

ROLE AND FUNCTIONING OF INDIAN COAST GUARD

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-first Report (16th Lok Sabha)]

MINISTRY OF DEFENCE

**PUBLIC ACCOUNTS COMMITTEE
(2016-17)**

FIFTY - FIRST REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

PAC NO. 2084

FIFTY-FIRST REPORT

PUBLIC ACCOUNTS COMMITTEE (2016-17)

(SIXTEENTH LOK SABHA)

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MINISTRY OF DEFENCE



Presented to Lok Sabha on: 22 NOV 2016

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LOK SABHA SECRETARIAT
NEW DELHI

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*Not appended to the cyclostyled copy of the Report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2016-17)**

Prof. K.V. Thomas **Chairperson**

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Prem Singh Chandumajra
4. Shri Nishikant Dubey
5. Prof. Richard Hay
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rio
10. Shri Janardan Singh Sigiwal
11. Shri Abhishek Singh
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhupender Yadav
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ajay Sancheti

SECRETARIAT

- | | |
|--------------------------|------------------------|
| 1. Shri A.K. Singh | - Additional Secretary |
| 2. Shri S.C Chaudhary | - Joint Secretary |
| 3. Shri Tirthankar Das | - Additional Director |
| 4. Shri Deepankar Kamble | - Executive Officer |

* Elected w.e.f. 09.08.2016 vice Shri Vijay Goel, MP appointed as Minister of State w.e.f. 05.07.2016.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2016-17), having been authorised by the Committee, do present this Fifty-first Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-first Report (Sixteenth Lok Sabha) on 'Role and Functioning of Indian Coast Guard' based on the C&AG Report No. 7 of 2011-12 relating to Ministry of Defence.

2. The Twenty-first Report was presented to Lok Sabha/laid in Rajya Sabha on 13 August, 2015. Replies of the Government to the Observations/Recommendations contained in the Report were received on 25 April, 2016. The Public Accounts Committee considered and adopted the Twenty-first Report at their sitting held on 4th August, 2016. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twenty-first Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
16 November, 2016
25 Kartika, 1938 (Saka)

PROF. K. V. THOMAS,
Chairperson,
Public Accounts Committee

CHAPTER - I REPORT

This Report of the Public Accounts Committee deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Twenty-first Report (Sixteenth Lok Sabha) on "Role and Functioning of Indian Coast Guard" based on the C&AG's Report No. 7 of 2011-12 relating to the Ministry of Defence.

2. The Twenty-first Report (Sixteenth Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 13th August, 2015, contained 27 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Defence and these have been categorized as under:

- (i) Observations/Recommendations that have been accepted by the Government:

Paragraph Nos. 1, 2, 5, 6, 8, 9, 10, 13, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25 and 27

Total: 19
Chapter- II

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

Paragraph Nos. 3, 7, 21 and 26

Total: 04
Chapter- III

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

Paragraph Nos. 4, 11, 12, and 20

Total: 04
Chapter- IV

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

-NIL-

Total: 00
Chapter- V

3. The Action Taken Notes furnished by the Ministry of Defence on the Observations/Recommendations of the Committee contained in their Twenty-First Report (Sixteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations which either need reiteration or merit comments.

I. **Inability to achieve targeted acquisitions**
(Recommendation Para No. 4)

4. The Committee in their earlier Report had recommended that in spite of the Ministry curtailing the projected requirement, the actual Capital expenditure as a percentage of capital outlay ranged between 82 percent in the 9th Plan and 53 percent in the 10th Plan. This resulted in the non-achievement as well as shifting of Plans in terms of the physical acquisitions of ships and aircrafts. For instance, in the 10th Plan, acquisition of 2 Advance Light Helicopters and 4 Chetak helicopters was carried forward from the 9th Plan. Besides, against procurement process to be finalized for 61 ships and 1 aircraft, there was not even a single delivery made in the Five Year Plan period. In the 11th Plan, only 2 ships and 1 aircraft were actually delivered against procurement process to be finalised for 175 ships and 52 aircrafts. The reasons cited for these failures were procedural delays in finalization of procurement process at all levels i.e. Coast Guard Headquarters (CGHQ), Ministry of Defence and Ministry of Finance, delayed signing of contracts, abnormally slow progress on the part of shipyards to construct the ships, neutralization of requirement of spares through revenue budget, cancellation of projects, non-sanction of new schemes by the Ministry of Defence, expiry of validity of approvals of the procurement process, delayed supply of spares and inconclusive trials etc. which are typical of this country's defence acquisitions under the Defence Procurement Policies. The Ministry of Defence claimed that despite stringent timelines and regular project monitoring, slippages occurred due to the complex nature of the projects which was spread to 4-7 years from initiation especially for ship and aircraft acquisitions. When asked, the Ministry did not identify any official for delays and lapses. The Committee were utterly disappointed at such cumbersome Defence Procurement Procedure, which will eventually lead to failure of any defence plan thereby compromising the Country's defence preparedness to tackle the very

sensitive security issues. During evidence the Defence Secretary admitted that the present strength of 105 ships and 64 aircraft in ICG may not be adequate for infallible security. Still the Committee felt that under the current scenario, the ICG's plan of having a fleet of 150 ships and 100 aircrafts by the year 2018 seemed to be a distant dream. The Committee, therefore, recommended the Ministry of Defence to analyse threadbare the hindrances affecting defence procurements, put in place quicker replacement in case a company fails to deliver order well in time, infuse novel ideas in the system and overhaul the country's Defence Procurement Procedure further so that all the targeted acquisition are timely achieved and the Country's defence preparedness is maintained at its peak level. The Committee had also desired detailed note from the Ministry on the status of all acquisitions for ICG during the current Five Year Plan, which at the time of oral evidence, were under the process.

