCC has been allocated Rs. 1025.17 crore, however, actuals were 927.42 crore till February 2015. This year NCC was allocated only Rs. 1021.39 crore which is approximately Rs. 4 crore less than last year's allocation.

39. It can be analyzed from the data that even after the Revised Estimates, there has been underspending every year. The Committee desire that NCC Directorate must be guided by the Finance Division of the Ministry of Defence in the financial planning process to avoid this underspending which has become consistent in nature.

40. The Committee also desire that additional allocation of Rs. 175.44 crore under the Revenue Head for procurement of clothing vehicle, equipment, IT hardware and revenue works may also be provided at RE stage.



41. The Committee further note that total sanctioned strength of NCC cadets is 15 Lakh. The Committee gleaned through last year's data wherein the actual strength of NCC cadets was given 11,73,029. Out of it, the Girl cadets were 3,04,661, consisting of 26%. The NCC covered 10,174 Schools, 5,548 Colleges and 670 Districts. However, it had 4790 Schools and 2549 Colleges in the waiting list. As per this year's data the strength of NCC cadets is going down and at present the actual strength of NCC cadets is 11,31,083. Out of it, the Girl cadets are 2,90,420, consisting of 26%. The NCC covered 10,397 Schools, 5,511 Colleges. However, it has 4892 Schools and 2955 Colleges in the waiting list. The Committee desire to know the reason for depletion of strength of cadets since the last one year and the action taken by the Ministry to arrest the fall. The Committee also desire that necessary steps must be taken to cover maximum schools and colleges from the waiting list.

42. The Committee also recommend that to have wider reach of NCC in schools and colleges, the Ministry of Defence should look into the possibility of coordinating with the Ministry of Human Resource Development. The Committee also desire the Ministry of Human Resource Development to make NCC as a part of the education policy so as to create organized, trained, disciplined, selfless and motivated future generation. The steps should be taken to encourage girls to join NCC to correct ratio of Girl *vs.* Boy Cadets.

43. The Committee note that the perspective plan of NCC include raising of NCC units, increase in the ratio of girl cadets, selection of cadets in Armed Forces, setting up of NCC Academies, etc. The Committee desire that all out efforts must be made to turn its perspective plan into reality.

NEW DELHI;  
24 April, 2015  

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04 Vaisakha, 1937 (Saka)

MAJ GEN BC KHANDURI, AVSM (RETD),  
Chairperson,  
Standing Committee on Defence.

APPENDIX

STANDING COMMITTEE ON DEFENCE (2014-15)

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Monday, the 23rd March, 2015 from 1130 hrs. to 1830 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri AVSM (Retd)—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Dharambir
3. Shri Thupstan Chhewang
4. Shri HD Devegowda
5. Dr Murli Manohar Joshi
6. Dr Mriganka Mahato
7. Shri Tapas Paul
8. Smt Mala Rajya Lakshmi Shah
9. Shri AP Jithender Reddy

*Rajya Sabha*

10. Shri Anand Sharma
11. Shri Rajeev Chandrasekhar
12. Shri AU Singh Deo
13. Shri Vinay Katiyar

14. Shri Madhusudan Mistry
15. Smt Ambika Soni

SECRETARIAT

1. Shri PK Misra — *Additional Secretary*
2. Shri DS Malha — *Director*
3. Shri AK Srivastava — *Additional Director*
4. Shri Rahul Singh — *Under Secretary*

WITNESSES

**Representatives of the Ministry of Defence**

**Ministry of Defence**

1. Shri RK Mathur, Defence Secretary
2. Shri Ravikant, AS (R)
3. Shri Jiwesh Nandan, JS (G/Air)
4. Shri Subir Mallick, JS & AM (LS)
5. Shri Anup Chandra Pandey, AS
6. Shri RN Dubey, JS (Trg) & CAO
7. Smt Surina Rajan, JS (O/N)
8. Shri Anil Bahuguna, JS
9. Shri G Mohan Kumar, Secy DP
10. Shri Prabhu Dayal Meena, Secy (ESW)
11. Shri AK Gupta, Spl Secy (DP)
12. Shri Himanshu Kumar, JS (E)
13. Shri AK Sihag, DG (Acq.)
14. Shri Rabindra Pawar, JS & AM (MS)
15. Shri Rajeev Verma, JS & AM (Air)
16. Shri J Ramakrishna Rao, JS (ES)