5. The Ministry in their Action Taken Notes have stated as under:

"As on 31 October, 2015, ICG has a force level of 118 ships and 62 aircraft. XII Plan caters for acquisition of 57 Surface Platforms and 36 aircraft. Amongst these, contract for acquisition of 26 Surface Platforms have been signed. Cases for acquisition of 24 Surface Platforms are at various stages of acquisition. The case for acquisition of balance 07 Surface Platforms is being initiated. With 72 ships/boats under construction at various shipyards and acquisition process of 36 aircraft at advanced stage, the fleet strength of ICG is certain to exceed 150 ships and 100 aircraft by year 2018 and 2020 respectively".

6. The Committee note that although the XII Plan provided for acquisition of 57 Surface Platforms and 36 Aircraft, contracts for acquisition of only 26 Surface Platforms have been signed and out of the rest, 24 Platforms are at various stages of acquisition and the remaining 07 Platforms are being initiated. They have been apprised that the acquisition of 36 Aircraft as envisaged by the XII Plan period is at advanced stages. The Committee *feel that the process of defence acquisition is taking so much of time. They fail to understand that even though the XII Plan commenced in the year 2012, much of the defence acquisitions during the plan period have not yet been achieved although more than four years of the Plan period has elapsed. The Committee express their displeasure for the delays in the matter and desire that officials responsible for such delays may be brought to book.* The Committee, therefore, recommend that the Ministry of Defence should make all out efforts

to see that the defence procurements which are at various stages of acquisition are fast-tracked *particularly in the context of the new Defence acquisition procedure being put in place*, so that all the targeted acquisitions are achieved at the earliest and the Country's defence preparedness is maintained at the required level.

II. **Lapses in Refits**
(Recommendation Para No. 9)

7. The Committee in their earlier Report had expressed their unhappiness to learn that the ICG which did not have its own repair yard like the Navy, had not been able to ensure adherence to its prescribed norms for carrying out different types of refits of Coast Guard ships by 18 public sector and private sector shipyards where the refits were carried out. Consequently, refits to be undertaken periodically were not undertaken duly on time and the time taken for completing the refits was much longer than the prescribed time. During 2003 to 2010, out of 257 refits due for AOPVs/OPVs and FPV/IPV, only 107 could be undertaken indicating a shortfall of 58 percent and the time taken for various refits was 86 percent to 127 percent more than the benchmarked timelines. Since, a vessel which was not refitted when due, couldn't be said to be fully role worthy and when vessels spend more time undergoing refit, they were not available for operations, ICG operated its vessels with sub-optimal state of preparedness. This definitely jeopardized effective operations of the Coast Guard. The Committee had been informed that various efforts had been made to reduce delays in refits and ensure timely completion of refits such as positioning of the Indian Coast Guard overseeing teams for monitoring refits, enhancement of liquidated damages from 5 percent to 10 percent, timely supply of spares besides acquisition/creation of in-house repair infrastructure including dry docks, slipways and arrangements with additional shipyards. While these initiatives were efforts in the right direction, the Committee found that most of the DPSUs were grossly underutilized. Besides, the Committee had been informed during their Study Visit to Kochi that the Cochin Shipyard, which operates under the Ministry of Shipping, routinely gets orders from abroad for ship building, repair and refits. It was, therefore, questionable as to why a Government PSU, which had the capability to cater to foreign clients, should not be utilized for delivering orders from the ICG. In this scenario, the Committee couldn't accept the pronounced lapses in repairing/refits

of ICG ships, which could have been avoided had the full capacity of the concerned DPSUs utilized optimally with more orders for repairing/refits from the ICG. The Committee, therefore, recommended, the Ministry to assess and verify the existing capacity of the DPSUs as well as the 15 registered Refitting Yards and galvanize their arrangements with them for ensuring timely repair/refits of ICG ships for more effective deployment of vessels for operational duties. The Committee would like to be apprised of the precise action taken in this regard.

8. The Ministry in their Action Taken Notes have stated as under:

"(a) The Public Accounts Committee has acknowledged that the efforts of ICG in reducing delays in commencement of refits and timely completion of refits with measures introduced by the ICG such as regular sensitizing of Coast Guard Overseeing Teams, timely procurement of critical and long lead spares, action on defaulting refitting yards by enhancement of LD and continued efforts in identifying competent repair agencies for refits of ICG ships. Now 18 Private Firms have been registered for undertaking various types of refits of ICG ships. The efforts to register more capable and competent firms are a continuing process with impetus on firms having captive infrastructure. In addition, own dry dock and repair facility and associated infrastructure at Ratnagiri, Beypore and Port Blair is also being pursued vigorously. However, the response of DPSUs/PSUs in undertaking refits of ICG ships has continued to remain unsatisfactory. MDL, Mumbai has regretted in participation of tenders citing preoccupation in ship building projects of Indian Navy. GRSE, Kolkata and GSL, Goa have been selective in bidding process but mostly regret or do not participate. CSL, Kochi has also limited participation in the refit bidding activity. HSL, Vizag is the only DPSU who has been participating in refit enquiries in the recent past. The last refit undertaken by various DPSUs/PSUs is as mentioned below:

Name of the Yard	Last Refit Undertaken	Time since last refit
MDL, Mumbai	MR of ICGS Vigraha in year 2004-05	10 Years
GRSE, Kolkata	Special Refit of ICGS Varaha from 17 August 2009 to 24 March 2011	04 Years and 08 Months
HSL, Vizag	Special Refit of ICGS Vajra in progress from 08 June 2015	—
GSL, Goa	Short Refit of ICGS Vishwast from 05 December 2012 to 02 April 2013	02 Years and 08 Months
CSL, Kochi	Medium Refit of ICGS Samar from 15 April 2013 to 05 June 2014	01 Years and 06 Months

(b) All DPSU/PSU shipyards (including CSL, Kochi) are being issued with letter inviting Expression of Interest (EoI) for undertaking refits of ICG ships, without fail. However, in most cases these shipyards either regret view pre-occupation or do not respond to the EoI or RFP. In rare cases when they

forward bids, they generally do not emerge as L-1 yard. In case of EoI/RFP issued by CGHQ/Mod, no DPSU/PSU shipyard (except HSL, Vizag) has forwarded bid in last one year.

(c) Despite poor response from most of the DPSUs/PSUs, the refitting of ICG ships is being undertaken with no delay or least delays in commencement and completion of refits with impetus on proper upkeep & health monitoring of ships and their equipment at all times.

9. The Committee are *concerned to note that the Ministry, in their reply, have not reported on the issue of developing a dedicated repair yard for the ICG*. In spite of the difficulties faced by the ICG for getting refits done by DPSU/PSU shipyards on their ships, the Committee find that the Ministry remains non-committal to this vital issue. What is even more disturbing to note is the unsatisfactory response of the DPSUs for undertaking refits of ICG ships. Most of these shipyards either do not participate citing pre-occupation or do not respond to the Expression of Interest (EoI). The Committee find it surprising that since the Ministry of Defence is the controlling authority of the DPSU shipyards, no suitable action has been taken or instructions given by the Ministry in this regard. *The Committee, therefore, recommend that efforts shall be made to strengthen the DPSU shipyards so that the shipyards can take up the task of providing the refit jobs for Defence ships in an effective manner. Meanwhile, the Committee, also desire the Ministry to take up the matter with the DPSU/PSU shipyards for adjusting and accommodating the ICG's work orders in their job profile till DPSU shipyards are strengthened.* Since, the ICG's primary work is to strengthen coastal security for ensuring the defence preparedness, the refit jobs for its ships should be given utmost importance by the DPSUs and the Ministry of Defence should try to explore possibilities to find out ways and means to make it mandatory on the part of DPSUs to accept the refit job of ICG ships on priority so that the defence preparedness of the Country is not compromised at any cost. *The Committee also desire that a dedicated repair yard for ICG ships, like the Navy, should be developed to get the refit jobs on ICG ships and expect an early action on the part of the Ministry in this direction.* The Committee would also like to be apprised about the steps taken by them in this regard.

III. Shortage of Manpower
(Recommendation Para No. 10)

10. The Committee in their earlier Report had noted that despite efforts made by the Indian Coast Guard there was still a shortage of 46 percent and 42 percent respectively of Officers and Enrolled Personnel as of December, 2010 *vis-a-vis* the force levels of 1,925 Officers and 10,959 Enrolled Personnel envisaged for the perspective plan 1985-2000. The Committee had been informed that various measures had been taken to fill up the vacancies viz. increase in intake of Officers and Enrolled Personnel since 2009, Special Recruitment Drives for reserved category vacancies, media publicity to attract more youth, increasing the number of recruitment centres, introduction of Short Service Schemes, increased promotional avenues, online recruitment procedure etc. Even then, as on 9th March, 2015, there was a total shortage of 3,068 Officers and Enrolled Personnel in the ICG. The Ministry, reportedly planned to fill up the existing shortage of Officers by 2020 and that of Enrolled Personnel by 2017. The Committee viewed this as too long a period. The Committee felt that shortage of manpower in the ICG was a serious lapse which would ultimately cripple the Country's marine security amidst mounting seaborne security threats, smuggling and piracy. They felt that staffing needs to keep pace with the acquisition plans of ICG. Besides, the Committee were unable to see any reason for shortage of manpower when there were lakhs of qualified and unemployed youth available in the Country. From the submission of the Ministry, they noted that 5238 posts were sanctioned for ICG between 2007-2014 and desired to know exactly how many personnel had been actually inducted in ICG as on date. The Committee, also urged the Ministry to continue taking concerted efforts and innovative methods to fill up the vacancies in the ICG without further loss of time.