**Defence Finance**

17. Shri Dhanjaya Kumar, FM (MS) & JS
18. Ms Vandana Srivastava, FA (DS)

19. Ms Sobhna Joshi, FA (Acq) & AS
20. Ms Veena Prasad, Addl FA (VP)
21. Shri Rajesh Kumar, Addl FA (RK)
22. Ms Devika Raghuvanshi, Addl FA (DR)
23. Shri Prem Kumar Kataria, Addl FA (K)

#### **Air Force**

24. Air Mshl RK Sharma, VCAS
25. Air Mshl SBP Sinha, DCAS
26. Air Mshl Sukhchain Singh, AOM
27. Air Mshl S Neelakantan, AOP
28. Air Mshl HB Rajaram, AOA
29. Air Mshl Anil Khosla, DG Air (Ops)
30. Air Mshl JS Kler, DG (I&S)
31. AVM Sandeep Singh, ACAS (Plans)
32. AVM Amit Tiwari, ACAS (Trg)
33. AVM A Sengupta, ACAS (AF Works)
34. AVM SM Subhani, ACAS (Fin. P)
35. Air Cmde RS Dagar, PD AS

#### **Navy**

36. VAdm Sunil Lanba, VCNS
37. RAdm Dinesh K. Tripathi, ACNS (P&P)
38. Cmde Sanjay Vatsayan, PDNP
39. Capt DJ Revar, DNP
40. Cdr Abhishek Simlai, JDNP

#### **Integrated Defence Staff**

41. Air Mshl PP Reddy, CISC
42. Lt. Gen. AK Ahuja, DCIDS (PP & FD)
43. Maj. Gen. SK Dua, ADG Proc

44. AVM DS Rawat, ACIDS (FP)
45. Cmde AK Sharma, DACIDS (Budget)
46. Capt (IN) A Saluja, Dir FP

### **Army**

47. Lt Gen Philip Campose, VCOAS
48. Lt Gen Sanjiv Talwar, DG FP
49. Lt Gen JPS Dalal, DGQA
50. Maj Gen Ranvir Singh, MO
51. Maj Gen I Narayana, ADG WE
52. Maj Gen Sanjay Kumar Jha, ADG PP
53. Maj Gen SS Hasabnis, TM (LS)
54. Maj Gen MN Murlidhar, ADGQA (PP&T)
55. Brig Sanjay Chauhan, DDGQA (PP&T)
56. Maj Gen Shamsher Singh, ADGQA (A)
57. Maj Gen RP Mund, ADGQA (EE)
58. Brig. KJL Dhillon, DDG PP
59. Col DK Patra, Dir PP
60. Col Rajat Upreti, Dir D
61. R Adm AK Dutta, ADGQA (WP)

### **Sainik School Society**

62. Capt (IN) G Rambabu, Inspecting Officer (Sainik School Society)
63. Col Rajveer Singh, Inspecting Officer (Sainik School Society)

### **National Cadet Corps**

64. Lt Gen A Chakravarty, DG NCC
65. Maj Gen C Prakash, ADG (B)
66. Brig. CP Sangra, DDG (Lgs)
67. Shri NK Phukan, DDG (P&F)
68. Cmde PK Banerjee, DDG (P&C)

## **Defence Research and Development Organisation**

69. Lt Gen Anoop Malhotra, CCR&D (R&M and Imp)
70. Shri Sanjay Tandon, Dir, Dte of material Management
71. Dr JP Singh, Dir, Dte of Parliamentary Affairs

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting. The Committee then invited 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. 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 commenced their briefing through a power point presentation on General Defence Budget. This was followed by detailed deliberations on various issues in the context, which included inadequate budgetary provision to Defence in this year's Budget Estimates.

5. Thereafter, a discussion on procurement policy was made which included queries from Members including those on delayed timelines, indecisiveness and hierarchical hurdles. The Committee were informed that defence procurement policy is undergoing major makeover and it was decided that a separate presentation on procurement policy will be taken once the new framework is in place.

6. Afterwards, a presentation was made on Capital Outlay on Defence Services and pursued with deliberations on the subject. Members posed various queries such as need for adequate budget for modernization of defence forces and dependence on foreign products, etc. The representatives of the Ministry of Defence replied to various queries/ observations of members. Nevertheless, members desired that a well drawn out vision for defence production may be furnished to the Committee.

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

7. The Ministry gave presentation on Army, Directorate General of Quality Assurance (DGQA), National Cadet Corps (NCC) and Sainik Schools in that order. This was followed by detailed discussions on the

subjects and Members asked questions on bullet proof jackets for jawans, ammunition, need for efficiency in quality checks, modernisation of Army expansion of NCC by raising more NCC units, increase in number of Sainik Schools and similarity in their infrastructure, etc.

8. Thereafter, a presentation was given on Navy and Joint Staff which was followed by vibrant discussions on depleting fleet strength of Navy, inadequacies in capital budget etc. The representatives of the Ministry of Defence submitted their replies to queries/observations of members.

9. A presentation on Air Force was made by the representatives of the services followed by discussions on squadron strength, urgency for provision of adequate capital budget, pilot-cockpit ratio, etc.

10. 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 (2014-15)

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Tuesday, the 24th March, 2015 from 1030 hrs. to 1630 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

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

MEMBERS

*Lok Sabha*

2. Shri Suresh C Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col Sonaram Choudhary (Retd)
7. Shri HD Devegowda
8. Shri Sher Singh Ghubaya
9. Km Shobha Karandlaje
10. Dr Mriganka Mahato
11. Shri Tapas Paul
12. Shri Malla Reddy
13. Shri Rajeev Satav
14. Smt Mala Rajya Lakshmi Shah
15. Shri AP Jithender Reddy



*Rajya Sabha*

16. Shri AU Singh Deo
17. Shri Vinay Katiyar
18. Shri Madhusudan Mistry
19. Smt Ambika Soni

SECRETARIAT

1. Shri PK Misra — *Additional Secretary*
2. Shri DS Malha — *Director*
3. Shri AK Srivastava — *Additional Director*
4. Shri Rahul Singh — *Under Secretary*

WITNESSES

**Representatives of the Ministry of Defence**

1. Shri RK Mathur, Defence Secretary
2. Shri Anup Chandra Pandey, AS (P)
3. Shri Ravikant, AS (R)
4. Smt Surina Rajan, JS (O/N)
5. Shri Sanjeev Ranjan, JS (BR)
6. Shri Deepak Anurag, JS (C&W)
7. Shri Dharendra Verma, Dir (BR-Works)
8. Shri Ritesh Kavadia, Dir (BR – Estt)
9. Shri GP Cherian, SE (Civil)
10. Shri AK Jain, EE (Civil)
11. Shri Surya Prakash, Dir (L&C)
12. Ms. Vandana Srivastava, FA (DS)
13. Shri Rajesh Kumar, Addl FA (RK)
14. Ms. Devika Raghuvanshi, Addl FA (DR)
15. Shri Prem Kumar Kataria, Addl FA (K)
16. Shri RG Vishwanathan, Addl FA (RV)
17. Air Mshl RK Sharma, VCAS