11. The Ministry in their Action Taken Notes have submitted as under:

"(a) The details of Govt sanction *vis-à-vis* borne strength and shortage of manpower as on 23 February, 2016 are as follows:-

Sl.No	Category	Govt Sanction	Borne	Shortage
(i)	Officers	2096	1563	533 (25.43%)
(ii)	EPs	10738	9038	1700 (15.83%)
(iii)	Civilian	1760	1251	509 (28.92%)
Total		14594	11852	2742 (18.79%)

(b) The requirements of Officers and EPs have increased correspondingly. Post 26/11, 752 Officers and 4732 Enrolled Personnel have been recruited. The average intake has been 130 officers and 720 Enrolled Personnel per year which is almost 100% increase as compared to the period pre-2009. Further, induction of Officers and EPs in service is subject to availability of vacancies in Indian Navy (IN) training establishments. In addition, following measures have also been institutionalized to mitigate the shortages:-

- (i) Re-employment of IN SSC Officers in the rank of Comdt(JG) and below;
- (ii) Re-employment of Law officers from Army/Navy/Air Force;
- (iii) Short term deputation of IN officers against vacant billets, in case of Officers; and
- (iv) Induction of Commercial Pilot License (CPL) holders as pilots under scheme of Short Service Appointee (SSA)".

12. The Committee are surprised to note that despite the efforts made by the ICG for filling up the vacant posts, there is still shortage of manpower in each category of employees as compared to the sanctioned strength. Against the total sanctioned manpower strength of 14,594, the present strength of work force is only 11,852. They have been informed that several measures such as (i) re-employment of IN SSC Officer in the rank of Comdt(JG) and below; (ii) re-employment of Law officer from Army/Navy/Air Force; (iii) short term deputation of IN officers against vacant billets, in case of Officers and (iv) induction of Commercial Pilot License (CPL) holders as pilots under scheme of Short Service Appointee (SSA) have been taken to counter the shortage of staff strength. Appreciating the efforts made by the Ministry to implement such innovative methods to fill up the vacancies in ICG in response to their recommendation, the Committee would like to know the precise number of vacancies filled in ICG through these measures.

IV. Inadequate Training Infrastructure (Recommendation Para No. 11)

13. The Committee in their earlier Report had observed that the ICG did not have its own training infrastructure and all basic trainings for its Officers and Enrolled Personnel was provided by the Indian Navy in a makeshift training centre at Kochi. Such an arrangement of training was bound to compromise the standard and quality of training provided to the Indian Coast Guard personnel. The Committee were

informed that ICG Academy at Azhikkal, Kerala, which was approved in February, 2011 was in the process of being established. Capable of training 650 men at any given time, this academy would primarily look after the specialized training requirements of the ICG. The Committee felt that this should have been conceptualized at the time of establishing the ICG itself. Considering the importance of providing cutting edge training to a force responsible for securing the country's maritime interest and security, the Committee had observed that the Ministry of Defence to provide training to the Indian Coast Guard personnel at the regular training centres of the Indian Navy and also emulate the training regime of the Coast Guard of the major maritime nations of the world. They had also desired to be apprised of the progress made in the establishment of the ICG Academy in the last 4 years, as also commissioning of the Academy in the scheduled year i.e. 2016.

14. The Ministry in their Action Taken Notes have submitted as under:

"(a) The Approval-in-Principle was accorded for establishing of ICG Academy at Azhikkal by Cabinet Committee on Security (CCS) on 03rd October, 2012. A 'Go-Ahead sanction' amounting to Rs.30.50 crore was accorded by Ministry of Defence on 16th October, 2012. M/s MEACON Ltd. a PSU under Ministry of Steel has been engaged as Consultant for the project from Concept to Commissioning. On 12th December, 2013, Ministry of Defence had accorded approval for an amount of Rs. 53.22 crore for the execution of deposit works by Kerala State Electricity Board (KSEB), Kerala Water Authority (KWA) and Irrigation department, which are in progress.

(b) Zonal Layout Plan and Master Plan of ICG Academy have been finalized and the Concept Drawings (CDs) of all buildings has been completed. Preliminary Drawings and Detailed Project Report (DPR) are under preparation and the Survey and Soil Investigation of the Site is also in progress. Recommendations for CRZ clearance of 164.22 acre land at Azhikkal, Kannur has been forwarded by KCZMA (Kerala Coastal Zone Management Authority) to MoEF for consideration.

(c) Meanwhile, the cost of the project for establishing ICG Academy has been revised from Rs.629.85 crore to Rs.990.19 crore due to revision of land cost, infrastructure development and also adopting the green building norms etc. The escalation also includes market variation for the plinth area rates applied for RIC and AEs. According to MES authorities the project will take 364 weeks (07 years) for completion after commencement of construction.

(d) Administrative approval to the revised estimated cost of Rs.990.19 crore for infrastructure development of the ICG Academy has been accorded by the Hon'ble Raksha Mantri with a direction to seek the approval of CCS for the increased cost of the proposal, as the original approval has been granted by CCS. Accordingly, the draft CCS note was sent to Ministry of Finance

(DoE) for concurrence. However, Ministry of Finance has made certain observations which are being replied".