18. Air Mshl HB Rajaram, AOA
19. Air Mshl BBP Sinha, DG (Wks)
20. Vice Adm Sunil Lanba, VCNS
21. Rear Adm Dinesh K., Tripathi
22. Cmde. R Malhotra
23. Vice Adm HCS Bisht, DGICG
24. Shri Rajendra Singh, ADG Indian Coast Guard
25. IG VD Chafekar, DDG (P&P)
26. Comdt. Kanchan Verma, JD (Plans-II)
27. Dr K Tamilmani, DG (Aero)
28. Dr VG Sekaran, DG (MSS)
29. Dr V Bhujanga Rao, DG (NS&M)
30. Shri SS Sundaram, DG (ECS)
31. Dr KD Nayak, DG (MED and CoS)
32. Dr Manas K Mandal, DG (LS)
33. Shri AM Datar, DG (ACE)
34. Dr Satish Kumar, CCR&D (TM)
35. Dr Sudershan Kumar, CCR&D (PC and SI)
36. Lt Gen Anoop Malhotra, CCR&D (R&M and Imp)
37. Shri GS Malik, CCR&D (HR)
38. Shri Sudhir Kumar Mishra, CCR&D and CEO
39. Shri RG Vishwanathan, JS and Addl FA
40. Dr JP Singh, Dir, Dte of Par Affairs
41. Shri Vipul Gupta, Joint Dir
42. Lt Gen Philip Campose, VCOAS
43. Capt Ardhendu Kumar, ADC to VCOAS
44. Lt Gen PR Kumar, DGMO
45. Maj Gen Rajiv Narayanan, ADG, MO (B)

46. Brig Yogendra Dimri, DDG MO (C)
47. Col Vignesh Mahanti, Dir MO4
48. Col Sudhir Dube, Dir E-in-C Branch
49. Col A Mathialagan, TS to DG MAP
50. Lt Gen RM Mittal, DGBR
51. Maj Gen Balraj Singh, OSD
52. Brig R.K. Sharma, Dte GBR
53. Brig VS Kattarya, DDG (TP), Dte GBR
54. Col D Pareira, Dir, DGBR
55. Lt Gen Om Prakash, QMG
56. Lt Gen GS Bisht, DG LWE
57. Maj Gen Michael Mathews, ADG LWE
58. Lt Gen Jatinder Sikand, E-in-C
59. Maj Gen S Kaushik, DG Works
60. Maj Gen Gurdip Singh, DG MAP
61. Maj Gen SK Shrivastava, ADGW
62. Brig KK Repswal, DDGW
63. Col A Mathialagal, DG MAP
64. Sub Anil Kumar, ADC to E-in-C
65. Shri Ravi Kant Chopra, Dir Gen
66. Shri P Daniel, Addl DG (Adm)
67. Shri KV Nagi Reddy, DDG (C&CRD)
68. Shri Vivek Kumar, Asst DG (Adm)

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting. The Committee then invited 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. 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 commenced their briefing through a power point presentation on Defence Research and Development. This was followed by detailed deliberations on various issues like inadequate budgetary provision to Defence Research, non-availability of testing infrastructure for DRDO, development of Kaveri Engine, accidents of aircraft.

5. Thereafter, a presentation was given on Border Roads Organization which was followed by vibrant discussions on status of Border connectivity, obsolescence of equipment, shortage of manpower, strengthening of GREF, non-lapsable funds for NE/Leh, financial assistance to small contractors, inviting local area M.P. on inauguration of centrally funded project, snow clearance grant to BRO, need for changing of civil/ Army composition of BRO etc. The representatives of the Ministry of Defence submitted their replies to queries/observations of members.

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

7. A presentation was made on Directorate General Defence Estate and pursued with deliberations on the subject. Members posed various queries such as blocking of roads by representative of DGDE, proper use of waste land and encroachment by civilians etc. The representatives of the Ministry of Defence replied to various queries/observations of Members.

8. The Ministry gave presentation on Military Engineer Services and Married Accommodation Project in that order. This was followed by detailed discussions on the subjects and Members asked questions on timely completion of projects, need for efficiency in system etc.

9. Thereafter, a presentation on Coast Guard Organization was held given before the Committee. Subsequent discussions included queries from Members including those of requirement of funds and Coastal Security etc.