15. The Committee are dismayed to note that although the 'in-principle' approval was accorded for establishing ICG Academy at Azikkal, Kerala by the Cabinet Committee on Security (CCS) in 2012 and Ministry of Defence had accorded approval for an initial amount of ₹ 53.22 crore in 2013 for execution of developmental works which were already in progress, yet the Academy which was to be commissioned in 2016 has seen minimal progress. They also note that the cost of the project has been revised from ₹ 629.85 crore to ₹ 990.19 crore due to revision of land cost, infrastructure development and also adopting the green building norms etc. The Committee are of the opinion that these are the issues which are normally addressed by an organization while commissioning such a project. They wonder how the Ministry of Defence and the ICG could arrive at the commissioning date without taking into account these essential factors. They, therefore, caution the Ministry/ICG to be more careful in future while executing such projects. *The Committee also express their unhappiness that due to inept handling by the then officers of the Ministry, not only the cost of the project has escalated by more than 50% but completion of the project will be further delayed by 7 years from the date of commencement of the project. They, therefore, desire that the responsibilities in this regard may be fixed and actions may be taken against the erring officials.* The Committee have been given to understand that approval for the revised cost has been accorded by the Raksha Mantri (RM) and the Cabinet Committee on Security (CCS), and the Ministry of Finance (MoF) has made certain observations which are being replied by the MoD. Moreover, according to Military Engineer Services (MES) authorities, the project will take 07 years from the date of commencement. Considering the urgent need of an Academy for training of the ICG personnel, the Committee urge upon the MoD/ICG to fast-track the execution of the project by taking up the matter with the MoF for obtaining their concurrence and also with other executing agencies to see that the project is completed before its revised time. *They also desire that post-CCS approval, be strictly monitored and a senior functionary of MoD be designated for the purpose, who would be responsible for corrective intervention as*

required. The action taken in this regard may be intimated to the Committee at the earliest.

V. Failure of Operation Swan
(Recommendation Para No. 12)

16. The Committee noted that following the March, 1993 serial blasts in Mumbai, the Government launched in April, 1993 Operation Swan, a joint operation of the Indian Navy and the ICG aimed to prevent smuggling of arms/ammunition and other contraband and carry out intensive surveillance on high seas, maintain surveillance in the territorial waters and patrol the shallow waters near the shore along the Maharashtra and Gujarat Coast. Unfortunately, this operation was not conducted in right earnest as the Coast Guard had not been involved in the inner layer operations in Maharashtra till December, 2010 due to manpower and resource constraints. Joint Coastal Patrolling undertaken by the Indian Navy in Maharashtra, was discontinued by September, 2005 based on the decision of the Ministry of Home Affairs to establish coastal police stations to provide the coastal security and check smuggling of arms and ammunition. The coastal patrolling was thereafter left to the State Marine Police and Customs, which had meagre operational assets to handle the operation. Further, all naval detachments were replaced by 3 quick reaction teams, which were kept stand by in case of any contingency. This created a void in undertaking close coastal patrolling. Further, by March, 2008, only 47 out of 73 coastal police stations had been set up by the Ministry of Home Affairs in nine coastal States and four Union Territories. Even the type of trainings for Marine Police personnel and boats provided to the State Marine Police by the Ministry of Home Affairs were found to be substandard. Besides, though the proposal for establishing additional three Coast Guard Stations was approved in January, 2005 to take over the extra responsibilities of Operation Swan, none of these stations could be activated prior to 26/11. In all, the attitude and approach of those at the helm of affairs for securing the Country's maritime interest and security especially in the Ministry of Home Affairs were lackadaisical and irresponsible resulting in the overall failure of Operation Swan. The Audit Report revealed that these limitations in Gujarat were also highlighted by HQ, Coast Guard (W) in as early as March, 2008 to ICG (HQ). The Committee were shocked at the apathy of ICG (HQ) on this matter and had desired that the matter should be probed to fix responsibility on the Officers, who

were manning ICGHQ at that point of time. They felt that had Operation Swan been conducted successfully and intense coastal patrolling sustained, an incident like 26/11 terror attack on Mumbai could have been avoided. Ironically, even after this colossal marine security failure the attitude and approach of the Ministry of Defence remained unchanged when they claimed that "Joint coastal patrolling was not discontinued at any point of time". This was erroneous since the decision of the Indian Navy to discontinue the Joint Coastal Patrolling was based on the decision of the Ministry of Home Affairs in the year 2005 itself to establish coastal police stations and these police stations came into existence much later, thereby negating the Ministry's claim. The Committee, therefore, felt that the Ministry of Home Affairs and the ICG owe an explanation to the Committee for 26/11. The Committee had observed whether the enquiry undertaken post 26/11 fixed accountability for the grave lapses on the officials of the Ministry of Home Affairs and the ICG. They were of the firm opinion that, the Ministry of Defence and the Ministry of Home Affairs need to work together in close coordination to face terror threats via sea/air/land routes. The Committee also desired that duties and responsibilities of all the Ministries/ Departments and forces concerned with the Country's coastal security must be clearly demarcated so as to ensure effective coordination amongst them. They had desired to know as to how many Coastal Police Stations have been actually established under the Coastal Security Scheme, Phase-2, out of the envisaged 131 such stations, since April, 2011, till date.

17. The Ministry in their Action Taken Notes have submitted as under:

- "(a) The onus of responsibility of the 26/11 incident cannot be attributed to any organisation or service as no credible actionable intelligence was available, on which an operation could be launched. Further, there was no past precedence leading to terror activities using the maritime routes. The meagre resource which was available with the ICG in terms of ships, aircraft and manpower were grossly inadequate to patrol/ undertake surveillance of our vast EEZ. The problem was compounded due to the presence of 1.8 lakhs (approx) fishing boats operating in an unregulated manner. Provision to identify ships, boats and other crafts were non-existent. However, post 26/11, great impetus was given to maritime surveillance and coastal security in particular with a slew of initiatives by Govt. The Cabinet Committee on Security (CCS) in its meeting on 16 February 2009, approved setting up of a robust coastal security mechanism along the entire Indian coastline.

- (b) Presently, there exists close coordination between the ICG and MHA with regard to Coastal Security. Further, the coastal security is monitored and supervised by the National Committee on Strengthening Maritime and Coastal Security (NCSMCS) at the level of Cabinet Secretary. Meetings held by Department of Border Management (DoBM)/MHA, are attended by representatives from the ICG. Further, the ICG actively participates in various projects of the DoBM viz. Setting up of Marine Police Training Institute, Technical Advisor in procurement of boats for the Marine Police and Recruitment of manpower etc. Further, the responsibility of various departments/ministries has been clearly brought out in the Coastal Security mechanism. A tiered system is followed with demarcated areas of responsibility. The Indian Navy (IN), ICG and State Marine Police units and other agencies viz. Customs, CISF, DRI, Ports, Mercantile Marine Department (MMD), Immigration, Fisheries Department, etc are involved in the security of Maritime Zones of India. Standard Operating Procedures (SOPs) for all Coastal States have been promulgated which clearly brings out the role and responsibility of various stakeholders. The IN is responsible for overall Maritime Security and ICG is to coordinate Coastal Security in territorial waters with the Coastal Marine Police.
- (c) As per records held with CGHQ and confirmed by MHA, 104 Coastal Police Stations are operational under Coastal Security Scheme Phase II, out of the envisaged 131 such stations, since April 2011, till February, 2016".

18. The Committee note that although great impetus has been given to maritime surveillance and coastal security post 26/11 and there exists close coordination between ICG and MHA with regard to coastal security, yet the Ministry stated that the onus of responsibility for 26/11 could not be fixed on any organization as no credible actionable intelligence was available and there was no past precedence leading to terror attack using the maritime routes. This analogy of past precedent is not acceptable to the Committee as they are of the opinion that defence preparedness of a Country is made not only on the basis of past precedent of attack; but also against any unforeseen situations as was evident during Mumbai terror attack using the maritime route. The Committee, therefore, deprecate this attitude on the part of the Ministry with regard to defence preparedness and urge upon the Ministry to change this perception so that the defence preparedness can be strengthened to nullify any unforeseen and sudden terror attack through maritime route. The Committee reiterate their earlier recommendation that an enquiry undertaken post 26/11 to fix accountability for the grave lapses on the part of the officials of the Ministry of Home Affairs and the ICG and duties and responsibilities of all the Ministries/

Departments and forces concerned with the Country's coastal security be clearly demarcated so as to ensure effective coordination amongst them and possibilities of system failures be reduced to the minimum.

VI. Legal Constraints and lack of empowerment of the Indian Coast Guard
(Recommendation Para No. 19)

19. The Committee, in their earlier Report expressed its concern that while the Maritime Zones of India Act, 1981 empowered the ICG to enforce its provisions against vessels found engaged in unauthorised survey, data collection etc., prosecution of offenders could be launched only after obtaining the approval of the Ministry of External Affairs, which reportedly was the nodal Ministry for the Umbrella Act i.e. the Maritime Zones of India (MZI) Act, 1976. This was rather a cumbersome process and detrimental to national security. The Committee also found it strange that the provisions with respect to initiating action for any violation committed by Indian registered fishing vessels were enforced by the State Fisheries Department officials and not by the ICG which enforced Central Government Legislations. This compromised the purport of having the ICG as a force for securing coastal security. The Committee had been informed that proposals had been made to amend the MZI Act, 1976 and the matter had been referred by the Ministry of External Affairs to the National Security Council Secretariat in August, 2014 for setting up of an Inter-Ministerial Group to work on amending Indian legislations to address the same. Further, the Committee found that there were no laws for regulating Indian deep sea fishing vessels in the Indian Exclusive Economic Zone beyond territorial waters and hence the ICG was not in a position to monitor the activities of deep sea fishing vessels which came under the purview of the Ministry of Agriculture. The Committee had also been informed that a draft bill regulating fishing by all vessels under Maritime Fisheries (Regulation and Management) Act had been proposed by the ICG in 2009 but it remained at draft stage. As per the Audit Report certain issues were pending with the Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture (MoA) too. They were quite shocked to learn that the deep sea fishing vessels registered in India and having "Letter of Permission 2004" from MoA operated under no legislation but MoA's administrative guidelines solely, which did not prescribe any punitive action in case of violations committed by them against the conditions prescribed in the Letter of Permission. The Committee felt that ambiguity

in laws could be one of the most frustrating aspects in the functioning of organizations. As the ICG was earmarked specifically for coastal security and all other related maritime activities, relevant amendments to the Acts, Rules, Regulation and Manuals needed to be effected early to make the ICG empowered and competent enough to carry out its duties more effectively. This would be possible by bringing in all classes of ships/vessels under the ICG's purview. The Committee desired that amendments required by the ICG must be carefully drafted and proposed again to MEA so that these could be found acceptable. Further, they would like these matters to be taken up at the highest level so that the extant procedure was done away with and the ICG was empowered to take strict action against the offenders of the MZI Act, 1976 on its own. They, therefore, desired that the Ministry may take up the matter with MEA as well as MoA again and report the hitherto progress on the matter at the action taken stage.