10. 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 (2014-15)

MINUTES OF THE FIFTEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Wednesday, the 25th March, 2015 from 1130 hrs. to 1530 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri AVSM (Retd)—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Suresh C Angadi
3. Shri Shrirang Appa Barne
4. Shri Dharambir
5. Shri Thupstan Chhewang
6. Col. Sonaram Choudhary (Retd.)
7. Shri G Hari
8. Shri Sher Singh Ghubaya
9. Km Shobha Karandlaje
10. Dr Mriganka Mahato
11. Shri Tapas Paul
12. Shri Malla Reddy
13. Shri Rajeev Satav
14. Smt Mala Rajya Lakshmi Shah
15. Shri AP Jithender Reddy

*Rajya Sabha*

16. Shri AU Singh Deo
17. Shri Vinay Katiyar
18. Smt. Ambika Soni
19. Shri Tarun Vijay

SECRETARIAT

1. Shri RK Jain — *Joint*
2. Shri DS Malha — *Director*
3. Shri AK Srivastava — *Additional Director*
4. Shri Rahul Singh — *Under Secretary*

WITNESSES

**Representatives of the Ministry of Defence**

1. Shri RK Mathur, Defence Secretary
2. Shri Ravikant, AS (R)
3. Shri Rajeev Verma, JS and AM (Air)
4. Shri Subir Mallick, JS and AM (LS)
5. Shri G Mohan Kumar, Secretary (DP)
6. Shri AK Gupta, Special Secretary (DP)
7. Shri S Yamdagni, DGO/OFB
8. Shri AK Prabhakar, Member, OFB
9. Shri RJ Bhattacharya, DDG, OFB
10. Shri DK Mahapatra, Secretary, OFB
11. Mrs Kusum Singh, JS (P&C)
12. Shri Bharat Khera, JS (NS)
13. Shri JRK Rao, JS (ES)
14. Shri KK Pant, JS (AS)
15. Rear Adm NK Mishra (Retd), CMD, HSL
16. Shri P Dwarakanath, CMD, BEML
17. Shri M Narayana Rao, CMD, MDNL

18. Rear Adm AK Verma (Retd), CMD, GRSE
19. Cdr. PR Raghunath, CMD, MDL
20. Shri V Udaya Bhaskar, CMD, BDL
21. Rear Adm. Shekhar Mital (Retd.), CMD, GSL
22. Shri SK Sharma, CMD, BEL
23. Shri T Suvarnaraju, Chairman, HAL
24. Shri Prabhu Dayal Meena, Secy (ESW)
25. Lt Gen Rakesh Nandan, DG (DC&W)
26. Ms. K Damayanthi, JS (ESW)
27. Maj Gen Amrik Singh, DG (Res)
28. Maj Gen AP Bam, MD (ECHS)
29. Smt. Santosh, Dir (Res-II)
30. Cmdr. Rohtas Singh, Secy (KSB)
31. Ms. Devika Raghuvanshi, Addl FA (DR)
32. Shri Prem Kumar Kataria, Addl FA (K)
33. Lt Gen Anoop Malhotra, CCR&D (R&M)
34. Shri RG Vishwanathan, JS and Addl FA
35. Dr JP Singh, Dir (Par. Affairs), DRDO

2. At the outset, the Chairperson welcomed the Members of the Committee and informed them about the agenda for the sitting. The Committee then invited representatives of the Ministry of Defence and other organisation. 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 commenced their briefing through a power point presentation on Defence Public Sector Undertakings. This was followed by detailed deliberations on various issues in the context which included non-delivery of products, increase in timelines, indigenous production of Sukhoi aircraft, Light Utility

Helicopters by HAL, Machines for BRO, manufacturing of electronic equipment by BEL, construction of submarines, etc. During deliberation the Committee stressed for indigenization of defence products.

5. Thereafter, a presentation on Ordnance Factories was given before the Committee which was followed by detailed discussion and queries from Members including those on delayed timelines, indecisiveness and poor quality production. The representatives of the Ministry of Defence replied to various queries/observations of members. Nevertheless, members desired that a well drawn out vision for defence production may be furnished to the Committee.

The Committee took break for lunch and resumed the sitting at 1:45 P.M.

6. Afterwards, a presentation was made on Ex-Serviceman Welfare and Ex-Servicemen Contributory Health Scheme and pursued with deliberations on the subject. Members posed various queries such as status of One Rank One Pension, clearing of pending bill in respect of beneficiaries of ECHS health facilities and re-employability of Ex-servicemen, need to enact a law so it become obligatory to employ ESM, etc. The representatives of the Ministry of Defence replied to various queries/observations of members.

7. 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 SIXTEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Monday, the 06th April, 2015 from 1130 hrs. to 1300 hrs. in Main Committee Room, Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri AVSM (Retd)—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Suresh C Angadi
3. Shri Shrirang Appa Barne
4. Shri Thupstan Chhewang
5. Col Sonaram Choudhary (Retd)
6. Smt Pratyusha Rajeshwari Singh
7. Shri HD Devegowda
8. Shri G Hari
9. Shri Ramesh Jigajinagi
10. Shri Vinod Khanna
11. Shri Malla Reddy
12. Shri AP Jithender Reddy

*Rajya Sabha*

13. Shri Anand Sharma
14. Shri Vinay Katiyar
15. Shri Madhusudan Mistry
16. Smt Ambika Soni

SECRETARIAT

1. Shri PK Misra — *Additional Secretary*
2. Shri DS Malha — *Director*
3. Shri AK Srivastava — *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 discussed the views expressed by the representatives of Ministry of Defence and Defence Services during oral evidence held earlier in respect of examination of Demand for Grants (2015-16) of the Ministry of Defence. The Members of the Committee exchanged ideas and suggested points to be incorporated in the Draft Reports which included making war wastage reserve, making Capital Head a non-lapsable and Roll on Plan for five to ten years, giving highest priority to Operational Preparedness *vis-a-vis* Threat Perception, replacing the term "Retired" with "Veterans", etc.

3. The Committee, then, authorised the Chairperson to finalise a later date for consideration and adoption of the draft Reports.

*The Committee, then, adjourned.*

STANDING COMMITTEE ON DEFENCE

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING  
COMMITTEE ON DEFENCE (2014-15)

The Committee sat on Friday, the 24th April, 2015 from 0930 hrs. to 1040 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Maj Gen B C Khanduri AVSM (Retd.)—*Chairperson*

MEMBERS

*Lok Sabha*

2. Shri Shrirang Appa Barne
3. Shri Dharmbir
4. Shri Thupstan Chhewang
5. Col Sonaram Choudhary (Retd.)
6. Smt Pratyusha Rajeshwari Singh
7. Shri G Hari
8. Km Shobha Karandlaje
9. Shri Rajeev Satav
10. Smt Mala Rajya Lakshmi Shah

*Rajya Sabha*

11. Shri KR Arjunan
12. Shri Anand Sharma
13. Shri Rajeev Chandrasekhar
14. Shri AU Singh Deo
15. Shri Harivansh
16. Shri Madhusudan Mistry

SECRETARIAT

1. Shri PK Misra — *Additional Secretary*
2. Shri DS Malha — *Director*
3. Shri AK Srivastava — *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 and adoption of the following draft Reports on Demand for Grants 2015-16 of the Ministry of Defence:—

- (i) Civil Expenditure of the Ministry of Defence and Capital Outlay on Defence Services (Demand Nos. 21, 22 and 28);
- (ii) Army (Demand No. 23);
- (iii) Navy and Air Force (Demand Nos. 24 and 25); and
- (iv) Ordnance Factories and Defence Research and Development Organisation (Demand Nos. 26 and 27)

3. After deliberations the Committee adopted the above reports with slight modifications in respect of recommendations.

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

*The Committee, then, adjourned.*



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