20. The Ministry in their Action Taken Notes have submitted as under:

"(a) Ministry of Defence had approved the proposal for amendment of MZI Act, 1976 to empower Indian Coast Guard and Indian Navy to stop, board, search and seize vessels and bring them before a competent court for prosecution and forwarded the same to Ministry of External Affairs (Legal and Treaties Division) in July, 2011, for introduction of the proposed amendment in the Act, 1976, as MEA being the nodal Ministry. However, MEA did not concur to the proposed amendment.

(b) The above issue was also raised by MoD during the meetings of the National Committee for Strengthening Maritime and Coastal Security (NCSMCS) during which the Cabinet Secretary directed MEA to consider proposed amendments to the MZI Act, 1976. Consequent to the decision of the 12th NCSMCS held on 16th October 2015, a meeting was held under the Chairmanship of Additional Secretary (R), Ministry of Defence on 17th December 2015 with the concerned officers from MEA, ICG and IN to discuss grant of legal powers to Indian Navy and Indian Coast Guard under MZI Act, 1976. After detailed discussions, it was decided that:

- (i) MEA will seek legal opinion of the Attorney General as to whether an act prejudicial to good order or security committed by a foreign vessel in Territorial Waters of India may be construed as contravention of Section 4(l) of MZI Act, 1976.
- (ii) MEA will initiate necessary action for grant of powers to the Navy and the Coast Guard for visit, board, search and seizure of vessels in the EEZ for contravention of MZI Act, 1976".

21. The Committee, in their previous recommendation expressed their concern regarding the *apparent ambiguities* in *Maritime Zones of India (MZI) Act* which hindered the effective discharge of duties by the ICG and therefore, desired the Ministry of Defence to take up the matter with Ministry of External Affairs (MEA) for its concurrence with respect to proposed amendment to the MZI Act. *The Ministry in their reply to the Committee have stated that the MEA proposes to seek legal opinion of the Attorney General of India with respect to grant of powers to the Navy and the Coast Guard for visit, board, search and seizure of vessels in the EEZ for contravention of MZI Act, 1976.* The Committee desire to be apprised of the latest status of the aforesaid Act which will empower the ICG as well as the Indian Navy for search and seizure of boats and vessels.

VII. Identification of Ships
(Recommendation Para No. 20)

22. The Committee in their earlier Report had noted that that the International Ship and Port Security (ISPS) Code came into force internationally with effect from 1st July, 2004 and the control and compliance measures of ISPS in various countries were under their Coast Guards since they were most suited to deal with the issue. However, in India, the Ministry of Shipping nominated the Director General, Shipping to implement the new requirements as provided in the ISPS code. Surprisingly, the Director General, Shipping kept the Indian Coast Guard out of the ambit of ISPS compliance till February, 2009 and it was only after 26/11 incident that ships arriving in Indian waters were required to submit 'Pre-Arrival Notification of Security'(PANS) to the Indian Coast Guard. Even then, all ships entering Indian Ports were not providing reports to the Indian Coast Guard and there was no penal provision for non-compliance by ships. This was a serious breach of coastal security which needs to be plugged at the earliest. The Committee questioned the wisdom of the Ministry of Shipping and their then Director General, Shipping in sidelining the ICG from the ambit of ISPS compliance and the delay in notifying the penal provision and demanded a thorough explanation from the concerned DG(S) and the Ministry of Shipping in these matters. The Committee further desired that the Ministry of Defence take up these issues at the highest level and get expedited notification of the

penal provisions for non-submission of PANS by ships to the Indian Coast Guard, which was in the process reportedly since March, 2010.

23. The Ministry in their Action Taken Notes have submitted as under:

"Director General (Shipping) being the Maritime Safety Administrator (MSA) is required to initiate necessary action to issue appropriate instructions/orders regarding penal provisions for non-submission of PANS. However, in general, most of the ports discourage entry of vessels who have not submitted PANS as per the stipulated guidelines. The ICG has been regularly taking up the issue at the Maritime States Development Council (MSDC) meetings being steered by the MoS. The last MSDC meeting was held at Goa on 24 August 2015, chaired by Hon'ble Minister of Shipping. The issue is under review in Ministry of Shipping".

24. The Committee find that the Director General (Shipping) is also the Maritime Safety Administrator (MSA) and is required to initiate necessary action to issue appropriate instructions regarding penal provisions for non-submission of Pre-Arrival Notification of Security (PANS). The Committee fail to understand the rationale behind entrusting the responsibility of maritime safety with the DG (Shipping) designating him as MSA when in many countries, the International Ship and Port Facility Security (ISPS) security issues lie broadly with the Coast Guards or the Navy. They are of the opinion that *the incumbent for the post of MSA shall be a person of caliber who besides dealing with civilian ships can also sense the threat perception from security angle in the right earnest and take preventive measures to guard against any surreptitious moves by ships of enemy countries. They are also of the view that this will help in reducing the inter-services bureaucratic conflicts which often cause considerable delay and reduce operational efficiency in times of crises.* The Committee, therefore, urge the Ministry to reconsider their decision and press for their point to nominate a *suitable professional, in consultation with DG (Shipping) and the ICG to the post of MSA, thereby ensuring a more secure maritime environment.* Moreover, the Committee are of the view that with this arrangement, it would be more easier for identifying ships and penalizing ships for non-submission of PANS thereby making the ICG more empowered for this onerous task.

VII. Poor Management Information System
(Recommendation Para No. 24)

25. The Committee in their earlier Report had expressed their concern that the ICG did not maintain a complete and comprehensive database of its search and rescue, pollution control, anti-poaching operations. It could not furnish information about the number of cases where the missions were not successful or could not be carried out due to inadequacy of resources or other constraints. In many cases, the figures submitted by the Regional Headquarters and the ICG Headquarters did not tally. It was also found that Letter of Permissions submitted by the ships were not complete and there was no communication from the Regional Headquarters/ICG Headquarters to the ships about this deficiency. Regarding Search and Rescue operations, the ICG Headquarters had furnished inflated figures and claim that figures given by them may be taken as correct without furnishing the reasons for discrepancy in the data. This could not be accepted since the Headquarters figures should be based on the data given by the Regional Headquarters. The Committee had been informed that the comprehensive search and rescue data bank was being maintained at Coast Guard Headquarters by the National Maritime Search and Rescue (NMSAR) Secretariat and the ICG had instituted software for recording all operational data to obviate the mismatch of figures. Had this been the case, the Committee wondered as to why variations appeared in the data maintained at different levels. The Committee desired that the ICG should pay attention to this discrepancy and maintain a more reliable database so that it can review and plan its operations according to the success/failure rate. The Committee, therefore, recommended that the ICG should put in place a reliable Management Information System comprising a full database of its operations including Search and Rescue operations, unsuccessful operations, abandoned operations. Further, the stand taken by the Ministry that ICG was an armed force and was not a profit seeking service hence no targets were fixed for its charter of duties was not appreciated by the Committee. They were of the view that in order to bring the ICG into the league of the foremost competent and professional forces, comparable with Coast Guards of other major Maritime Nations, benchmarks, parameters/targets needed to be fixed for assessing its performance in respect of its charter of duties.

26. The Ministry in their Action Taken Notes have submitted as under:

- "(a) A case for developing a proper Information Management System is being processed at CGHQ. Presently, the process of digitally capturing all data related to various important operations is under progress and the same is being stored in the data bank established at CGHQ. Further, updating the statistical data of all kinds of operations is in progress. Correlating, correcting and updating of data with the Regional Headquarters are also in progress. On completion, an internal audit of data will also be carried out.
- (b) SAR and anti-poaching are incident-based operations and hence a benchmark or a target cannot be fixed. Further, in missions where no rescue is undertaken in SAR or no apprehension done in Anti-Poaching, cannot be termed as a failed mission as the initial intelligence input/rescue request may be false. The ICG is maintaining a record of every SAR incident as required by the International Conventions. The procedure for documentation of SAR case is elaborated in the National Search and Rescue Manual promulgated by Indian Coast Guard and the same is being followed by all stakeholders. In addition, to have a proper management system related to SAR cases, a proposal for creation of SAR software is in progress.
- (c) The guidelines for patrolling in maritime and coastal zones are laid down in the Confidential Coast Guard Order (CCGO) 01/1991 and Coast Guard Order (CGO) 05/1993. Further, the Annual Flying Tasks for various aviation units are promulgated by the Coast Guard Headquarters separately. These guidelines lay down the stipulated number of days at sea for each class of ship and number of flying hours for a squadron/flight, factoring the aspects of maintenance, Operational Turnaround and refits. However, occasionally unforeseen defects, weather and sea parameters exceed the operational parameters, thereby restricting the deployment of assets, both surface and air. Many a times, the Regional Headquarters are required to plan operations/deploy assets at short notice, owing to emerging threat perception, geographical area in question and availability of assets. Since such situations/occurrences are dynamic in nature and cannot be predicted, quantification of tasks by laying down norms would restrict the role played by the Service".

27. The Committee find that in response to their recommendation for putting in place a reliable Management Information System in ICG, effort has been made to develop the same in the Coast Guard Headquarter (CGHQ). But they also find that the process of digitally capturing all data related to various important operations is still under progress. The Committee desire that correlating, correcting and updating of data with the Regional Hqrs. which are under progress, should be accomplished within a given time-frame so that an

internal audit of data be carried out soon. They also desire that the Search and Rescue (SAR) software, which is under progress, shall be developed quickly and put in place so that the stake-holder can follow it without any hindrance. The Committee would like to be informed of the latest position in the development of a proper Information Management System in ICG/CGHQ/Regional Headquarter (RHQ).

NEW DELHI;
November, 2016
Kartika 1937 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee

APPENDIX II
(Vide Para. 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE
CONTAINED IN THEIR TWENTY-FIRST REPORT (SIXTEENTH LOK SABHA)**

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| (i) Total number of Observations/Recommendations | - 27 |
| (ii) Observations/Recommendations of the Committee which have been accepted by the Government | Total: 19
Percentage: 66.67 % |
| Para Nos. 1-2,5-6,8-10,13-19,22-25 and 27 | |
| (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government. | Total: 04
Percentage:14.81% |
| Para Nos. 3,7,21 and 26 | |
| (iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration. | Total: 04
Percentage:14.81% |
| Para Nos. 4,11-12 and 20 | |
| (v) Observations/Recommendations in respect of which Government have furnished interim replies | Total: NIL
Percentage: 0% |

-NIL-